

The global pandemic is further compounding the challenges of Brexit. A recent report by the LSE suggests that the dual impact of the global pandemic and Brexit will leave little time and resources for businesses to adapt and mitigate risk. Many businesses have used up reserves and stockpiles earmarked for Brexit during the pandemic, leaving them further exposed.

As a result of the uncertainty, Brexit remains a key topic on the risk registers of many organisations and according to the [2020 Deloitte Report of Reports](#), 24% of organisations cite it as a principal risk to their business strategy whilst a further 42% include it within a broader risk category. Brexit is also a key topic on mid year earnings calls for 40% of the companies of the FTSE 100 industries analysed by [FactSet](#).

### The UK Professional Services Industry

Global trade patterns in professional services are shifting dramatically since the last few years. Professional services firms need to offer more tailored and localised services to demanding customers who are themselves facing higher complexity with the changing global business environment. There is new competition not only from boutiques and specialist firms but also from independent consultants who are entering the market through freelance portals such as Fiverr, PeoplePerHour, Upwork etc. All this is happening while professional services firms are trying to recover from the sweeping impact of Covid-19 and are facing an increasingly complex macro-economic landscape.

Brexit is one of the key elements in this changing landscape. The UK is a major exporter of professional and business services, providing 27% (£66 billion) of UK Services exports. For this, professional services businesses rely on - free movement of services, freedom of establishment, free movement of people and data, accreditation of professional qualification from EU member countries. The industry also has strategic importance to the wider UK economy because it supplies world-class services in areas such as legal, tax, engineering, sales etc. to other industries such as automotive. Additionally, the supply of goods and services are increasingly intertwined, such that changes trade agreements in one can affect the other.

Brexit has also created new demand for the professional services industry as the government and businesses need advice to mitigate the Brexit impact on planning, risk and operations. Therefore, professional services organisations need to take concrete steps, in multiples areas of the business, for long-term success in the post- Brexit world:

Remaining competitive in the post-Brexit world will require a holistic approach with a range of agile decisions to be made across the enterprise. Here's how SAP can help your business thrive:

***Protect and empower workforce:*** As a people business, the primary Brexit risk relates to the workforce since both demand and supply of talent have been disrupted in the United Kingdom. The specialist skills required by professional services organisations may be harder to secure under the post-Brexit immigration regime.

In the near term, to keep up with commitments on existing engagements and respond to new customers effectively, professional services organizations need to de-risk their current talent pipelines, ensure workforce mobility and develop solid understandings of their workforces.

In the long run, understanding the complexities surrounding the rights of individuals to travel and work in multiple locations along with the tax complexities will be a key competitive advantage for professional services organisations.

#### **Additional Resources:**

[Talent Management](#)

[Employee Experience Management](#)

[Professional services](#)

**Improve customer confidence:** The best-run professional services organisations deliver reliable outcomes and give customers value-driven advantages that lead to trusted, long-term partnerships. UK Professional Services' central position and connectedness in the global network are not unique as European countries such as Germany, Netherlands, Luxemburg are also very well connected to global services networks. Therefore, in a competitive, agile and uncertain environment, understanding of customers' experiences and taking the right actions that drive meaningful impact is required to improve customer confidence.

**Additional Resources:**

[Customer experience](#)

**Manage regulatory changes:** Changes in business regulations have implications on tax on moving staff to new locations, exit tax charges, transfer pricing, VAT etc.

**Additional Resources:**

[Tax Compliance](#)

[S/HANA Finance](#)

**De-risk contracts:** Contractual rights and obligations of businesses may need to be updated by organisations with business relationships covering the UK, the EU and the rest of the world. Contractual areas which may need to be reviewed are invoking of terms such as force majeure with Brexit; cross-border flow of personal data; risk allocation between parties as a result of border delays and tariff costs; changes to payment terms and contract enforcement etc.

**Additional Resources:**

[What is contract lifecycle management?](#)

[Manage Your Contracts in One Solution: Introducing SAP S/4HANA® Cloud for Enterprise Contract Management and Assembly](#)