Prepare for Brexit With These Technologies

By Analysts Nick Jones

It’s not too late for enterprise architecture and technology innovation leaders to deploy tools and technologies to accelerate preparations for Brexit and its aftermath.

Overview

Key Challenges

- The post-Brexit business and regulatory landscape has yet to be fully clarified so unanticipated consequences and additional requirements will continue to emerge through 1H21.

- Many organizations still need to make significant system and process changes to address Brexit and its aftermath, with very little time remaining in which to complete them. Some tasks will be further complicated by constraints imposed by the pandemic.

Recommendations

Enterprise architecture and technology innovation leaders, including CTOs, needing to accelerate Brexit preparations and position their organizations for an uncertain business climate afterward should:

- Identify Brexit-related preparations that are incomplete, or where business uncertainty or unpreparedness of partners poses high risk.

- Select and deploy technologies to accelerate the delivery of the remaining (known) tasks and provide increased business agility and risk mitigation to address unexpected issues.

Introduction

In September 2020 the status of a post-Brexit trade agreement between the EU and the U.K. is still unclear as negotiations are ongoing; however, an increasingly likely scenario is a “no deal” exit on 1 January 2021. Even if there is a trade deal, new customs formalities will apply after transition arrangements expire. This creates the timetable illustrated in Figure 1.

Figure 1: The Brexit Process
From an IT perspective, this poses many challenges for U.K. organizations. There will also be some implications for EU organizations that might have to support future changes in regulations and processes required to trade with the U.K. (although that is not the focus of this research):

- There is still no definitive description of the business and regulatory landscape after Brexit, although it’s increasingly likely that this will involve trading with the EU under World Trade Organization (WTO) rules and so will involve new customs regulations and systems. The overall trade landscape will likely be further complicated by new trade agreements negotiated with non-EU countries.

- Regulations related to cross-border data transfers will change.

- There are likely to be further impacts for organizations exporting to, or importing from, the EU in areas such as regulatory certification, product labeling, export licensing, product support and so on. Some have already been identified; others will emerge through 1H21. Cross-border web commerce will demand new pricing, licensing and trading conditions.

- The volume of trade requiring customs processing will increase substantially, increasing risks of logistic and supply chain delays. Other risks include the capacity and functionality of government IT systems needed to process customs declarations. There may be a period of supply chain disruption around the transition while such issues are resolved. New U.K. customs processes will be phased in gradually up to June 2021, although new EU customs rules will apply from 1 January 2021.

- Businesses that trade abroad may seek new markets or implement features to make their products and services more attractive to compensate for higher prices caused by tariff changes.
Some activities related to Brexit will be complicated by COVID-19, e.g., tasks that require staff to be physically present in locations such as ports, airports, offices and warehouses could be impacted by future lockdowns.

Some business activities within the U.K. may be impacted for four reasons:

1. Northern Ireland will become a special case for trade purposes.
2. There is the potential for Scottish or Welsh regulations to diverge from English regulations as matters previously governed by the EU become local concerns, e.g., in areas such as food safety.
3. Future government initiatives such as free ports might create zones where different regulations apply.
4. There may be temporary transport regulations to deal with congestion near ports until industry is familiar with the new regulations on both sides of the channel.

The U.K. government is expected to pass an Internal Market Bill that will both clarify and rationalize the U.K. regional differences to achieve a workable compromise.

However Brexit progresses, it will not be a simple clean transition on 1 January 2021. Many issues are likely to be unresolved, and many agreements with the EU and other countries will be renegotiated in the future. Brexit is a process not an event. For some organizations, it will require ongoing IT effort through to 2022 and perhaps beyond. Unexpected or last-minute IT tasks required for Brexit may temporarily reduce the capacity of the organization to implement wider digital innovation.

Note that this isn’t intended to be a comprehensive list of issues and challenges; it’s an illustration of the types of issues that may require attention. See Ready for Business When the Brexit Transition Ends? for a deeper business discussion.

Analysis

Identify Business Situations Where New Technologies Can Help

Many IT tools can assist in the run-up to Brexit, both to deliver planned system changes and to help address the inevitable unexpected challenges that will emerge before and during the transition. Some of these issues will be addressed by existing enterprise software products, but many will require new systems, processes and skills.

Enterprise architecture and technology innovation leaders should therefore review their Brexit IT plans and business processes to identify opportunities for technologies that can:
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- Accelerate the delivery of tasks that must be completed before key deadlines such as 1 January 2021.
- Provide agility and flexibility to deal with unexpected requirements before and after the transition.
- Manage risk and uncertainty.
- Address complexities caused by the intersection of COVID-19 and Brexit, for example, the need for staff to work in new locations or perform tasks that can’t be handled by working from home.

Staff in enterprise architecture or technology innovation roles will already be aware of a wide range of business issues and requirements related to Brexit. However it’s a good idea to organize interviews with key business peers to update your understanding of the issues, because:

- The lack of clarity on business preparations for Brexit may mean that business requirements have evolved recently.
- There may be situations at the intersection of Brexit and COVID-19 where new processes and technology might be needed, for example, if new logistic routes require staff to work in new locations.
- It may be necessary to educate business staff who may not be aware of some of the technologies that could help them.

There isn’t much time remaining before Brexit, so it won’t be practical to adopt complex technologies that need a significant lead time. However, there will still be many opportunities that can be delivered in the time remaining, or that have less demanding deadlines because they’re intended to provide value after 1 January 2021. For example, *Create a Tactical Development Plan to Address the Risk of Brexit Disruption* discusses tactical application development tools and principles that can be adopted rapidly.

Organizations should also consider risks related to external events or new working practices that might be adopted during the Brexit period. For example:

- New logistics routes or the need to rent additional warehouse space might involve staff working in new ways or new places, which might increase security risks to portable IT systems and equipment. This might also pose an increased COVID-19 risk to staff.
- Brexit will likely involve a lot of rapid development, new partners, and many additional emails from unfamiliar sources. This could provide opportunities for phishing and other fraud such as ransomware.
Business disruption that is caused by supply chain delays (such as port congestion) or partners (e.g., overloaded government customs systems).

Data residency rules may change requiring data to be stored and managed in different ways.

Technology won't be able to address all these risks, but there are some that can be managed more effectively with technology. For example, tactical track-and-trace solutions might help identify bottlenecks or predict when shipments will arrive.

There are also likely to be opportunities for technology to address one-off transition processes, e.g., relabeling products that have already been manufactured and stored in warehouses.

Enterprise architecture and technology innovation leaders should also look for synergies between the needs of different business units. For example, remote training and digital adoption platforms to educate staff in new procedures and regulations are likely to be widely applicable. There may also be synergies between the organization and its partners, for example, using social distancing technologies in a port or warehouse.

One likely challenge is funding. COVID-19 has damaged the economy and consumed many organizations’ cash reserves, making investment challenging. Look for technologies that can be deployed with low capital costs, e.g., using “as a service” models.

Summary recommendations:

- Set up interviews with business peers to understand their latest Brexit thinking and business deadlines, and the tasks that must be completed to achieve them. Use interviews as an opportunity to discuss technology options with peers.

- Monitor Brexit, and be prepared to revisit the impact analysis with business peers whenever significant events occur. This monitoring will not end in January 2021 because Brexit is a process, not an event.

- Look for synergies where a candidate technology could support more than one goal or business unit.

Recommend and Adopt Technologies to Address Risks and Opportunities

Table 1 illustrates six areas where new technologies might assist with the run-up to Brexit and its immediate aftermath. In this table we have omitted obvious candidates such as ERP systems and desktop-related technologies for working from home as we assume these will have already been deployed. We have also omitted tools that, although they could be very useful, would typically take a long time to deploy so couldn’t deliver significant value in time. Examples include integrated risk management (IRM) products.

Table 1: Six Areas Where New Technologies Can Assist With Brexit Preparations

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<table>
<thead>
<tr>
<th>Business Need</th>
<th>Potential Technologies</th>
<th>Example</th>
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<tbody>
<tr>
<td>Implementing or supporting new processes</td>
<td>Robotic process automation (RPA)</td>
<td>Tactical automation to rapidly support new business processes.</td>
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<td>Process mining</td>
<td></td>
<td>Understanding of current processes before making Brexit-related changes.</td>
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<td>Content service platforms</td>
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<td>Management of tactical documents and information before permanent systems come online. Management of permits and certifications. Management of issues of content location and sovereignty.</td>
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<tr>
<td>Tactical application development tools</td>
<td></td>
<td>To bridge the gap until permanent systems are Brexit-compliant or to address one-off tasks such as relabeling. See Create a Tactical Development Plan to Address the Risk of Brexit Disruption.</td>
</tr>
<tr>
<td>Supply chain or customer management</td>
<td>Supply chain planning</td>
<td>Impact analysis and risk management.</td>
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<tr>
<td>Contract life cycle management</td>
<td></td>
<td>Understanding and management of contractual changes and risks. See Note 1.</td>
</tr>
<tr>
<td>Tactical track-and-trace technologies</td>
<td></td>
<td>Identification of the location of assets, vehicles, goods in transit, shipping containers, etc. See Note 2.</td>
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<td>Blockchain provenance</td>
<td></td>
<td>Management of product provenance when dealing with new suppliers and partners. See Note 3.</td>
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<td>Chatbots</td>
<td></td>
<td>Automation of customer service functions to manage the load of extra Brexit-related questions.</td>
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<td>General agility</td>
<td>Cloud</td>
<td>New systems and services deployed between now and the end of December 2020 would likely need to be cloud-hosted for rapid adoption.</td>
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<td>Democratized data science tools</td>
<td>Allow lower-skilled staff to perform data analytics for ad hoc queries and when professional data scientists are unavailable.</td>
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<td>Flexible working</td>
<td>4G/5G communications</td>
<td>For pop-up offices and remote working in new locations, possibly fallback networking for offices and home workers.</td>
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<td>Laptops, tablets and industrial handheld devices</td>
<td>Remote working. Industrial handhelds may be required for warehouse or port workers.</td>
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<td>Portable printers</td>
<td>Relabel products, print “on the spot” documentation.</td>
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<tr>
<td>Videoconferencing and collaboration</td>
<td>To support work when travel is restricted by COVID-19 or regulatory reasons. Training.</td>
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<td>Remote directed guidance (see Note 4)</td>
<td>Reduction in the number of staff who have to travel to a location. Allowing local staff to perform tasks that might have required travel to or from the U.K.</td>
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<tr>
<td>Communication/collaboration/social networking tools</td>
<td>Support for remote working and also to provide a rapid way for staff to get help as they come to terms with new processes and regulations.</td>
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<tr>
<td>Education and training</td>
<td>Videoconferencing</td>
<td>Training and communications.</td>
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<td>Digital learning tools</td>
<td>Communication and implementation of changed processes and regulations, providing “just in time” training and access to experts to answer questions.</td>
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Summary recommendations:

- Identify and prioritize business needs, and identify technologies that could be deployed in time to simplify or accelerate Brexit preparations and in the immediate aftermath of Brexit.

- Collaborate with business peers to make the business case to invest, and favor solutions with low capital expenditure.

- Look for opportunities to address COVID-19 and Brexit challenges with the same technology.

Evidence

Information sources used in creating this research include: discussions with clients, vendors and colleagues; government Brexit guidance; and Brexit analysis from a wide range of external sources.

Note 1. Contract Life Cycle Management

Organizations with many contracts involving cross-border trade or similar activities will likely benefit from contract life cycle management (CLM) tools to help better understand and manage the impact both of Brexit and of future trade agreements. CLM systems are relatively complex so a full implementation may not be practical before Brexit. However, it might be possible to get some value from CLM in the short time remaining, e.g., adopting systems that use AI to scan contracts for potentially problematic clauses such as those related to London Interbank Offer Rate (LIBOR) issues.

Note 2. Tactical

Many observers have noted the risk of logistics delays caused by new customs processes creating congestion at ports and airports. Tracking systems can't eliminate congestion but they can help planners to monitor the location of key assets such as vehicles, containers and even people. There

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<tr>
<th>Informal digital learning tools</th>
<th>For example, internal Brexit blogs to support education and discussion.</th>
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<tr>
<td>Risk management</td>
<td>Cybersecurity tools and training</td>
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<td>Cybersecurity and identity management can address increased risks, especially for out-of-office workers.</td>
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<tr>
<td>Social distancing and contact tracing tools</td>
<td>COVID-19-related risk reduction for office staff and those working off-site in areas such as ports, airports and warehouses.</td>
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Source: Gartner (October 2020)
are many off-the-shelf systems where hardware and cloud services can be deployed very rapidly to track objects such as vehicles, certain types of packages or airfreight containers.

**Note 3. Blockchain for Provenance**

Brexit may force organizations to switch to new suppliers. However, in the case of products such as food, where provenance and traceability is important, it may take some time to establish trust. There’s been a lot of recent work on blockchains as a way to provide an immutable record to help validate the provenance of products such as foodstuff. Organizations are unlikely to be able to create a new ecosystem in the limited time remaining, but may be able to participate in one that already exists, for example, IBM Food Trust.

**Note 4. Remote Directed Guidance**

Remote directed guidance systems use cameras and virtual or augmented reality to allow workers to share what they’re doing with remote experts or assistants who can collaborate on a task without needing to be physically present.

**Recommended by the Author**

- The State of Privacy and Personal Data Protection, 2020-2022
- Create a Tactical Development Plan to Address the Risk of Brexit Disruption
- Ready for Business When the Brexit Transition Ends?
- Market Guide for Social Distancing Technology
- Magic Quadrant for Enterprise Low-Code Application Platforms
- Magic Quadrant for Contract Life Cycle Management
- Magic Quadrant for Content Services Platforms
- Market Guide for Process Mining

**Recommended For You**

- サービスとしてのデザスタ・リカバリのマーケット・ガイド
- マルチエクスペリエンス開発プラットフォームのマジック・クアドラント
- Designing a Cloud Workload Placement Policy Document
- Forecast: Semiconductor Capital Spending, Worldwide, 3Q20 Update
- Executive Pulse: Plans for Analytics Spend Continue Through Crisis as Data Use Issues Also Persist

**Supporting Initiatives**

- Technology Innovation