

# Techno Legal Feasibility

A Cutting edge initiative

Naavi



# Project Feasibility

- A project is considered feasible if there is a reasonable expectation of achieving business goals.
- Feasibility study on new activities are important for
  - Long term financial organizations
  - Venture Capitalists
  - For due diligence in Mergers and Acquisitions
  - For prudent managements

# Traditional Project Assessment

- A project is normally assessed by financial institutions for
  - Marketing Feasibility
  - Financial Feasibility
  - Technical Feasibility
  - Managerial Feasibility etc...
    - Because these are considered the principal success parameters for a business
  - Similar assessment is done as part of “Due Diligence” in case of mergers and acquisitions.
    - As well as Venture Capitalists

# Changing Business Paradigm

- Current generation projects have a strong stake in Cyber Space.
  - Success of many physical society projects are dependent on their exploitation of cyber markets
- Many projects are E Projects first and Physical society projects later.
  - Success depends entirely on exploitation of cyber space
- Many E business project models have no comparable physical society equivalents

# Feasibility of new generation projects

- Cyber generation projects cannot be satisfactorily assessed only on the parameters of traditional physical society projects.
  - Marketing in Cyber Space is entirely different from marketing in physical space
  - Financing of E Assets and valuation of E Assets are different from financing or valuation of physical assets
    - Marketing and Financial feasibilities for a Cyber space project also have significant differences from traditional approaches

# Feasibility of new generation projects

- Cyber generation projects cannot be satisfactorily assessed only on the parameters of traditional physical society projects.
  - Most Cyber projects are managed by technology geeks
    - Great innovators in technology
      - Can be relied on technology feasibility aspects
    - May not be strong in managerial acumen
      - Can be supplemented if required, though often is left unaddressed by many young entrepreneurs

# Feasibility of new generation projects

- But there is one area which is often not even recognized by entrepreneurs.
  - i.e. Techno Legal Feasibility (TLF)
    - Considered a key element of success in Cyber space dependent projects.

# What is the objective of TLF?

- Napster was a great project concept.
  - Did it succeed? If not, why?
    - The company failed to foresee the “Cyber Law Risks” that could affect its business.
  - Is Napster a stray case? Or was it the beginning of a trend?
    - Where Techno legal risks consumed otherwise successful projects
      - There are many instances of E Business failures which can be traced to failure of “Techno Legal Feasibility”
        - Herein lies the latent demand for TLF services



# What is the objective of TLF?

- If Information Security is a critical aspect of business today,
  - It means that Information Security risks are prominent in business space.
- Information Security risks are no longer limited to technology related risks.
- Cyber Laws of today define information security risks.

# TLF and Information Security

- Compliance of Privacy laws, Data Protection laws, Cyber Crime laws such as ITA 2008, domain specific laws such as HIPAA, GLBA as well as SOX, etc all have significant impact on Information security.
  - If Information security risks are a threat to business, any service that examines the information security risks at the pre-investment stage must be of great value to business.
    - Herein lies the latent demand for TLF services

# Current Status of TLF studies

- Presently, except for a few assignments undertaken by Naavi, there has not been any known institution that offers “Techno Legal Feasibility Studies”.
  - There is a need and also an opportunity which IIIT Law is well placed to fulfill.
    - This could be a good revenue source for the sustenance IIIT Law activities
      - Though it is expected that the development of such activity in full may take some time.
        - Until then IIIT Law need to sustain itself through other activities and keep building its “International Technology Law Expertise”

# Example..1

- A business organization wants to set up a large BPO for processing health Insurance bills for the US markets.
  - If the business does not factor in HIPAA compliance
    - It will neither get good clients
    - If it succeeds, it may at some point of time in future face an unforeseen liability

## Example..2

- A company X intends taking over company Y. Company Y was engaged in managing a payment gateway and through extensive data mining has accumulated a very large data base of retail consumer buying habits.
- X sees value in this data base which is the main reason for acquisition.
  - There is however a risk that this data base acquisition process was in violation of the privacy of individuals and did not carry specific consent of the people.
  - This could eventually kill the business and also land X in liabilities

## Example 3

- A Company M wants to set up a new Social media business.
  - It is hiring an executive from a rival company who has promised to market the business to the entire customer database of his previous employers
  - If Company M does not assess likelihood of a future legal liability arising out of the proposition, it may face a large liability in future

## Example 4

- Company K intends setting up an “online Gaming” venture which has a large stake in Country T.
  - If Company K does not analyse the cyber law risks for the business as prevailing in the country T, it may end up being served notice for winding up by the regulatory authorities and also face civil and criminal liabilities.

## Example 5

- Company C wants to invest in providing ball by ball commentary on IPL matches through mobile by watching the TV coverage.
- Company D wants to invest large amounts in advertisements through the project.
  - If the companies do not check the legal aspects of whether such an activity can be undertaken without the permission of relevant authorities, it could land itself in litigation.



**In all these instances, it would be prudent to conduct a**

Techno Legal  
Feasibility Study

# For more information

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