

## Towers Hit with Trade Secret Lawsuit After Rival-Linked CFO Hire

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Aon is set for a legal battle against one of its biggest rivals, Willis Towers Watson (WTW), after the latter hired a new CFO who had previously worked as a consultant to Aon, giving him access to the inner workings of the company and its confidential plans for the future, according to a recently filed lawsuit.

In 2016, Aon hired **Michael Burwell**, who was working with PricewaterhouseCoopers Advisory Services (PwC) as a strategic consultant, to help with its plans restructure parts of its business models and implement “various cost-saving initiatives,” according to the suit filed by Aon on September 25.

In August 2017, Aon learned that Burwell accepted the CFO position with WTW, effective October 1.

Burwell’s hire posed a conflict for Aon, since he was exposed to numerous trade secrets, according to Aon. The confidential information included Aon’s restructuring plans, operating plans, growth plans, acquisition plans, performance data for Aon’s businesses, outsourcing strategy, etc.

Aon and WTW have multiple business units that compete with one another including some of the largest investment consulting arms in the industry, counting \$4.2 trillion and \$2.3 trillion in AUA, respectively, according to the firms.

“Because of the highly-confidential trade secrets Aon would need to provide PwC in the course of this engagement, Aon required PwC to sign a non-disclosure agreement and to take other actions to prevent its employees from disclosing Aon confidential information,” according to the suit.

The suit further notes: “Likewise, Aon required that PwC agree to prevent its consultants and partners from working for Aon’s major competitor, Willis Towers Watson plc (“Willis”), for two years.”

But on the same day, WTW fired back with a suit of its own, claiming that Burwell had no previous agreements with Aon and never signed any non-disclosure, non-compete, or confidentiality agreements.

Aon sent a letter that “brazenly threatened that it will be unethical for Burwell to become WTW’s CFO and that his CPA license in Michigan could be in jeopardy if he does so,” according to WTW’s suit.

“Burwell readily provided written acknowledgement that he will not use, disclose or divulge any of Aon’s confidential and proprietary information to a third party,” according to the complaint. “Burwell has not divulged and will not divulge any of Aon’s confidential and proprietary information, including trade secrets to the extent they exist. For some unexplained reason, Burwell’s assurances to PwC are not enough to satisfy Aon.”

Aon will likely face an uphill battle, since they didn’t have Burwell sign a direct contract, says **Scott Humphrey**, a partner at **Seyfarth Shaw**, who is not related to this case. In this case, the court will most likely rule that Burwell is allowed to work at WTW, but not able to disclose or transfer confidential information from Aon.

Aon and Willis Towers declined to provide additional comment for this story.

Since the two firms are close rivals and have similar capabilities related to investment consulting, it's crucial how these firms structure their business to gain a competitive advantage, says **Anna Dunn Tabke**, principal and director of research for Alpha Capital Management, a firm that offers consulting and OCIO search services for investors. It's especially important what talent is retained.

"It really comes down to the people on the account," says Tabke, who was previously an associate consultant at Mercer. "These firms have very similar approaches, but if your people are your competitive advantage, it could really affect consultants that face lots of turnover."

Both firms have experienced a slew of changes to their overall businesses models– especially the investment consulting arms – over the last few years.

Most recently, Aon agreed to purchase real estate consulting firm, The **Townsend Group**, for \$475 million. In May, the firm completed a sale of its benefits administration and human resources outsourcing platforms to **Blackstone**, according to a press release from Aon.

And in 2010, Hewitt Associates acquired **Ennis Knupp and Associates** creating Hewitt EnnisKnupp, the investment consulting arm of Aon. Aon later changed the name to Aon Hewitt Investment Consulting in 2015.

In 2009, Towers Perrin and Watson Wyatt merged to form Towers Watson. Later in 2015, **Towers Watson** joined forces with insurance company **Willis Group** to create Willis Towers Watson. However, both firms have recently come under scrutiny from international regulators.

Earlier this month, the **Financial Conduct Authority** (FCA), the U.K. financial conduct regulator, announced it would be furthering its investigation into the investment consultant industry. The Competition Market Authority (CMA) was invited to conduct a separate market investigation into investment consultant firms that have fiduciary management businesses, including Aon Hewitt, Mercer and WTW, as reported.