



How Can GBS Accelerate Value From M&A

Will Engelbrecht and Juan Gonzalez, April 4th, 2024

Introduction



Will Engelbrecht

Principal, Strategy, Diligence, and
Value Offering Leader, Deloitte
Consulting LLP.



Juan Gonzalez

Senior Manager, Mergers,
Acquisitions, and Restructuring,
Deloitte Consulting LLP.

Agenda



Creating Value in M&A

Evolution of GBS and their role in M&A

M&A Lifecycle Overview and GBS Activities

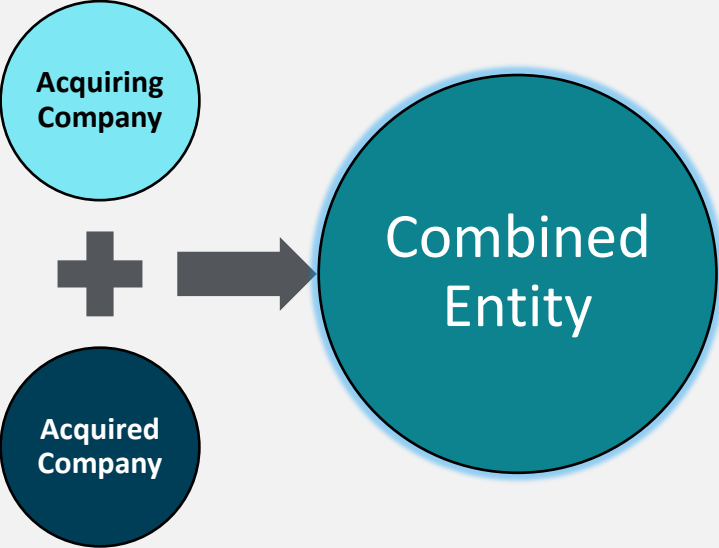
Ways to Accelerate Value Creation

Lessons Learned and Key Success Factors

Closing

M&A Transactions

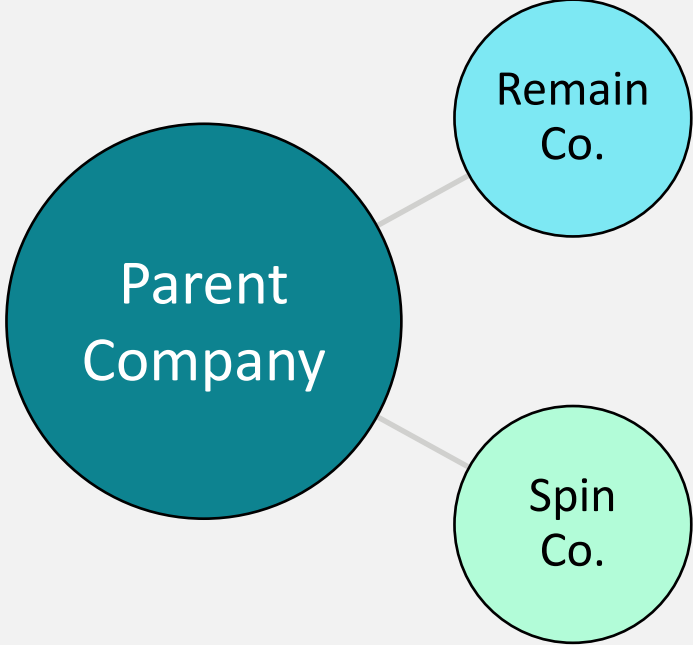
1 Acquisitions



Key Considerations

- Strategic rationale for deal – growth, access, scale
- Operating model efficiency and effectiveness
- Potential risks related to existing capabilities and ability to support stand-alone growth
- Cost and revenue synergies

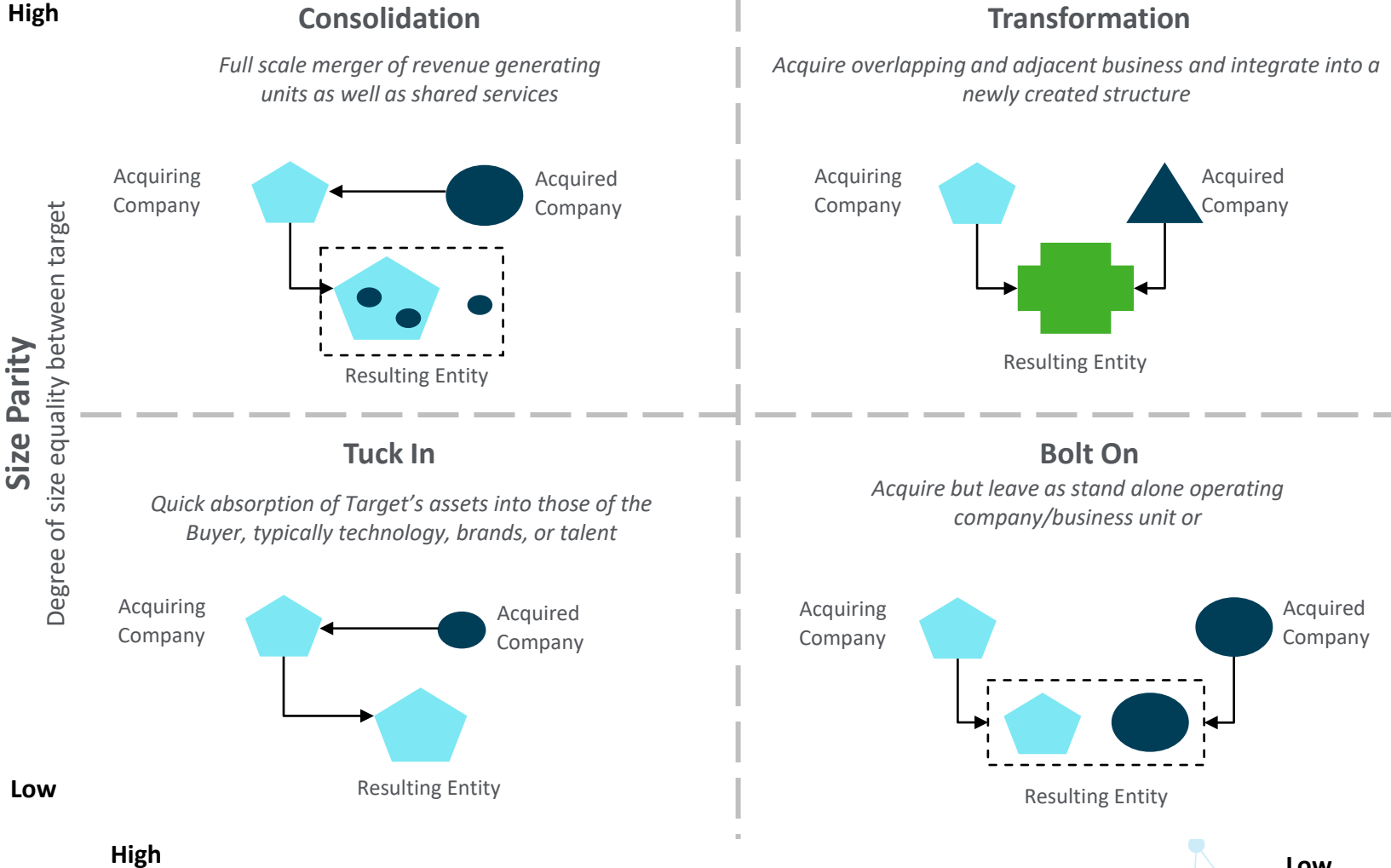
2 Divestitures



Key Considerations

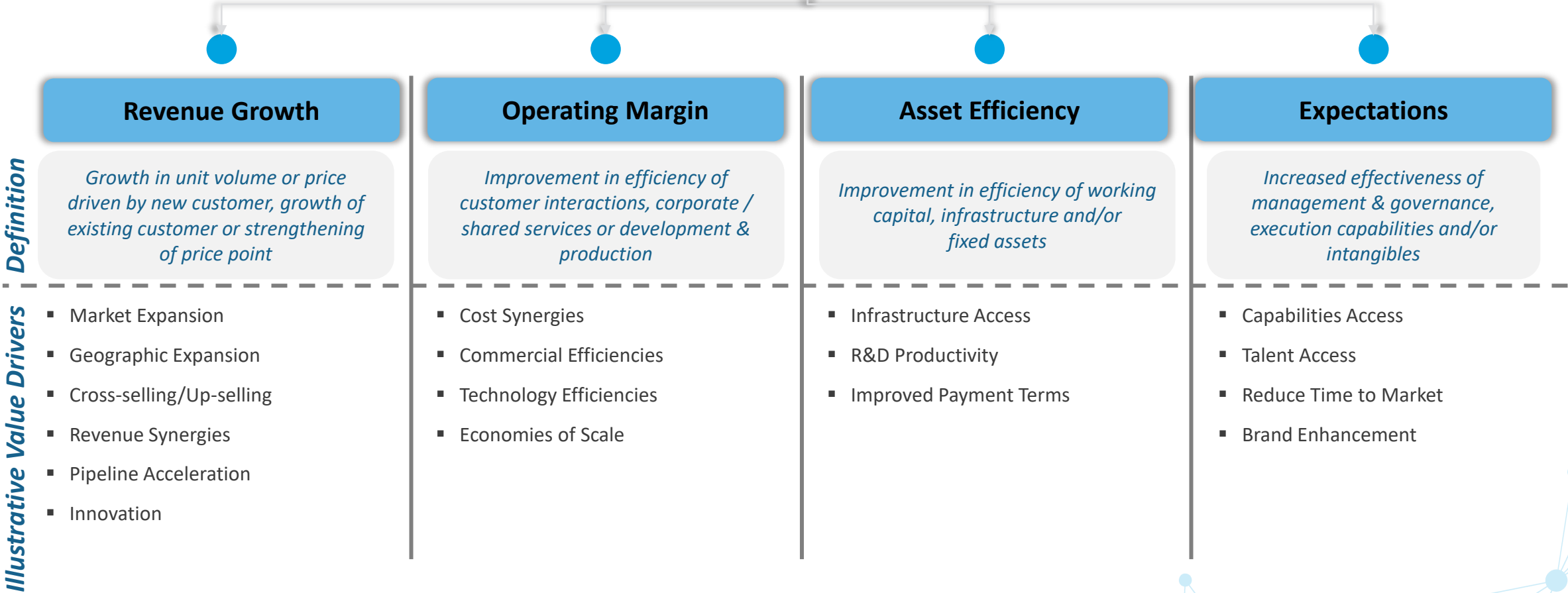
- Strategic rationale for deal – portfolio fit, performance, capital, regulatory, risk-driven
- Reduce level of dependency and mitigate stranded cost impact
- Carve-out costs, timing, and complexity
- Transition Service Agreements (TSAs)

Deal Archetypes



Value Drivers in M&A

Shareholder Value

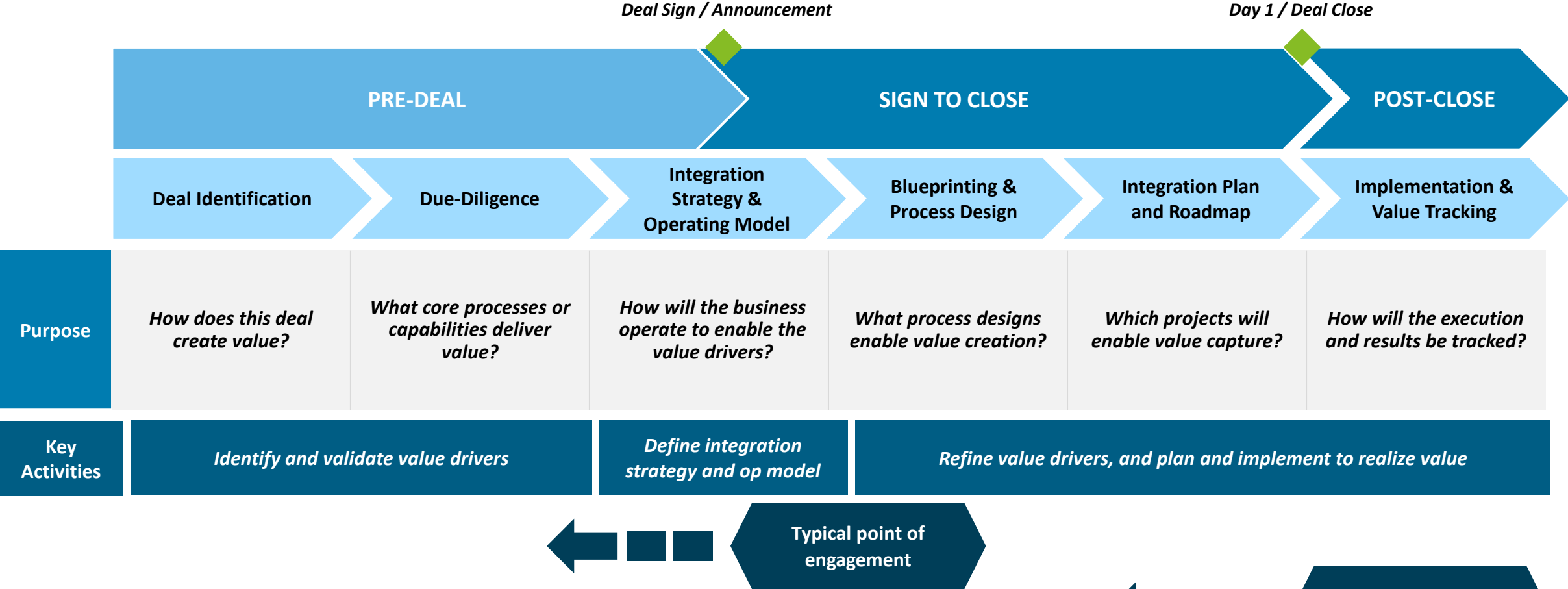


Accelerating Value with GBS

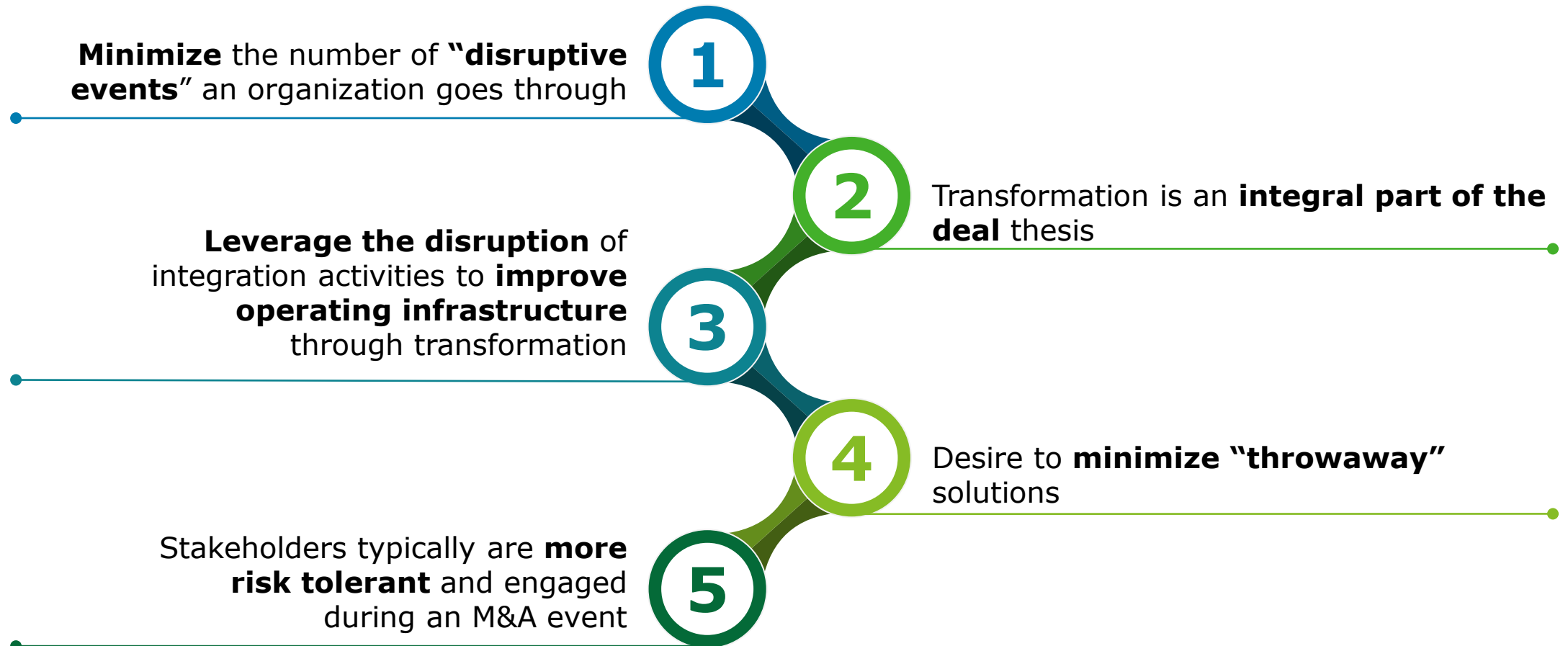
Shareholder Value

	Revenue Growth	Operating Margin	Asset Efficiency	Expectations
Definition	<i>Growth in unit volume or price driven by new customer, growth of existing customer or strengthening of price point</i>	<i>Improvement in efficiency of customer interactions, corporate / shared services or development & production</i>	<i>Improvement in efficiency of working capital, infrastructure and/or fixed assets</i>	<i>Increased effectiveness of management & governance, execution capabilities and/or intangibles</i>
GBS Value Drivers	<ul style="list-style-type: none"> Retain and grow current customers Acceleration of sales leads through collaboration between Sales Workforce Access to Sales Support in new geographies Boosted innovation through combined R&D capabilities 	<ul style="list-style-type: none"> Consolidation and standardization of processes Improve Corporate / Shared Service Efficiency Enable economies of scale to optimization vendor negotiation and rates Enhance technology capabilities 	<ul style="list-style-type: none"> Improved Payment Terms and Working Capital Enhanced Utilization for Facilities, Technology Infrastructure Improve Inventory Efficiency Improve Receivables & Payables Efficiency 	<ul style="list-style-type: none"> Adoption and sharing of Best Practices Access to Capabilities through COE Enhanced Talent Access Reduced Time to Market Standardized execution

M&A Lifecycle

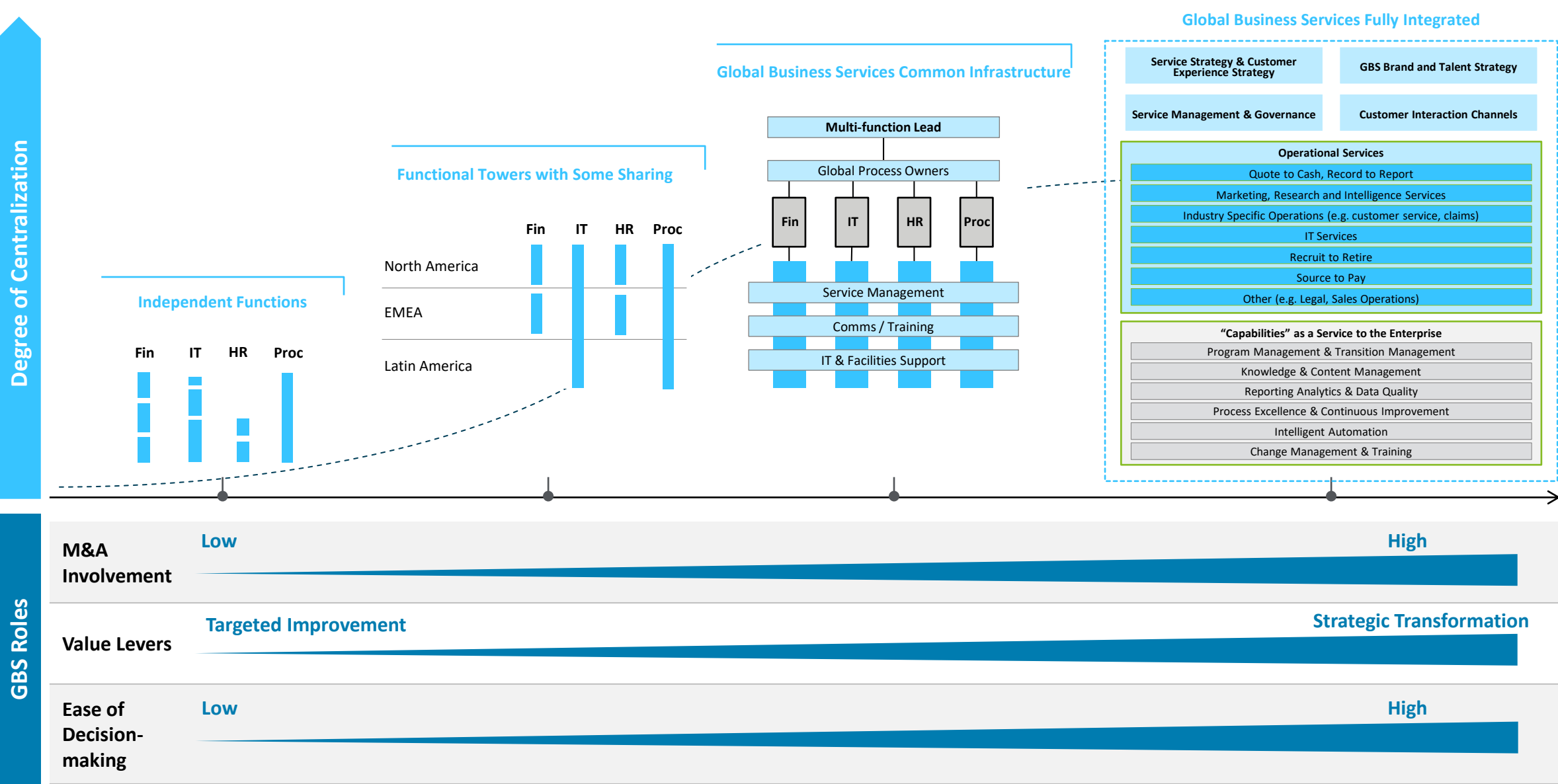


Transform While Transact

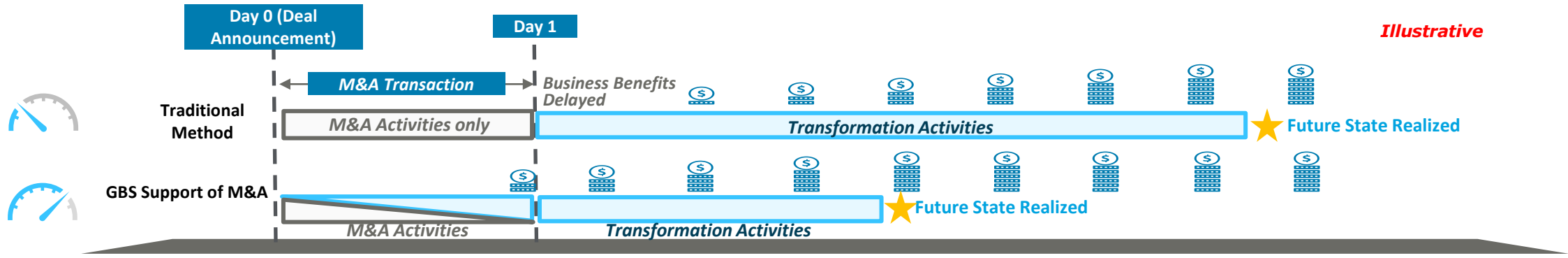


Organizations that *embrace a transforming-while-transacting* mindset begin thinking about and planning for transformation early in the life cycle of the deal

GBS Evolution Drives Impact



Engagement In Practice



- 1 Pre-Deal Due Diligence**
- 2 Transaction Planning**
- 3 Transaction Execution**
- 4 Post-Day One**

1 Prioritize Support Across: *Gathering and organizing financial and operational data across the enterprise to provide a comprehensive view of the company's current state*

2 Drive Results / Key Decisions across: *Analyze current state processes and their performance, identify key business processes to be transformed*

Helping identify cost synergies and prioritize ongoing business initiatives. By leveraging GBS, cost savings can be achieved through economies of scale and efficiencies in the combined operations

Focus on increasing deal value by providing increase in flexibility and allows better timing of execution planning of synergy and business initiatives

Integrating the financial and operational functions by standardizing processes, systems, and reporting structures as Day 1 efforts are executed

Optimizing investment spend to optimize the significant synergies between the transaction projects and the transformation can be realized

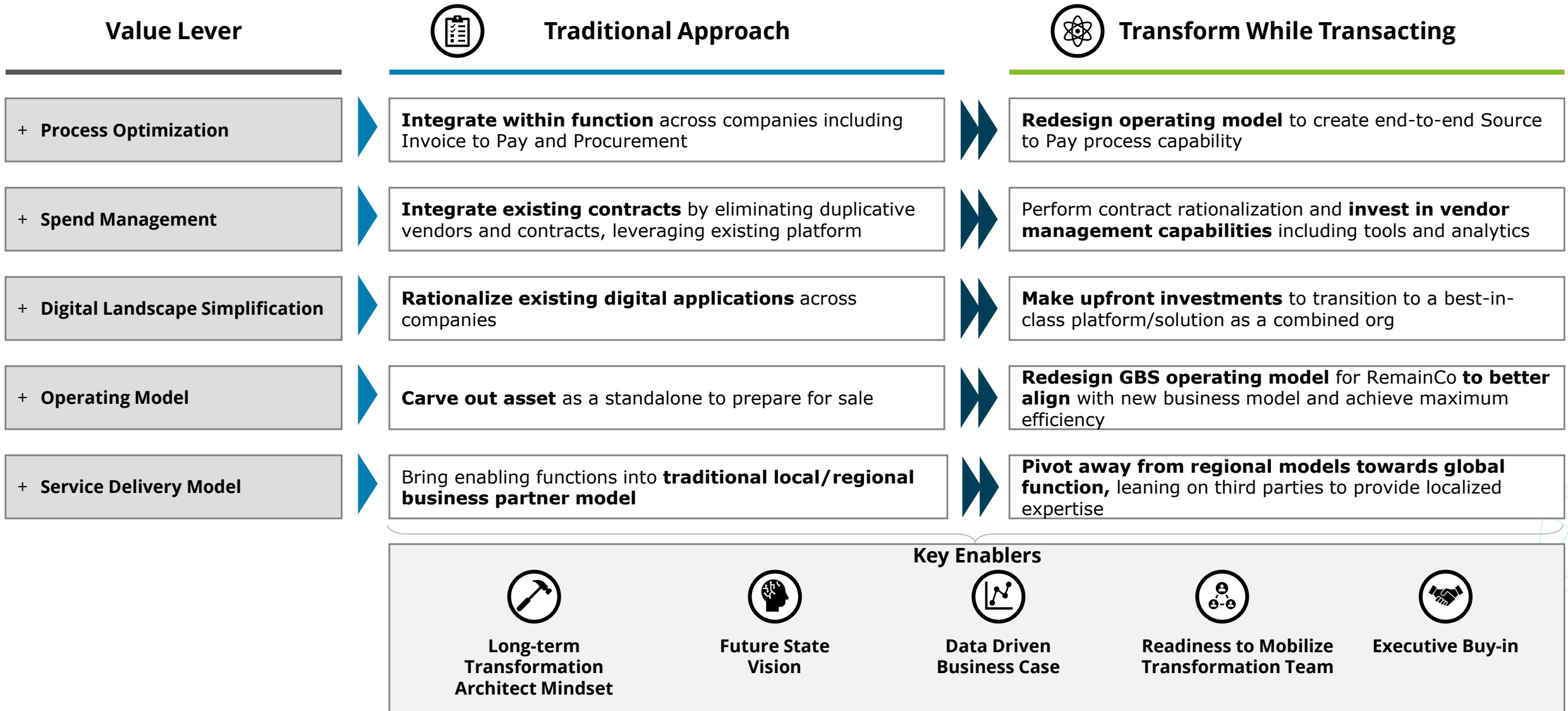
Realizing value capture from synergy and transformation activities and enabling operating model for new ways of working inline with future needs

Execute projects for target state and focus on culture to enable a transformational mindset

Organizations that start their GBS transformation journey during M&A activity can expedite value realization and optimize investments

Accelerating Impact in Practice

Illustrative Examples



Lessons Learned and Key Success Factors



Diligence does not match reality, leaving money on the table

Partner with business early to validate top-down deal model assumptions and one-time cost identification



Cross functional engagement

Establish clear GBS M&A governance structure and effective engagement model with the business functions



Navigating change

Develop robust change management framework to minimize uncertainty for internal customers



Singular focus on cost reduction

Introduce and quantify opportunities to increase service levels to drive margin improvement



Selecting value creation opportunities

Provide perspective on operational and technical feasibility of proposed opportunities to support prioritization



Setting targets and tracking attainment

Own centralized methodology, tracking and reporting of synergy realization



Transaction speed vs. value realization initiative implementation

Transact with long-term transformation in mind – focus upfront on quick-wins while building and socializing a long-term shared services transformation roadmap



About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

Copyright © 2024 Deloitte Development LLC. All rights reserved.

Designed by CoRe Creative Services. RITM1653349