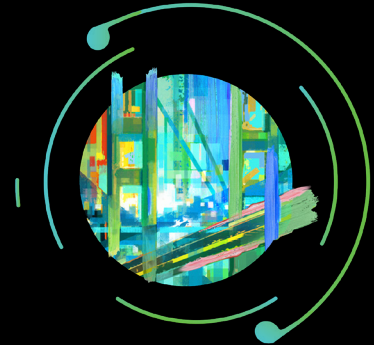


## M&A Views



### Deloitte M&A Views podcast:

Transforming While Transacting: Budgeting and timing for digital transformation

**Raed Masoud:**

Welcome to Deloitte's *Transforming While Transacting* podcast series. I'm your host and Deloitte LLP principal, Raed Masoud. I've spent almost 25 years helping companies execute M&A transactions and navigate major transformations. With M&A deal volumes at record levels, leaders must partner their M&A and transformation efforts to realize the full potential of current deals. In today's dynamic marketplace, leaders no longer have the luxury of waiting until a transaction is closed to identify those areas of transformation and alignment. Instead, you must prepare your company, your business units, your markets, and your teams as the deal is taking place to maximize the value the transaction delivers on day one. We call this transforming while transacting. In this series, I'll be joined by experts from both Deloitte and industry to discuss why transforming while transacting is critical in the modern landscape and go into detail about how to do it effectively.

Hello, welcome to our *Transform While You Transact* podcast series. I'm your host, Raed Masoud, and I'm super excited to welcome a really fantastic guest, Marie Myers, HP CFO. Couldn't be more excited to have you on the show, and couldn't be more excited to talk about a topic that is really relevant for a lot of our clients but also for yourself. But before we get into all of that, maybe if you could just take a minute and tell us about yourself, your role, and how you kind of developed this energy around transformation alongside the responsibilities of a CFO.

**Marie Myers:**

Sure. Thanks very much for the opportunity to be here, Raed. It's an absolute privilege and honor to be with the Deloitte team today. So, as you said, I'm the CFO of HP and I've had a, I'd say, probably a long career involved with transformation through, actually, my finance career. I would say that when I came back to HP, which is almost three years ago, I actually came back as the chief transformation officer. And there was a period of time where actually I was doing two jobs. I was the chief transformation officer along with the acting CFO. And then I later took on the CFO role permanently. I would say, Raed, I'm really glad I'm not doing both those roles. It was a little tough doing two jobs for an extended period of time, but I'll be honest with you, as a CFO today, I have a real passion for digital transformation.

And frankly, I think it's really difficult to be a CFO today and not have a strong appreciation or even understanding, frankly, of the importance of digital transformation. Because it's impacted every single business—in fact, I'm on the board of a university, and actually yesterday we were reviewing, as part of one of the subcommittees, the digital transformation that the university (it's a small university, but what they're going through. It's basically in every aspect of business and society today. So, I think it's an imperative. I'd go as far to say that for a CFO to have at least a sort of cursory understanding, because it impacts even the financials and the way you as a CFO drive your function.

## Deloitte M&A Views podcast

So, at HP, I'd say we're laser focused on not just improving our business operations with digital transformation but actually with transforming the way we even do business. So, for me, it's an imperative today.

**Raed Masoud:** What a fantastic perspective to bring to this conversation. And when you think about just having that mindset, that energy around transformation and what it means to an organization and having it be an imperative, there's the practical side of budgeting for these things, or timing. And what do you see as the challenges that somebody like yourself, or a CFO, or an executive in charge of a major digital transformation program would need to be mindful of when thinking about budgeting for these things, or planning, or the right timing?

**Marie Myers:** Well, I think one of the lessons I've learned is that you've got to budget, you know, putting the CFO hat on. You have to budget for the unknowns, Raed. I think we're really good, typically, of putting together, you know, the ROI on projects and initiatives. I think we can get really good at understanding cost, looking at the returns, evaluating them, turning them through the lifetime of these transformation initiatives. I think the one area that we typically tend to under-invest in is management of change. And I cannot underscore how important management of change is in a digital transformation. It's frankly almost at the heart of success.

And it covers everything from the way you communicate with your people around the importance of this work, how you take them through this journey, and how they even understand why they need to be on board with this journey, what those benefits are. It kind of ties directly to employee culture. And I think it's something that companies often overlook, and it's easy to put to the side and say, "Hey, I'll just do that later," or, "I need to fund the tech. I'll fund the management of change or the culture transformation later." And so, I would just say, one piece of advice is put it right up front: You've got to win the hearts and minds of your employees to get through what's inevitably a whole lot of hard work.

And then, there is the famous sort of value of debt as you go through the transformation. And you've got to be ready for that. And if you start management change too late, you're just going to make it a lot harder on yourself. So, fund it right from the beginning, and embrace it, and make it part of your transformation journey.

**Raed Masoud:** I couldn't agree more. As I think about the experiences I've also been through, winning hearts and minds is foundational to adoptions when it comes to a new way of doing things—or, as you mentioned, really fundamentally changing the way that you do business. When you step back, then, and think about that journey for an organization, sometimes there are big events that come into play that probably make that even more difficult. And I can't think of something any more challenging than potentially one that's related to inorganic growth or transacting on a particular deal.

So, when you think about these challenges and you think about the benefits of digital transformation, but then you tie inorganic growth to it, how do you reconcile that? And what do you see as some of the benefits of actually saying, "Look, I'm going to go counter to the grain here. I'm not going to delay transformation. I actually see it as a potential way to give me a better chance at getting the value out of this inorganic growth event that I'm about to undertake."

**Marie Myers:** Well, I could say you've got to be bold and courageous, because it's certainly not an easy journey, Raed. But I'd say one of the biggest benefits that I've seen is—there's really two big ones that come to mind. The first is just the accuracy of the data. So, I think you don't appreciate the sort of potholes in your data until you start, internally, a digital transformation. Then you start to literally uncover all these potholes in your own organization. And so, being able to get better data really links so directly to better forecasting. And so, these are sort of the achievements that alone will unlock significant value for any organization.

The other piece I would say, so people—that obviously gathers enormous momentum, the more that you get confidence in the quality of the data, it just takes out so much work and builds confidence in your own people around why this transformation really has legs. The second piece I would say is speed, and I think we all know today, speed through the pandemic has evolved as an area. We all work very differently today; we have a hybrid way of working. And so, we—I think we've become very fixated on the speed and the here and now. And so, digital transformation, to me, another side benefit that often gives you courage to take on sort of transformation while you're transacting is speed because it'll give you the chance to move a lot faster.

## Deloitte M&A Views podcast

So, that speed piece, it comes over time, you may not see it initially because initially you may see yourself working in multiple systems, working through that sort of transition that you have to go through. So, the speed may not be there at the beginning. But as you work through the transformation, the speed benefits will start to become obvious, and then that will give you tremendous momentum in the back half of your transformation.

**Raed Masoud:** So, it's interesting that you describe the journey, and you described what almost sounds like an interim state on the path to value. And that sometimes that isn't necessarily the most pleasant place to be in for the organization or for the folks that are actually doing the work during that stage. And you tied it back to, that's why it's really important to also have speed be part of the equation. So then, if that's the case, as you start to think about the value that comes from doing this work, what do you have to say to others that maybe have not gone through this journey and are wondering about undertaking a transformation effort that may not necessarily always result in value on the PNL or on the income statement right at the very beginning or maybe in the very same year? It might have value or more value that's a little bit deferred to the right.

Does that mean they shouldn't do it? Or does it mean they should do it? And if you think then about, just from the CFO lens, bringing that discipline around value and time, how should executives think about that? Or what would you advise them to do?

**Marie Myers:** I would say to date, Raed, I'm not sure there is a choice. Even if right upfront the investment doesn't necessarily, in the first couple of years, provide return, I would argue you probably haven't framed the lens around that right from the get-go. What I'm trying to say, there is really—there's a tremendous cost to inertia. And you need to factor that into your ROI analysis. There's a cost to standing still and doing nothing. So, if you layer that costing, and I recall when we were going through our own transformation about ERP, there was a cost that we had to understand around, you know, potentially we had multiple ERPs, one of the ERPs was very aged and was at risk.

And so, what we did to help really understand the true cost of that transformation is we factored in the cost of that ERP potentially failing. So, I think that's just one example of how to think about it. But I'm sure there are others out there, as folks are listening to this, that will come to mind, but I think in a CFO seat, you've got to look, you've got to cast the net pretty wide and look for some of those unanticipated costs, which will help to balance out the overall picture.

**Raed Masoud:** Do you find that it's difficult to sell this across the organization or across your executive leadership team and/or to the board? And if so, do you have tips or ideas on how to best sell it?

**Marie Myers:** I would say it's not an easy sale, but I think if you lay out the broader pitfalls of not embarking on the transmission that we just talked about earlier, I think it helps to present a holistic picture. I think the other piece is just the tremendous benefits that you get that once you've gone through the initial digital platforms, you've started to layer them into the organization. There are other significant ancillary benefits that you will sort of get on the upswing. I kind of look at it a little—I call it the value of debt, but ultimately it becomes like a hockey stick. Once you've gone through the initial investment, you've gone through the harder point of implementation, as you're coming through that and you have the platform investment in place, you're going to find that there are multiple ancillary opportunities and investments that you'll be able to layer on top.

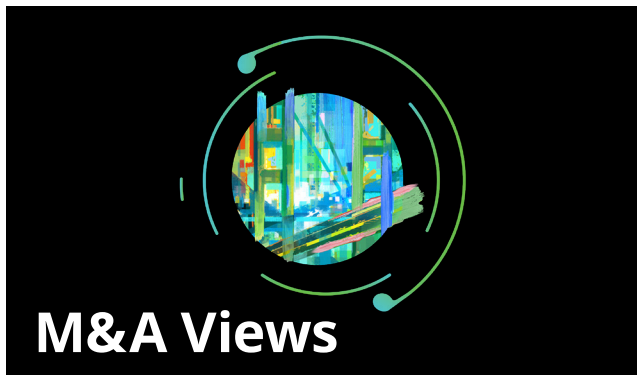
And many of those you won't truthfully appreciate until you've started the journey as well. So, I think the key for the CFO is being able to present that holistic picture so that you can take your executive team and your board through the journey. And the other thing I'd add is communication is critical. Keeping your board involved, letting them understand the journey. And I would say even, for CFOs who are listening, investors. Helping your investors understand where you're at in that journey is equally as important. Investors today want to understand where companies are at in their own digital transformations. And I think that's a nuance that perhaps CFOs don't always anticipate or think about as well.

**Raed Masoud:** What a perfect way to sum up the conversation and the set of questions we wanted to make sure we got a chance to walk through with you, Marie. It's been nothing less than a pleasure to speak with you. When I think about HP and I think about transformation, it's something that is in HP's DNA, and to have you come onto the show and talk with us about it and your thoughts, we just couldn't be more excited. So, thank you so much for your time. It's been a pleasure, and we look forward to having you on again.




## Deloitte M&A Views podcast

**Marie Myers:** Thank you so much, Raed, it's been an absolute pleasure to be with all of you, and I have to thank the Deloitte team here for being a key partner with us through this journey as well. So, thank very much, it's been a real pleasure.

**Raed Masoud:** Thank you, Marie.



## Learn more

-  Visit the [M&A Views podcast library](#)
-  Explore our [M&A Hot Takes](#) series for additional insights
-  Join the conversation on Twitter [@DeloitteMnA](#)

This podcast is produced by Deloitte. The views and opinions expressed by podcast speakers and guests are solely their own and do not reflect the opinions of Deloitte. This podcast provides general information only and is not intended to constitute advice or services of any kind. For additional information about Deloitte, go to [deloitte.com/about](https://deloitte.com/about).

### 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](https://www.deloitte.com/about) to learn more about our global network of member firms.