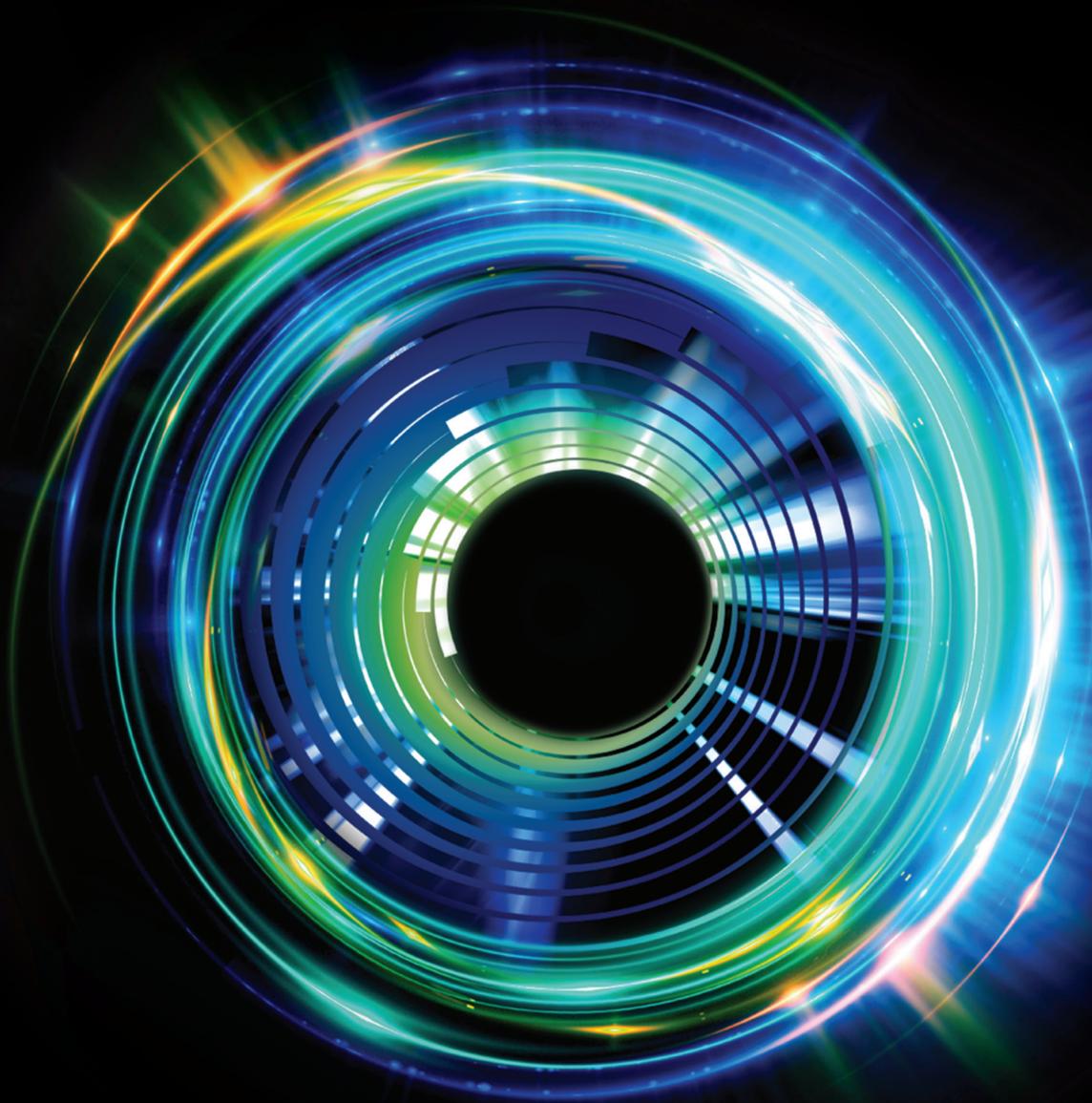


Deloitte.



Disruptive M&A:
Are you ready to define your future?



Call to action:

Mobilizing for disruption

The shapes of established business models are changing at a breakneck pace across traditional industries. This evolution is being driven by innovation, as value chain decomposition and technology alter proximity to customers and create new competitors.

At the current speed of change, many businesses may be unable to keep up. They simply do not have the internal capability to generate innovation.

Increasingly, market-leading companies are turning to **Disruptive M&A** to address technology shifts, changes in consumer behavior, and cross-sector convergence. Disruptive M&A is a portfolio of collaboration structures including partnerships, joint ventures, buy-outs and corporate venturing that help companies quickly unlock innovation-fueled growth and transform their business. These deals are not just about financial returns, they also offer access to new technologies, talent, and operating models.

Big versus small is now fast versus slow

Disruptive M&A is characterized by rapid campaigns of nimble, more strategic deals. When well executed, these deals have the power to quickly galvanize transformation to the acquirer's core business, to redefine its future state. As the rate of innovation and change continue to accelerate, the ability to successfully undertake Disruptive M&A will become critical to strategic execution and increasingly define companies' agility.

Your competition is not standing still

Deloitte's M&A Index shows that companies spent \$635 billion USD from 2015–17 acquiring disruptive technologies and business models, and that 77 percent of businesses expect to compete in a new sector within three years. Acquirers outside of the technology sector have overtaken technology sector players in M&A activity for innovation and technology businesses.

Tomorrow's industry leaders are shaping their future today. How will your business respond—are you ready to define your future?

Disruptive M&A:

Harnessing the growth potential of innovation

Disruptive M&A can dictate future growth, altering trajectories and positioning disrupted companies to become the disruptors.

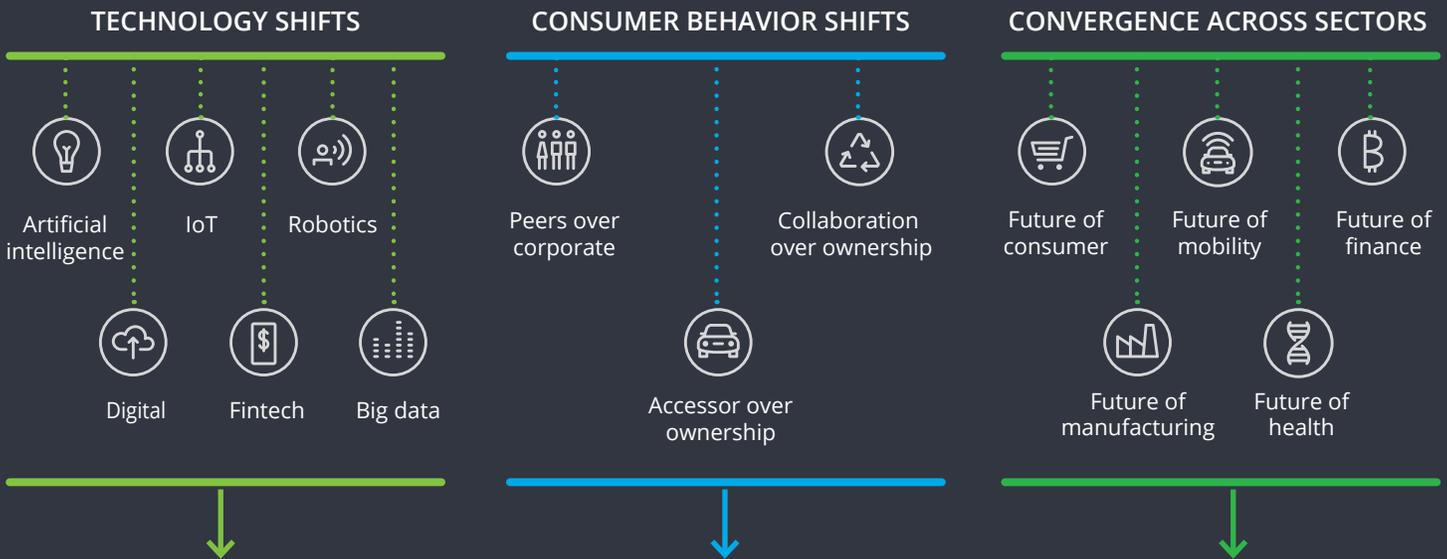
The confluence of technological change, shifting customer preferences, and convergence across sectors is redesigning how products and services are developed, delivered, and consumed. As a result, companies need to make strategic choices about which shifts are most likely to impact their businesses, identify differentiating opportunities in those spaces, and determine whether to invest, buy, or collaborate.

There is a catch, however. Disruptive M&A is inherently complex. Selecting the right Disruptive M&A opportunities requires evaluating and assessing a much broader range of possibilities and targets than traditional M&A—options that may fall outside of your field of expertise. Disruptive M&A targets are valued and analyzed differently, Disruptive M&A transactions are executed faster, and Disruptive M&A acquisitions require a wider range of integration models.

Disruptive M&A strategies may involve multiple successive or simultaneous transactions.

This is not M&A as usual...

To capture innovation-led growth, companies need to tap into shifts in technology and consumer behavior, with a view toward the future landscape of their industry.



STRATEGIC CHOICES TO CAPTURE INNOVATION LED GROWTH

INVEST

Develop corporate venturing as a core competency to allow the organization to uncover, incubate, and invest in new growth opportunities. This could also lead to financial gains and sign-off opportunities.



COLLABORATE

Consider close collaboration with a range of eco-system partners—ranging from start-ups to cross-sector corporates to co-innovate and develop new market offerings.

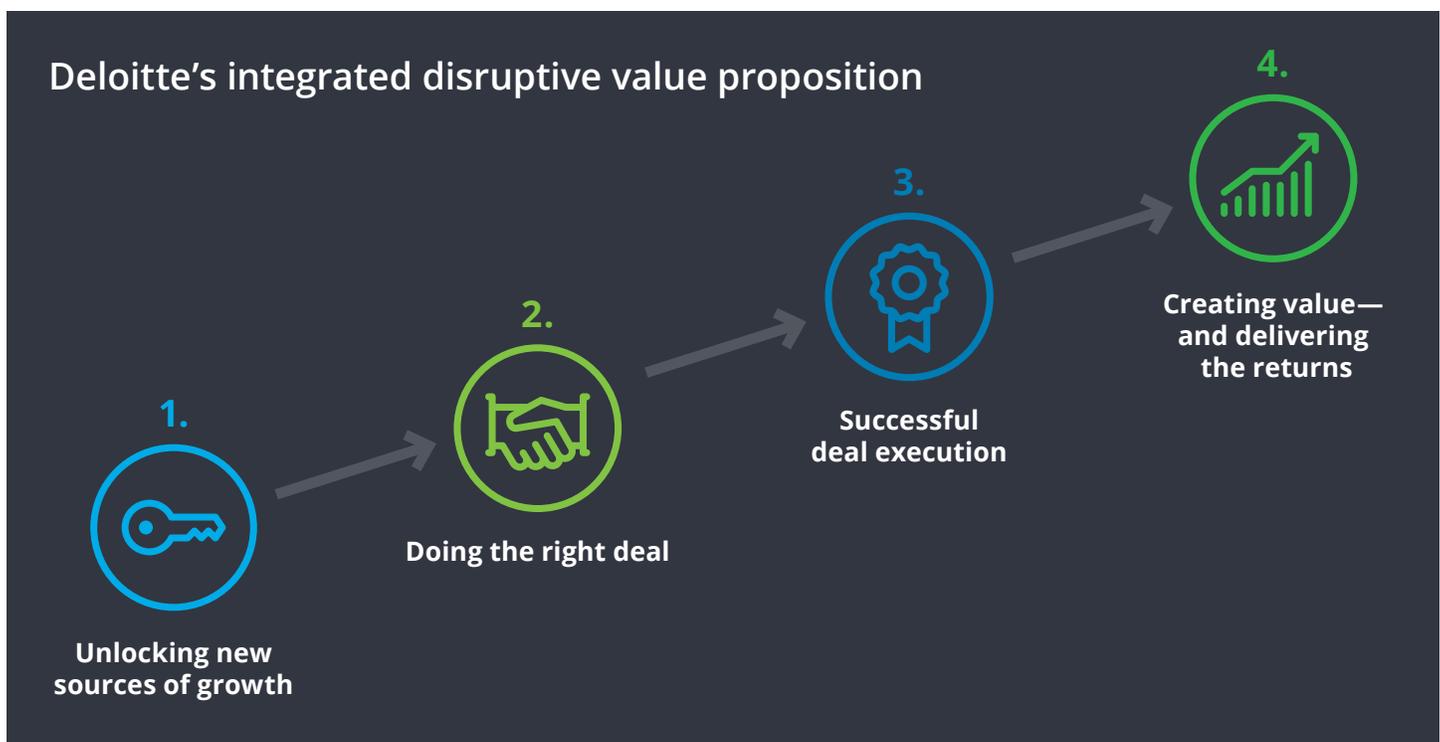
BUY

Develop a dedicated Innovation M&A strategy to acquire capabilities, products, and technologies that can unlock new sources of growth and revenue. Cultural adoption will be a key driver for the successful integration of such deals.

The disruptive journey:

Identifying the foundations of a new vision—and how Deloitte can help

To succeed in this new environment, industry leaders must develop the capability to rapidly strengthen their talent, processes, and technology inorganically, through Disruptive M&A. With Deloitte, you'll be backed by the largest professional services network in the world, and you'll be guided, step by step, through the process—from start to finish.



Key questions to ask in your disruptive journey:

- Which forces—such as new technologies, changes in consumer behavior, and evolution in our competitive landscape—are most likely to affect my industry?
- Do we have an adequate understanding of these forces?
- How do we identify and assess the various inorganic growth options available to us?
- How do we position ourselves to be an attractive acquirer to disruptors and innovators?
- What options do we have to get ahead of these forces?
- How should we approach and execute this deal differently from past transactions?
- Do (or should) these options include investment, partnership, or acquisition components?
- How do we extract value from an innovator that we are acquiring?

The work begins by mapping and understanding your innovation journey

Together, we examine and explore the disruptions impacting your industry, the business elements at risk, and the people and opportunities in the ecosystem. Then we can help create a Disruptive M&A strategy that includes concrete deal opportunities and guide you through the deal lifecycle.

- We'll get you started with an informative educational session that includes real-time insights linked to your existing or emerging growth strategy
- Our Disruptive M&A Lab will then take you through a journey of future trends, disruptions, and growth opportunities while exploring the power of M&A to "disrupt the disruptors"
- We'll draw on the power of our global footprint and ecosystem awareness by leveraging our network of Innovation Technology Hubs in critical innovation centers worldwide
- This work will help to narrow your focus to particular types of disruptive technology and devise a game plan for how to approach these areas—including target identification, acquisition pipelines, and deal origination
- Once the mapping is complete and targets are identified, Deloitte will assist you with execution—from sensing and matchmaking to investment types, due diligence, synergy assessment, valuation, modeling, structuring, synergy realization, and overall integration

Our multidimensional methodology gives you the agility of a start-up combined with the power of a market leader.

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