



Navigating the Complexities of Cross-Border M&A

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Speaker Introduction – Rob Wellner

After a dozen years working in capital markets, Rob Wellner joined Velocity Global as one of its first employees. His experience gives him a unique take on the pitfalls that can sidetrack global deals and transactions. He is a frequent speaker on topics including employment, payroll, expatriates, and global M&A.





Why We're Here

- Understand cross-border M&A transactions
- Manage complexities that can arise in these deals
- Compliantly handle employment transfers, compensation, benefits and employee integration
- Streamline global M&A transactions with innovative expansion solutions





Understanding Cross-Border Transactions

What is a cross-border transaction, and what forms do they take?

WHAT IS A “CROSS-BORDER” M&A TRANSACTION?



Inbound or Outbound Transactions

- US domestic company acquires foreign company
- Foreign company acquires domestic US company
- Domestic company acquires another domestic company with foreign subsidiaries?





Form of the Transaction

- Equity Sales: Full acquisition, carve-outs, joint venture, capital investment
- Asset Sales: Acquisition of assets, carve-out of assets





Managing Cross-Border Complexities

The challenges you should be aware of—and how to combat them



7 Categories Where Complexities Typically Arise

- Corporate
- Intellectual Property
- Regulatory
- Tax Structure
- Trapped Cash/Withholding Taxes
- Transfer Taxes
- Employment/Employee





Compliantly Handling Employee Transfers

How to streamline the transfer process and avoid potential risks



To smoothly integrate transferring employees:

- Consider local jurisdictions and the form of transaction
- Integrate payroll and culture
- Understand and plan for employee benefit plans





Transferring to New Employer or Continuing with the Current Employer

- Automatic transfer
- Offer and acceptance
- Does transaction trigger statutory or contractual severance?
- Are sign-on bonuses typical in the affected jurisdictions?
- Location of new employment
- Union, trade association, and works council issues
- Compliance with country-specific immigration and visa requirements

GLOBAL EMPLOYEE CONSIDERATIONS



- Payroll
- Pensions
- Health and Fringe Benefits
- Employee Expectations





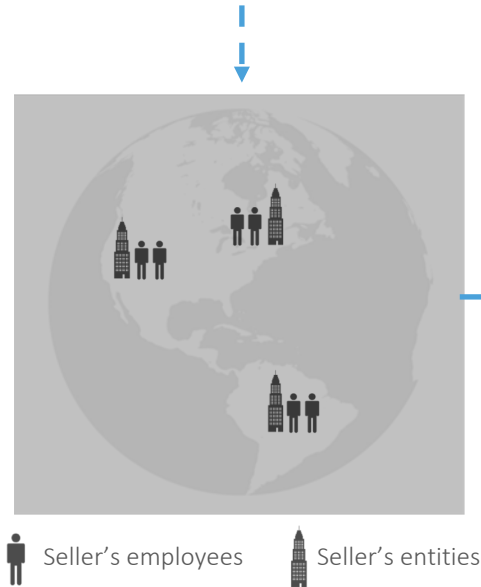
Innovative Expansion Solutions to Streamline Global M&A

Utilize International PEO to reduce risk while increasing closing time

TYPICAL SITUATION



You just signed a term sheet to **buy a company**. But before you can close, you need to hire 100 employees across 50 countries...



Your CFO, General Council, and Head of Talent must find a solution to get the deal closed while retaining talent

Traditional Route

- Create foreign entities in each country
- Costly and time consuming

OR

Velocity Global's International PEO Solution

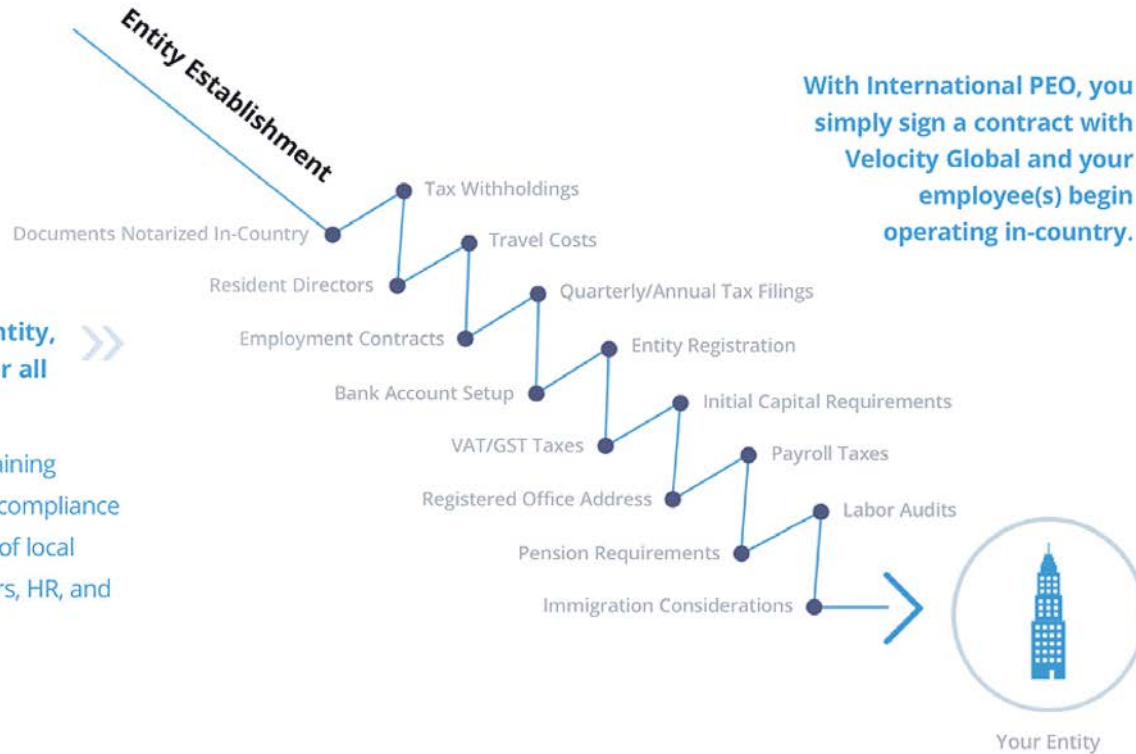
- Hire all employees compliantly without setting up foreign entities
- Reduce costs by up to **60%** vs. entity setup
- Hire employees up to **90%** faster. Literally within days.

TRADITIONAL GLOBAL EXPANSION MODEL



To establish an entity, you must consider all of these items.

Additionally, maintaining ongoing corporate compliance will require a team of local accountants, lawyers, HR, and payroll specialists.



With International PEO, you simply sign a contract with Velocity Global and your employee(s) begin operating in-country.

HOW INTERNATIONAL PEO WORKS





HOW INTERNATIONAL PEO CAN HELP



Pre-Transaction



 Seller's entities
 Seller's employees




Post-Transaction

Using Velocity Global's Solution



*No Buyer
Entities Required*

 Buyer's employees;
Velocity Global's
infrastructure



Stay compliant and ensure a smooth M&A process

- Strict employment laws in most countries (e.g., no at-will employment)
- Employee fear and disruption during the M&A process

Reduce time-to-market by **90%**

- We onboard your personnel in-country in as little as 48 hours
- Avoid weeks to months of entity setup procedures, headaches, and costs

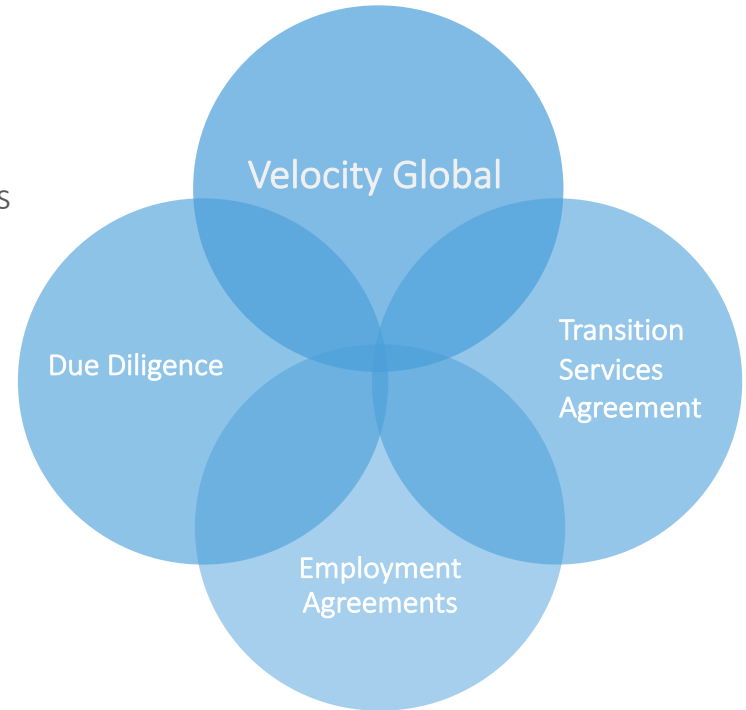
Decrease costs by as much as **60%**

- We provide transparent, cost-effective pricing
- Avoid expensive initial setup and ongoing maintenance costs associated with a new entity



Reduce global transaction risks and issues inherent to global M&A

- Asset transaction may leave buyer without foreign entities
- Strict employment laws in most countries (e.g. no at-will employment)
- Employee fear / disruption during M&A process
- Ongoing benefits/insurance coverage for acquired employees
- Protecting IP and confidentiality
- Employee visa requirements
- Complicated local payroll calculations and technology





Case Study: HMD Global

Managing one of the most notable corporate carve-outs of 2016

CARVE-OUT SUCCESS STORY (HMD GLOBAL)



Transaction Overview:

In 2016, a Global Fortune 50 technology company sold a nearly half-billion dollar non-core global operation (“target”) to a consortium of multi-billion dollar global technology companies (“buyer”). Per the terms of the seller and the purchase agreement, hundreds of worldwide employees of the carved-out operation needed to be transitioned to the buyer.

The Challenge:

Before the transaction could close, the buyer needed to onboard several hundred of the target’s employees located across 50 countries. Since over half of those employees were located in countries where the buyer did not have existing entities, they needed a solution that enabled quick and compliant employee onboarding to complete the transaction.

The Solution:

Velocity Global’s International PEO offering provided a fast and compliant solution for the buyer. This took care of the employment needs and requirements necessary for maintaining the seller’s employees, enabling the executive teams to focus on setting up entities in each of the countries their new employees were located.

The Outcome:

The buyer successfully completed the acquisition and compliantly hired hundreds of employees in under two weeks through Velocity Global’s International PEO solution. As the buyer establishes its own entities, Velocity Global is seamlessly transitioning each employee off the International PEO model to the entities established in each country.

“The Velocity Global team is always there to answer any questions that my employees or I have and guide us through the next steps as we navigate this growth.”

- Buyer’s VP of Human Resources



About **Velocity Global**

Velocity Global is the leading provider of global employment solutions that helps companies confidently navigate the entire lifecycle of international business. Through its end-to-end services, unmatched expertise, and best-in-class support in over 185 countries, Velocity Global has reinvented the way companies expand overseas. Its International PEO solution allows companies to enter markets quickly and efficiently to achieve their global growth goals.

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