



M&A Conference

M&A in the New –
Unlock the Value of Digital Disruption



High performance. Delivered.

AGENDA

1 INTRODUCTION

2 MARKET OVERVIEW & CONTEXT

3 SUCCESS FACTORS FOR M&A IN THE NEW

4 FJORD CASE STUDY

5 Q&A

INTRODUCTION



Gregg Albert

- Managing Director, Global M&A Group
- 100+ transactions (buy and sell side)
- More than 18 years in international strategy design and execution

Accenture has a dedicated global M&A practice and functional Strategy practices that support clients across the globe

ACCENTURE'S GLOBAL M&A PRACTICE

12

Global M&A Hubs



150+

Global M&A professionals

Accenture's M&A professionals have **large-scale transformation experience** and bring **expertise across the whole investment life cycle**.

2,000+

Professionals in functions + regions

Our M&A specialists are **spread around the globe** and with **proven functional know-how**, which is constantly leveraged in dedicated workstream support within large scale Carve-out projects, for example.

600+

Transactions in the last 5 years

Accenture has worked on **numerous large M&A deals across many industries, including the largest transactions** in the chemicals, products, beverage, energy/utilities, communication and high tech industries.

"Accenture's M&A services portfolio [...] is provided through a truly integrated and global go-to-market strategy. Thanks to its deep business expertise as well as its strong and trusted client relationships, Accenture is well positioned to act as a strategic partner throughout the entire M&A deal cycle."
Source: Jeff Clarke, HP-Compaq Integration Lead

"IDC believes that Accenture's M&A expertise represents one of the best practices in the M&A services segment."
Source: IDC

"Accenture provides truly integrated M&A Services, backed by strong industry expertise..... Accenture is well positioned to act as a strategic partner throughout the entire M&A deal cycle."
Source: Forrester

"Accenture ranks among the top 2 in Post-Merger Integration."
Source: Manager Magazine

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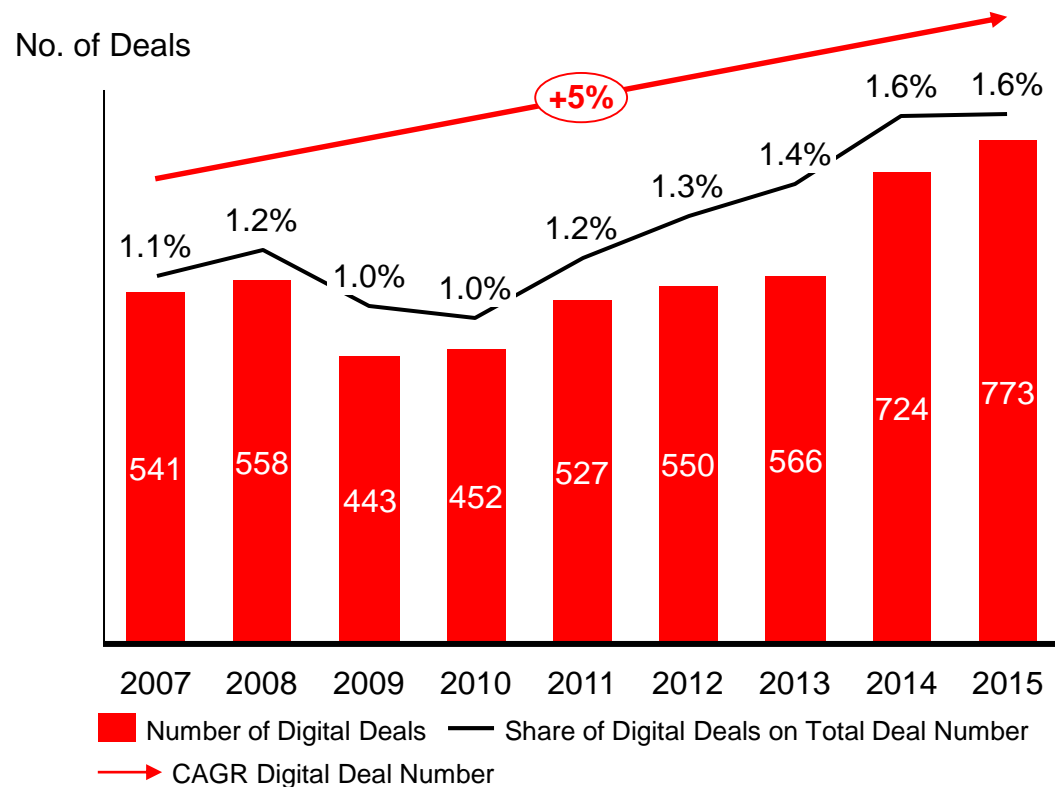
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Digital disruption, driven by exponential growth in computing power, big data and combinatory innovations hits all industries resulting in increased M&A activity

DIGITAL DISRUPTION DRIVING M&A ACTIVITY

M&A Market – Global¹ Deal Counts Digital / Innovation



Key Insights

- Share on digital deals on total M&A deal number increased since 2007 on average by +5% p.a.
- Largest share of digital deals in Media & High Tech industries; followed by Consumer Products, Telecomms. and Healthcare
- Often, smaller and creative (“progressive”) companies set the tone of innovation in entire industries by developing new technologies at high pace (e.g. Skype, Uber, Tesla, Airbnb)
- Larger corporates with standardized structures & processes cannot keep pace with this high speed of innovation
- To stay on top of innovation and ahead of competition large corporates need to partner / acquire progressive companies

Note: (1) M&A global deal numbers were analyzed for the key words "Digital", "Innovation" or "Innovative"; Source: Thomson Financial, Accenture Analysis

Large corporates target progressive companies to improve their competitive position in a fast changing environment across industries

M&A IN THE NEW – SELECTED TRANSACTIONS

NON-EXHAUSTIVE



Automotive

DAIMLER

 **RIDESCOUT™**
 Ride sharing app
 **mytaxi**
 Taxi booking app






High definition maps for autonomous vehicles



Car charging incl. stations and mobile app



Industrial Equipment


 **wurldtech**
 Cloud sourcing
 **Quirky**
 Cyber security service

 **BOSCH**
 **Bauer**
Optimierungstechnik
 Manufacturing execution system

SIEMENS

 **Camstar**
 Airconditioning / ventilation control software



Finance & Banking

 **BBVA** →  **SIMPLE**
 Network banking agent



 **Northwestern Mutual** →  **LEARNVEST™**
 Personal finance service

 **Fidelity** →  **eMoney Advisor**
 Asset management software

 **BLACKROCK** →  **FutureAdvisor**
 Robot asset advisor



Consumer Goods

 **adidas** →  **runtastic**
 Fitness app

 **FOSSIL** →  **MISFIT**
 Fitness app

 **UNDER ARMOUR**
 **myfitnesspal** →  **endomondo**
 Fitness app Diet mgmt. app



Comms & High Tech

 **vodafone** →  **cobra**
 Communication systems for automobiles




 **verizon** →  **HUGHES TELEMATICS, INC.**
 Communication systems for automobiles

 **axel springer** →  **PARSHIP**
 Online dating platform

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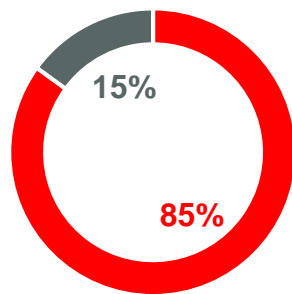
SUCCESS FACTORS OVERVIEW

-  **1 Acquire and invest into progressive companies – or be disrupted**
-  **2 Go for agile deal making – or lose the battle for valuable targets**
-  **3 Enable tailored integration – or miss the value**

The only chance for larger corporates to keep pace with digital disruption and stay ahead of competition are dedicated M&A activities for progressive acquisitions

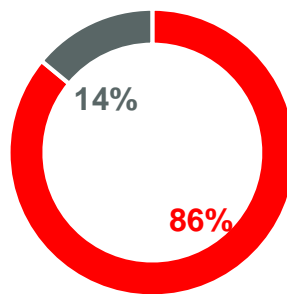
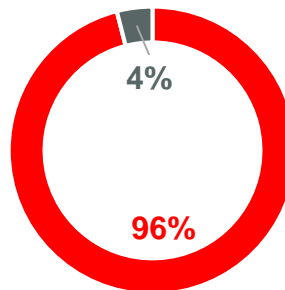
1 ACQUIRE AND INVEST INTO PROGRESSIVE COMPANIES – OR BE DISRUPTED

Observations of M&A with Progressive Companies



Existing need to acquire innovative knowledge, skills & technology to keep pace with digital disruption

A central part of corporate strategy are acquisitions and investments in progressive companies



Existing need to standardize researching process as well as evaluating and acquiring progressive companies

■ Agree ■ Disagree

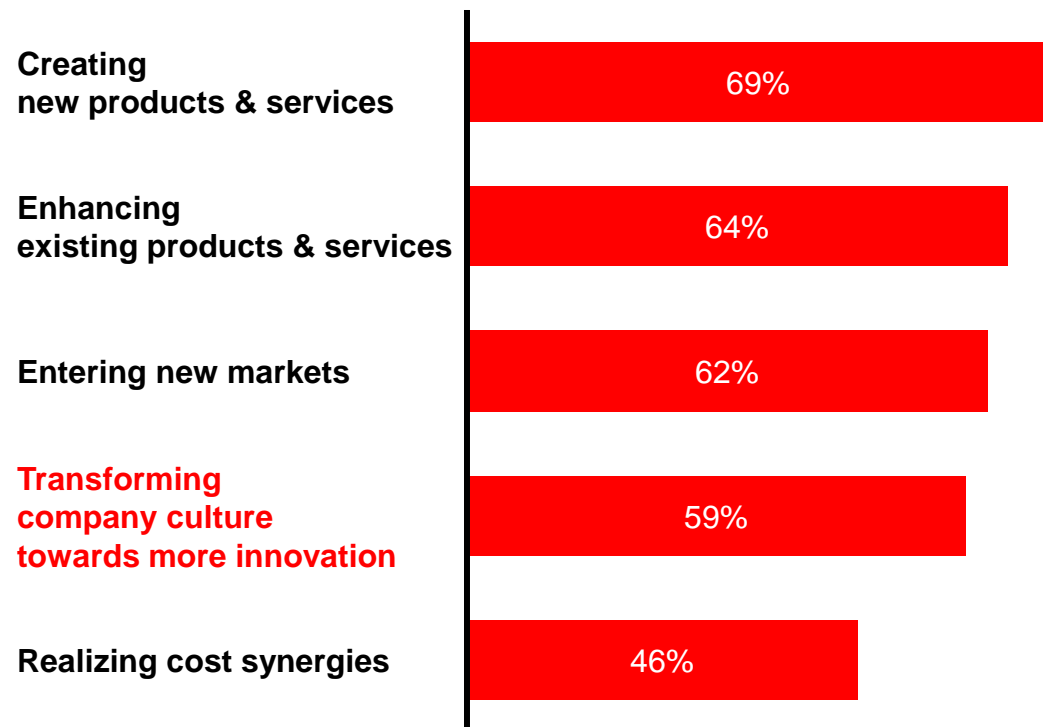
Key Insights

- 85% of corporates see the existing need to acquire progressive companies with innovative skills and technology expertise to stay competitive
- 96% of companies say that investments in progressive companies are a central part of their corporate strategy
- 86% of executives realize that specific capabilities and standardized processes are required for successful acquisitions with progressive companies

M&A strategies' objectives for acquiring progressive companies are significantly different from traditional deal rationales

2 GO FOR AGILE DEAL MAKING – OR LOOSE THE BATTLE FOR VALUABLE TARGETS (1/3)

M&A Objectives to Go for Progressive Companies



% of respondents ranking objective among top 3

Source: Accenture Executive Survey (n=242)

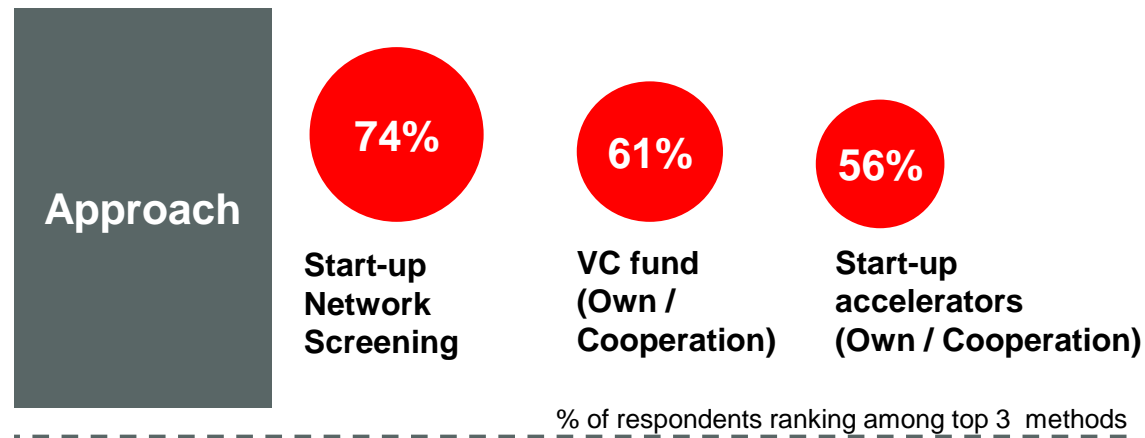
Key Insights

- Investments in progressive companies mainly target development of new products / enhancement of existing products and services
- Transforming the own corporate culture towards more innovation is seen as a main objective, while traditional M&A focusses on economies of scale or market share
- **Take Away:** In order to realize the full value of such objectives, corporates need to act with high agility and with deep technology expertise in the background

The identification of valuable targets confronts large corporates with challenges; new approaches of target identification are required

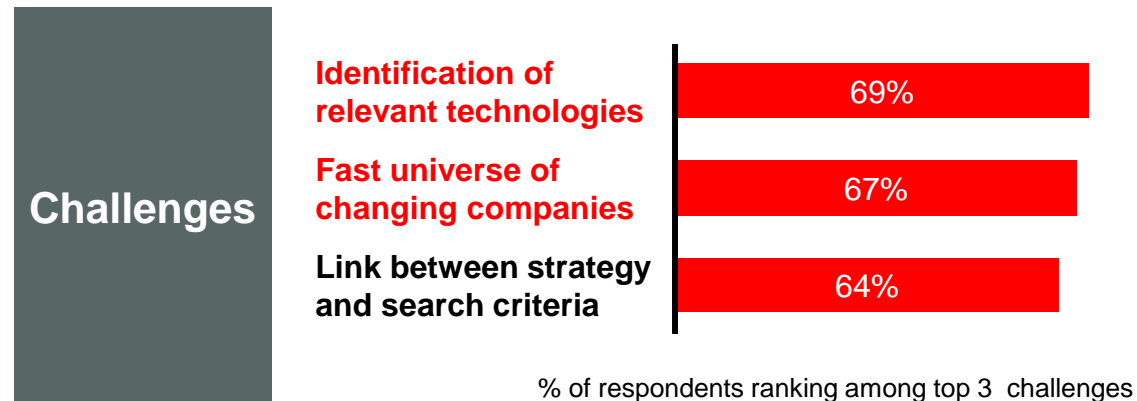
2 GO FOR AGILE DEAL MAKING – OR LOOSE THE BATTLE FOR VALUABLE TARGETS (2/3)

Screening of Progressive Companies



Key Insights

- For most companies alternative screening approaches like startup networks, through VC funds or accelerators are essential to find most valuable targets
- Still, over 50% of corporates identify progressive targets opportunistically, without a structured approach
- Around 70% consider the identification of relevant technologies and the fast changing universe of potential targets as key challenges in target screening
- Take Away:** To win the race for successful progressive companies, take quick and well informed decisions

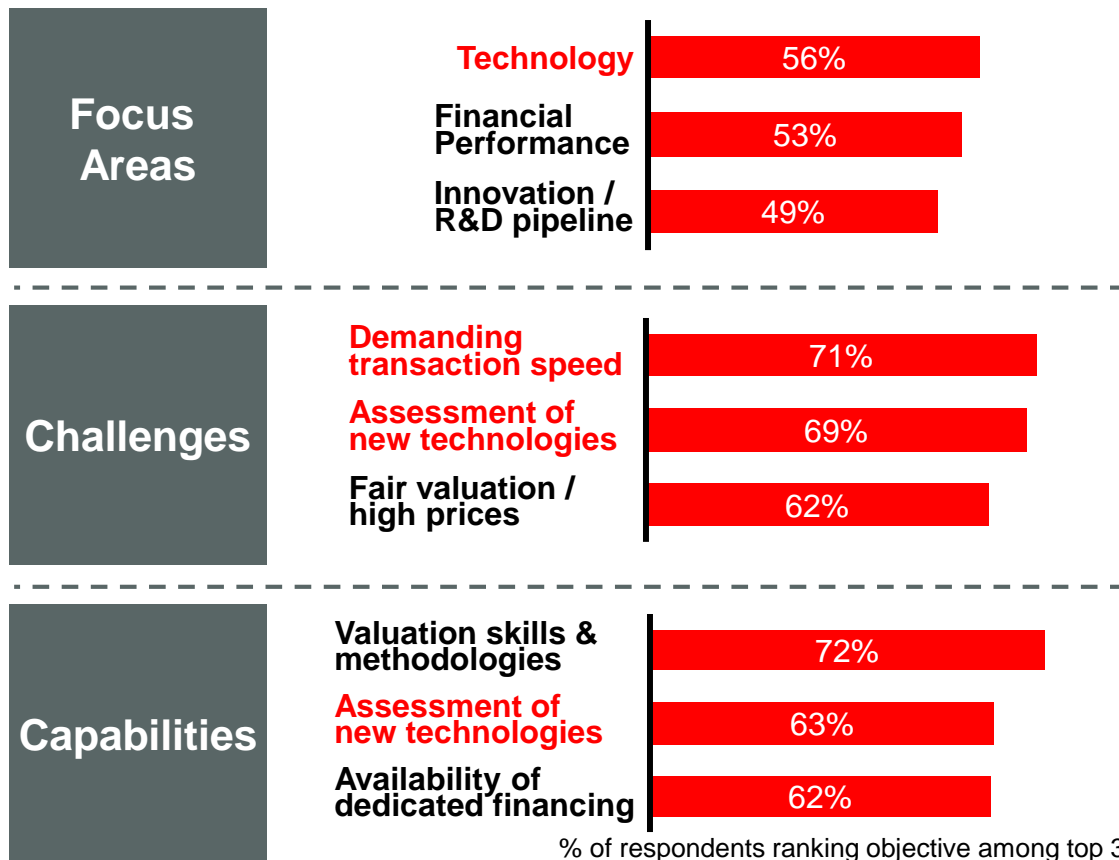


Source: Accenture Executive Survey (n=242)

Due Diligence processes in acquisitions of progressive companies are technology focused and require specific capabilities to succeed

2 GO FOR AGILE DEAL MAKING – OR LOOSE THE BATTLE FOR VALUABLE TARGETS (3/3)

Due Diligence of Progressive Companies



Key Insights

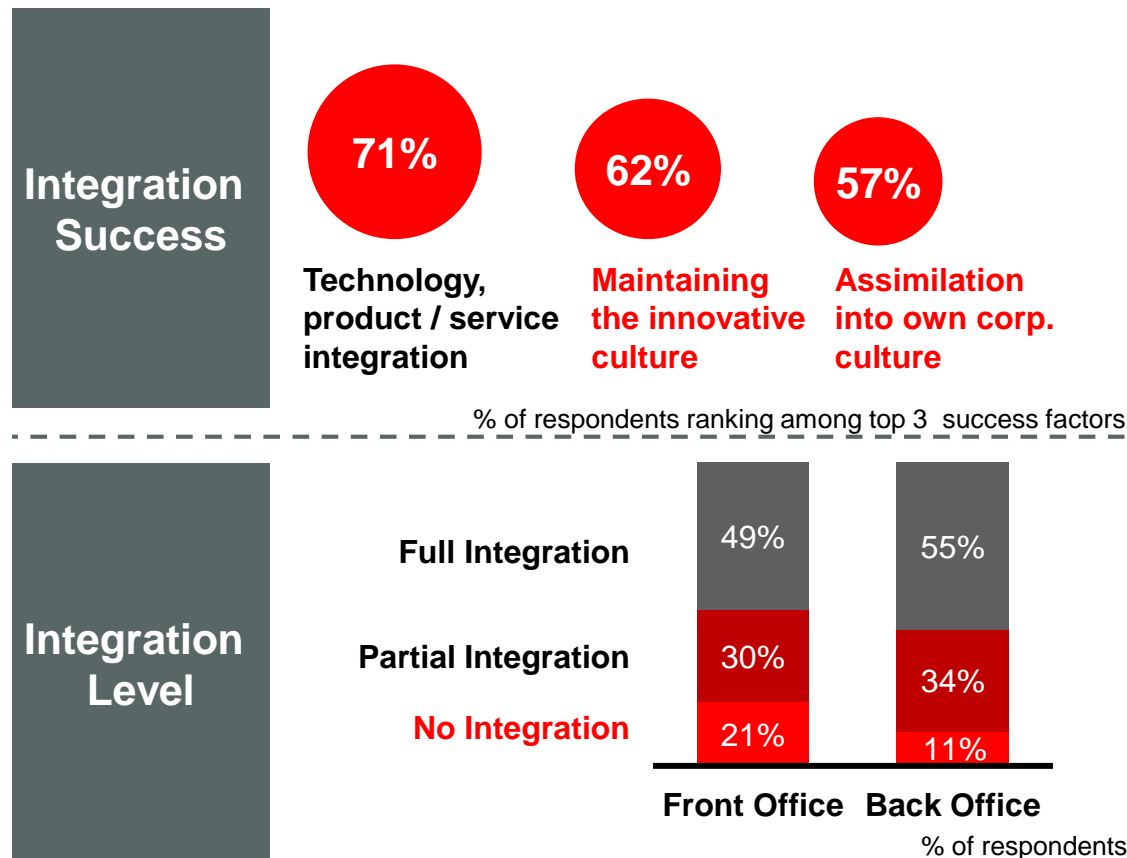
- Key focus areas in Due Diligence is Technology; even before Financial Performance
- The main challenge is seen in the high expectations on transaction speed; then new technology assessment
- Deal teams with deep technology expertise and assessment skills for target screening & due diligence help corporates significantly in closing valuable deals
- Competitive Advantage:** Accelerating transaction speed (<6 months from contact to closing) by establishing a dedicated organization and processes

Source: Accenture Executive Survey (n=242)

Maintaining the innovative power of a target is key to leverage full value potentials – a tailored integration approach is required

3 ENABLE TAILORED INTEGRATION – OR MISS THE VALUE

Integration of Progressive Companies



Key Insights

- Main success factor is the integration of the acquired technology and maintenance of the innovative culture while assimilating it into the own corporate culture
- A customized approach and sensible level of integration is key for leveraging the full value potential of investments into progressive companies
- **Take Away:** Next to classic financial incentives, the existing culture and work style of the target should be maintained to keep people motivated and inspired

Source: Accenture Executive Survey (n=242)

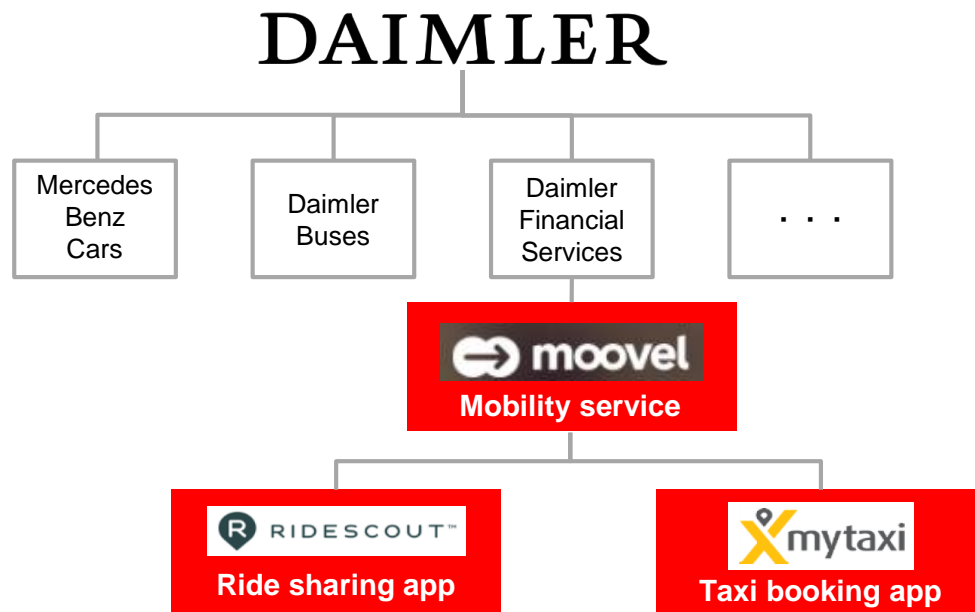
Large corporates change their traditional way of PMI to maintain flexibility and pace of an acquired progressive companies

3 ENABLE TAILORED INTEGRATION – OR MISS THE VALUE

EXAMPLES

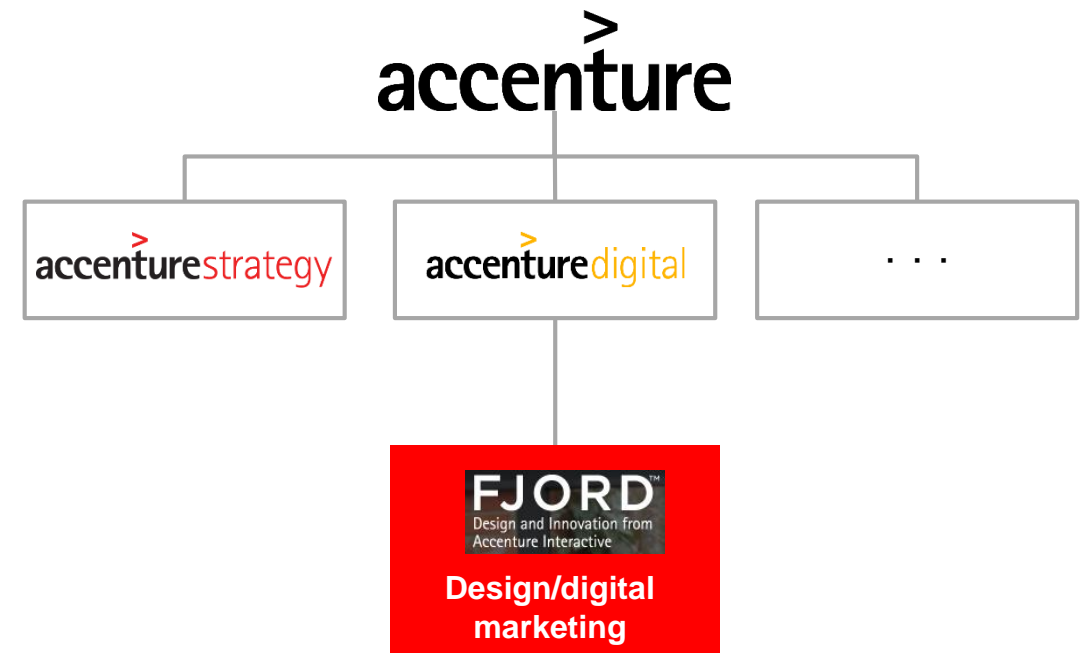
Daimler

Daimler Group concentrates acquired companies under the mobility service subsidiary, managing them with a different operating model from its auto manufacturing operating model



Accenture

Accenture traditionally used the common operating model in managing acquired companies, but with Fjord, the digital design firm, we continued using its original operating model



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