

State of Tax, Legal & People  
Webcast series

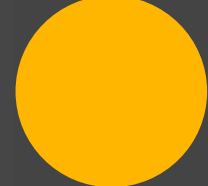
# How to integrate businesses after an M&A transaction

2 June 2022



# Welcome

- Watched live, this webinar qualifies for 1 PE point
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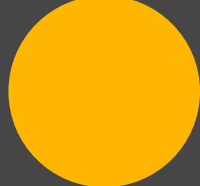
- **53%** of acquirers underperformed their industry peers
- Which deals do deliver value and why?
- And, how does integration planning play a role?

# Agenda

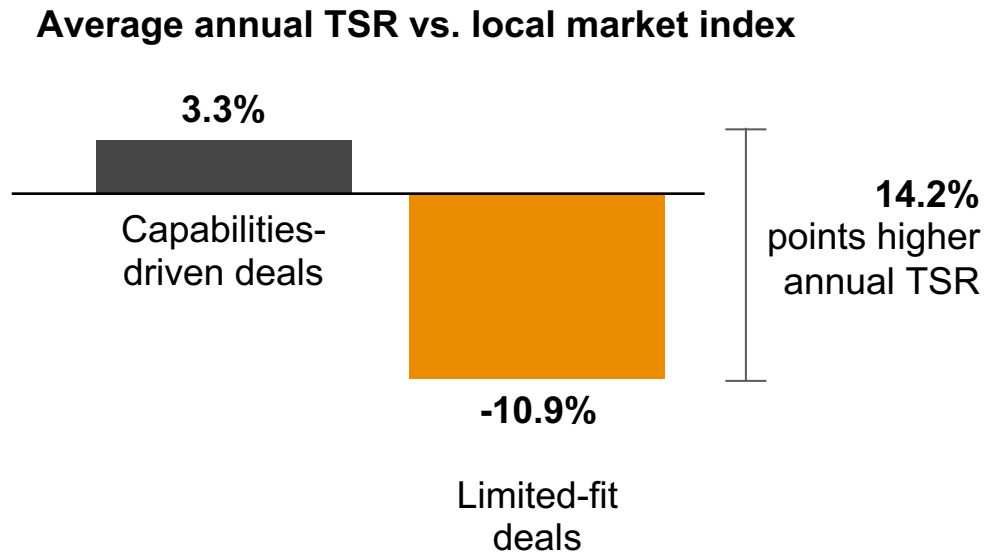
1. Setting the scene
2. Type of deal drives integration
3. Target Operating Model
4. Key takeaways



# Capabilities driven M&A deals perform better



- Deals where there is a capabilities fit between buyer and target perform better than others
- A capabilities strategy should thus be at the heart of any deal





## Leverage deals

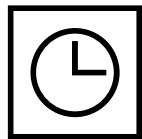
Leverage the buyer's capabilities to improve what the target does

## Enhancement deals

The target brings the buyer a capability that will round off their own capabilities system



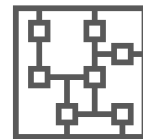
# How best to integrate?



**Make integration  
planning a  
strategic priority  
and start early**



**Drive value  
discovery and  
dig deeper**



**Unlock the culture  
that drives value**

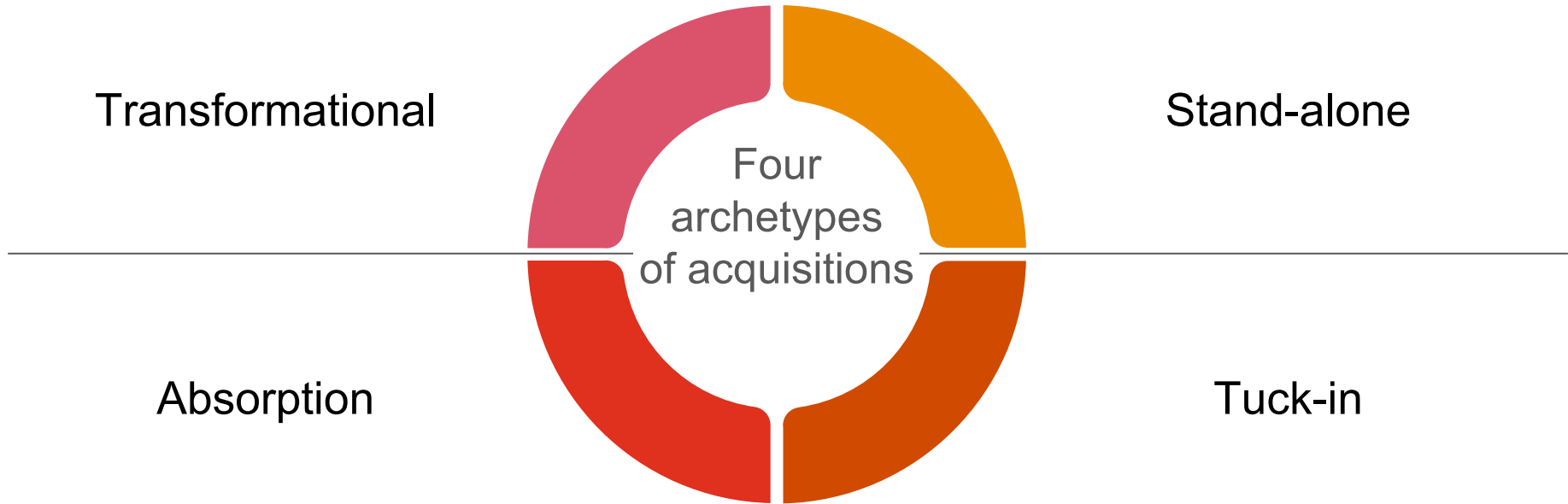
# Agenda

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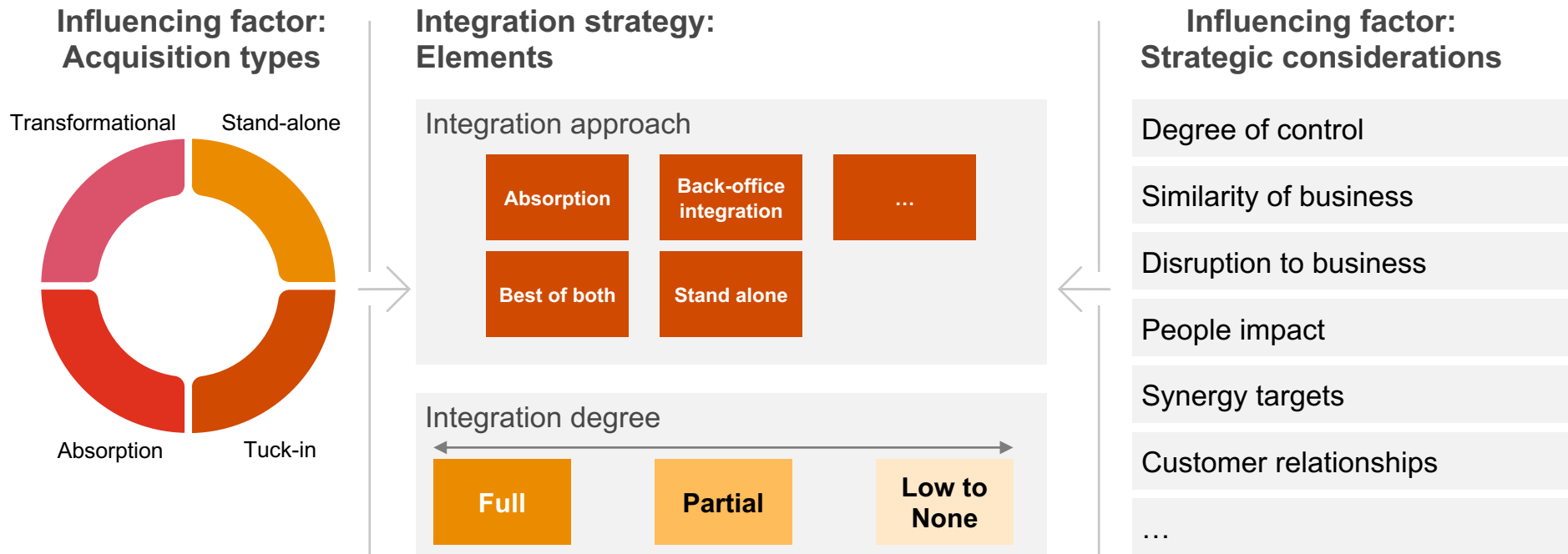




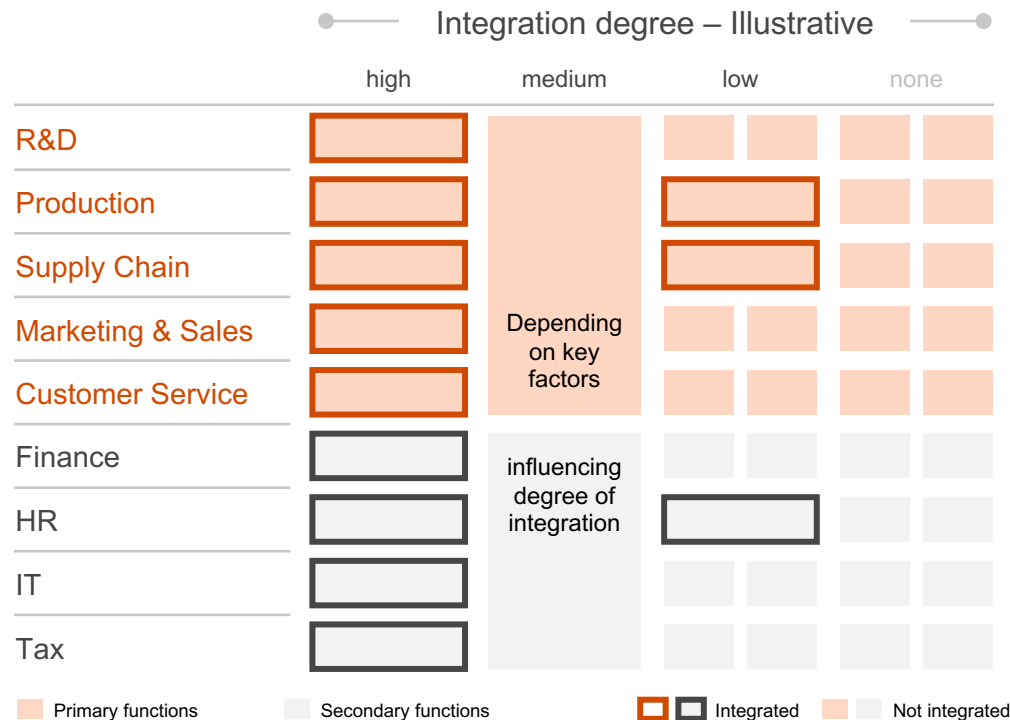
# Integration strategy | Influencing factors



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# Degree and effort of integration for all areas



## Target operating model

Description of how the combined business will operate when the integration has been executed.

## What is a target operating model?

- A) The target organisational chart of the integrated company
- B) The future way of working of the integrated company
- C) The systems, tools and applications underpinning the future operations of the integrated company
- D) All of the above



# Agenda

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# What is an operating model?

## Target Operating Model (TOM) dimensions



# Framework for designing the components of an operating model



## Organisational implications

Strategy, capabilities, tax, external factors

1 People & organization



2 Processes



3 Systems



4 Assets



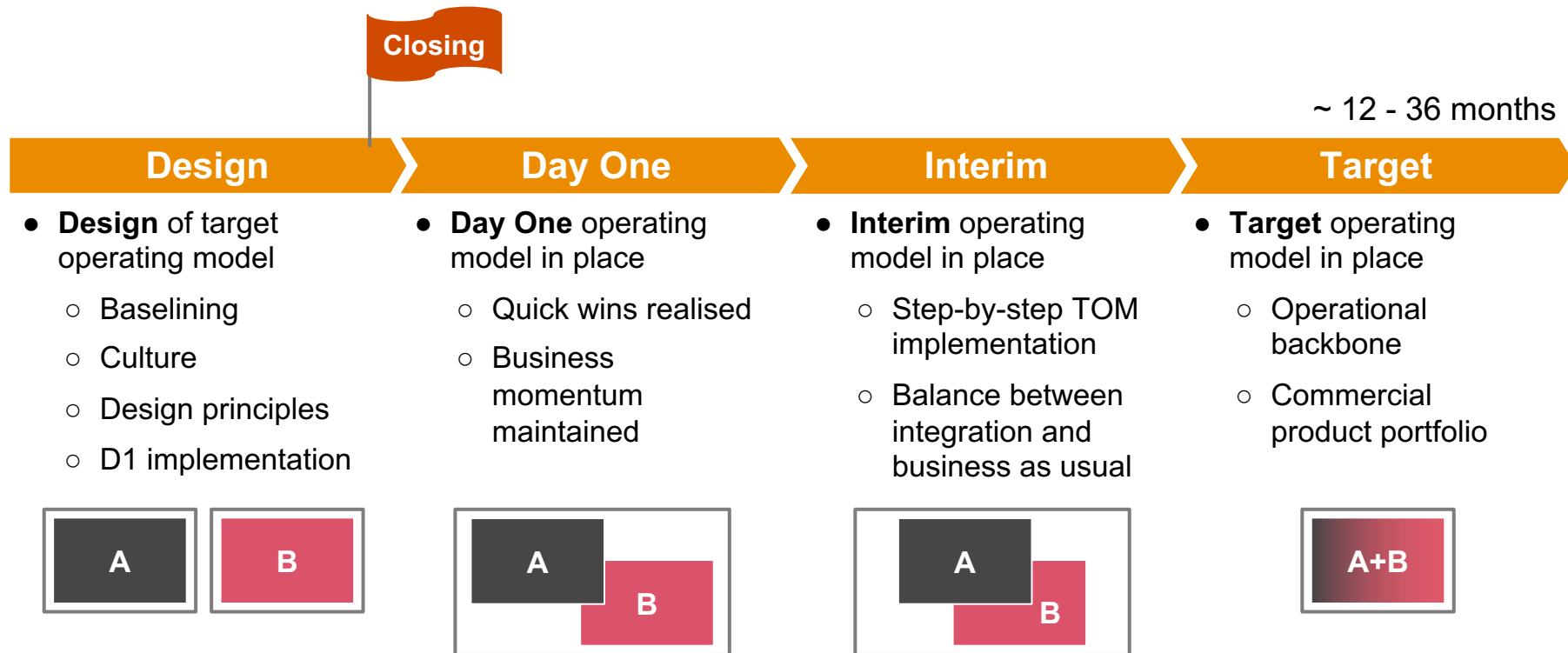
5 Contracts



## Culture

How people think and feel in the organization and what motivates them to work in a particular way and drive a common goal

# TOM transition phases





# People integration challenges

82%

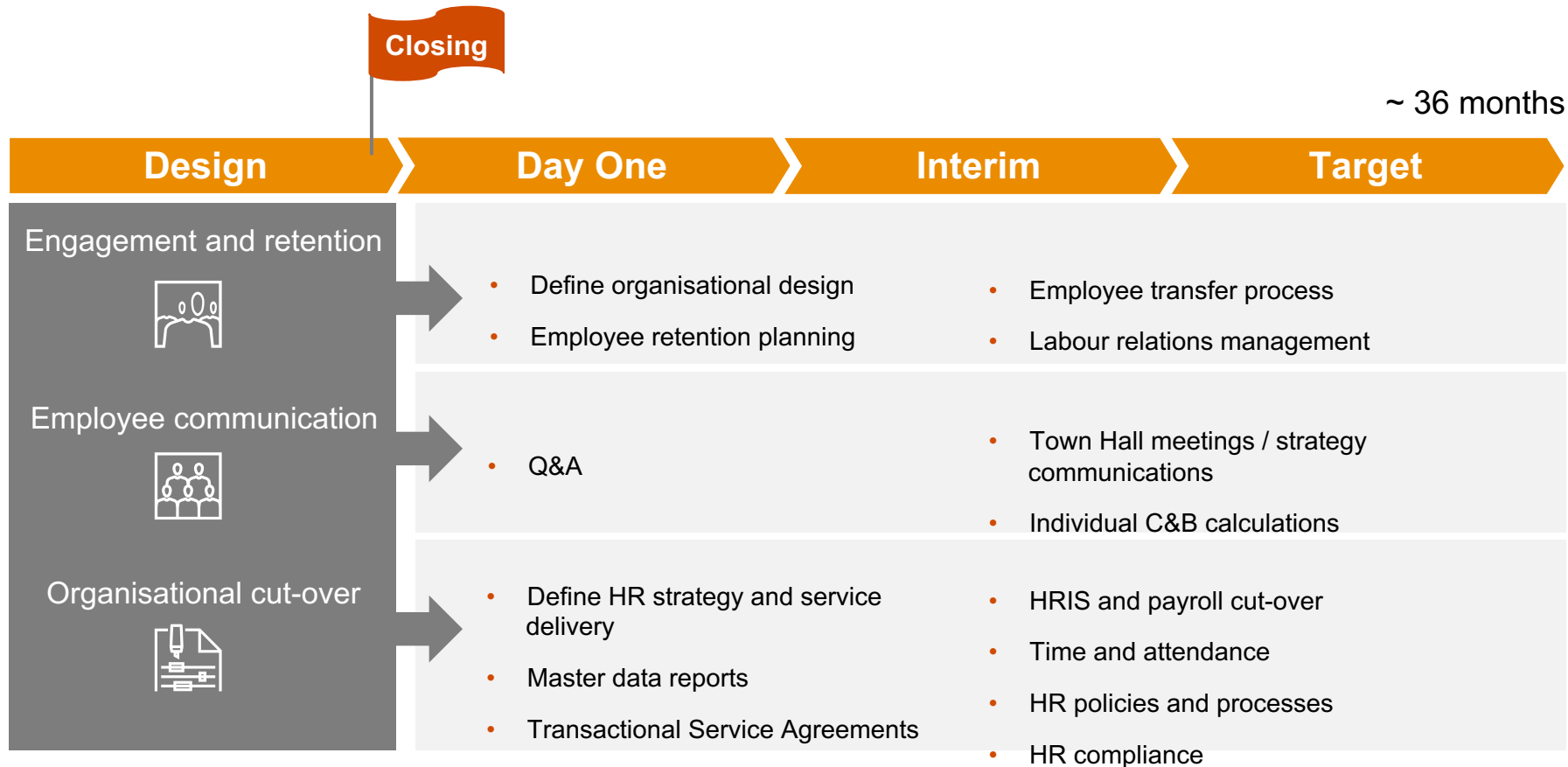
of companies who say significant value was destroyed in their latest acquisition lost more than 10% of key employees following the transaction



65%

of acquirers say cultural issues hampered the creation of value

# People integration process



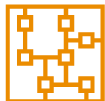
# Carve out and integration actions

Our view

What we do

How we help

Who we are



## Define workforce and target operating model

- Define organisational design
- Employee retention
- Employee transfer
- Labour relations



## Organisational cut-over

- Define HR strategy and service delivery
- Master data reports
- Transactional Service Agreements
- HRIS and payroll cut-over
- Time and attendance
- HR policies and processes
- HR compliance



## Compensation and Benefits

- Compensation harmonisation or restructuring
- Variable remuneration
- Health and welfare benefits
- Long-term benefits
- Pension benefits
- Company cars
- Company credit cards



## Employee communication

- Q&A
- Townhall meetings / strategy communications
- Individual C&B calculations

## Target Operating Model (TOM) *tax* dimensions



### Tax function

- Control
- Roles and responsibility
- Reporting & Compliance
- Consolidation accounts
- 100 day plan

### Transfer pricing

- Design
- Implementation

### Tax effects

- Exit taxation
- Claw backs
- Payroll tax effects
- Transfer taxes

# Poll

## When to start considering integration blueprint and principles?

- A) Before signing
- B) After signing



# Agenda

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# Three key takeaways



Qualify type of transaction

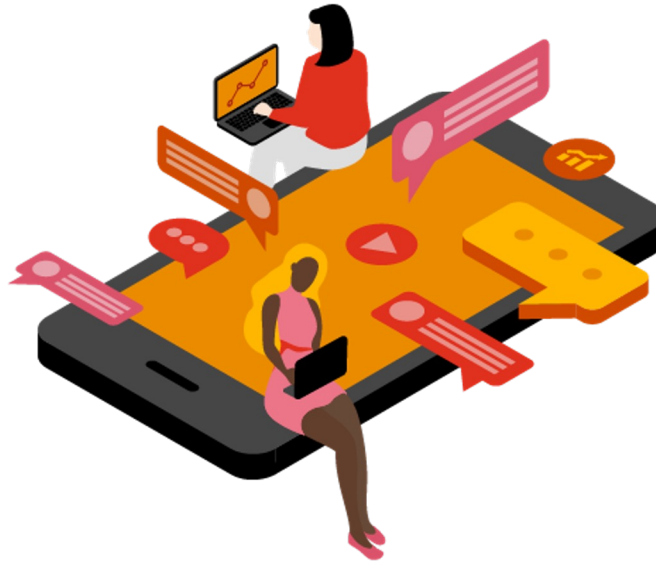


Make integration part of diligence



Make tax, legal & people part of overarching operating model

# Questions & Answers slide





# Closing slide

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# Evaluation

- How would you rate this webinar on a scale from 1 to 10?
- The content was relevant. (Totally agree / Agree / Neutral / Disagree / Totally disagree)
- Do you have any suggestions and/or comments?
- Do you have specific questions and would you like us to contact you?



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