

Rising Waters: Managing Mid-Deal MAD Crisis Situations

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Hidden Beneath the M&A Deal...



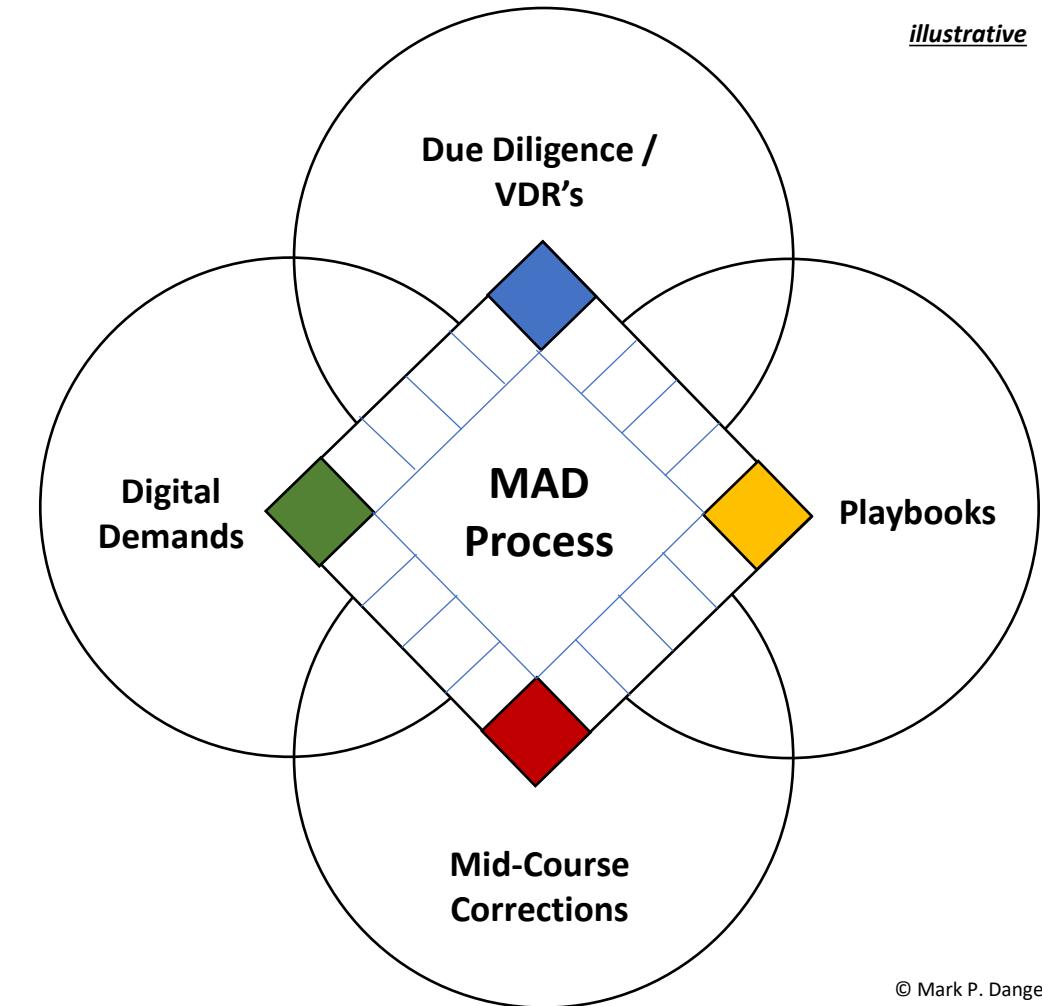
...Reality Now Shows the Unanticipated Challenges

- With the deal complete, the real work has only just begun ...
- The number of MAD deals exceeded 65,000 in 2021 and totaled over \$5.8 trillion (a high-water mark of history). The results will be that serial MAD events will continue in 2022 and arrive at rates and complexities beyond traditional, prescriptive playbook mindsets.
- The radical business and innovational shifts put forth against changing ecosystems—circular economies, Fourth Industrial Revolution, reduction in globalization—are creating unfamiliar cultural integration demands, scale fragmentations, and hidden systemic risks that only become apparent once the deal is underway.
- Critical post-deal solutions based are moving into revenue solutions rather than cost synergies.
- Innovation and technology play outsized roles in operational delivery and x-factor challenges when attempting to integrate across MAD events.

Framework: Mergers, Acquisitions, and Divestitures (MAD) Taxonomies

MAD efforts are often viewed as serial integration approaches that start with targets, progress using synergy measures, and pushed together using 100-day plans-of-attack that meet management and market measurements.

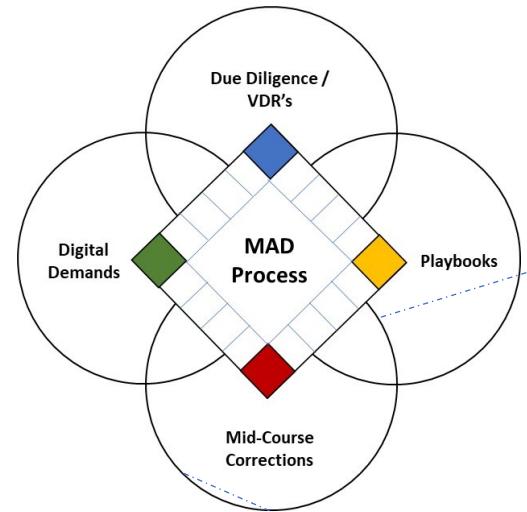
- MAD is increasingly being dominated not just by traditional integrations, but external factors that include unfamiliar environmental, social, and governance (**ESG**) demands.
- Due diligence is rapidly evolving with shorter durations, complex analytics, and cascading operating measurements that behave unpredictability against external ecosystem changes.
- Timeframes for MAD benefits have significantly shortened putting additional pressures on organizational alignments and personnel performance. Yet the playbooks once held as repeatable prescriptions are unable to keep pace against the *“fires of continual change.”*
- Digital transformations provide levels of integration and leverage that continue to advance with technology (e.g., cloud, aggregators, external sources) creating synergies that move beyond cost-saving synergies—i.e., revenue compartments.
- Increasingly common for agile deployments to reduce MAD integration failures due to unanticipated events.



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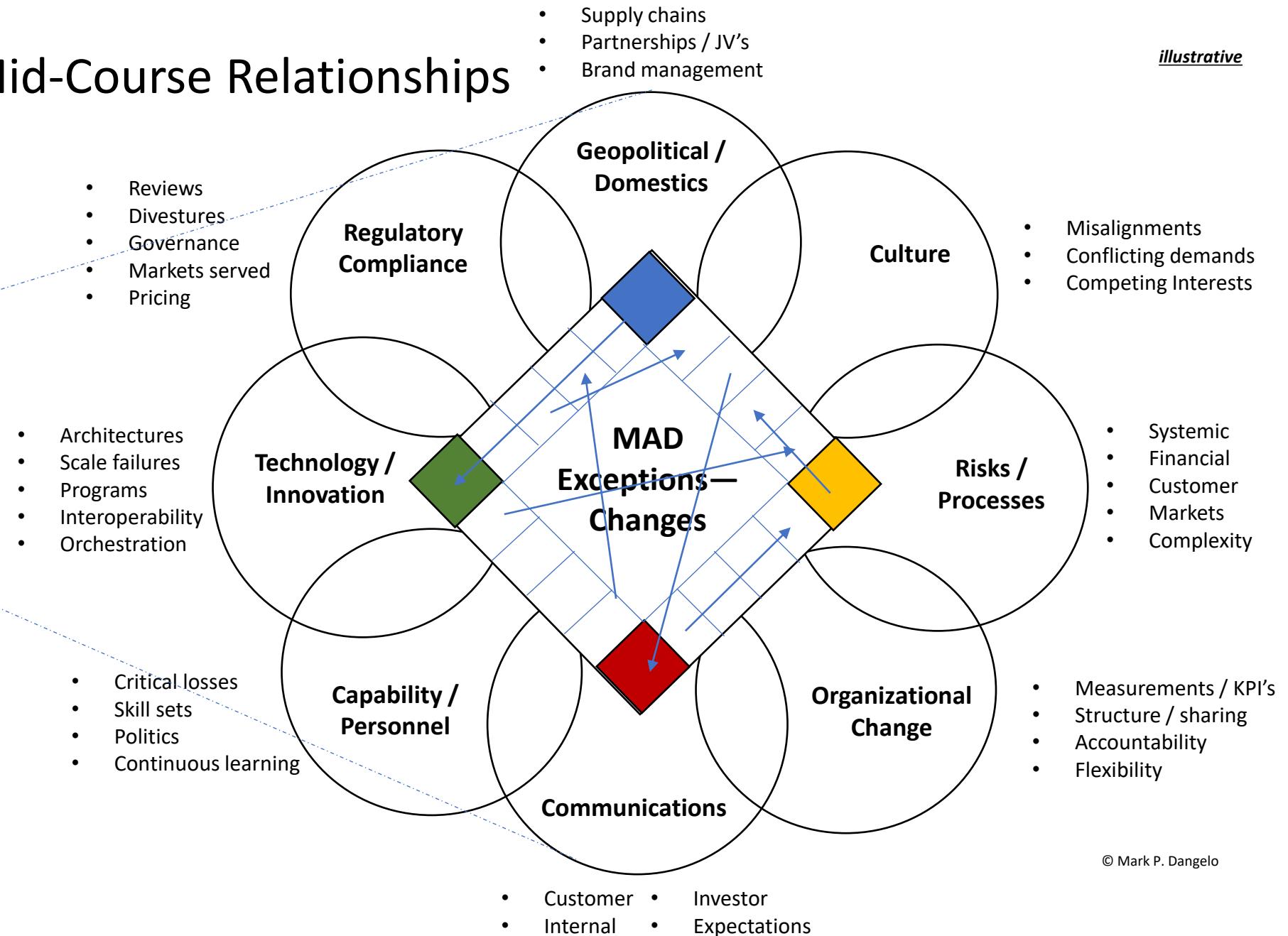
Complexity: MAD Mid-Course Relationships

illustrative



"Fires of Continual Change"

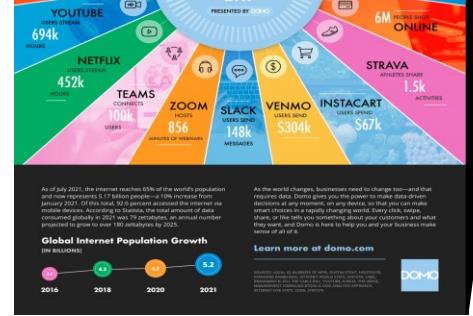
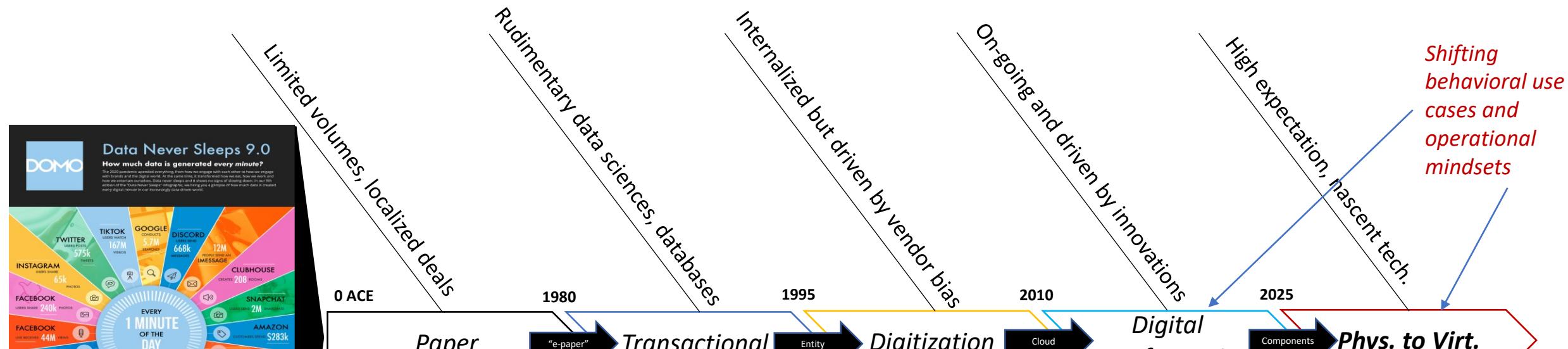
- Private equity / SPAC's
- Investment banking
- Interest rates
- Industry transformations
- Globalization failures
- Data explosion
- Innovation advancements:
 - AI / ML
 - AR / VR
 - Physical to virtual



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Timelines: MAD Ecosystems—What are the Digital Use “Scenarios?”

illustrative

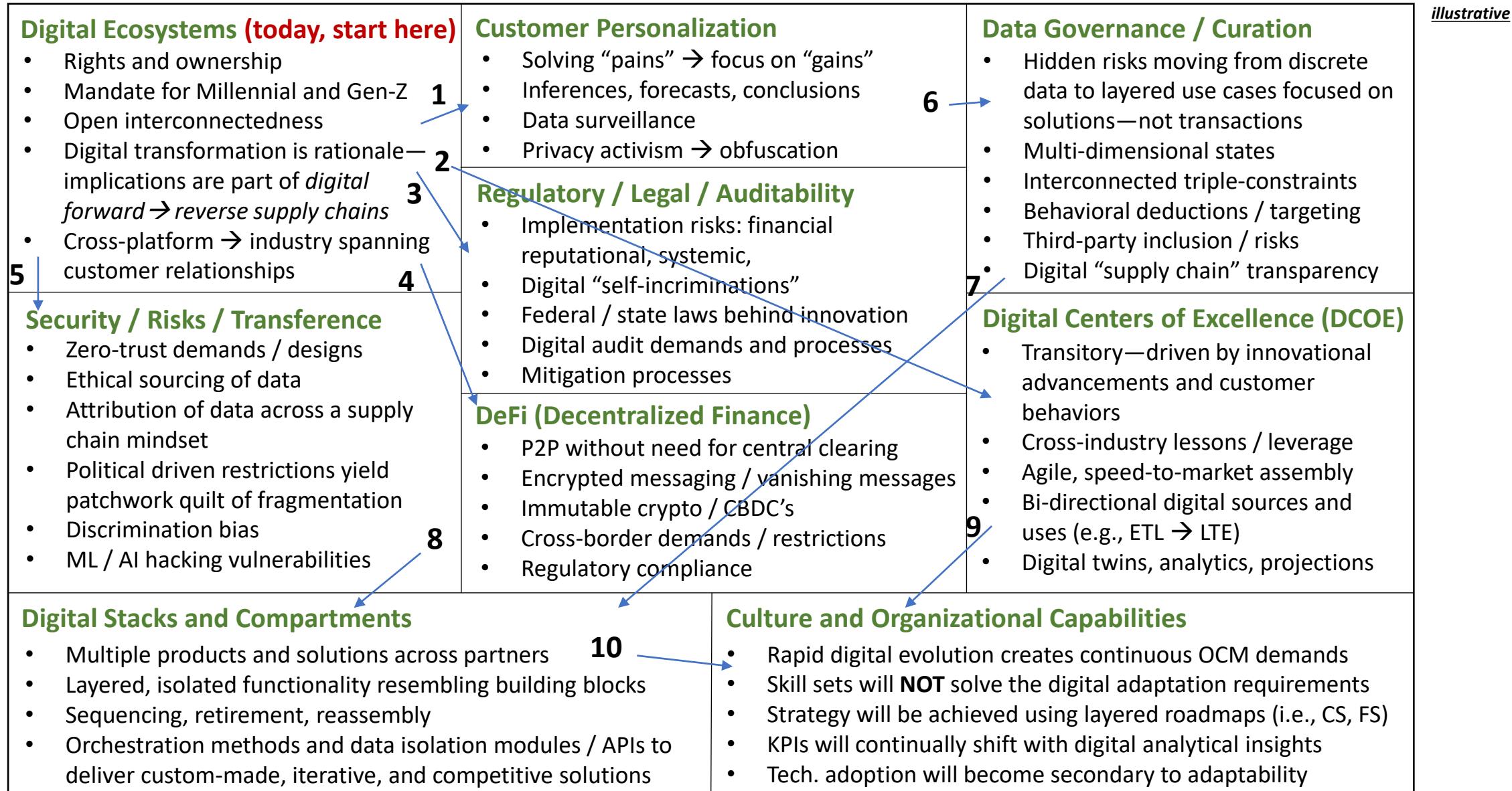


Source: DOMO

- “Warehouses full of the stuff”
- **No scale** to leverage data within
- Error prone
- Poor **auditability**
- **DRP** = copies
- Rise of “Big Iron”
- **Scale**
- **Exploding computerization**
- Methodologies
- Batch hybrids, no standards
- Data “exhaust”
- **Six V’s of data:** variety, velocity, volume, value, variability, validation
- Structured, unstructured, third-party aggregation
- Data “exhaust”
- Looking for **efficiency** and **quality** of service improvements
- Customer-defined, digital priority approach to all
- Understanding data, analytics
- The blending of physical and virtual worlds
- **Decentralized** stacks / layers
- Privacy and security challenges
- **Blockchain** enabled / linked

Shifting behavioral use cases and operational mindsets

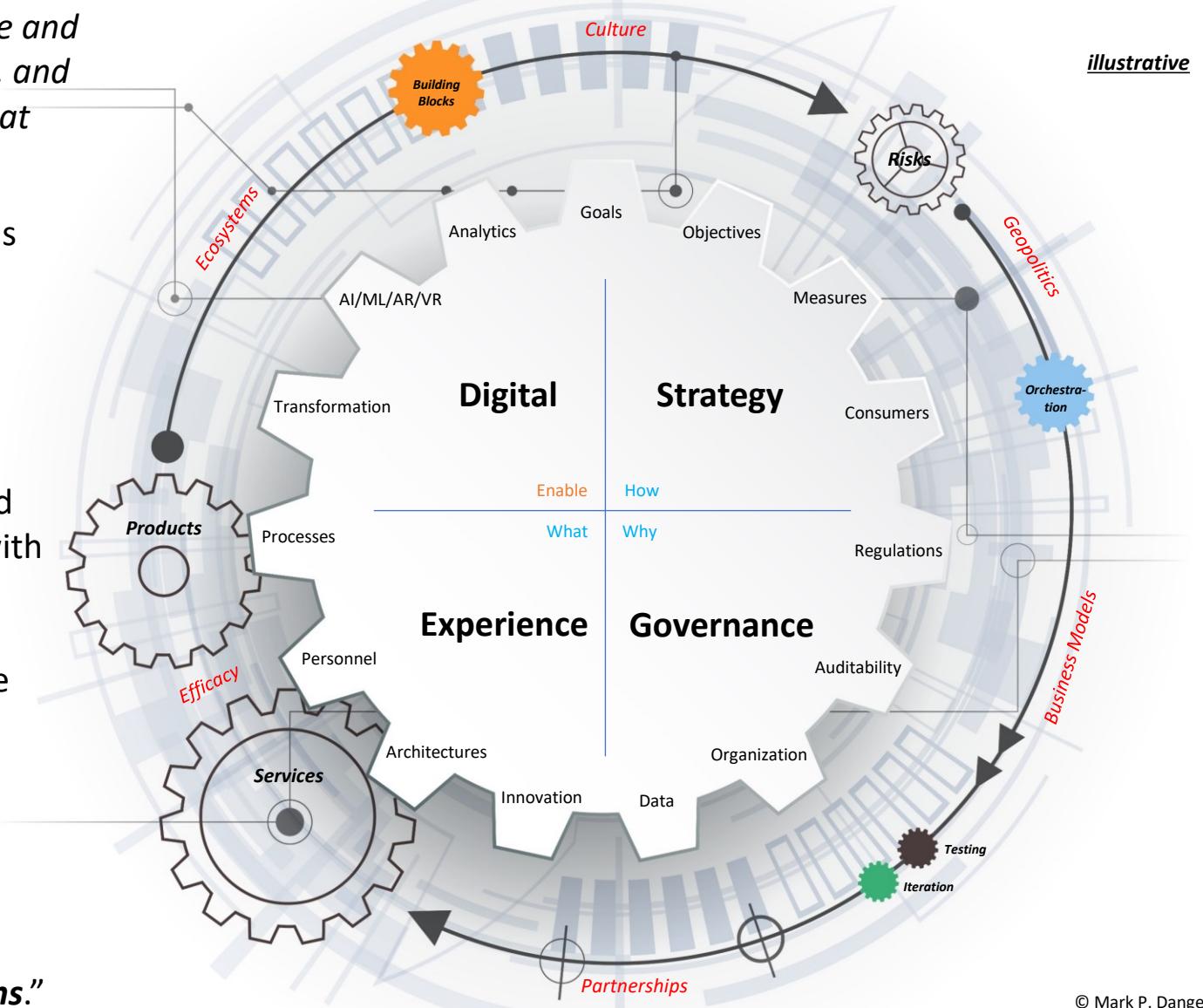
Models: Digital transformation continuously shifts MAD mindsets



Context: Cascading Impacts of Continuous Digital Maturity on MAD Post-Deal

While early MAD digital transformations were about scale and markets, the next iterations involve data sciences, people, and experiential learning compared to traditional mindsets that singularly prioritized strategy and governance.

- Digital expansion and the revolution of data usage has created unique personalization across products and services—and customer expectations of continual change in a non-stop innovation cycle.
- Channel metamorphosis is fueled by data-driven advancements in analytics, partner contributions, and value targeting leading to experiential engagement with new demographics and profitable segmentations.
- Continuous digital transformations are creating phase shifts with consumer behaviors, operational risks, privacy and security, and iterative platform solutions.
- Digital maturity is reinforcing customer actions and continuously monitoring changes.
- Complexity, complexity, and yes, “***unknown unknowns***.”



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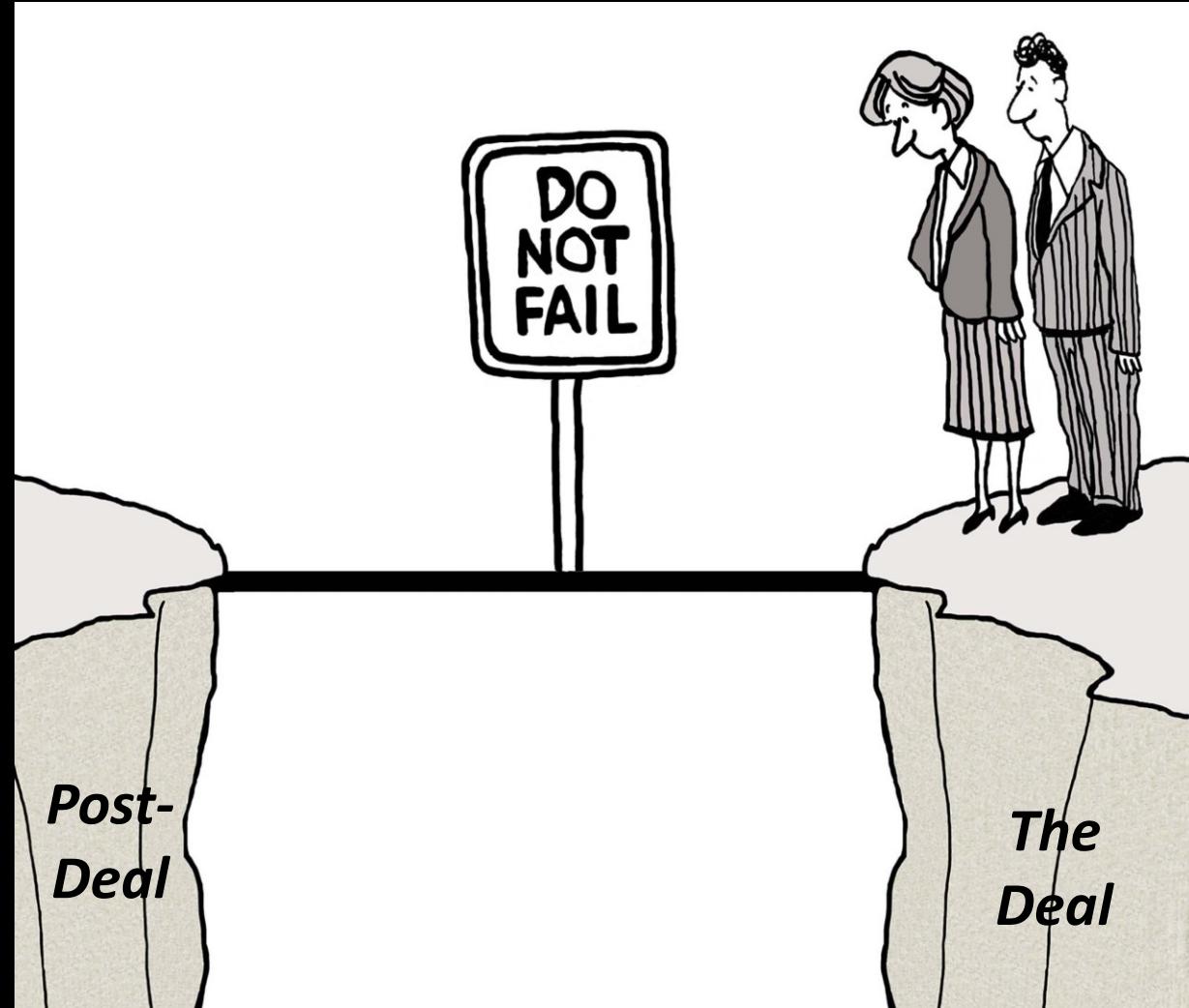
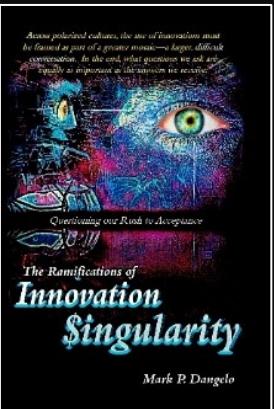


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Additional MAD Artifacts

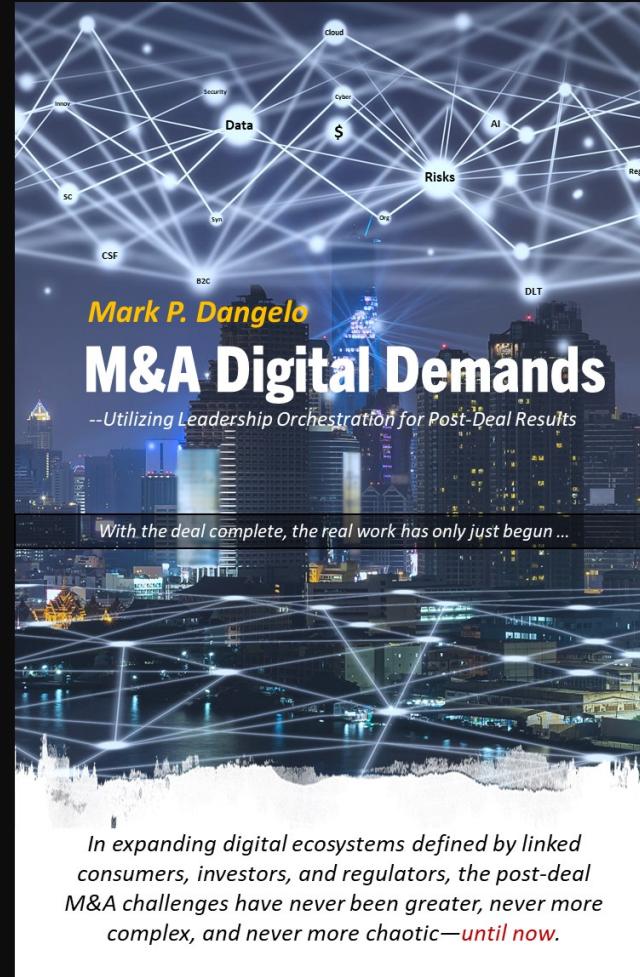
- The Dark Matter Transforming M&A Post-Deal Landscapes, Parts 1-4, see MBA NewsLink, June 2021-September 2021.



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