

M&A INTEGRATION INSIGHTS

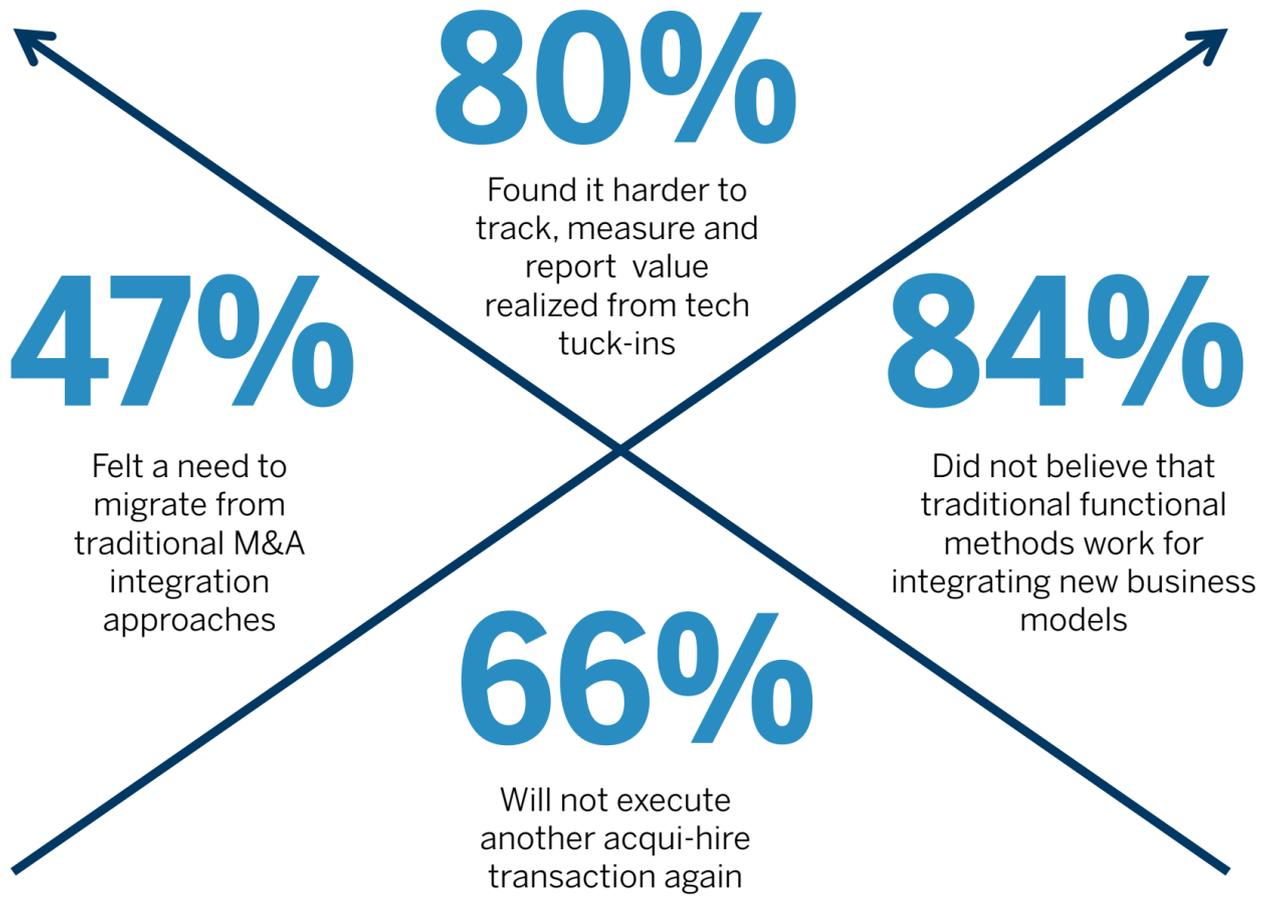
Results are based on a surveying several business, M&A integration, corporate development and functional leaders in the technology sector.



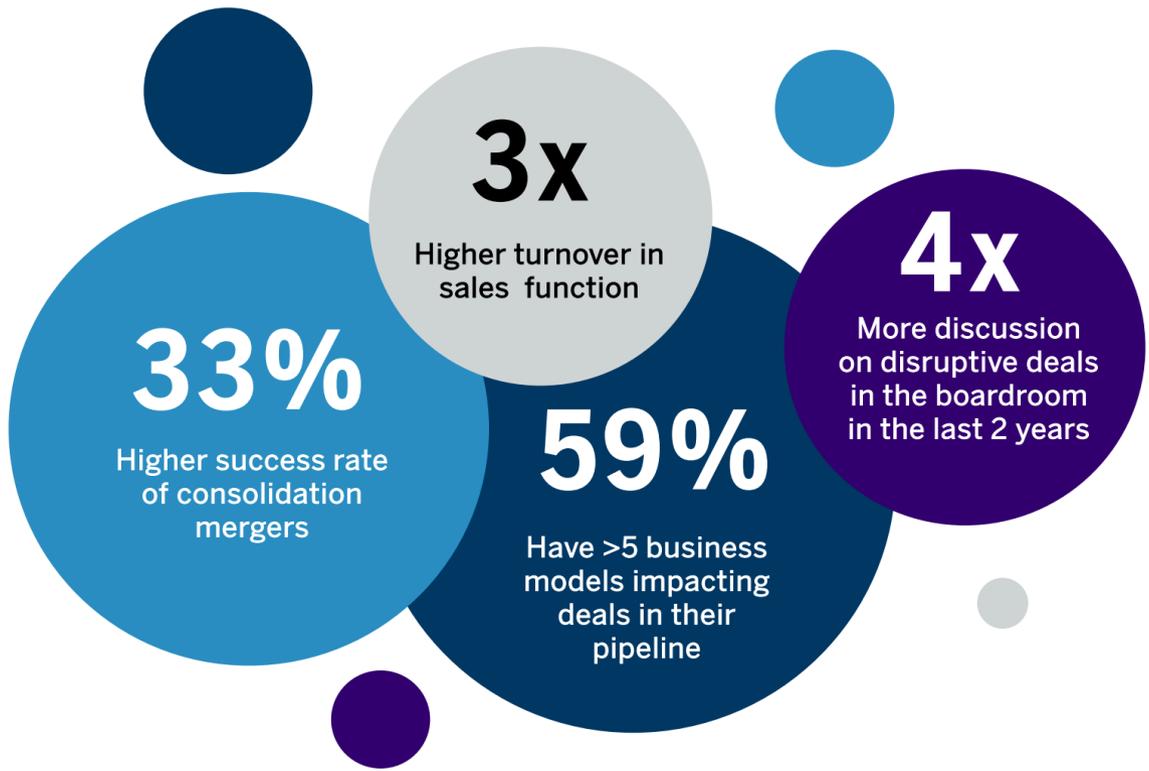
Functional M&A integration techniques do not scale across all types of deals.

Deal Type	Definitions of Failure	Failure Rates	Root Causes
Consolidations	Poor shareholder returns and inability to earn back capital in three years	47%	Weak core business, large target size, overly optimistic, slow integration
Adjacencies	Low revenues, cash and profitability	80%	Lack of vision, lack of alignment, slow integration
Technology Tuck-ins	Inability to earn back capital in three years	60%	Poor strategy
Acqui-hires	Would not buy again, flight of talent	85%	Poor planning, poor communication, slow integration
New Business Models	Poor cash flow relative to peers, inability to scale business	75%	Slow or no integration, overestimated ability to execute

M&A driven by business model transition (e.g., SaaS, IoT, VR) have been more expensive to execute and not yield the planned synergies.



Serial acquirers had the highest rate of failure with acqui-hires and new business model acquisitions.



10 indicators of integration failure were identified, with ineffective management structure being most cited.



A	B	C	D	E	F	G	H	I	J
18%	17%	12%	11%	11%	8%	8%	7%	5%	3%
A Ineffective management structure and vague reporting relationships	B One size fits all integration approach (i.e., run the playbook)	C Flight of talent	D Unclear messaging on combined company	E Conflicts in sales force	F Higher opex	G Increase in temporary labor	H Increased workload on customer service	I Product conflicts	J Miscellaneous factors ¹

¹Miscellaneous factors include: acquisition premium, inadequate integration leadership, inability to make decisions

Survey Methodology

FTI Consulting conducted an informal and online survey in 2016. Audience/participants (>80 individuals), included leaders from corporate development, M&A integration and functional specialists in the technology industry

Nitin Kumar
Senior Managing Director
+1 408 915 8627
nitin.kumar@fticonsulting.com

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