

How to Overcome M&A Integration Challenges and Unlock Deal Synergies



Today's technology companies looking to execute on a deal know that after the transaction is done, the work isn't over. Especially amid economic uncertainty, it is paramount for merging companies or those eyeing an acquisition to plan-ahead for integration success. Capturing the full value of a deal means starting integration planning as early as due diligence phases to define priorities and then carrying that plan forward post-close.

Understanding the full scope of work for M&A integration, including Day One Readiness and achievement of near-term and long-term objectives, can be extensive. Companies in the throes of dealmaking should be confident that both organizations' strategies and operational structures can align, and alignment exercises must be executed thoughtfully to make the deal worthwhile.

To maximize deal value, technology companies must successfully navigate M&A integration.

Here, we share our specialized approach in doing so. ►

CASE STUDY

How A Fintech Company Accomplished Day 1 Readiness Post-Acquisition

Client Situation and Challenge

A publicly traded U.S.-based fintech company wanted to expand geographically and, to do so, acquired its Canadian competitor. The acquiring fintech company needed assistance with Day One Readiness, integration management, and specifically, support for finance and accounting integration.

BDO Recommendations

DAY ONE READINESS

The fintech company engaged BDO to help support continuity of all operations on Day One by developing and tracking more than 40 critical items deemed to be Day One priorities. This included payroll and lines of credit, closing deliverables, consents and key stakeholder communications.

BDO set up and ran an Integration Management Office. To set up the client for success, BDO advised on the customization of integration templates within the SaaS program management tool that the client used. This included recommending the structure of integration plans and weekly reporting tools.

F&A INTEGRATION

BDO supported the integration by working across the CFO's office — accounting, finance, tax, and treasury — to help establish and execute a transition plan.

BDO helped the client transition accounting processes by completing an impact assessment and corresponding calculations to convert Canadian Accounting Standards for Private Enterprises reporting to U.S. GAAP reporting standards.

For the target company, BDO completed the initial mapping of the company's Chart of Accounts to the client's Chart. This also involved assisting with preparing the first monthly and quarterly accounting close for the client, as well as aligning the financial close, and planning and analysis processes to work seamlessly together.

Finally, BDO supported various audit and filing exercises. This included audit sampling procedures required for completion of the audited financial statements filed with the client's Form 8-K. BDO also advised on Form 10-Q filing post-transaction.

Project Outcome

BDO helped the client support continuity of all operations on Day One and achieve key integration priorities, while successfully completing an Initial Public Offering shortly after the acquisition closed.

CASE STUDY

How One Healthcare Tech Company Achieved Cultural Alignment Success Post-Deal

Client Situation and Challenge

A PE-backed healthcare technology company based in the U.S. made three concurrent global acquisitions and needed assistance with integration, cultural alignment, and change management. The company sought the help of a third-party advisor to develop an integration strategy and design change management strategies, among other post-acquisition needs.

BDO Recommendations

The company engaged BDO to support several key areas, including:

- ▶ Set up and management of an Integration Management Office
- ▶ Development of an integration playbook within the client's preferred project management tool, which included on-demand status reports and synergy tracking capabilities
- ▶ Development of an integration strategy, which included defining integration milestones and designing the future operating model

There were significant cultural differences between the healthcare technology company and the recently acquired organizations, which spread across five countries. BDO performed a cultural assessment and designed change management strategies to better align the differing cultures despite geographical dispersion. This included designing strategies to blend the acquired companies' more casual, founder-owned operation models with the client's well-established corporate structure.

Project Outcome

The client was given a detailed cultural alignment plan, which included an implementation roadmap that outlined the timeline and tactical actions to execute initiatives. Those key initiatives were focused on improving communication, conflict management, work approach, and core values.

Additionally, the client was provided with a fully developed mission and vision for the new organization that better facilitated collaboration, as well as enabled the client to capture deal value from the respective acquisitions.



CASE STUDY

How an IT Company Realized 20 Cost Synergies After Acquiring Its Competitor

Client Situation and Challenge

A PE-backed Canadian-based IT infrastructure services company acquired a U.S.-based competitor, which was carved out of an IT service management company. The IT infrastructure services company sought help with integration and synergy capture post-deal.

BDO Recommendations

BDO was engaged to provide negotiation assistance and financial and tax due diligence support, define a Transition Services Agreement, and assist with integration planning and execution.

To streamline the integration, BDO mobilized and ran an Integration Management Office to help achieve Day One priorities, execute the integration strategy and identify, as well as prioritize, synergy opportunities. In practice, this entailed supporting nine functional teams with the development and execution of their individual integration and synergy capture plans. BDO advised on those integration and synergy capture plans, including:

- ▶ Developing a communications strategy and employee communications materials
- ▶ Comparing the employee handbooks and employee benefits plans
- ▶ Identifying the enterprise resource planning integration requirements
- ▶ Defining the sales strategy and plan

Project Outcome

The client saw a smooth transaction signing and close. The client achieved 28 Day One priorities that had been identified due to the implementation of the integration strategy and codified program structure.

As it related to synergy capture, the client realized 20 revenue and cost synergies with BDO's help in identifying, validating and prioritizing synergy opportunities.

Finally, the client was equipped with an internal and external communication plan, as well as communication materials, to address all stakeholders and share the result of the transaction with employees, customers, and vendors.



Realizing Deal Value in Any Market

Whether you're looking for early integration planning during M&A due diligence or need assistance post-transaction to bridge cultural gaps or realize synergies, BDO's global network of integration professionals can provide customized support to help you achieve organizational objectives and get the most out of an M&A transaction.

Our **M&A professionals** have extensive experience in integration strategy development, planning, and execution across industries. We help technology companies from emerging to large organizations and have experience supporting both acquiring and acquired companies.

BDO helps clients:

- ▶ **Reduce risk** by assessing synergy targets and managing deal risks from start to finish
- ▶ **Achieve seamless integration** by defining Day One requirements and key milestones — then developing a roadmap to execute on those milestones
- ▶ **Bring all integration** aspects together, including people, processes, systems, and data
- ▶ **Realize deal value** by securing early value capture wins and helping clients maintain momentum months after the deal has closed

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