



BRAVING THE RAPIDS WITH INFORMATION MANAGEMENT: MERGERS, ACQUISITIONS AND DIVESTITURES

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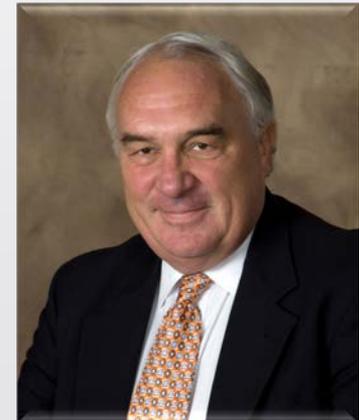
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AGENDA

- Current State of Mergers, Acquisitions, and Divestitures
- Impact on Information Management (IM)
- Need for Early Involvement of Information Management in M&A Transactions



THE CURRENT STATE OF MERGERS, ACQUISITIONS, AND DIVESTITURES

Overview of U.S. M&A Market

- The total value of announced deals in 2016 was \$3.7 trillion according to Thomson Reuters, representing a 16% decrease from the previous year, and making 2016 the third strongest annual period for global M&A since records began in 1980.
- The number of announced M&A deals involving US target companies increased from 11,093 in 2015 to 11,749 in 2016. However, the aggregate deal value for these transactions decreased from US\$2.18 trillion to US\$1.60 trillion. (REUTERS)
- High tech deals represented almost 30% of the total \$2.5 trillion of completed M&A transactions in 2016. (RUETERS)
- Of the domestic and cross-border transactions announced in 2016, 532 deals with an aggregate value of US\$965 billion were announced for a US public target company, as compared to 574 deals with an aggregate value of US\$1.46 trillion in 2015.
- Through to 31 July 2017, 7,703 M&A deals involving US target companies were announced with an aggregate deal value for these transactions of US\$612 billion, and 7,392 M&A deals involving US acquirer companies were announced, with an aggregate deal value for these transactions of US\$757 billion. For the same period, of the domestic and cross-border transactions announced, there were 356 deals announced for a US public company target, with an aggregate deal value of US\$278.7 billion.

THE CURRENT STATE OF MERGERS, ACQUISITIONS, AND DIVESTITURES

Outlook

- Technology will drive M&A activity, with disruptive industries such as artificial Intelligence, fintech and the internet of things continuing to attract investor attention," according to Katharine Dennys, EMEA research editor at Mergermarket.
- Corporate and private equity executives foresee an acceleration of merger and acquisition (M&A) activity in 2018, both in the number of deals and the size of the transactions. (Deloitte)
- Technology acquisition is the new No. 1 driver of M&A pursuits and dealmakers report using non-spreadsheet based M&A technology tools to help reduce conflicts, costs, and time. (Deloitte)

THE CURRENT STATE OF MERGERS, ACQUISITIONS, AND DIVESTITURES

M&A Pain Points from a 2016 Report by Robert Half:

- Meshing technology (business systems), budgets, and finances are the hardest part of an integration and where the most mistakes are made.
 - "It is common for companies to focus on the business transaction and underestimate the complexities involved in integrating the operations after the fact," said David King, Canadian president of Robert Half Management Resources. "Leaders must understand how merging new technologies and detailed financial controls may impact internal functions, and what needs to be done to lay the groundwork for a smooth and successful transition."
- Not acknowledging how big changes can take a toll on employee morale and retention.
 - "Make sure teams are updated frequently, and emphasize an ongoing commitment to expanding their expertise by providing them the training and resources to excel within the new structure. Highlighting opportunities for development and career growth throughout the transition will ensure employees remain motivated, productive, and actively engaged in the innovative direction the business is going."
- A lack of understanding the change management aspect and how important it is to continue to lay the groundwork with the people of the two organizations.

OUR EXPERIENCE SHOWS

*A merger, acquisition or divestiture will **test all aspects of information management.***

*Every weakness is quickly exposed, often **without sufficient time for corrective action.***

ALL TOO OFTEN...

Significant amount of effort will be placed on a merger, acquisition or divestiture's impact on **people** and **physical assets**...

...little effort will be placed on ***treating information and records as an asset***...until Day 1, when suddenly people realize ***they don't have the information and records*** to operate efficiently and effectively.

INFORMATION MANAGEMENT IMPACT

- Large transactions force adjustments to:
 - Policies and Procedures
 - Retention Schedules
 - File Plans
 - Taxonomy / Classification Schemes
 - Master Data / Metadata / Thesaurus
 - Permissions / Security Models / Workflows
 - Electronic Content Management Systems
 - Physical Records Storage Processes

INFORMATION MANAGEMENT IMPACT

- Can add new level of complexity for legal/tax holds
 - Custodianship of appropriate records depends on ownership of legal/tax risk
 - Heavy reliance on thorough due diligence

INFORMATION MANAGEMENT IMPACT

- Requires coordination of multiple vendors
 - Transaction systems
 - Content management systems
 - Collaboration systems
 - Email systems
 - Offsite storage
- Impacts both the source and target of the transaction

INFORMATION MANAGEMENT IMPACT

- Broad organizational issues
 - Organization design
 - Competency requirements
 - Culture
- Drives changes to staffing levels and training requirements

EARLY INVOLVEMENT IS CRITICAL

- Early Information Management involvement in merger/acquisition/divestiture planning is necessary to mitigate the impact of risks
- There is a role for Information Management at every stage of the transaction

NAVIGATING THE M&A EVENT



ASSESSMENT & PLANNING



- Estimate M&A event timelines
- Determine what will be transferred/received
 - Physical records/information
 - Electronic records/information
 - On-site, off-site
 - Back-up, archive
 - Applications
- Identify who will be involved
- Plan how transfers will be executed
- Determine how to address audits, legal/tax holds
- Conduct readiness assessment
- Prepare an Information Management Execution Plan

DUE DILIGENCE



Acquiring Organization

- Prepare your organization to support due diligence activities
- Evaluate state of to-be-acquired IM/RM program
 - Systems, processes, people, facilities
- Identify content/records to be inspected
- Understand regulatory requirements placed on to-be-acquired organization

To-Be-Acquired Organization

- Prepare your organization to support due diligence activities
- Locate, inventory, and index
 - Physical records
 - Electronic records

DEAL NEGOTIATION AND CLOSING



- Proactively manage IM aspects of the negotiated contract terms
- Support legal agreement and contract negotiation from an IM point of view
- Agree on ownership, format, and handover of records, processes, procedures
- Agree on responsibility for records on hold
- Negotiate/agree on final timetable of IM/RM events
 - Physical transfer
 - Content/records/email management systems
 - Collaboration environments

EXECUTION



- Convert systems
- Prepare physical space
- Identify what to retain / what to provide to the other party / what to replicate
- Prepare/box/label/ship/ receive physical records
- Transfer electronic records
- Cross-platform, cross-system migration and reconciliation
- Make changes to :
 - Policies and procedures
 - Retention schedules
 - Information governance
 - Records Management Systems
- On-board and off-board employees and systems
- Provide training

ONGOING OPERATIONS



- Complete adjustments to:
 - Information governance
 - Retention schedule
 - Records management staffing levels
 - Records management system investment
- Rationalize and consolidate systems
- Rationalize and consolidate vendors

CONCLUSIONS

- Get involved early
- Have a plan
- Proactively participate in negotiations around information and records
- Manage expectations regarding elapsed time and level of effort
- Get involved early



CONTACT INFORMATION

Access Sciences is ready to deliver the outcomes you need. We look forward to demonstrating to your company why so many organizations trust Access Sciences with their information assets.

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