Mastering M&A the hard way:

Lessons from failed deals
Methodology
In Q3 2017, Toppan Vintage commissioned a survey of 50 global dealmakers to learn about their experiences with failed or negative M&A deals, e.g. ones that did not end up adding value to their firm. The survey pool was split between corporate executives (50%) and private equity executives (50%). The pool was also divided regionally between companies based in North America (60%), EMEA (20%), and Asia-Pacific (20%).
It is little secret among decision-makers at corporations and private equity firms that M&A deals don’t always succeed after closing. Most credible estimates of the failure rate are enough to make any conscientious executive anxious. For example, a 2016 analysis of 2,500 deals by the firm L.E.K. Consulting found that 60% of transactions destroyed shareholder value. Studies cited in the Harvard Business Review and elsewhere place the failure rate between 70% and 90%.

M&A is not a step to be taken lightly. The nuances of a large deal can be mind-bogglingly complex, no matter how enticing the combination appears. Integrating two entities into a single coherent structure takes careful planning and the ability to counter unforeseen problems. Cultural and language barriers can create confusion and mistrust, or even outright discord. Redundant systems and bureaus must be synthesized or streamlined, sometimes across different countries, all in parallel.

Our survey finds that dealmakers are aware of these perils. Almost all respondents expect some deals will inevitably fail. Yet the prize for achieving solid results can be tremendous and will continue to beckon executives to new ventures. Market data shows that deal appetite remains strong. Global M&A market value hit $3.2tn in 2016, according to Mergermarket, the fourth-highest number ever. PE dry powder also stands at a record-high of US$963bn.¹

This report sets out to examine why deals failed, through the eyes of executives who participated in them, and what lessons can be learned. The hope is to help shed light on the places in the path where dealmakers often stumble, as well as the efforts they took to recover, in order to help those who come along behind them.

**Key findings from the survey include:**

- More than 40% of respondents said they had been involved in four or more failed deals in the last decade. What’s more, 94% said they think some deals will inevitably be negative for the acquirer due to factors such as changes in market conditions or government regulations.

- 70% of respondents said that a lack of compatibility between management teams contributed to the failure of deals. This indicates that the intangible aspect of management compatibility may deserve more attention.

- 91% of respondents who had done failed cross-border deals said the international nature of them contributed to the failure. This result indicates that a cross-border deal must offer adequate rewards to be worth the risks involved.

- Regulatory due diligence, product or technology due diligence, and integration stood out as three key areas that respondents believe should have been improved to avoid the deal failures.

- A majority of respondents (56%) believe there will be an increase in failed deals over the next three years, largely due to growing regulatory hurdles (50%), geopolitical uncertainty (40%), and misguided technology acquisitions (34%).

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Lesson #1

Weigh the risks properly

Our study confirms that negative M&A outcomes are indeed commonplace. Nearly all respondents in the survey indicated that they carried out 10 or more deals over the past decade, and 42% said they were involved in four or more failed or negative deals during that period.

What’s more, nearly all of our respondents (94%) said they think at least some deals will inevitably end in failure. More than a third (34%) think up to 10% will fail, while a majority (55%) believe 11-20% will be negative and more than one in ten (11%) think 21-30% of deals will end badly.

“M&A deals do not always work out,” said the senior vice president of a US fintech company. “Differences between management and employees, operational problems, changes in regulation, and an increase in costs all can affect profitability. At times, a lack of experience in a certain field also impacts the performance of the acquired assets.”

This expectation — which exceeds the mere acknowledgement of risk — has the most serious implications for companies planning only a small number of acquisitions. Buyers must be prepared for the very real possibility that their transactions may not turn out as intended.

After all, one doesn’t have to look far to find recent megadeals, announced with great fanfare, that went down in flames. Take the US$2.3bn merger of the Arby’s sandwich chain and fast-food house Wendy’s in 2008. Just three years later, following a struggle to grow profits and leverage their bigger scale, the combined company sold 81.5% of Arby’s to a private equity group for only US$430m.
Do you think some percentage of M&A deals will inevitably end up being negative or failures for the acquirer?

94% Yes
6% No

If yes, roughly what percentage of deals do you think will inevitably be negative or failures for the acquirer? (Select one)

34% 1-10%
55% 11-20%
11% 21-30%
One solution is to hedge one’s bets with multiple deals: private equity firms and corporations that make multiple acquisitions may be better insured against the risk of occasional failure by virtue of their more diversified portfolios.

**The risks of reinvention**

For corporations, perhaps the most challenging type of M&A deal to carry out is one that reinvents the acquirer’s business model. Slightly more than 70% of our respondents said their recent failed or negative deals had been intended, at least partly, as a means of reinventing their business model. By comparison, 28% said their failed transactions were strictly intended to improve current performance.

“Apart of our growth plan to penetrate a new area of the industry,” said the director of strategy at a Japanese telecommunications firm. “Ultimately, we feel that we moved too early, and without sufficient knowledge of the subsector.”

A prime example of the difficulties an acquirer can face with this type of deal could be seen in the infamous US$160bn merger between AOL and Time Warner. For both the once-mighty internet giant AOL and cable company Time Warner, the tie-up was meant to be transformative. Yet the two sides failed to perceive the fact that their cultures were fatally incompatible. This meant they never cooperated enough to gain the advantages that seemed possible at the start.

*The bottom line*: Be aware that some rate of deal failure is likely. This means that the possible rewards of the deal must be commensurate to the risk involved. Also, be especially careful with deals meant to reinvent the acquirer’s business model – they entail even greater risk still.

"Ultimately, we feel that we moved too early, and without sufficient knowledge of the subsector."

**Director of strategy at a Japanese telecommunications firm**

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Assessing the deal

Our survey respondents cited two key metrics they used to determine whether a given acquisition was successful or not, and to what degree. The first is the growth rate of the acquired company. The second is the market value of the acquired target, or the newly combined entity.

More than a third of respondents (34%) said they considered a recent deal a failure because the growth rate of the acquired company had not met expectations. Indeed, future growth is often the biggest wild card in any analysis of an M&A target’s financials.

“There were a few internal issues financially, and the company underperformed. We thought we would sort this problem out during integration, but regulatory issues affected growth.”

Meanwhile, 28% of respondents said the market value of the acquired or combined company turned out to be lower than expected, forcing the acquirer to incur a write-down. Others said the deal simply didn’t live up to expectations in profitability.

“I’ll keep it simple,” said the head of strategy at an Australian insurance company. “The amount we invested to acquire and set up the company for growth — which included putting up with high labor costs — wasn’t recovered. There was no profit.”

By what metrics did you determine that these deals were negative or failures? (Select the most important reason)

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<td>Growth rate of acquired or combined company was lower than expected</td>
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Deals fail for different kinds of reasons. Some are under the control of decision-makers. Others can only be anticipated as possibilities, planned for — and then mitigated after they arise.

When asked to pick the single most-important factor underlying their own failed deals, survey-takers pointed to a poor economic climate. About a quarter (24%) selected the economy as the number-one reason deals failed in their experience, above any other factor.

To be sure, the tumultuous global economic environment of the last decade has proven to be stormy weather for dealmaking, after the financial crisis a decade ago was followed by a historically sluggish recovery.

One crisis-era bet that quickly soured was KKR’s US$26.4bn buyout of payment processing company First Data. The private equity firm installed a new CEO in 2013 in an attempt to turn around the acquisition, which struggled with debt, but in mid-2014 it still held around US$23bn in long-term obligations. It went public in 2015, with KKR continuing to own a majority stake. Two years later, in September 2017, KKR announced it would finally sell shares of the company in a secondary offering – making the stock price plummet.

In some ways, failed bets like this are unavoidable. (Indeed, 80% of our survey respondents said there were no warning signs in the failed deals they participated in – see Lesson #4 for details.) However, the wagers emphasize the importance of timing the market for acquisitions, to the extent possible, and of avoiding overpaying for assets.

For what reasons did these deals end up being negative or failures? (Select the most important reason)

- Poor economic climate [24%]
- Badly executed post-merger integration [20%]
- Legal or regulatory issues [18%]
- Competitors outperformed the acquired company [10%]
- Acquired product or technology did not live up to potential [8%]
- Fewer synergies than expected [8%]
- Lack of compatibility between management teams [6%]
- Cultural mismatch [2%]
- IT problems [2%]
- Exodus of managers or other talent [2%]

Lesson #2

Anticipate the unexpected
Changes in the economic or political climate may be impossible to control. But other issues that also scuppered deals could have been more readily addressed through stronger management practices or better advance knowledge of the market. A fifth (20%) of respondents said missteps during post-merger integration were most to blame for recent failures (see Lesson #6). Slightly fewer (18%) said legal or regulatory issues often caused deals to end badly (see Lesson #4).

The fourth-most-cited response was that competitors outperformed the acquired company – a clear case in which a more in-depth study of the landscape could have benefited the buyer.

“We acquired a strong local brand, and then post-deal, the economy declined and the market stopped responding,” said a managing partner at an Italian private equity firm. “It happened too fast for us to respond. But our competitors took advantage of it, which directly affected our growth and customer base.”

The bottom line: The timing of economic downturns may not always be predictable, but they can be counted on to occur with some regularity. As a result, it pays to account for them when considering a deal.
Lesson #3

Recognize the importance of management

When asked to list all factors that had kept deals from being successful, the most commonly mentioned was a lack of compatibility between management teams. A full 70% of respondents said incompatibility played at least some role in causing deals to fail.

“Working with the right management is crucial for a successful deal,” said the director of strategy and investments at a Canadian insurance company. “The management should understand us and should be easy to work with. They also need to share our objectives.”

In some cases, the inability of management teams to cooperate can doom a deal before it even reaches the finish line. French advertising multinational Publicis and US advertiser Omnicom agreed on a US$35.1bn mega-merger in 2013 but canceled the tie-up less than a year later due to power struggles at the top. “Omnicom wanted their people to fill the CEO, CFO and general counsel jobs,” Publicis CEO Maurice Levy told Reuters after the two sides walked away. “I thought that went too far.”

To be sure, it can be challenging to properly evaluate management and culture fit during due diligence. Evidently, many companies would be served well by improving their abilities in this area.

One option to consider is hiring specialized management consultants to assess the compatibility of the two sides. Outside expertise may save precious time in the deal process and insert valuable competence into the situation.

The bottom line: A lack of fit between management teams is a highly common component of failed deals. Consider devoting extra resources to assess the fit thoroughly.

For what reasons did these deals end up being negative or failures? (Select all that apply)

- Lack of compatibility between management teams: 70%
- Legal or regulatory issues: 66%
- Poor economic climate: 64%
- Acquired product or technology did not live up to potential: 54%
- Badly executed post-merger integration: 44%
- Competitors outperformed the acquired company: 42%
- Fewer synergies than expected: 40%
- Cultural mismatch: 30%
- Exodus of managers or other talent: 28%
- IT problems: 26%
Dealmakers know acquisitions carry risk. But when it comes to seeing the real-life vulnerabilities of a specific deal bound for failure, most didn’t spot their own biggest problems in advance. This survey shows that four-out-of-five respondents (80%) didn’t see any warning signs that a given deal would fail.

However, 84% of executives admit: with hindsight, their failed deals could have been avoided if specific stages of the M&A process had been carried out differently. This may mean that future failures could be avoided if buyers systematically pay closer attention to these steps.

The second-most-cited part of the deal process that respondents called out for improvement was legal and regulatory due diligence (24%). And indeed, this phase can be especially complex.

“"If the IP risks had been made clear to us right at the beginning of the deal process, it would’ve been easier for us to move ahead with the right strategy in mind," lamented a managing director at a private equity firm that raised more than US$10bn for two funds in 2016.

Another respondent said that, for their business, multiple factors combined to create a perfect storm.

“The acquired company had significant debt on its books, and with new regulations coming into force as well, growth came to a halt completely,” said the managing director at a US private equity firm focused on distressed assets. “On top of that, there was corruption everywhere.”

These results indicate that dealmakers may need to allocate more resources to forecasting worst-

Looking back on the negative or failed deals you participated in, do you think there were warning signs that the deal or deals may not be successful?

- Yes: 20%
- No: 80%

Do you think these negative or failed deals could have been improved, or avoided altogether, if certain stages of the deal process were done better?

- Yes: 16%
- No: 84%
Increasingly, legal protections in the transaction contract are used as well, such as material adverse change clauses. These can mitigate risks that the acquirer feels cannot be addressed in other ways.

The bottom line: Executives admit that many deal problems could not have been foreseen. But by changing standard deal procedures, particularly in the area of legal and regulatory due diligence, risks can be minimized.

If yes, which stages of the deal process needed to be improved? (Select the most important stage that needed to be improved)
Lesson #5

Prepare for cross-border challenges

Respondents say, by a wide margin, that executing a cross-border deal presents more challenges than picking a target within your own country. Nearly nine out of ten respondents (88%) reported at least some of the failed deals they experienced were cross-border in nature.

More importantly, of the group who executed failed foreign deals, 91% said that the international nature of the transaction contributed to those deals’ demise.

“The cross-border nature of the deal did play a part in its failure,” said one senior vice president for corporate development at an electric power company that has made seven acquisitions since the start of 2016. “There was regional instability. There were political problems and currency fluctuations. All of that combined made profits unpredictable.”

This result underscores the added challenge of international acquisitions, and demonstrates that dealmakers must tread carefully when foraying into places with unfamiliar languages, business cultures, regulatory frameworks, and tax laws.

It also emphasizes that cross-border deals must offer substantial benefits to compensate for the additional risks they entail. Look no further than the well-known 1998 Daimler-Chrysler merger for an example of the costs that can be incurred in a failed international tie-up. The contrasting cultures and styles of the German and American auto companies contributed to the US$36bn merger’s downfall in 2007, with the sale of Chrysler to Cerberus Capital Management for just US$7.4bn.3

Were these negative or failed deals cross-border, domestic, or a mix of both? (Select one)

If any of these negative or failed deals were cross-border in nature, do you think that aspect of the deal contributed to its lack of success?

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Various strategies can be effective when targeting foreign assets. Many acquirers find success by entering a new market with a small acquisition, then searching for a bigger mark from there. In general, taking it slow and studying a country or region closely first can pay dividends. Using advisors with experience – and preferably a team of people – on the ground is valuable, where possible.

The bottom line: It should come as little surprise that cross-border deals present many more challenges than do domestic deals. Take the perils seriously, and prepare and adjust strategy accordingly.
More than eight in ten of our respondents (84%) admitted that if certain stages of the deal process had been improved, the outcome may have been different in their failed transactions. And the top area they said needed more attention was post-acquisition integration (26%).

“We should have conducted a better due diligence process and planned out integration more carefully,” said the CFO of a French telecoms company. “Our lack of foresight in executing the deal led to integration problems. We also acted too quickly in the integration process and did not allocate enough capital to it.”

Combining two companies is notoriously difficult, for self-evident reasons. Members of management and other employees have their jobs put at risk. IT systems and offices need to be re-arranged and integrated. New corporate policies need to be codified that suit both sides and bring the best out of the two teams.

Shortcomings in these areas can bring about devastating fails. In the US$35bn merger of Sprint and Nextel in 2005, the two telecommunications companies failed to appreciate the differences in their two cultures. Sprint had a more formalized corporate environment, while Nextel was more free-wheeling, with space to innovate. Tough competition from the likes of Apple and Verizon exacerbated the problems, distracting the company from the work needed to make the deal a success. Three years later, the combined entity wrote off a stunning $30bn in goodwill impairment.

The bottom line: Begin planning for integration before the deal even closes. If difficulties arise, be ready to pour additional resources into the process, or face the potential of complete failure.
Making lemonade from lemons

It comes as little surprise that respondents said the most important steps they took while attempting to save failing deals involved battling legal and regulatory difficulties and investing in their newly acquired company.

About a quarter called resolving legal or regulatory issues (24%) their most important deal-saving measure. Roughly equivalent portions said that investing in the improvement of their acquired company’s product lines or infrastructure (24%), or investing more into integration (22%), were the top strategies they employed to save failing deals.

“To improve the situation, we took on external advisors and divided the integration process into different stages,” said the managing director at a UK-based mid-market private equity firm. “In each of these stages, we targeted different issues. To make the whole process simpler, we also reinvested in developing the technologies of the company we acquired, and also replaced a few key management team members.”

Sometimes, different problems emerged after the previous ones were settled.

“We were still confident about the market and the consumer base when the deal went through, so we started resolving the legal and regulatory problems,” said the CFO of an Italian consumer goods company that made three acquisitions in 2017. “Then, as growth began to be affected, we needed to balance things out and reboot. So we started cutting costs.”

In your most recent negative or failed deal, what steps did your company take to try to improve the situation, if any? (Select the most important step your company took)

- Invested in improving the company’s products or infrastructure: 24%
- Resolved legal or regulatory issues: 24%
- Invested more into integration: 22%
- Cut costs: 12%
- Replaced the management team or other key staff: 12%
- Divested the acquired company: 6%
Choose advisors carefully

Lesson #7

When deals go south, it’s not because dealmakers fail to seek out advice. Nearly all our respondents (98%) engaged third-party advisors to assist with deals that ended up flopping anyway.

The quality of the advice they received may therefore be another story. Close to 80% of respondents said they believe their advisors hold some blame for not calling out the risks involved in the acquisitions.

This result points to a tension in the role of M&A advisors, who are incentivized both to close as many deals as possible and also to provide sound counsel to their clients. It also suggests future dealmakers may want to select their advisors with as much caution and consideration as they choose their acquisition targets.

“We had third-party advisors helping us out. We wanted a local perspective,” said the CFO of a dairy producer based in Southern Europe. “All the risks were right in front of us and so were the consequences. The outcome simply didn’t favor us and we’re all responsible for it.”

The bottom line: The quality and fit of an advisory team can make the difference between a successful deal and a dud.

"All the risks were right in front of us and so were the consequences."
CFO of a European dairy producer
Looking ahead

What does the future hold? The respondents in this survey suggest stormy weather could be coming in the years ahead. The shifting, unpredictable global environment gave them cause to expect further turmoil, they said.

A majority (56%) said they foresee an increase in failed deals over the coming three years. They expect the main drivers of failure to be legal or regulatory issues (50%), geopolitical uncertainty (40%) and misguided bets on technology (34%).

“I would say the movement of the economy due to the global political situation is the major threat as of now,” said the director of business development at a network equipment producer based in the Asia-Pacific region. “By contrast, I think factors affecting a deal before it closes, meaning during the negotiation phase, are still controllable — and therefore a minor threat.”

The rise of unpredictable world leaders and disruptive political events such as Brexit increase the risk of M&A deals failing to meet expectations. The ongoing frenzy over technology investments also makes it more likely that some acquirers may just burn their fingers, according to dealmakers.

“The number of investors in technology is ridiculous, because the past performance of technology-backed assets was steady and strong,” said a managing director at one of the 10 largest US-based private equity firms by assets under management. “But this is going to become a problem, because it will lead to a lot of investors putting their capital into relatively new segments that are still growing and changing, increasing overall risks.”

Do you expect to see an increase in failed deals in the overall market over the next three years?

"The movement of the economy due to the global political situation is the major threat as of now."

BD director at an Asian tech firm
What do you expect to be the primary drivers of negative or failed deals in the next three years? (Select top two)

- Legal or regulatory issues: 50%
- Geopolitical uncertainty: 40%
- Misguided technology bets: 34%
- Overeager spending of dry powder or cash on balance sheets: 28%
- Inadequate due diligence: 28%
- Excessive valuations: 20%
Dealmaker Q&A

Francois Mallette, L.E.K. Consulting

Mergermarket: In your experience, do dealmakers adequately price in the inherent risk involved in M&A deals?

Francois Mallette, L.E.K. Consulting: Companies can show good growth through acquisitions but still destroy value. It’s easy to believe that growth will magically result in more value creation, but that’s not the case. Indeed, there are a number of studies that show many acquisitions result in the destruction, rather than the creation, of value.

Nobody goes into a transaction thinking that their deal won’t succeed and create value, and our clients do a reasonably good job of accounting for risks. But it can be difficult to quantify risks when valuing a deal, so we disaggregate risk into two types. The first is the systematic risk of being in that industry – the supply and demand dynamics of that industry. We embed that risk in the cost of capital used to discount the cash flows of an acquisition.

The second type of risk is unsystematic risk – that’s everything else, for example, if a hurricane were to destroy part of your plant in Florida. There are all kinds of risks to consider and you have to be judicious about which risks and how you embed them in your analysis. These risks are incorporated in cash flow scenarios and simulation analyses.

Mergermarket: Difficulties with post-acquisition integration are a perennial problem in M&A deals. Why do you think acquirers have trouble with this step of the process?

Francois Mallette, L.E.K. Consulting: Over the past decade, the idea of spending more time on integration has grown in importance for our clients. Part of the reason for doing these deals in the first place is to capture synergies between two companies. But synergies don’t capture themselves so there has been a realization that more attention should be paid to this whole process.

Before we speak about integration issues, however, not all deals require integration of the purchased company into the buyer. We first think about the purpose of the acquisition and whether, on one end of the scale, the target should operate independently of the buyer or if it should be combined into one entity. You might be a big company that acquires a small firm with interesting technology and you may want to let it operate on its own because its people, markets, technology, and processes would be adversely affected by an integration. For example, a recent artificial intelligence acquisition by General Motors was not integrated into GM in the sense most people think about a combination of the two companies.

In those situations where you do want to integrate fully, we find the more difficult integrations are those where companies are very people-oriented and less asset-oriented. Part of the reason is because people are more complicated than assets. In an acquisition, there is a tendency by those being bought to feel like second-class citizens and to feel uncertainty about their futures, which creates an environment where they may consider leaving the company. And it’s the most valuable employees that you’re most likely to lose. As a result, while there are many things to consider in an integration, one of the main issues is retaining key people. Many buyers don’t pay enough attention to that and lose people who
are important to the success of the acquisition. So that’s the first thing: don’t lose great people.

Number two: we often see good ideas about synergies in a deal, but in reality they are tricky to capture. So the lesson is to not expect and pay for synergies that aren’t real or that you’ll never capture.

Number three: capturing synergies takes time, focus and usually involves people. You typically need to have people from both firms come together and work on the best path forward. You need to push that process very hard and in a very clear way for it to work. It also costs time and money. So the lesson is to manage people in that process, put good process management in place, and drive to realistic but aggressive timelines, because time is value.

**Mergermarket**: More than two-thirds of our survey respondents (70%) said that a lack of compatibility between management teams contributed to the failure of a deal. Why do you think this issue so often plays a role in M&A failure?

**Francois Mallette, L.E.K. Consulting**: Careers are at stake in a takeover, and some people lose their jobs — so it’s no surprise that management teams may not welcome each other with open arms when this issue is on the table. If you don’t move swiftly and establish a clear vision for the future of the two companies, you create a vacuum in which people may come to the wrong conclusion about their future at the company and leave. Or they act in an inappropriate manner. The longer you leave these issues unaddressed, the worse it is for your integration efforts and your ability to capture synergies.

I’ll also add that it’s difficult to assess the compatibility of a management team in the best of circumstances. In the spectrum of the whole diligence checklist, we see this aspect of the diligence receiving relatively less attention.

**Mergermarket**: More than 90% of respondents said the cross-border nature of a deal contributed to its failure, indicating that cross-border transactions are inherently riskier endeavors. In your experience, are acquirers improving their abilities in this area?

**Francois Mallette, L.E.K. Consulting**: Our clients are pretty savvy when it comes to cross-border deals, but many of them have learned their lessons through trial and error. China is a great example of a growth market where many companies believe that they “can’t afford not to be there.” However, it is not an easy market to break into or an easy market in which to do business. This is also true for Brazil, India and Russia — the business dynamics are very different. So, we see people dip their toes...
in the water – start small, and then grow their operations. This takes time and can be frustrating. But doing a big acquisition successfully in another country can be very difficult unless you have people with local market experience. And even then, every deal is different and every country is different, so you need to invest the time to understand what you’ll be getting yourself into.

Mergermarket: Have you had experience with any companies that have effectively salvaged value from an otherwise failed deal?

Francois Mallette, L.E.K. Consulting: Yes. Some turnarounds we have seen were the result of a change in senior personnel. We had a client in Michigan, for example, who assigned one of their senior executives to be executive chairman of an acquisition. The business was not moving quickly to pursue the buyer’s strategy, so they made a leadership change – this executive chairman became CEO and was able to drive change.

Other deals were salvaged through a change in strategic direction. In one case, the strategic premise of an acquisition was to broaden the product portfolio. When it turned out the value proposition was not in line with what customers wanted, the company separated the two companies and started buying firms in each market to become a compelling competitor in each product area. The other way a deal has been salvaged is through a change in direction. A company might have thought that the benefit of a deal was to offer customers two products together. But it might turn out that they don’t want these from the same provider. In one case, it took time to come up with new products for new segments in the market, but once they got in, they found there was actually an opportunity there. So they moved the business down-market a bit to help to capture those opportunities.
In a world of uncertainty, this survey finds one prediction that’s almost unanimous among executives active in M&A: some deals will fail. What is to be done?

The certainty that some deals will go wrong — combined with an inability to see warning signs in advance — indicates more resources might be fruitfully devoted to playing out pessimistic scenarios and checking assumptions. Will the deal in question soon join the pile of negative statistics? Key areas for investigation, according to respondents to this survey, are the complications that arise during integration of the new asset, and the performance of due diligence.

Dealmakers should be prepared to respond to unforeseen legal or regulatory issues. If the past is any guide, they may find themselves spending more than they anticipated improving their acquired company’s product lines or infrastructure, or investing more into integration.

Looking ahead, most respondents said they don’t expect dealmaking to get easier in the near future. Geopolitical turbulence and economic unpredictability can disrupt the best-laid plans. The era of Donald Trump and Brexit is challenging many long-held assumptions about the global landscape.

Yet this survey does find grounds for optimism that the process can be improved. Four-out-of-five respondents said their failures could have been avoided if specific stages of the M&A process — notably due diligence and integration — were improved.
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Features and Benefits of Toppan Vintage’s Capital Markets Services

- High quality
- Reliable and accurate financial print services
- 24/7 support
- Experienced team with over 2 decades of industry experience
- Unparalleled technology solutions
- Streamlined process for cost savings
- Direct communication which simplifies work
- Company-owned conference, printing and mailing facilities
- Boutique experience for clients—working the way they want to work
- Strong financial backing (part of the world’s largest printing and communications group)

KEY DIFFERENTIATORS

- Client-centric organization
- Working the way the clients want to work
- First-class technology
- Experienced team
- No hassle

KEY DEALS

- IPO and equity offerings
- Private placements
- Mergers and acquisitions
- Bank conversions
- Bankruptcy and restructuring
- Public and private bond offerings
- Securitizations
Acuris Studios, the events and publications arm of Acuris Global, offers a range of publishing, research and events services that enable clients to enhance their own profile, and to develop new business opportunities with their target audience.

To find out more, please visit [www.acuris.com](http://www.acuris.com)

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About Toppan Vintage

WHO WE ARE

Toppan Vintage is a leading international financial printing, communications and technology company dedicated to delivering a hassle-free experience with the highest quality accuracy, reliability and value for your organization’s financial printing and communications needs. Toppan Vintage is part of the Toppan Printing Group, the world’s largest printing group, headquartered in Tokyo with approximately US$13 billion in annual sales.

WHAT WE DO AND WHY WE’RE DIFFERENT

Toppan Vintage provides software and services to handle mission-critical content that enables our clients to communicate more effectively and efficiently. We provide these services for capital markets transactions, financial reporting and regulatory compliance filings, investment companies and insurance providers.

The Toppan Vintage difference is simple – we are uniquely focused on the development and implementation of exceptional technology solutions, such as our Hive® suite of proprietary services, providing our clients with a competitive advantage when it comes to their financial communications needs. Despite our vast global reach, we’re proud to offer boutique-like services allowing our team of experts to work hand-in-hand with our clients.

www.toppanvintage.com

For More Information
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