

Two elements of the Integration Investment Thesis should align to guide overall integration strategy...



Deal-type DNA ("What are we buying and why?")

- Scale
- Scope
- Efficiency
- Leverage
- Etc.

Our core strategic purpose ("What will we do with it and how?")

- Leverage Target's value or products through **OUR** business model
- Take cost out of combined operations
- Reinvent our business model by importing components of the **Target's** business model

"Every day, the wrong companies are purchased for the wrong purpose...and the wrong elements are integrated into the wrong business models."

Clayton Christensen, et al
The Big Idea: The New M&A Playbook

Integration investment thesis guides strategic integration framework

	1 What are we buying & why?	2 How do we create value in this deal?	3 What integration does this require?
Consolidation / Overcapacity	<ul style="list-style-type: none"> • Scale • Cost take-out • Competitor take-out 	<ul style="list-style-type: none"> • Cost synergies • Divestitures / RIFs • Standardization • Controls 	<p>Principles:</p> <ul style="list-style-type: none"> • Integrate quickly and well where it matters • Adapt integration strategy to the investment thesis
Product or Geographic Expansion	<ul style="list-style-type: none"> • Scope • Territory • Broader / deeper / wider, but similar in nature to core 	<ul style="list-style-type: none"> • Leverage and align legacy talent, products, services • Upgrading acquired processes / capabilities without disrupting 	<p>Implications For:</p> <ul style="list-style-type: none"> • Organization and roles? • Functions & processes? • Operations? product? • Culture & leadership? • Sales & go-to-market?
New R&D, Talent or Lines of Business	<ul style="list-style-type: none"> • Intellectual property • Human capital • Services, products, technologies different than core capabilities 	<ul style="list-style-type: none"> • Invest to grow • Retention • Knowledge transfer • Essential balance of autonomy & alignment 	
Industry Convergence	<ul style="list-style-type: none"> • Unique combinations or opportunities that did not previously exist 	<ul style="list-style-type: none"> • Speed to market • High level of autonomy and growth incentives • Invent versus impose processes & systems 	

