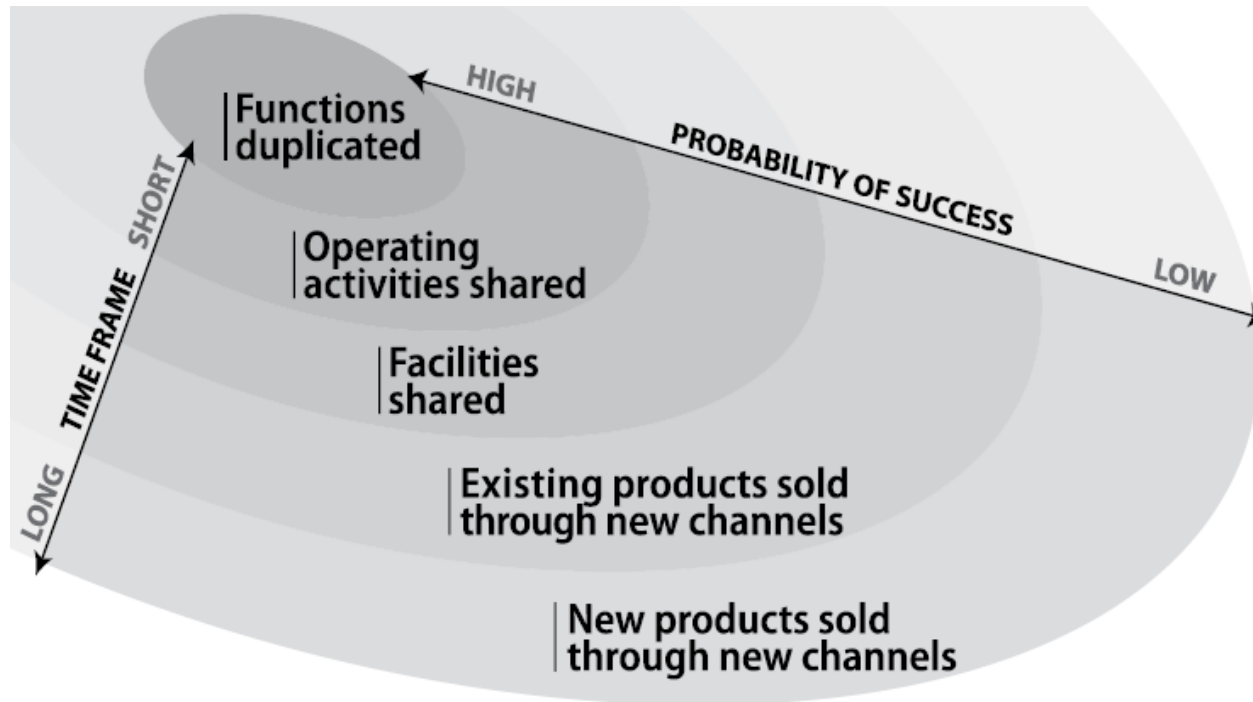


Beware: The Synergy Trap



A deal's potential synergies are best viewed as a series of concentric circles:

- At the center: cost-saving synergies
- On the outside: revenue generating synergies

Firms tend to overestimate synergies (especially revenue synergies) and underestimate integration costs, risks and timeframes



Cost synergies are the “starting line” of achieving deal value...

...getting to the “finish line” requires:

- Revenue growth through cross-sales and leveraging buyer’s capabilities
- Product / service innovation not possible before the deal
- On-boarding and engaging combined team to new goals and expectations
- Preserving and leveraging unique capabilities of the acquired business
- Consistently delivering on the expected customer value-proposition