



SIZING UP M&A VALUE NOW

**AUTHOR INTERVIEW: TOM HERD, MANAGING DIRECTOR,
ACCENTURE STRATEGY, MERGERS & ACQUISITIONS**

Does M&A really destroy value?

Well, I'm here to assure you that our most recent research confirms that most large acquisitions actually create value; the myths are in fact false. And that makes sense. If most M&A destroyed value, our clients wouldn't do them. We looked at the 500 largest deals done in the last ten years across all industries and found that fully 55% of all acquisitions create value for the acquire shareholders.

Moving forward with M&A

1. Go Digital

Acquire into a space where digital disruption is changing the rules of how the game is played. Industries like banking, retail, consumer products, retail banking are much more likely to create value and opportunities for growth than acquiring into industries like energy, utilities, chemicals, which are more asset-intensive and haven't yet fully discovered how to use technological innovation to increase customer intimacy or to reduce product lifecycles how to improve customer value prop.

2. Go Big

There's a sweet spot for our clients. If acquiring between \$15 and \$25 billion of enterprise value that are most likely to create the most value to shareholders make an acquisition beneath \$15 billion, and you leave too much of the organization's capacity, talent, balance sheet strength on the sidelines, there's opportunity cost to it. Make an acquisition larger than \$25 billion, you start to increase the risk that regulatory views will delay cycle to close and delay cost synergies.

3. Go Now

Our research finds that deals struck in years of macroeconomic growth — for example 2012, 2013, 2014 — are much more likely to create value for the acquire shareholders.

SIZING UP M&A VALUE NOW

3. Go Big

The third element that we've found is that the bigger the deal, the more likely the success and the higher the return. Now of course that could be a truism. If you win and you win on something big, you win bigger. But that said, it's worth considering and worth understanding, the big sometimes makes more sense than small.

SIZING UP M&A VALUE NOW

Copyright©2017 Accenture
All rights reserved.

Accenture, its logo, and High
Performance Delivered are
trademarks of Accenture.