

Merger Success Depends On I.T.



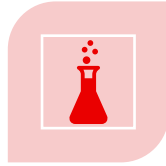
Agenda



WHY M&AS FAIL



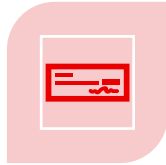
WHAT MEANS TO
BE DIGITAL



WHAT DOES IT
TAKE TO GET
THERE



PROOF POINTS



WRAP-UP



Why M&As fail

M&A blunders

Mattel and The Learning Company 1998

Daimler-Benz and Chrysler 1998

AOL and Time Warner 2001

K-Mart and Sears 2005

eBay and Skype 2005

Bank of America and Countrywide 2008

Google and Motorola 2012

Microsoft and Nokia 2013

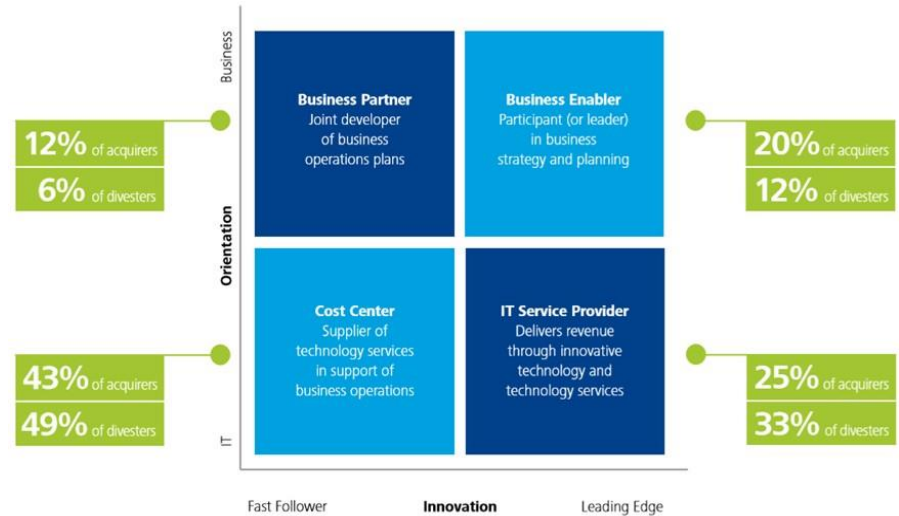
= \$200 billion of lost value



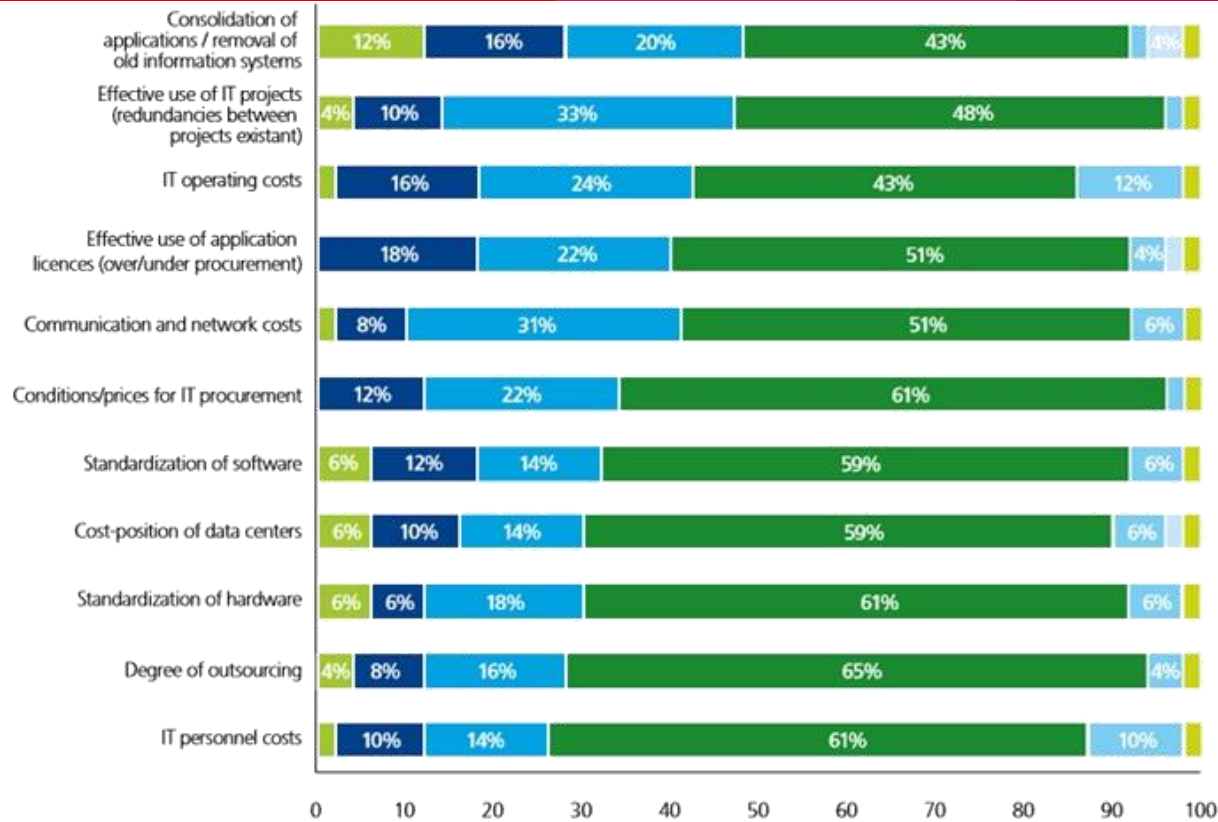
Over 50% of M&A transactions fail entirely or fall short of expectations

- Little interest or understanding of I.T. at the Board level
- **56%** of CIOs aren't informed about the company's M&A strategy
- **20%** of CIOs are made part of the decision-making process
- **56%** of companies consider I.T. issues during due diligence
- **40%** of companies hire M&A consultants with little-to-no I.T. experience

Little wonder considering I.T. is *still* not viewed as a source of business innovation



Merger Impact on I.T.



What It Means To Be Digital

“Data is a key pillar for digital transformation because every interaction in the digital world generates data.” – Forbes



The goal looks something like this

According to McKinsey Global Institute, **data-driven organizations who use analytics are...**

x23	x6	x19
More likely to acquire customers	More likely to retain customers	More profitable as a result

Unless you happen to be a fan of this

No Analytics? Welcome to the HIPPO*

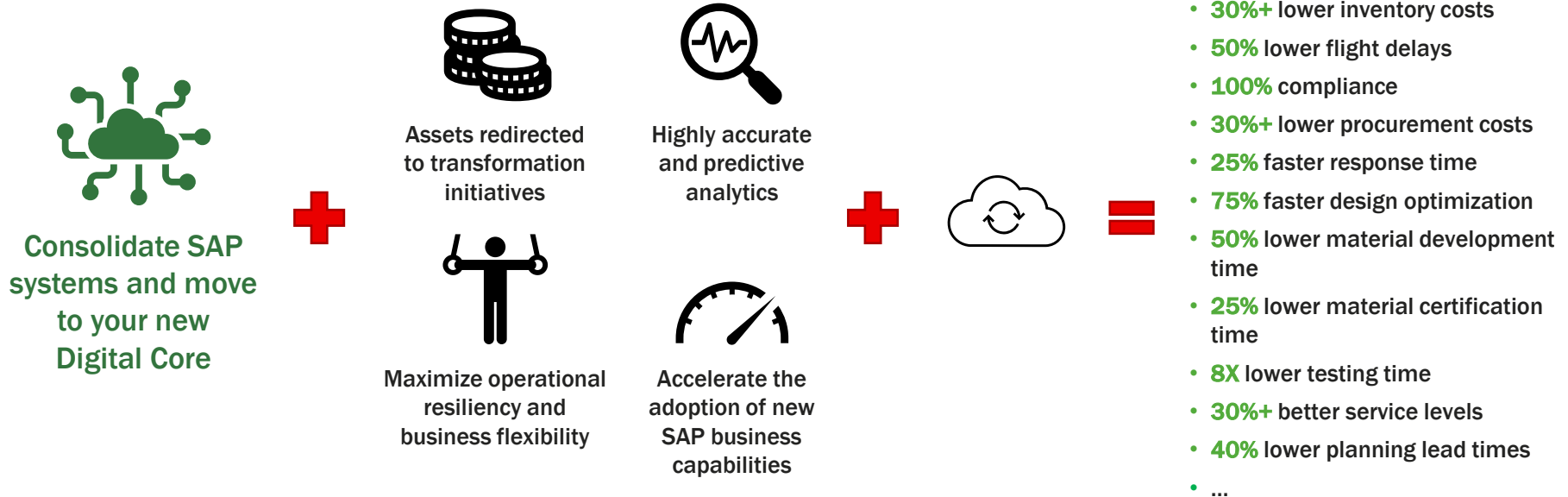


*Highest Paid Person's Opinion

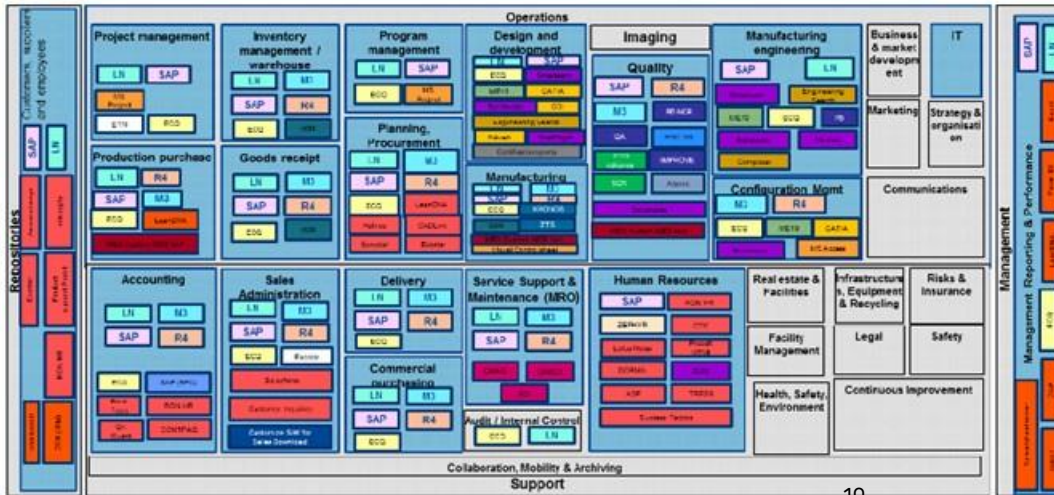
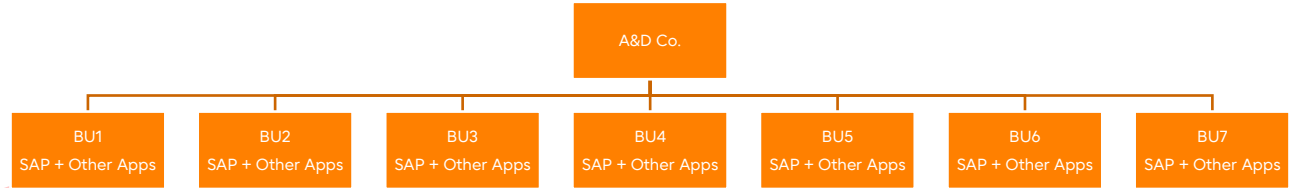
Digital = Data-Driven Decision-Making

Digital business optimization isn't just TCO

– it makes products better



There is no digital foundation for data-driven decision-making when you have this ...



Gartner anticipates the following tech trends for 2022+

- Data Fabric
- Decision Intelligence
- Hyper-automation
- AI Engineering / Generative AI
- Autonomic Systems
- Total Experience
- Cybersecurity mesh

All of these will either be impossible or cost prohibitive with multiple disparate SAP / ERP systems

What Does It Take To Get There

What does it take to get there

Scope	Current State	Transition & Transformation	Future State Capabilities	Targeted Outcomes
Transformation Business Processes Applications Portfolio Infrastructure / Platform	Multiple and Entangled <ul style="list-style-type: none"> Outdated Applications Rigid Architecture Limited Scalability Dependent Applications Redundant Applications 	Outcome-driven, phased approach SNP tools Applications and Platform Transformation Factory	Modular Integrated Scalable Differentiating Applications Innovating Applications SAP Digital Core	Targeted Outcomes Reduced Cost Increased Business Agility Sustained Profitability Optimized Labor Digital Ready
Managed Services Application Managed Services Infrastructure & Security Service Desk & Desk side Support	Physical Data Center <ul style="list-style-type: none"> Rigid, non-agile infra Bespoke infrastructure Limited Scalability 	End-to-End Support Approach Managed Services (Center of Excellence) <ul style="list-style-type: none"> ✓ Tiger Team ✓ Best Practices ✓ Proven methods ✓ Governance 	Hybrid IT Rise for SAP / Hyperscale Cloud Reduced Data Center Footprint	
	Self Supported <ul style="list-style-type: none"> Process immaturity Labor stability Tribal knowledge Constrained capacity Understaffed Limited visibility Single threaded knowledge Lack of documents 	End-to-End Support Approach Managed Services (Center of Excellence) <ul style="list-style-type: none"> ✓ Transition Mgmt. ✓ Governance, ITSM ✓ Continuous Improvement 		Optimized Labor IT Process Efficiencies Digital Ready

Proof Points:

- ChampionX



- ChampionX formed from divestiture from Ecolab and a merger with Apergy June 2020.
- To support their transformation:
 - Partnered with SNP to extract only ChampionX data from parent systems
 - Redeployed ECC to a new private cloud

Post Divestiture Activities

- Service desk
- SAP Security
- BI activities
- Integration

Wrap Up

- Mergers and Acquisitions have a high failure / disappointment rate
- I.T. tends to be short-changed in the M&A process even though I.T. is at the heart of synergy exploitation
- There were legitimate fears in the past about system consolidation / harmonization
- Multiple disparate SAP systems hinders true digital transformation
- It can all be automated to reduce time, cost, and risk
- Fujitsu & SNP has done it ... multiple times ... successfully

Thank you! Any Questions?

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Thank you

