



M&A Analytics

**Breakthrough
insights,
better deals**

Accenture Strategy



About the authors



Matthew McClelland

Managing Director,
Accenture Strategy

Matt partners with clients to develop strategic acquisitions plans, build digital capabilities and drive sustainable growth. He has led transformational, diligence and integration projects for domestic and international clients across the products, retail, and life sciences industries. Matt is based in Chicago.



J. Neely

Managing Director,
Accenture Strategy,
Mergers & Acquisitions Lead

J. is managing director for Mergers & Acquisitions (M&A) within Accenture Strategy. His role focuses on working with leading clients on global M&A transformation deals to address the critical issues facing their businesses. Over the past decade, he has been a prolific author and thought leader on M&A and industry-related topics. J. is based in Cleveland.



Olga Nissen

Managing Director,
Accenture Strategy

Olga leads the Accenture Strategy IT M&A practice in Europe. Working with some of the world's largest companies, she advises business leaders across multiple industries on mergers and acquisitions, digital transformation, data analytics, and large-scale operating model transformations. Olga is based in Copenhagen.



Stewart Levine

Principal Director,
Accenture Strategy

Stew works with large corporations and governments in North America and Europe in IT Strategy. He has extensive experience helping companies through substantial changes from mergers and acquisition and outsourcing. Stew is based in Dallas.

Digital technologies like Artificial Intelligence (AI) and data analytics are transforming the merger and acquisition (M&A) deal cycle. So much so, that traditional M&A—typically involving an army of human analysts wielding spreadsheets and crunching data—is starting to look like choosing a propeller plane when a jet is available.

Simply stated: Better insights drive superior value, faster. These breakthrough insights are what AI and data analytics can bring to deal teams.

Many companies hesitate to fully utilize advanced analytics to better their deals. This cautious stance is due to a traditional M&A mindset, one that embraces the “proven” playbook. While that mindset has served M&A executives well over time, new technology and new types of deals mean it is time to advance it. Companies need to embrace an analytics culture in M&A before they become outpaced—and outmaneuvered—by the competition.

M&A innovation means using technologies that are—well—new and innovative. They don’t come with a 10-year track record because they are being developed rapidly and in real time. While adopting such technologies may appear risky at first sight, our experience with M&A clients shows advanced analytics can bring hundreds of millions in value.

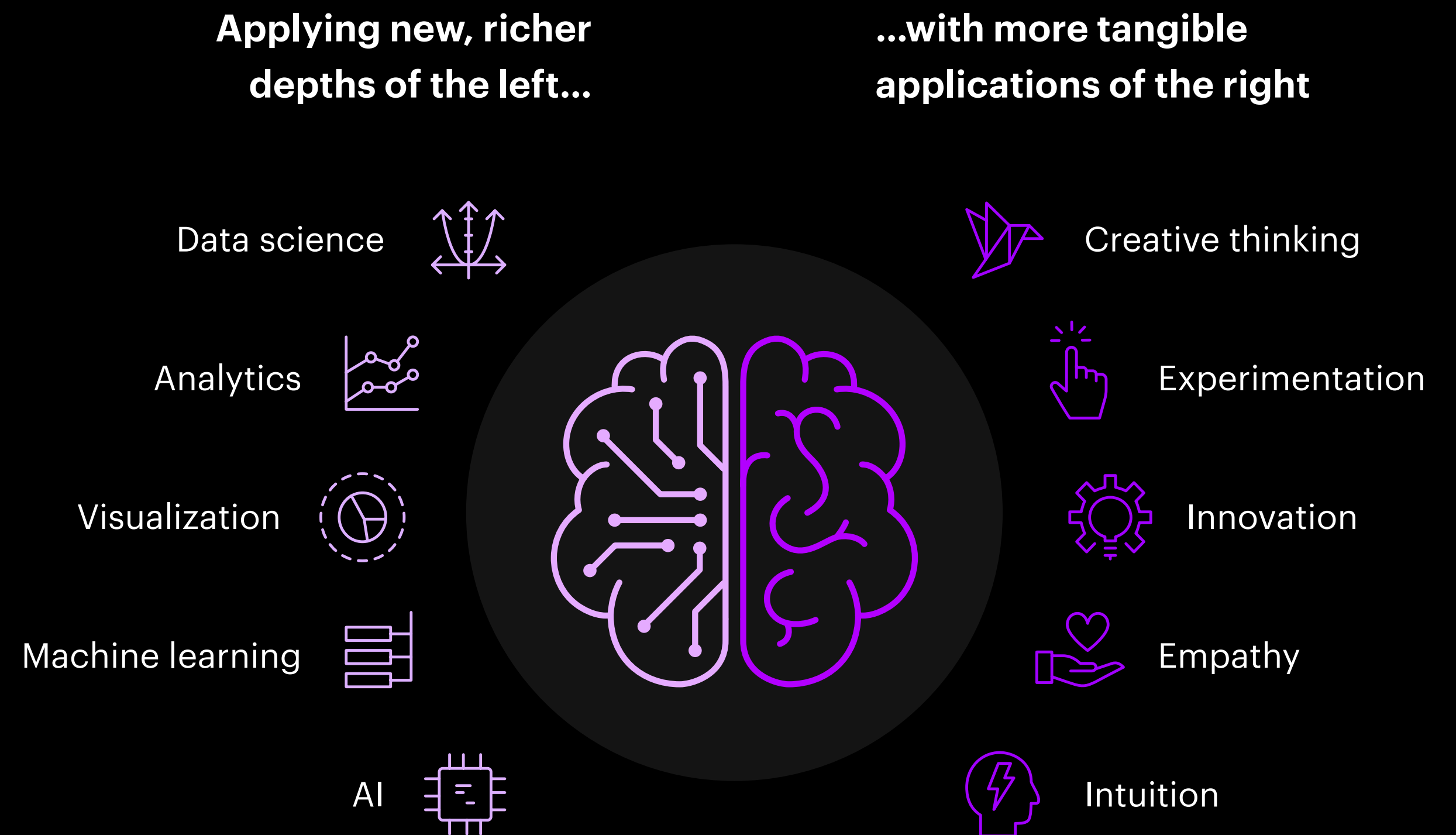
Digital analytics is a tool fit for our time, as M&A becomes a more frequent, regular part of companies’ business agenda. A robust M&A function is fast becoming a norm for leaders, with AI and analytics as rocket fuel for speed and new capabilities.

A whole-brain approach for better M&A

Companies that adopt a whole-brain approach to leadership realize, on average, 22% higher revenue growth and 34% higher profitability growth.¹ What if machines could take on much of the left-brain heavy lifting in M&A, freeing time for humans to leverage right-brain capabilities to for example synthesize different analyses and viewpoints?

Go left and right: Combining a data-led approach with human-centric design brings better balance—and faster, more targeted M&A.

Figure 1: Leveraging a whole-brain approach contributes to M&A success.



The M&A landscape is changing. More companies are executing programmatic M&A, with deals on a more continuous—and rapid—basis. Companies are constantly on the lookout for targets to enhance their capabilities. And as deal types continue to diversify—across industries, in adjacent businesses—M&A approaches need to change to accommodate the shift.

Not only do analytics bring greater speed, they also increase accuracy and free humans to do what they do best while AI handles the rest. Companies that utilize advanced analytics to their fullest to improve their M&A function are reaping a form of competitive agility many companies have yet to master.

The new M&A requires a mindset shift in which company leaders [embrace the agile](#) and innovative, adding machine logic, speed and intelligence to the human version of all three. It creates a more whole-brained version of M&A, backing intuition with science. In doing so, C-suite leaders are creating a modern M&A capability, one that provides them the balance to cross the M&A tightrope with both speed and certainty.

Greater agility: Day-to-day insights on opportunities

Advances in computing power and increased technological sophistication mean M&A teams can do what they couldn't just several years ago.





50–60%

time saved when identifying targets and shortlisting potential candidates using AI and data analytics compared to traditional methods.

Time-intensive, pre-deal target scoping and value analysis used to be done on an as-needed basis. Companies screened a pool of potential candidates at a specific time with a specific intention.

Now, with greater, more sophisticated computer power available at a lower cost, leadership teams can set screen parameters for acquiring specific capabilities in an ‘always-on’ mode. Machine learning means AI can dynamically adjust those parameters based on market conditions as well as what competitors are doing.

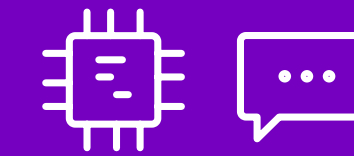
It is no surprise, then, that eight out of 10 executives Accenture Strategy surveyed agree their business would benefit from digitizing the target screening process.²

Many potential targets are smaller, private and harder to identify using traditional techniques. With robust, consolidated data sets, integrated analytics stacks that are easier to understand, and machine learning tools, companies can identify and analyze potential targets in a significantly shortened timeframe and at lower cost. Automated target screening tools allow web interfaces to quickly develop customized search criteria. Analyst teams can identify thousands of targets, shortlisting using weighted criteria and Natural Language Processing (NLP), to reduce time spent from traditional methods by 50 to 60%.³

Additionally, targeted AI-powered apps allow M&A teams to rapidly ingest and normalize large data sets, with the processing power to rapidly evaluate multiple potential scenarios.

Armed with this information, C-suite leaders and their teams can identify more sources of value from the transactions they execute, while predicting more accurately the value to be attained.

In just two months, M&A executives at a consumer goods company were able to model a consolidated IT organization for two merging companies, identifying an additional 16% in savings with a spans and layers analysis. The new company beat its target to free up 40% of headcount due to smart use of analytics. Leadership visualized both organizations in a “clean room” environment prior to deal close, verifying headcount synergies. This allowed them to hit the ground running on Day One.




AI and social media analytics: A dynamic duo

Analytics tools allow M&A professionals to create target lists in entirely new ways. Only with AI is it feasible for M&A teams to identify clusters of companies with specific skillsets. For example, searching social media sites allows deal teams to laser-focus on companies that employ professionals with a specific, hard-to-find skill base. What would take an army of human analysts many weeks to uncover, AI can accomplish at speed—and with far greater accuracy.



More certainty: Analytics as x-ray vision

If there was a mantra for digital infusion into M&A today, it would be: Stop assuming, start modeling.



In today's environment, as deals get more complex, calculating value with accuracy requires more data to evaluate, more integration options to test, more sources of value to factor in and weigh against each other.

Analytics is already helping leadership teams better determine the value of a deal by broadening the number of factors that can be screened. This larger picture means deal teams can create a more accurate model when deciding whether to proceed with any one target.

When a deal does move ahead, digital tools now allow companies to download their HR databases into a confidential, clean environment to [design the new organization](#) and remap talent, factoring in titles, levels, salaries, skills and more.

Rather than struggling with hundreds of spreadsheets, leaders can see synergies and savings holistically and almost instantaneously. In addition, they can analyze roles to determine which can be automated using AI and analytics tools. This allows leaders to redeploy their workforce to more strategic activities, leaving transactional duties to automation.

Analytics can play an equally important role in shaving costs. For example, Accenture Strategy recently helped a client identify over US\$1 billion in synergies from third-party spending using natural-language recognition software to rapidly analyze contracts, and advanced analytics to consolidate category spend. It is not uncommon for companies to take analytics for certain spend categories down from eight to 12 labor-days using humans only, to two to three minutes using AI.⁴

Scaling that across dozens or hundreds of spend categories frees up massive amounts of a company's M&A labor pool manpower and accelerates how quickly results hit the bottom line.

Accenture Strategy helped a large high-tech manufacturer identify 75% of target procurement savings during a very tight pre-close period of one of its deals. Because it had this information in hand early, the company was able to start renegotiation with its highest-spend suppliers near close. Only 90 days post-close, it had achieved its target spend synergies.



More speed post-close: A bullet train from Day One

Companies want to hit the ground running from deal close on, versus drawn-out integrations. However, complex system integrations are the bane of M&A.



New techniques like digital decoupling of applications and data allow companies to take the systems integration challenge off the critical path to unified data and achieving synergies.⁵

While there are many paths to speeding M&A synergy, we have seen good results from [cloud-based platforms](#). It brings together data, an analytics engine and visualization capabilities—and can help their deal process in multiple ways.

For example, using data lakes as the repository of information from both parties in a deal, M&A teams can now draw insights from combined data and take actions from those insights and analysis while it remains in two separate company systems without disrupting those systems. It is data harmonization versus app consolidation, taking ERP off the critical path to unified information, insights and synergy.

Leveraging a suite of analytics techniques, we have seen companies design new combined organizations in up to one-half of the time it used to take.

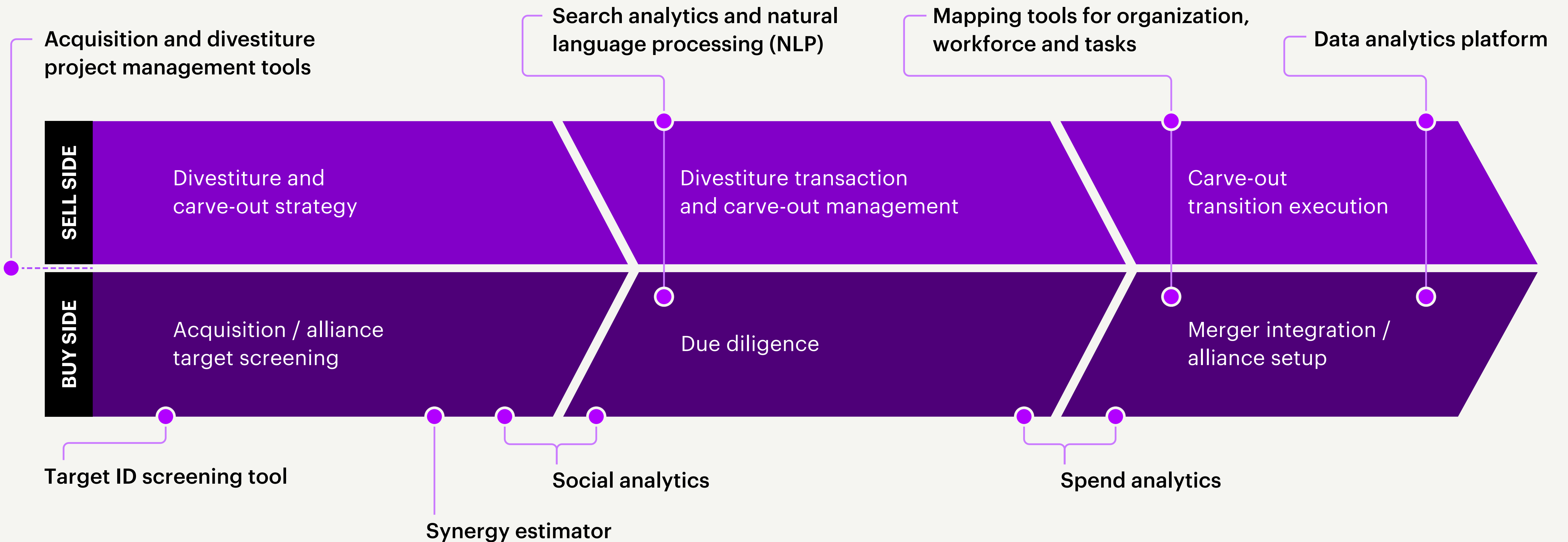
From designing roles and who will fill them, to what gets automated, to analyzing terabytes of unstructured data for contract terms around costing or change of control provisions, analytics can achieve in minutes what used to take weeks or months.

For example, we recently helped a large life sciences company with a divestiture. The company's systems were filled with intellectual property (IP), and the team needed to identify which pieces belonged

with the divestiture and which the larger company needed to retain. What used to take months—executing searches over large volumes of unstructured content—took just six days using AI.

In short, any merger or acquisition is disruptive to business. Analytics tools allow your company to get to the desired target state faster and with less risk, which means getting back to the business of your business faster.

Figure 2: Advanced analytics brings big wins throughout the M&A lifecycle.



A man with a beard and blue shirt is looking at a futuristic digital interface. The interface displays various data visualizations, including a bar chart, a line graph, and a map. The background is dark with bokeh light effects.

What future leaders are doing now

Leaders oriented toward growth are already outmaneuvering other acquirers using advanced analytics.

Here's what leaders are focused on as they embrace an analytics culture in their M&A:

01

Adopting a more experimental mindset

Leaders move away from using only the tried and true, to modify their existing M&A playbook into something more experimental and bespoke for specific situations. Rather than a decision aid that is force fitted into the traditional deal cycle, analytics is incorporated into the heart of everything they do, from due diligence and identifying innovative sources of value in deals, to managing integration performance.

02

Creating capabilities that match the right tools with the right talent

With all the new possibilities analytics bring—from advanced visualizations to integrated data lakes—the profile of your ideal M&A candidate is changing as well. Leaders are staffing with professionals that have the right skillset and mindset to both work with and help develop the latest digital M&A tools. This core group with the right analytics capabilities and culture can also help ensure the company uses the right temporary talent as mega-deals take place.

03

Embracing traditional and nontraditional data sources

Leaders are leveraging new data management capabilities to identify acquisition candidates, synergy opportunities and risks. Using new pools of information, like social media and third-party data sources, they are provided a more complete picture for decision-making.

04

Designing the M&A function with analytics at the core

Many companies treat analytics as a decision aid versus a core capability. Leaders won't try to throw data analytics into a traditional deal cycle. Instead, they design a modern M&A function around the new vistas analytics open up.

As value pools move out of industries and into ecosystems that cross industries, the winners will be those who access value faster and with more accuracy.

Investing not only in advanced analytics tools, but also in the talent well-versed in using those tools to your company's best M&A advantage, helps your company build its M&A muscle. It is as close to peace of mind as you can get in the unpredictable world of M&A. As you move across the deal tightrope, it is nice to know analytics can be the long pole to help maintain balance.

We are helping companies—today—use better data insights for better deals.



Contact the authors to explore how you can leverage analytics in your upcoming acquisitions.

Get in touch

References

- 1 Accenture Strategy, [Striking balance with whole-brain leadership](#), 2019.
- 2 Accenture Strategy, [M&A: From art to science](#), 2019.
- 3 Accenture Strategy client experience, 2021.
- 4 Ibid.
- 5 Accenture Strategy, [Digitizing mergers & acquisitions](#), 2021.

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Accenture Strategy works with boards, CEOs, and C-suite executives to create 360° value for all stakeholders by defining and answering their most strategic business questions—including growth, profitability, technology-driven transformation, mergers and acquisitions (M&A), operating models and sustainability—with insights from AI and data science, combined with deep industry and function expertise.

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