



AGSI Strategic Acquisition Framework Increases ROI and Drives Process Improvement

Executive Summary

An AGSI client engaged in over 40 acquisitions in the past year and needed to improve its strategic acquisition integration processes in order to increase its acquisition ROI and reduce operational costs.

The AGSI Strategic Acquisition Framework provided the client with a repeatable model and supporting processes to improve ROI and give the company greater visibility into the true cost of an acquisition.

Acquisitions and integration became more manageable and predictable.

The cost of post-integration decreased by 50% and the timeline for integration was reduced by 18 months compared to previous acquisitions.

CHALLENGES

A multi-billion dollar, global organization engaged in over 40 acquisitions in past 12 months. Though the company was growing, *less than 25%* of the acquisitions achieved the targeted ROI.

Despite the frequency of the mergers and acquisitions activity, the organization did not have a repeatable model with supporting processes in place that would allow the company to assess the risks and understand the true total cost of an acquisition prior to closing the deal.

By not having a process in place to uncover hidden costs or issues that could impact the return on the acquisition or how long it would take to integrate, the company had incurred

millions of dollars in "surprise" costs and fees, post close. In some cases, the integration of an acquisition took significantly longer than anticipated, making it even more costly to the organization.

In addition to the Due Diligence issues, the company faced several operational issues, post close. Employees did not have clear direction on processes and handoffs within the organization, during an integration. This resulted in frustration and higher than normal employee turnover. Problems also manifested themselves in the customer service organization. Customers complained with increasing frequency about the difficulty in dealing with the organization to get their issues resolved. It was critical for customer service quality to remain high throughout the integration. This would only be possible if employees were informed and clearly defined processes for issue resolution and handoffs were in place to eliminate confusion and frustration—both for employees and for customers.

SOLUTION

AGSI's Strategic Acquisition Framework incorporated aspects of best practices, including CMMI, ITIL and MBNQA. The Framework gave management the visibility into risks and potential costs, as well as a more accurate timeline to better assess the impact of an acquisition from an operational and financial perspective. The Strategic Acquisition Process Model identified key requirements and included a method to identify and estimate post close costs for integration.

The client is able to make an informed decision that impacts negotiations, or may lead to walking away from a deal. The Framework outlines a coordinated effort from the "Letter of Intent" to the successful integration. This allows the client to be more efficient during the Due Diligence process, decreasing the cycle time for the integration and improving overall productivity.

In addition, all processes were defined with supporting templates, reducing cycle time for gathering information, increasing the quality of the decisionmaking and improving the overall ROI for the acquisition. By clarifying the processes, employees were provided with clear direction and management had a defined roadmap and more accurate timeline for integrating the operations.

RESULTS

The AGSI Strategic Acquisition Framework provided the client with the ability to address key operational and Due Diligence issues, particularly risk assessment and organizational processes around the integration of a new acquisition. As a result of using this approach, the client's customer care organization was better able to maintain customer service levels during an integration. Operationally, the client saw significant benefits, including a **50% decrease in the cost of post integration** and a **reduction in the timeline for integration of 18 months** over previous acquisitions.

AGSI's Strategic Acquisition Framework was adopted by the client's senior management as the standard going forward for all future acquisitions.