

The art of deal management

New Intralinks research reveals the challenges corporate development professionals face when managing a portfolio of strategic transactions. Intralinks talks through how the deal management process can be improved.

Executive Summary

Managing multiple deal opportunities is an information-intensive, challenging process, yet many corporate development professionals still rely on manual procedures and traditional tools such as multiple spreadsheets, email, and shared drives. Not only is the process cumbersome and inefficient, it can also introduce a high degree of data security risk.

To understand the challenges corporate development professionals face managing M&A activity, as well as the requirements to make the process more efficient and secure, Intralinks conducted a survey in early 2015. Over 100 global corporate development executives responded. Highlights of the survey findings include:

- Corporate development professionals need to manage large, complex deal portfolios**
 Seventy percent of the dealmakers polled have seen up to 50 transactions in the past 12 months, and while the rate of successful closure varies between companies, this statistic speaks to the volume of deals that they're evaluating and executing.
- Information management is complex and inefficient**
 Corporate development professionals struggle to manage the information-intensive deal process. Over 70 percent of respondents use multiple Microsoft Excel® spreadsheets to manage deal data. Over half of respondents report the chief reason deal management processes are falling short is that data is housed in disparate places.
- Deal data is often insecure and vulnerable to loss**
 Contributing to the overall dealmaking process problem is data security vulnerability. Seventy-six percent of dealmakers admit that they have concerns about the way deal information is stored and shared within their organization.
- Deals are being lost due to weak security and poor management processes**
 Nine percent of respondents confess that deals have actually fallen through because data has been lost, stolen, or leaked at their organization. Even missing a single deal can equate to millions of dollars in lost opportunity.

Considering the above, corporate development professionals need a secure system of record to manage the deal pipeline, the due diligence process, and other pre-and post-merger activities. This will improve corporate development teams' capacity and ability to evaluate and expedite deals more efficiently by giving them a centralized place to safely access their pipeline and share documents and deal information - anywhere, at any time.

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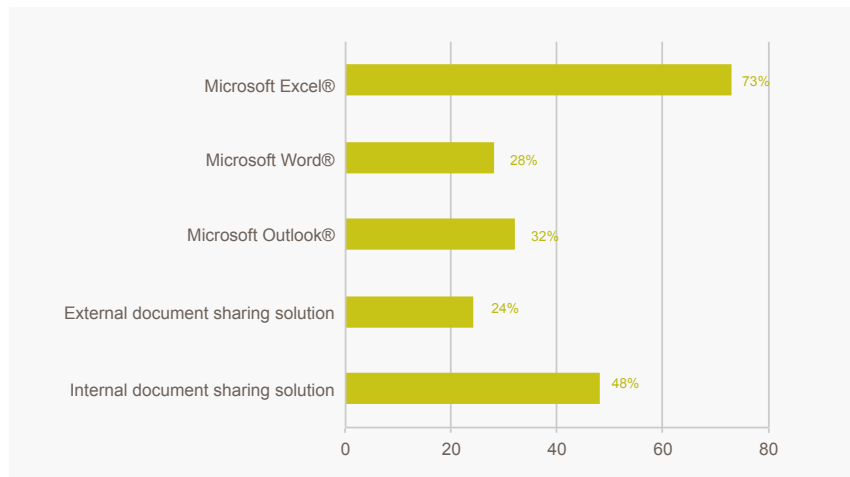
Survey Findings

Intralinks' survey of over 100 corporate development professionals underlines the issues professionals face in managing a portfolio of M&A opportunities, and suggests how the deal management process can be streamlined and improved.

How do corporate development professionals currently manage their portfolio of deals?

Corporate development professionals need to manage multiple deals, each at different points in their maturity, all requiring careful data management. Seventy percent of respondents to our survey have seen up to 50 deals in the past 12 months. They manage all this data across multiple systems, with little ability to get a complete view of the whole portfolio.

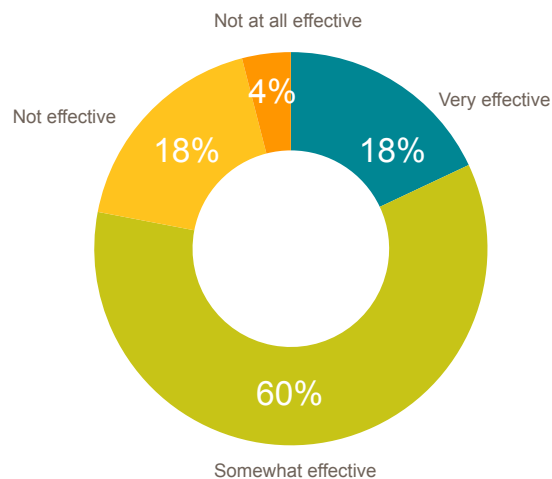
What systems do you use to manage information related to M&A activity?



How effective is the current deal management process?

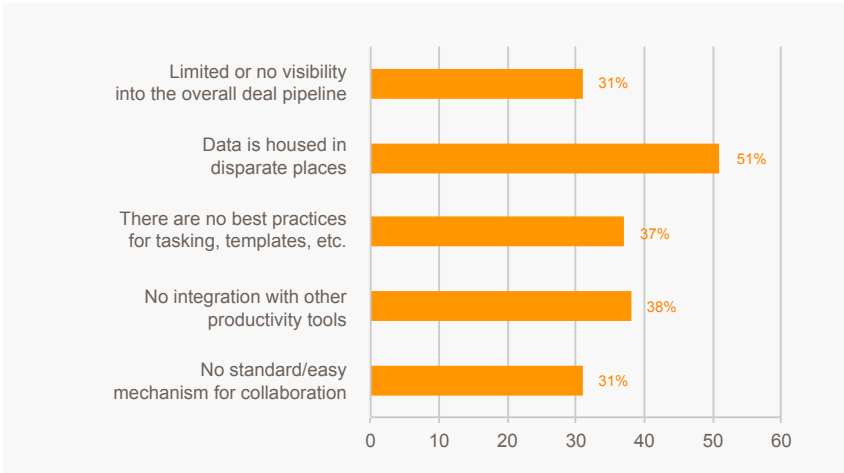
Unsurprisingly, less than 18 percent of respondents report their current deal management process is "very effective." Major issues include data being housed across multiple systems, no best practices for tasking and process management, and no integration with other productivity tools.

How effective is your current deal management process?





**In what areas do you feel your deal management processes fall short?
(multiple responses allowed)**

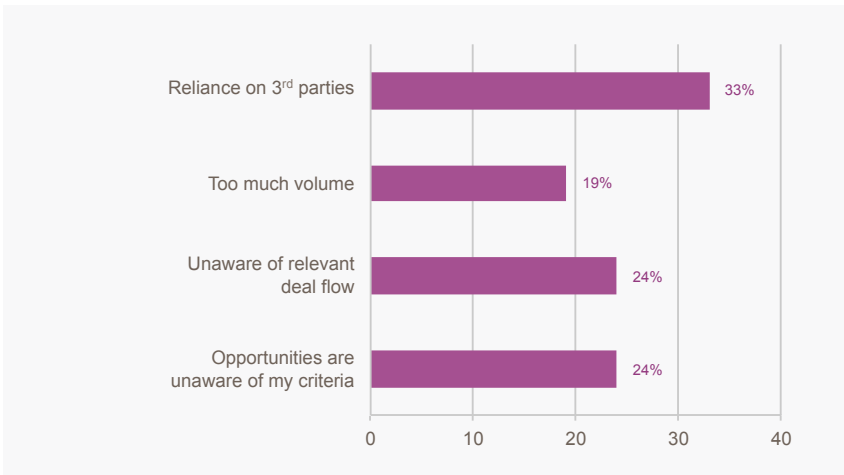


What are the major challenges in managing and executing on deal opportunities?

Corporate development professionals struggle to align deal flow with corporate strategy, provide a consistent and consolidated view of deal metrics and progress, and keep senior leadership adequately apprised of the deal pipeline. In addition, managing the progression of a deal can be difficult: forty percent of respondents struggle to assign and track action items on deals, while 30 percent feel they waste time reporting on the due diligence process.

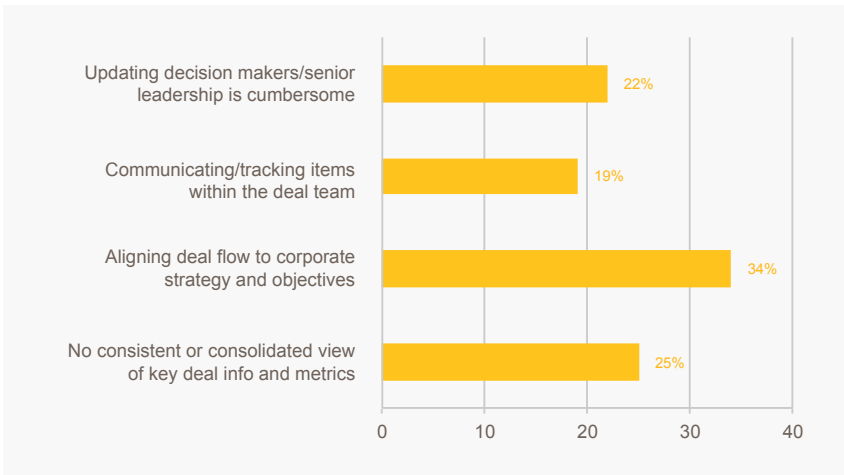
Corporate development professionals need ways to secure the document management process and easily create reports on deal progress.

What are the biggest challenges when trying to find more qualified deals?

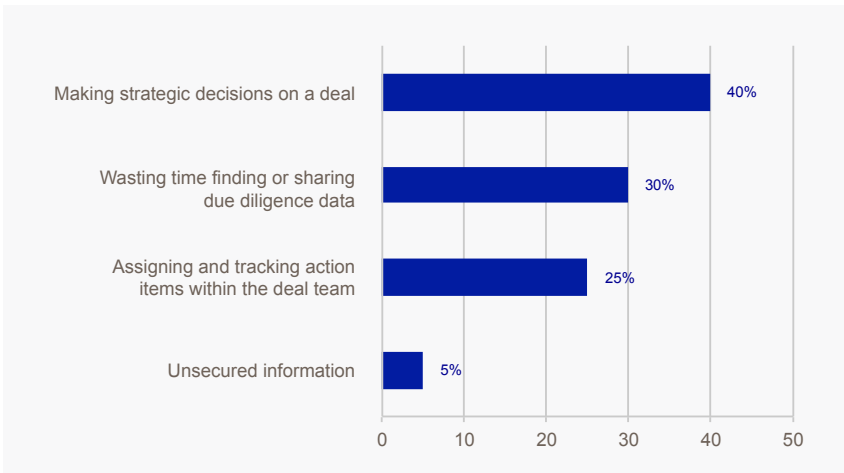




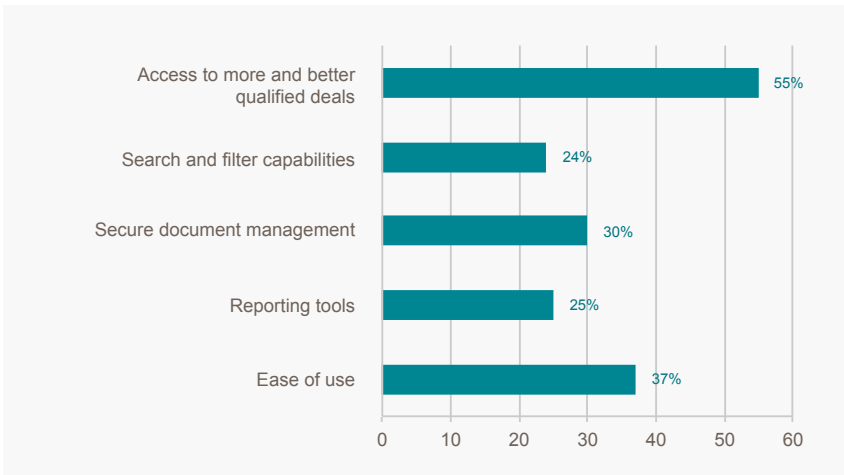
What are the biggest challenges managing your deal pipeline?



What is the hardest part of controlling the deal process?



What is the most important capability for a deal management solution? (multiple responses allowed):

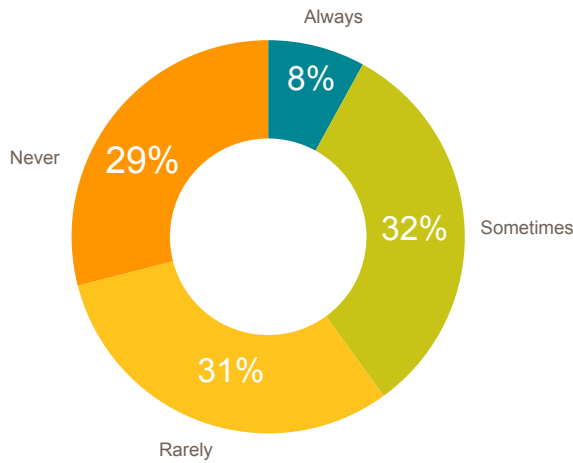


Is regulated data safe under current systems?

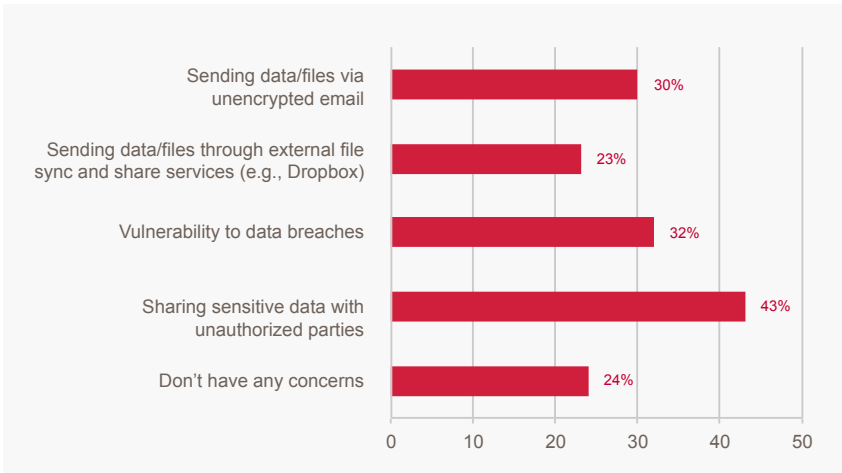
Security is a major issue. Over 70 percent of respondents share regulated data at some time during the deal process, with a third expressing a lack of confidence in how data is secured. Of the highest concern is sharing sensitive data with unauthorized parties, vulnerability to data breaches, and using unencrypted email to share information. Easily the greatest concern about data leaks is accidental data loss, rather than deliberate theft.

Astonishingly, nine percent of corporate development professionals in our survey say they have personal experience of losing a deal because of data loss or theft. Even missing a single deal can equate to millions of dollars in lost opportunity.

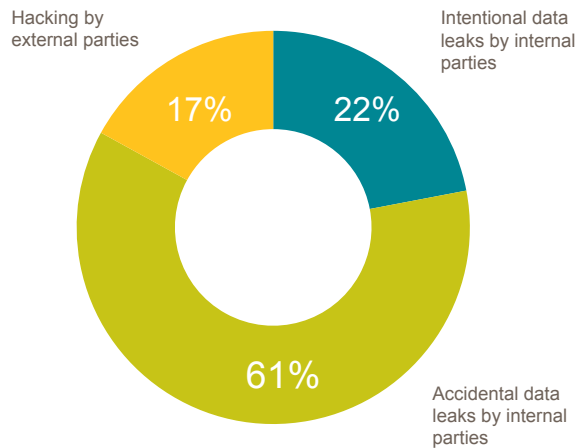
Do you share regulated information about upcoming deals with parties outside your organization?



What fears/concerns do you have about the way deal information is stored and shared within your organization? (multiple responses allowed)



Which do you see as the greatest security risk?



Recommendations

We recommend that corporate development professionals take a portfolio perspective on their M&A work. Recent research that Intralinks conducted in association with the Mergers and Acquisitions Research Centre at Cass Business School, City University London, shows that companies with a strategic M&A portfolio management program deliver significantly higher total shareholder returns over time. Based on the results of this research, medium-aged and mature companies deliver superior total shareholder returns with a balanced M&A program that includes at least one acquisition per year and one to two divestments every three years. Young companies, however, only outperform the market with a much higher frequency of acquisitions and no divestments.

In addition, this research report suggests corporate development teams should consider a solution that supports the following:

- Structured and improved control over the M&A process
- Accelerating the deal process by providing easy and secure access to key documents
- Greater productivity and visibility with a single, central repository for all deal data
- Secure collaboration and file-sharing capabilities, supporting deal team members both inside and outside the organization
- Risk reduction and compliance by maintaining a standing archive of high-risk content such as electronic communications, data integrity, and collaboration activities
- Enhanced transparency and insight into the deal pipeline
- Quick report generation on deal progress and activity

Conclusion

Corporate dealmakers struggle to efficiently manage the deal process, have concerns that they are missing deal opportunities, and believe they are failing to properly report on deal progress. They are especially concerned about regulatory requirements and information security.



Dealmakers want a solution that provides them with a portfolio perspective on their M&A activity and is a unified repository for all deal-related data. They need a solution that will help with reporting and will ensure lifetime control over deal data, providing granular security controls over how information is shared and distributed. Such a solution would increase productivity and efficiency while reducing risks of data loss or theft.

Methodology

In January 2015, Intralinks conducted an online survey of global corporate development professionals. The survey had 105 respondents who all held responsibility for their company's M&A activity and actively managed strategic transactions.

About Intralinks Dealmanager

Intralinks Dealmanager makes dealmaking more efficient – giving you back time and resources, and making your workday a bit easier. Intralinks Dealmanager is a new application built specifically for corporate development teams that unifies all the aspects of the M&A deal – providing you and your team a secure, transparent, and central point of access to all facets of your deal, complete with a record of the entire process. For more information about Intralinks Dealmanager, visit www.intralinks.com/dealmanager.