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The digital workplace:

Using a distinctive, digitally enabled employee experience to drive value in mergers, acquisitions, and divestitures

ConnectMe™

Introduction

Merger and acquisition (M&A) and divestiture activity has been exceptionally strong the last several years—setting a record in 2015 with more than \$5 trillion in deals struck¹ and \$3.2 trillion in deals in 2016.² This activity has been driven by a variety of factors, with many companies looking for opportunities to grow revenue, benefit from scale, access new markets and distribution channels, and accelerate their pivot to digital. While the opportunities are abundant, achieving value through the M&A life cycle remains a challenge.

Nearly six in 10 respondents from Deloitte’s Global Human Capital Trends 2014 report said their organizations are “weak” when it comes to helping employees manage information flow.³ This “information overload” only increases in an M&A environment. In Deloitte’s integration Report 2015, we found that organizations highly value employee communications and change management, ranking those as two of the top three areas, in aggregate, that they would focus on more in their next M&A deal to drive value.⁴

A significant driver of value is an engaged and productive workforce. Providing an integrated employee experience is a top 10 Deloitte 2017 Global Human Capital Trend for a reason: organizations are recognizing that an integrated employee experience is as valuable and can have as much (or more) of an impact as a customer experience strategy.⁵

This is where a digital workplace can make a big difference. Companies can create a distinctive employee experience for the acquired employees, keeping them engaged and focused on delivering business outcomes, while also focusing on aligning cultures and on-boarding employees into the buyer. During an M&A transaction, it’s typical for the buyer and acquired employee populations to interact through a variety of disconnected platforms or manual workarounds, a recipe for confusion and disruption to leaders and employees on both sides of the deal.

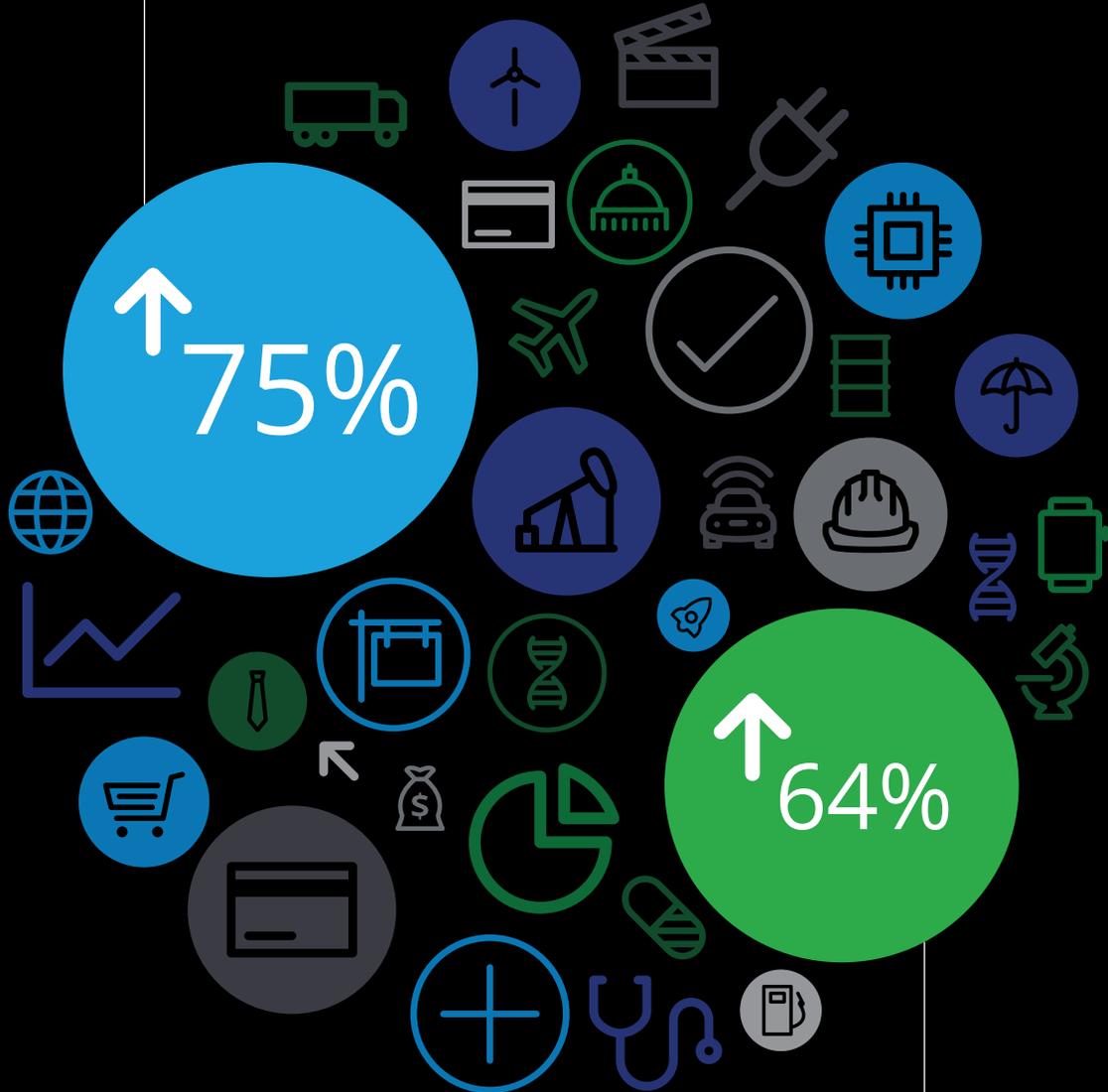
In Deloitte’s experience supporting M&A transactions, fostering a digital workplace—using social, mobile, analytics, and cloud technologies to support traditional workplace functions—can help transform the employee experience. Organizations that strive to “be digital” can help leaders and employees remain productive and focused on delivering value to the company by reducing overall disruption.

Let’s look at the impact an M&A deal can have on a variety of employee activities and how a digital workplace can help.

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Deal activity

Seventy-five percent of all respondents expect deal activity to increase.



Deal size

Sixty-four percent of corporate survey respondents expect deal size to also increase.

Communication and engagement

Deloitte research indicates that information overload and the always-connected work environment are overwhelming employees.⁶ This is even more prevalent during a transaction, as employees need to be informed of many cross-functional changes and take action on specific items.

In addition, communications often aren't coordinated well across functional work streams (e.g., HR, IT, finance, legal). This can lead to fragmented messages, with employees more likely to receive messages that don't apply to them.

Digital tools can make it easier and more efficient to communicate—ensuring that communications are timely and targeted—thus improving the employee experience.

- Communications can be tailored to specific employees—and employee populations—based on content, timing, and need. This can be made easier through micro-segmentation using personas and other HR data for each employee.
- Employees can receive communications via preferred delivery mechanisms with fewer duplicate messages. Analytics makes it possible to identify the number of people who have read a communication, allowing organizations to determine if additional communications are needed and, if so, the best way to deliver the message (e.g., face to face, town halls, electronic).
- Employees can pull up relevant content on their own, when they need it, using digital search functions. This eliminates the need to sift through large inboxes and sort through duplicate or overlapping messages.



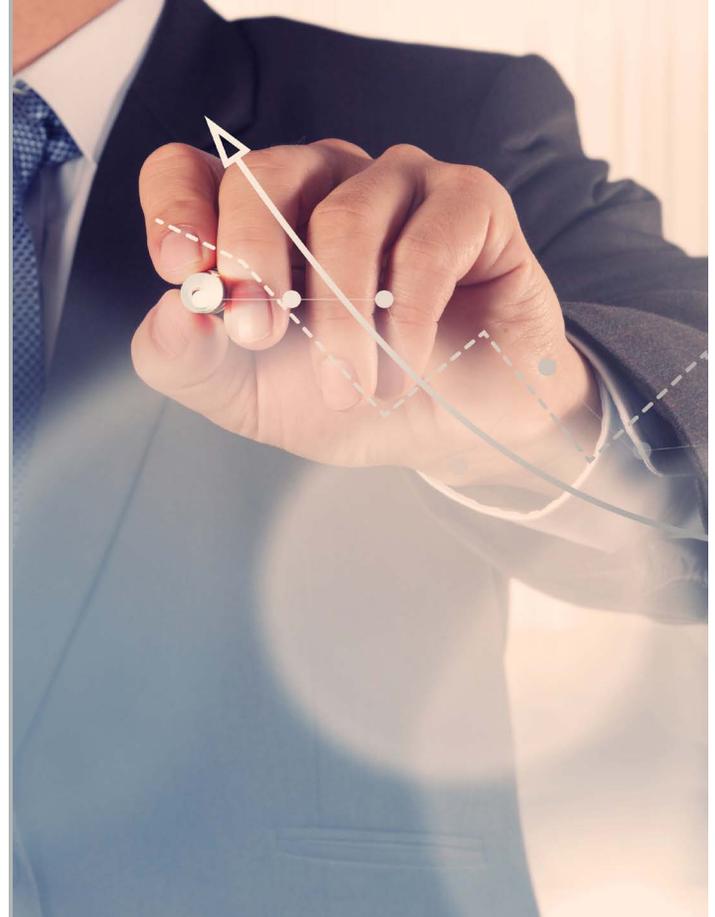
Transactional tasks

Organizations going through an M&A transaction typically have a sizable number of activities that need to be completed by employees. These activities may vary by employee type and by location, which can quickly become overwhelming.

This often requires organizations to take a manual and extremely labor-and time-intensive approach to reconcile employees' status against activities completed across various spreadsheets owned and maintained by each function.

Fortunately, digital tools offer much simpler ways to do this, providing organizations with immediate impact—critical during a transaction. Among the potential benefits:

- Employees better understand what's required of them and when. Organizations can populate a list of required activities, aligned with employee type and specific date ranges. These activities will dynamically appear to employees only when required and during the window when the activities should be completed.
- Employees can electronically submit necessary paperwork. This type of submission can prevent organizations from having to organize transition events and rely on employees to provide required documentation during a static time frame.
- Organizations can track real-time status on employee progress against completing required tasks through dynamic reports.



Reporting and analytics

A key component of driving an improved employee experience during an M&A is the ability to report on and analyze employee interactions. Digital reporting can assess the number of people who have read or searched for information related to a particular topic and track the percentage completed against an activity or a to-do list.

In addition, organizations can use real-time analytics to facilitate real-time adjustments of the communication and engagement strategy with employees. This can lead to an overall decrease in the mediums and messages employees must sort through to receive necessary information.



Where to start

M&A isn't slowing down. The ever-changing economic, regulatory, and external business environment may change the drivers behind transactions, but improving value from each transaction will only continue to increase in importance.



The good news? A number of innovative technologies in the marketplace can enable a digital workplace to ease the transition during a transaction and enhance the employee experience. Deloitte brings a perspective on those tools and solutions based on collaborations with many organizations—pre-, during, and post-M&A activity.

Additionally, Deloitte's own ConnectMe™ creates a digital workplace that helps transform the employee experience for companies going through organizational change. ConnectMe can create a personalized experience for employees going through an M&A, for both buyer and acquired employees, by layering on top of existing technology and providing one effective platform through which all employees can interact, which delivers an unmet need to the market.

As we noted earlier, organizations are recognizing that an integrated employee experience is as valuable and can have as much (or more) of an impact as a customer experience strategy. Just as you would strive to make an M&A seamless and beneficial for your customers, digital technologies can help you do the same for employees—and, ultimately, for the organization as a whole.

Endnotes

¹ Dealogic data shows 2015 M&A volume surpasses \$5 trillion. <http://www.prnewswire.com/news-releases/dealogic-data-shows-2015-ma-volume-surpasses-5-trillion-300197391.html>.

² Deloitte M&A Index 2017: Dealing with the future. <https://www2.deloitte.com/uk/en/pages/financial-advisory/articles/deloitte-m-and-a-index.html>.

³ Global Human Capital Trends 2014: The overwhelmed employee—Simplify the work environment, Deloitte University Press, 2014. <https://dupress.deloitte.com/dup-us-en/focus/human-capital-trends/2014/hc-trends-2014-overwhelmed-employee.html#endnote-sup-3>

⁴ Deloitte Integration Report 2015: Putting the pieces together. <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/mergers-acquisitions/us-ma-integration-report-030415.PDF>.

⁵ 2017 Global Human Capital Trends: Rewriting the rules for the digital age, Deloitte University Press, 2017. <https://www2.deloitte.com/us/en/pages/human-capital/articles/introduction-human-capital-trends.html>.

⁶ Global Human Capital Trends 2014: The overwhelmed employee—Simplify the work environment, Deloitte University Press, 2014. <https://dupress.deloitte.com/dup-us-en/focus/human-capital-trends/2014/hc-trends-2014-overwhelmed-employee.html#endnote-sup-3>.

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