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Untangling a worldwide web

eBay and PayPal were deeply integrated; separating them required a global effort

It was a match made in e-heaven. In 2002, more than 70 percent of sellers on eBay, the e-commerce giant, accepted PayPal, the e-payment system of choice. So, for eBay, the US\$1.5 billion acquisition of PayPal made perfect sense. Not only could the online retailer collect a commission on every item sold, but it also could earn a fee from each PayPal transaction.

Over time, however, new competitors emerged and new opportunities presented themselves, leading eBay management to realize that divesting PayPal would allow both companies to capitalize on their respective growth opportunities in the rapidly changing global commerce and payments landscape. So, in September 2014, eBay's board of directors approved a plan to separate eBay and PayPal into independent, publicly traded companies.

Untangling the well-known global brands wouldn't be as easy as joining them had been 12 years earlier. Both had grown substantially and many of their processes, contracts, and technologies had become deeply intertwined. If that wasn't enough of a challenge, management wanted the split to be completed by the second half of 2015, an abbreviated window by industry standards. Requiring the skillset and resources needed for one of the largest, most complex divestitures ever, eBay turned to Deloitte in the US.

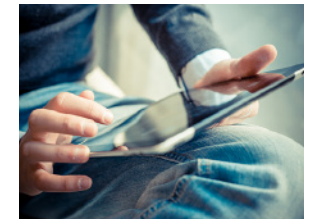
"Deloitte US has a strong relationship with eBay established over 14 years of working together on several engagements, which provided the confidence that we had the ability and global reach to deliver this project," says Deloitte US Lead Client Service Partner for eBay, Steve Fineberg. "We brought together a team from multiple member firms across Deloitte's Consulting, Advisory, and Audit businesses, and within nine months, successfully helped create two Fortune 350 companies."

During the engagement, more than 200 Deloitte professionals helped the client:

- Separate more than 10,000 contracts.
- Build a new cloud infrastructure to host 7,000 virtual servers and a new enterprise data warehouse, one of the largest in the world.
- Prepare more than 14,000 servers to support the split of more than 900 applications.
- Migrate more than 18,000 employee user profiles and 27,000 email accounts to the new PayPal environment.
- Relocate 4,500-plus employees from 47 offices.
- Launch a new corporate network for PayPal by integrating 13 hubs and 83 office locations.
- Secure all regulatory approvals required for legal separation.

From a market perspective, the past year has been a record breaker in the merger, acquisition, and divestiture arena. Cross-border deals are a major feature of this M&A wave, with new corridors emerging between Asia and Europe. In Deloitte US's [2016 M&A trends survey](#) of 2,300 executives, 87 percent expect deal activity to continue at the same pace or increase, and more than half of corporate respondents plan to pursue divestitures.

"This particular engagement was successful because of our ability to deliver the project as a coordinated network that collaborated to create innovative solutions that met the clients' needs," says Deloitte US Lead Client Service Partner for PayPal, Zachary Aron. "We had Deloitte professionals in the US, the UK, Australia, Germany, Mexico, India, and Singapore working to ensure that both eBay and PayPal were able to emerge just as strong as when they joined together."



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Zachary Aron, Partner, Deloitte US