

## The future of transactions



Global M&A transactions are naturally complex and even the most prepared buyer will need to work closely with the seller to solve local market specific complexities. Latin America represents a specially complex reality, as every country has very different regulatory entities and approval timelines; therefore, it is important to understand the drivers and pain points that will help accelerate the divestiture process through a proper definition of [Interim Operating Models](#).

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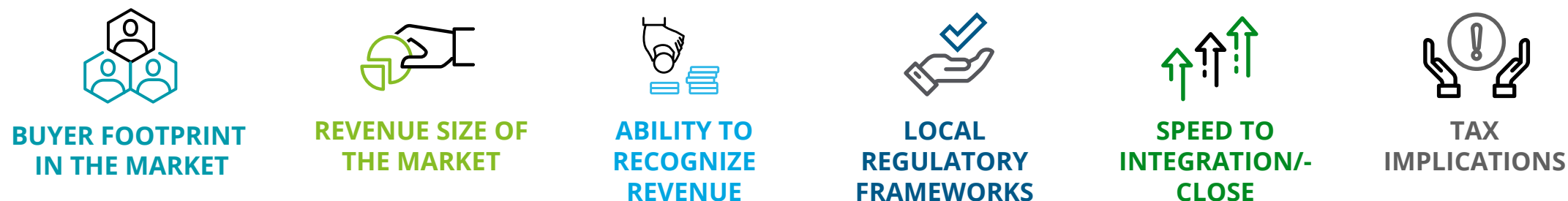
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## 5 MINUTES M&A Deloitte M&A LatAm INTERIM OPERATING MODELS

### Developing an Initial Hypotheses on Interim Operating Model Outcomes



Once the current state data is collected and the buyers footprint known a preliminary hypothesis can be developed

<b>1.- Full Transition</b>	Seller transfer the Legal Entity/Buyer has operations in the market
<b>2.- Agency Model</b>	Seller operates import / sales on behalf of the Buyer. Buyer recognizes revenue and holds inventory
<b>3.- Distribution Agreement</b>	Seller operates import / sales on behalf of the Buyer. Buyer recognizes revenue. Buyer does not have operations in the market
<b>4.- Net Economical Benefit</b>	Delayed close market and Buyer receives the economic benefit business but seller full operates. Buyer does not have operations or license in the market

### Typical Approach and Activities for Implementing Interim Operating Models

#### DEFINITION AND CURRENT STATE ASSESSMENT

Key Considerations and Recommendations

- Center discussions on a limited set of operating models
- Understand how each archetype can adapt to local scenarios
- Assess market-by-market understanding of factors, including regulatory, product flow, financials, tax, technology, people and buyer
- Identify long lead implementation items
- Strive for standardizing and limit the choice for both the buyer and local markets
- Be clear on Finance implications as early as possible
- Look for Finance and Tax definition to avoid misunderstanding

#### SELECTION & PHASING

Key Considerations and Recommendations

- Make sure to coordinate cross functional working sessions for operating model selection
- Include restructuring if needed as part of operating model assignment by market
- Analyze factors to determine the right model, including speed of integration, buyer footprint and regulatory frameworks
- Analyze Finance restrictions and customize financial flows focused on complex markets
- Develop hypothesis of implementation phasing
- Communicate clearly your hypothesis and changes to your stakeholders

#### IMPLEMENTATION, LEGAL DOCS & MARKET CUSTOMIZATION

Key Considerations and Recommendations

- Ensure that materiality levels, controls and audit requirements are identified
- Review alignment between buyer and seller month-end close timelines
- Understand buyer capability gaps in market, transition or fiduciary obligations
- Ensure seller support to enable access to critical data during transition period
- Avoid disruption to colleagues, ensure timely payments, and data flows for accurate financials
- Identify the process to manage transfer prices and transactions that were intercompany before Global Day 1

Buyer and Seller joint collaboration is key to success. All M&A transactions are different and planning ahead is key to accelerate execution. If we consider the added complexity of a remote environment, it is important to identify all the risks proactively. Now is the time to engage in new journeys and discover the new possibilities. Deloitte Mexico has collaborated with several local and regional companies, rediscovering and aligning their strategies and leveraging our Experience. If you would like to know more about how Deloitte can help you accelerate your transactions visit our website with specific and detailed content.