



## CLIENT SPOTLIGHT

# Creating the next tech industry icon

Dell, EMC, and Deloitte chart new territory in mergers and acquisitions

In 2015, disruption rippled through the technology industry, ushering in what would ultimately be dubbed the fourth industrial revolution. Cloud, big data, artificial intelligence, and machine learning forced many category leaders to redefine their paths forward, including software pioneer EMC.

Then-EMC President and Chief Operating Officer Howard Elias, who now serves as president, Dell Services, Digital and IT, remembers, “All participants in the industry were trying to find their role and ways of advantaging themselves. EMC sought long-term transformation in order to achieve greater scale and acquire new customer segments and markets.” Thinking similarly, Rory Read, Dell’s chief operating executive, who served as president of Worldwide Sales at the time, remembers, “Other companies were making themselves smaller, becoming insignificant. What we wanted to do was create a new kind of company that could lead the next decade or two in this space.”

It was this vision that guided Dell and EMC in its \$58 billion combination—the largest in the history of the tech industry. But the road to a seamless Day 1 launch and value-focused transformation was truly uncharted territory, as nothing of this scale had ever before been executed.

## Redefining the makings of a merger

Both Elias and Read were tapped as co-leads for this challenge and their immediate task was the formulation of what is traditionally known as the Integration Management Office. But in this merger, even monikers were up for an overhaul. Elias recalls, “It was about *value creation* for our customers, our team members, and for the company. And we named it that from the very first day—that’s how the Value Creation and Integration Office was born.” Focused on running the integration itself, the VCIO brought together leadership from across the two companies, and its first task was selecting a trusted adviser to help execute the combination.

Deloitte’s previous experience with mega-mergers certainly gave the team confidence, but it was actually the organization’s desire to look deeper that clearly differentiated Deloitte from other professional service advisers. “Deloitte knew this one had to be different. There was no playbook for this,” Read says. Elias echoes the sentiment stating, “From the beginning, Deloitte worked with Rory, me, and the

### + IMPACT

150 Deloitte team members from Strategy & Operations, Human Capital, Technology, Tax, and Risk and Financial Advisory helped to achieve a seamless Day 1.

### + IMPACT

Within 11 months, a single company with \$74 billion of combined revenue—serving 98% of Fortune 500 companies—was created. Dell Technologies’ combined revenue today is \$80.3 billion.<sup>1</sup>

### + IMPACT

140,000-plus employees across Dell, EMC, and their affiliates were onboarded to a common platform.

<sup>1</sup> Non-GAAP net revenue for the fiscal year ended Feb. 2, 2018.

VCIO to understand what we were trying to accomplish in order to help us shape the mechanisms and frameworks to achieve success.”

Once the official selection was in place, it was time to get to work.

## One goal. One team. One vision.

Deloitte’s first recommendation was to implement a value prioritization framework in order to help identify the most critical milestones that needed the attention of the VCIO. John Powers, principal, Deloitte Consulting LLP, remembers, “Every conversation started with ‘customer.’ How is it going to affect the end user? This mantra was executed across the entire engagement, right down to the status reports. And it ultimately helped build a common culture for the team to rally around.”

Through that customer-first lens, the team prioritized and executed 20 percent of the opportunities that presented 80 percent of the accretive value.

Lukas Hoebarth, principal, Deloitte Consulting LLP, recalls the next challenge surrounding dependencies between workstreams. “There are thousands of people across the world involved in a merger of this size. Individuals participating in each workstream will have an understanding of their own responsibilities, but may not realize how their activities impact others.” Hoebarth helped more than 20 workstreams identify potential risks and issues and proactively plan for them.

As Deloitte and the VCIO continued their efforts, the collaborative nature infused the entire team with excitement. Read remembers, “Very few times in your career can you work on something so significant, so differentiated, so unique and have a team come together with a passion and energy across companies—Dell, EMC, Deloitte—we came together as one and we executed as one.”



“ WHEN I FIRST GOT TO KNOW THE TEAM AT DELOITTE, IT BECAME VERY CLEAR THAT WE MADE THE RIGHT CHOICE. DELOITTE HAD THE CAPABILITY, SKILL SETS, AND EXPERIENCES THAT WE WERE LOOKING FOR.”

### HOWARD ELIAS

President, Dell Services,  
Digital and IT | Former Co-Lead,  
Dell Technologies Integration

## Driving toward Day 1 with digital

Deloitte team members recognized quickly that due to the sheer size of the transaction, they needed to deploy an efficient set of solutions in order to meet the timeline. Looking again at the goals for a smooth launch, Deloitte assisted in the development of a set of digital tools, including a welcome eGuide that provided day-to-day job information for more than 140,000 employees worldwide. In addition, Deloitte deployed an e-run book targeting 40,000-plus sales professionals with guidance on how to efficiently cross-sell the new portfolio of products on Day 1.

From subject matter specialists in go-to-market, IT, human capital, supply chain, real estate, finance, and tax, the cross-functional experience that Deloitte was able to apply over the course of the 11-month journey certainly contributed to the merger’s success. Read notes, “They delivered, they executed, and they did it with outstanding professionalism.”

## The power of the combination

September 7, 2016, marked the official close of the deal, with Dell and EMC becoming Dell Technologies, a unique family of businesses that provides the essential infrastructure for organizations to build their digital future, transform IT, and protect their most important asset—information. As the new company settled into its new operating model, specific metrics were used to measure the success of the combination—customer Net Promoter Score (NPS), employee NPS, financial impact, and relative market performance.

Customer NPS, which tracks satisfaction surrounding a company’s products and services, went up. In fact, Elias recalls that “customers were surprised and amazed that the way they still interacted with their sales teams and the way they acquired products and services didn’t change.” Similarly, employee NPS also increased, illustrating that the teams saw the true value in the combination and its potential for differentiating the company within the industry.

Financially, the projected market performance that was outlined for a three-year period was accomplished in the first 18 months. Elias concludes, “The strategy we put together to become the essential infrastructure provider for this next great era of IT is playing out.”

It was a merger like no other that required a team of consummate professionals like no other. John Powers recounts, “It’s a rare opportunity to work on the remaking of an industry and it required a special kind of collaboration between Dell, EMC, and Deloitte.” That collaboration, ultimately, made history and solidified the new company and its participants in the annals of the tech industry.

“We didn’t want status quo,” Read acknowledges. “We wanted to impact the future and that’s exactly what we did with this integration. We changed the playing field.”

And if the two years thus far are any indication, Dell Technologies shows no indication of slowing down.

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