

The Black Box Institute

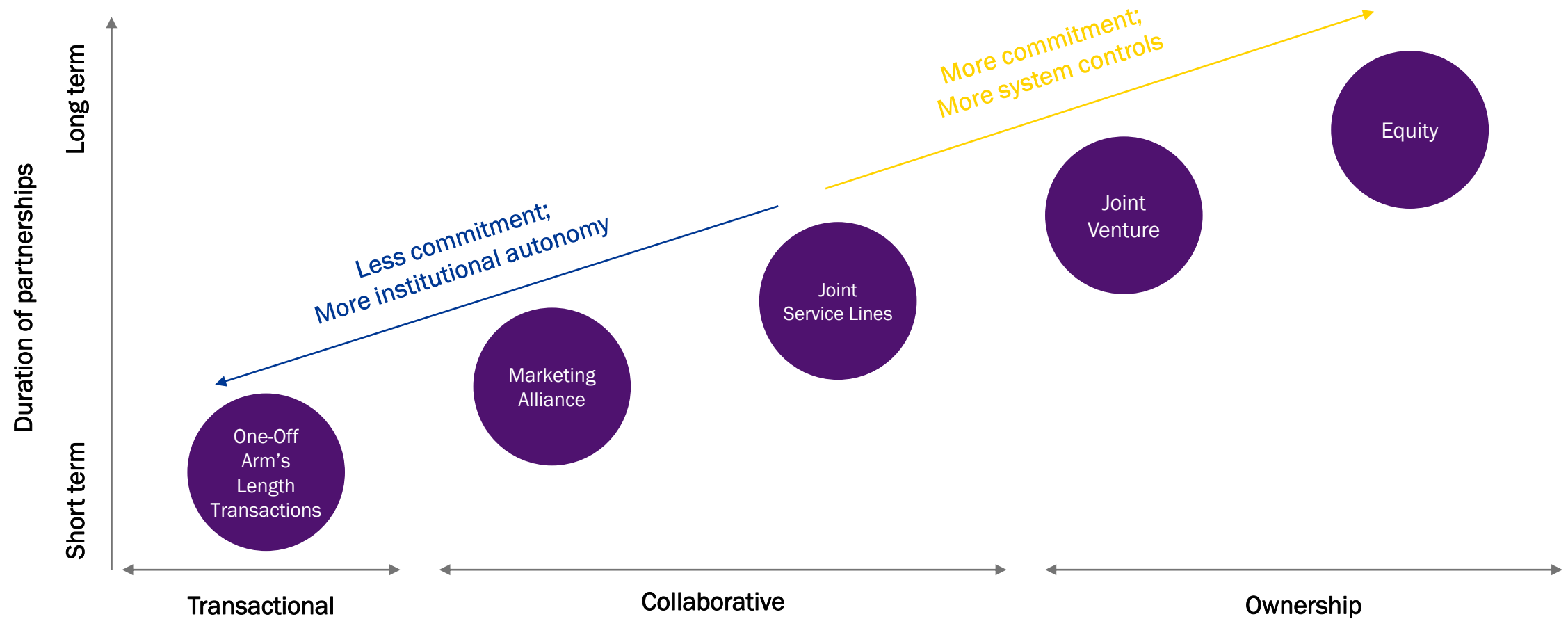
Sell-Side Mergers & Acquisitions

Partnership Alternatives

## Introduction

To conclude the M&A Series, we explore partnership alternatives that can be adopted by companies that seek strategic and/or financial advantages without selling or merging the company.

The alternatives described in this paper are avenues for companies to combine resources and achieve growth without the level of control and ownership M&A requires. As stated in Phase 1: Strategy of our M&A Series, companies must access alternatives to identify which method would be optimal in achieving company goals and objectives. Sometimes an M&A transaction may not be suitable for the company's needs and therefore alternatives such as one-off arms length transactions, marketing alliances, joint service lines, joint ventures, or equity would be a better method to achieve stronger market positioning.



The types of partnering alternative have varying degrees of ownership, investment, and commitment. In a single arm's length transaction, the participating parties have no influence or control relationship and requires the least commitment. At the other end of the spectrum, equity results in an ownership relationship and has a high degree of commitment.

# Benefits and Drawbacks of Partnering Alternatives

	One-Off Arm's Length Transaction	Marketing Alliance	Joint Service Lines	Joint Venture	Equity
	A transaction in which both parties in a deal act independently and have no relationship to each other	e.g. dealer franchising, outsourcing, licensing	Swiss Verein model	Created when partners wish to closely integrate their efforts	One organization consolidating the industry by acquiring other similar organizations
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Direct control (assets, IP, technology, people, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Share risk among partners</li> <li>• Build credibility</li> </ul>	<ul style="list-style-type: none"> <li>• Present separate organizations internationally as a single organization</li> <li>• No need to comply with regulations and tax codes</li> <li>• No sharing of commercial liability</li> </ul>	<ul style="list-style-type: none"> <li>• No acquisition premium</li> <li>• Ability to align with multiple partners</li> <li>• Enhance core competencies and capabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Quick entry to a product / service market</li> <li>• Control of supply chain</li> <li>• Lockout competition</li> </ul>
<b>Drawbacks</b>	<ul style="list-style-type: none"> <li>• High costs</li> <li>• Potential delay in realizing value</li> <li>• Risk of failure or missed opportunities</li> <li>• Management time and effort</li> </ul>	<ul style="list-style-type: none"> <li>• Limited duration</li> <li>• Monitoring costs</li> <li>• Disclosure of confidential information</li> </ul>	<ul style="list-style-type: none"> <li>• Weak control on membership criteria</li> <li>• No common culture, shared knowledge and standardized practices</li> </ul>	<ul style="list-style-type: none"> <li>• Share reward and control</li> <li>• Management and governance challenges</li> <li>• Negotiating costs</li> <li>• Integration challenges</li> </ul>	<ul style="list-style-type: none"> <li>• Acquisition premium</li> <li>• Integration challenges</li> <li>• Uncertainty in obtaining regulatory approval</li> <li>• High risk of not realizing synergies</li> </ul>

Dear reader, we have created a survey intended to help your organization assess its M&A strategy.

Please fill out the survey and we will get back to you shortly with preliminary results!

**Assess my organization's  
M&A readiness**

# TBBI Transaction Services:

## Selected Experience



# Selected Transaction Experience

Phase 1: Strategy

Phase 2: Marketing

Phase 3: Engagement

Phase 4: Negotiation

Phase 5: Closing

Financial Advisor



Strategy and Financial Advisor



Strategy and Financial Advisor



Financial Advisor



Financial Advisor



Commercial Due Diligence



Financial Advisor



Financial Advisor



has merged with



## Full Transaction Pipeline

Financial Advisor

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**investeco**  
CAPITAL

has sold an equity interest in

**LOTEK**  
WIRELESS  
FISH & WILDLIFE MONITORING

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Strategic Advisor to the Executive Management Team

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**COM DEV**  
INTERNATIONAL

has sold its equipment business to

**Honeywell**

for

**CDN\$472,000,000**

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Financial Advisor

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**COM DEV**  
INTERNATIONAL

has acquired

**MESL**  
microwave

for **£12,100,000**

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**COM DEV**  
INTERNATIONAL

has acquired

**PWS**


for **USD\$23,000,000**

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 **SUSTAINALYTICS**

got partially acquired by

**MORNINGSTAR**

for **EUR\$55,000,000**

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## Selected Transaction Experience

Financial Advisor

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has acquired  
TCS Inc.

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Financial Advisor

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True Risk Incorporated  
was sold to  
**SUNGARD®**

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Financial Advisor

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share reorganization

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Financial Advisor

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has acquired  
Gould Industrial  
Automation Systems

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Financial Advisor

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Equitable Bag  
Was sold to a  
management of

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Financial Advisor

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has acquired



Financial Advisor

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share reorganization

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Financial Advisor

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Transatlantic  
Marketing Group Inc.

share reorganization

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Financial Advisor

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Maclean Hunter  
European Publishing

was divested to  
  
(EMAP Plc at the time)

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Financial Advisor

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Data Business Forms

was divested to a  
management-led  
buyout group

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# The Black Box Institute

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