

Finding the Hidden GEMS: Setting Acquisitions Up for Success

December 2020
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Agenda

- Short Bio
- Merger and Acquisition (M&A) Definitions & Facts
- Definition of Due Diligence
- Phases for Effective Quality Due Diligence
- Post-acquisition Audit Findings
- Lessons Learned from Due Diligence

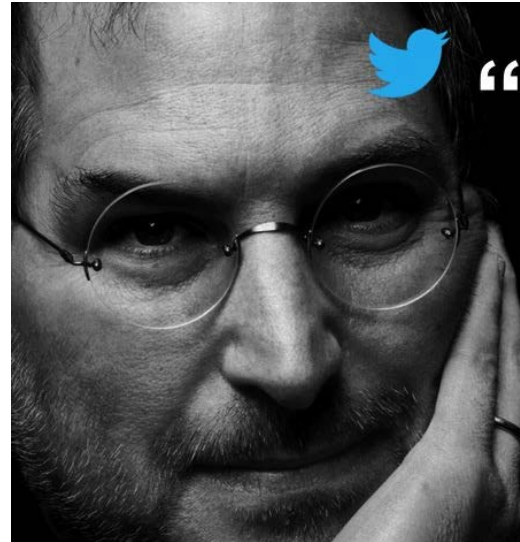




I knew that if I failed I wouldn't
REGRET
that, but I knew the one
thing I might regret is not
TRYING



“ Get closer than
ever to your
customers.



So close, in fact,
that you tell them
what they need well
before they realize it
themselves.”

Steve Jobs, Founder of Apple



My greatest strength is that I have
no weaknesses.

— *John McEnroe* —

Short Bio

Alon Ben Jacob



curious

Location:

Irvine, CA

Function:

Quality Director A&D, Medical Device Company

Industries:

Military, Automotive, Medical

Hobbies:

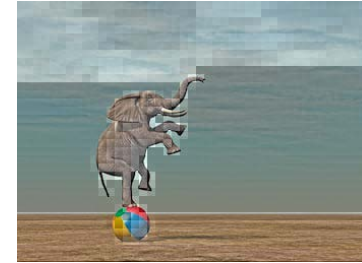
Kids, Kids, Kids, Kids, Kids, Kids, Swimming – pool + open water, Reading

Hometown:

Haifa, Israel

Past Experience:

R&D System Engineering, Quality Acquisition and Integration, Quality Divestiture, Quality Operations/Supply Chain, Quality NPD, Supplier Management, Quality Systems, Quality Commercial, Compliance, Reliability, Project Management, Supply Chain.



Balance



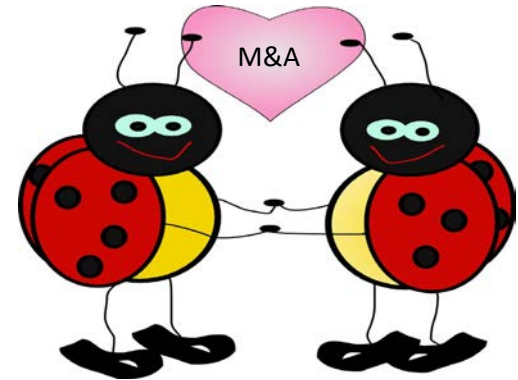
Good job, Alon!

Your research items reached 50 reads

Achieved on December 5, 2020

M&A Definitions

- M&A is a **combination** of two organizations into a new **single** organization



- M&A strives to results in the earning of a **complete product** and immediate access to new clients.
- M&A activity as a way to pursue **fast business growth**

M&A Facts



- Immediate access to new clients
- Short time to market
- Less internal company complexities

Data Center M&A Activity



Source: Synergy Research Group

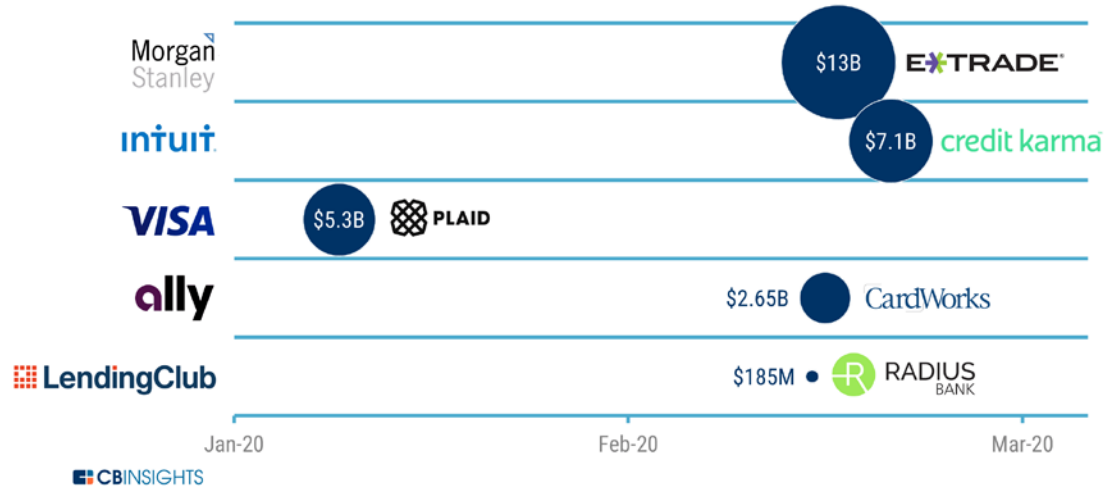
In less than four months, the M&A value has already surpassed 2019

More M&A Facts



2020 is seeing a wave of fintech M&A

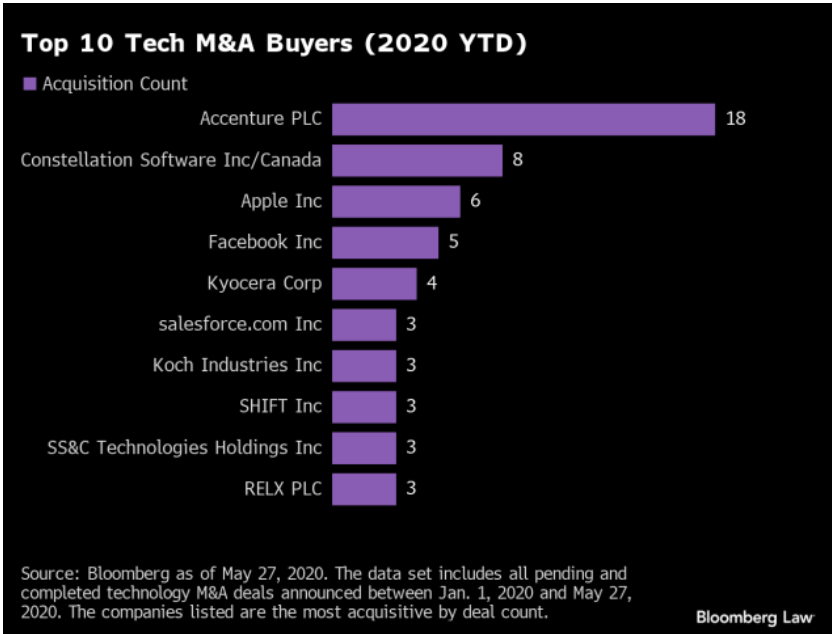
Select Q1'20 fintech M&A activity (January 2020 – March 3, 2020)



BREAKING NEWS

Bob Dylan has sold his entire songwriting catalog to Universal Music, in what may be the biggest acquisition ever of a single act's publishing rights.

Monday, December 7, 2020 7:03 AM EST



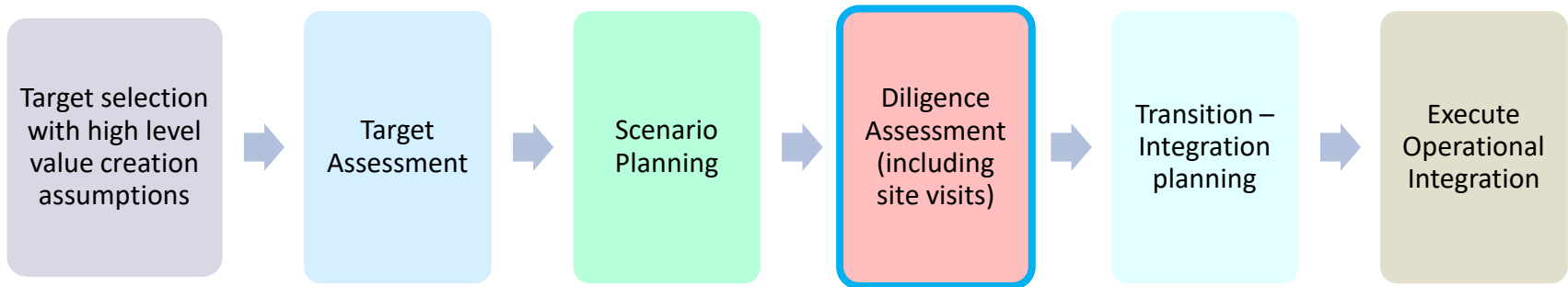
More M&A Facts

70-90%



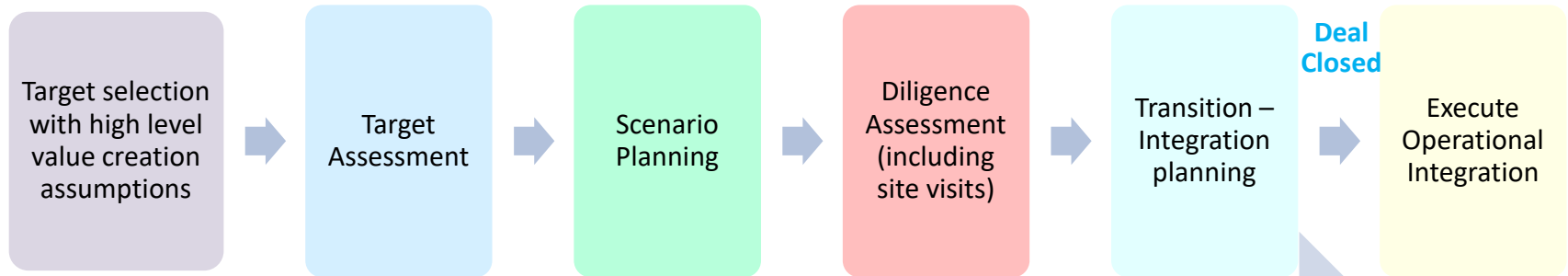
Source: Harvard Business Review, June 2016

Definition of Due Diligence



A comprehensive appraisal of a business undertaken by a prospective buyer, especially to establish its assets and liabilities and evaluate its commercial potential

M&A Process



Quality engagement in the M&A process

Quality Due Diligence

- Risk classification of the target company
- General understanding of core Quality functions
- QA Audits
- Retention of Q&C talent
- Integration planning – Budget, Timeline, Resources

Phases for effective Quality Due Diligence

1. Request for general quality management system (QMS) information.
 - Introductory onsite/virtual visit is recommended to establish connection with target company team members.
2. Request for specific QMS records and procedures, technical/design related information, and evidence to show execution of the QMS.
 - Onsite/virtual visit are needed as part of due diligence audit.
3. Deep dive of specific areas such as clinical, design controls, verification & validation, sterility assurance, certification strategy linked with commercial strategy.
 - Onsite/virtual follow-up visit, if needed. Routine touchpoints internally and with the target company

Phases for effective Quality Due Diligence

Data collection

- Document request
- Onsite/virtual tours
- Cross-functional document requests

Data review

- Self (Desktop review)
- With the target company
- With clean sheet SMEs (QA + Cross-functional)

Establish recommendations

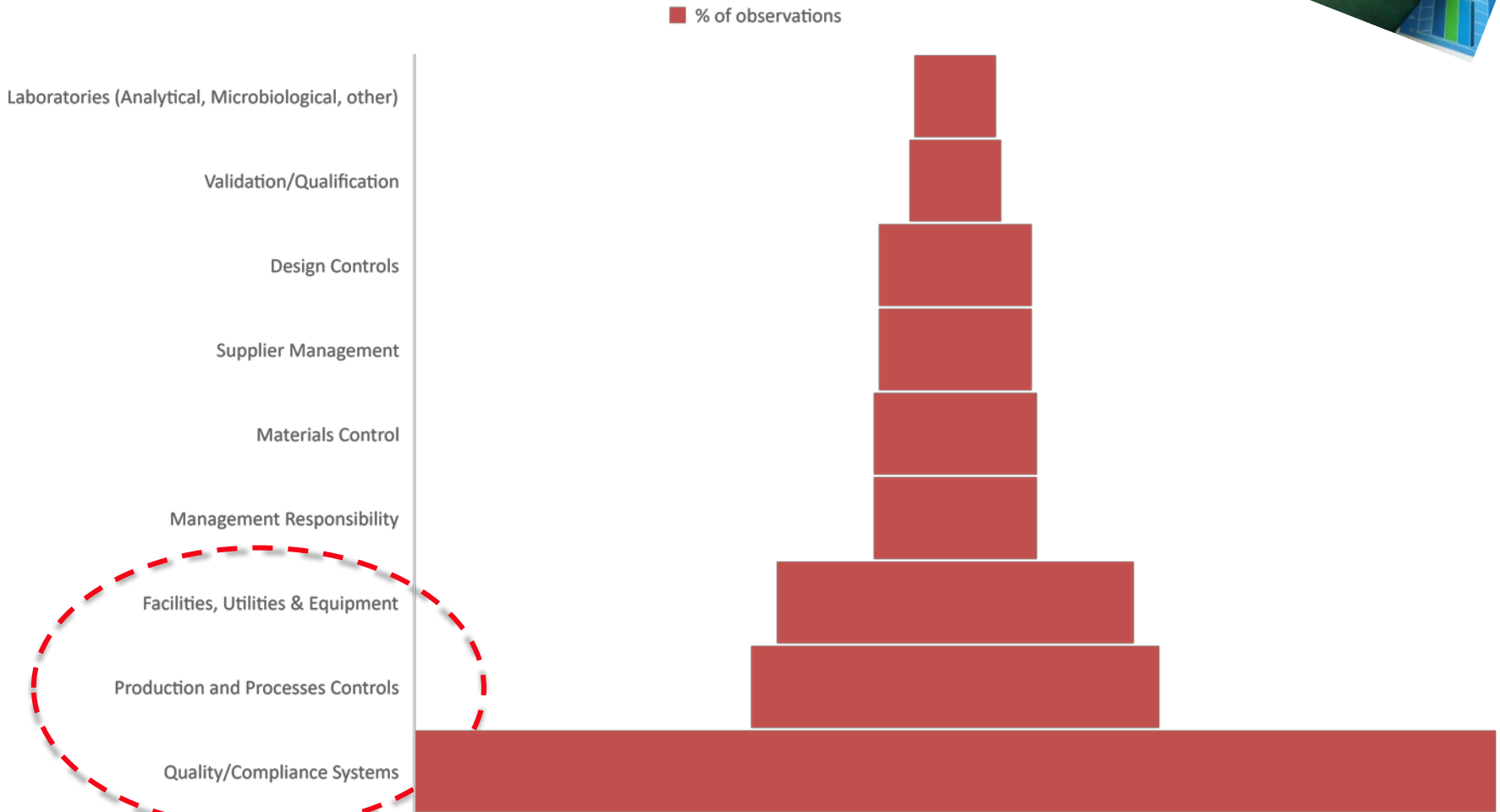
- Deal stoppers
- Opportunities that impact negotiation
- Opportunities that can mitigate after deal close

A comprehensive appraisal of a business undertaken by a prospective buyer, especially to establish its assets and liabilities and evaluate its commercial potential

Post-acquisition audit findings



General observations per QMS

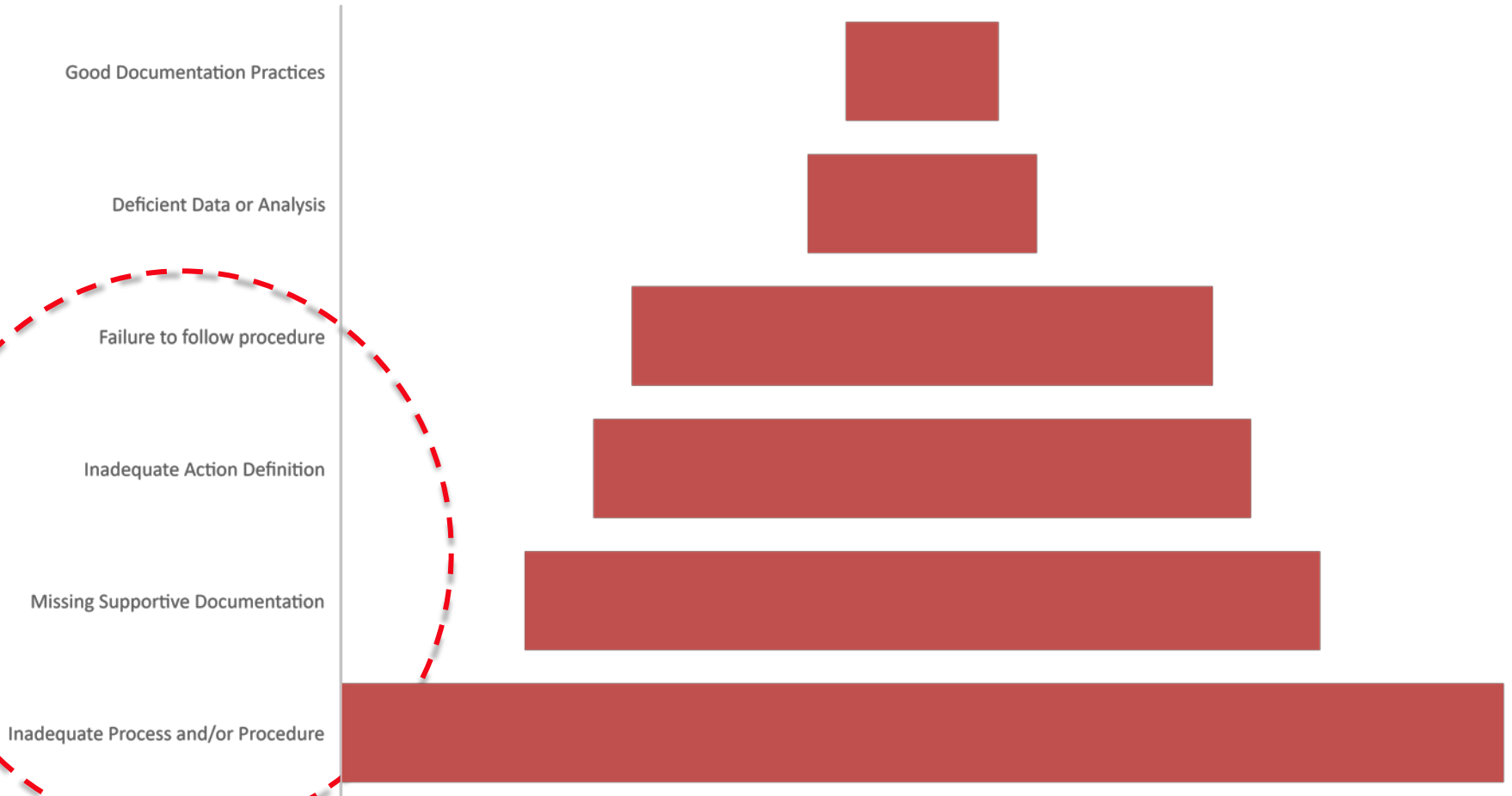


Post-acquisition audit findings



Analyzed observations

■ % of observations



Lessons Learned from Due Diligence

It's very important to have a feedback loop, where you're constantly thinking about what you've done and how you could be **doing it better.**

- Elon Musk



Lessons Learned from Due Diligence

- **Onsite/virtual visit** is a 'MUST'.
- **Routine touchpoint** with target company.
- Appropriately **engage** cross functional peers as part of due diligence (RA, R&D, Clinical etc.)



Lessons Learned from Due Diligence

- Provide **clear and detailed report** on observations as an input for developing effective integration plan
- Timely **communication** with target company regarding concerns that were identified and receive acknowledgement from them
- Ensure frequent **communication** with deal leader

“The single biggest problem with communication is the illusion that it has taken place.”

George Bernard Shaw

Thank You!

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