

DueDiligence2022

M & A IN THE DIGITAL AGE

CASE STUDY

Luminor Group: Data-driven dealmaking

Understanding and Experience

Shortly after Jānis Dzenis joined Luminor in July last year, he was involved in one of the largest M&A transactions in the Baltic region. In fact, the acquisition of a 60% stake in Luminor for €1bn late last year by a Blackstone-led consortium of investors represents the largest purchase of a majority stake in a bank by private equity in the last decade.

It's the type of deal any M&A practitioner should want to be involved in and one of the most high-profile for Dzenis, who previously spent two years in the M&A and integration team at re-insurer SwissRe and eight years in financial services M&A and restructuring at EY. This experience, both in-house and on the adviser side, has given him the opportunity to work on and be involved in the due diligence for deals across Europe, the Middle East and the US.

In his experience, he says one of the main challenges to due diligence is management's understanding and experience of what's involved, particularly in less developed markets. "The biggest issue when you do due diligence is that you are often facing management that don't have any experience of the process. Most of them are doing this for the first – and probably the last – time in their life. You're asking questions that they haven't needed to think about because they have been busy running their business well," says Dzenis.



JĀNIS DZENIS
HEAD OF GROUP STRATEGY AND
CORPORATE DEVELOPMENT
LUMINOR GROUP



Technology as an Accelerator

In the process itself, technology has been an important accelerator, enhancing deal analysis, too. Dzenis says that virtual data rooms (VDRs) and data that practitioners have access to today are valuable, with the increase in data volume providing “the opportunity to better understand the business, markets, risks and benefits.”

Analytics as an Advantage

He adds that VDRs are great secure stores to access information and ask questions, but that greater capability could further accelerate and enhance the due diligence process. “Everyone has access to the same information, so the question becomes: ‘How can you use that data to create an advantage for yourself?’ If there was an opportunity to directly access the core systems in a secured and controlled environment, a buyer could break the data sets down in any way they wanted. That would make the analysis much more comprehensive and fit for purpose and would make life easier and faster for everyone.”

On the future of due diligence, Dzenis says new technologies such as AI and data analytics can further enhance the process, potentially automating specific areas. “I see no reason why we couldn’t do partial automation of due diligence development via data analytics and visualisation. AI has the potential to provide scenario analysis such that professionals would ‘just’ have to make the final decision.”

ABOUT LUMINOR

Luminor is the third-largest bank and financial services provider in the Baltic region by deposits and lending. The group was created in 2017 from the merger of the Baltic banking operations of Nordea and DNB, two of the Nordic region’s largest banks.

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EMEA +44 (0)20 3031 6300 US 888.311.4100 APAC +852 3905 4800
email info@merrillcorp.com web merrillcorp.com

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