

# DueDiligence2022

M & A IN THE DIGITAL AGE

## CASE STUDY

### Nordea: from the physical past to the digital future

#### **An exhaustive past**

Anyone who has worked in corporate finance on the investment banking side for over two decades will remember the long hours and labour-intensive process for due diligence on an M&A deal.

The analysis required sifting through hundreds of paper documents piled high in physical deal rooms. "You would have to go to the law firm's office to access all the documents, taking notes of all the pages you needed a copy of. It was a pretty cumbersome process back then," says Michael Zeier, who has worked at UBS, Goldman Sachs and Danske bank before becoming Co-Head of Corporate and Investment Banking at Nordea.

#### **An efficient evolution**

The process has evolved considerably since then, driven by digitalisation. And VDRs have brought the greatest change. Zeier says VDRs are used for most transactions today, which "makes the diligence process so much more efficient than in the past." He adds that the use of VDRs by all sides of a deal is insightful, too.

"That you can track access to information and who is reviewing it is important. It's particularly helpful in a competitive M&A bid process because multiple buyers have access to the data room, and the more time a buyer spends in the data room, the more interested they tend to be in making the acquisition."



MICHAEL ZEIER  
CO-HEAD OF CORPORATE  
AND INVESTMENT BANKING  
NORDEA



VDRs have also enhanced security in the due diligence process, an issue important to all M&A practitioners, particularly those in the Nordics. Over half (55%) of Nordic respondents say data security is a top-3 priority in due diligence – the highest percentage across EMEA.

In fact, across several areas, the view of Nordic practitioners stands out from their peers across EMEA. For instance, each of the Nordic markets have clear and transparent legal and regulatory frameworks, the stock exchanges are “transaction friendly” and Nordic companies are well-documented and operate under robust internal controls and systems. Importantly, the high concentration of private equity firms in the region is a point of difference too. “Private equity firms are sophisticated investors, so advisers have needed to become very skilled in the advice they provide,” Zeier says.

### A technology-led future

In the future, Zeier believes new technologies can transform certain processes in due diligence. He sees the application of AI being most relevant in legal diligence and says that, in time, new technologies might be used to screen markets for potential acquisition opportunities. However, he adds that while technology will continue to improve the due diligence process, he doesn't see “robots negotiating the deal or getting it done. One should hope not, anyway.”

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### ABOUT NORDEA

Nordea is the largest financial services group in the Nordic region and one of the largest banks in Europe. Nordea's corporate and investment banking division is a leading adviser to corporates, financial sponsors and financial institutions on mergers and acquisitions and capital raising.

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EMEA +44 (0)20 3031 6300 US 888.311.4100 APAC +852 3905 4800  
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