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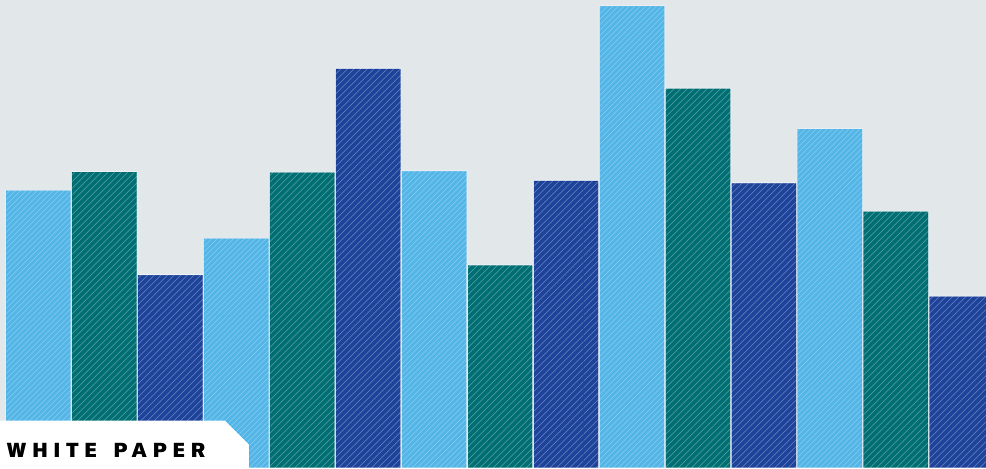

WHITE PAPER

The Role of Speed and Technology in the Evolution of M&A

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Technology has fundamentally changed how mergers and acquisitions (M&A) get done. Powerful workflow tools streamline transaction management, freeing up dealmakers' energy for more strategic tasks. At the same time, tech requires training, new tools have a learning curve, and there is no replacement for the human touch.

This report by Harvard Business Review Analytic Services uses insights gained from interviews and analytics from Datasite, which facilitates more than 13,000 deals annually, to explore key perspectives in M&A and technology.

Today's dealmaker lives in two worlds, sometimes drawing from the computer's abilities and sometimes from the human's. Advisers today can accomplish what the previous generation only dreamed of as they waded through rooms of paper documents. The elation of speedy artificial intelligence data analysis and instantaneous document access needs to mesh with a deeper understanding of when and how to best use technology and how to identify the most relevant pieces in an ocean of data—and an understanding of areas where there are no shortcuts.

Dealmakers say they prioritize efficiency as well as a right-sized pipeline to improve deal quality. We all know that as soon as time is freed up, it is often filled, and Datasite surveys demonstrate that even top dealmakers value workplace satisfaction and a break from always-on. Are teams using their freed-up time wisely? Or are they cramming their pipelines ever fuller?

Turns out, most dealmakers (27%) want to use the extra time to conduct more post-merger integration planning, according to the results of a May 2022 Datasite poll of over 100 global dealmakers. This was followed by more life (21%), more deals (20%), more strategy (20%), and more focus on items like cultural fit (13%).

That's why it's such good news that M&A technology platforms aren't just shortening the path to a deal agreement. Technology is making the entire dealmaking process more seamless, from outreach to prep to due diligence and post-merger integration. For example, sell-side deals conducted with Datasite's end-to-end suite of deal management applications take an average of 46% less time to complete and include 85% more buyers, according to a time study analysis by one of our investment adviser clients. But as deal pace has accelerated and connectivity allows more advisers to be involved in each deal, teams risk burnout.

Paradoxically, ubiquitous access to mountains of data has made personal relationships and cultural fit more important than ever. Technology can't stand in for in-person management meetings or informal connections at industry events, which are often the best way to source targets before their sale aspirations are widely known or finalized, and a way to differentiate from the competition as a buyer or a target.

The trick in the coming years will be to operate nimbly in an environment flush with information, while at the same time holding the reins of slower processes that can't be rushed: financing and regulatory approvals from third parties or governments; personal connections; environmental, social, and governance and diversity considerations; cross-border and national security sensitivities; and post-merger integration. These considerations will emerge as elements critical to success rather than as side issues.

Today's deals are faster and more complex, involve more people, and often hinge on difficult-to-measure factors like cultural fit. Technology developments are critical to M&A, and yet the key to success remains the same: to focus on what you know makes a good deal.

Read on for an in-depth report to stay up to date on the latest insights, research, and recommendations from top dealmakers.

The Role of Speed and Technology in the Evolution of M&A

Mergers and acquisitions (M&A) have always been complex business practices, but two things remain integral to a dealmaker's success: speed and knowledge. Getting to a potential target before an auction begins, or doing due diligence so that a bid can be readied, depends on speed. Knowledge about not just a target's business but its motivation for selling has always given one dealmaker power over a competing one.

Increasingly, dealmakers need more insights from both data and knowledge of targets' cultures, and they need them faster, because although M&A processes have evolved, the desired results remain the same. "It's still about matching the buyer and seller so that they feel good about what they're getting," says Larry DeAngelo, managing director at Los Angeles-based investment bank Houlihan Lokey. "That's still a critical part of the process."

But data and cultural issues aren't the only things changing M&A conventions. Thanks to the Covid-19 pandemic, what was traditionally an in-person, travel-heavy process—involving face-to-face meetings between management teams, site visits to review sellers' assets, and road shows where sellers present to prospective buyers—has gone virtual, using videoconferencing and video tours of facilities as part of deal preparation. In addition, although the use of technology in M&A isn't new, digital tools have given dealmakers new options for making workflows faster, more efficient, and more secure, especially when it comes to due diligence. For example, artificial intelligence can scan through financial data and lengthy contracts much faster than humans can, freeing up teams' time for other tasks.

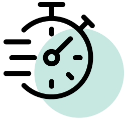
"Efficiency is a common theme that we're all trying to solve for now," says Mayank Chaturvedi, head of industrial technology investment banking for Europe, the Middle East, and Africa (EMEA) at New York City-based

HIGHLIGHTS

Digital tools have given dealmakers new options for making workflows **faster, more efficient, and more secure**, especially when it comes to due diligence.

M&A hasn't changed much on the interpersonal side, particularly because **trust will always be a key part** of every deal.

As the data available to buyers and sellers has swelled, so has the **need to analyze it more deeply** during deal due diligence.



"Time is the enemy of all deals. Each month that passes is another month that the market could change, interest rates could dramatically fluctuate, and buyer and investor appetite could alter," says Olivia Ferris, director of strategy and operations at Capstone Partners.

investment bank J.P. Morgan. At the same time, the availability of more data on both sides of the deal—plus the emergence of environmental, social, and governance (ESG) and other cultural priorities—can slow the pace of deals with lengthier analyses.

With options for saving time comes the question of what teams should do with that time, as well as whether moving faster is always better. The amount of dealmaking is likely to remain high. According to Boston-based consulting firm Bain & Co., $5.9 trillion worth of M&A deals were done globally in 2021, up from $3.3 trillion in 2020.[1] Besides strategic buyers, there's a wealth of financial purchasers—private equity (PE) firms, sovereign wealth funds, and family offices. PE firms alone have $1.3 trillion at the ready to do more deals, according to *The Economist*.[2] So, with abundant capital available, the dealmaking may continue with aplomb. A June 2022 global survey of 543 M&A executives and advisers by Datasite, a global data room provider based in Minneapolis, found that 68% of respondents expect global deal volume to increase in the next 12 months. (Survey respondents were from companies, PE firms, investment banks, and law firms in the United States, the United Kingdom, Canada, Australia, Germany, and France.) At the same time, market conditions have softened in the second half of 2022, which will affect deal activity going forward.

This report will explore how M&A happens today, including some of the key trends affecting deals. It will cover how the best teams are efficiently conducting M&A, using data in new ways, considering factors such as culture and ESG, and deploying digital technology in deals. It will consider the speed with which deals are being done, and what should be done with the time saved through the increased use of technology. It will also address what companies should be thinking about as M&A continues to evolve in the coming years, especially when it comes to regulations and new uses of technology.

The Evolution of M&A

M&A teams' processes have evolved in recent years due to several factors, including an emphasis on speed, especially in due diligence, and increasing capabilities around data analysis and digital technology.

The first of these factors, the need to move quickly, remains important because of the sheer volume of M&A activity. With that volume remaining high—London-based professional services firm PwC reports that 2021 saw over 65,000 deals, up from 2020's level of slightly over 50,000—comes the increased need for speed.[3] "Time is the enemy of all deals," says Olivia Ferris, director of strategy and operations at Capstone Partners, a Boston-based middle-market investment bank. "Each month that passes is another month that the market could change, interest rates could dramatically fluctuate, and buyer and investor appetite could alter."

To speed up their processes, M&A teams have been looking for ways to make workflows more efficient, such as when analyzing information for due diligence. Today, the greater ability to pool data—located in virtual data rooms—means buyers and sellers alike have easy access to information in one online space. Often, however, it's a situation of information overload.

The key for sellers now is to package the most relevant materials—such as company information, exhibits, and market studies—to highlight their selling points and entice buyers, a practice for which they often engage M&A advisers' help. James Liddy, managing director and head of gaming, lodging, and leisure, EMEA, at Frankfurt-based investment bank Deutsche Bank AG, says data rooms keep the deal moving faster by minimizing work for buyers as well as their need to be physically present with the acquisition target. Buyers are also now able to search text within documents, make annotations, and share the documents with other members of their team, all from mobile devices. "This, combined with the general acceptance of third-party vendor due diligence reports—focused on topics such as financial, commercial, and legal—has enabled buyers to undertake significant levels of diligence far faster and more efficiently than ever before," he says.

Liddy adds that another change in recent years is to make the materials given to prospective buyers more user-friendly. Buyers today are often stricter with their time, he explains, so sellers may rely less on long, rigorously detailed company memos and rely more on focused presentations. "You see more confidential information presentations that are PowerPoint-based and rely on consulting-style reports, where they focus on the key issues at hand rather than writing *War and Peace*," he says.

On the buy side, companies are changing the usual order of steps when it may give them an advantage, says Mark Boidman, head of media and entertainment at Solomon Partners, a New York City-based investment bank. He says company owners and prospective buyers may, for example, meet through a video call or at a conference before teasers are sent to anyone or NDAs are signed. Putting a face to a name, and communicating interest in a deal, can bolster a company's chances once the process starts. "It may give them a leg up just to have met the CEO or the management team," he says.

The role of advisers has evolved, with more of them involved in deals than in the past, according to Lukasz Dziarnowski, head of the M&A sell-side practice at BNP Paribas CIB, a Paris-based investment bank. "Ten to 15 years ago, you'd have three to four advisory teams—financial, legal, tax, maybe commercial, in some cases—sifting through physical data rooms," he says. "Now with virtual data rooms and communication platforms, there might be well above 100 people from one buyer involved and up to 10 advisers." The increase may be due, in part, to the influence of deep-pocketed PE firms, which are increasingly focused on multifaceted due diligence, usually performed by large teams of external advisers. Dziarnowski says other buyers may have started bringing in more help once they saw PE firms doing it, especially with increasing scrutiny on M&A track records from their own boards.

In addition, M&A hasn't changed much on the interpersonal side, particularly because trust will always be a key part of every deal. After the pandemic forced meetings to go virtual, in-person interactions are rebounding because many teams still find that connecting face-to-face can help the M&A process move smoothly. "Even if it's just a dinner or a lunch—those make a really big difference," says Sasha Kelemen, head of women and family digital health investment banking at Boston-based investment bank SVB Securities. Kelemen adds that these interactions often lead to more openness and quicker response times from both clients and counterparties.

The changes to the process aspects of dealmaking in recent years have impacted the speed at which deals can be done, but the biggest impact on dealmakers' time is the analysis of data in due diligence and the greater need now to consider culture, ESG, and other corporate priorities. Taking more factors into account means some M&A steps can take longer, even when M&A teams have digital tools that can help workflows move quickly. Being able to conduct data analysis in due diligence faster, for example, can lead teams to do more of it rather than doing the same amount in less time. Getting this balance right remains one of the major challenges for M&A teams.

Using Data to Increase Deal Valuations

As the data available to buyers and sellers has swelled, so has the need to analyze it more deeply during due diligence.

"The data age has actually forced advisers to go back to more relationship-focused banking and building proper trusted relationships, because everyone has access to the basic information," says James Liddy, managing director and head of gaming, lodging, and leisure, EMEA, at Deutsche Bank AG.

Working with advisers and analytics tools, prospective sellers mine their company's data for microtrends, looking for insights at the product, sector, customer, or country level. According to BNP Paribas's Dziarnowski, historical data can reveal useful patterns around, for instance, customer behavior. He mentions the example of a retail chain that uses digital price tags in its stores so prices can be updated in real time. That data could give the company a window into when and what customers buy, drilling into how trends change by the hour, day, time of year, and even—when combined with other data sources—the weather. These kinds of insights are included in the M&A sale marketing materials to underpin the attractiveness of the investment opportunity and drive value.

Deutsche Bank's Liddy agrees about the value of using data to position the company more attractively—in terms of both strengths and weaknesses. The benefit of showcasing what the company does well may be obvious, but Liddy points out that there's similar upside in explaining where there is potential for improvement. Highlighting areas of underperformance and offering ideas and solutions for them can help buyers see possible growth areas. And being able to show how customer segments respond to different circumstances, such as inflation or a recession, can increase the company's value. Describing weaknesses and growth areas can also demonstrate that sellers are willing to be candid about the company's realities, which can encourage buyers to be more forthcoming, too. "It's all about improving trust in transactions," he says.

In fact, what distinguishes the best advisers today isn't the financial or operations data they provide but their differentiated market knowledge that comes from close, trusting relationships with clients, competitors, and targets, Liddy says. "The data age has actually forced advisers to go

“It requires the expertise, track record, and experience of a dealmaker to say, ‘OK, we know as much as we can know; everything else is a risk that we need to take to win this auction,’” says Lukasz Dziarnowski, head of the M&A sell-side practice at BNP Paribas CIB.

back to more relationship-focused banking and building proper trusted relationships, because everyone has access to the basic information.” Advisers who prioritize trust in this way, he says, will have access to types of differentiated insights—what executives are really thinking—that others don’t.

Yet with nearly unlimited information to parse, teams can risk slowing a deal if they get bogged down in analyses past the point of finding anything truly new in the numbers. Deeper analyses by buyers during due diligence can lead to insights that may improve the deal terms, but they can also simply add more time to the process. Dziarnowski notes that because there’s so much more information now, and because teams dig into areas that they may not have covered much in the past, diligence today often takes just as long as it did a decade or so ago—despite the clear technological improvements that support that process.

The key to avoiding “analysis paralysis,” he says, is for decision makers to use their judgment, honed by years of doing deals, to decide when it’s time to move on. “It requires the expertise, track record, and experience of a dealmaker to say, ‘OK, we know as much as we can know; everything else is a risk that we need to take to win this auction.’”

Considering Culture and ESG

The issue of whether a buyer and a seller fit together starts with the numbers, but, invariably, it leads to questions about corporate culture. A greater focus on culture in deals is one of the biggest changes of the past 10 to 15 years, according to J.P. Morgan’s Chaturvedi. Assessing the fit between a buyer and seller used to be mostly about products, clients, and solutions; now it also includes factors such as the target’s culture, its ambition, and what its employee retention scheme rewards and prioritizes—and adding more factors to consider can affect how quickly a deal happens. The key, Chaturvedi says, is to understand how well the seller aligns with how the buyer does business. “Culture is becoming a very relevant pillar of testing whether the target fits or not,” he explains.

For some buyers, assessing fit happens best during face-to-face meetings, since videoconferences and phone calls aren’t as useful for getting a sense of someone. Rajive Dhar, vice president and head of corporate development at San Jose, Calif.-based cloud-led, data-centric software company NetApp, says he prefers to meet other parties in person when working on a deal, since nuances in conversation and behavior can reveal cultural values and how someone thinks. “Knowing how the person reacts to certain questions, understanding how they interact with the other people in the room, is ideal—however, flexibility is important in today’s global landscape. The option of keeping deals forging ahead with video meetings is still essential throughout the acquisition process,” he says.

SVB Securities’ Kelemen agrees, pointing out that culture is made up of intangibles, which is why spending time with management teams is so important. “You can’t ask someone what a company culture is like,” she says, adding that getting a feel for it firsthand is essential. A buyer’s willingness to show up in person can also demonstrate seriousness and intent, a helpful indicator when assessing fit. “If someone is willing to travel and spend four to six hours with you ... they could be spending an hour with five different clients within that time period.”

Among the drivers of corporate culture in recent years has been an increasing focus on ESG, and it likewise is becoming a bigger priority in M&A. However, Houlihan Lokey’s DeAngelo says that, so far, although ESG factors do tend to appear in memos, they aren’t core to the final decision unless the deal is specifically about improving a company’s ESG profile. “It’s not that ESG is irrelevant, but it’s not driving the analysis,” he explains.

A 2022 survey of M&A executives by Bain & Co. supports his view. Only 11% of respondents say ESG factors are assessed heavily during deals, though 65% expect their company’s focus on ESG to increase in the next few years.[4]

For some deals, though, ESG factors are already foundational. The security services industry is labor intensive and based on human interaction, for example, so Mike Beregovsky, chief acquisitions officer at Allied Universal, says he and his team always take into account the social aspects of the companies they acquire. “Every deal we do, that’s in the back of my mind; which potential ESG issues could come up for this type of deal?” he says.

One benefit of focusing on ESG is that it can be a value driver. If a company is lagging on ESG but has potential to improve, an investor may acquire it and implement a framework to materially upgrade its ESG credentials. This effort may be far from simple or fast—perhaps involving changes to internal operations and governance or supply chains and suppliers—but the effort can pay off by making the company more valuable in the next deal,

says Dziarnowski. “You can build that into the story behind the sale,” he notes. Technology is helpful here by, for example, letting dealmakers quickly sort and search through companies’ data to look for ESG issues that may have been buried, highlighting red flags that dealmakers should know about.

ESG can also drive value when a company buys a firm whose ESG practices are better than its own, showing investors that the company is investing in the right areas. In the Bain & Co. survey, over half of respondents said that ESG leadership either justifies a higher valuation now or will soon.

The byproduct of taking culture, including ESG, into account is the effect it will have on how fast deals move, because it’s not always possible to make the interpersonal side of M&A more efficient. When it comes to assessing cultural fit and building trust between buyers and sellers, sometimes there’s no shortcut, which means dealmakers will need to understand how these kinds of factors can affect their timeline.

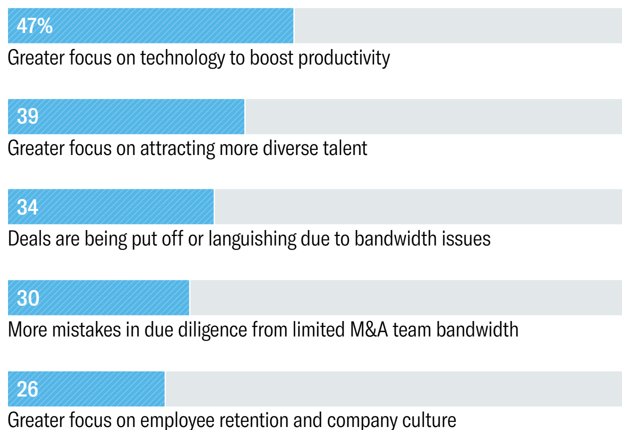
Digital Workflow Tools in M&A

Given the increasing demands dealmakers are under, it’s not surprising that workloads for many teams have recently increased. In the Datasite survey, 68% of respondents said recent market events have increased their amount of day-to-day work. In addition, the M&A talent market has been affected by the Great Resignation, and the survey finds that a greater focus on technology to boost productivity is the top way that companies are responding, with 47% of respondents selecting it. **FIGURE 1**

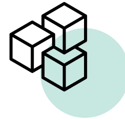
FIGURE 1

M&A and the Great Resignation

Companies are feeling several effects from employees quitting



Source: Datasite survey, June 2022

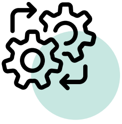


> “Culture is becoming a very relevant pillar of testing whether the target fits or not,” says Mayank Chaturvedi, head of industrial technology investment banking, EMEA at J.P. Morgan.

Boidman says Solomon Partners’ use of technology amounts to a competitive advantage. The firm’s tools allow teams to do a range of tasks more efficiently, such as using various data sources to follow industry trends, log insights, and create financial profiles. The key, he says, is to pool information and make it easily searchable, which helps teams learn from each other’s experiences. The firm is particularly interested, for example, in tracking how different buyers have approached deals in the past, using the information to inform its approach when encountering those buyers in the future. “The lessons learned are extracted for the next deal team, which makes us smarter bankers for the next client,” he says.

Capstone Partners’ Ferris, too, emphasizes the importance of pooling the company’s collective knowledge so that teams have a single source of truth. In the middle market, which Capstone primarily serves, there’s a dearth of details on valuations, revenues, earnings, and other data that is commonly available for larger public organizations. Ferris says it’s essential for companies to internally capture their proprietary market data and enhance it with third-party market research. Combining information this way creates a single source of truth—an internal data source that is easy to query, is kept up to date, and provides process efficiencies. Without a central data source, teams default to using multiple applications, resources, and tools to gather information, and proprietary intelligence lives within the people working on the deal. “When individuals leave your organization, they walk away with that proprietary knowledge because it was never fully shared or integrated,” she says. “And data is one of the most valuable and highly leverageable resources that you have.”

Automation is another theme in M&A technology today, with teams looking to hand off tasks that machines can do much faster than humans. When reviewing a company’s contracts with customers, for example, lawyers can use analytics tools to find key differences and anomalies. Liddy notes that the time savings are potentially huge. “That might take a team of lawyers hundreds of hours to do,” he says. “Those kinds of data



“I want to get through processes as efficiently as possible to maximize the amount of time that I can spend working with my clients, having real discussions around competitive dynamics in a particular transaction,” says Sasha Kelemen, head of women and family digital health investment banking at SVB Securities.

science tools are absolutely contributing to more meaningful understanding.”

Other tools can scan through diligence data and turn it into readable reports. These kinds of tools are especially valuable because as the amount of data companies have access to has increased, so has the necessity of helping people parse the information easily. Chaturvedi’s team at J.P. Morgan uses tools that can quickly turn Excel spreadsheets into presentations to send to clients, and he expects to see more progress in this area soon. “I suspect these tools will make diligence, creating materials on the business, and financial modeling more and more automated,” he says.

Kelemen says that some of the most valuable changes her firm has made, in terms of time savings and efficiency, are relatively low tech. One example is NDAs, another part of paperwork-heavy due diligence. The traditional process was to print an NDA, get it signed by a decision maker, scan it, find a colleague who knows how to print it on company letterhead, scan the printout, and then send the NDA to the receiver. “It was very much a paper trail,” Kelemen says. Now SVB Securities’ NDAs are done through an electronic signature service, saving time and headaches. Another example she cites is drafting sessions, which used to take place in person and last for hours. The firm is doing them virtually now, another relatively simple change with a big impact. “You have a lot more flexibility of your schedule and time, and it’s easier to track changes as well,” she says.

A Broader Awareness of Efficiency and Productivity

While it’s increasingly apparent that digital tools and automation can help M&A teams move faster and speed up their processes, somewhat cloudier is figuring out what these more-efficient teams should do with the time they save.

The focus on efficiency is industrywide, says Chaturvedi, and it touches all aspects of M&A, from preparing for a deal to executing it. But there’s no magic tool for maximizing efficiency, he says—most important is a shared mindset around optimizing how people spend their time. “There’s just a lot of broader awareness of productivity and efficiency, and that really translates into every single workstream,” he says.

According to Kelemen, the aim of making tasks more efficient should be to put more time into tasks that can’t be sped up, especially interpersonal ones. Strategic conversations with clients and prep work for management presentations shouldn’t be rushed, for example, since they benefit from as much time as teams can give them. “I want to get through processes as efficiently as possible to maximize the amount of time that I can spend working with my clients, having real discussions around competitive dynamics in a particular transaction,” she says.

In some cases, making M&A workflows more efficient has benefits even beyond the deal itself. Chaturvedi says that while more-efficient deals are a worthy goal, corporate M&A teams shouldn’t automatically use their time savings to try to do more deals; in fact, there’s plenty of value in those groups simply having more time to focus on their company’s core business, even outside of any deal-related activity. “Based on experience and the calls that I have with my clients, they welcome the fact that they get a bit more time to focus on their business,” he explains.

For Boidman’s team at Solomon Partners, similarly, the point of working more efficiently isn’t just to get things done—it’s to improve work-life balance. Investment banking is an industry known for long hours, but the workload ebbs and flows. While bankers do spend a great deal of time and energy when they’re focused on deals, Boidman says it’s good for his team to go home at a reasonable hour when their jobs slow down. Reducing time by working more efficiently—with no drop in quality—is a win for everyone. “Bankers who have quality of life are better bankers,” he says.

Looking Ahead

M&A will continue to evolve in the years ahead—the growing importance of cultural fit and ESG regulations almost guarantee it. Dealmakers might want to keep a keener eye on regulations and trends around cross-border deals, and on new uses of technology, to help them steer through these issues.

Antitrust and competition issues are especially important when it comes to cross-border deals. London-based

professional services firm EY reports that while cross-border volume in the first half of 2022 decreased 18% from the heights of 2021, the amount of activity is still 13% higher than the average across previous years.[5] Scrutiny around antitrust issues has increased for international deals, partly due to concerns about national security. Dziarnowski notes, for example, that several European countries either have passed or are considering laws that allow the government to review and potentially block deals in which a foreign buyer could snap up vital knowledge, such as expertise around cutting-edge technology, or gain access to critical infrastructure. This kind of scrutiny can push sellers to be especially careful about whom they're selling to. "You start thinking twice about the type of buyers you want to have for your business and how they can impact the complexity, certainty, and timing of the deal," he says.

In the Datasite survey, respondents say they expect ESG rules and antitrust regulations to be among the factors affecting M&A the most beyond 2022, with 14% and 13% choosing them, respectively. Topping the list is the Russian invasion of Ukraine, cited by 29%, followed by inflation and the rising cost of capital, cited by 16%. **FIGURE 2**

An additional concern with cross-border deals is how national governments view foreign owners taking control of local companies. In the security services industry, according to Beregovsky, some countries' laws favor local firms and prevent foreign companies from taking majority stakes in them. And when deals do happen, he says, it's essential to partner closely with local operators of the business, who can advise on how to handle geography-specific issues that arise. Allied, for example, relies on local teams to help with sourcing, due diligence, and, crucially, integration following the acquisition. Beregovsky says that retaining customers, integrating employees, and finding synergies depend on the efforts of local teams. "Having their buy-in early and being transparent with them along the process makes both the acquisition and the integration go smoothly and successfully," he asserts.

For technology and tools in M&A, teams will keep finding new methods to speed up their processes, track vital information, and analyze data in novel ways. An area of potential growth for tools is in sourcing deals, namely finding targets that match a buyer's goals. According to the Datasite survey, respondents expect a range of deal types to increase over the next 12 months. The top answer overall is transformational acquisitions or mergers, mentioned by 41% of respondents, followed by debt financing (37%) and secondary buyouts (34%). **FIGURE 3**

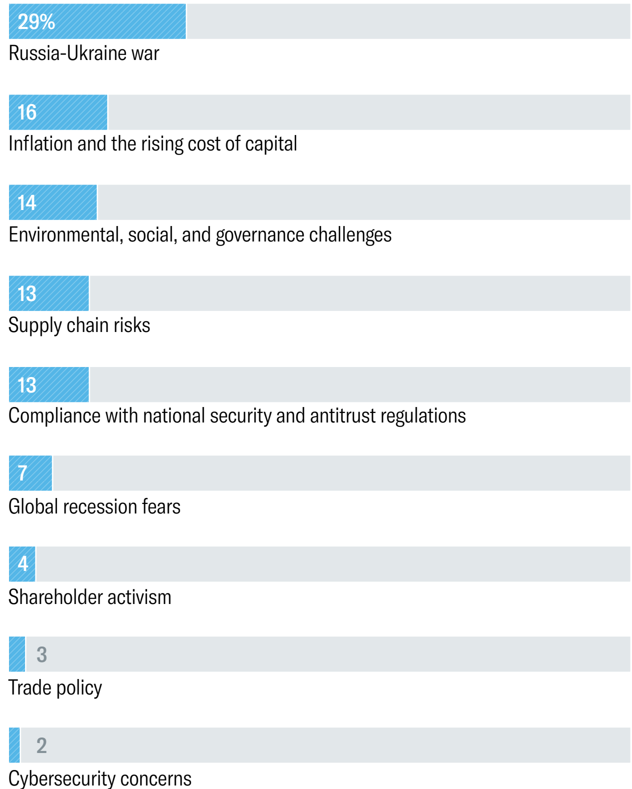
Research tools that help companies identify potential targets and know when they might be coming to market can be essential for supporting their M&A ambitions. Dziarnowski points to a tool BNP Paribas uses that analyzes the portfolio companies of European PE funds. The tool tries to anticipate when they'll be for sale based on factors such as time in portfolio, financial performance, and size. "It's supporting the sector- and company-level analysis with a top-down approach at the fund level, and trying to figure out how funds think about investments and how quickly they may exit them," he says.

But one area of M&A that's lacking in technology tools for now, according to NetApp's Dhar, is post-merger integration (PMI). The PMI stage often involves keeping track of checklists, documents, and data to be sure everything is moving forward correctly, he explains, but there isn't yet a tool that easily brings it all into one place for easy review. As a result, companies are forced to modify current tools to fit their needs. "You have to do a lot of customizations, which is always painful," he says. "We end up kind of building our own homegrown systems."

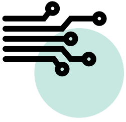
FIGURE 2

Factors Affecting M&A beyond 2022

Dealmakers have several major issues to contemplate



Source: Datasite survey, June 2022

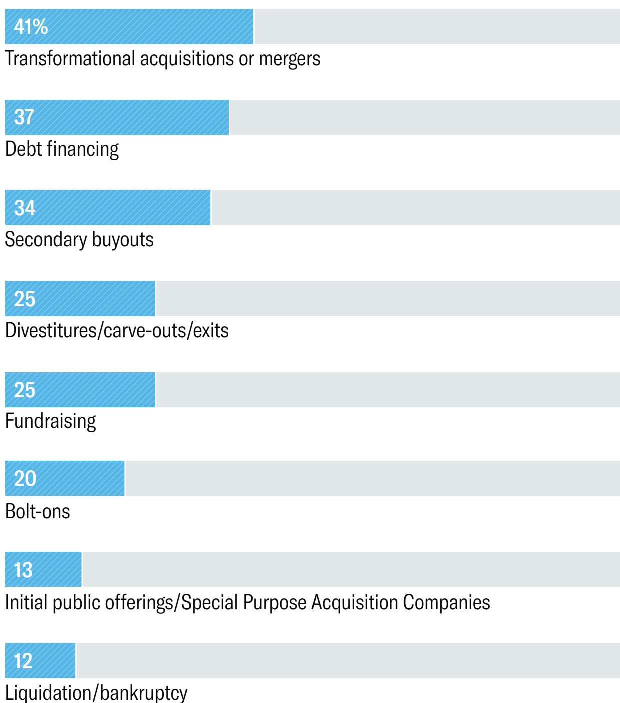


"I always say that every company today is a tech company. Even an investment bank is a tech company to some extent," says Mark Boidman, head of media and entertainment at Solomon Partners.

FIGURE 3

Deal Types to Watch

Transformational M&A tops the list



Source: Datasite survey, June 2022

Conclusion

When it comes to dealmaking, traditional processes are being updated with new workflow tools to be faster and more efficient. Access to more data and the ability to analyze huge amounts of it are giving teams new opportunities to uncover insights and consider more factors in deals. Pandemic-led shifts are forcing companies to consider which processes can be digitized and which ones—especially interpersonal tasks—should never be. Cultural issues, including rising priorities such as ESG, are becoming more important to valuations and deal fit. Dealmakers have to navigate all these added complexities, as well as align with changing regulations that may affect where and how they conduct their craft, and ensure all their deal data remains secure.

Dealmakers that are able to weave through all these elements can gain an advantage over the competition and close deals that make a strategic difference for their companies. And for many M&A teams, technology and workflow tools are key parts of the deal landscape today, helping them organize the tasks that must get done more efficiently. Though not all firms embrace digital tools and technology advances equally, most dealmakers seem to agree that the future of M&A is largely a tech-driven one.

"We need technology in order to adapt," says Boidman. "I always say that every company today is a tech company. Even an investment bank is a tech company to some extent."

Endnotes

1 Bain & Co., "Global M&A Report 2022," February 2022, https://www.bain.com/globalassets/noindex/2022/bain_report_global_m_and_a-report-2022.pdf.

2 *The Economist*, "Private Equity May Be Heading for a Fall," July 7, 2022, https://www.economist.com/business/2022/07/07/private-equity-may-be-heading-for-a-fall.

3 PwC, "Global M&A Industry Trends: 2022 Outlook," 2022, https://www.pwc.com/gx/en/services/deals/trends/2022.html.

4 Jean-Charles van den Branden, Axel Seemann, and Marc Lino, "The ESG Imperative in M&A," Bain & Co., February 8, 2022, https://www.bain.com/insights/esg-imperative-m-and-a-report-2022.

5 EY, "M&A Activity Remains Resilient in 2022, but Further Shocks Could Derail Outlook," July 13, 2022, https://www.ey.com/en_gl/news/2022/07/ma-activity-remains-resilient-in-2022-but-further-shocks-could-derail-outlook.

METHODOLOGY AND PARTICIPANT PROFILE

Datasite conducted a survey in May–June 2022 among 543 senior M&A professionals who were asked about their outlook for the second half of 2022. The sample was comprised of respondents from North America (124), the UK (100), France (114) Germany (105), and Australia (100) at companies with more than 500 employees, and all had worked on at least one M&A transaction.

Figures may not add up to 100% due to rounding.

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