



# **The Clean Team Advantage**

How BCG Enhances M&A Success

This brochure—one of a series of eight describing BCG's capabilities in deal transaction and integration—underscores the importance of clean teams in M&A deal success.

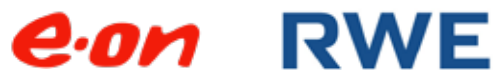
Deal parties are experiencing greater pressure to maximize and expedite value creation from each transaction, starting on Day 1. Clean teams can help companies meet and even exceed these expectations. But to get the most from clean teams, companies need a thorough understanding of what they are, when they should be used, and how they must be established and managed.

This brochure offers insights and advice vital to deploying clean teams for M&A success—including clarifying clean teams' key roles and responsibilities during the pre-signing, pre-close, and close stages of M&A deals; suggesting strategies for defining a clean team's scope and structure; and laying out a four-phase process for setting up and running a clean team.

---



# A Story of Clean Team Work Done Right



Germany-headquartered energy companies E.ON and RWE had headed down two different paths, in response to big changes reshaping their industry. E.ON aimed to become Europe's largest downstream electricity provider, while fossil-fuel dependent RWE was shifting toward renewable power generation. The two companies agreed that E.ON would acquire the grid and retail elements of RWE's innogy subsidiary, with E.ON transferring to RWE its renewables generation business as well as €1.5 billion in cash.

Both companies had sales in as many as 15 different European countries. The assets to be swapped had total revenues of €43 billion, making for a massive deal. Managing the many complexities of the deal required finesse, creativity, and perseverance from both companies over the 18 months between signing and deal close.

BCG was involved from the deal's inception and a large share of the project's energies went into planning the integration. To achieve synergies in this enormously complex transfer, E.ON designed every aspect of the merger in advance. An activist Integration Management Office kept the focus on priority sources of value.

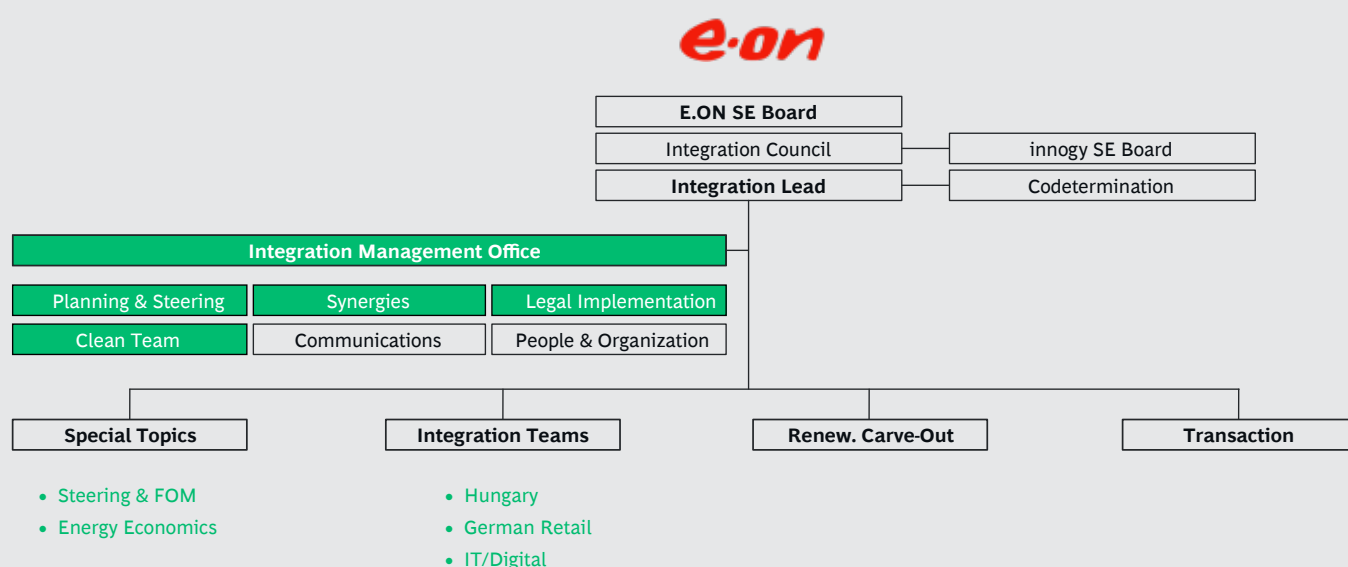
BCG provided a clean team that created full transparency over costs, developed a synergy baseline, and acted as a data broker between E.ON and innogy. To do so, the team conducted rigorous analyses on numerous fronts. Key areas where the BCG clean team added value to the integration included:

- **Cost and FTE baselines.** The clean team harmonized E.ON's and innogy's cost and FTE data to enable synergy validation and HR processes. To do so, the team facilitated the creation of a comprehensive activity tree to which FTEs across the entire organizations were allocated. The clean team also deployed data analytics tools to manage the complexity stemming from financial cost data derived from more than 200 legal entities and 175 million data rows that could not be easily handled in a single spreadsheet. The baselines that our clean team developed provided a strong foundation for detailing, planning, and tracking cost synergies enabled by the merger. They also established a starting point for HR processes and decisions affected by the transaction, such as where personnel would best be allocated in the new entity.

- **Workstream requests.** The integration planning teams for the merger spanned across almost 20 workstreams, organized by function, business unit, business process, or region (or some combination). By responding to more than 25 large specific workstream requests, the clean team helped the teams define the future operating model for the new entity, plan for synergies, and prepare for integration and synergy delivery after Day 1. Within an average turnaround time of less than seven days (from data receipt to output release), the clean team structured the problem posed by each workstream request, gathered data from both companies, ran commercially sensitive analyses, and—where legally possible—provided sanitized outputs to the workstreams. The clean team also ensured the required legal approvals.
- **Business performance analysis.** Our clean team synthesized a comprehensive performance comparison of the two businesses by segment (for instance, Retail, New Solutions, and Grid) for distribution immediately post-Day 1. To arrive at these insights, we collected performance data from both companies at a

sub-segment level from the black box data room, harmonized data and definitions, and prepared detailed comparisons of the figures, showcasing differences and the performance drivers behind them where possible. This facilitated a swift ramp-up of the management team and enabled immediate decision-making around performance measures post-Day 1.

- **Planning cycle preparation.** Both companies had distinct planning processes with different individual assumptions on both sides. Our clean team analyzed innogy's planning figures to understand key points of difference early on and prepared board-level documents spelling out innogy's mid-term plan to ensure that the leadership team was informed starting on Day 1. Our clean team then also took part in joint onboarding meetings with representatives from E.ON and innogy to arrive at an agreed-upon process for business planning post-Day 1. During these meetings, participants discussed and resolved differences in their planning processes as well as surfaced and reexamined the assumptions informing those processes.



BCG supported

# What Is a Clean Team—and Why Use One?

Executing M&A deals and extracting maximum value from them—including all-important revenue and cost synergies—has always been challenging. But that challenge has grown even more daunting.

---

Why? Companies have come under pressure from increased valuations, prompting investors to demand that they maximize and expedite value creation from a transaction starting on Day 1. What's more:

- **Regulators** are scrutinizing more and more deals for antitrust implications, requiring careful, arm's-length conducting of sensitive due diligence and integration planning.
- **Employees** want clarity on how their work may change, and expect stability as quickly as possible post-close.
- **Customers and vendors** of all deal parties expect seamless continuity of business when parties are forging an M&A deal, and they expect confidentiality to be preserved right up until the deal is closed.

How can companies surmount these challenges and sweeten the odds that an M&A deal will pay off? By making savvy use of BCG's clean teams.

**Clean team (n):** A separate team with designated members who operate in a so-called clean room that is physically and electronically separate from the participating businesses. The team is given privileged access to both parties' data, including competitively sensitive information prohibited from disclosure before deal close (such as customer and pricing data, purchasing costs, and intellectual property).

A clean team's role becomes especially crucial in transactions where there are regulatory concerns. Our teams proactively obtain data from the target and acquiring company, synthesize it, and present it to integration leadership in a clear, sanitized format to enable decision-making.

Whether a company deploys a clean team depends on the level of data sensitivity that an acquirer needs to assess a prospective deal, and the level of regulatory concern.

## Need for a Clean Team Depends on Data Sensitivity and Regulatory Concern

Illustrative

Level of data sensitivity

### HIGHLY SENSITIVE

- Customer (pricing, volumes, product usage, terms, account plans)
- Marketing expenditure plans
- Granular product profitability
- Supplier cost baseline



REQUIRES  
CLEAN TEAM

### SELECTIVELY SENSITIVE

- Sales force structure/coverage models
- General marketing strategy
- Overall key account approach
- Sales force compensation structure
- Product development plans



TYPICALLY WITHIN A  
CLEAN TEAM IF  
REGULATORY CONCERN

### GENERALLY NOT SENSITIVE

- Sales force support processes
- Account management tools
- Culture and change management
- Other back-office processes



TYPICALLY DOES NOT  
REQUIRE A CLEAN TEAM

Level of regulatory concern

### LIMITED

- Little competitive overlap
- Digital clean room for certain documents so both groups have access
- Lawyers review and approve data requests
- Mix of BCG and client A/client B teams performing analyses
- Shared synthesized output with client A/client B teams pre-close

### MODERATE

- Some competitive overlap
- Digital clean room and process to share and track all data moving across all teams
- Most sensitive teams established as completely clean teams with no data flowing between companies
- Clean team analyzes sensitive data and sanitizes results shared with management after legal approval

### HIGH

- High competitive overlap
- Physical off-site building with lawyers present for all data and all teams
- Lawyers review and approve all data requests
- Clean team performs analyses, which are double-checked for accuracy by client retirees
- No clean team analyses shared until post-close

Source: BCG

# Real Deals, Real Results: BCG Clean Teams Supported Coop's Big Buy



When Norway's Coop grocery chain was pushing to purchase rival ICA's stores in the country, BCG—including its clean teams—played a key role in ensuring a successful deal. Though the deal was modest on a global scale, it was large for Norway. And it was anything but straightforward. Coop had a complex cooperative structure. Moreover, though Coop faced little competition for ICA's assets, a misstep would have severe consequences for its market share, which had come under pressure from increased market consolidation.

The stakes were high, and BCG assisted with every phase of the deal process, from the earliest due diligence through synergy verification to deal execution. Throughout, we worked shoulder to shoulder with Coop's project team, legal advisors, auditors, and financing bank. Our contributions included driving the pace and sequencing of the process, managing internal stakeholders, acting as the commercial and main coordinating advisor, modeling synergy opportunities for key functions, modeling local competition for every store in the Norwegian market, building a business case and valuation for the deal, and helping lawyers develop documentation for filing.

A pivotal part of the business case for the deal was realization of improvements in cost of goods sold (COGS). But because the deal would come under scrutiny from the Norwegian Competition Authority, the post-merger integration (PMI) planning process

was tricky to navigate. Prior to closing, BCG deployed clean teams to determine the sourcing synergies (both COGS and goods not for resale, or GNFR). To accomplish this, our teams drew on BCG's broad experience with COGS work to estimate the supplier terms and size relationship. In particular, the clean team developed a methodology aimed at analyzing differences in supplier terms on an absolute net level (that is, complete terms).

The results of the clean team's work featured substantially in the business case that BCG developed for the prospective deal, with each business function committing to the synergy targets developed from the clean team work. The team's efforts also helped ensure a strong fact base and improved Coop's readiness and ability to run any renegotiations quickly. Indeed, the team laid the groundwork to support deployment of a full-scale team to engage in supplier renegotiations (COGS and GNFR).

The entire end-to-end initiative, from strategic consideration to deal execution to post-merger acquisition, called for rigorous process management—a staple of BCG's approach. And the effort paid big dividends. Coop cemented its place as firm No. 2 in the market and was able to realize very high run rates in just a few months of the deal's closing. Within two years after the acquisition, realization of substantial synergies in functions such as procurement, logistics, and stores helped transform a loss of roughly NOK 600 million into a profit of NOK 700+ million.

# A Powerful Weapon for Enhancing M&A Success

BCG clean teams help unlock value essential for PMI success. While many companies think such success hinges on what happens after the deal legally closes, it's the strategic and tactical choices made before the close—often even before the bid has been made—that ultimately determine an integration's fate.

That's where a clean team comes in. For example, our team can:

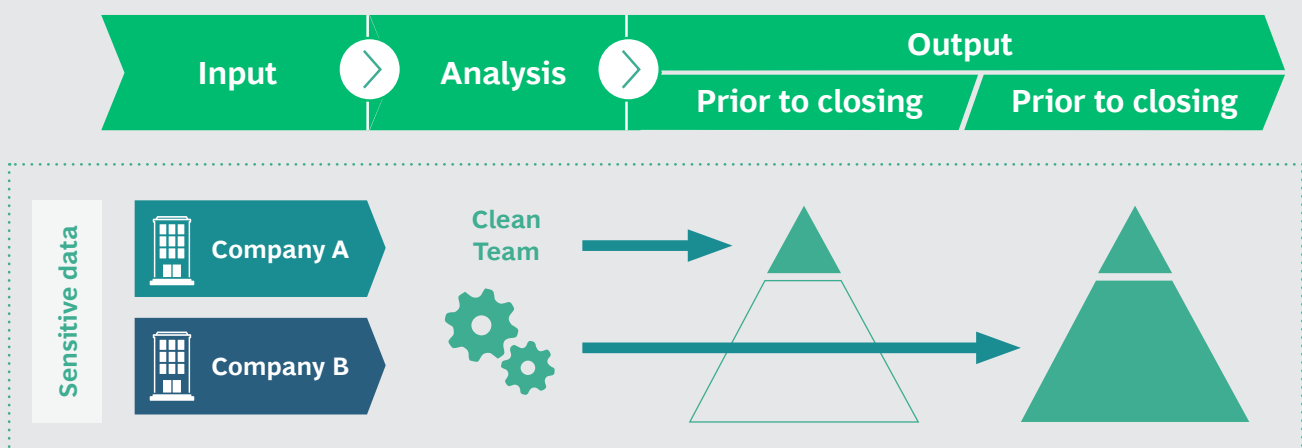
- Pinpoint, analyze, and quantify potential synergies, with an eye toward setting provisional synergy targets and crafting a preliminary plan for achieving them.
- Identify common customers across the two companies and define a coordinated approach for serving and communicating with them.
- Tackle HR-related challenges, such as understanding differences in benefits programs and compensation structures across the two companies and defining when and how they will be aligned.

Clean teams may be deployed in each of the phases of an M&A deal: pre-signing, pre-close, and post-close.

## Retail Banking: A Clean Team Case in Point

During the pre-signing phase of a retail banking merger deal, the acquiring bank runs a clean team to determine whether any customers overlap the two banks and by how much—overlapping customers' deposits go beyond the government deposit guarantee. This work enables the two banks to be aware of the potential transfer of deposits and corresponding value leakage from the combined entity post-transaction, so they can adjust the deal terms appropriately.

## Clean Teams Help Accelerate Planning in Areas with Commercially Sensitive Data



Source: BCG analyses



### THE PRE-SIGNING PHASE

BCG clean teams enhance the odds of an effective M&A due diligence process in several ways. For instance, they may:

- Undertake confirmatory due diligence on behalf of the acquirer on sensitive target material to ensure there are no deal breakers.
- Develop a business plan containing sanitized sensitive material that fully reflects the target's value.
- Conduct a detailed synergy assessment to help the acquirer fully value the deal without overpaying.

Without clean team support, an acquirer may be limited in the level of due diligence it can conduct. As a result, the company may risk leaving value on the table or overpaying for the asset. For example, it might excessively risk-adjust its bid for the missing due diligence, causing the seller to walk away because it believes the potential acquirer has undervalued the target or has put too many conditions on its bid price. Alternatively, the acquirer might overbid, because outside-in synergy benchmarks overestimated the potential value creation or the due diligence missed critical issues hidden in competitively sensitive information. The result? Immediate value destruction.

In the pre-signing phase, then, the clean team can play a key role in supporting the deal valuation or offer price. During this phase, the team's work remains at a relatively high level. The work is benchmark-driven but based on more granular data than the two companies involved are able or willing to share directly with each other.

For instance, during due diligence, BCG's clean teams may look at the top 100 customers of the target company and identify those that overlap with the acquirer, but we won't look at all 500 customers. We might look at third-party spend at the category level and apply procurement savings benchmarks versus examining individual vendors at a subcategory level.

### THE PRE-CLOSE PHASE

After a deal is signed but before it closes, both companies must continue operating independently under separate management and competing against each other. For example, there is no joint bidding, no pricing alignment, and no joint decision-making on products. Consequently, the companies are limited in how much integration planning they can conduct.

This period leading up to close can last for up to 12 months, or even longer in large M&A deals. BCG clean teams are often deployed during this time to accelerate value capture post-Day 1.

During the pre-close phase, our clean teams can provide support on a range of sensitive activities. Examples include assessing cost-reduction potential for direct and indirect procurement spend, identifying revenue synergy and dis-synergy potential from cross- and up-selling to the combined customer set, defining joint product development and R&D roadmaps, and setting the stage for decision-making on key topics, such as location of headquarters for the combined entity and choice of end-state technology stack.



## TOP BENEFITS OF USING A CLEAN TEAM DURING PRE-CLOSE

# 01

### **Taking advantage of regulatory windows.**

A regulatory window—the period during which antitrust authorities and other regulatory bodies review the proposed transaction to decide whether or not to approve the deal—can last from a few weeks to several months. While the window is open, both companies are in a holding pattern. A clean team can take full advantage of the window by pushing forward with analyzing sensitive data to keep the integration planning process rolling.

# 02

### **Organizing vast volumes of data.**

By managing PMI data requests from start to finish, the clean team effectively organizes huge volumes of target-company data so that it's ready for Day 1. The acquirer would all too easily get lost in the data if it were all shared raw post-close. Transitioning from the target's data reporting and planning systems to the acquirer's can also prove difficult, slowing down integration efforts post-Day 1. The clean team eases this constraint by gaining agreement on the acquirer's preferred format for the data, and translating the target's data into that format, clarifying differences between the two.

# 03

### **Comparing business performance and documenting key learnings.**

The clean team gets a first shot at analyzing the performance of key functions within both companies. The team can synthesize its insights into a handover document about individual functions, customers, or business units at the two companies to fill management teams' knowledge gaps. This facilitates quick handover of the business and strategic planning for the new entity to start almost immediately on Day 1. The clean team also compares the target's future planning documents against the business model built during due diligence. It can flag any significant differences in assumptions and relay those to the acquirer, as a preemptive warning at close.

# 04

### **Making the acquirer-target relationship more productive.**

A clean team makes communication between parties more organized by setting forth clear responsibilities, deliverables, and touchpoints among the team itself, the acquirer, and the target.

# 05

### **De-risking Day 1 by enabling key decisions.**

Across all of the support functions (IT, HR, etc.), a clean team can coordinate communication between the two parties, thus enabling a seamless transition from seller to purchaser on Day 1.

# 06

### **Jump-starting synergy capture.**

By focusing the deal's integration team on vital issues and making recommendations, clean teams support a speedy Day 1 transition into running the new business as usual. Equally vital, the team expedites synergy capture by enabling the acquirer to implement new strategies almost immediately.

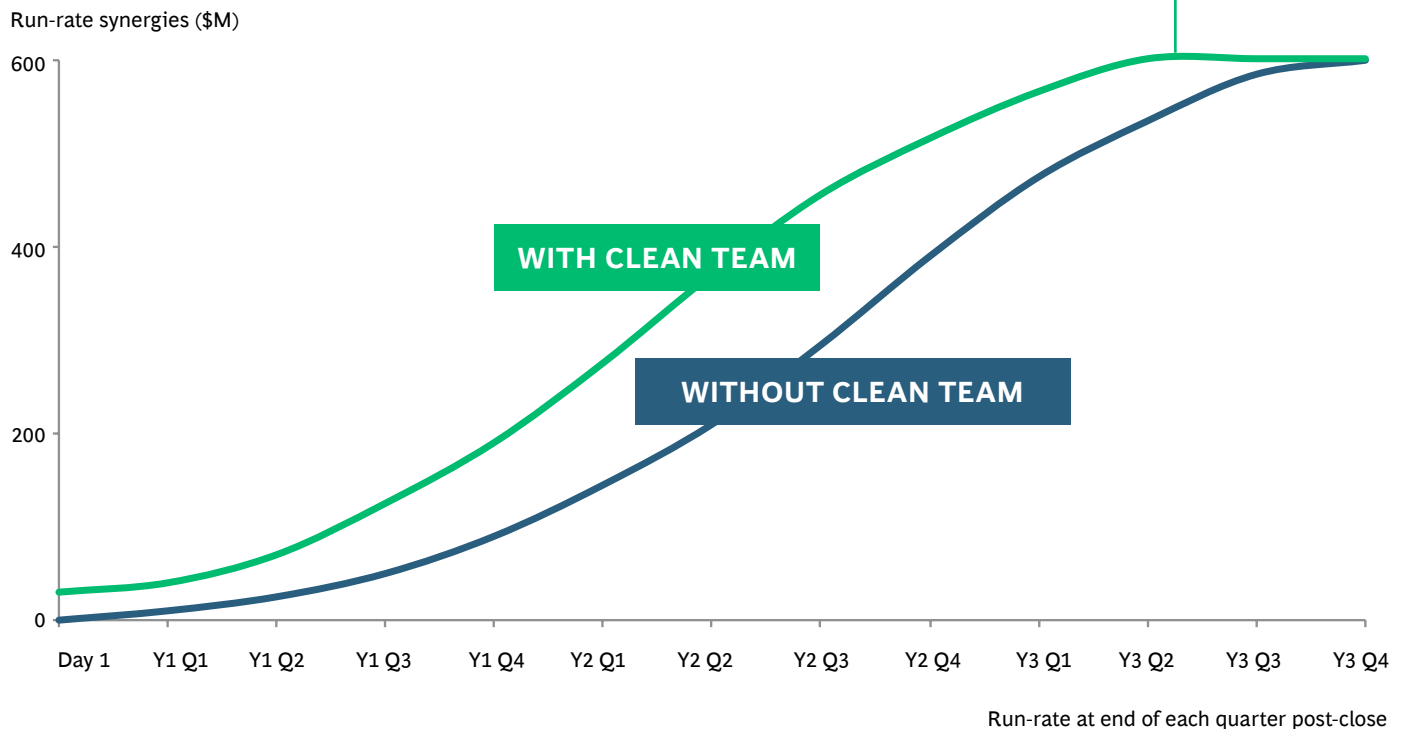
### THE POST-CLOSE PHASE

Once a deal closes, BCG clean teams share the data packages and raw unsanitized analyses with the deal parties' PMI teams. This enables the two businesses to seamlessly transition to a single, integrated set of systems instead of enduring a bumpy cutover. It also helps the new entity more quickly realize the prospective synergies identified during due diligence.

Without a clean team, all the sensitive data consolidation and analysis would still have to occur on Day 1. That would delay synergy capture and put business continuity at risk. Such delays come with a high cost. We estimate that a clean team gives an acquirer a head start of several months during which the company can take steps to ensure a successful integration. Realizing \$600 million in run-rate synergies one month earlier than initially targeted could be worth as much as \$50 million in monthly profit.

## Clean Team Enables Acceleration of Synergy Capture

**Accelerating \$600M run-rate synergies by one month translates into \$50M monthly profit impact**



### BCG CLEAN TEAMS ADD VALUE BY:

- Accelerating realization of synergies
- Mitigating risks by identifying them early on and crafting strategies to surmount them
- Speeding up systems integration after close to transition into a single business
- Enabling business continuity after close for customers, suppliers, and employees

# A Closer Look at What BCG Clean Teams Do

BCG's clean teams typically manage three categories of activities: building baselines, developing synergy targets, and preparing options for key decisions.

---

## **BUILDING BASELINES**

Our clean teams build baselines to enable a like-to-like comparison of both deal participants' performance. These activities help facilitate synergy identification and design of the new entity that will come into existence after the close.

For instance, during each engagement, our team develops a detailed compilation of both companies' P&L and full-time employee (FTE) data for synergy analysis and tracking. We also create a comprehensive sales baseline with regional and business units split, to provide full transparency into combined sources of revenue if the deal were to close. We put together a procurement baseline in the form of a joint-spend cube to identify overlaps in material third-party spend. And we develop an overview of both companies' global and local IT systems with an eye toward harmonization of the different systems after Day 1.

Baselines for identifying possible synergies between the two companies draw on information such as:

- Overall business financial performance
- Function-by-function costs
- Detailed customer data
- Relative pricing of products
- Detailed procurement data
- R&D pipeline spend
- Supply chain operations and networks

After building these baselines, our clean teams sanitize and share them with the relevant functional workstream leaders. We then help them conduct analyses aimed at developing plans for realizing savings in particular cost buckets (such as applying volume purchasing discounts to overlapping third-party spend and reducing head count in specific functions).





### DEVELOPING SYNERGY TARGETS

BCG clean teams also facilitate agreement among the acquirer's management team on the logic used to calculate the proposed deal's prospective revenue and cost synergies. Our teams investigate a wide range of synergy categories.

The teams help the acquirer assess synergies by conducting sensitivity analyses on the baselines. Such analyses may be driven by benchmarks derived from BCG clean teams' deal experience. The analyses may also be bottom up—leveraging a methodology or a set of rules (such as guidelines for organizational design or warehouse-pallet configuration) to which the acquirer has agreed.

## BCG Clean Teams Investigate Multiple Synergy Categories

### RECURRING



PURCHASING



MANUFACTURING



LOGISTICS



R&D



SALES ORGANIZATION



SUPPORT/ADMIN  
FUNCTIONS



ADVERTISING &  
MARKETING



REVENUES

### ONE-OFFS



WORKING CAPITAL



CAPEX

### DIS-SYNERGIES



REVENUES

Source: BCG analyses

### PREPARING OPTIONS FOR KEY DECISIONS

BCG's clean teams help clients assess the implications of key decisions under consideration, such as the complexity of consolidating outsourced providers and SKU rationalization. In addition, they assist clients in planning for a seamless cutover, with an eye toward ensuring business continuity once the deal closes.

Examples include IT systems cutover and sales force transition. While performing these activities, our clean teams gather and analyze large volumes of data. Some of it can be shared before closing the deal, and some afterward.

## Some Data Is Shared Before Closing, Some Afterward

	BUILD BASELINE	DEVELOP SYNERGY TARGETS	PREPARE OPTIONS FOR KEY DECISIONS
SHARED BEFORE CLOSE	<ul style="list-style-type: none"> <li>• Top-level financials</li> <li>• Summary conclusions (e.g., % customer overlap)</li> <li>• Key issues and implications (e.g., sales FTEs overlap)</li> </ul>	<ul style="list-style-type: none"> <li>• Revised synergy logic</li> <li>• Reestimated targets</li> <li>• Summary implementation challenges</li> <li>• Revised business plan</li> </ul>	<ul style="list-style-type: none"> <li>• Prioritized list of issues (e.g., product line choices)</li> <li>• Potential options for each issue and evaluation logic</li> <li>• Summary conclusions (e.g., options x and y eliminated)</li> </ul>
SHARED AFTER CLOSE	<p>Detailed financials by business and product line</p> <p>Data book by function, such as:</p> <ul style="list-style-type: none"> <li>• Customers/vendors</li> <li>• Costs/performance</li> <li>• Detailed operations data</li> </ul>	<p>Detailed analysis behind revised synergies, such as:</p> <ul style="list-style-type: none"> <li>• Vendor details</li> <li>• Targeted cross-sell lists</li> <li>• Functional performance details</li> </ul>	<p>Detailed analysis behind option evaluation, such as:</p> <ul style="list-style-type: none"> <li>• Relative product cost structures</li> <li>• R&amp;D site head count and cost information by function</li> </ul>

### BCG CLEAN TEAMS ADD VALUE BY:

- Helping both parties develop a like-for-like comparison of combined business performance
- Efficiently and effectively orchestrating large volumes of data to reduce complexity and to generate insights that support strategic decision-making
- Identifying the key synergy levers from the newly combined company

# Defining a Clean Team's Scope and Structure

With every engagement, BCG defines each of our clean teams' scope and structure to reflect the client's unique situation and needs. The need for a clean team arises from three fundamental legal requirements:

- No merger shall go into effect until regulatory approval is secured.
- Exchange of commercially sensitive information is prohibited before approval.
- No pre-close coordination between the two parties is allowed that would lessen or impair current or future competition between them.

To determine the right scope and structure for a clean team, companies must consider a number of factors, including:

- Level of direct competition/antitrust concern
- Breadth of potential synergies
- Degree of commercially sensitive overlap
- Overall deal complexity

BCG has implemented a variety of clean team designs in the course of our work with clients to address the range of factors above.

## Clean Team Design Depends on Each Client's Unique Situation

	CLEAN TEAM "LITE"	HYBRID	"EVERYTHING CLEAN"
WHAT IT IS	<ul style="list-style-type: none"> <li>• Mostly "open" environment driven by acquirer's line management</li> <li>• Discrete clean team to filter and disseminate data as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Combination of "lite" and targeted clean teams</li> <li>• Targeted clean teams focus on accelerating synergies and provide additional gate for high-risk information</li> </ul>	<ul style="list-style-type: none"> <li>• Integration largely carried out in clean teams</li> <li>• Significant amount of decision-making by team</li> </ul>
WHY USE IT	<ul style="list-style-type: none"> <li>• Higher likelihood of approval</li> <li>• Lower need for insider data or accelerated synergies pre-close</li> <li>• Shorter duration until close</li> </ul>	<ul style="list-style-type: none"> <li>• High need to accelerate synergies pre-close</li> <li>• Some existing/public knowledge of acquired firm</li> <li>• Limited time until close</li> <li>• Low risk of non-approval</li> </ul>	<ul style="list-style-type: none"> <li>• High uncertainty of approval</li> <li>• High competitive overlap</li> <li>• Predictable business</li> <li>• Hands-off acquirer</li> </ul>
<div>Assimilate data/prepare analysis</div> <div>Prepare specific recommendations</div>			

Source: BCG analyses

# Establishing and Running a Clean Team

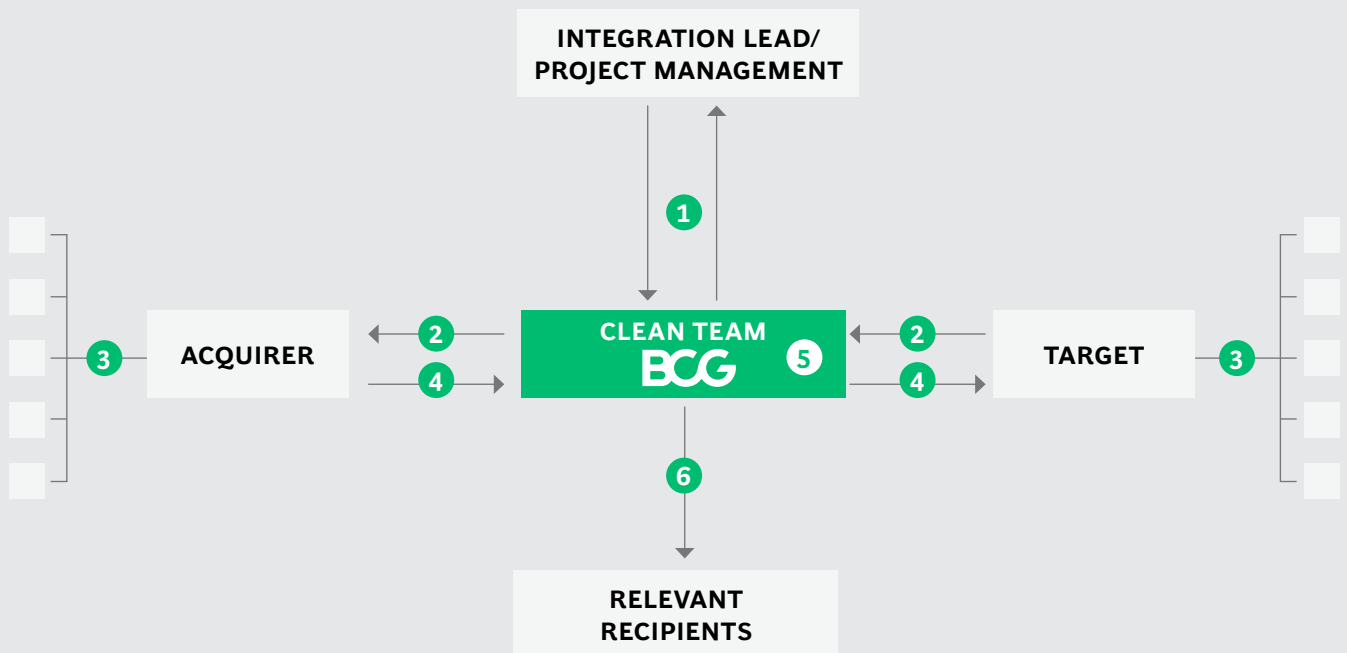
BCG clean teams sit between the two deal parties. The specifics of the process and the degree of interaction between BCG's clean team and the parties vary, depending on the circumstances of the deal in question and approval from external legal counsels.

To establish and run a clean team for clients, we deploy a four-phase process:





## Clean Teams Sit Between the Two Deal Parties



1

Project management decides on scope jointly with clean team and legal counsels

2

Clean team discusses planned analysis and data requests with both parties

3 4

Guided by clean team, both parties collect data internally and send back to team

5

Clean team aligns data from both sides, runs analyses, and prepares output

6

Clean team releases sanitized output after clearance from external legal counsels (prior to Day 1) or without legal clearance (after Day 1)

# 1

## Setting up the team

In the pre-signing phase of a deal, BCG clean teams are usually set up as discrete entities that receive and analyze a range of sensitive data from both parties for the purposes of due diligence and development of a business plan.

Once the deal is signed and the transaction moves to the pre-close phase, BCG clean teams are often created as subsets of our clients' PMI workstreams. The full clean team is not always required post-signing until information protocols are set up and data begins to flow. However, it is important to have the full clean team up and running at least several months before the deal is expected to close, providing ample time to collect and analyze the data essential for Day 1 preparation.

To start the setup process, BCG and legal experts meet with senior executives and legal advisors from both participating companies to discuss the structure and engagement rules for the clean team relevant to the deal. All parties agree on three-way contracts between both companies and BCG. Important topics covered in these discussions include the possible use of "implants" in the clean team and legal protocol issues.



### Clean team implants.

During setup of the clean team, each party may decide to include “implants”—members from one or both deal parties who will be embedded in the team and allowed to work with sensitive data under the conditions of the clean team agreement. This approach has advantages and potential disadvantages.

To get the most value from experts implanted in the clean team, we recommend weighing the benefits of their involvement in the team against the resulting restrictions in their day-to-day roles until Day 1. By using upcoming retirees or people in rotating management roles, parties may be able to limit negative impacts on the business, especially if there’s a chance the deal could fall through.

If the decision is made to use implants, it’s important to ensure they bring the right expertise. If implants will be from the two companies, ideally they should have similar levels of expertise. All implants will need to be properly briefed by the legal teams on the do’s and don’ts of clean teamwork and, where applicable, get contract amendments. Finally, for clean teams that include implants, parties should make sure all IT requirements (such as disconnected smartphones and computers) are in place before the team’s work begins.

### Legal protocol issues.

Attending to legal protocol is vital during the clean team setup stage. The clean team legal protocol is a set of rules of engagement to guide how employees from the buyer and seller should interact between signing and closing of the deal, in terms of communication, data sharing, and behavior. The legal protocol ensures that key questions regarding data exchange—such as which data can and cannot be shared and whether each data request and delivery must go through legal clearance—are thoroughly discussed and documented in the contracts.

The legal protocol is required to ensure compliance with antitrust law. Failure to comply can delay closing, escalate legal fees, trigger substantial fines, and even lead to failure to get government clearance for the deal. Legal counsel circulates the protocol immediately after the announcement of signing, and provides explicit antitrust compliance and clean room training at the integration kickoff.

## Pros and Cons of Using Clean Team Implants

---

### Pros: Implants can . . .

- Deliver expert knowledge in areas such as data analysis and industry expertise
- Help engender acceptance of clean team’s work in the deal parties’ organizations
- Facilitate access to required data
- Serve as the first points of contact post-Day 1

### Cons: But implants may also . . .

- Be unable to continue working in their current role when assigned to a clean team
  - Be restricted from returning to a role related to their clean teamwork until Day 1
  - Be barred from working in any role related to their clean teamwork if the deal is ultimately terminated
-

# 2

## Collecting and analyzing

The pre-close data-sharing process unfolds over multiple stages: uploading data requests, reviewing the requests, fulfilling the requests, sanitizing and reviewing the output, and circulating the output. Each stage in the process is managed by a different entity.

Our work with clients has shown that letting the different departments of the acquiring company generate their own data-request lists leads to variance in specificity of the data and ways of categorizing what could be similar data requests. Later in the data collection process, this variance can create delays and potential leakage of information.

For this reason, BCG strongly advises clients to let the clean team:

- Generate the initial data request and submit it to both parties
- Address alignment needs regarding data quality and understanding the structure of the final output to meet the acquirer's needs
- Analyze consolidated data according to the aligned target output
- Discuss questions and check analyses individually with both parties' project leaders (respective data only)
- Secure individual sign-off from both parties

All data is gathered and maintained under strict rules throughout the clean team's engagement.

### Pre-Close Data Sharing Follows a Rigorous Process: Example

Upload request	Review request	Fulfill request	Sanitize and review output	Access data
Requesting integration planning team	Project Management Office	Responding integration planning team	Clean team (CT) and legal	Requesting integration planning team
<ul style="list-style-type: none"> <li>• Discuss purpose of data need with counterpart</li> <li>• Complete data request template and upload to e-room by 12 noon PT daily</li> <li>• Data request to be reviewed within 24 hours</li> </ul>	<ul style="list-style-type: none"> <li>• Categorize requests <ul style="list-style-type: none"> <li>- Nonsensitive: can share data</li> <li>- Sensitive: requires CT analysis</li> </ul> </li> <li>• Consult with legal as needed</li> <li>• Inform responding integration planning team of new data requests</li> </ul>	<ul style="list-style-type: none"> <li>• Download request from e-room</li> <li>• Direct request to respective integration planning teams</li> <li>• Integration planning teams to upload requested data <ul style="list-style-type: none"> <li>- Upload directly to integration planning team folder</li> <li>- Upload to CT folder only</li> </ul> </li> <li>• Inform PMO and counterpart that data request has been fulfilled</li> </ul>	<ul style="list-style-type: none"> <li>• CT to perform analysis and sanitize data</li> <li>• CT to iterate on sanitized output with legal as needed</li> <li>• Legal to review and approve sanitized CT output</li> <li>• CT to upload requested data to respective e-room <ul style="list-style-type: none"> <li>- Upload sanitized output directly to integration planning team folders</li> <li>- Unsanitized data to remain in clean room for post-close</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Download requested data directly from e-room</li> <li>• Update template and close request</li> </ul>

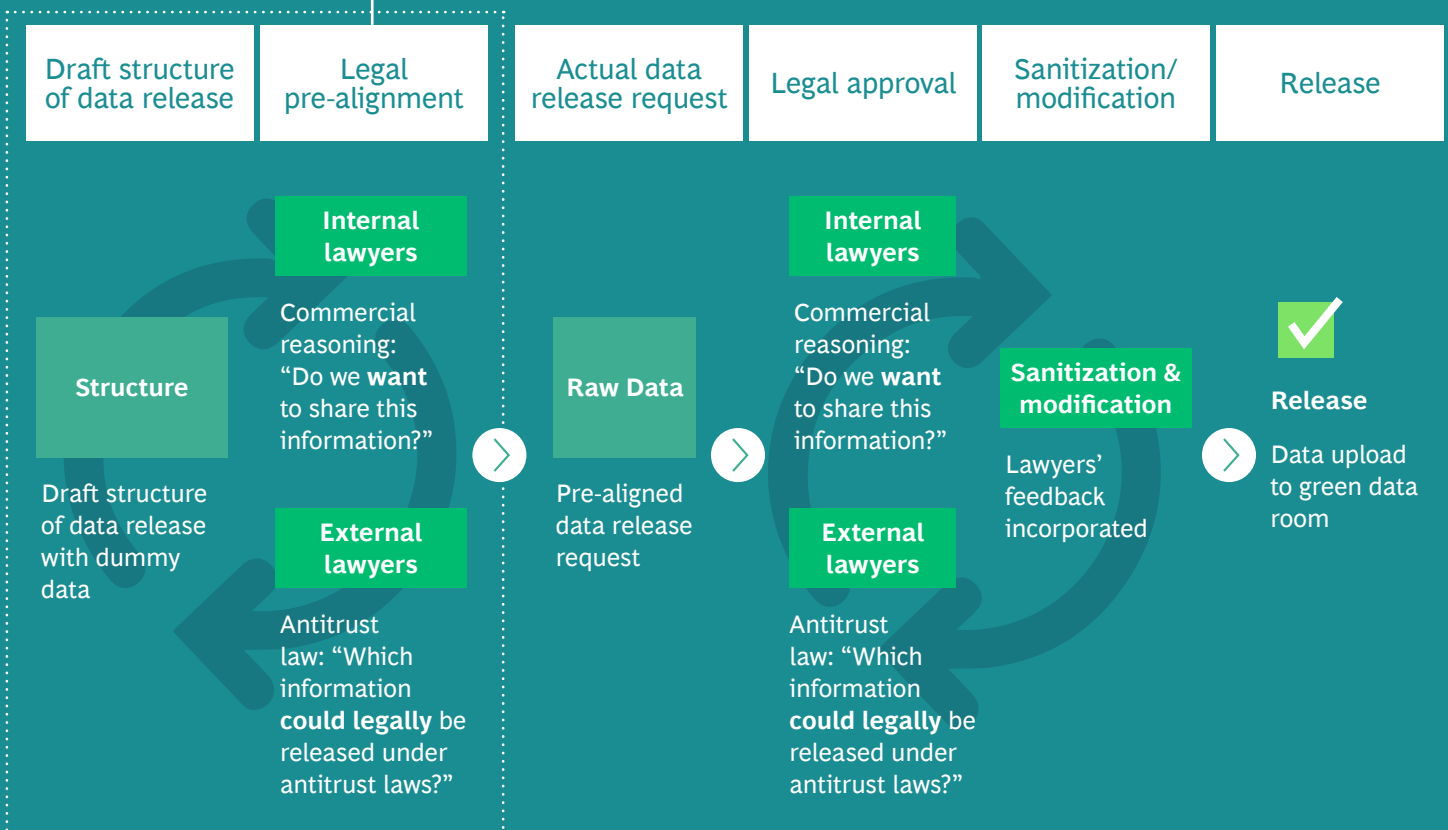


## Clearing team output

The BCG clean team meets with legal advisors of both parties as well as with BCG's legal experts. They discuss the sanitized output of data analysis that will be reviewed during steering committee meetings with lawyers from both parties. The steering committee—comprising the future management team of the new entity plus several others—uses the sanitized data analysis to make high-level decisions, such as who the Level 2 leaders of the new entity will be and which brands will be prioritized.

### Release Before Day 1 Requires Clearance by Lawyers

Pre-alignment of data structure is not required, but it speeds up release process and ensures effective work



Source: BCG analyses

# 4

## Discussing team output

With senior executives and legal advisors from both deal parties, the BCG clean team and legal experts discuss the sanitized output of the data analysis with the steering committee. This meeting is supervised by lawyers from both deal parties.

If regulatory approval is granted, the deal is closed, and the clean team is officially open. At this point, members of the team can share all information learned and insights gained from the pre-integration planning with the acquirer. In our work with clients, we have found that a clean team readout to key implementers and decision-makers within the first few days after closing helps kick-start integration post-Day 1.

### BCG CLEAN TEAMS ADD VALUE BY:

- **Fostering alignment on data requirements (such as completeness and consistency) and on structure of data analyses in final output**
- **Finalizing sanitized and unsanitized materials in close alignment with both parties' lawyers**
- **Building clear and convincing outputs that meet clients' business and legal needs**

# Best Practices for Getting the Most from Clean Teams

## 01

### Carefully judge when to “go clean.”

Consider the unique needs of the M&A deal and the best possible timing to activate a clean team. Activating too early can pose risks such as team distraction or excess fees. But an early start can also help acquirers capture vital data before key personnel at the target company leave.

## 02

### Get the clean team’s scope and structure right.

Minimize the amount of information, analysis, and decision-making allocated to clean teams. Extensive nonsensitive information can be collected without such teams. Ensure business considerations and legal requirements are key drivers of the clean team’s work. Make sure the clean team’s structure mirrors the integration planning team’s structure so that there are clear point-person interfaces.

## 03

### Allow sufficient time.

The overwhelming majority of planning (for example, synergy targets and organizational blueprint for the future combined entity) should be done in integration planning teams before close. This approach improves the odds of success.

## 04

### Be inclusive as appropriate.

Involve each party’s line managers in pre-close integration planning. Train members of the clean team and functional teams to foster a shared understanding of how the integration work will be done. Establish a cadence for face-to-face meetings with staff at the acquired company to foster inclusion.

## 05


### Use templates.

Before the clean team begins its work, collaborate with functional teams to develop templates that clearly define the needs to be addressed by the clean team. Make the templates specific and actionable.

# Deals That We've Helped Happen


## 2020

2020



Strategic advisor on PMI

**\$21B**




2020




Strategic advisor on PMI

**\$16B**




2020



Strategic advisor on PMI

**\$8.5B**



2020



Strategic advisor on PMI

**\$5.0B**



## 2019

2019




Clean team as an integral part of PMI preparation

**\$66B**




2019



Strategic advisor on PMI

**\$28B**



2019



Strategic advisor on PMI

**\$2.2B**

























## 2018

<p>2018</p>  <p>Strategic advisor to the buyer and Strategic advisor on PMI</p> <p><b>Value not disclosed</b></p> 	<p>2018</p>  <p>Strategic advisor to the buyer and Strategic advisor on PMI</p> <p><b>\$484M</b></p> 	<p>2018</p>  <p>Strategic advisor on PMI</p> <p><b>\$410M</b></p> 	<p>2018</p>  <p>Strategic advisor on PMI</p> <p><b>\$400M</b></p> 
--	---	--	--

## 2017

<p>2017</p>  <p>Strategic advisor on PMI</p> <p><b>\$23.55B</b></p> 	<p>2017</p>  <p>Strategic advisor on PMI</p> <p><b>\$760M</b></p> 	<p>2017</p>  <p>Strategic advisor on PMI</p> <p><b>Value not disclosed</b></p> 	<p>2017</p>  <p>Strategic advisor on PMI</p> <p><b>\$550M</b></p> 
<p>2017</p>  <p>Strategic advisor on PMI</p> <p><b>\$370M</b></p> 	<p>2017</p>  <p>Strategic advisor on PMI</p> <p><b>\$340M</b></p> 	<p>2017</p>  <p>Strategic advisor on PMI</p> <p><b>\$1B</b></p> 	

## 2016

<p>2016</p>  <p>Strategic advisor on PMI</p> <p><b>\$990M</b></p> 	<p>2016</p>  <p>Strategic advisor on PMI</p> <p><b>\$800M</b></p> 	<p>2016</p>  <p>Strategic advisor on PMI</p> <p><b>\$3.5B</b></p> 	<p>2016</p>  <p>Strategic advisor on PMI</p> <p><b>\$2.4B</b></p> 
--	--	--	--

# Meet Our Team

BCG's experts represent a rich and diverse group whose experience comes from solving the key issues faced by companies around the world. For every focus area, we also have local experts who provide pivotal insights into the dynamics of individual markets.

---



## **Jeff Gell**

Managing Director and Senior Partner

Jeff Gell is a Managing Director and Senior Partner based in BCG's Chicago office. He is a core member of BCG's Consumer, Operations and Corporate Finance and Strategy practices and leads the Transaction and Integration Excellence business globally.



## **Chris Barrett**

Managing Director and Partner

Chris Barrett is a Managing Director and Partner based in BCG's Dallas office. He joined BCG in 2001, and he has worked on Post-Merger Integrations across many industries, geographies, and topics. Chris has also worked in our Los Angeles and Amsterdam offices.



## **Dr. Jens Kengelbach**

Managing Director and Senior Partner

Dr. Jens Kengelbach is a Managing Director and Senior Partner based in BCG's Munich office. He is the Global Head of M&A and the Leader of the BCG Transaction Center.



## **Dr. Matthias Krühler**

Managing Director and Partner

Dr. Matthias Krühler is a Managing Director and Partner based in BCG's Hamburg office. He is the Global Head of Transactions in Utilities and also the Head of PMI in the Germany and Austria region.

## BCG's Corporate Development Practice Encompasses:



More than 150 partners and 700 trained professionals across all seniorities, each with significant experience in corporate development and corporate finance.



Teams that always combine the specialist's expertise with our proven industry expertise, bringing strategic know-how to all industries and geographies.



A “solution first” mindset to help constructively manage the dealmaking process at the strategic “macro” level as well as at the levels of detail required.



### **Daniel Friedman**

Managing Director and Senior Partner

Daniel Friedman is a Managing Director and Senior Partner based in BCG's Los Angeles office. He is the Los Angeles Office Leader and the Leader of the Transaction and Integration Excellence Business in North America.



### **Jesper Nielsen**

Managing Director and Senior Partner

Jesper Nielsen is a Managing Director and Senior Partner based in BCG's London office. He is currently the Regional Leader of our Transaction and Integration Excellence business in Western Europe and South Africa.

**Teemu Ruska****Managing Director and Senior Partner**

Teemu Ruska is a Managing Director and Senior Partner based in BCG's Helsinki office. He is the Regional Leader of our Transaction and Integration Excellence business in Central and Northern Europe and Middle East.

**Rahul Khubchandani****Associate Director**

Rahul Khubchandani is an Associate Director based in BCG's London office and has been with BCG since 2016. He is a core member of the Corporate Development practice area and the BCG Transaction Center.

**Rogier de Boer****Partner and Associate Director**

Rogier de Boer is a Partner and Associate Director based in BCG's New York office. He joined BCG in 2011. Previously, Rogier was a consultant at Accenture specializing in growth and innovation.

**Uwe Berberich****Managing Director and Partner**

Uwe Berberich is a Managing Director and Partner based in BCG's Düsseldorf office. He joined BCG in 2010, and is a core member of the Corporate Development and Industrial Goods practice area as well as the Corporate Finance Task Force.







# Read All About It

Our clients operate in nearly every industry and region around the world, and they come to us for fresh approaches to the issues that matter most to them. Through a rigorous analysis of each client's individual situation, we develop customized solutions that meet the organization's specific needs. The case examples here illustrate how we help clients sharpen their capabilities, create value, and deliver sustainable advantage.

---

## Transaction and Integration Excellence Product Series



**Sell-Side Success**  
How BCG Supports  
Divestitures



**Successful Due Diligence**  
How BCG Supports Strategic  
Due Diligence



**Successful Business  
Separations**  
How BCG Supports  
Carve-Outs



**Successful Target Search**  
How BCG Helps Find Strong  
M&A Candidates



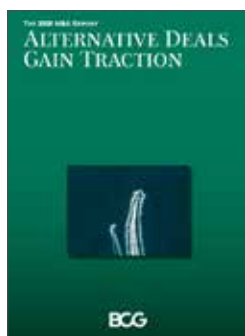
**Successful Merger Integration**  
How BCG Helps Maximize the Value from a Deal



**Successful IPOs, Spin-Offs, and Dual Tracks**  
How BCG Supports Effective Transactions



**Successful Merger Clearance**  
How BCG Helps Clear the Path for Acquisitions



**The 2020 M&A Report**  
Alternative Deals Gain Traction

## Transaction CENTER

BCG's Transaction Center is the hub of the firm's global M&A expertise and provides businesses with end-to-end transaction support, including strategic decision-making in mergers and acquisitions, preparing and executing divestitures, and supporting IPOs and spin-offs. The Transaction Center combines BCG's deep sector expertise with our comprehensive knowledge of, and experience in, all aspects of M&A across all sectors and industries. These services complement the process-focused offerings of investment banks. With more than 300 professionals worldwide, we concentrate on the commercial drivers of the business plan and equity story. We help both corporate and private equity clients execute deals efficiently and, more importantly, maximize value.

### Contact:

Dr. Jens Kengelbach

Global Head of M&A

Managing Director and Senior Partner, Munich

Tel. +49 89 2317 4312

[kengelbach.jens@bcg.com](mailto:kengelbach.jens@bcg.com)

<https://connect.bcg.com/transactioncenter>

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we help clients with total transformation—inspiring complex change, enabling organizations to grow, building competitive advantage, and driving bottom-line impact. To succeed, organizations must blend digital and human capabilities. Our diverse, global teams bring deep industry and functional expertise and a range of perspectives to spark change. BCG delivers solutions through leading-edge management consulting along with technology and design, corporate and digital ventures—and business purpose. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, generating results that allow our clients to thrive.

© 2021 Boston Consulting Group. All rights reserved. 09/21

For information or permission to reprint, please contact BCG at [permissions@bcg.com](mailto:permissions@bcg.com). To find the latest BCG content and register to receive E-Alerts on this topic or others, please visit [bcg.com](http://bcg.com). Follow Boston Consulting Group on Facebook and Twitter.

