2025 SURVEY

Global PMI Partners Annual M&A Success Survey

End of year review with data from 2024

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FOREWORD

We are pleased to present the 2025 Annual M&A Success Survey sponsored by Global PMI Partners, Oxford University Said Business School, Sterling Technology and E78 Partners. This survey provides insights into the key elements that are essential for acquirers to achieve their deal rationales, along with guidance on how to respond to new M&A challenges.

The 2024 M&A environment continued to be muted just as 2022 & 2023 and compared to 2021, A decline in M&A deal activity was still evident across all regions. This reflects the prevailing corporate wariness towards M&A endeavors due to the elevated debt financing expenses and a muted economic outlook in the majority of regions. It also reflects the “wait and see” attitude in the private equity sector where new quality platforms are few and the efforts are 80% directed towards the current portfolio. Portfolio duration is at an all-time high and LPs are not getting money to reinvest from exits.

Post-Merger Integration: The focus is on timely value creation, consolidation of resources, improving operating models and saving cost by optimal utilization of acquirer and target organizations.

We would like to thank all survey respondents, contributors and the team that has produced the report.

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EXECUTIVE SUMMARY

2025 Survey results: focus on ensuring M&A success pre-deal

- This year's top deal rationales were market share, enhancing value, and adding products and services.
- Selling a non-core business remains the most common driver of carve-outs.
- 70% of deals were rated as successful or very successful.
- 92% of acquisitions done by those validating, managing and tracking synergies were judged successful or very successful.
- Due diligence: Finance, People/HR and Legal were the top 3 focus areas. IT and Operations moved up in importance, replacing Commercial.
- Beyond virtual data rooms (78%), Post-Merger Integration software (22%) emerged as the second most commonly utilized technology, underscoring the growing recognition of structured integration planning as a key success factor.
- It was found that 60% of respondents did not use a M&A playbook for their deal.
- Businesses should consider structured cost analysis early in integration to maximize deal value.
- External support are used pre-deal in Due Diligence and valuation & transaction. Post deal in M&A IT, M&A integration and change management.

Related Insights: considerations for M&A success, roll-ups, technology and cost management

- Integration complexity is driven by multiple business lines, corporate cultures, cross-border and resistance to change.
- The operating model of a roll-up needs to reflect where value is best created, e. g, central vs local and controlled vs autonomous.
- Integration blueprinting tells where value is to be created, how the organisation, processes and applications will be integrated. Integration planning is how the integration project will deliver the blueprint.
- By far the most common technology solution used during M&A is a virtual data room (VDR).
- Cost management, visibility & efficiency reduces risks and uncovers inefficiencies, accelerating synergies and boosting EBITDA.
- Communication is important post deal to provide a clear logic to the target.

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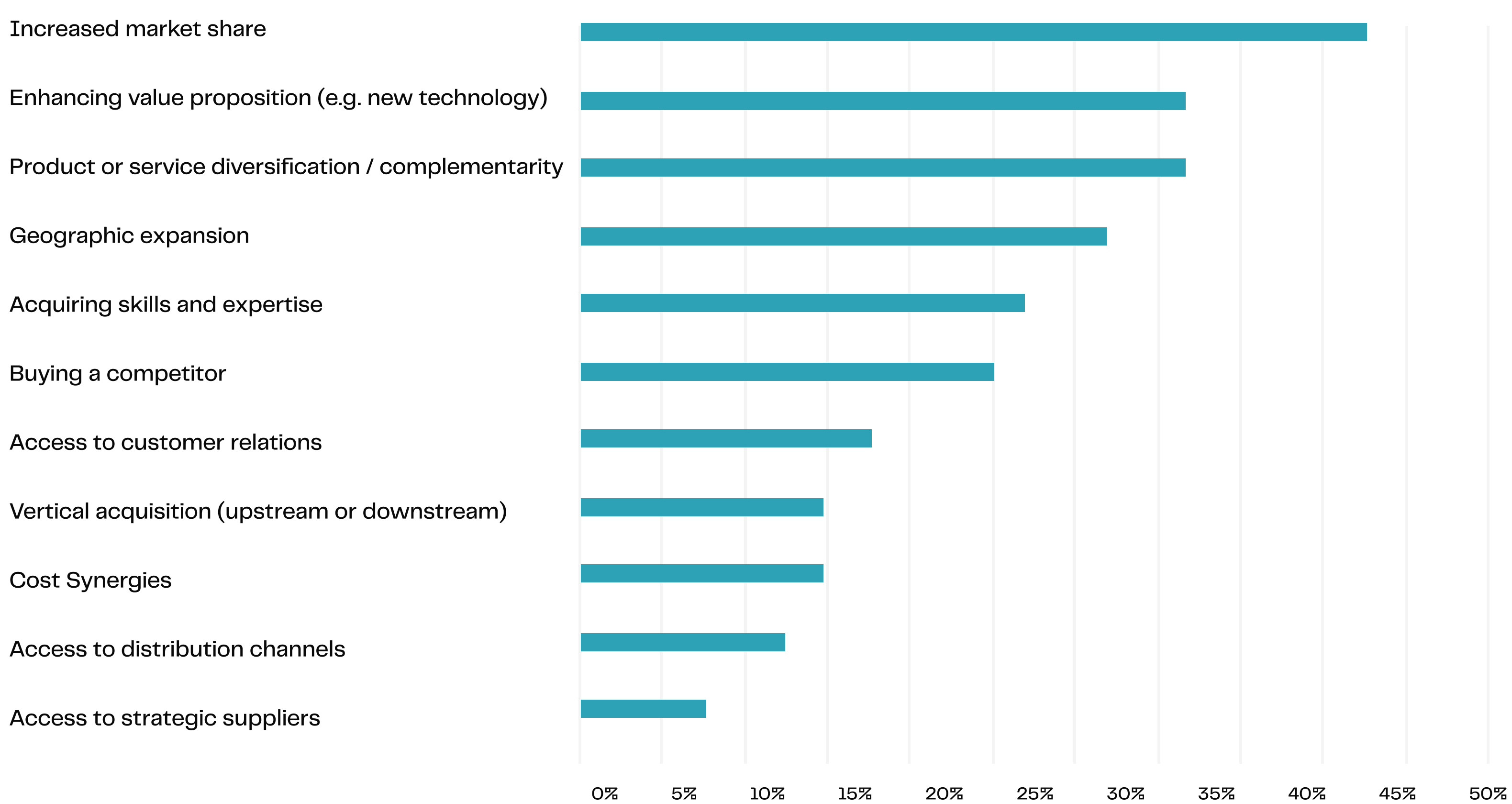
DEAL RATIONALE

This year's top deal rationales were increased market share, enhancing value and adding products/ services. For smaller players, acquiring skills and expertise comes first.

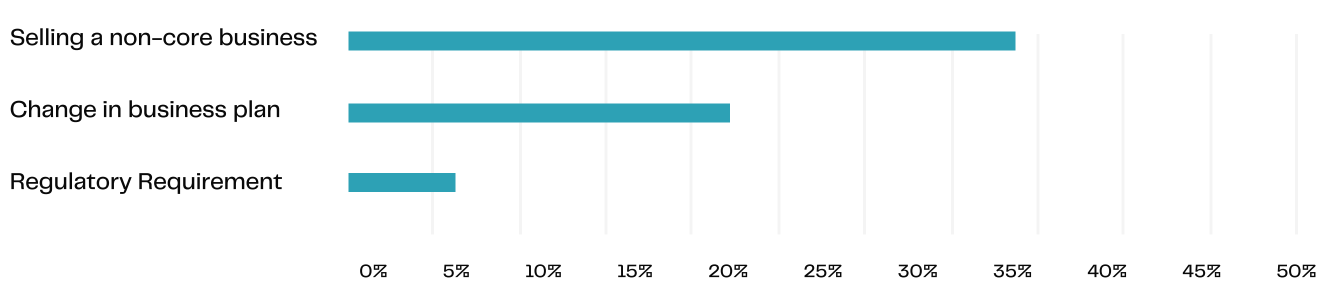
Other top deal rationale is geographic expansion and buying a competitor.

Selling a non-core business remains the most common driver of carve-outs.

Deal Rationale for Last Transaction



Deal Rationale for Last Carve-Out



INSIGHTS Archetypes for strategic rationales and Integration Complexity

Strategic Rationales

- Access to Skills or Technology
- Gain Market Access
- Improving Target's Performance
- Exploit Scalabilities
- Pick Early Winners
- Consolidate to Remove Excess Capacity from Market

Complexity in integration is driven by:

- Multiple business lines, business and operating models being integrated. This is typically seen in mergers of equals.
- Corporate culture is a factor when a large company is buying a small entrepreneurial target.
- Cross-border deals, especially across longer geographical distance.
- Resistance to change, when acquirer or target is fatigued by repeated changes, when integration really starts months after closing or when target has been told that nothing will change.

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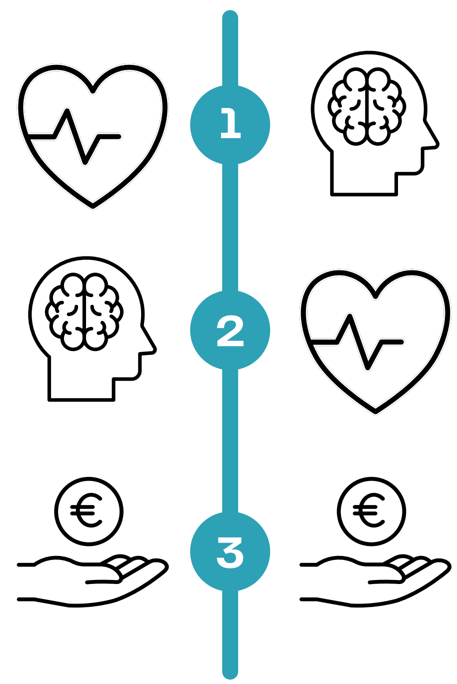
INSIGHTS Deal sourcing vs. Integration

To acquire an entrepreneurial led company, it's important to start by winning over hearts and minds.

To integrate an entrepreneurial led company, you need to start by presenting the deal logic to convince the management and employees.

Pre-Deal Steps

- Ensure you feel and are of the same mind.
- Agree on the exact same logic – how will the acquisition create value.
- Make a valuation and deal rationale/value creation/ synergy model.



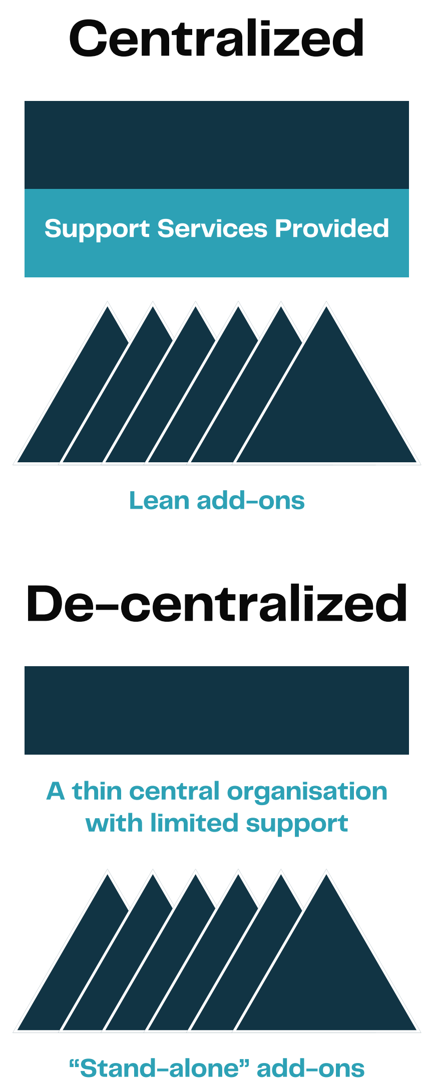
Post-Deal Steps

- Present the deal logic to your and targets management and employees. Convince them.
- Win the teams heart and passion for the deal by involving and empowering them.
- Track the value creation/ synergy capture.

INSIGHTS Roll-up operating models

In which operating model is most value created? Where the platform supports with centralized services or more autonomous add-ons?

Both are successful and one have to be selected from the start of the roll-up to really achieve value.



Model Selection Based On:

- Economies of scale and scope
  - Supply chain
  - R&D
  - Procurement
  - Go-to-Market
- Transformation requirements of add-ons
- Complexity of support provided
- Agility needs
- Requirements to be close to the customer
- Cultural / Tradition reasons

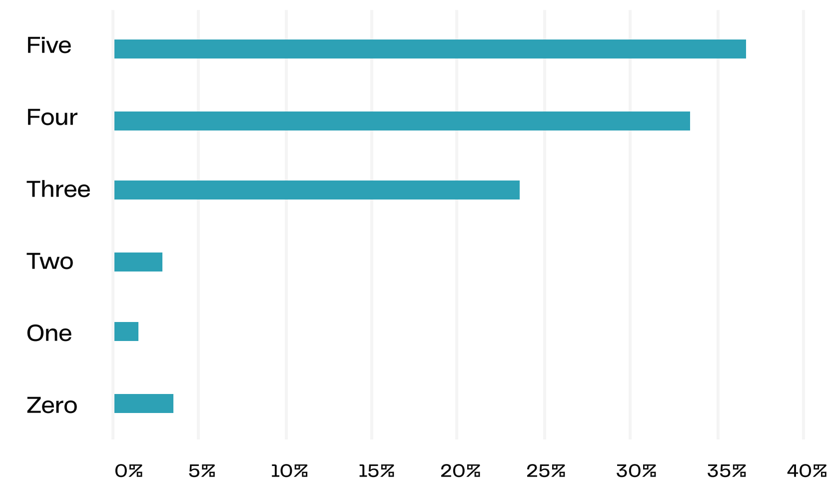
SUCCESS: LAST TRANSACTION

Perceptions about transaction success varies significantly over time. We know that not all deals deliver the anticipated value that investors and management teams had hoped for.

Investments in M&A capabilities and resources, both during the deal phase and during planning and execution significantly increase likelihood of deal success. Critical focus areas include:

- Operational, financial, commercial, and culture diligence.
- Effective planning and risk management.
- Robust communication covering pre and post close phases.
- Clarity of future state target operating model.
- High-performance project delivery teams.
- Sufficient bandwidth and change management capability to execute plans without disrupting business as usual.

How successful was your last transaction in achieving its deal rationale? (0 = not successful, 5 = very successful)



The survey results show that:

- There has been a notable rise in confidence regarding the success of deals, with 36% rating the rationale behind their most recent transaction as very successful.
- Including those who rated their transaction as successful, 70% of respondents view their deal rationale as either successfully or very successfully achieved.
- On the other hand, there has been a rise in the number of respondents who consider their transaction unsuccessful, reaching 30% compared to none in the previous survey.

SUCCESS: SYNERGY MANAGEMENT & TRACKING

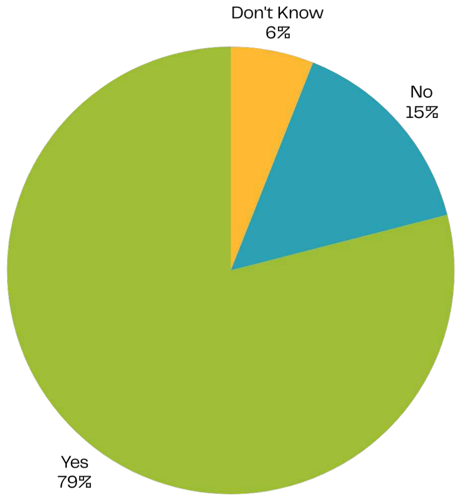
Tracking and managing synergy initiatives is integrally tied to managing integration initiatives and follows the same process. Synergies are composed of revenue generating opportunities, cost savings (opex & capex) and cashflow enhancements, as defined in the deal thesis. The deal thesis and synergies are defined in integration charters and work plans. Integration work plans are then executed to realize synergies that are then tracked.

Key Takeaway: We looked at the success rates of the respondents who validated and who tracked synergies.

•76% validated their synergies

•79% managed and tracked synergies

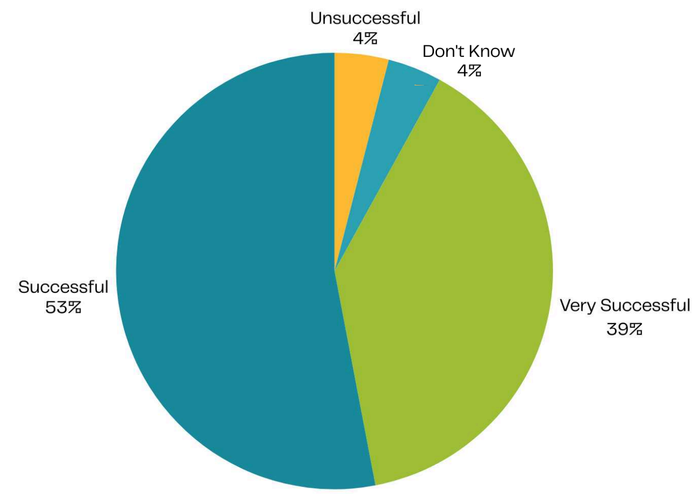
Were Synergies Managed and Tracked?



92%

of acquisitions done by those validating, managing and tracking synergies were judged successful or very successful

Success Rates for Acquirers who Track and Validate Synergies

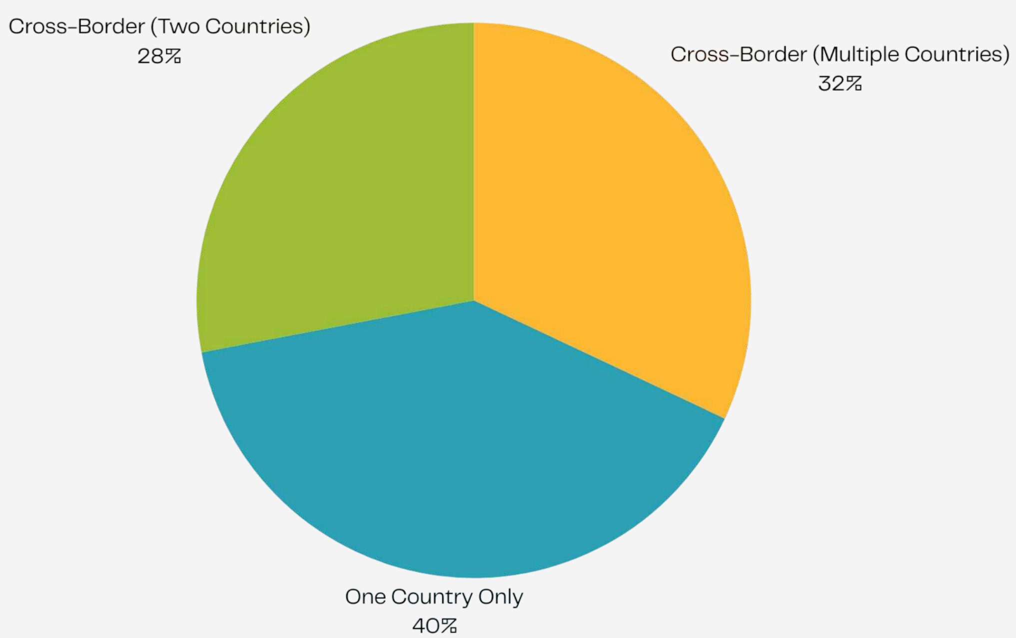


TRANSACTION DYNAMICS

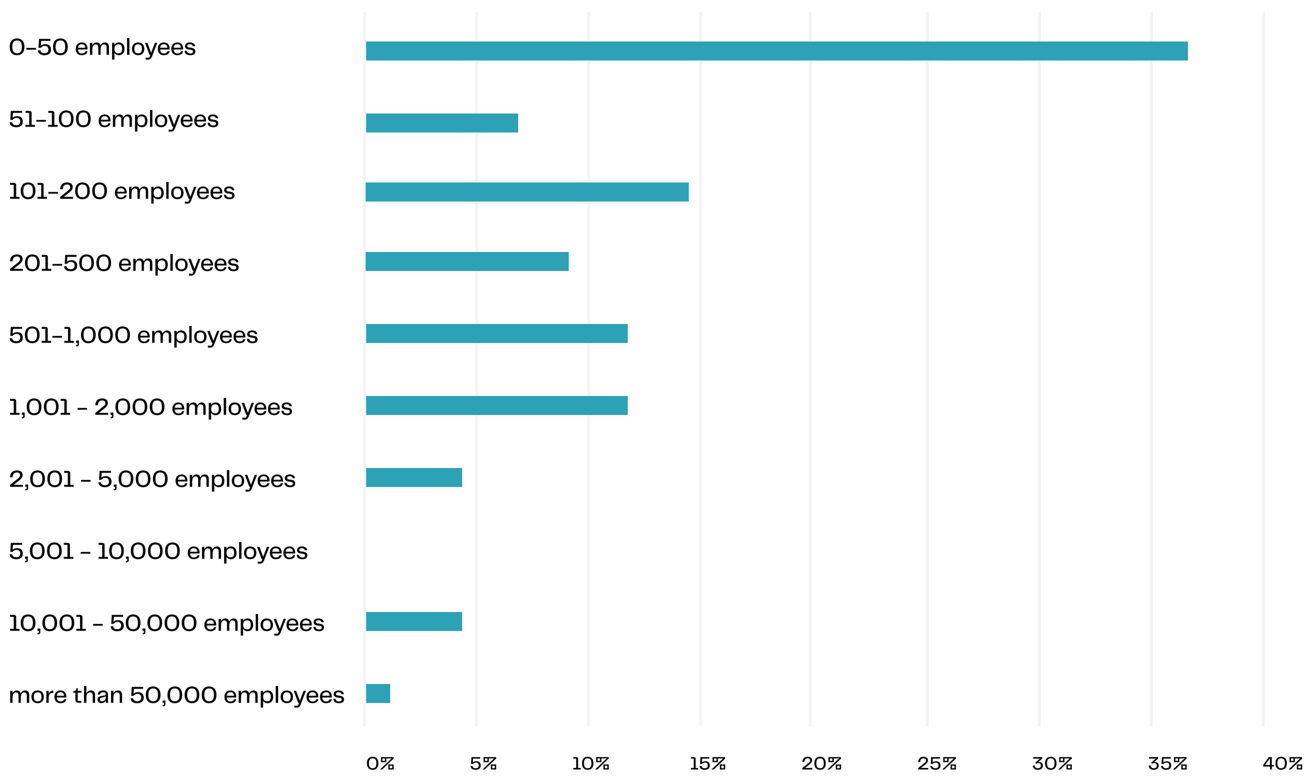
Key takeaways:

- Cross-border transactions are at 60% compared with one country only transaction at 40%.
- Over 50% of deals impacted fewer than 200 employees.
- The majority of deals signed closed within 1-4 months.
- Single-country deals increased from 35% to 40%.

Was your last closed transaction cross-border or in-country?



Employees Impacted by Transaction



SUCCESS: SKILL & RESOURCE DEVELOPMENT

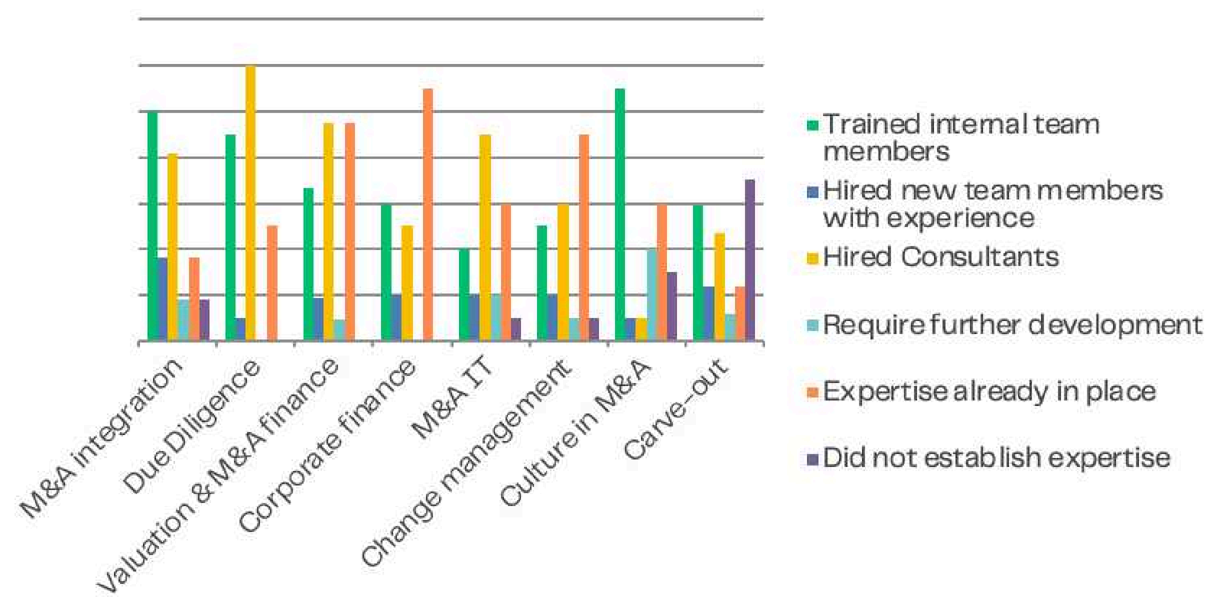
Full lifecycle M&A skills remain elusive, with the predominant in-house expertise being focussed on dealmaking and cultural fit.

The use of consultants is balanced with internal training around Due Diligence and M&A integration, ensuring teams have the capability to participate throughout the lifecycle while retaining trim fixed costs.

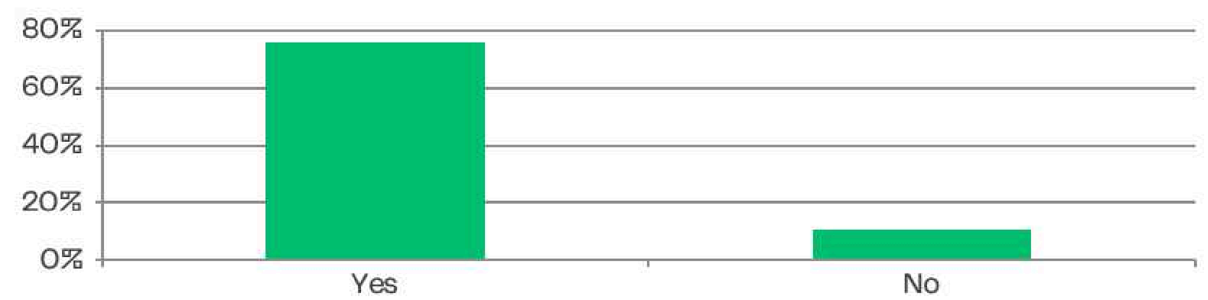
Technology remains an area where internal training is less feasible and planned arrangements or consultancy meet the capacity and capability demands.

Overall, most organisations are confident in their skills and resourcing strategy. However, the 13% who don't know whether they are in a good position should perhaps seek to determine their real status.

How did you build full lifecycle M&A skills and experience within your team?



Do you feel you are better placed to deliver successful integrations/carve-outs as a result of skill and resource development?



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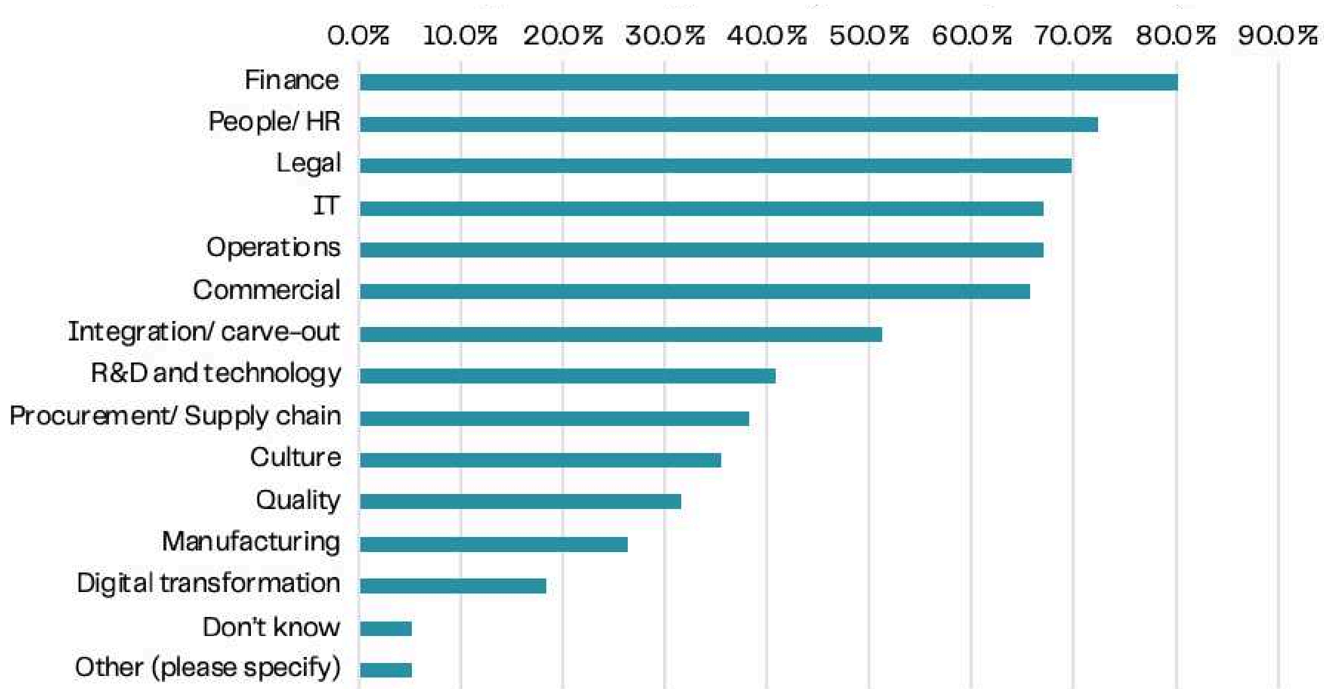
INTEGRATION PLANNING Due Diligence Focus Areas

Effective due diligence lays the foundation for a seamless integration by identifying potential risks and operational synergies early in the process. A well-structured diligence approach ensures that key business functions align with the deal's strategic objectives, enabling informed decision-making. By leveraging data-driven insights and cross-functional collaboration, acquirers can anticipate integration challenges, refine transition strategies, and accelerate value realization. As diligence evolves with enhanced digital tools and specialized expertise, integrating findings into a cohesive execution plan becomes critical for long-term success.

In this year's survey, Finance, People/HR and Legal were the top 3 focus areas cited by respondents.

Compared to the previous year's survey, IT and Operations moved up in importance, replacing Commercial.

Areas Covered by Due Diligence (% of respondents)



INSIGHTS Due Diligence

The survey results highlight the diverse range of areas covered during the due diligence process, underscoring the multifaceted nature of pre-deal assessments. Finance, People/HR, and Legal emerged as the most commonly scrutinized functions, reflecting their critical role in evaluating financial stability, workforce considerations, and compliance risks.

Beyond these core areas, IT, Operations, and Commercial diligence were also widely covered, emphasizing the importance of assessing technological infrastructure, business continuity, and revenue-generating activities. Notably, over 50% of respondents included Integration and Carve-Out planning in their due diligence, recognizing the need for early preparation to ensure seamless post-deal execution.

Areas such as R&D, Supply Chain, Culture, and Quality received moderate attention, highlighting that while operational and innovation-related factors are considered, they may not always be prioritized in initial assessments. Digital Transformation, though lower on the list, is an emerging focus area, reflecting the growing impact of technology in M&A strategies.

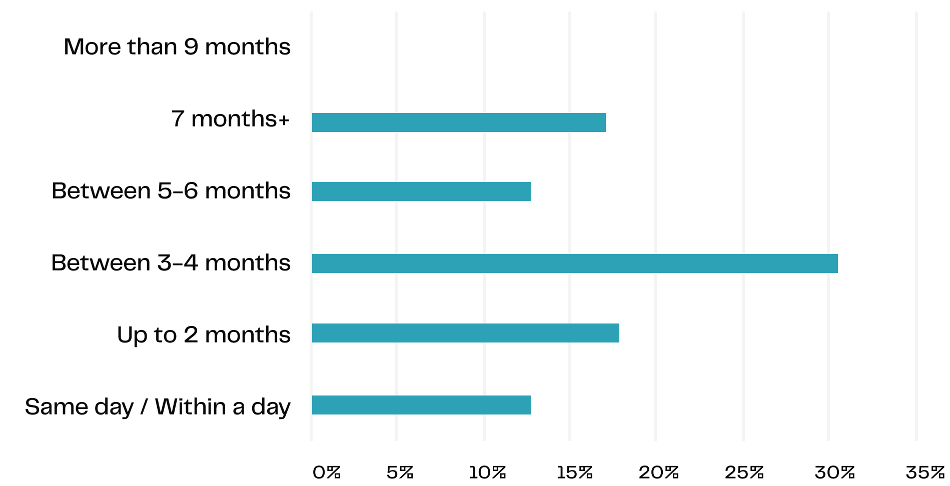
These findings suggest that while traditional diligence areas remain dominant, companies are increasingly broadening their scope to include integration planning, cultural alignment, and technology-driven efficiencies—key factors for long-term deal success.

INTEGRATION PLANNING Sign-To-Close Timeline

Inevitably, the timeframe from signing to close is driven by financing requirements, regulatory approval and conditions of close in the Share Purchase Agreement (SPA), with 61% of deals achieving this within 4 months, broadly in line with our previous survey.

This timeframe creates a fixed timeline to help ensure effective Day 1 readiness planning and preparation, while making as much progress with integration planning as possible pre-close to provide a fast start to execution post Day 1. This means the integration team most often needs to be mobilized before signing, working alongside the deal team to be fully prepared for Close.

Timeframe for Deal Signing to Deal Closing



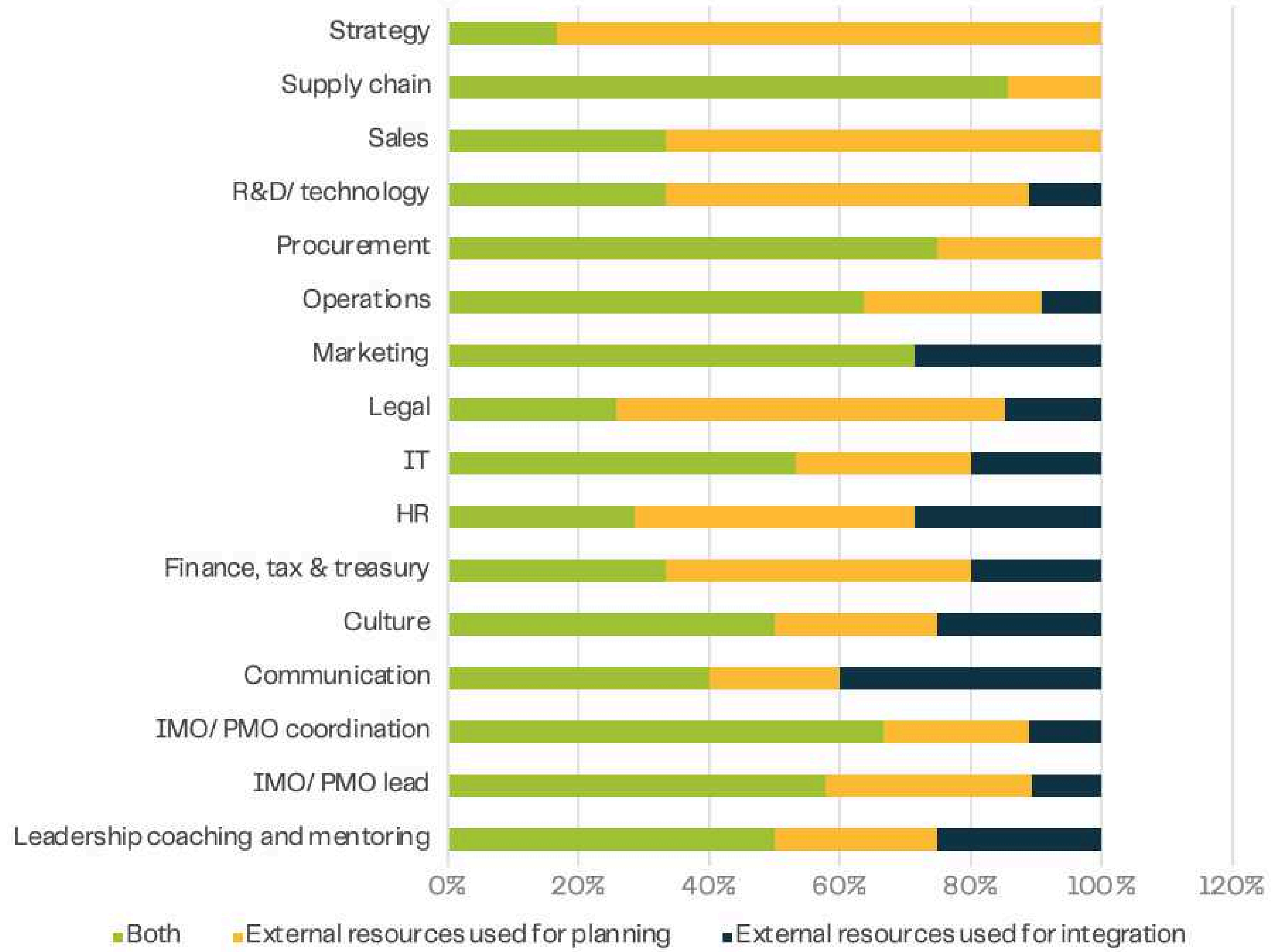
- During the regulatory approval process, there may be restrictions related to competition compliance. However, it's often possible to make more progress than initially expected during this period.
- Day 1 and integration planning can achieve significant progress through providing clear guidelines and establishing gun-jumping rules, clean teams, legal oversight and related processes.
- This preparation allows for alignment between acquirer and target before Day 1. Simultaneous sign-and-close scenarios require more intense preparation regimen starting at Letter of Intent (LOI).

INTEGRATION PLANNING Integration Management Office

The average size of an Integration Management Office was 4, with 10% of integrations attempted without coordinated organisation and 5% being large-scale integrations with 10+ resources in the IMO.

The areas on the chart on the right showing > 50% “Both” would suggest that complex areas such as Supply Chain, Procurement, Operations, Marketing, IT, Culture & Leadership benefit from continuity of design through execution support. This is in addition to the confirmation that an IMO requires support before execution (67%).

Which functions involved used external resources (consultants or advisors) in planning and integration?



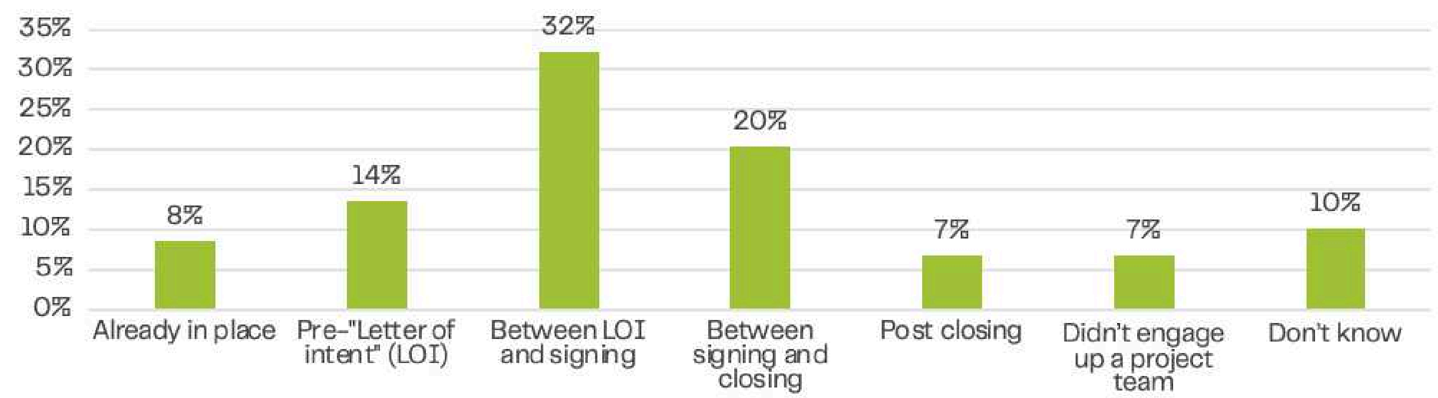
INTEGRATION PLANNING Integration Execution Timeline

Full integration execution starts at Closing, following the combined execution of a successful Day 1 and integration planning. For a typical lower mid-market tuck-in deal, Day 1 is followed by detailed actions for the first 30 to 120 days.

According to our survey, 75% of integrations take 7 months or more to complete which is a slight rise from the last survey. 27% took more than 12 months.

Integration execution durations can significantly increase for larger, more complex deals, where the integration strategy demands complex integration across all business functions. Smaller mid-market acquisitions can be managed in 6 months or less.

Timing of Integration / carve-out team mobilization?

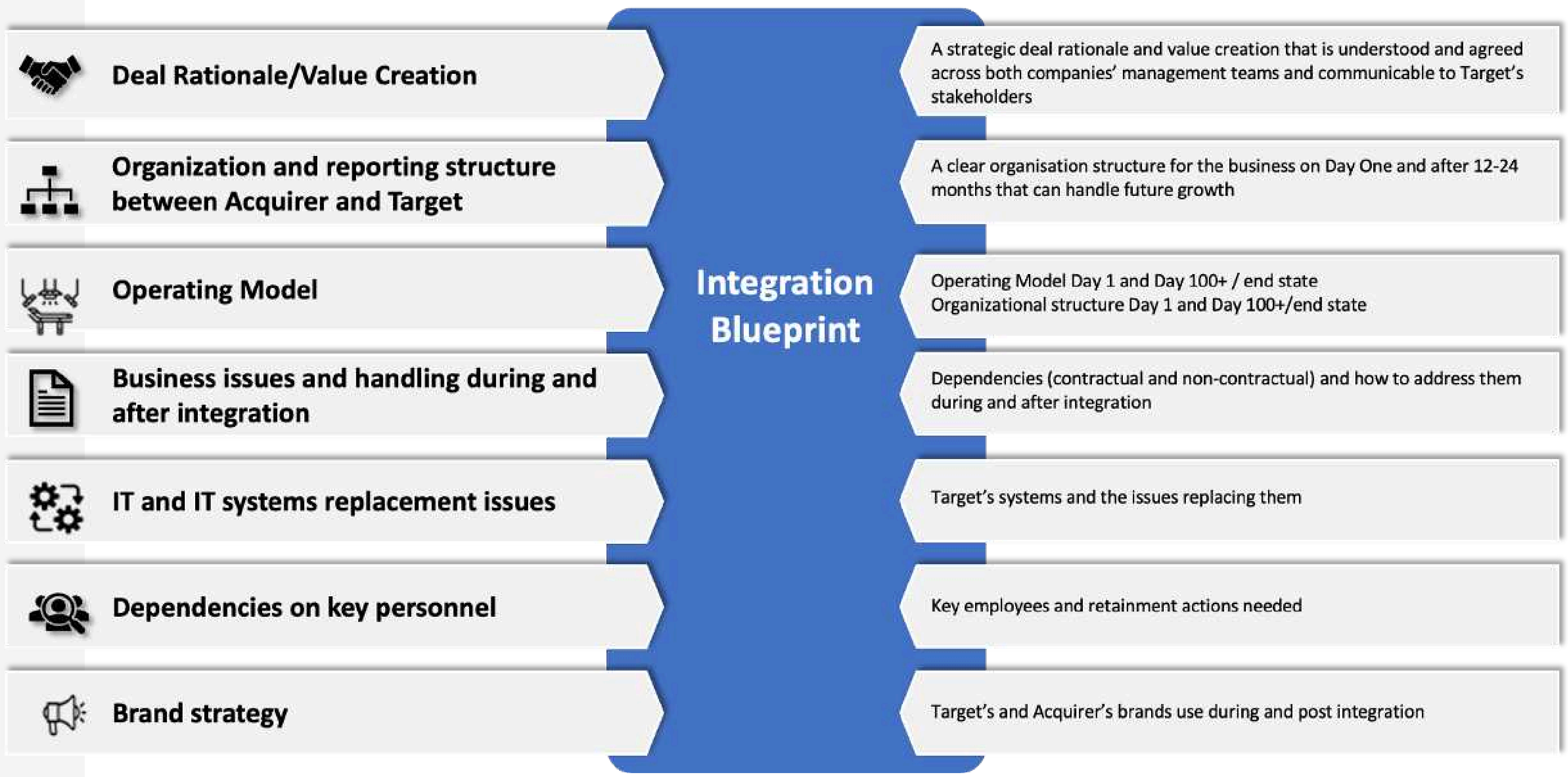


INSIGHTS Keys to Integration Success – Integration blue printing and planning

IMO Mobilization planning & execution process & deliverables ensure transactions deliver the deal thesis

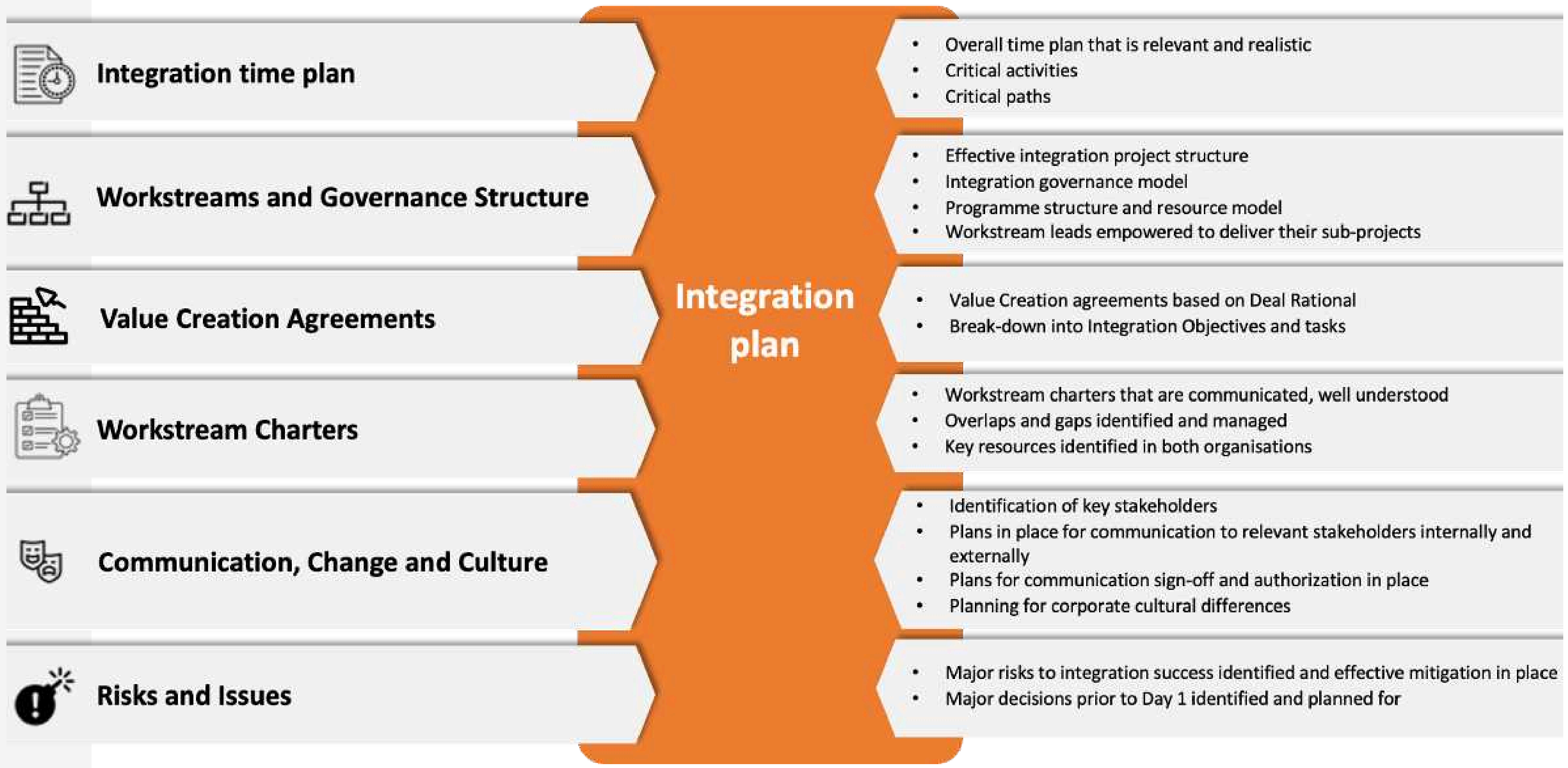
INTEGRATION BLUEPRINT

The blueprint is done pre-deal, or at the latest pre-closing, describing the organisation, processes and support structure when combining acquirer and target.



INTEGRATION PLAN

The first version of the integration plan is done pre-deal, or at the latest pre-closing, describing the project plan integrating the target with acquirer.



USE OF M&A PLAYBOOKS

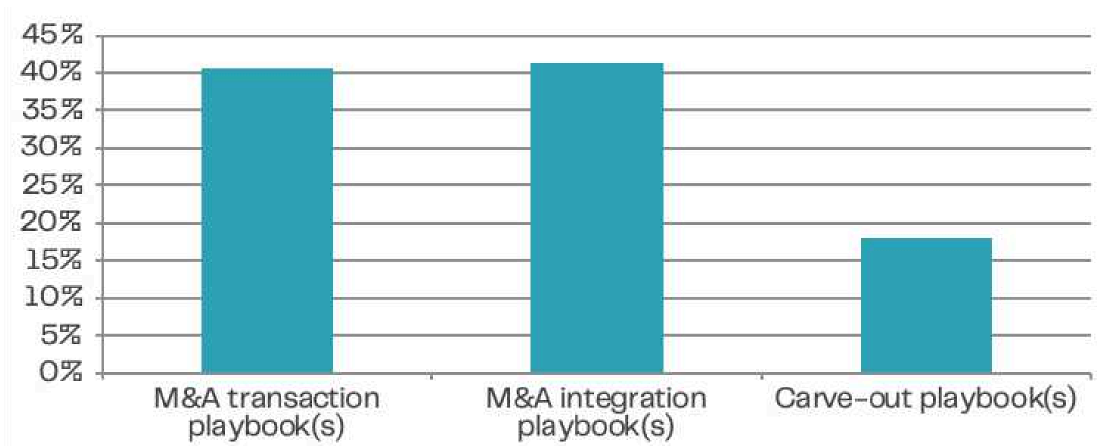
An M&A playbook is an end-to-end approach to complete the deal lifecycle. In our survey, we broke this out into the areas of an M&A Transaction Playbook (deal playbook), M&A integration playbook, and in a separation scenario, a carve-out playbook.

It was found that only 40% of respondents used a playbook to assure their activities. Carve-out playbooks were used less frequently due to the smaller number of carve-outs completed by our respondents, which increases execution risks by combining limited methodology with limited experience and potentially higher complexity. Especially for serial acquirers, playbooks are advisable for a number of reasons. They:

- Reduce risks through repeatability, common ways of working, and only requiring limited customization.
- Capture lessons learned and establish more consistency in achieving synergies driving quality of execution.
- Drive efficiency, reducing time to mobilize, organize, plan, and execute projects.
- Establish ever-growing familiarity with pre-populated materials that drive reliable outputs.
- More efficient mobilisation when mixing internal teams and consultants as well as enabling resource flexibility.

~60% of respondents do not have an appropriate playbook

Do you use a repeatable playbook for your integrations or carve-outs?



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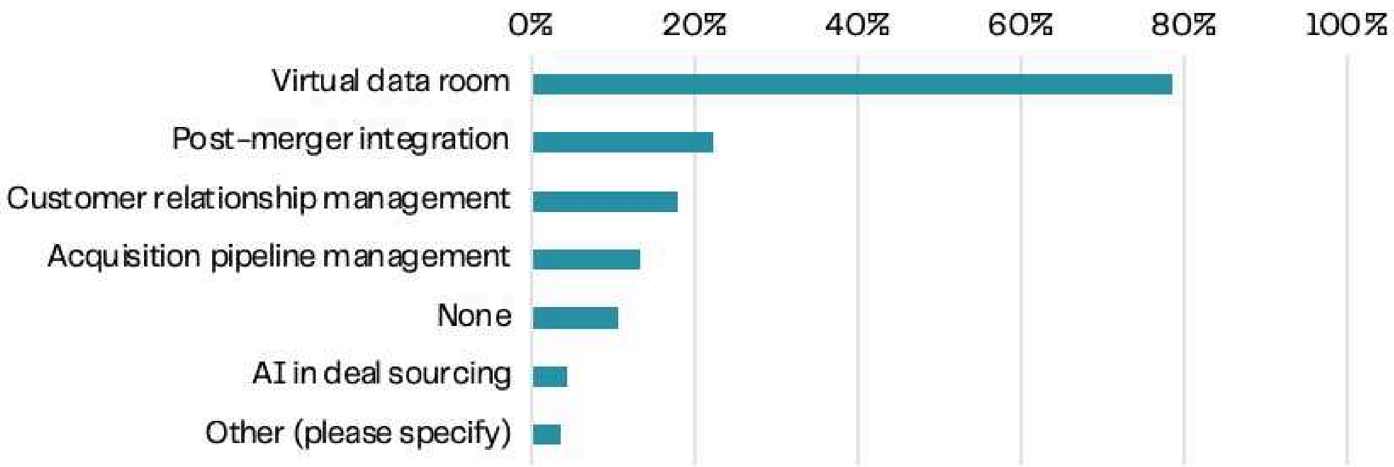
USE OF TECHNOLOGY TOOLS

The survey results highlight the increasing role of technology in M&A transactions, with **Virtual Data Rooms** (VDRs) standing out as the most widely used tool—adopted by nearly all respondents. This dominance reflects the critical function of secure document sharing, collaboration, and due diligence management in deal execution.

As well as being used for securely sharing confidential target information with acquirers during due diligence, premium VDR solutions, such as Sterling Technology, incorporate tools that increase productivity and accelerate timelines for dealmaking: these include flexible Q&A workflows, redaction, built-in translation, advanced Information Rights Management, and secure online viewers for Microsoft Excel®, video and CAD files. VDRs are also increasingly being used to support PMI processes as they are an ideal solution to the challenges of securely sharing large volumes of sensitive information among distributed teams.

Technology Tools in M&A Deals (% of respondents)



Beyond virtual data rooms, **post-merger integration** software emerged as the second most commonly utilized technology, underscoring the growing recognition of structured integration planning as a key success factor, **Customer Relationship Management** (CRM) and **Acquisition Pipeline** Management solutions were also cited, indicating that organizations are leveraging technology to enhance deal sourcing, relationship tracking, and transaction flow visibility.

Interestingly, a notable portion of respondents reported using no technology at all in their M&A processes, suggesting that some companies still rely on traditional, manual methods. Meanwhile, **AI in Deal Sourcing** remains in its early adoption phase, with relatively low uptake, though its presence points to a potential shift toward data-driven deal origination in the future.

These findings highlight a broader trend toward digital transformation in M&A, where tools that enhance efficiency, collaboration, and integration planning are becoming indispensable for successful deal execution.

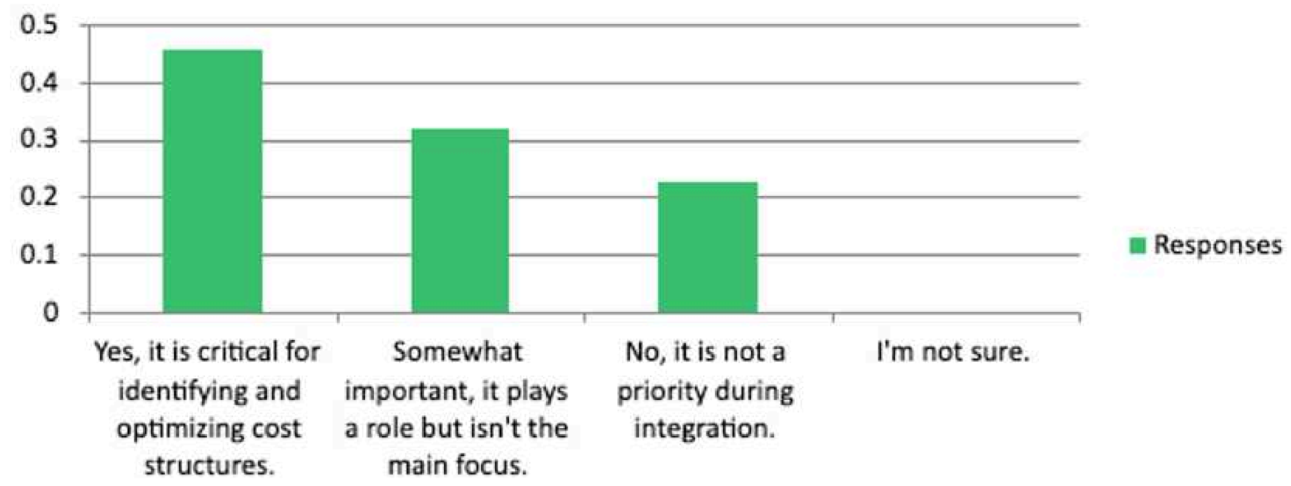
COST MANAGEMENT

- 40% of respondents consider cost assessment critical for identifying and optimizing cost structures.
- 30% believe it is somewhat important, playing a role but not the main focus.
- 20% of respondents state that cost assessment is not a priority during integration.
- A small percentage did not have a clear stance on the topic.

Observations & Implications:

- Cost optimization is a priority for the majority, suggesting that companies recognize the importance of financial efficiency post-acquisition.
- While not the sole focus, expense assessment plays a key supporting role in integration strategy.
- A notable portion (20%) sees cost assessment as non-essential, potentially reflecting a focus on revenue growth, cultural alignment, or operational integration instead.
- Companies not prioritizing cost management may face challenges in unlocking synergies and achieving financial efficiency in the long run.

Cost Management Solutions: Is the assessment of corporate expenses a significant initiative during your M&A integration process?



Recommendations:

- Businesses should consider structured cost analysis early in integration to maximize deal value.
- A balanced approach that aligns financial oversight with strategic growth can enhance long-term success.
- Further research could explore why certain firms deprioritize cost assessment and how this impacts post-merger performance.

INSIGHTS Cost Management

Cost management is not just about cutting expenses—it's a strategic lever that, when properly structured, accelerates deal value and strengthens long-term financial health. Organizations that take a proactive approach to cost oversight during integration tend to achieve better transitions and stronger performance outcomes.

Guiding Questions for M&A Leaders:

- Are we capturing full visibility into post-merger financial commitments?
- How do we ensure cost synergies are realized without compromising operational efficiency?
- Are there hidden opportunities in IT, finance, or supplier contracts that could drive additional value?
- What governance structures are in place to track and manage integration costs effectively?

The Role of Cost Visibility & Efficiency in M&A:

- Clear oversight reduces risks and uncovers inefficiencies, accelerating synergies and boosting EBITDA.
- Early cost reviews prevent financial surprises and balance cost control with strategic growth.
- Key challenges include redundant IT systems, budget misalignment, and missed vendor renegotiation opportunities.

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SURVEY SPONSORS

E78 provides comprehensive transaction services across the M&A lifecycle, ensuring seamless transitions and maximizing performance for our clients.

Beyond transactions, we empower the Office of the CFO by optimizing costs, strengthening financial controls, and driving efficiency to enhance profitability and value creation. Our Office of the CIO services turn IT operations into strategic assets, leveraging technology to improve business agility and informed decision-making while reducing IT spend.

At Saïd Business School we believe in creating business leaders who lead with purpose. As part of Oxford University, we have a unique perspective on some of the most significant challenges facing business and the world today.
Our focus on the role of purpose in business ensures those who learn here are well placed to tackle world-scale problems. To achieve this, we deliver world-class research, teaching and coaching.

Sterling Technology is the provider of premium virtual data room (VDR) solutions that increase productivity and accelerate timelines for high-stakes dealmaking, enabling effortless file sharing, automation of key tasks and collaboration among all deal participants while delivering best-in-class security and unrivaled end-to-end support. Sterling Technology has been supporting the M&A and capital markets for over 30 years, initially with financial printing services. Since opening our first VDR in 2010 we have helped customers from 187 countries and 90 industries successfully complete thousands of deals. With offices in all major financial centers on six continents, Sterling Technology is trusted by its users to deliver exceptional levels of service on their most critical transactions.

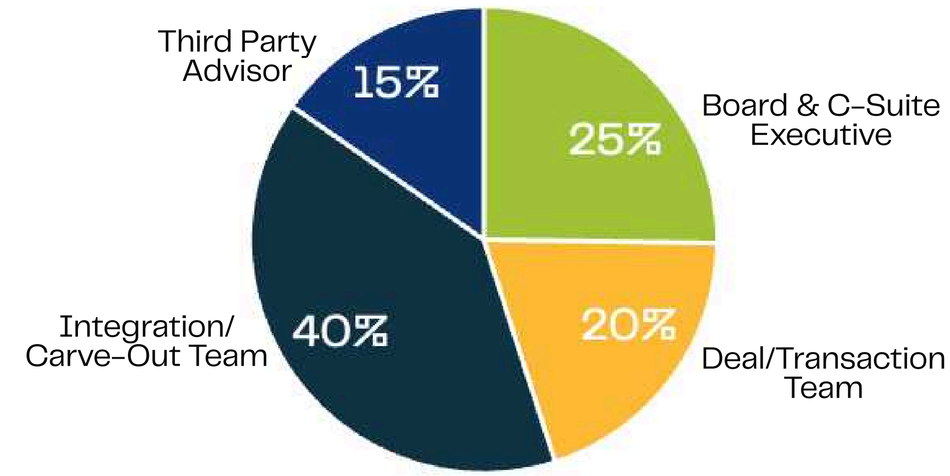
SURVEY DEMOGRAPHICS

Our 2024 survey had a strong set of respondents covering a wide range of sectors. Representation between PortCos, PE and Publicly traded entities was broadly equal.

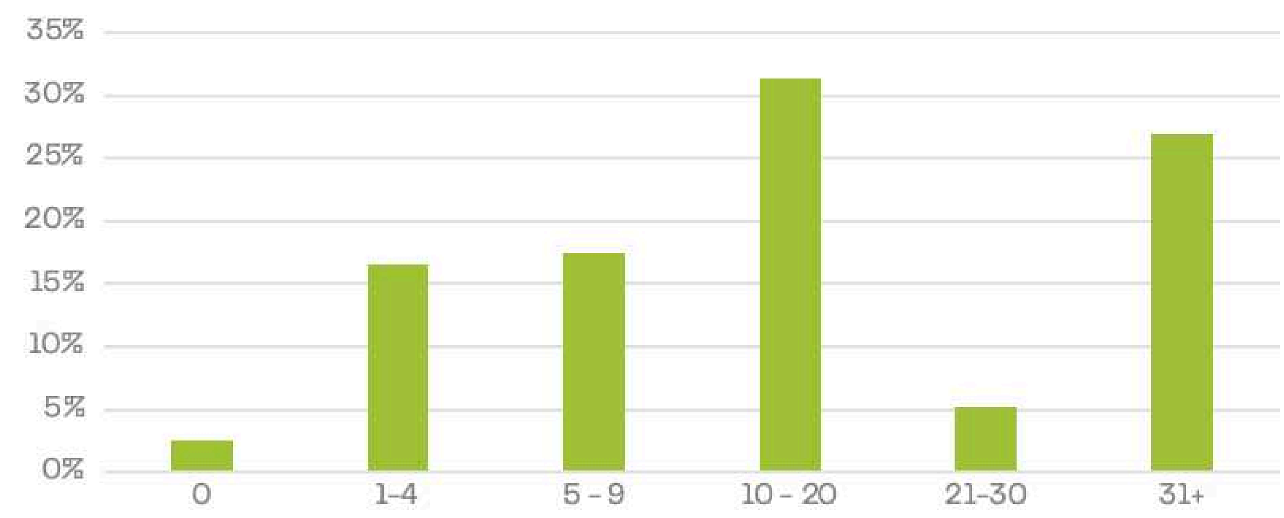
70% of respondents are operating with mid-market thru Fortune 500 size target companies.

~25% of respondents core roles are Due Diligence or Integration meaning that the survey has a wide set of perspectives from other functions such as People & Culture, Strategy, Investment, Communications and Operations as to value realization through effective Operational Due Diligence and Post-Merger Integration competences.

Survey Respondents: Role in M&A Transactions



Survey Respondents: Experience, Total Number of M&A Transactions



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1,000

Post deal M&A Projects

35

Countries

450

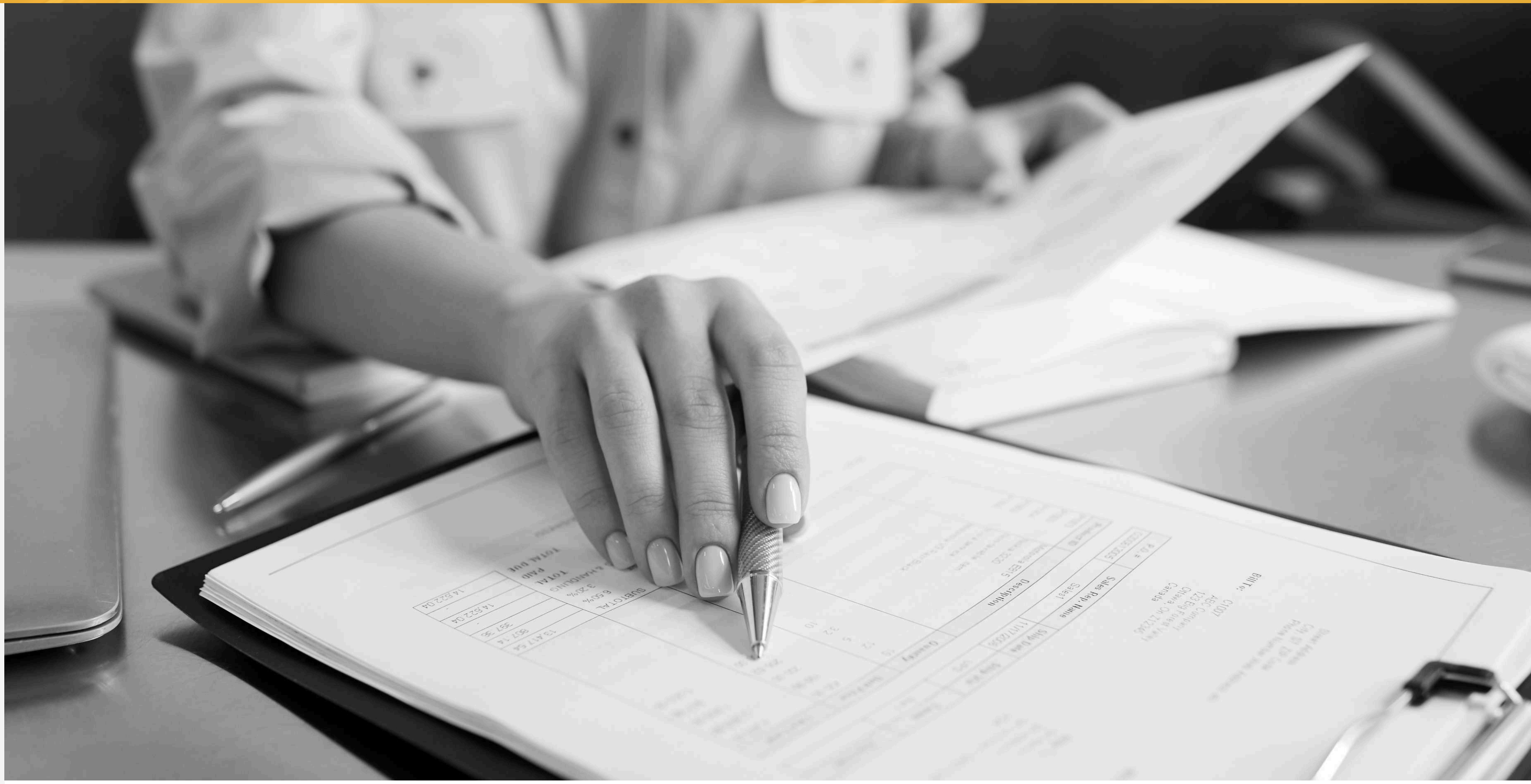
Resources globally

15

Years of history

80-100

Projects/Year



At **Global PMI Partners**, our focus is to help our clients realize their deal objectives with confidence.

Specializing in M&A integration and carve-outs, we have an international team of integration, carve-out and functional experts across 35 countries.

We provide an optimal blend of skills, localization, and industry experience to meet the needs of our clients, increasing synergies and reducing deal risks and costs.

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