

A photograph of three business professionals in a meeting. A man in a white shirt and tie stands in the background, pointing at a tablet held by a woman in a dark blazer. An older man in a suit sits at a table in the foreground, looking at the tablet. The background shows a bright office with large windows.

QUALIFICATION : PROJECT 1009

Insurance | Inorganic Strategy

November 2023 – January 2024

QUALIFICATION : PROJECT 1009 KEY WORD SEARCH: Consulting Project, Strategy, in-organic, M&A, Market Review

Summary: ICG to assist with a market scan of potential M&A targets

Project description/approach	<ul style="list-style-type: none"> Review existing work from an investment bank Conduct a market scan using recent intelligence from a small group of on the ground sub-sector experts Develop a revised approach and framework which better suits the client's aspirations and better categorises potential targets Challenge investment bank's recommendations with recent intelligence that highlights several major red flags Assist client with C-suite and board reporting on these findings
Why ICG was needed	<ul style="list-style-type: none"> Client business focused around a very mature product suite M&A into complementary areas is an ongoing strategic initiative Client was not convinced by Investment Bank's advice so asked ICG to review and challenge approach
Impact delivered by ICG	<ul style="list-style-type: none"> ICG project lead and expert panel already understood the industry and sub-sector intimately Injected real knowledge and insight from the local market and industry Challenged investment banking recommendations and provided more suitable alternatives Client progressed an immediate u-turn on the current target and is now progressing ICG recommendations
Critical insights / new ICG IP available to new clients	<ul style="list-style-type: none"> Proven process for combining traditional investment banking and general management consulting market scans with a curated group of "in-the-trenches" experts who really "know" the sector and can guide clients in a safe and confidential way
Client feedback "Would you use ICG again, and if differently, how?"	<ul style="list-style-type: none"> Yes; and David helped us to think about a more cohesive approach to growth that will avoid us ending up with a pot puriri of sub scale unrelated investments

Client

Industry	<ul style="list-style-type: none"> Insurance
Sector/Function	<ul style="list-style-type: none"> Strategy M&A
Geography	<ul style="list-style-type: none"> Australian based Insurer

Project period/duration

November 2023 –January 2024

ICG Contact Partner for more information

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Project Scale	USD \$0-\$50K	USD \$50K-\$100K	USD \$100K-\$250K	USD \$250K-\$1M	USD \$1M Plus
ICG contribution		X			
Total scale				X	

This project was focused on Corporate strategy

ICG's Strategy Taxonomy

CORPORATE

- Business Model and Org Design (SBUs), Corporate Centre/Shared Services
- Portfolio (Profit Pools & Industry Structure)/M&A/Joint Ventures/Portfolio Interfaces (See Horizontal Strategy)
- Governance
- EPMO/Investment Slate
- Culture/Tone from the top
- Transformation and Strategic Planning approach
- Strategy & Internal Consulting team design

BUSINESS

- Sources of advantage/Positioning
- Business Scope of each SBU
- Customers/Segments/
- Product
- Channel
- Geography
- Customer Experience, Journeys, Brands
- Competitors/Game Theory/Wargaming
- Regulator Interface
- Detailed Business Modell/Structure
- Business Plans

FUNCTIONAL

- Functions supported (Operations, Risk, Human Capital, Technology/Digital, Learning, etc)
- Their role and alignment to strategy/shared services
- Nature of support and advantage they provide/gaps in support
- Functional Strategies
- Functional Plans

HORIZONTAL

- Recognised and harnessed synergies
- Coordination/capture processes
- Customer Strategy
- Innovation/Accelerators
- Supply Chain
- Org Dev
- Data and Insight
- Change and Comms

PROCESSES, PEOPLE AND TECHNOLOGY

- Strategy formulation plans, tools, calendars and processes (Including Agile and Emergent Strategy)

This assignment due to its nature was extremely confidential

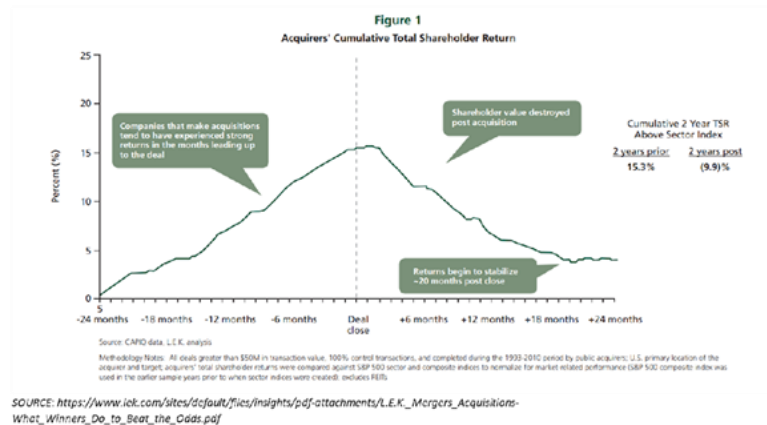
ICG'S APPROACH TO PROTECT CLIENTS

- Strict NDAs and confidentiality deeds where required
- No sharing of IP or project materials (even sanitised)
- Strict adherence to data room protocols and lap top security

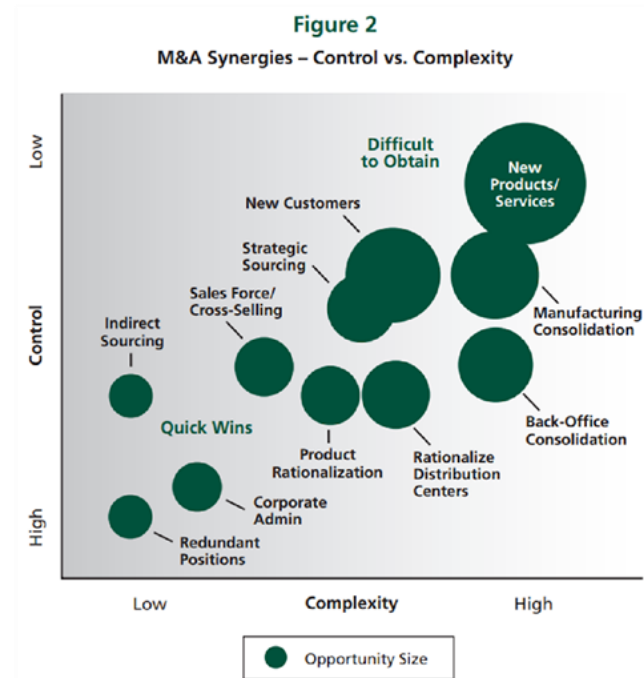
SUBSEQUENT QUALIFICATION PAGES ARE THEREFORE LIMITED TO A VERY SELECT SAMPLE OF M&A BEST PRACTICE (PUBLIC INDUSTRY) IP SHARED WITH THE CLIENT AS PART OF THE ENGAGEMENT

Only 40% of acquisitions create new value

- 40% of deals generated companies that were worth more together than apart
- However, on average cumulative total shareholder returns drops 10% in the two years following the deal
- Performance doesn't differ by size or industry but does improve with experience in M&A



- Opportunity access varies mostly by control and complexity and are frequently over-estimated, especially revenue synergies
- A dedicated post merger integration team with prior experience and industrialised IP is critical to success



There are six main categories of successful acquisitions

Type	Notes	Applicable and how much?
1. Improve target company's performance	Typically focuses on reducing costs to improve margins. Can also focus on revenue growth and more rarely revenue synergies	
2. Consolidate to remove excess capacity from the industry	Benefits mostly accrue to the seller's shareholders and there is a free rider effect as all participants benefit. (except in a roll-up)	
3. Accelerate market access for the target's or buyers products	Purchase high quality new products and service companies for distribution through a much larger sales force. Alternatively dovetail distribution capabilities.	
4. Get skills faster or at lower cost than they can be built	A great source of new, faster growing and proven revenue for large companies. When hiring skills, sometimes called acquihire	
5. Exploit a business's industry specific scalability	Generic scale is often already well exploited by efficient large players. However, some industries have other specific forms of scale that can be exploited (e.g. car platforms)	
6. Pick winners early and help them develop their business	Like a venture fund, pick early, pick many and nurture the business to success	

Programmatic M&A should be thought of as a potential core competence



- Need a steady stream of deals every year
- No more than 30% of market cap
- Deals add up to 30% of market cap over 10 years
- Need a full and operating funnel (e.g. On average Corning conduct due diligence on 20 firms a year, submits 5 bids a year and wins three)

The logo for Internal Consulting Group (ICG) consists of the letters 'ICG' in a bold, white, sans-serif font, centered within a dark blue rectangular background.

ICG

Contact your Partner for more information

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Visit our website at www.internalconsulting.com