KPMG

# Succeeding in complex M&A

Learn how a relentless focus on speed to value delivers next-level M&A outcomes

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GenAI was utilized in the creation of this image

# Introduction

After enduring more than two years of sluggishness in the market for mergers and acquisitions (M&A), optimism is growing among dealmakers. Notably, appetite for deals is rising on the heels of falling inflation, recent interest rate cuts, and further signals that a period of lower interest rates is likely, which will ease funding for M&A.

Dealmakers, however, are confronted by an M&A landscape that remains challenging. In addition to buyer-seller gaps on valuation and competition for performing targets, companies increasingly use M&A to not only accelerate growth but also to acquire new capabilities to transform their businesses—changing their cost structure, new markets and channels, targeting economies of scale, pursuing vertical integration, and achieving network effects.

We analyzed US corporate M&A activity over the past eight years to understand the M&A planning and execution dynamics of what organizations pursuing large deals in 2024 are experiencing. We examined two broad sets of transactions: "complex" (e.g., white space acquisitions, divestitures, carve-outs, spin-offs, cross-border acquisitions) and all other majority purchase acquisitions (e.g., bolt-ons, simpler transactions) that we have termed "noncomplex" in this paper.

While transformation within organizations does not always result from M&A, we believe complex deals require organizational change that often leads to transformation of the business. They are inherently more complex transactions with greater stakes, smaller margins for error, and a higher level of execution risk—but also outsize returns.

In our 2022 report, "Navigating complex M&A," we looked at sources of growing complexity in dealmaking and outlined practical moves dealmakers can make now to win in the age of the complex deal.[1] Some sources of complexity from two years ago, such as a tight labor market and supply-chain constraints, have eased. Others, such as enterprise transformation, multi-step deals, and cross-border transactions, are still testing dealmakers.

Going deeper in this updated report, we undertook a detailed assessment of past complex deals to see if they provided superior returns compared to noncomplex deals. We dissected deal data, pored over press releases, and interviewed expert dealmakers of complex deals to unpack specifics around what made their deals successful and what they could have done better. Additionally, we conducted an M&A survey in August 2024 to validate our findings (see "Methodology" on page 15).

We then considered key actions companies will need to focus on when pursuing a complex transaction (see "Four value-driven actions to improve the odds of success in complex M&A" on page 6). As the deal market picks up, we believe dealmakers who try to address the various challenges inherent in the complex process and adjust their strategic approaches at each stage of the deal lifecycle will have a greater likelihood of turning the value promise of M&A into reality—and reap greater rewards.

[1] "Navigating complex M&A," KPMG LLP, 2022

# Complex M&A - methodology

Total population of deals: **703**

| **Deal value:** | **Time period:** | **Buyers/sellers:** |
|---|---|---|
| $1B+ | 2016–2024 | US-headquartered public corporates |

**Complex deals: 317**

| | |
|---|---|
| Cross-border acquisitions | 110 |
| Spin-offs | 59 |
| White space acquisitions | 56 |
| Carve-outs and other divestitures | 92 |

**Noncomplex deals: 386**

| | |
|---|---|
| 288 | Bolt-on and scale acquisitions |
| 98 | Adjacent product market acquisitions |

Analysis*

| Complex deals | Noncomplex deals |
|---|---|
| **Expert interviews** | **Expert interviews** |
| **Expert surveys** | **Expert surveys** |
| **Deal database analysis** | **Deal database analysis** |
| **Deal announcement analysis with GenAI** | **Deal announcement analysis with GenAI** |
| **Analyst reports, market coverage, corporate financials** | **Analyst reports, market coverage, corporate financials** |

Our perspective

Not included in analysis

* Please see Methodology (page 15) for full scope of analysis

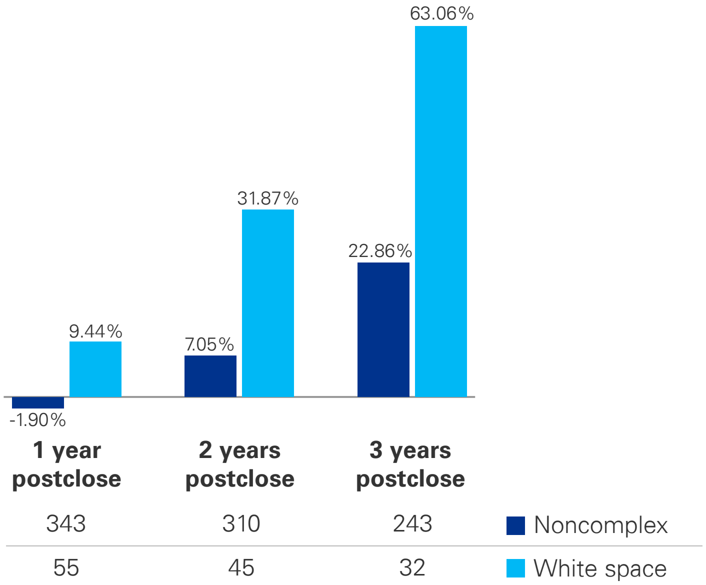
# The good and the ugly of complex M&A

**Increased complexity in M&A:**
The unanimous agreement among survey respondents that M&A has become more complex over the last three years highlights the evolving nature of the M&A landscape, and emphasizes the need for a strategic approach to dealmaking.

Complex deals are increasing in overall volume within the deal market; in our latest M&A survey, 100 percent of respondents affirmed that M&A has become more complex over the last three years. These deals are harder to pull off but can potentially deliver greater returns. To corroborate this thesis, we analyzed 703 closed large (over $1 billion in deal value) complex and noncomplex transactions that were announced in 2016 or later. We took total shareholder returns (TSR) of these deals as our measure of value creation. While other factors can have a major influence on value creation, we believe TSR is a highly relevant metric for approximating the performance of the business combination over time.

Given that noncomplex M&A included only acquisitions, we compared only the value performance of complex acquisitions to noncomplex acquisitions (see "Why this paper focuses on buy-side activity" on page 5). The results of our analysis broadly show that complex M&A tends to generate more value than bolt-on and scale acquisitions. Looking at white space acquisitions, we found that their average performance was 40.2 percentage points higher than that of noncomplex acquisitions on a three-year post-deal-close time horizon (Exhibit 1).

**Exhibit 1. Total shareholder return of US corporates' $1B+ acquisitions, 2016–2023**




Total shareholder return = (ending period stock price – beginning period stock price) +dividends paid during period / Beginning period stock price
Note: To compare like populations, TSR and share price calculations only include acquisitions by US corporates that are complex vs. noncomplex. Divestitures were excluded given that they are classified as complex.

In our research, complex M&A (e.g., white space deals) generates exceptional growth and shareholder value compared to noncomplex deals (e.g., bolt-ons). However, companies pursuing complex M&A need to be clear-eyed about the tougher challenges of ensuring a successful outcome. Complex deals take much longer on average to close than noncomplex ones, according to our analysis. This might result from increased regulatory scrutiny, challenges with deal structuring, and the time needed to support planning and preparation for deal execution.

High interest rates and elevated costs of capital are exerting added market pressure on companies to realize value more quickly, heightening the importance of getting complex deals right from the outset in the preplanning phase. They change the cost structure and risk profile of the business and involve significantly more than back-office consolidation. More importantly, complex transactions often will lead to a notable change in the company’s overall growth trajectory. They demand a mindset shift from buying to building and achieving growth synergies that are more than additive. With successful integration, the combined entity can achieve accelerated growth beyond what the individual parts could achieve separately. All this, however, means there is more at stake and the execution risk is extremely high.

## Why this paper focuses on buy-side activity

Divestitures are complex and are an important part of a comprehensive M&A strategy. However, for the purposes of this report, our research and analysis are focused on buy-side activity to compare deals with similar transactions characteristics. In divestitures, companies’ strategies to reshape the existing organization include:

- Refocusing management and leadership efforts on the core business and exiting a noncore and/or a declining business via a sale.
- Refining the organization’s business portfolio into one that analysts can appropriately evaluate and investors can understand.
- Exiting certain markets and geographies in response to changes in regulation, geopolitical events, and/or changes to country-specific risk.

Divestitures are often accretive for the seller, but only represent about 30 percent of all historical global M&A activity by volume.[2] In fact, large carve-outs occur far less frequently. As a result, we focused this particular study on acquisitions.

[2] “Emilie R. Feldman, “Divestitures: Creating Value Through Strategy, Structure and Implementation,” McGraw Hill, December 2022

# Four value-driven actions to improve the odds of success in complex M&A

Action
01

## Clearly define the M&A vision and communicate the value story

Excellence in value creation begins with the clearly communicated, long-term M&A strategy of corporate leaders supported by systematic business reviews.

Action
02

## Involve functional leaders early in due diligence

Functional leaders in sales, marketing, finance, operations, HR, and IT, etc., must actively participate in a robust diligence process to develop and defend deal assumptions. Their involvement will secure their alignment with key value propositions from the outset to deal close and beyond. Pressure testing key assumptions and tracking synergy capture from the bottom up help ensure concrete results.

Action
03

## Develop the right organizational culture and capabilities

An organization that adopts a strong M&A-friendly culture, effective change management practices, and a diverse talent mix will improve its ability to meet deal objectives and speed up value creation.

Action
04

## Build muscles to run an M&A marathon

Achieving transformative outcomes through M&A may feel like a marathon of sprints. To successfully pivot when risk or opportunity strikes and realize full value, companies will need strong leadership focus and a dedication to iterative learning across deals to build long-term M&A capabilities.

Action

01

# Clearly define the M&A vision and communicate the value story

Excellence in value creation begins with the clearly communicated, long-term M&A strategy of corporate leaders supported by systematic business reviews.

Behind every successful complex deal lies a carefully crafted M&A strategy aligned to the broader corporate strategy looking out two or more years. It begins with key leaders engaging in a thorough assessment of the organization's overall market positioning. They examine how fixing, selling, or buying businesses can strengthen the organization's competitiveness through greater scale and efficiency, as well as transformative transactions that change the very nature and operations of a company.

For maximum value and leakage prevention, a complex M&A strategy must involve broader teams beyond the C-suite and senior leadership. Poor communication around deal rationales and progress is likely to lead to employee dissatisfaction and investor skepticism. However, 98 percent of our latest M&A survey respondents emphasize financial performance and growth projections when communicating to internal stakeholders. In contrast, the communication of strategic deal drivers by senior leadership is far less common. Specifically, only 35 percent mentioned strategic alignment and long-term vision, and just 27 percent focused on market expansion and competitive positioning. Expert interviews and survey results indicate room for improvement in internal communication of M&A rationale to the next level of leaders (e.g., senior vice presidents and vice presidents). Aligned executives lead to faster decision-making (as reported by 56 percent of respondents), more consistent communications and expectations (54 percent), and better execution (51 percent).

## Communication gaps in M&A rationale:

Only 35 percent of survey respondents said it was important for senior leaders to communicate strategic drivers like strategic alignment and long-term vision points--these are potential areas for improvement in internal stakeholder engagement.

Smoother execution by all key participants will also enhance investor confidence and support, minimizing adverse market reactions (i.e., a lower stock price). Our analysis shows complex transactions claiming synergies generate more value, but a greater perceived execution risk causes initial stock price declines in the week following the announcement. It seems investors and markets often anticipate the greater execution risk of complex M&A, which underscores the importance for organizations seeking additional value creation opportunities to have a clearly defined story that is met with a firm execution plan.

## Keys to success:

- **Actively align your M&A strategy to your corporate strategy:** Establish a recurring process to align the M&A strategy with the overall business strategy. Aligning activity will create greater leadership buy-in to M&A activities and drive greater engagement from leaders early in the assessment and diligence process.
- **Critically assess the deal execution operating model:** Review the interactions between the business and deal teams, ensuring they are cross-functional in nature, strategically and tactically aligned around the approach to value, and there is an end-to-end view of the deal lifecycle.
- **Test and validate your internal communications plan:** Survey senior leaders and target employees on effectiveness and opportunities for improvement. Confirm that internal messaging around the deal rationale is better aligned with employee expectations.
- **Understand the market's response to recent deals:** Analyze market reaction to the organization's last three years of transactions, comparing the company's stock price performance with that of the industry average to understand the effectiveness of the current deal communications strategy; consider how these findings impact the success of your value story to investors.

Action
02

## Involve functional leaders early in due diligence

Functional leaders in finance, operations, HR, and IT, etc., must actively participate in a robust diligence process to develop and defend deal assumptions. Their involvement will secure their alignment with key value propositions from the outset to deal close and beyond. Pressure testing key assumptions and tracking synergy capture from the bottom up help ensure concrete results.

### Challenges of achieving synergies:

The survey finding that 100 percent of dealmakers observed a significant gap between estimated and realized revenue synergies, with actual revenue synergies representing 50 percent or less of the target set, highlights a critical challenge in M&A execution and serves as a cautionary note on the difficulties of synergy realization.

To foster a heightened sense of ownership and accountability in achieving target outcomes, the leaders responsible for meeting deal-specific targets should be engaged early in the deal cycle. In our survey, respondents unanimously agreed with this view—only 7 percent engage the functional and business leaders responsible for value realization ahead of due diligence, while the remaining 93 percent don't engage these leaders until during the due diligence process, underscoring a missed opportunity.

According to several corporate dealmakers we interviewed, leadership alignment on deal execution and responsibility will not happen automatically. Instead, it requires a strategic approach that links functional leaders' incentives with deal timelines and value targets from the outset. However, most dealmakers are missing these opportunities: only 12 percent of survey respondents link compensation and performance reviews to M&A success.

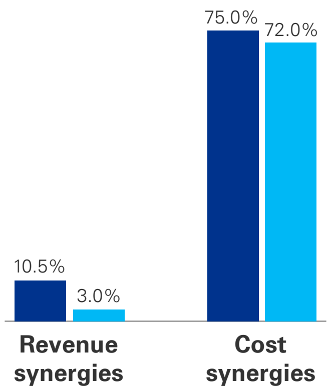
The assumptions that drive value creation estimates also need to be sufficiently pressure tested. Furthermore, only 1 percent of respondents rigorously review revenue synergy target assumptions, leading to poor synergy realization. This lack of testing may also contribute to lost value creation: 100 percent of respondents stated that the actual revenue synergies realized represented 50 percent or less of the target set.

Facilitating collaboration on growth assumptions that drive revenue synergies can improve outcomes. In our analysis of the 317 complex transactions between 2016–2024, 21 percent of press releases (66 transactions) cited revenue synergies as a driver. However, our analysis revealed that revenue synergies are rarely set collaboratively by the M&A team (68 percent) but rather top-down by leadership (32 percent).

Moreover, there is a remarkable disparity in how organizations articulate the size of the synergy prize in complex transactions (Exhibit 2). For transactions in which cost synergies were cited, 72 percent of deal announcements provided a target dollar value; but only 3 percent (two transactions) of press releases analyzed provided a dollar value for revenue synergies target.

**Exhibit 2. Few corporate acquirers revealed revenue synergy targets in complex transactions**

Prevalence (%) of stated synergy dollar values in deal announcements citing synergies as a driver




| | Revenue synergies | Cost synergies | |
|---|---|---|---|
| Noncomplex transactions | 77 deals | 43 deals | |
| Complex transactions | 45 deals | 13 deals | |

Overall, dealmakers ranked the pressure to deliver extraordinary revenue and cost synergies (22 percent of respondents) as the second-most important driver of complexity in transactions. However, to ensure concrete results, organizations need a best-in-class synergy capture program. Tangible value creation in complex deals requires a well-designed, bottom-up plan to identify, quantify, track, and capture cost and revenue opportunities.

While organizations that pursue complex transactions usually have synergy tracking programs, there are clear opportunities to strengthen the methodology and technology employed in the process. Only one out of three respondents who worked on a deal aiming for cost or revenue synergies pointed to rigorous tracking of projected versus actual synergies. The synergy capture program also needs standardized reporting for leadership to review progress and provide updates.

## Keys to success:

- **Empower execution teams through structured roles and responsibilities:** Establish clearly defined roles, responsibilities, and decision-making protocols for the M&A process to ensure alignment with the company's overall strategy and facilitate effective execution of the M&A marathon.
- **Align leadership incentives with deal success:** Create a shared performance-based incentive structure for the leadership and deal execution teams, linking their rewards to achieving specific integration milestones and value realization targets.
- **Examine the synergy validation process:** Deepen your synergy review process and consider enlisting senior business leaders in sessions that scrutinize key synergy assumptions, ensuring that all estimates are rigorously vetted by senior leadership.
- **Develop a communication and reporting plan:** Structure an approach for regularly updatIng employees and investors on deal progress, including KPIs, achieved synergies, integration status, and any challenges, to maintain transparency and manage expectations.

## All hands on deck to identify strategic synergies

A US-based global mining corporation had entered into a multibillion-dollar agreement to acquire another leading mining company. It engaged KPMG to assist with integration so that it could meet its ambitious synergy targets within the first 24 months. The target—headquartered in another country—operated a decentralized model amidst different cultural, business, and regulatory realities. Furthermore, the management team was slow to cooperate, sharing only a limited amount of data prior to the deal's close. Specifically, the client was looking for support in integration management, culture, and change management.

KPMG assembled a global team with the right subject matter experience in the mining space and quickly built a governance structure, followed by a global kickoff meeting that included functional leadership from both our client and the target. We then coordinated weekly cross-functional meetings to drive efforts on multiple fronts simultaneously, including target operating model documentation, Day 1 planning, 100-day planning, synergy identification and tracking, culture assessments, and change management.

The client successfully closed the deal and experienced a smooth Day 1, even receiving positive feedback from the target company personnel. In all, we helped identify more than $500 million in synergies, and the client realized more than $50 million in quick wins within the first 30 days. The combined enterprise is now well positioned for scale and is on track for additional growth.

Action

# 03 Develop the right organizational culture and capabilities

An organization that adopts a strong M&A-friendly culture, effective change management practices, and a diverse talent mix will improve its ability to meet deal objectives and speed up value creation.

To succeed in complex M&A, organizations must adopt a culture that embraces change. Culture shifts when people's behavior—not just their sentiment—changes. Organizations, therefore, must observe and address what employees, managers, and executives are doing rather than what they are feeling.[3] If they are not adopting desired behaviors, leaders will need to act quickly to find out what is not working and provide additional support. In fast-moving, complex transactions, speedy intervention for course correction is crucial.

Middle managers are essential for aligned decision-making across the organization. Dealmakers in complex M&A say that supporting and engaging middle management during integration requires a blend of performance-aligned incentives (68 percent) and clear role communication (64 percent)—a balance between motivation and directive clarity. Given their vital role in carrying out day-to-day merger-related work, enhancing communication with them to reinforce the deal rationale can significantly improve overall employee buy-in and engagement.

Leadership also needs to align its organizational design and retention policy with robust deal-driven change management practices. These practices should comprehensively consider the two entities' unique corporate cultures to collaboratively shape a future-state operating model. Thoughtful change management protocols can minimize disruption by mitigating role confusion, declining morale, and talent loss. The top people challenges identified in our survey are job security (57 percent), professional development (56 percent), and team dynamics (45 percent).

Change management practices should focus on retaining talent—which is often key to the overall deal value.

According to our survey respondents, the success of cultural integration in M&A hinges on open communication as reported by 63 percent of respondents and team bonding activities (56 percent). Efficiency and agility are enhanced by clarifying decision rights and accountability, and by establishing formal decision-making processes. A clearly defined decision-making framework will increase the agility of operational decisions, allowing deal execution and integration to proceed swiftly toward success.

Inserting key leaders into critical roles where value realization is essential will enhance focus and drive greater impact. For example, in a deal where promised value is highly predicated on achieving ongoing sales success, companies that focus on revenue synergies may consider a go-to-market (GTM) sales integration lead. This role evaluates sales talent, discerns sales motions, reviews channel dynamics, and identifies integration challenges, contributing to top-line growth that investors are increasingly demanding.

[3] "Measure employee behavior, not just sentiment, to drive successful transformation," KPMG LLP, 2024

## Keys to success:

- **Foster an M&A-friendly culture:** Implement initiatives that promote a culture of adaptability, collaboration, and synergy realization, such as cross-functional team building and regular communication about M&A activities.
- **Establish a robust change management framework:** Create a structured approach to managing change during M&A integration, including clear communication channels, employee support programs, and leadership training to effectively navigate the transition period.
- **Facilitate cross-functional learning:** Create a culture of collaboration and knowledge-sharing across departments involved in M&A activities, leveraging the postdeal review process to identify opportunities for improved teamwork and communication in future transactions.
- **Design a decision-making framework:** Define roles, responsibilities, escalation processes, and authority levels for key stakeholders, ensuring accountability and swift decision-making to maintain momentum.
- **Consider assigning a dedicated leader in critical deal workstreams:** This leader will ensure the realization of synergies and deal value in their area of focus. They will need a clear reporting line to leadership and authority to shape the priorities of the execution teams. For example, add a dedicated sales leader where developing sales talent, improving sales effectiveness, unlocking cross-selling and upselling opportunities are a high priority.

  For example, consider adding a GTM sales leader role to work cross-functionally. By focusing on developing sales talent, improving sales effectiveness, unlocking cross selling and upselling opportunities, this leader can ensure that key sales initiatives and revenue synergies are met.

## Dealing its way to EV leadership

Aiming to lead in electrification and boost its electric vehicle (EV) revenue, a major global automotive supplier launched a series of acquisitions starting in 2019. The campaign kicked off with a multibillion-dollar acquisition to strengthen its market position in electropropulsion systems used to drive vehicles partially or fully on electric power. Then it made a series of big and small acquisitions, including a maker of EV batteries and an electric hybrid systems business, to further bolster its leadership in electrification. As a result of this successive M&A strategy, the company grew from a $10 billion to $15 billion annual revenue business.

Throughout its journey, KPMG supported the client from predeal market diligence through transaction closing, including postdeal integration, regularly providing input to the steering committee and supporting functional teams with integration readiness and execution. Our client relied on the breadth and experience that KPMG delivers—we were the one-stop shop for time-sensitive mobilization and orchestration of more than 100 professionals across multiple capabilities and geographies (spanning deal advisory and strategy, tax, finance transformation, enterprise solutions, procurement, internal audit, and enterprise risk).

Given our understanding of its business and our experience in helping to integrate its initial complex acquisition, KPMG became the company's trusted adviser through the early uncertainty of COVID-19 and continues today. As the client moved closer to achieving the goals of its multiyear electrification strategy, KPMG stayed by its side to help execute complex M&A, continuing to exercise learnings and building best practices to use in future transactions.

Action

## 04 Build muscles to run an M&A marathon

Achieving transformative outcomes through M&A may feel like a marathon of sprints. To successfully pivot when risk or opportunity strikes and realize full value, companies will need strong leadership focus and a dedication to iterative learning across deals to build long-term M&A capabilities.

Successful M&A outcomes hinge on the team's responsiveness to unexpected information—being adaptable reduces friction and improves outcomes. Yet, only 16 percent of surveyed companies revise their synergy targets right after closing. Moreover, those that do adjust tend to do so as a response to complications, such as internal milestones (68 percent) or market shifts (59 percent), rather than proactively updating their synergy targets and deal timelines.

Pivoting can also uncover unnoticed opportunities for quick wins, enhancing the combined entity's strength. However, only 8 percent of responding companies said they empower their integration teams to make scope-specific decisions. To execute quick wins and high value creation opportunities, acquirers should leverage tiger teams and/or flexible, cross-functional value creation teams. Although M&A often prioritizes tangible synergies, the significant value of intangible enhancements to operations, services, and policies cannot be overlooked.

Key tactics to avoid value leakage include periodic business-line integration team reviews (82 percent) and comprehensive risk assessment protocols (69 percent). Over time, these routines become institutionalized, and serial acquirers develop the endurance—through the risk-management-fitness-provided governance—to fuel the stamina needed for transformative M&A.

Constantly improving deal execution is vital. Post-integration reviews capture valuable lessons for subsequent deals. However, only 17 percent of our survey respondents say their companies consider best practices in these reviews, with merely 32 percent revising their M&A playbook based on lessons learned. To seize new opportunities as they emerge, companies may want to consider a future-oriented deal review process.

### Keys to success:

- **Build agility through specialized, tactical execution teams:** Proactively establish the right execution team with the mix of skills—and the capacity—to quickly capitalize on quick wins and high value opportunities.
- **Embrace a holistic deal evaluation process:** Establish a structured postdeal review mechanism to capture lessons learned and identify improvement areas. This will refine M&A strategies and processes, fostering a culture of continuous learning and adaptation based on insights from each transaction.
- **Maintain openness to reverse integration:** The implementation process can uncover superior people, processes, and technology in the acquired company. By carefully monitoring these areas, implementation teams can identify quick wins and long-term improvement opportunities, maximizing the deal's value creation.
- **Establish an early warning system and contingency plans:** Implement a robust risk assessment and monitoring process to identify potential integration challenges early on, allowing for proactive mitigation strategies and contingency plans to allow for swift course corrections to protect deal value.
- **Adopt a long-term perspective:** Assess each M&A opportunity in the context of the company's overarching strategy, considering how the deal contributes to building core capabilities, enhancing market position, and driving sustainable growth.

# How KPMG can help

KPMG deal advisers harness deep industry and functional experience. Our insights reduce uncertainty, help clients make better decisions, and achieve faster outcomes. Our coordinated approach helps clients identify and realize the extraordinary synergies that today's complex deals demand. We work across deal work streams and break down silos to support leadership buy-in, information transparency, and speedy decision-making. Our teams use advanced data analytics to generate distinct insights into companies and markets to help support smooth deal execution, optimize value realization, and reduce risks. The KPMG approach helps ensure an efficient M&A journey, from strategic alignment, through execution, to postmerger optimization.

## 01

### Planning with strategic insights:

We align M&A strategy with corporate goals, focusing on human capital and financial implications.

## 02

### Execution with operational excellence:

We provide targeted advice on sales strategies, operational efficiencies, and stakeholder engagement for a smoother transaction. As a leader in artificial intelligence (AI)-related consulting, we help dealmakers to leverage the appropriate models and methodologies to refine future deal processes.

## 03

### Integration with synergy realization:

We offer support in organizational design, change management, and utilize AI insights for continuous improvement postmerger.

# Methodology

Analysis included total shareholder return (TSR) and cumulative abnormal return (CAR) to assess the implied long-term and short-term value creation, respectively. TSR was calculated as [(Ending Investment Value – Initial Investment Value) + Dividends Received] / Initial Investment Value, calculated at various postclose intervals. Stock price changes were calculated as (Ending Stock Price – Initial Stock Price) / Initial Stock Price, calculated from one-day preannouncement to five-days after announcement. Data was cleaned, validated, and analyzed to ensure accuracy and completeness.

## Deal database analysis

KPMG LLP compiled a database of M&A transactions using data from S&P Capital IQ. The database included 703 closed transactions with a deal value exceeding $1 billion by a corporate buyer or seller based in the US that was announced on or after January 1, 2016. Transactions were categorized as either complex (317 deals) or noncomplex (386 deals). Complex deals included spin-offs, divestitures, cross-border deals, carve-outs, and white space deals, while noncomplex deals included all other deal types. The breakdown for complex transactions was: 110 cross-border acquisitions; 92 divestitures (including carve-outs); 59 white space acquisitions; and 56 spin-offs. For noncomplex transactions, the breakdown was: 288 bolt-on and scale acquisitions; and 98 adjacent-products- and markets-driven M&A. The average value of complex acquisitions was $7.19 billion, and the average value of noncomplex acquisitions was $7.18 billion. Analysis included TSR and CAR to assess the implied long-term and short-term value creation, respectively.

## Deal announcements analysis with generative AI

KPMG LLP conducted a thematic analysis of 703 press releases announcing M&A transactions using generative artificial intelligence (GenAI). Press releases included those announcing transactions over $1 billion (all subsequently closed) conducted by US-based public corporates between 2016 to 2024. GenAI analyzed the presence (yes/no) of common M&A themes and value drivers communicated in deal announcements. Based on manual quality assurance check across 5 percent of all data points, GenAI analysis was determined to be 90 percent accurate +/-4.5 percent.

## Expert interviews

KPMG LLP conducted in-depth phone interviews with 12 corporate executives with M&A leadership experience in complex transactions. Third-party placement firms recruited interviewees with prior experience at corporations that executed a transaction that was significantly accretive (determined by three-year TSR). Candidates were selected to ensure representation across industries—technology, media & telecom (TMT), industrial manufacturing (IM), consumer & retail (C&R), financial services (FS), healthcare and life sciences (HCLS), and energy, natural resources & chemicals (ENRC)—and responsibilities across the M&A lifecycle. To encourage candid responses, we agreed to anonymize the interviewees.

## Survey

KPMG LLP surveyed 100 corporate executives of US-based companies across six industries (TMT, IM, C&R, FS, HCLS, and ENRC) that participated in a complex transaction with a deal value over $1 billion that was executed by a US-based corporate. The survey focused on understanding their perspectives on M&A complexities and how those complexities are navigated. Respondents were selected to ensure representation across M&A roles and responsibilities. The 53-question online survey covered topics across M&A strategy, due diligence process, readiness planning, and value drivers and synergies. Given that the survey covered six industries, we did not view the industry-specific findings to be statistically significant and applied an industry-agnostic approach to considering our survey findings.

# Authors

## Andrew Getz

Andrew is a partner and the Corporate Channel and Insights leader for the KPMG Deal Advisory & Strategy practice, providing market activation and insights to corporate enterprises. He has over 20 years of M&A experience in advising public and private corporate organizations on both buy- and sell-side transactions across all aspects of the deal lifecycle and across a wide variety of industries.

## Scott Rankin

Scott is a principal and serves as the Strategy Service Line leader for the Deal Advisory and Strategy practice. As a strategy and M&A consultant, he works directly with C-level executives and private equity leaders to develop M&A and strategic growth plans and transformations. He brings deep industry experience and leverages sophisticated analytics to identify markets, categories, and channels for growth and areas for profit improvement.

## Steve Sapletal

Steve is a principal and leads the KPMG Transaction Strategy practice, Healthcare & Life Sciences Strategy practice, and Global Integrations & Separation network. He is a seasoned leader with more than 30 years of experience leading large-scale programs in transaction advisory, strategy, and operations consulting. He has been involved in over 400 deals and led engagement teams through all aspects of the deal lifecycle.

## Rebecca Brokmeier

Rebecca is a principal for the KPMG Corporate Finance International and Private Equity Group. She has over 20 years of client service experience and advises domestic and international clients on divestitures, acquisitions, and cross-border transactions. Rebecca has worked with companies of all sizes, ranging from large multinational publicly traded companies to private and family-owned businesses.

## Todd Dubner

Todd is a principal with more than 25 years of experience in strategy and corporate development. He has advised clients in the industrial manufacturing, transportation and logistics, consumer products, and media and entertainment sectors on growth strategies, business transformations, performance improvements, and organizational effectiveness.

## Joanne Heng

Joanne is a principal in the KPMG Deal Advisory & Strategy practice and has extensive experience working on organizational transformation and strategic technology initiatives. She focuses on leading M&A information technology across the deal lifecycle and alignment to business strategy, managing risk, and delivering value to clients. She has extensive experience leading large global and complex integrations, separations, and spins, including IT strategy initiatives in support of business value creation and realization.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