Traneko Insights

A good M&A strategy always start with your "why"

A good strategy is vital for a successful M&A deal, and it always starts with your “why”

What is your reason for buying a company and how can it create long-term value for your shareholders?

Geographic expansion	Vertically integrate	Economies of scale	Addressable market expansion	Reduce competition	Acquire skills & competence	Acquire special assets	Buy & Build	Accelerate R&D Roadmap
Setting up a new organization and new legal entity in a new geography can cause any company management to lose focus. Acquiring an existing company can often be more time- and cost-effective.	Owning multiple steps in the supply chain can enable greater control and increased value for a company. Acquiring a supplier is backward integration and acquiring a distributor is forward integration.	Economies of scale are one of the most common reasons for acquisitions in order to serve a larger organization with the same back office, logistics and better negotiating positions with suppliers.	Moving into a new addressable market category can enable cross selling and upselling new products to both the existing and the target´s customers.	A strong competitor can sometimes be better to acquire than to compete with in the long run. A decisive factor should be whether the competitor has something that the own company has difficulty competing with in the long term.	In this cases, the skillsets of employees in the target company are the primary assets of an acquisition, and revenue is secondary. In these transactions, it is very important to give these people the right incentives and ensure their long-term commitment.	This is the strategy when the main objective is to acquire special assets through an acquisition. For example, IP, exclusive sales rights, know-how, customer and distributor agreements etc.	A strategy often use by private equity firms to consolidate a fragmented industry, when a platform company expands its operations by acquiring smaller companies. The strategy can create great value but may result in destroying value if the strategy is not properly executed.	It is when a company knows what product, system, solution etc. it wants to develop and add to the existing business but does not have the time or skills to realize it immediately.

This is

TRANEKO

100%
Success rate

5 Billion
Value creation

600
Transactions