Partners should bring new approaches to drive M&A.

As the pace of M&A deal making increases, there is a growing disconnect between enterprise goals and integration results. Some 70 to 90% percent of deals fail to achieve intended value, and the Global 500 is looking for new approaches.

Law firms provide strategic services that deal makers need, but in-house M&A and commercial teams are looking for more value, better processes, and automated workflow. According to a Raconteur industry survey of M&A and commercial teams:

Nearly 4 in 5

say working with law firms requires too much time investment from in-house teams.

2 in 3

say law firms charge too much for their services.

3 in 5

say law firms are still using inefficient, manual processes in an era of digital transformation and industrialization.

Change is difficult for law firms, especially when M&As deliver fat fees and seemingly inexhaustible opportunities in a voracious deal-making environment. According to JP Morgan, global deal value was $3.9 trillion in 2016, with 1 in 3 deals crossing borders and 2 in 3 paid for in cash from corporate war chests.

Unbundling a growing trend to reap greater value.

However, all legal services providers would do well to study the industry. Across most legal matters, the Global 500 are seeking new models that align with their business, risk, and cost objectives, and M&As are no different. Unbundling is increasing, and Global 500 lawyers want to target the right talent and processes to the right M&A deal phase. Due diligence is of especial concern.
Here's why. *Next page*

1 in 3

say lawyers provide the most value with negotiations and execution, but add less value with other phases.

Only 1 in 5

currently get “useful, data-driven insights” during due diligence.

4 in 5

say M&A value would increase if due diligence was approached more strategically.

This disconnect is creating an opportunity that law service providers would do well not to ignore. Currently, enterprises are using alternative legal service providers (ALSPs) for deal phases such as due diligence and integration. ALSPs can help set up integration for success by applying standardized processes and technology to help organize and routinize work, ensure consistency of output, and create actionable data. They also can start delivering on Day 1 of integration, when the clock starts ticking on deal ROI.

For companies doing more than 10 deals a year:

2 in 3

companies want standardized processes, such as playbooks, workflow, and templates.

1 in 3

of these major deal makers want processes that are aligned to the business strategy.

2 in 3

want to use technology to manage team and external partner time and resources.

Law service providers need to realign around client needs.

M&A support isn’t a land grab for profitable work. It’s an opportunity to help deal makers drive consistently and effectively towards their goals and solve some long-standing pain points.

Law firms and ALSPs should partner proactively and productively to help the Global 500 solve their M&A profitability problem. They can do so by realizing that they are good at different things. While law firms offer strategic counsel and negotiation expertise, ALSPs create processes and actionable data all can use. Strategic alignment, negotiation, and cash war chests may win the deal, but process and technology are key to delivering its full value.

Industrialize due diligence to drive value.
Read our M&A insights report.