

M&A PLAYBOOK

Prepare for your next merger, acquisition, or integration.

Axis HR Solutions LLC simplifies business transactions by reducing the complexity of acquiring cross-border assets.

In integrational mergers and acquisitions, sellers can reduce dependence on transition service agreements (TSA), and buyers can compliantly onboard human capital without loss of operational efficiency or fiscal fidelity.

Our solution supports organizations as they expand into new cities, states, and countries quickly, easily and compliantly.

Common M&A Headwinds

Many companies use mergers and acquisitions to enter new markets, acquire new talent and grow their customer base. When these transactions cross geographic borders, they bring specific complexities.

Asset purchases, or carve-outs, also come with their own set of potential pitfalls, especially when companies are managing several transactions simultaneously and in different cities, states, and countries.

Focusing in on the most valuable resource, what headwinds do buyers and sellers face during international transactions when it comes to their teams?

Speed to deal completion

Time required

During employee transfers, companies often spend 6 to 18 months building up from discovery to implementation in another country. Even when accelerated, the administrative burden required to smooth the path for seamless employee transfer falls squarely on the buy side's team, which is likely already strapped for resources and time. In addition, certain timelines are out of all parties' control – legal entity creation and business registration in new markets simply cannot be rushed at the government level. Ultimately, time to transaction close can make or break a deal, and a small number of transitioning employees does not translate into small challenges when pushing to meet TSA deadlines.

Axis HR Solutions knows how important it is to act fast and get reliable solutions in place for the most important element in M&A transactions: people.

The struggle to achieve smooth negotiations and transitions

Difficult TSA execution

Closing may go ahead on schedule but employees that need to be transferred over often get 'stuck'. This means they remain employed by the seller, and leased to the buyer, and is generally proposed to keep the transitioning professionals on the seller's benefit plan while the buy side builds up the capability to match benefits equally and keep teams whole. However, depending on the specific requirements and costs required, doing so can prove impossible. In a similar situation, sellers may wish to shorten or eliminate TSAs, but buyers still need a stopgap solution for their new and valued employees.

Axis HR Solutions can act as a stop-gap HR solution or a long-term administrative liaison for transitioning teams.

Sparse HR expertise in a global market

Compliance and labor law hurdles

Generating compliant employment contracts requires a specialized level of knowledge of a given country's local HR practices and labor law requirements. If a company is compiling contracts for transferring employees in multiple states or countries, the time investment multiplies. Additionally, having limited knowledge of local regulations, standards and expectations can cause friction in the employee transfer process and is ultimately inefficient for your HR team. Without this knowledge, contract negotiations can quickly get out of hand in terms of time management, but also in terms of costs.

Axis HR Solutions has developed strategies that help companies face this headwind, which allows buyers to generate compliant employment contracts. We have

HR specialists who act as strategic business partners to your transferring employees anytime, anywhere. Also, your team can use Axis HR Solutions to manage everything relating to your human capital management, streamlining hiring, onboarding, and the entire HR administrative process.

To keep your transition on track, we also have the ability to recommend risk management strategies around integrations - ensuring compliance and minimizing surprise costs with our experienced team.

Costs and value management

Capturing value

Cost of entity setup can be disproportionate to the size of the deal for low headcounts. Much of the expense is not obvious at first glance, and hidden red tape seems to appear along the way. Buyers' main concern is likely the risk of losing human capital, and with it, priceless knowledge and experience.

Our job is to preserve the negotiation's most valuable asset in a cost-effective manner while you strategically plan for the future. The extensive expertise that Axis HR Solutions has garnered, over years of assisting in managing employee transition and retention, enables the buyer to retain human assets on deal close.

Owning your intellectual property

If a decision is made to rehire former employees as independent contractors, the value that they generate for the company is jeopardized. By shifting employees to a contractor situation, which is a route some executives do take, puts their IP at risk.

Axis HR Solutions protects the company's ROI, avoiding the need for transitioning employees to enter a contractor situation.



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Be prepared for your next transaction

Companies never hatch a plan to acquire a new entity or sell a division lightly. Nonetheless, surprises are inevitable, and transactions are taxing. They require substantial forethought, planning and investigation. Our experts and solutions alleviate some of the burden by helping companies prepare for deals in advance by way of upfront information, proprietary technology, expert HR guidance and employee transition planning.

When performing risk assessments, due diligence and before negotiating a definitive agreement, equipping your company with Axis HR Solutions as a strategic business partner will make sure you are ready for the below concerns.

Solving challenges that companies face during M&A assessments and preparation

Transitioning headcount will need a new, compliant infrastructure, potentially in several different locations.

In a carve-out where the buyer is acquiring headcount, they may not have existing entities through which to hire these employees. This is especially likely if the purchase was intended to establish the buyer's presence in a new market. So, buyers will need to start lengthy and expensive processes, unless they bring on a qualified partner like Axis HR Solutions. We can handle supporting your organization in addressing these challenges.

Regulations for employee transitions and offers in carve-outs or spin-offs vary by locality, state, or country.

Let's unpack the decision that needs to be made regarding employment contracts: executives will need to decide how to manage contracts for the transferring employees in line with individual regulations within each locality.

Buyers and sellers need to understand which regulations apply to their teams and agree on who pays for benefits adjustments, extra costs and, in the worst-case scenario, severance, before closing deal negotiations. Alternatively, both parties can work with Axis HR Solutions to match existing contracts for workers and avoid disruption to transitioning employees.

Regulations for employee transitions and offers in carve-outs or spin-offs vary by locality.

Matching current benefits can prove near impossible for small groups of employees. Providers of insurance, memberships, and other benefits can't always support cost-effective programs for small groups. Buyers will likely need a payroll vendor to understand insurance benefits, reductions, and benefit-in-kind taxation.

If the aim is to match employee benefits in a carve-out, they can be hard to re-establish and may add up to costs beyond the expected payment and benefits considered commonplace — professionals might have specific insurance, gym or club memberships, company cars, expense accounts, not to mention individual unusual benefits such as different holiday allowance, that were not disclosed initially. This is worth knowing before closing negotiations because it may affect the buyer's offer or what the seller accepts.

For all the above reasons, Axis HR Solutions carries out a Benefits Analysis for its clients before their M&A transactions begin. We provide even small transitioning teams with company-bespoke benefit package recommendations based on local expectations and benchmarks. Beyond the standard packages that simply include pension and health, our recommendations cover a variety of further benefits and insurances, all in line with each organization's unique circumstances.

We help companies be prepared for M&A Integrations.

Axis HR Solutions lets buyers and sellers focus on more important matters.

We provide custom integration strategies to minimize the loss of operational efficiency and fiscal fidelity.

Axis HR Solutions navigates administrative compliance matters of human capital strategy so you can have peace of mind with a solution in place, in advance of deal negotiations.

We can answer questions on specific scenarios and provide a preliminary cost proposal based on expert global HR knowledge, so that both parties can estimate costs of employee integrations. This is also a method to investigate the challenges and strengths of each market containing integrational employees.

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Transaction announced Stick to timelines and deadlines

The time it takes to close a transaction can make or break a deal. Not to mention, no one wants to wait in limbo for months when they could be driving the growth of their business.

Meet short deadlines and stay on track for deal close with Axis HR Solutions' custom integration solutions, and get your M&A transactions done faster, cheaper, and compliantly. We'll guide you through the major headwinds detailed here.

Delays in transferring employees put the brakes on usual activities, distracting from the day-to-day tasks that keep your business on track.

Around the world, high value transactions involving global teams mean companies must be ready to shift on the fly while simultaneously executing with flawless precision.

This is where Axis HR Solutions comes into play. By providing strategic and transactional level expertise, we're able to keep your integrations on time, on track, and on budget.

Being able to meet TSA deadlines is crucial, needless to say. And in order to speed things up, being able to forego the need to keep employees on the seller's payroll and benefits schematic can greatly reduce M&A admin. Also, if there is a TSA in place, buyers will have a hard stop on a certain date and will need to have a solution in place to hire people immediately so they can keep working while the decision-makers come to an agreement.

We can lower risk and take on the administrative burden, because buyers will have everything HR-related in one spot — with Axis HR Solutions. Moreover, by handing employment strategy to a trusted business partner, the buyer can focus on its own strategic development and ensuring the value of the new business. The emerging company structure should be the focal point for both buyers and sellers, not tax and operational concerns relating to HR.

The transitioning employees will undoubtedly have questions too. They would usually have to navigate a new HR team, and coordinate with that team's time zone. With our HR specialists, who are always ready to help, transitioning employees can have all their questions answered without delay.

Buyers and sellers must ensure sensitivity during transitions or risk putting employee engagement in jeopardy.

Closing might go ahead on schedule, but team transitions don't always follow suit. Employee engagement is hard to obtain if the transitioning employees are not transferred off seller's payroll and into buyer's offices (or at least into their virtual meeting rooms!). It may take months to set this up and result in stress for

employees for carve-outs, or disengagement, especially when teams abroad are small. Ultimately, this can become a disproportionately large problem for the number of professionals being transferred.

Moreover, buyers acquiring a small subset of employees likely don't want the expense and time-commitment involved in integrating their human capital. Using Axis HR Solutions preempts the challenges of aligning integrations and company culture for smaller teams.

Most worrying of all, transitioning employees may not voice their intentions to jump ship if their expectations are not met. No news is not necessarily good news, as we know. The risk of losing great talent, and with it the valuable market knowledge the buyer wants to acquire, is a real concern at this stage.

Communicating with (not at, or to) transitioning teams is key to be able to predict potential loss and ideally, avoid it.

Designing an onboarding experience for specific cases, like carve outs or spin-offs, takes time and resources.

Even after contracts have been renegotiated and signed, employee disengagement is a possibility, so genuine sensitivity and informed professionalism must be observed as employees assimilate wholly new reporting lines, workspaces, performance goals and coworkers. Use Axis HR Solutions will help you onboard people swiftly and comfortably, without adding yet another task to your internal team's docket. Avoid disengagement by putting **people first**.

Management-level decisions to make during integrational transactions

What experience do I want employees to have as they transition from one company to another?

How quickly do we need this done?

Do we have the expertise in-house to navigate transfers with sensitivity and with minimal impact on business?

How can buyers minimize risk and preserve value during international transactions?

We help buyers and sellers complete integrations faster.

Business as usual can continue while we take care of transitioning employees within weeks, not months.

Buyers stay in control of the new teams' day-to-day operations.

Save resources on transactions with Axis HR Solutions' expertise.

Simplify your workforce management with all employees with one strategic business partner.

3 Transaction closed

Keep the momentum

Why stop now? It is unlikely you entered into a transaction without the intentions to explore fresh pastures, develop and launch new products, or to start something newer and bigger. You'll need a partner you can trust post-transaction, and here are the primary concerns we have seen companies face after the fact.

Post-transaction, the buyer's HR employees need to get up to speed on their people management.

Day-to-day HR matters such as expense reports, communicating holidays, emergency use of healthcare insurance, and so on, will need to be managed by the buyer's current HR team, who may already be stretched thin. They will need to learn and navigate new processes, culture, and regulations every day, all while keeping up with the growing number of employees in their charge.

Axis HR Solutions specializes in full life cycle employee integration.

Another aspect that's central to sound HR management — employee engagement — will still need to be monitored. It is important to ensure motivation doesn't dwindle and be aware that any lack of transparency in terms of benefits, salary, or even days off can cause disengagement. Axis HR Solutions can provide your transitioning teams with the support and responsiveness they deserve.

When the acquired company inevitably grows, it needs to facilitate continued hiring.

Post-transaction, the newly formed enterprise will be pipped to grow and therefore, will want access to the best people around the world. They'll also want to focus on strategy and product development, not administrative efforts to get new members on payroll.

Rather than solely using internal resources as a transitioning solution, both the seller and buyer can continue to rely on Axis HR Solutions for legal and HR compliance, hiring support and an outstanding onboarding experience around the globe.

The rest of your portfolio has ambition too, but you don't have time to dedicate to supporting more companies.

Private equity firms and their growth-stage clients may also be expanding. The need to explore new markets, diversify and strengthen teams with the best talent has never been more necessary. Unfortunately, this requires specialist knowledge and a substantial time commitment that your existing HR team may not be able to commit. Axis HR Solutions can support their strategic hiring plan so you can focus on what matters to your business.

Venture capital associates know that their portfolio companies look to them for advice and value they can't find anywhere else. When startups consider hiring post-merger/acquisition, in order to find the perfect talent for their specialty, they'll hope you can suggest a solution. You and your clients can grow with us because Axis HR Solutions speeds up transactions and is also a solution for rapid growth in new markets.

Management-level decisions to make during integrational transactions

What does the first 125 days look like once the company has been acquired? What will the hold period be: 1-3 years, 3-5 years? What is the goal of the acquisition?

How will the buyer manage the new team's standard HR procedures? Do we have the capacity to take more administration on?

Are we certain we can remain compliant in all the locations where we're absorbing employees?

Will the acquired entity consider hiring internationally at a later date? Do our internal resources have the bandwidth to guide them through this?

We keep operations moving when the acquired company expands into new markets.

If you choose Axis HR Solutions as a solution while integrating a new workforce, you can continue business as usual, so employees don't lose momentum.

We can also help firms with their existing portfolio companies, which are hoping to expand quickly, with lower costs and total compliance assurance for you and your clients.

Our Global M&A Solution

Inspired by the diversity and resilience of our clients, Axis HR Solutions developed capabilities to support companies through M&As. We know carve-outs, mergers and acquisitions are part of business as usual for many of our partners and want to ensure global hiring doesn't stand in their way.

We ensure speed to value while minimizing risks that could result in costly turnabouts, so you can have peace of mind and confidently execute cross-border transactions.

Meet TSA timelines

- Sellers can transfer their headcount to the buyer, quickly and seamlessly.
- Axis HR Solutions has extensive expertise in managing employee transition and retention, so that the buyer retains its human assets on deal close.
- Axis HR Solutions has the technical expertise to act as an extension of the buyer's and seller's teams to transition employees and get them on payroll ready for deal close.
- Our team is very responsive to deadlines. We will go down to the wire to ensure that employee offers are ready before the ink on the deal dries. By working closely with you, we'll ensure that everything you need to move forward is set up on the day of the deal.

Onboard without a local entity

- Buyers can offer employment contracts and our HR experts handle the transition.
- Axis HR Solutions provides bespoke guidance on comparable benefits for the transitioning employees.
- Axis HR Solutions assists with effective messaging to help settle employees and maximize human asset retention.
- We manage a resign and rehire model in the spirit of the TUPE regulation (Transfer of Undertaking Protection of Employment).

Retain human assets and ensure compliance

- We work with you to make sure each individual understands and is happy with their new employment situation.
- Buyers can offer competitive benefits packages to retain talent and stay compliant with all local labor laws.
- Axis HR Solutions can recommend risk management strategies around employment contracts, especially when dealing with countries subject to TUPE.
- Don't risk losing intellectual property to contractors or short-term contract workers. We ensure you own all IP your employees create.
- In terms of new hires, we are the most trustworthy solution in the market due to our customized expertise.

Come out on top: Join forces with Axis HR Solutions for M&A Integration



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M&A Integration - Centers of Expertise

HR Operational Expertise for Integrations

Axis HR Solutions alleviates the burden of human capital management and administration with comprehensive end-to-end HR integration solutions. Before, during, and after transaction close, we provide a comprehensive roadmap for both buyers and sellers. Our recognized HR process and policy solutions expertise prepares and supports teams managing integration transactions across all organizations around the globe.

