



Reinventing M&A with Generative AI

The opportunity is now

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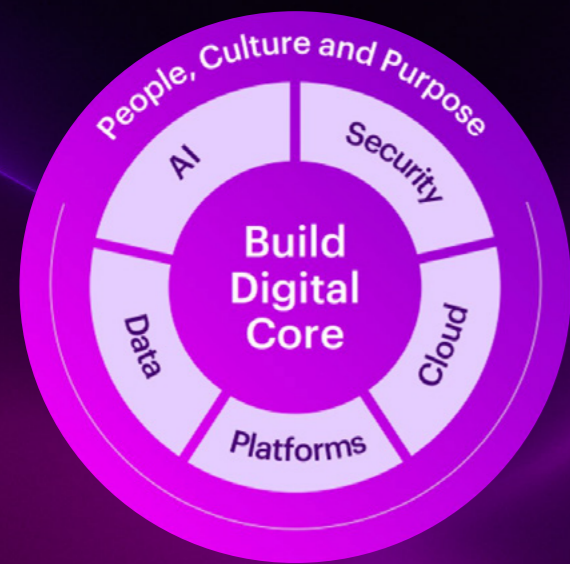
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Digital technology has been a crucial consideration for dealmakers for decades. On the one hand, acquiring digital capabilities is a frequent deal goal. We found that nearly 60% of mergers and acquisitions (M&A) executives expected their deals to accelerate their journeys to becoming digital businesses, with operating models anchored in a strong digital core.

The digital core is the foundation for Total Enterprise Reinvention and the primary source of competitive advantage for businesses today. It leverages the power of cloud, data, AI and platforms through a set of secure, interoperable systems that allow for the rapid development of new capabilities across the business. It's managed by a Continuum Control Plane, which simplifies operations across a complex IT landscape. The digital core is powered by people and processes that are equipped to help businesses maximize value in the age of generative AI.



On the other hand, technology is also a tool to streamline and accelerate the processes associated with M&A. Advances in virtual data rooms, cloud-based tools for managing complex integration programs, and Big Data and analytics, for example, have transformed due diligence, collaboration, risk evaluation and decision-making processes. These improvements have translated into smoother and faster integrations and separations of business entities and better deal outcomes overall. In fact, recent Accenture research found that in [80% of transactions that beat their sector averages](#), dealmakers placed significant emphasis on technology. For many dealmakers, technology is both the “means” and “ends” of their M&A strategies.

Despite embracing technology to generate and accelerate M&A value, the stark reality is that a majority of M&A executives say that more than half of their transactions failed to achieve or exceed their synergy targets in their committed timeframes.¹ So, while technical advances to date have been important, they certainly haven't been a panacea for ensuring M&A success.

68%

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#3

Executives ranked Strategy and M&A third in order of functions they intend to fundamentally reinvent

82%

Generative AI is now seen as one of the main levers of reinvention for 82% of organizations

What's needed now is a reinvention of M&A approaches. Executives understand this imperative as well: They ranked Strategy and M&A third in order of functions they intend to fundamentally reinvent in the next two years.² Executives confirm that [technology is the top lever for reinvention for 98% of organizations, and generative AI is now seen as one of the main levers for 82% of those organizations.](#)

Disruption persists

Dealmakers are now challenged to pursue mergers and acquisitions at a time of unprecedented disruption. Accenture's recent [Pulse of Change](#) Index found that the rate of change³ affecting businesses has risen by 183% since 2019—with technology being the #1 driver of business disruption and up from #6 last year. The majority (61%) of C-suite executives we surveyed expect the rate of technology disruption to speed up even more in 2024. Unfortunately, many executives simply aren't ready:

52%

say they are not fully prepared to respond to the changes they will face in the 2024 business environment.

47%

admit they aren't prepared for the accelerating rate of technological change.

Only 27%

think their organizations are ready to scale up generative AI.

Today's accelerating pace of disruption calls for an accelerated reinvention of the M&A function, so the advent of generative AI is welcome. But such reinvention will require M&A executives to not only invest in generative AI but also learn how to use and scale generative AI to drive value in an environment of constant change.

Technology to the rescue (again)

The advent of **AI and, most recently, generative AI** is a big step forward in the digitization of M&A, and executives feel particularly optimistic about the potential value it can deliver.

In our most recent survey of 750 global C-suite executives with decision-making authority in M&A, we found that nearly three quarters (64%) of them expect generative AI to revolutionize M&A deal processes more than other recent technological advancements.⁴ There are several reasons why:

Its ease of use: One of generative AI's great advantages is its usability. Democratized access means that workforces at every level can use it to augment their own abilities, from analysing data to drafting memos, emails or reports. Executives are no exception. We found that nearly 90% use generative AI in their professional activities at least once per week. And 25% cite daily usage.⁵

The expanding relevance of the technology: Generative AI introduces advanced capabilities such as automated document analysis, natural language processing, context/analysis interpretation and decision support. It brings a more dynamic and creative dimension to the M&A process and helps organizations make more informed decisions. As the technology advances, the areas of opportunity for enterprises will also expand beyond current uses of large language model tools like ChatGPT for the prompt-driven creation of text, images, video or music. For example, pairing of algorithms and generative AI may advance quantitative analysis for M&A.

Its application throughout M&A deal cycles: Most previous digital advances in data management and analytics for M&A have focused on optimizing pre-deal activities such as company research, due diligence and valuation. Currently, most dealmakers are still focused on using generative AI technology in pre-deal activities prior to announcement. We see it become increasingly prevalent in private equity, for example. But we expect that dealmakers who take this further and embrace generative AI as tool for end-to-end lifecycle optimization will be able to turbocharge the value from their deals.

Generative AI's contribution to M&A transaction value is potentially substantial. In fact, we believe the widespread use of generative AI across the M&A lifecycle will go far in determining the overall success (or failure) of deals in the future. Dealmakers who get better intelligence and insights, faster—freeing up time along the way to exercise crucial judgment—will win in the end.

Artificial intelligence is a constellation of many different technologies working together to enable machines to sense, comprehend, act, and learn with human-like levels of intelligence. Maybe that's why it seems as though everyone's definition of artificial intelligence is different: AI isn't just one thing.

Generative AI is the umbrella term for the ground-breaking form of creative artificial intelligence that can produce original content on demand. Rather than simply analyzing or classifying existing data, generative AI is able to create something entirely new, whether text, images, audio, synthetic data, or more.

Dealbreakers for dealmakers

Dealmakers increasingly recognize the need to reinvent the M&A function.

To that end, they are upping their investments in technologies that will enable reinvention. For example, 74% of C-suite executives anticipate increasing their spending on data and AI solutions in 2024.⁶ But many believe they are treading into uncharted territory which is potentially causing paralysis. M&A executives in particular see four major barriers to the adoption of generative AI in their deal processes:

59%

Weak or immature data and technology (59% of executives said this is a primary barrier)

50%

Unclear business value and return on investment

48%

Talent scarcity or inadequate skill sets

49%

Lack of clarity on where to focus and inability to execute a formal strategy

Executives' lack of clarity on where to focus and their stated inability to execute a formal strategy signals a limited appreciation of generative AI's value beyond pre-deal stages and an overriding need to unlock imagination. With generative AI, dealmakers can—just as well and with greater impact—transform *post-deal* stages, too. These include standardized tasks that benefit from automation, such as designing transition service agreements (TSAs) and integrating systems and infrastructures. They also include creative activities that leverage data augmentation such as rendering operating models, producing deal communications, and facilitating post-merger performance assessments.

Together, these post-deal applications of generative AI present a huge—and relatively untapped—opportunity for dealmakers looking to holistically reinvent the M&A functions in their companies. And, by designing and executing a formal strategy, executives can simultaneously solve for other connected priorities concerning talent, technology maturity and validation of business value.

Balancing AI investments and ambitions

The development of a single end-to-end generative AI solution is unlikely for M&A.



So, making the most of generative AI requires dealmakers to develop strategies and chart an informed course for end-to-end investments to reap the rewards in M&A. Dealmakers, for their part, have high expectations for generative AI:

70%

believe generative AI will help them generate higher alpha (i.e., higher than expected returns) on their M&A transactions.

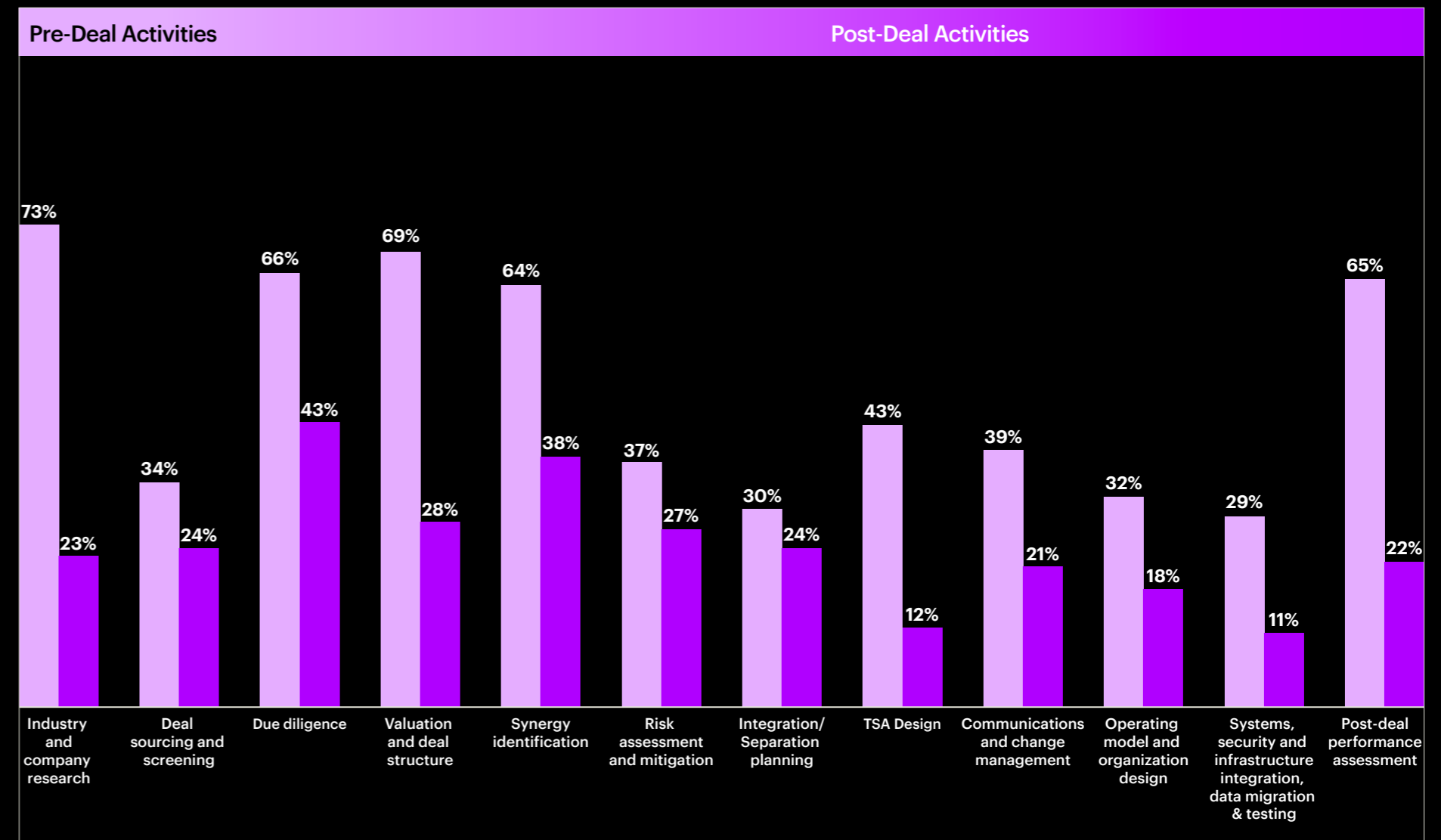
84%

believe generative AI has at least some potential to help in planning and executing their M&A transactions more reliably, efficiently and quickly.

Yet, many of these companies' investments are not necessarily well-aligned to generative AI's value potential. More than half (57%) of executives indicate they are selectively investing in generative AI for M&A processes and 8% indicate they are not investing at all. Only about one-third say they are investing heavily. Also, investments are not consistently allocated to areas in which executives see the most value. Our research confirms a bias toward pre-deal activities (**see Figure 1**) both in terms of perceptions and in terms of areas in which executives say they are investing.

Figure 1:

While their investments have a bias toward pre-deal activities, M&A executives seem inconsistent when comparing areas in which they see potential value versus areas in which they say they're investing



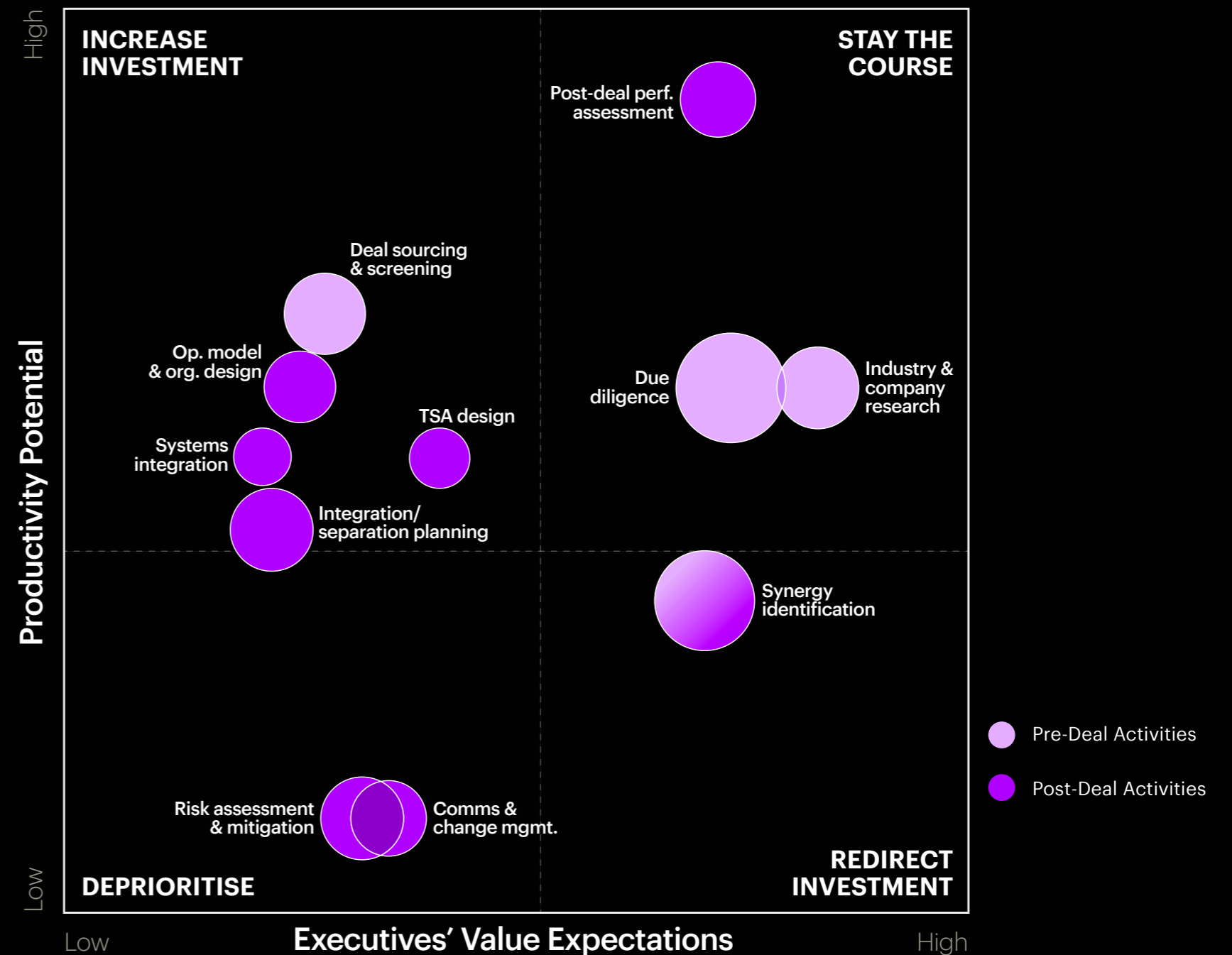
- % of executives who expect high or very high value from generative AI in specific deal activities
- % of executives who say they are currently making investments in generative AI to benefit specific deal activities

Executives are drawn to generative AI's ability to drive more insights—and more alpha—in areas like research, valuation and due diligence. Their focus on these areas is possibly because that's where use-case conversations have thus-far focused.⁷ It's also possible that they lack insight into precisely the ways in which generative AI can be used to—at a minimum—benefit productivity across the spectrum of M&A activities. In this regard, they are simply overlooking Peter Drucker's maxim: "Execution (post-deal) eats strategy (pre-deal) for breakfast."

Missing the larger picture can be costly, and a comparison of executives' value expectations and areas of investment against Accenture's productivity analysis⁸ bears this out. Our analysis reveals that, although companies are making generative AI investments in key pre-deal activities with high potential for productivity benefits, they are leaving value on the table when it comes to post-deal activities (see Figure 2).

Figure 2:

Executives are focusing less on key post-deal areas of investment that have high potential for productivity gains from generative AI





Imagine the possibilities

There are several under-recognized areas of opportunity for generative AI that executives should consider.

Every area of opportunity for integration of generative AI in deal activities can add value and drive better deal outcomes. For example:

When establishing an **Integration Management Office (IMO)**, executives can use generative AI to extract relevant information and produce meaningful summaries of synergies and budgetary allocations. They can also use generative AI to help rapidly assemble planning team charters, pulling essential information gathered during diligence to jumpstart detailed planning with greater numbers of employees, while ensuring continuity of thinking and fact base linked to the deal thesis.

Similarly, executives can apply generative AI to help design **Transition Service Agreements (TSAs)** more quickly and with higher quality. Generative AI-enabled tasks include automated contract analysis and schedule generation.

When it comes to **operating model and organizational design**, generative AI can help executives devise the composition of the combined organization and map talent to the needs and roles within the merged entity. It can also produce insights into employee sentiment and cultural differences.

In the area of **IT integration**—which includes applications, security and infrastructure integration, as well as data migration and testing—executives can use generative AI's foundation models to help build an integration roadmap, harmonize cybersecurity policies, write test cases, update operating manuals and knowledge base articles, and execute the post-merger integration plan.

Finally, generative AI can facilitate and enhance **post-deal performance assessments**—or “post-mortems”—by cataloguing analyses, findings and artifacts; capturing best practices, success factors and benchmarks; and incorporating “lessons learned” into M&A playbooks so deals get better and teams get smarter each time.

Five imperatives for generative AI-enabled M&A

To take advantage of generative AI's potential, executive teams need to continue to learn about the technology, identify areas within the M&A lifecycle in which generative AI can provide the greatest benefit, and evaluate the effectiveness of their supporting infrastructure.

Focusing on five imperatives can help dealmakers define and implement the best strategy.

- Lead with value.** Executives working on M&A transactions should move away from disconnected, one-off applications of generative AI to focus on capabilities across the entire M&A lifecycle. They should look hard at opportunities to unlock value during post-deal activities. Key considerations during this stage include the expected volume of M&A-related work, the value that generative AI can bring to an M&A activity and team, and the availability of an adequate data set from past transactions on which generative AI foundation models (see sidebar below) can be trained.
- Reinvent talent and ways of working.** Leaders need to understand how the work of M&A teams can be reinvented with generative AI. For example, gathering and presenting large amounts of data are things generative AI can easily and quickly do. Critical thinking is much harder to replace. In the age of generative AI-enabled reinvention, M&A teams will need to hone their abilities to think critically and work with others to solve complex problems. M&A practitioners should also seek to embed generative AI into ways of working. For instance, as multi-modal generative AI tools mature, it's quite possible dealmakers will have their own "negotiation assistants" supporting them. Leaders need to prepare their teams for this new reality and help them develop the skills they need to thrive.
- Understand and develop an AI-enabled, secure digital core.** A strong digital core is essential. It must include a robust data architecture that supports the free and accessible flow of all forms of data relevant to a deal, end-to-end. It must allow users to look beyond their silos to gain insights on potential synergies or optimized organizational structures. And it needs to incorporate mechanisms through which teams can continuously maintain security protocols and define and monitor deal metrics across the M&A lifecycle.
- Close the gap on responsible AI.** In any application of generative AI, leaders need to ensure that they are using the technology as ethically and safely as possible. This means they need to balance their pursuit of value across the M&A lifecycle with risk mitigation. And, given the sensitivity and confidentiality of M&A-related information, they must make data security a priority. Establishing guardrails that dictate who has access to data and for what purpose can help mitigate leaks of confidential or personal information.
- Drive continuous reinvention.** Given the growing acknowledgement of the need to transform the Strategy and M&A function, the expanding potential of generative AI across the M&A lifecycle, and the rapid pace of change dealmakers will encounter, any M&A reinvention strategy must be dynamic and designed to evolve over time. In the past, M&A teams have created structured ways of navigating one major deal after another. Now, they need to create structured approaches for navigating one major change after the other. True reinvention is an ongoing effort and a continual process of renewal, optimization and value creation.

Secure digital core

AI-driven, intelligence-led-security is built in and continuously evolves to defend against and respond to threats, extending across IT and Operational Technology systems as well as third parties.

The foundation of M&A reinvention through generative AI

The cornerstone of a reinvented M&A function that leads with value is the foundation model upon which generative AI tools are trained. Executives have several options when it comes to creating the model that will best meet their needs:

They can build it.

More than two-thirds (68%) of executives are already working with consulting partners to build generative AI tools for M&A. Key considerations when creating bespoke foundation models for these tools include access to complex technical skills, the volume of fit-for-purpose data on which the model can be trained and the computing power that a homegrown generative AI model will require.

Given the significant time, investments and skills that are needed to build a foundation model, this approach makes the most sense for serial acquirers that expect high-volume, high-velocity and high-value deals; technology- or data-centric companies that offer generative AI as a product; or organizations such as private equity firms or investment banks that have specialized and restricted use cases for M&A, rely on private data to train models and transact deals, and are not constrained by time or cost limitations.

They can buy it.

For many organizations, embracing generative AI for M&A will involve buying the capability from a selected partner and then building a supporting ecosystem around the model. This effort includes collaborating to tune the model, protecting IP and private data, tailoring the user experience to particular needs, implementing responsible AI guardrails, and eventually scaling the model to meet unique M&A use cases. To date, 44% of executives say they've made acquisitions over the last three years to obtain a target company's AI capabilities or assets. That number is likely to continue to grow. We found that 54% of executives are likely to acquire companies with AI capabilities in the next two years.

They can partner with AI experts.

Many organizations don't have the expertise, money or time required to develop or purchase a foundation model. The good news for them is that they can partner with firms or other organizations that have the relevant capabilities and services that will allow them to accelerate their M&A reinvention. Partnering is an increasingly popular option. Fifty-eight percent (58%) of executives say they're collaborating with AI start-ups for ready-made generative AI tools for M&A and 29% are teaming with academic institutions to develop generative AI use cases in the M&A space. Nearly a quarter (24%) expect their current M&A solution providers to add generative AI features for them.

Reinvention is in reach

Executives have recognized that their Strategy and M&A functions are ripe for transformation. And now, with the advent of generative AI, they have the tools to accelerate their reinvention journeys. As they set off, they need to realize that the opportunities afforded by generative AI don't just lie in pre-deal phases of M&A. Generative AI can drive productivity and value fully across M&A deal cycles.

This presents a tremendous opportunity for dealmakers looking to set themselves apart in the M&A space. However, unlocking lifecycle value won't happen immediately. The world of M&A is in constant flux. The technologies that support reinvention are steadily advancing. Necessary skills are continually evolving.

In this environment, a reinvention strategy must be dynamic, adaptable and responsive to disruption. Companies that will reap the greatest value from a transformed M&A function will be those that start preparing their organizations today. They will be the ones that lead with value. Lead with wisdom. And lead with the confidence that generative AI can help them change the game in M&A.

About the research

Survey:

We surveyed 750 C-suite executives with decision-making responsibilities in M&A, across 13 industries and 17 countries (January 2024). We asked them about their perceptions of the potential of generative AI across the M&A deal lifecycle (such as perceived value potential, adoption drivers and barriers). We also asked them about adoption (such as level of investment, level of adoption).

Productivity analysis:

We evaluated more than 19,000 tasks from almost 1,000 occupations from O*Net, the primary source of occupational information in the United States. Applying an M&A-relevant task layer, we tagged each of those tasks by the levels of proactive reasoning, interpersonal communication and expert validation they required. Based on the tagging combination, we identified tasks that had potential for productivity improvements—through a combination of both augmentation and automation—from generative AI.

References

- ¹ Accenture Strategy, M&A CEO CIO Survey, December 2021, n=1,000.
- ² Accenture, "[Total Enterprise Reinvention](#)," February 10, 2023.
- ³ Accenture's Pulse of Change: 2024 Index identifies and ranks six factors of change affecting businesses—Technology, Talent, Economic, Geopolitical, Climate and Consumer & Social—using a range of key business indicators, such as labor productivity and IT spending. It then compares this data to a survey of more than 3,400 C-suite leaders on how these factors are impacting their organizations. A comparison reveals insight into which affect companies the most and their preparedness to respond in 2024.
- ⁴ Unless otherwise indicated, all data within this report is attributed to insights and analysis from Accenture Strategy's 2024 Generative AI in M&A survey of 750 global C-suite executives involved in M&A transactions.
- ⁵ [Accenture Pulse of Change 2024 Index and October 2023 Quarterly C-Suite Survey](#).
- ⁶ *ibid*
- ⁷ Datasite, "[Generative AI: It's what you make of it](#)," January 3, 2024.
- ⁸ Accenture Research 2024 Generative AI in M&A productivity analysis (see "About the research").

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