

M&A Integration - Software Licensing

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Agenda

- Introduction
- What is M&A Licensing Integration?
- Four strategy factors that elevate success
- The Playbook
- Closing Thoughts

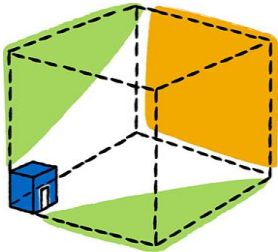


Who is NetApp?

Storage Innovation



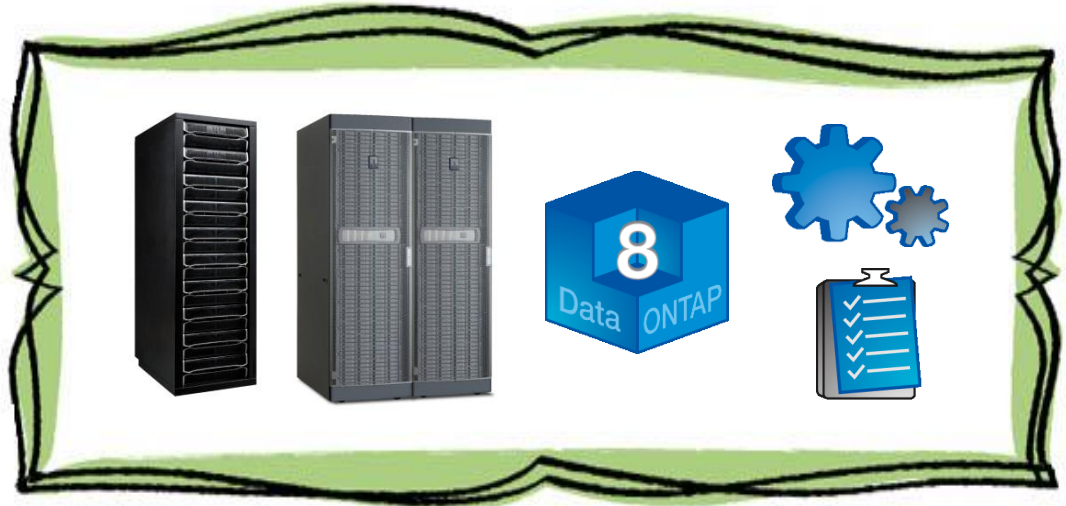
Efficiency Leaders



*Foundation
for
Flexible IT*

- Fortune 1000 company
- Specializing in storage and data management innovation
- \$5B in revenue
- 20% compound annual growth rate
- Over 11,000 employees in more than 150 offices worldwide with headquarters in Sunnyvale, CA

What We Sell



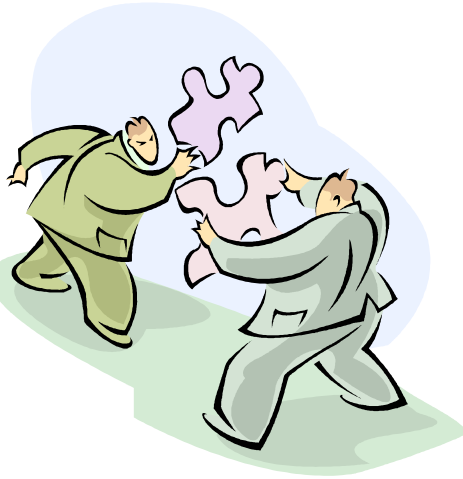
- Storage Systems (Hardware)
- Storage Operating System
- Storage Management Software
- Support & Professional Services
- Packaged Solutions

What is M&A Licensing Integration?

Too frequently, it's a martial arts exercise banging together puzzle pieces from 2 different puzzles.

Common challenges:

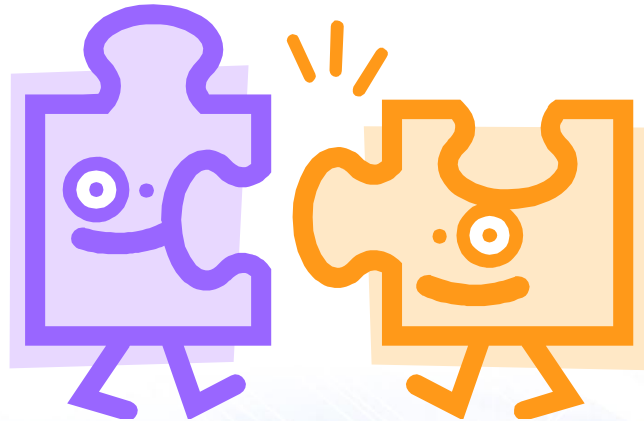
- Competition for resources, strategy & plan
- Integration deadlines for completion established in secret, without much due diligence for licensing
- Overlay of duplicate roles
- Rapid need to consolidate costs for anticipated value capture from duplication of systems, staff, processes



Strategic Steps for Successful Licensing M&A

The Boy Scout Motto: “*Be Prepared*”...

- 1 Know your company’s M&A strategy
- 2 Define Software Licensing Policy
- 3 Pre-identify your M&A Minuteman team
- 4 Develop an M&A Playbook!



Strategic Steps for Successful Licensing M&A

Know your company's M&A strategy:

- ✓ Is your company on a buying binge?
- ✓ Buying market share, IP, territory rights, talent?
- ✓ Acquiring strategic suppliers?
- ✓ Industry consolidation?

Most companies have a strategy in the boardroom, knowing yours will setup your plans for an improved outcome.

This is true if you are the bride or the groom!

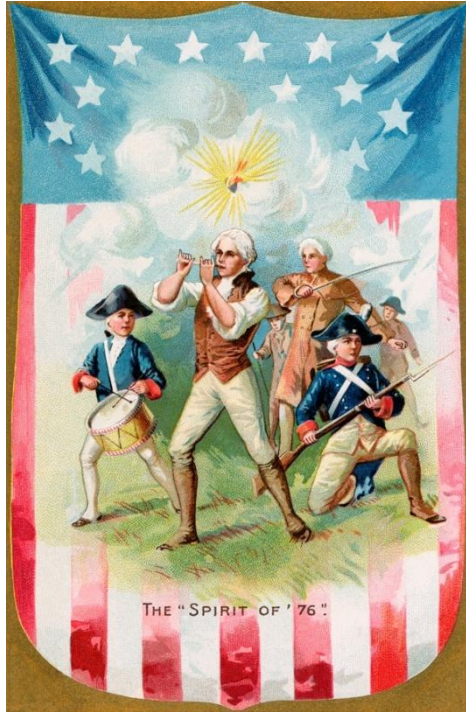
Strategic Steps for Successful Licensing M&A

Define a software licensing policy:

- ✓ Policy is a clear set of principles, approved at the executive level that will “quite” the debates
- ✓ Policy can govern everything from entitlement, licensing, key management, compliance tracking, and enforcement

A software licensing policy not only helps to streamline how M&A's are performed, also supports day to day business acceleration.

Strategic Steps for Successful Licensing M&A



Identify your Minuteman:

- ✓ Who is responsible to answer the call and prioritize Licensing integration?
- ✓ Identify the required roles and scope
- ✓ Have M&A roles predefined in job descriptions

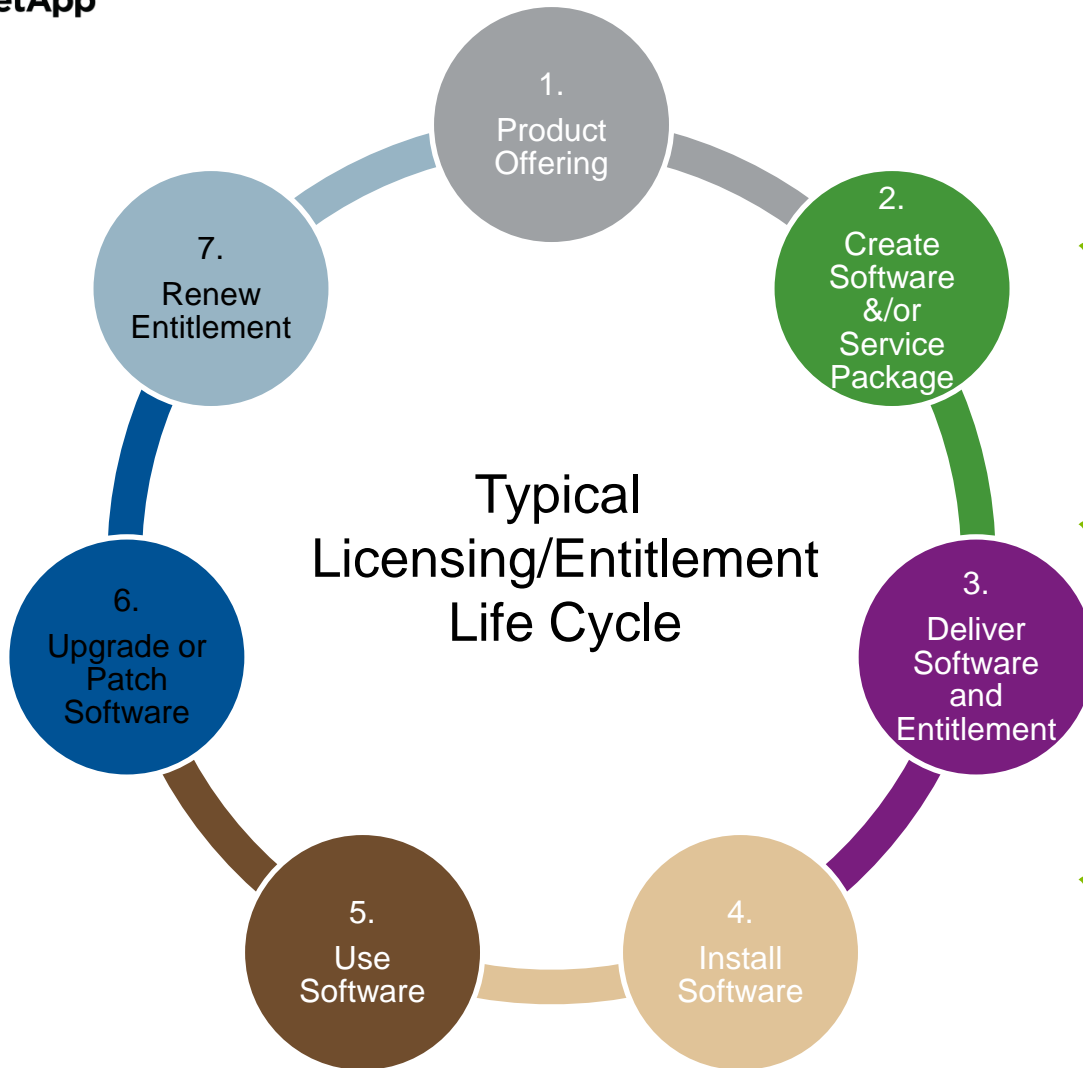
Some companies have a permanent core M&A team, some do not. In all cases additional subject matter expertise is typically required across the enterprise.

Define a M&A Licensing Playbook:



- ✓ What's the battle plan for your Minutemen?
- ✓ Have a predefined set of actions and best practices for each phase of M&A integration for Licensing
- ✓ Scope should cover the lifecycle of software licensing
- ✓ Avoid too much lashing together with bailing wire, and build for speed
- ✓ Hopefully this is chapter of a master M&A book!

M&A Playbook – Define Licensing life Cycle



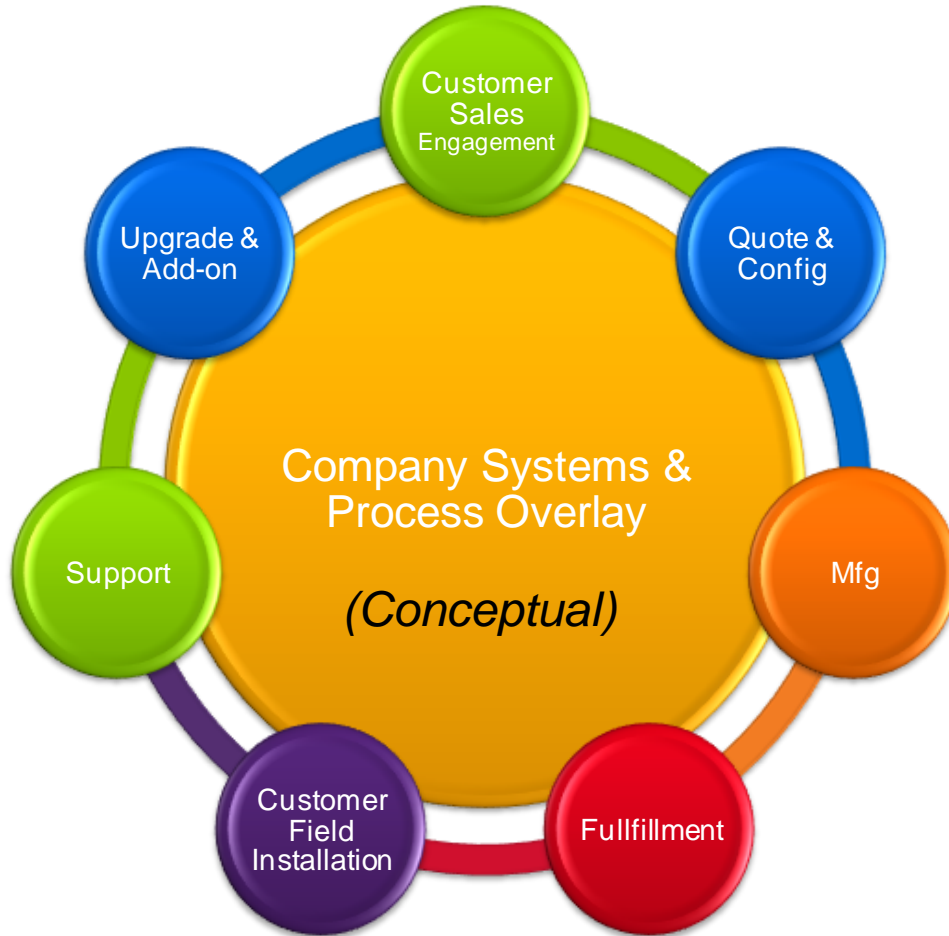
✓ Map the lifecycle to business functions & systems

✓ Strengthen your company's life cycle methodology before M&A occurs

✓ Remember the Boy Scout motto...

"Be prepared"

M&A Playbook – Define Impact Functions



- ✓ Overly the Licensing lifecycle to business functions
- ✓ Map resources, systems, & functions impacted
- ✓ Roll this into your playbook framework

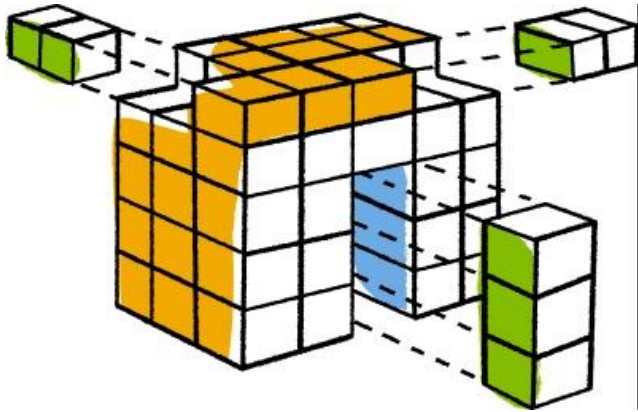


Sample Map of Life Cycle to Functions

	1, Product Offering	2. Create Offering	3. Deliver Offering	4. Install Offering	5. Use Offering	6. Upgrade or Patch	7. Renew
M&A/Integration	X	X	X	X	X	X	X
IT	X	X	X	X	X	X	X
Product Operations	X	X	X	X	X	X	X
Finance Q2I			X			X	X
Finance Ops			X		X	X	X
Global Support	X		X	X	X	X	X
Manufacturing Operations	X	X	X	X		X	X
Sales			X		X	X	X
Marketing	X		X		X	X	X
Logistics			X	X		X	X
Legal	X				X		
Brand Protection			X	X		X	X
Channel Management	X	X	X			X	X
Systems Engineering			X	X	X	X	X
Professional Services	X		X		X	X	X
OEM Partner	X	X	X	X	X	X	X
IP Provider	X		X		X		
Channel Partner		X			X	X	X
End User			X	X	X	X	X

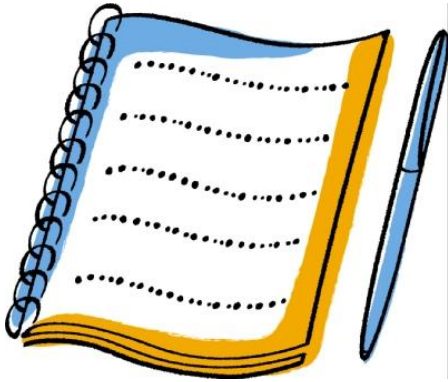
M&A Playbook – Harmonize Licensing Models

We could spend the entire morning on this topic alone....



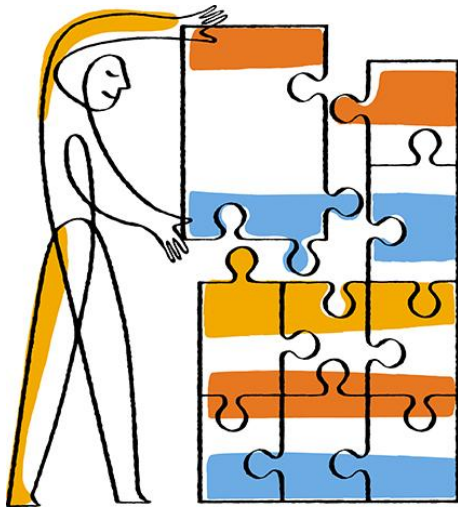
- ✓ Align on strategy, and determine where improvements & compromises need to be made
- ✓ Develop & drive a plan to segue legacy acquired customers to revised model(s)
- ✓ Balance customer expectation with business forecast with new plan
- ✓ Done well no one notices, disrupt – then duck and cover
- ✓ It's a balance of priorities

Licensing M&A Playbook Outline



- Define sections by phase, like “Due Diligence”, Pre-close, and Post announcement
- Have a standing set of questions for the due diligence phase that impact integration planning around Licensing
- Each section should form the high level plan and detail best practices
- Define strategies to harmonize licensing models and routes to market
- Focus on the **customer experience**

Final Thoughts



- Use your Software Licensing Policy and Licensing M&A playbook to help support team organization & IT POR
- Get help! There are lots of resources available. Budget as part of your M&A plan
- Stay solution focused! Up-level disagreements to your goals
- Plan for continuous improvement, post the initial effort
- Remember the acquired teams are most likely struggling with uncertainty for a position
- Like a finger print... no two M&A's are the same

Thank you!

Questions?



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