



Day 1 Readiness

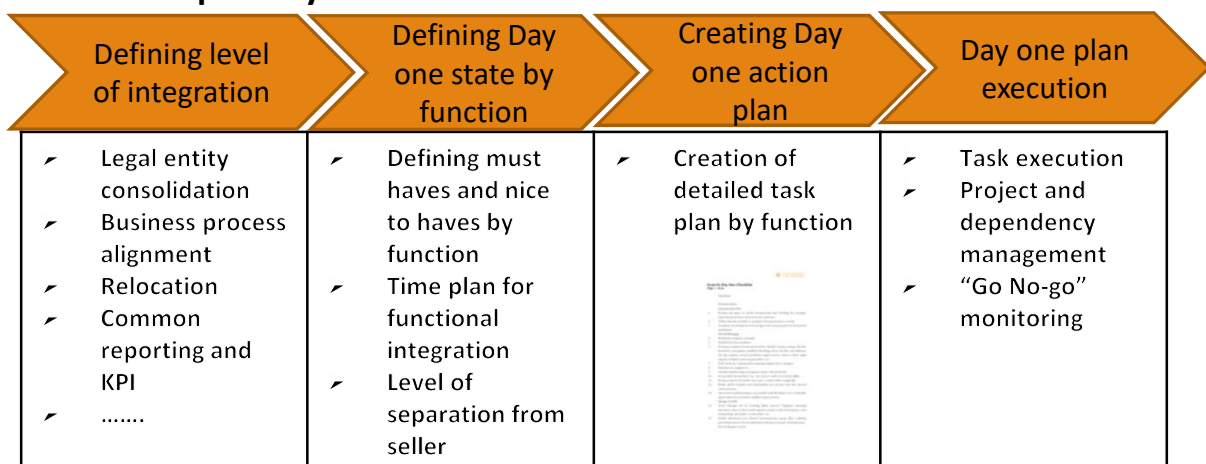
In all M&A, Day 1 is a common deadline, and is the day when responsibility switches from seller to buyer. As the buyer, it is essential to begin as you intend to go on and ensure the continuation of operations on day one on an interrupted basis. This however takes extensive planning and actions to secure uninterrupted continuation of the business. Some of these actions can have long lead times, which will require planning in advance to your deal teams committing a schedule for signing to close.

Key Day-one Imperatives (selection)

1. No disruption is supply of customers
2. No disruption with external communications
3. Continued ability to pay employees
4. Replacement of any employee benefits provided by the seller
5. Ability to operate with proper licenses
6. Ability to access cash and make payments
7. Meeting loan repayments and covenants
8. Ability to meet legal obligations for product labelling etc
9. Meeting fiduciary reporting responsibilities
10. Uninterrupted IT operation



The roadmap to day-one readiness





Common complex or long lead time issues for day one

While many day-one issues involve voluminous but quick fix tasks, some areas can have a long lead time and/or are often overlooked. These can delay day one if not planned in advance, and may require development of temporary fixes or countermeasures.

Area	Description
Business licenses	In carve-out deals, newco business licenses may need to be newly applied, which can take many months.
Group Insurance	If new insurers are to be used, the inspection and contracting process can take upward of 6 weeks
IT transfer	IT clones or logical splits may take a minimum of 3 months to execute and test. Data transfers are likely to take longer
Legal entity formation	Entity formation, tax registration, license application, bank account opening have a logical sequence when combined takes 2-3 months.
Replacement employee benefits	Analyzing and comparing benefits can be complex and require 2-3 months to contract and transition for day one.
Customer accounts and relationships	In some industries the process for registering as a customer in order to invoice and be paid can be complex. In Europe additional credit insurance administration is common place
Sales Network	The business you acquire may have sales guys all over the world employed by other subsidiaries of the vendor. Finding a practical solution to employ them and pay their salaries using "employer of record" arrangements takes time

How we can help

At Crossborder PMI Advisors we help our clients in the day one process by:

- Facilitating day-one workshops
- Provision of generic day-one lists
- Reviewing Transition agreements
- Clean room reviews
- Undertaking outsourced day-one admin:
 - Legal entity set-up
 - Insurance quotation support
 - "Employer of record" arrangements

For further information or RFP, please contact us at: info@xbpmi.jp

Crossborder PMI Advisors

Tokyo Sankei Bldg, 1-7-2 Otemachi, Chiyoda-ku, Tokyo, Japan 100-0004

Tel: +81-80-6626-9525

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