



# Mergers, Acquisitions & Divestitures

Accelerating synergy benefits and value realization  
through a zero trust cloud platform



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# Mergers, acquisitions, and divestiture: Catalysts for transformation

## New business strategy

Capitalize on emerging industry trends that drive business growth or a refocus on core value, increasing profits, agility, and productivity.

## Better customer experience

Use data analysis and insights to increase customer acquisition, retention, loyalty, and monetization.

## Faster product innovation

Increase customer relevance more quickly by introducing new products.

Modernize product offerings toward a SaaS-based platform that interacts as part of a larger ecosystem/marketplace.

## Culture and change

Rapidly adopt a digital atmosphere to increase focused talent and in-demand skills, making the business more competitive.

Serial acquirers create value 25% faster than competitors.

62,000

The number of M&A deals in 2021 increased 24% YoY<sup>1</sup>

\$5.1T

Total publicly reported deal value in 2021<sup>1</sup>

1. Source: PwC Global M&A Industry Trends: 2022 Outlook

100x

Increase in cyberattacks during M&A/Divestitures<sup>2</sup>

73%

Portion of deals that experience meaningful integration issues<sup>3</sup>

# Why expectations and outcomes are misaligned

Transaction complexity has never been greater, eroding projected deal valuation and benefits

The success rate of M&A integrations or divestiture separations is limited. Many technical aspects often contribute to this:

❌ **Time to value:** The ability to complete due diligence, integration planning, and Day 1 change of control in less than 18 months.

❌ **Cyber risk and compliance:** The acquirer assumes all threats/vulnerabilities and remediation steps/cost.

❌ **Value capture:** Targeted Synergy savings can be as high as 50% of the deal structure, but often missed.

❌ **Priorities/Talent:** Top talent is often pulled from digital transformation priorities, negatively impacting business agenda (cloud, analytics, operations).

❌ **Experience and discipline:** Legacy M&A integration practices and technical complexity (systems, data).

2. Source: McKinsey Insights

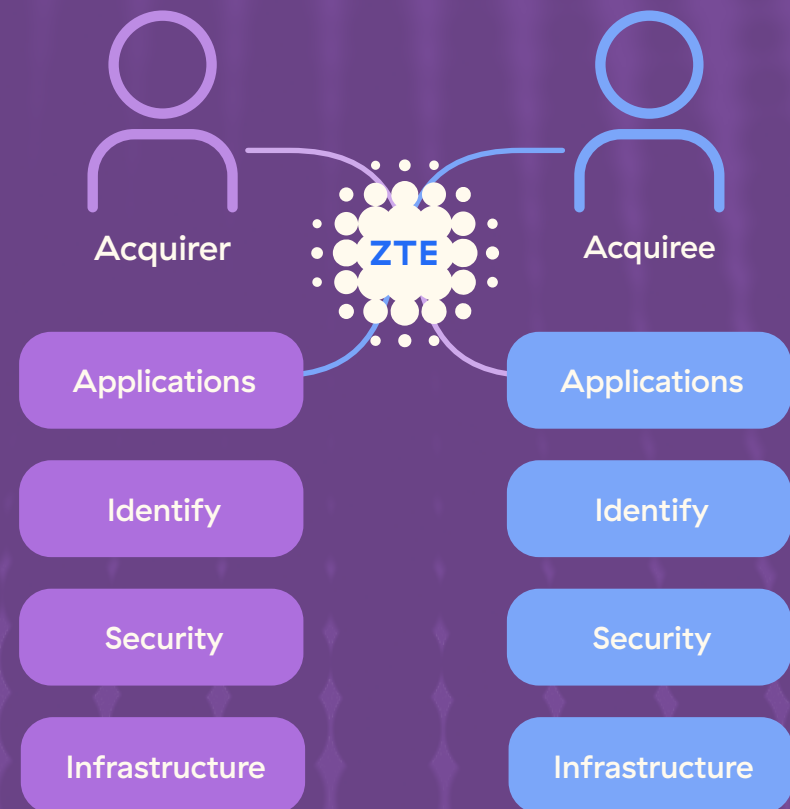
3. Source: Bain & Company

# A modern approach with the Zscaler Zero Trust Exchange

The Zscaler Zero Trust Exchange™ accelerates transactions in a scalable and repeatable manner

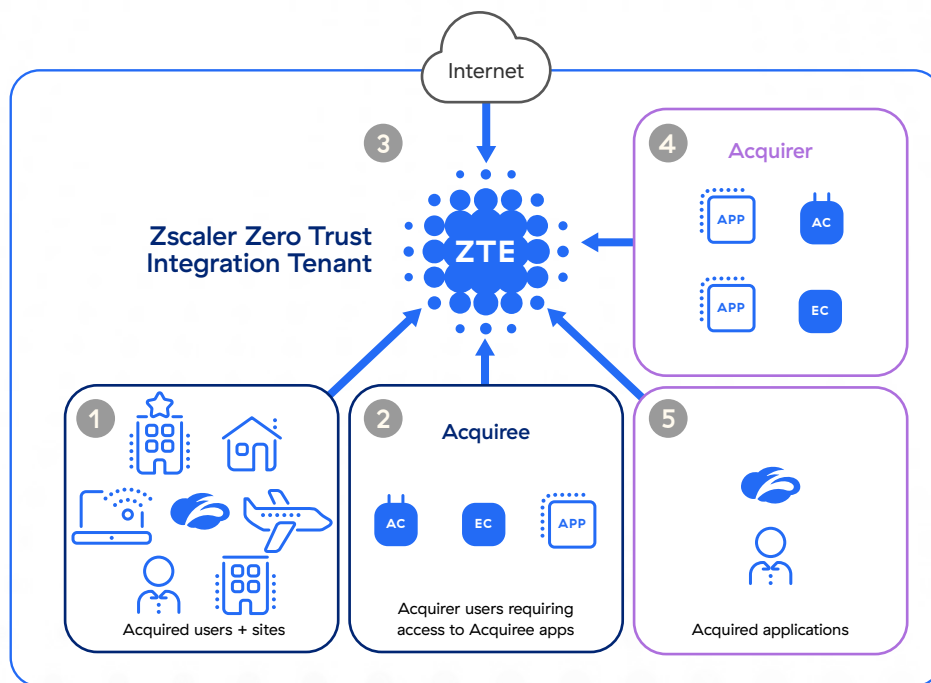
- ❖ **Accelerated time to value:** When leveraging a zero trust cloud platform (ZTCP) SaaS model, transactions are 50% faster when employees quickly access key services/ applications.
- ❖ **Cyber risk and compliance:** Quickly identifying, analyzing, and mitigating cyberthreats before they break through your defenses can reduce breaches by up to 85%.
- ❖ **Value capture:** Consumption-based SaaS models drive meaningful Day 1 savings, leading to technology rationalization and a debt reduction of 40%.
- ❖ **Priorities/Talent:** SaaS-native full stack engineers can maintain simplified operating models while digital talent remains focused on business priorities.
- ❖ **Experience and discipline:** A highly repeatable approach enables the business to complete integrations or separations more quickly using a ZTCP.

The Zero Trust Exchange securely connects users to applications



# Zero Trust Exchange: M&A integration

Secure user-to-application access in five steps



- 1 Connect users to ZTE
- 2 Connect applications to ZTE
- 3 Connect identity and access management systems
- 4 Permit acquiree access to select applications, and refine policy
- 5 Connect acquirer users to acquiree applications

## Integration Benefits

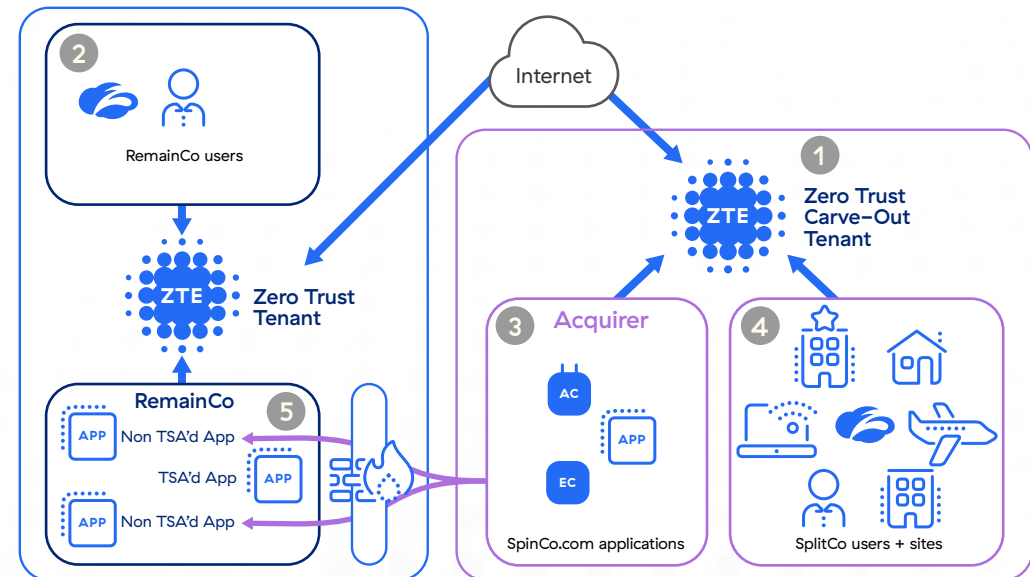
- Protect all users, sites, and applications with a ZTCP
- Quickly provide acquiree access in a secure and auditable manner by Day 1
- Profile acquiree to establish proper security controls to internal/internet applications
- Accelerate other IMO timelines (applications, supply chain, ERP)
- Determine if symbiotic integration is still needed
- Eliminate unnecessary delays from new infrastructure, telecommunications, and complex infrastructure integration
- Eliminate overlapping technology and drive toward consumption-based services

## Separation Benefits

- Protect Remainco and Splitco users, sites, and applications with ZTCP
- Profile users, applications, and policies in real time for separation validation
- Separate Remainco and Splitco users and applications rapidly and securely
- Minimize the need for new or replicated environments using clone-n-go/cleanse
- Secure logical separation with auditable controls between Remainco and Splitco
- Dramatically reduce TSA timelines and costs during separation
- Enable Remainco and Splitco to seamlessly function in a shared environment

# Zero Trust Exchange: Divestiture/Carve-out separation

Secure user-to-application separation in five steps



- 1 Establish Splitco ZTE tenant, IdP, and domains
- 2 Profile environment to define users, applications, and policies
- 3 Redirect Splitco users to Splitco ZTE
- 4 Assign Splitco applications to Splitco ZTE
- 5 Establish controls for TSA applications remaining behind

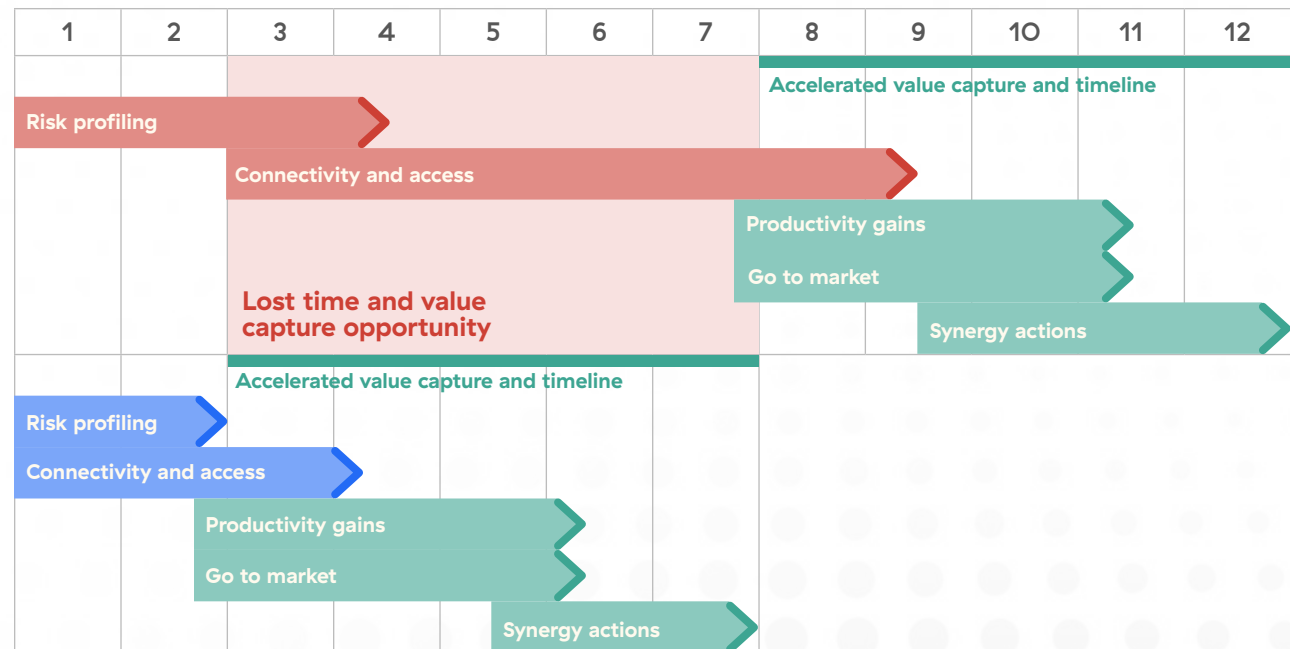
# Zero Trust Exchange benefits: Time to value

Reduces deployment time, minimizes risk, simplifies operations, and drives synergy savings

Garner a competitive advantage early in the first 100 days by securely connecting acquirer/acquirees together, allowing other IMO workstreams to quickly commence integration activities.

**A traditional approach** requires significant upfront planning, investment, and effort to achieve marginal results with respect to risk management and efficient user access.

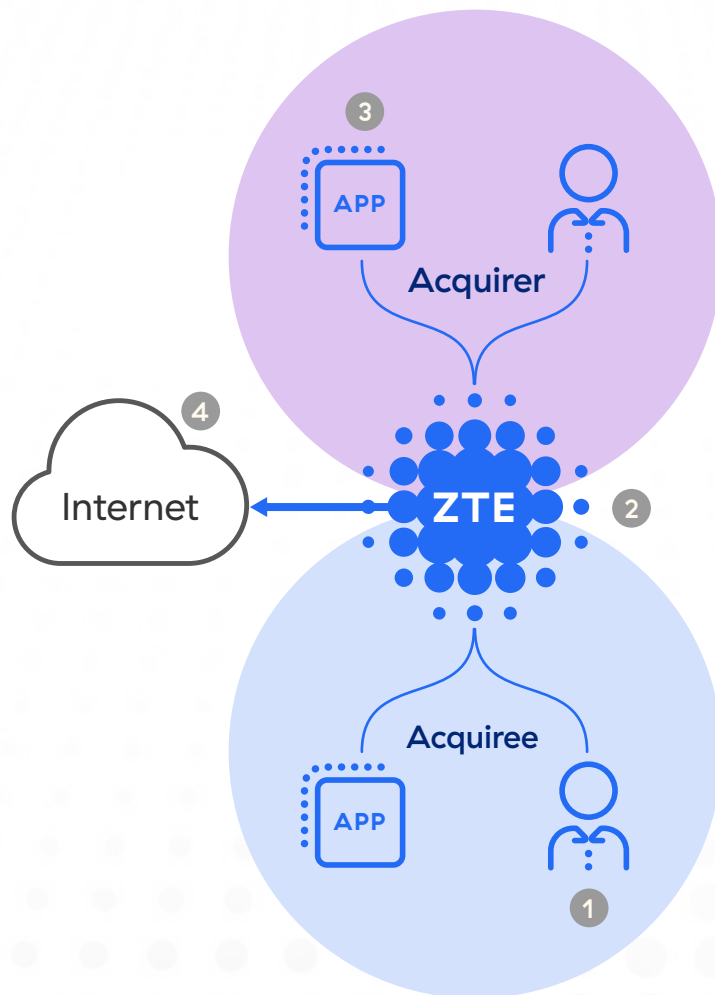
**A modern approach** makes a quantum leap forward in time and effort efficiency while elevating risk posture and easing the user experience during integration.





# Zero Trust Exchange benefits: Cyber risk and compliance

Apply the inherent security capabilities of the Zero Trust Exchange to assess and protect deal integrity



- 1 Maintain transaction integrity and controls**
  - Unknown cyberthreat detection/prevention
  - Common experience and profile, on-premises or off
  - Applications made visible to only those permitted
- 2 Block threats before they reach the enterprise**
  - Attack surface eliminated
  - Inline content inspection (encrypted)
  - Protection in public cloud environments
- 3 Detect/Mitigate the spread of unauthorized access**
  - User-to-application segmentation
  - Application-to-application segmentation
  - Deception for detection and mitigation
- 4 Prevent data/intellectual property loss**
  - Inline content inspection
  - Innovative data classification engine
  - Data integrity when accessing the (CASB)

# Zero Trust Exchange benefits: Value capture and simplification

Transformation and integration/separation activities complement each other

## Transformation Strategy

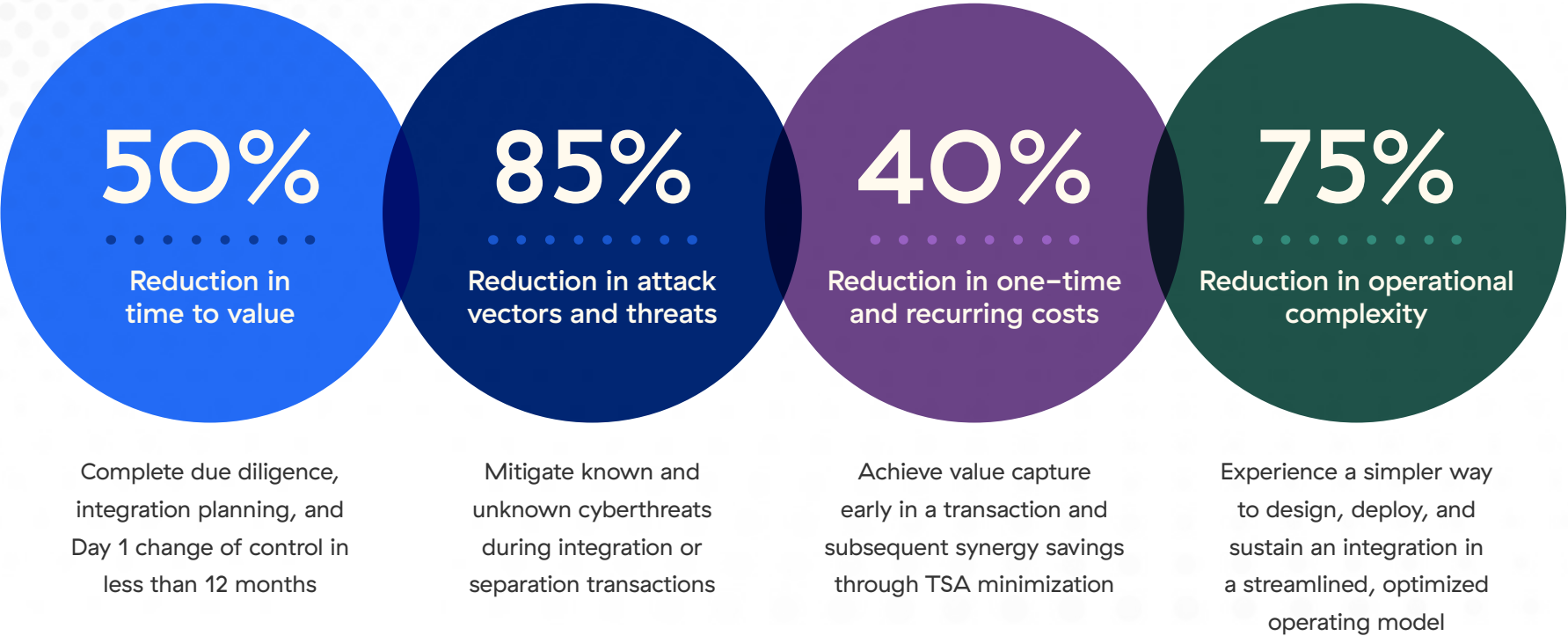
- ❖ Migrate workloads to a cloud service provider
- ❖ Maximize SaaS adoption
- ❖ Enable work-from-anywhere for employees and third parties
- ❖ Achieve cyber resiliency with zero trust, and stay compliant with DevSecOps
- ❖ Adopt an enterprise-wide agile operating model, integrating business and IT
- ❖ Deliver an optimal user experience

## Integration/Separation execution

- ❖ **Eliminate lengthy TSAs:** TSAs ensure business continuity for the buyer, but they also delay synergies, limit buyer flexibility, increase dependency on the seller, and increase operational costs (TSAs have up to 10% markup, with an escalating premium over time).
- ❖ **Adopt “X” as a service:** As-a-service solutions can shorten a TSA period from years to quarters. Instead of carving out or integrating existing systems, you deploy an entirely new, cloud-based system. This brings your business the benefit of accelerating both automation and process standardization.
- ❖ **Embrace bridge services to fill the gap:** You no longer have to rely solely on your in-house IT capabilities to close a deal. A digitally savvy third party can help the acquisition for as long as necessary.
- ❖ **Realize synergy savings:** You can minimize non-recurring standup costs (e.g., infrastructure, telecom) by eliminating interim facilities when migrating assets to the cloud; addressing cyberthreats early on; and getting rid of IMO workstream dependencies on initial connectivity, which impede progress and elevate unproductive resource allocation.
- ❖ **Hone operational efficiency:** Platform adoption drives vendor consolidation, and technology/application rationalization leads to recurring cost reduction. Talent/skills realignment to match cloud/XaaS/ZTE transition during a focused M&A/D transaction drives execution velocity.

# Business outcomes

Accelerate synergy benefits and time to value with the Zero Trust Exchange





Experience your world, secured.™

#### About Zscaler

Zscaler (NASDAQ: ZS) accelerates digital transformation so that customers can be more agile, efficient, resilient, and secure. The Zscaler Zero Trust Exchange protects thousands of customers from cyberattacks and data loss by securely connecting users, devices, and applications in any location. Distributed across more than 150 data centers globally, the SASE-based Zero Trust Exchange is the world's largest inline cloud security platform. Learn more at [zscaler.com](https://www.zscaler.com) or follow us on Twitter [@zscaler](https://twitter.com/zscaler).

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