



Working better by working together

Deal Advisory / Germany

We can help you **Partner.**

A pragmatic approach to enhancing value through partnerships.

Your vision. Our proven capabilities.

Businesses thrive on good partnerships. Our integrated team of joint venture and alliance practitioners can help you create successful partnerships, unlock value from existing businesses and exit if no feasible alternative exists. We can help you every step of the way, working to give you confidence from creation to exit.

Enhancing value through partnerships.

Real results achieved by integrated specialists.

Business partnerships are rapidly changing the corporate landscape. They can range from limited licensing or trading agreements to large-scale joint ventures involving significant amounts of capital expenditures, management commitment and staffing resources.

In this brochure, we have divided our discussion of partnerships into two categories:

Create & Set Up: Exploring all that's involved in forming a new partnership, from evaluating potential partners to setting up a structure to support growth and increase the competitive advantage of both parties.

Optimize, Reset or Exit: Looking at how established partnerships may increase performance and value based on management skills and operational processes. In cases where a partnership is underperforming due to business, legal, political, cultural or other factors, this can mean evaluating opportunities to reset or exit.

Partnerships can be a very effective approach to achieving a wide range of strategic objectives. However, they need constant care and attention to help deliver full value and the best chance of success. As an objective third-party advisor, KPMG member firms can help you identify, plan and execute a strategy designed to enhance value and support the success of your company.

Support across the partnership lifecycle

¹Create & Set Up

²Optimize, Reset or Exit

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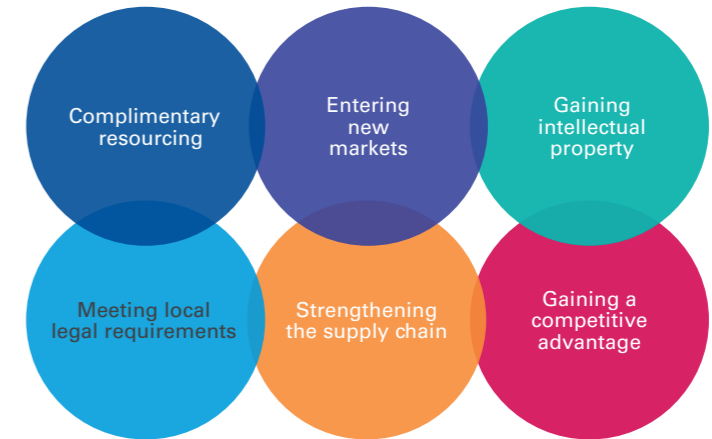


1 Create & Set Up a New Partnership

What lies ahead?

Assess the strengths and weaknesses of potential partnerships.

The reasons for entering a partnership are usually clear:



However, turning these goals into objectives is much more complicated.

To form a new partnership that works, you have to understand the entire lifecycle, right through to the exit. This involves a careful examination of the concrete, day-to-day challenges of being a partner. A plan that looks good on paper may not be practical to implement.

In fact, it is a good idea to assume that things might go wrong — because current statistics

suggest that it will often be the case. You should also have several options on the table during negotiations with potential partners. The negotiation process can sometimes last for two or three years. A well-designed 'Plan B' can help you adapt to changing circumstances and increase your negotiating strength and speed.

TO FOSTER VALUE

Do not take too much value out of the partnership through licensing fees, service delivery agreements or other commitments on your part. Balance your need to negotiate the best deal for your company with your goal of developing a strong partner relationship.

Ask the right questions

What are the objectives for entering a partnership?

A strong partnering strategy must align with your overall business goals. We can assess available options and help you determine if a partnership is the optimal structure. We can also design a partner concept for the involved parties that addresses major concerns, identifies key success drivers, and determines likely implications of the partnership on the business.

Where, how and with whom should we participate?

Selecting the right partner based on the scope and nature of the desired partnership is key. We can evaluate market opportunities, determine required partner capabilities, and identify key selection criteria in terms of immediate benefits and long-term value.

How can we recognize risk/reward and create value?

We can help you manage risk by identifying the upside and downside of your various partnering options. We can also determine the required economics or investment case, identify additional requirements, and highlight key challenges to overcome.

What does the partnership need to succeed?

We can help determine key activities and risks to be managed, establish contribution responsibilities, build required capabilities, and define day-to-day decision-making models. We can also help develop a governance

framework, determine principles for value sharing, and consider ways to increase efficiency and reduce complexity in the partnership.

How can we negotiate a successful partnership deal?

KPMG professionals can help you negotiate and execute a successful deal. Key activities include reaching agreement on a timeline to complete the deal, establishing objectives and priorities, developing a response to the partner's own objectives and priorities, and gauging the partnership's worth and value.

How should we plan for a successful implementation?

Based on our business experience, we can help you mobilize your plan, protect business continuity, and integrate existing business processes affected by the partnership. In particular, we can help you determine governance, key roles and responsibilities for the implementation, define and set up key workstreams, determine 'Day One' readiness requirements, and support deadlines for milestones.

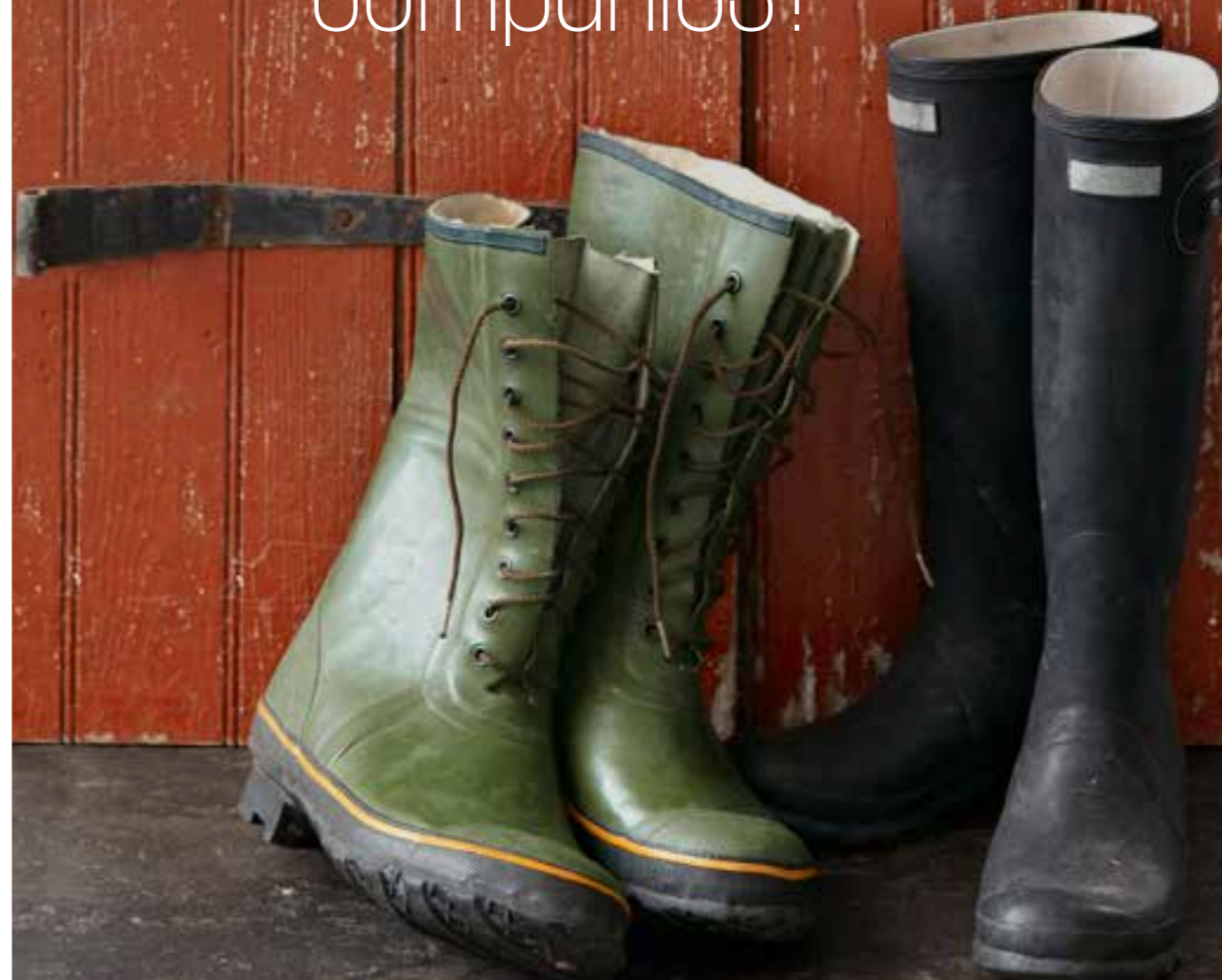
Are we delivering a successful, operational partnership?

We can help confirm that you have control of the partnering process as you deliver on your plans. We can also evaluate the effectiveness of governance and stakeholder engagement, track progress and identify issues, establish mechanisms and accountability for issues resolution, and monitor key performance indicators (KPIs) to measure the success of the partnership.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates.

² Optimize, Reset or Exit an Established Partnership

What is the right way to manage multiple agendas from different companies?



From structuring the partnership, to making it work.

Today's partnerships are often large and complex entities. Management must identify and monitor risks, formulate strategies, execute interventions, and encourage organizational learning across different employee groups. If the partnership is international, these challenges are compounded by the need to satisfy the expectations of external groups such as governments, regulators and local communities.

At every stage of the partnership lifecycle, managers should take care to fully communicate the principles and goals described in the implementation plan and focus on the proper execution of tasks. Early warning indicators like budget overruns should trigger prompt and effective action.

If a partnership is underperforming, contributing factors need to be identified and resolved. In the rare event where a reset is not feasible, the goal is to maximize value from an exit. Exits need to be proactive, well planned, and properly executed.

MANAGEMENT'S TASKS ACROSS DIFFERENT EMPLOYEE GROUPS

Identify and Monitor Risks

Formulate Strategies

Execute Interventions

Encourage Organizational Learning

TO FOSTER VALUE

Due to the large number of relationships involved in a partnership, managers should maintain a strong focus on relationship governance, including the careful selection of experienced managers as well as conflict resolution and inter-party learning.

Ask the right questions

Have all the necessary set-up activities been completed?

KPMG professionals can help you review goals and priorities, review the set-up and transition of the partnership, and gauge how well your governance and infrastructure can support the partnership. We can also review the current decision-making process and infrastructures or current requirements for processes and procedures.

What are the causes of dispute or underperformance?

To assess the initial performance of the partnership, we can review primary documentation and interview stakeholders to develop a summary of key concerns. If evidence of underperformance is found, we can conduct a thorough business review, identify market drivers and the competitive landscape, assess cash levels and working capital management, and conduct on-site inspections to determine shortfalls and areas of particular risk and complexity.

What needs to change or improve — and how?

In defining solutions to help optimize the partnership, we can help you understand which changes to strategy and operations are required to turn around performance and adapt to new developments. We can also gauge the impact of external events and market changes, assess difficulty and risk against benefits, address cultural issues, and compare turnaround options with a potential exit.

What needs to be in place to deliver the target benefits?

As the partnership moves into optimization, we can help develop a resourcing plan and identify any necessary financial investments at this point. Activities involve documenting key interdependencies, setting up a project management office (PMO), developing a project governance framework and identifying key progress milestones.

Is current governance and supporting information fit for purpose?

We can help you establish risk management and governance frameworks, review terms of reference, and assess the speed and accuracy of actions resulting from meeting decisions.

How should we plan for a successful optimization implementation?

During execution, the key challenge is to fully mobilize without unnecessary delay while still maintaining proper control. To help you achieve this objective, we can help identify key roles, responsibilities and appropriate resources, determine and establish workstreams and steering committees, communicate and appoint resources to planned changes, and document the work plan.

Have we tackled internal issues effectively?

Sometimes internal issues can be insufficiently understood, even if they have a significant impact on the partnership. KPMG professionals can help you review your internal change plan and assess the potential for any further improvement in outcomes.

Have partner strategies and circumstances become misaligned?

We can help you and your partner identify changes in the partnership that can lead to issues compromising the effectiveness of the partnership. We can assess the impacts of any misalignments and evaluate requirements for successfully meeting partner objectives.

Will resetting optimize partner value, or should we consider exiting?

We can support a rapid but thorough assessment of your current situation and whether you should try to improve the partnership in some way, or simply exit the partnership. Our approach includes evaluating exit scenarios and defining thresholds, setting boundaries, reviewing existing efforts to fix the company, analyzing potential risks and blockages for identified options, and outlining a proposed plan.

What are my alternative options?

In the event of an exit being a realistic option, we can help you identify potential alternative deals or agreements, highlight potential alternative partners and/or purchases, and identify key factors affecting your valuation.

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Deal Advisory

How can I continue to create, enhance and preserve value?

From mergers and acquisitions to divestitures, the key to any restructuring or transaction is to realize its full expected value. And that means being able to answer critical questions at every phase of the transaction lifecycle.

KPMG's Deal Advisory professionals can help you determine what questions to ask and how to find the answers.

For more information on joint ventures and alliances, or other Deal Advisory services, please visit:

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