



FAIR-M&A

FAIR-M&A POP™

PROFESSIONAL OPERATING PLATFORM

« Raising your M&A performance to new efficiency standards »

November 2008

Investment Opportunity

FAIR-M&A has been founded in 2007 by Jacques Lehré, former Head of M&A at Rhodia and former Chairman of ARFA (Association of French Corporate M&A). FAIR-M&A aims at improving M&A efficiency through a combination of standards and IT tools. A first version of the FAIR-M&A Professional Operating Platform (POP) has been completed in 2008. To further develop the platform, FAIR-M&A is looking for financial and professional resources.

The M&A industry context

The last 5 years have taken M&A to a new worldwide dimension. Globalization is on its way and there's nothing that can possibly stop it, not even the financial turmoil created by the sub-prime crisis. Globalization means more deals to be done by companies having less experience in M&A under increasing timing pressure. To avoid catastrophes, it means more and more professionalism in M&A, especially today when cash is scarce and expensive. Amateur acquirers will not only make bad deals, they will put their own existence at risk.

According to the traditional narrow definition, M&A starts with a teaser and ends with a sales & purchase agreement. This is also the traditional recipe for failure. In today's generally accepted approach, M&A starts right after the strategic plan and only ends when the integration and the transformation of the target are finally completed. This wide definition makes it a multi-year, multi-skills and multi-organizations process, in other words an extremely long and extremely complicated process.

A lot of things have changed in M&A over the last years but one indicator remains stubbornly the same. All the recent studies show that the rate of success in M&A – measured by the value creation – is only 50%. This means the rate of failure or value destruction is also 50%. Companies still take tremendous risk when they make acquisitions. Reducing risk in M&A means having a formalized process, controlling the implementation of the process but also ensuring information is efficiently managed throughout the process.

The FAIR-M&A project

The need for some industrialization of the M&A process is a "no brainer" for anybody having once in their life optimized an operating process. The M&A process is cumbersome and very inefficient. Having understood that, the FAIR-M&A project starts with an observation: all M&A professionals organize their transactions "more or less" the same way. This means a certain level of standardization already exists in the industry. FAIR-M&A is about formalizing these standards and having them supported by information systems.



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The FAIR-M&A Professional Operating Platform (POP) is built on the base of existing recognized IT tools configured with the standards formalized by FAIR-M&A and completed with specific developments. FAIR-M&A has signed in 2008 two strategic partnerships, one with IBM concerning the "M&A Accelerator™" solution, one with IMPRIMA concerning the "iRooms™" electronic data room. These IT tools form the base of the first release of the FAIR-M&A POP. They ensure maximum safety to highly sensitive M&A data.

FAIR-M&A is looking for financial and professional supports to further enhance the FAIR-M&A POP current possibilities with new standard processes and documents and new IT functionalities. The internet platform is what gives visibility, consistency and "ease-of-use" to the multi-tool approach of FAIR-M&A POP. The objectives are to facilitate the access to the different tools, to build bridges between these tools whenever useful, and to extract key information from the tools in order to display them in a friendlier environment.

The development plan

FAIR-M&A POP customers are M&A professionals. Concerning France only, it is currently estimated that FAIR-M&A POP could be of interest to 350 corporations, 150 private equity funds, 200 M&A advisories, 200 law firms and 100 auditors or other consultancies. Assuming 50% of these 1000 customers will actually purchase an IT tool for their M&A transactions in the 5 coming years, the potential market can be estimated in France at 50 M€ (based on average sale by customer at 100 k€). With the same assumptions, the European market could be around 300 M€.

FAIR-M&A aims at capturing 30% of the potential market, meaning 15 M€ in France and a total around 100 M€ in Europe. With no real competition on this market today, the challenge is to convince M&A professionals of the benefits of using FAIR-M&A POP. To do that, FAIR-M&A is looking for investors that are M&A professionals or have close links to or knowledge of the M&A industry. They will bring financial resources at the level of 500 k€ and, more important, their expertise, motivation, ideas, networks, etc.

Individuals or parties interested in this opportunity should contact Jacques Lehré before November 30th. A detailed prospectus and a business plan will be presented to them. Preliminary offers to be remitted in December will include the suggested financial contribution and the main conditions to the involvement in the project. Thoughts and new ideas will be appreciated. Legal documentation and fund raising will be finalized in Q1 2009. Standards and IT developments will be started right after.

Contact

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