2019 PCF Congress
Mini Summit XXV:

Ensuring a Smooth Transition of
Compliance Programs During Mergers & Acquisitions

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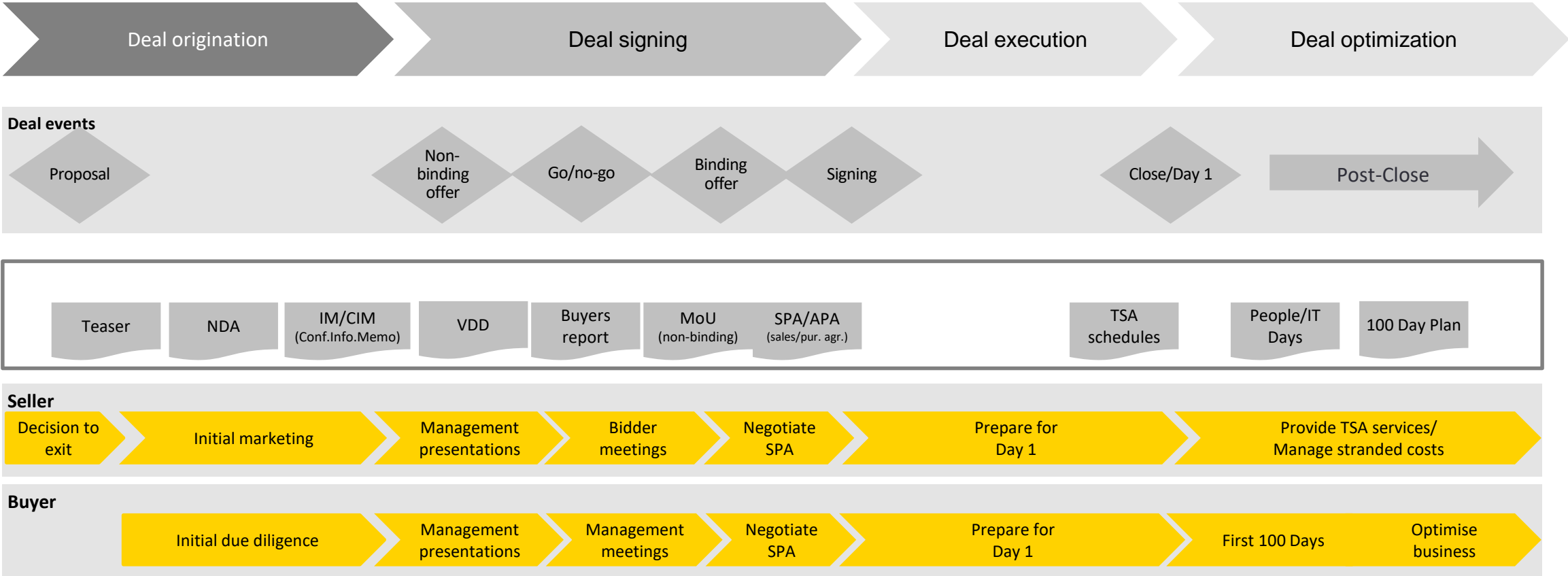**Vice President and Deputy Chief Compliance Officer, Celgene**

Karen Johnson
Executive Director Compliance and Ethics, Corporate Ombudsman, Bristol-Myers Squibb

Sunitha Ramamurthy, JD
Head of Compliance, Loxo Oncology, wholly owned subsidiary of Eli Lilly

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Typical transaction process

| Deal origination | Deal signing | Deal execution | Deal optimization |

Deal events

Proposal | Non-binding offer | Go/no-go | Binding offer | Signing | Close/Day 1 | Post-Close

| Teaser | NDA | IM/CIM (Conf.Info.Memo) | VDD | Buyers report | MoU (non-binding) | SPA/APA (sales/pur. agr.) | TSA schedules | People/IT Days | 100 Day Plan |

Seller

Decision to exit → Initial marketing → Management presentations → Bidder meetings → Negotiate SPA → Prepare for Day 1 → Provide TSA services/ Manage stranded costs

Buyer

Initial due diligence → Management presentations → Management meetings → Negotiate SPA → Prepare for Day 1 → First 100 Days → Optimise business

Compliance stakeholders experience this process in very different ways depending on whether they are working for the buyer or seller; corporate or local; and when they are brought into the process

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GUIDING PRINCIPLES

MAXIMIZE VALUE

Stay focused on **patients** & ongoing **business delivery**

Maximize **marketed products**, deliver near-term **launches**

Design for sustained **productivity** & long-term **growth**

Capture **value** & **synergies**

FOCUS ON PEOPLE AND CULTURE

Make **workforce engagement** a priority

Communicate frequently, authentically and with transparency

Retain **knowledge** & **talent**

Foster **collaboration** & **inclusion**

TAKE A THOUGHTFUL APPROACH

Plan carefully; go slow to go fast
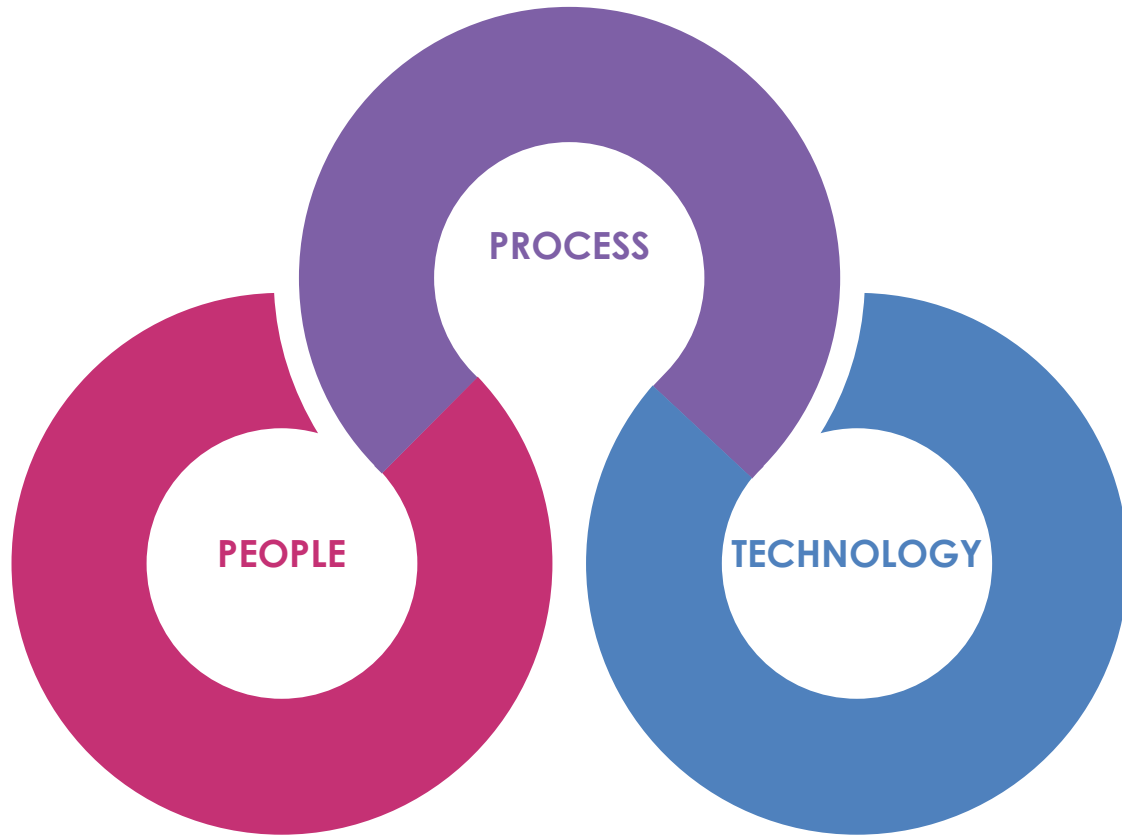
Aim for **simplicity**

Redesign in areas with the **highest impact**; adopt existing process & capabilities in others

Be **agile**; expect and be open to ambiguity

Demonstrate **ethics**, **integrity** and **quality**

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Integration Framework - Areas of Focus and Key Findings
Preserve Business Continuity through People, Process, and Technology

PEOPLE

- **Be Inclusive:** Partner and collaborate with relevant stakeholders across both companies to build agile integration sub-teams
- **Engage Leadership:** Empower leaders throughout the organization with clear accountability and decision rights
- **Share Information:** Provide clear, transparent communication about future organization alignment to the relevant workforce

PROCESS

- **Keep It Simple:** Redesign processes in high impact areas and leverage existing capabilities when possible
- **Be Thorough:** Co-create comprehensive Day 1 guidance to preserve business continuity
- **Stay Agile:** Prepare integration roadmaps while being mindful that timelines can change

TECHNOLOGY

- **Prioritize Access:** Identify who needs system access and when
- **Determine End-State Solutions:** Define which applications will be retained or decommissioned
- **Stay Informed:** Align with IT to understand integration timelines for relevant systems

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