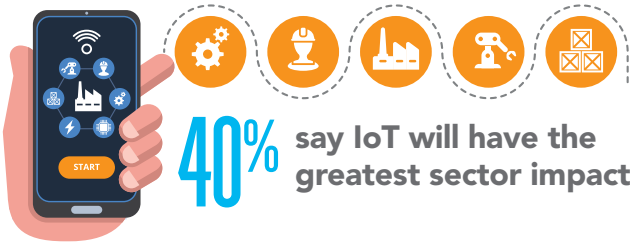


MERRILL INSIGHT™ | 8 TECH MYTHS ABOUT INDUSTRIALS M&A

Technology has hit the Industrials sector with force, creating tidal waves of change. To better understand how this change flows into merger & acquisitions, we polled 175 dealmakers. Here's what they said.

Myth #1: They don't care about the internet

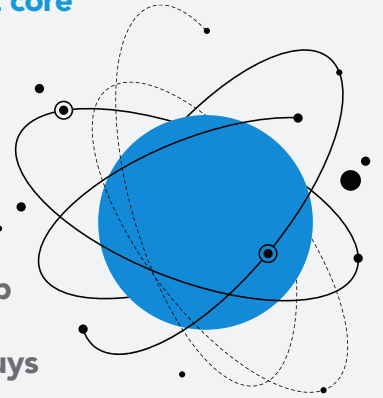
Truth: The industrial Internet of Things (IoT) will have the greatest technology impact through real time monitoring of equipment performance and manufacturing efficiency.



Myth #2: Technology isn't core

Truth: The strongest driver behind industrial tech M&A is to add complementary technology-enabled products and services to the core business.

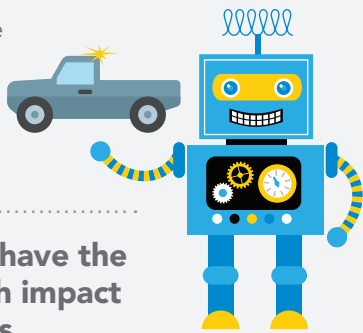
56% say this is the top reason behind industrial tech buys



Myth #3: Manufacturing plants don't need AI

Truth: Artificial Intelligence (AI) in manufacturing will decrease floor "down times", driving plant efficiencies.

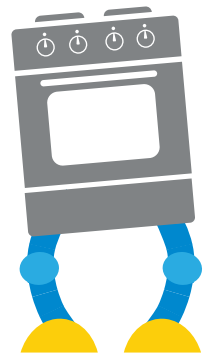
30% think AI will have the greatest tech impact on Industrials



Myth #4: An oven is just an oven

Truth: Sensors on items like pipes and ovens will provide alerts on potential equipment failures, improving efficiency – and safety!

15% see sensors as most impactful



Myth #5: Digital strategy? What's that?

Truth: There's strong strategic rationale behind acquiring a digital business to enhance industrial services.

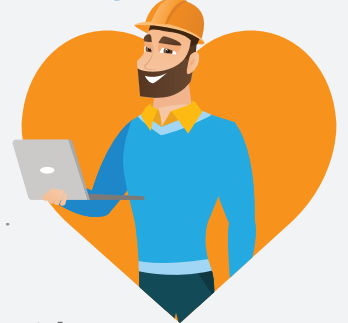
31% of dealmakers see this as the key M&A driver



Myth #6: Engineering talent isn't a problem in Industrials too

Truth: Finding engineering talent is hard everywhere, but particularly problematic in less high-profile industries like Industrials.

9% would acquire just for talent, despite high turnover and retention risks



Myth #7: Industrial companies are all buttoned up

Truth: Fuzzy numbers are no longer just the domain of high flying tech companies and VCs.

49% Say overly ambitious EBITDA estimates are most likely to sink a deal post-close



Myth #8: One and done business models

Truth: Industrial companies are increasingly imitating technology businesses, shifting to recurring revenue models.



25% say the best way to address recession concerns is by moving to a recurring revenue business model

Technology + expertise matter everywhere!

DatasiteOne was built on best-in-class technology with input from **1,200 dealmakers**. Sound like a lot? **It is.** Make sure your due diligence platform puts you in the driver's seat.

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