
AWS
re:Invent
NOV. 28 – DEC. 2, 2022 | LAS VEGAS, NV

STP201-R

Success secrets for mergers and acquisitions

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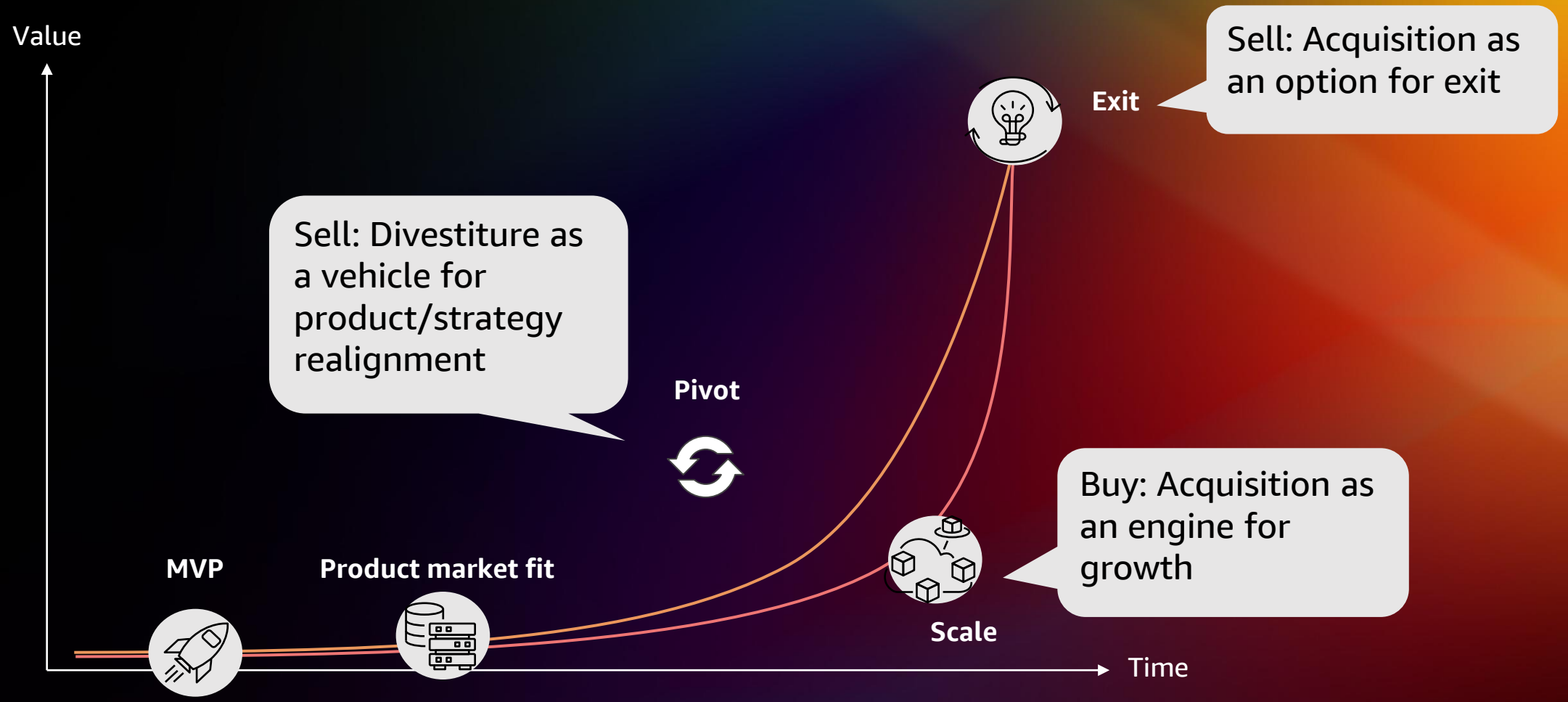
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Agenda

1. Startup lifecycle and opportunities for M&A
2. Anatomy of an M&A transaction
3. Technical due diligence: Meet/exceed buyer expectations
4. Integration management: Reduce risk and accelerate integration
5. Divestiture planning: Achieve rapid separation

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Startup life cycle



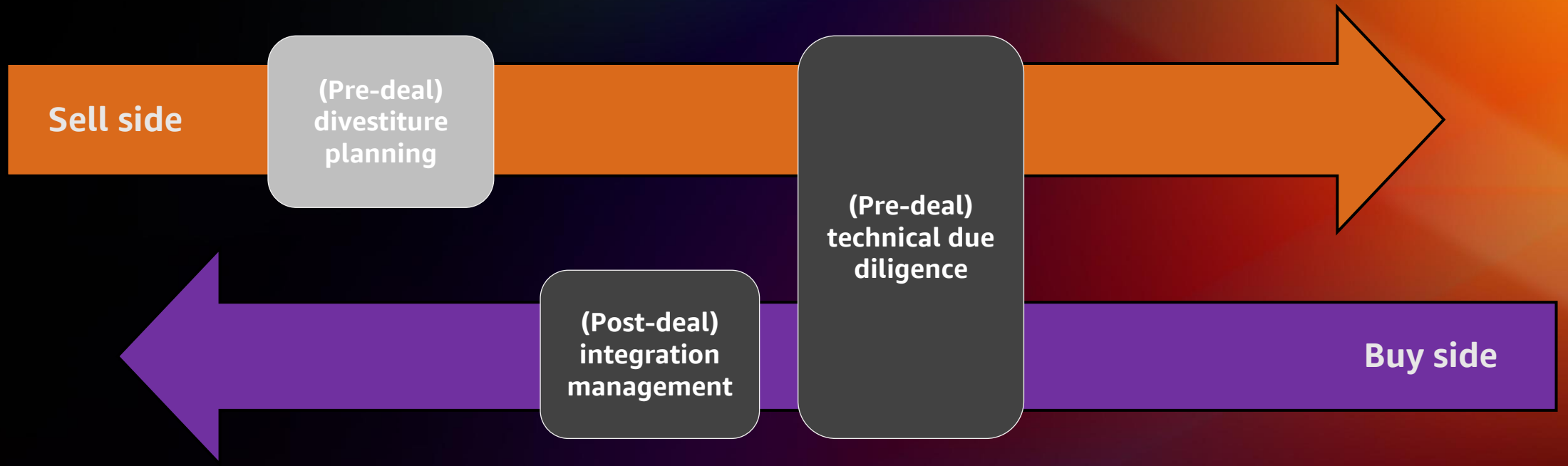
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Anatomy of an M&A transaction



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Focus of today's session



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Technical due diligence

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Take Home Message 1:

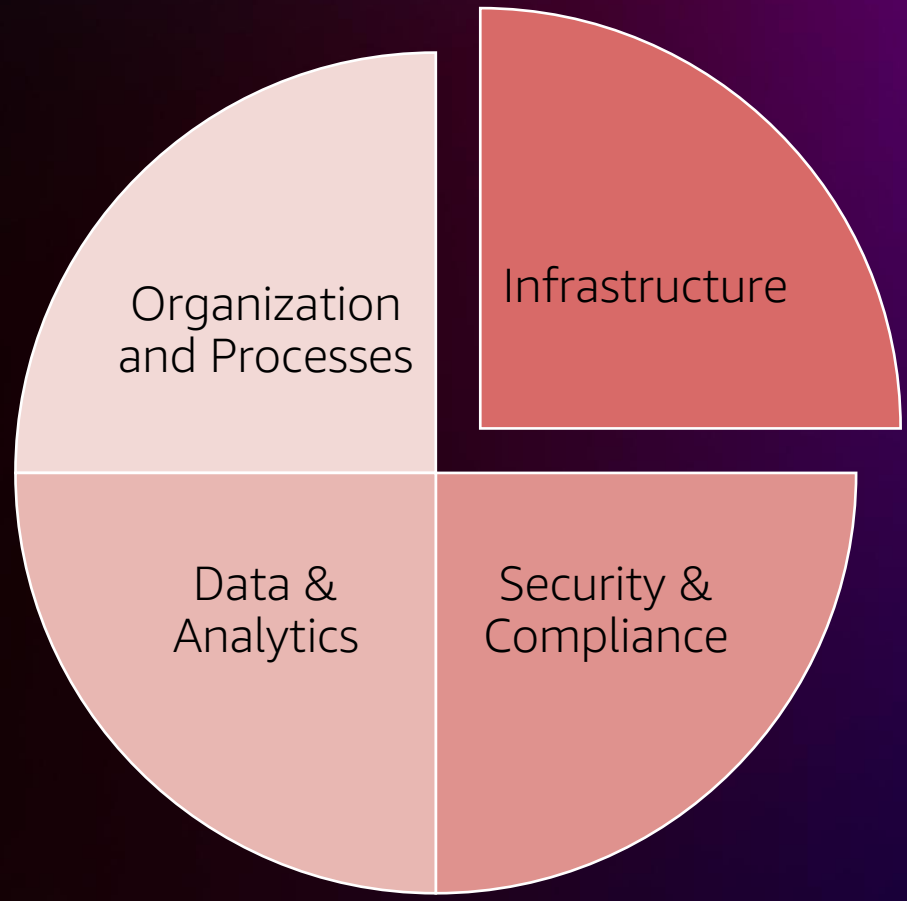
The value of what you have now is directly linked to how easily someone else can run it in the future

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Technical due diligence (TDD)

- Traditional IT Due Diligence has sought to identify the gaps in a company's IT department

- Questions:
  - Have you had any security breaches? Do policies exist to handle and prevent future breaches?
  - What is the remaining useful life on your infrastructure assets? What is your typical refresh cycle?
  - Are all software licenses current?



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Technical due diligence (TDD)

- AWS Cloud **resolves** many of the traditional issues of on-premises infrastructure
- As a result, it changes the perspective of IT from a **liability** to an area of **value creation**



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Take Home Message 2:

“Not invented here” thinking in design will hurt the value of your startup. Make your IP great and your ops boring.

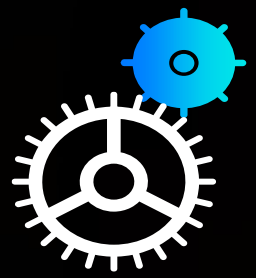
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Are you Well-Architected?



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AWS Well-Architected Pillars



Operational excellence



Security



Reliability



Performance efficiency



Cost optimization



Sustainability

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AWS Well-Architected Tool

More info: https://aws.amazon.com/well-architected-tool/

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Management Tools

AWS Well-Architected Tool

Learn, measure, and build using architectural best practices

The AWS Well-Architected Tool helps you review your workloads against current AWS best practices and provides guidance on how to improve your cloud architectures. This tool is based on the AWS Well-Architected Framework.

Define a workload

Define a workload based on one of your existing cloud applications.

Define workload

Pricing (US)

Any usage	Free

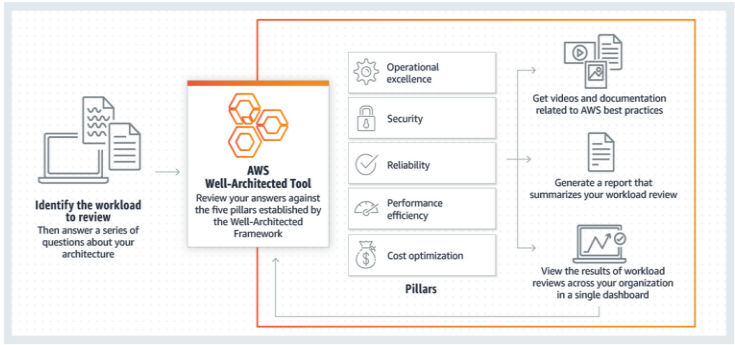
Getting started

- What is the AWS Well-Architected Tool?
- Getting started video

More resources

- FAQ
- AWS Well-Architected Partners

How it works



Benefits and features

Get architectural guidance

Access the knowledge and best practices used by AWS Solution Architects. Get guidance on how to design and operate workloads that are reliable, secure, efficient, and cost-effective.

Enable consistent governance

Apply a consistent process to help you review and measure your cloud architectures. Understand potential risks in your workloads and use the results of the review to identify next steps for improvement.

Continuously improve architectures

Architecture: security strategy

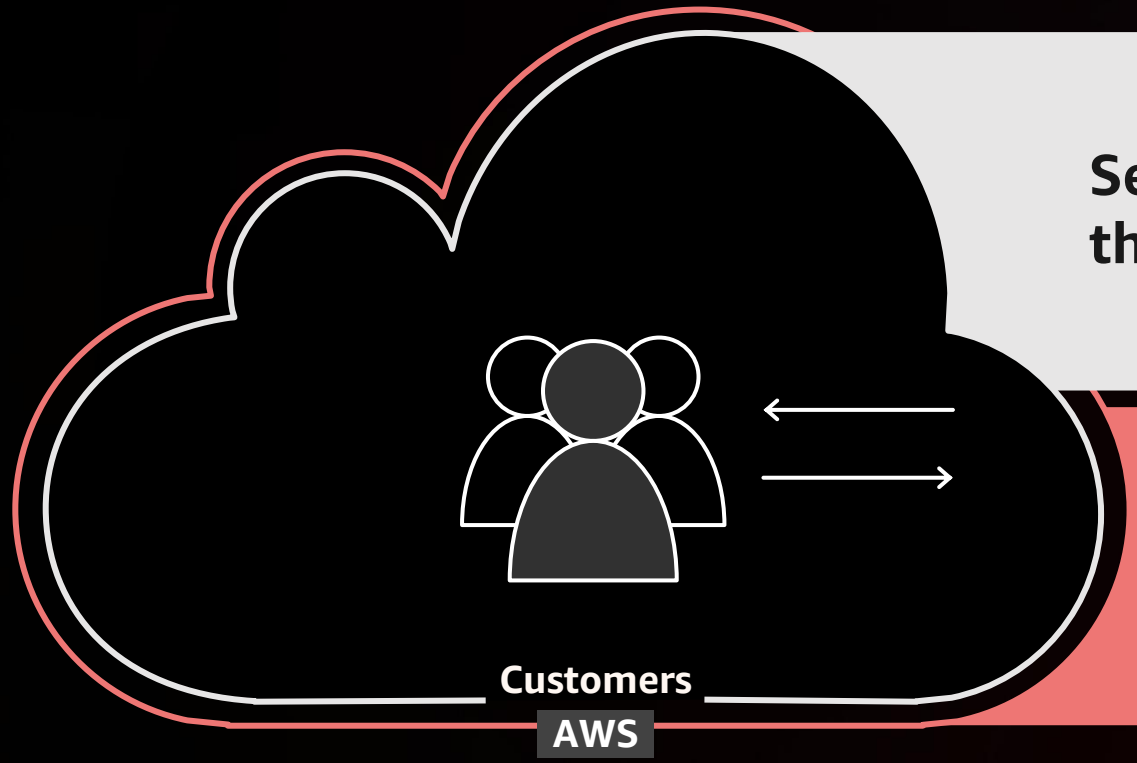
ELEVATE YOUR SECURITY IN THE CLOUD

- Secure AWS resources
- Secure applications
- Automate compliance



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Shared responsibility model



Security IN the cloud

Customer responsibility is determined by the AWS Cloud services a customer selects.

Security OF the cloud

AWS is responsible for protecting the infrastructure that runs all the services offered on the AWS Cloud.

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Inherit global security and compliance controls



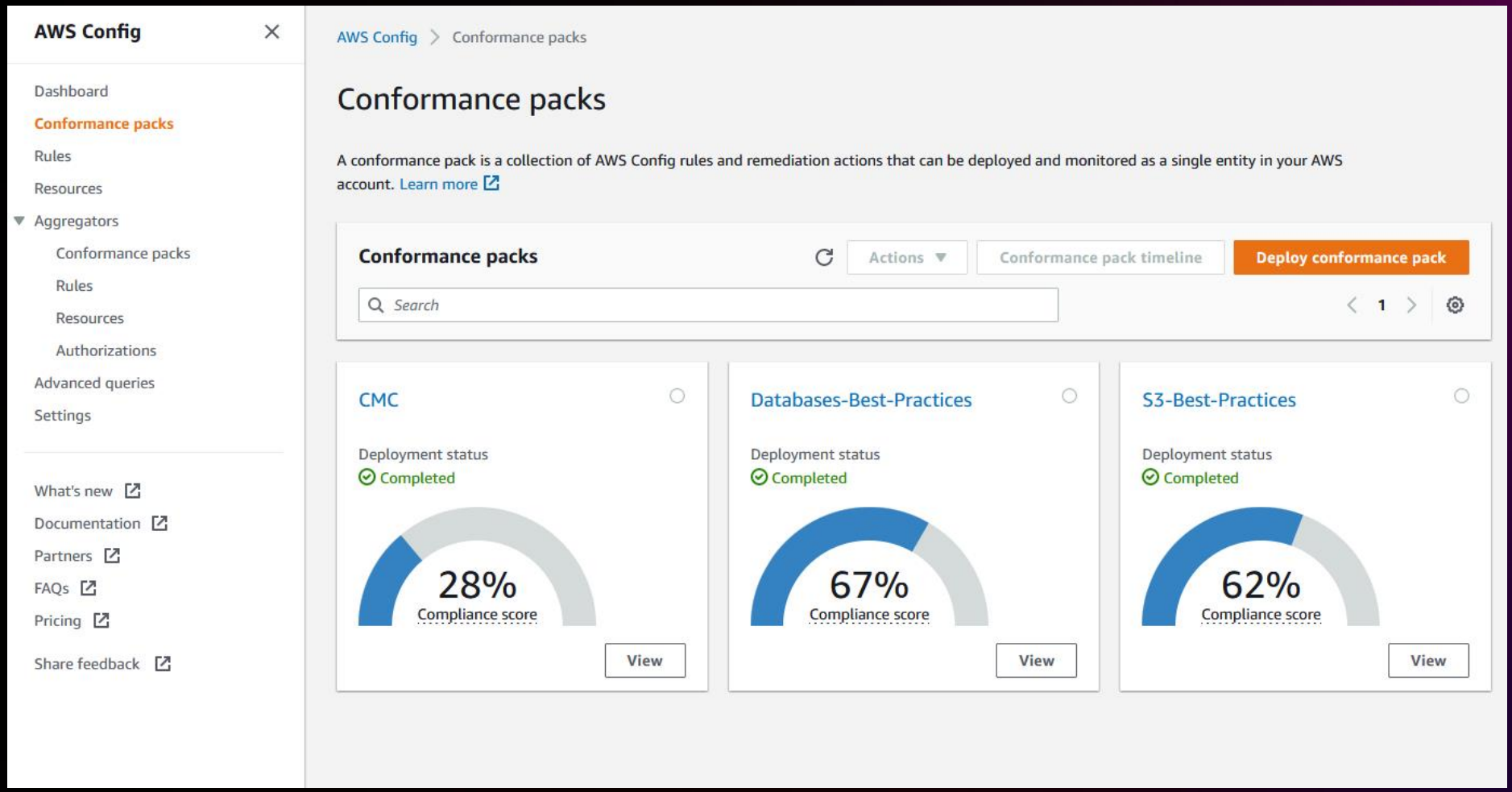
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Due diligence tip – AWS Security Hub



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Due diligence tip – conformance packs

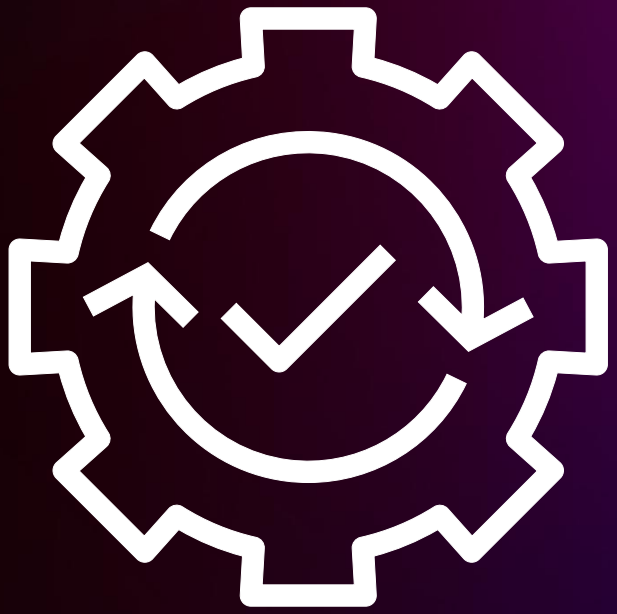


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Processes: governance strategy

HAVE BOTH INNOVATION AND CONTROL

- Control plane
- Change management
- Infrastructure as code
- Continuous audit



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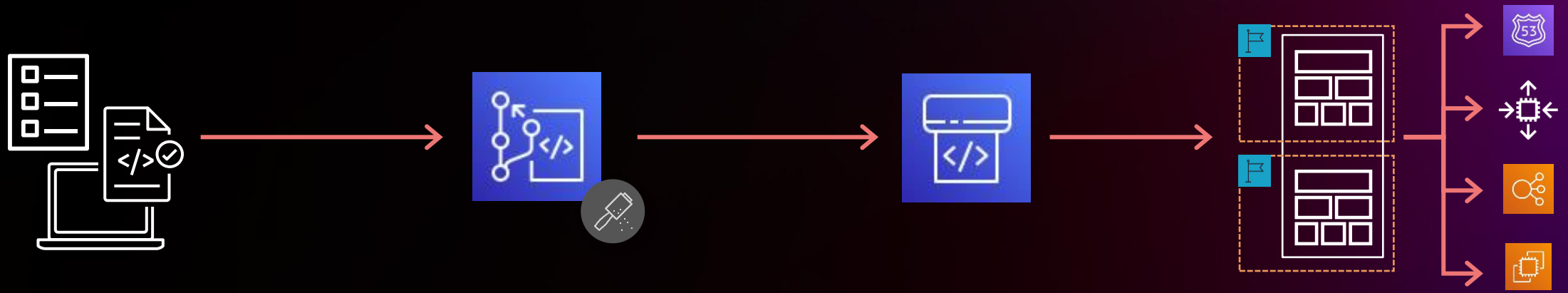
Take Home Message 3:

Automate everything.

More overhead = less net present value for your business

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Due diligence tip – infrastructure via CI/CD



1 Code

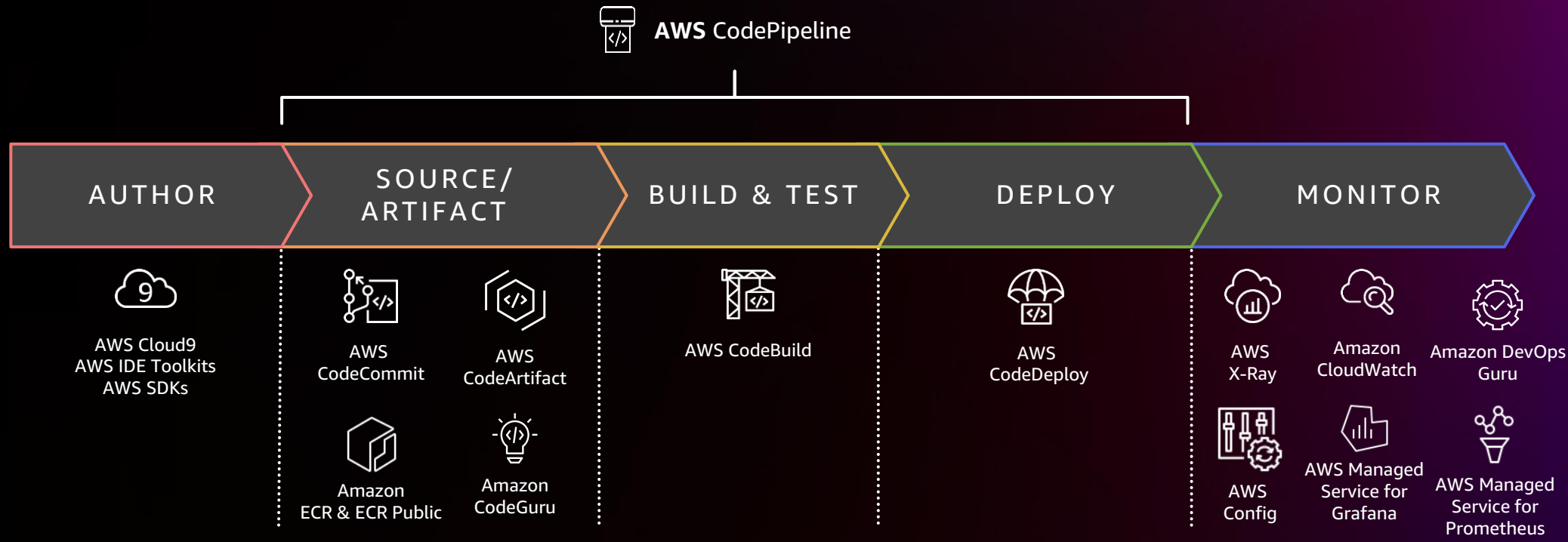
2 Commit
Git push/PR

3 Execute CI/CD test
and deployment

4 Resources
provisioned through
AWS CloudFormation

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Example AWS DevOps pipeline



MODEL

AWS CloudFormation

Cloud Development Kit (AWS CDK, CDK8s, CDK-terraform)

AWS Serverless Application Model (SAM)

AWS Amplify

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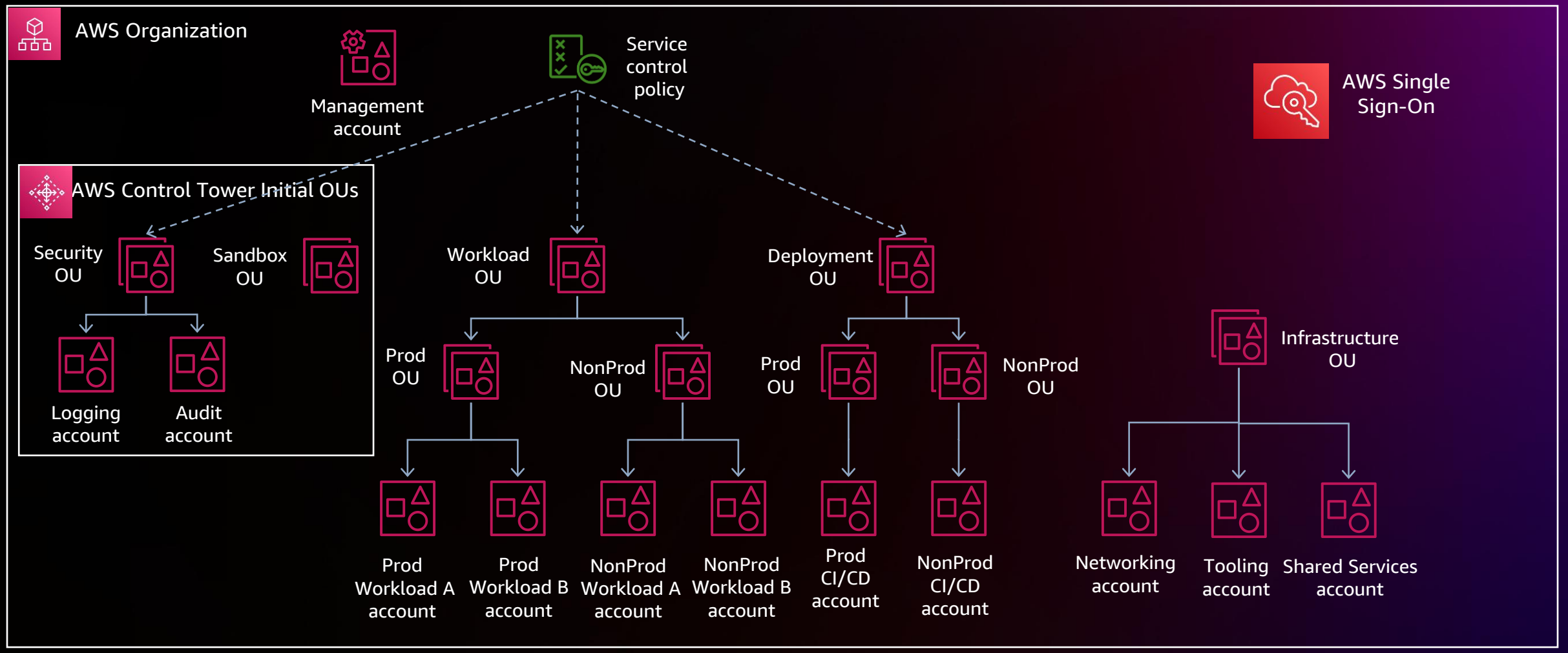
Take Home Message 4:

Raise the bar on operational robustness.

Remove the “fixer-upper” discount to your business.

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Multi-account strategy



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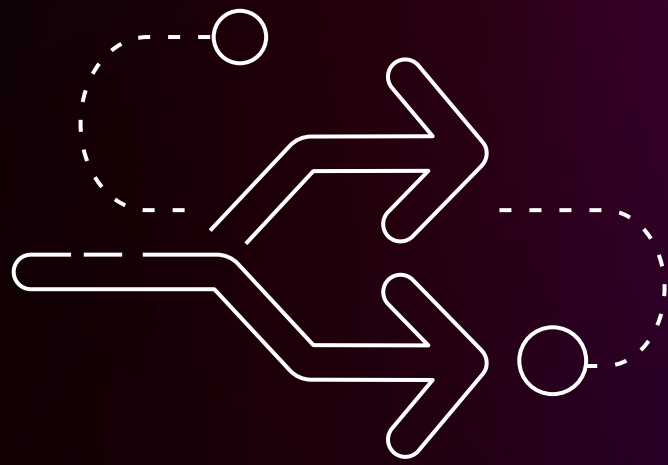
Due diligence tip – continuous audit trail



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Due diligence tip – IP review

Do you have the rights to use all IP in your product?



Are you sure?

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Take Home Message 5:

Know what's driving your cost and make sure each component's value justifies that cost

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Processes: cost optimization strategy

TAKE CONTROL OF COST AND CONTINUOUSLY OPTIMIZE YOUR SPEND

- Business metrics
- Maximum cost visibility
- Control and plan cost
- Savings and innovations



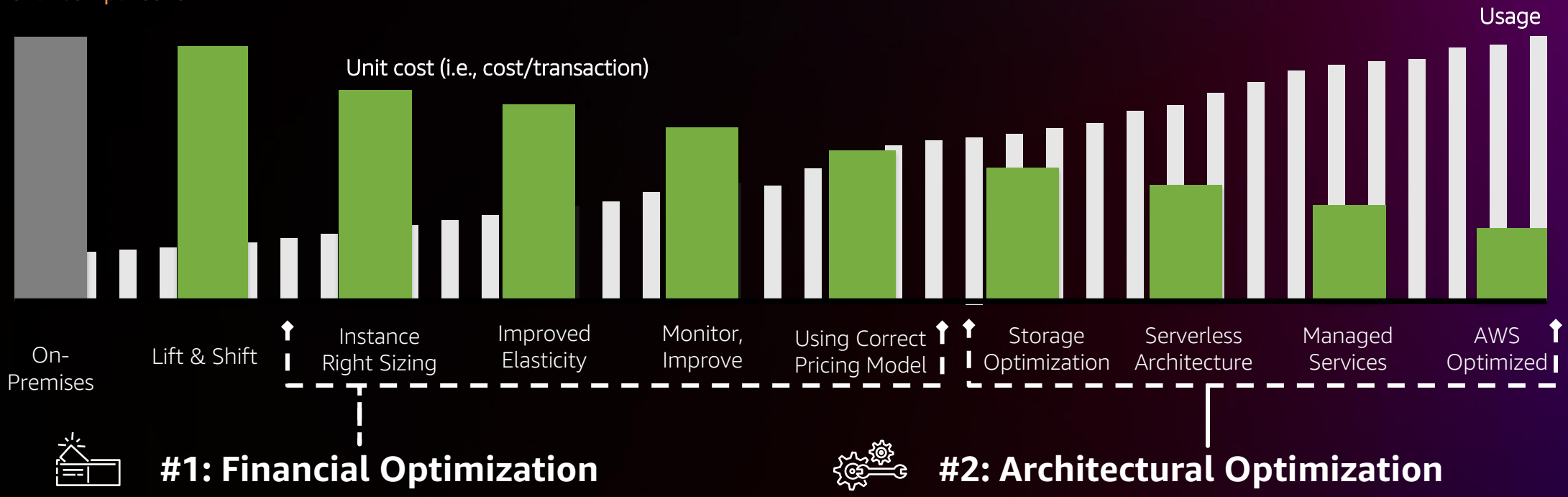
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Optimizing your AWS bill

TAKE CONTROL OF COST AND CONTINUOUSLY OPTIMIZE YOUR SPEND

Traditional Comparisons



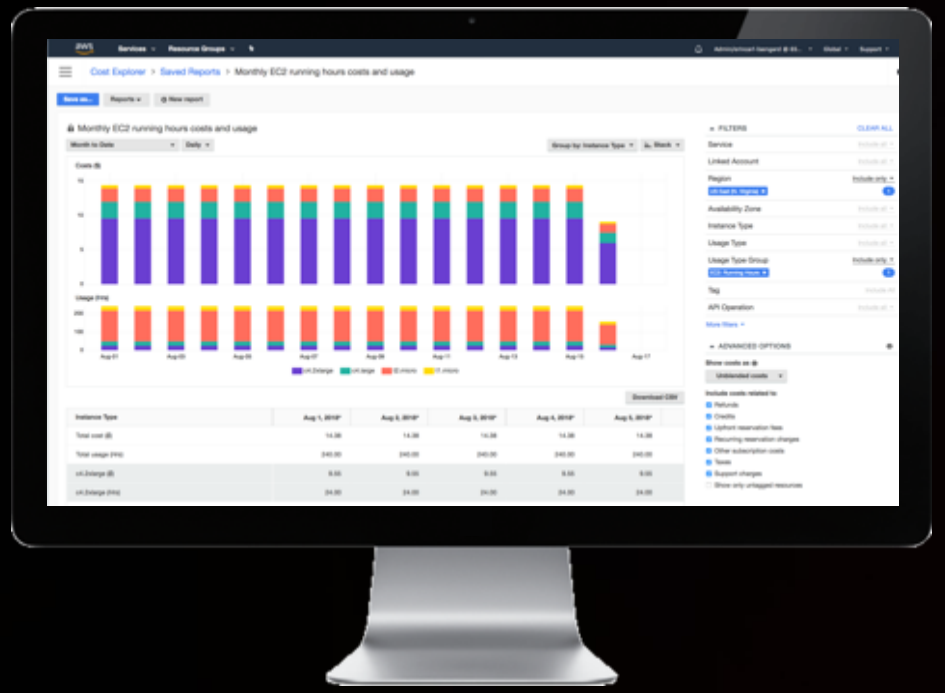
Tools and processes to reduce costs on existing AWS spend and on-premises spend

Architectural optimization to reduce costs while improving operational scalability and flexibility

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Know what you're spending

ESTABLISH A UNIFORM VIEW OF YOUR COST AND USAGE



Enabling AWS Cost Explorer: Access via Cost Management console. First time users may take up to 24 hours for cost and usage data to load.

Comprehensive dashboards

View month-to-date costs, month-end forecasted costs, and saved reports.

Automated trend analysis

Identify anomalous cost and usage events across your account(s) based on historical patterns.

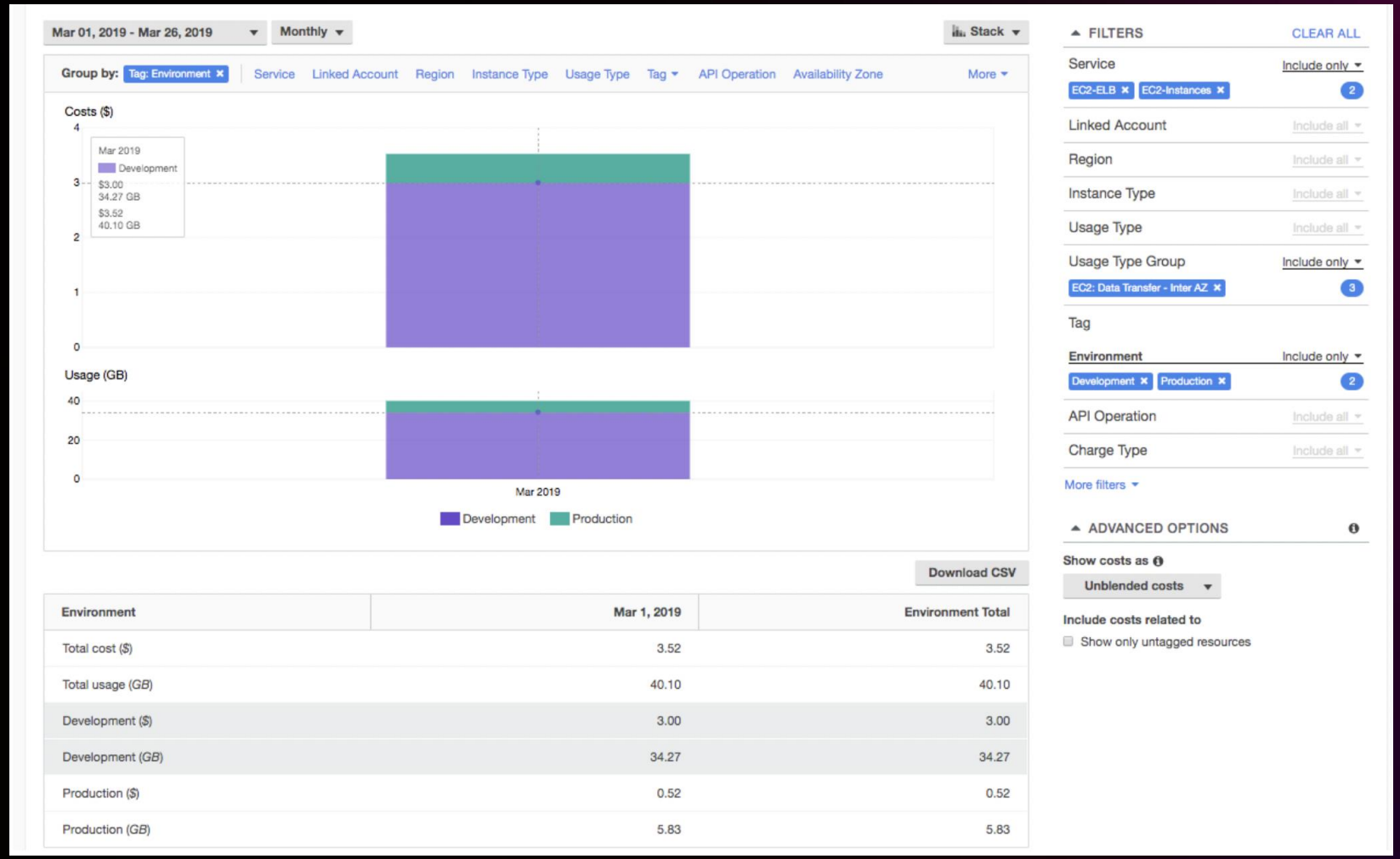
Friendly user experience and programmatic access

User-friendly interface for users of all expertise levels, and AWS Cost Explorer API available for custom application to address specific cost management needs.

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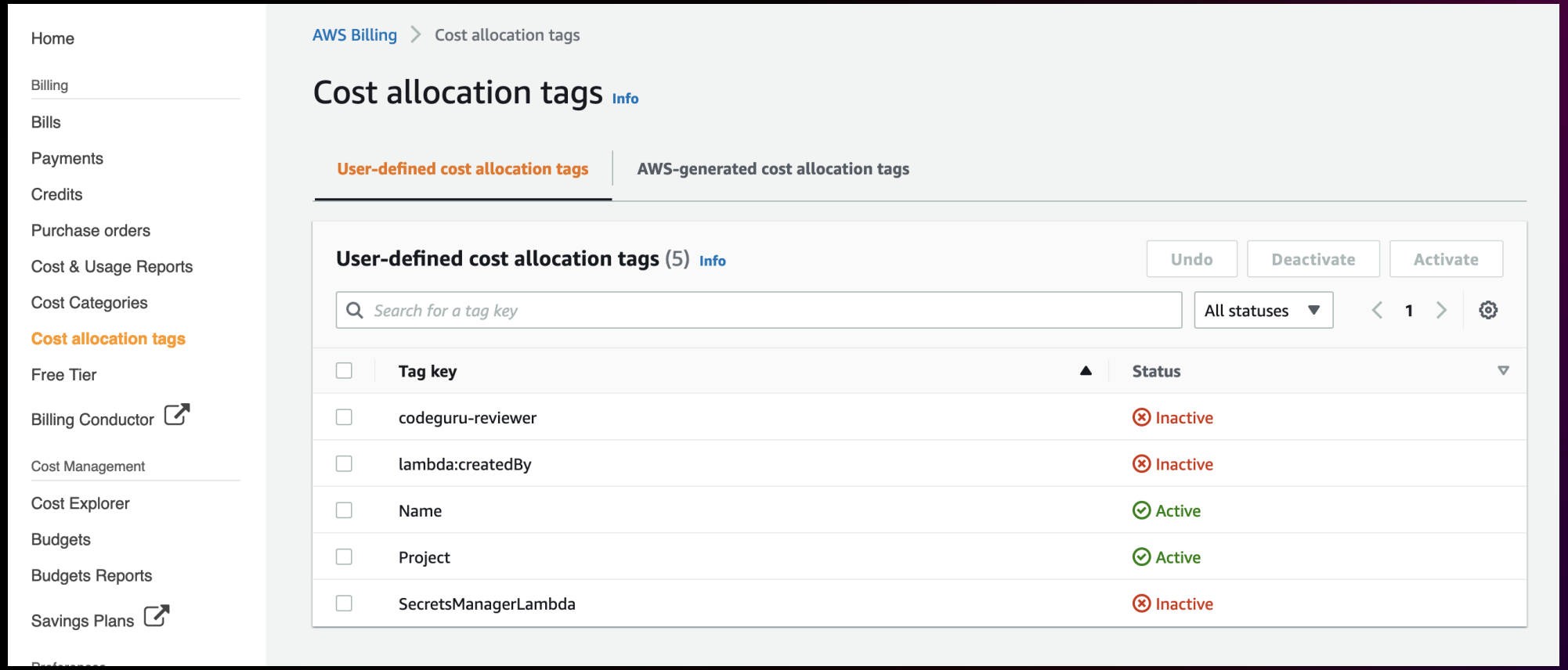
Due diligence tip – use cost allocation tags



Environment	Mar 1, 2019	Environment Total
Total cost ($)	3.52	3.52
Total usage (GB)	40.10	40.10
Development ($)	3.00	3.00
Development (GB)	34.27	34.27
Production ($)	0.52	0.52
Production (GB)	5.83	5.83

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Due diligence tip – use cost allocation tags



Note: Enable cost allocation tags on the billing dashboard

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Due diligence tip – dive deep on service spend

- Reserved Instance & Savings Plans
- Alternative Silicon (Graviton, Trainium, Inferentia)
- Use serverless
- Use Spot Instances
- Archive/delete unused Amazon EBS volumes
- Optimize S3 storage tiers
- Stop/pause/archive unused Amazon RDS and Amazon Redshift instances
- Optimize Amazon DynamoDB read/write capacity
- Don’t over-provision IOPS
- Use endpoints to limit outbound bandwidth (e.g., S3)
- Know how each service is billed, and avoid anti-patterns

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Know how each service is billed – Athena

Amazon Athena | Overview | Features | Pricing | Getting Started | Resources | FAQs

Price per query

Region: US East (Ohio)

$5.00 per TB of data scanned

Save more when you use columnar data formats, partition, and compress your data

You can save from 30% to 90% on your per-query costs and get better performance by compressing, partitioning, and converting your data into columnar formats.

Pricing details

You are charged for the number of bytes scanned by Amazon Athena, rounded up to the nearest megabyte, with a 10MB minimum per query. There are no charges for Data Definition Language (DDL) statements like CREATE/ALTER/DROP TABLE, statements for managing partitions, or failed queries. Cancelled queries are charged based on the amount of data scanned.

Compressing your data allows Athena to scan less data. Converting your data to columnar formats allows Athena to selectively read only required columns to process the data. Athena supports Apache ORC and Apache Parquet. Partitioning your data also allows Athena to restrict the amount of data scanned. This leads to cost savings and improved performance. You can see the amount of data scanned per query on the Athena console. For details, see the pricing example below.

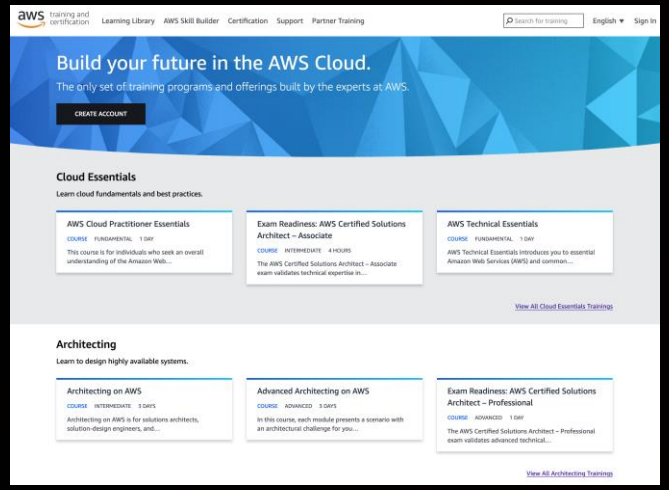
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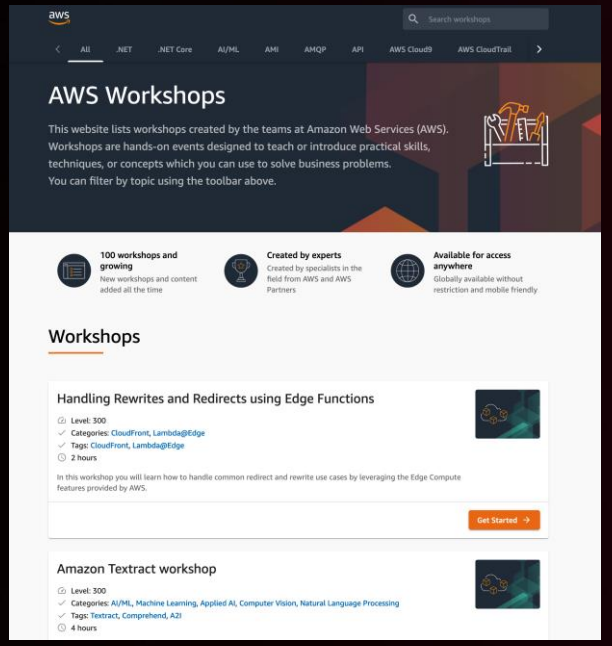
People development strategy

GROW PEOPLE, CAREER, AND BUSINESS

Training



Workshops



Certifications



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Integration management

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Synergies

"The interaction or cooperation of two or more organizations, substances, or other agents to produce a combined effect greater than the sum of their separate effects." *

* Oxford University Press

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Integration management

80% of transactions fail to realize expected value

Speed, repeatability, and efficiency are critical to maximizing transaction value.

Value Realization Tenets:

- Begins pre-transaction
- Works backwards from Investment Thesis.
- Free IT to Innovate; look for additional value.

46% of acquirers fail to realize projected cost synergies

70% of acquirers inherit technical debt and complexity

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Integration management

Acquisition as your engine for growth: Faster integrations can help you achieve your investment objectives and reduce risk

What

- Workloads
- Cloud platform architecture (networking, security, operations, accounts)
- Data assets integration
- Governance and organization

Optionality

- Minimal/no integration
- Tightly coupled integration end-state

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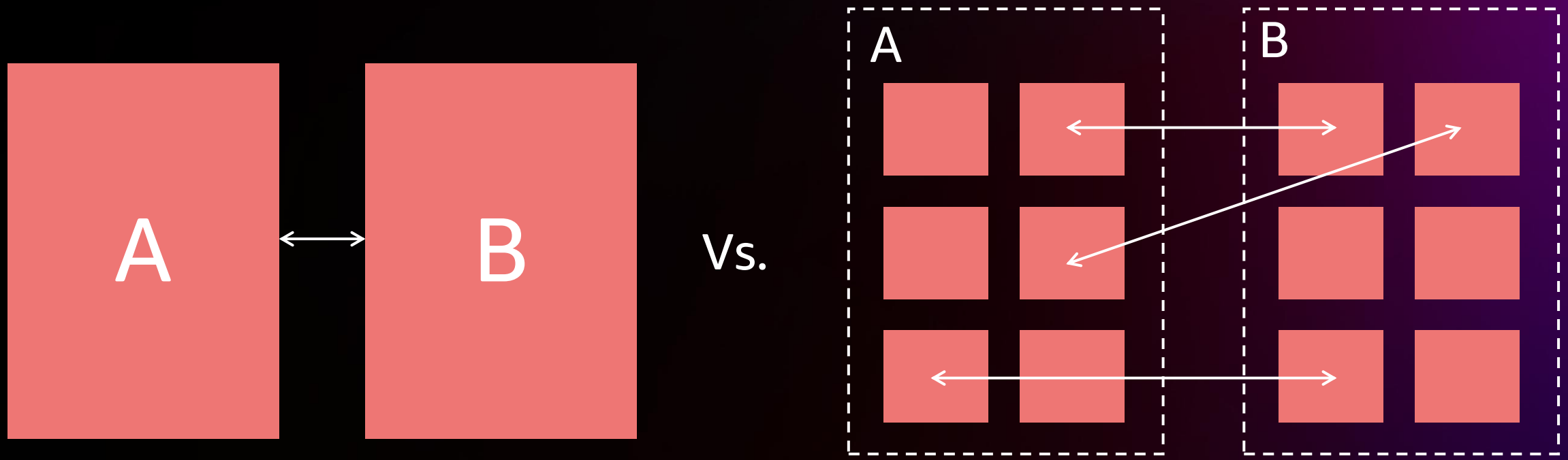
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Take Home Message 6:

Loosely Coupled Architectures Empower Synergies and Integration

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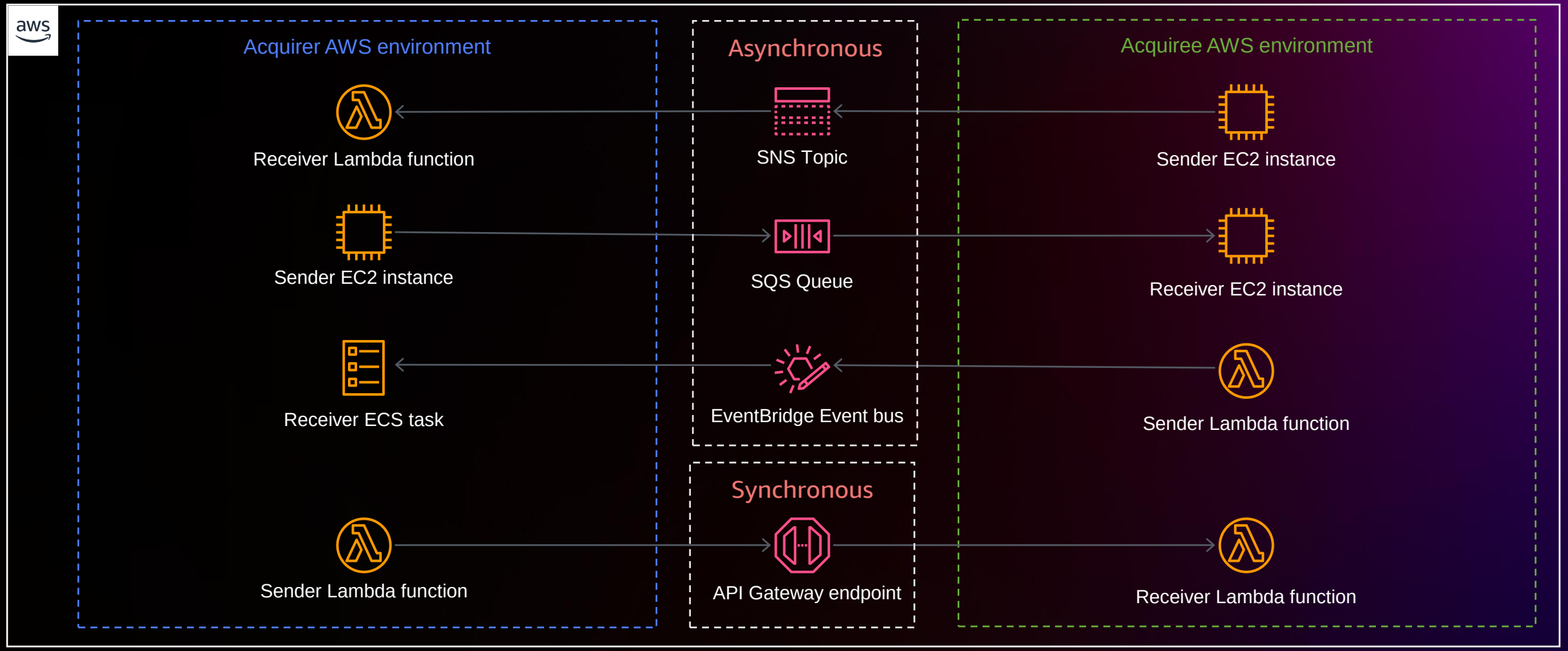
Loose coupling empowers synergies



"Send airline booking destination city to hotel suggestion service."

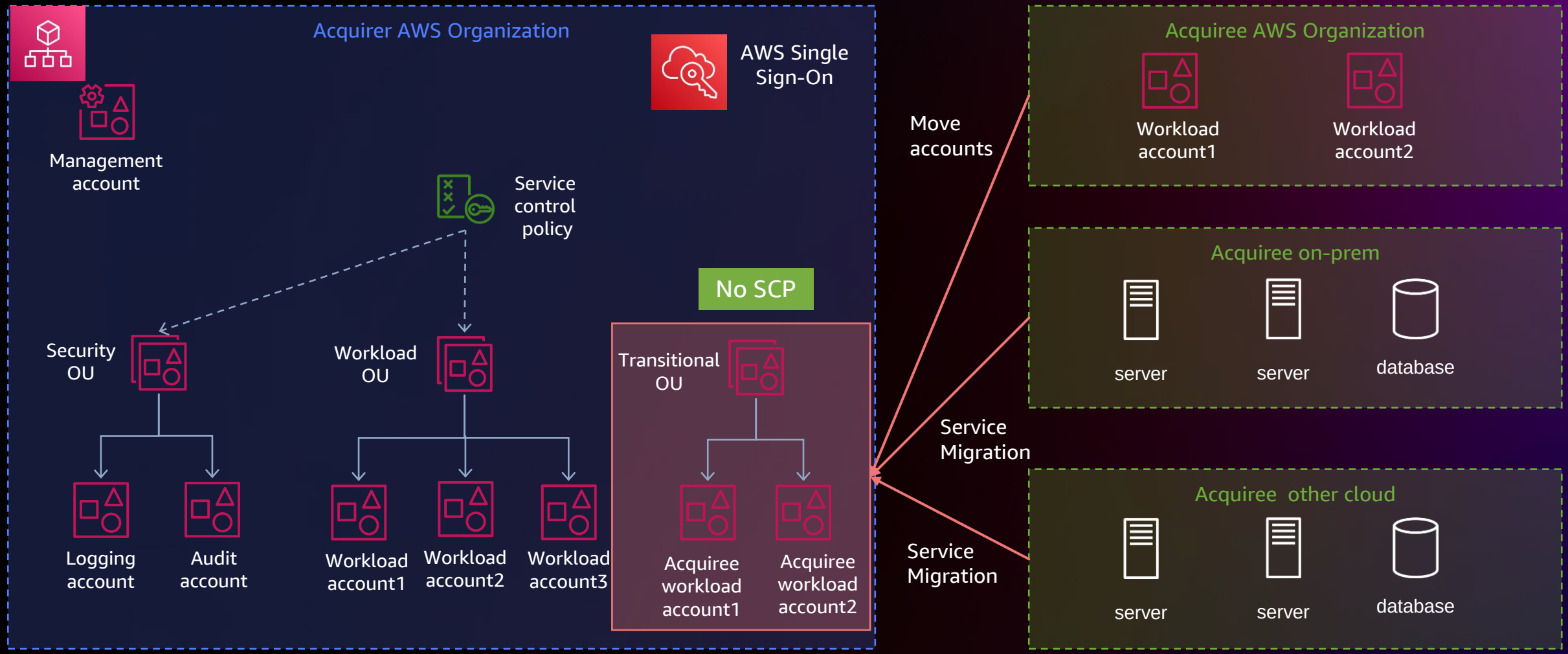
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Application integration in action



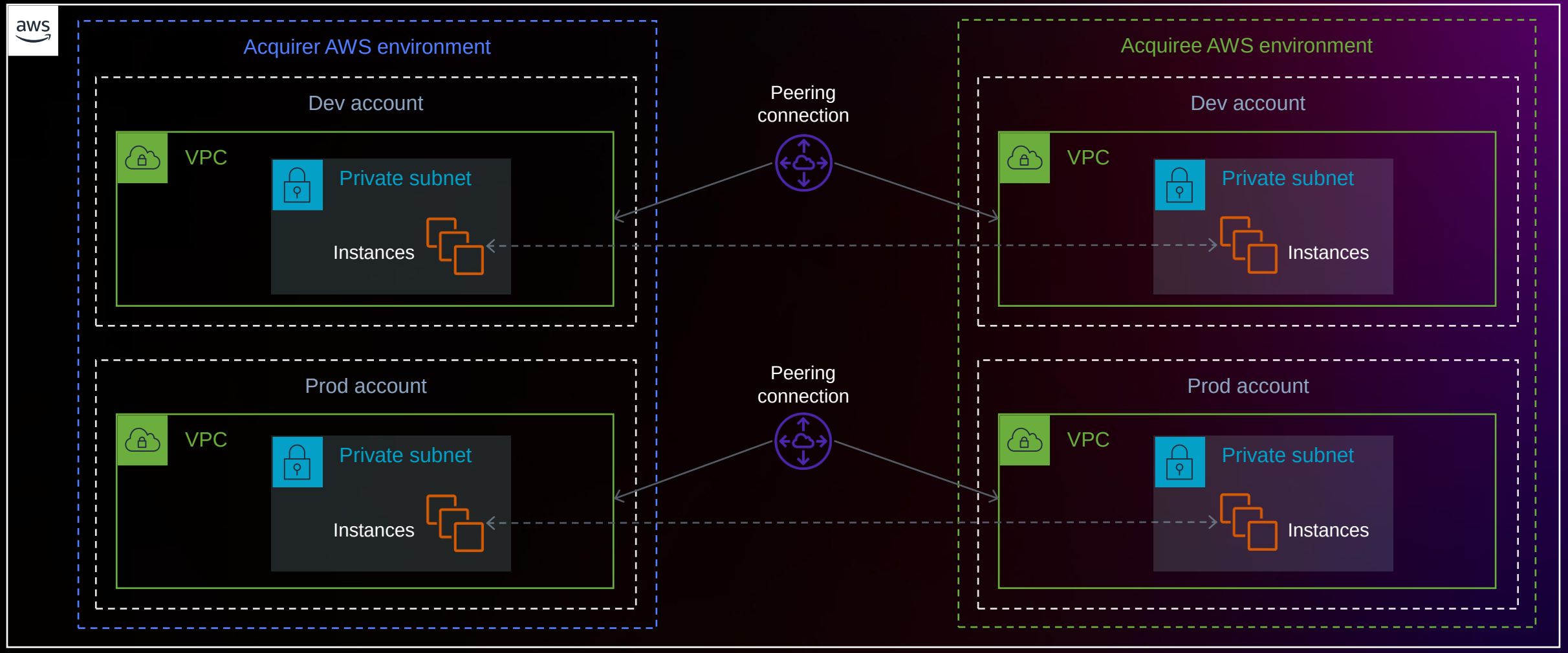
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Environment integration in action



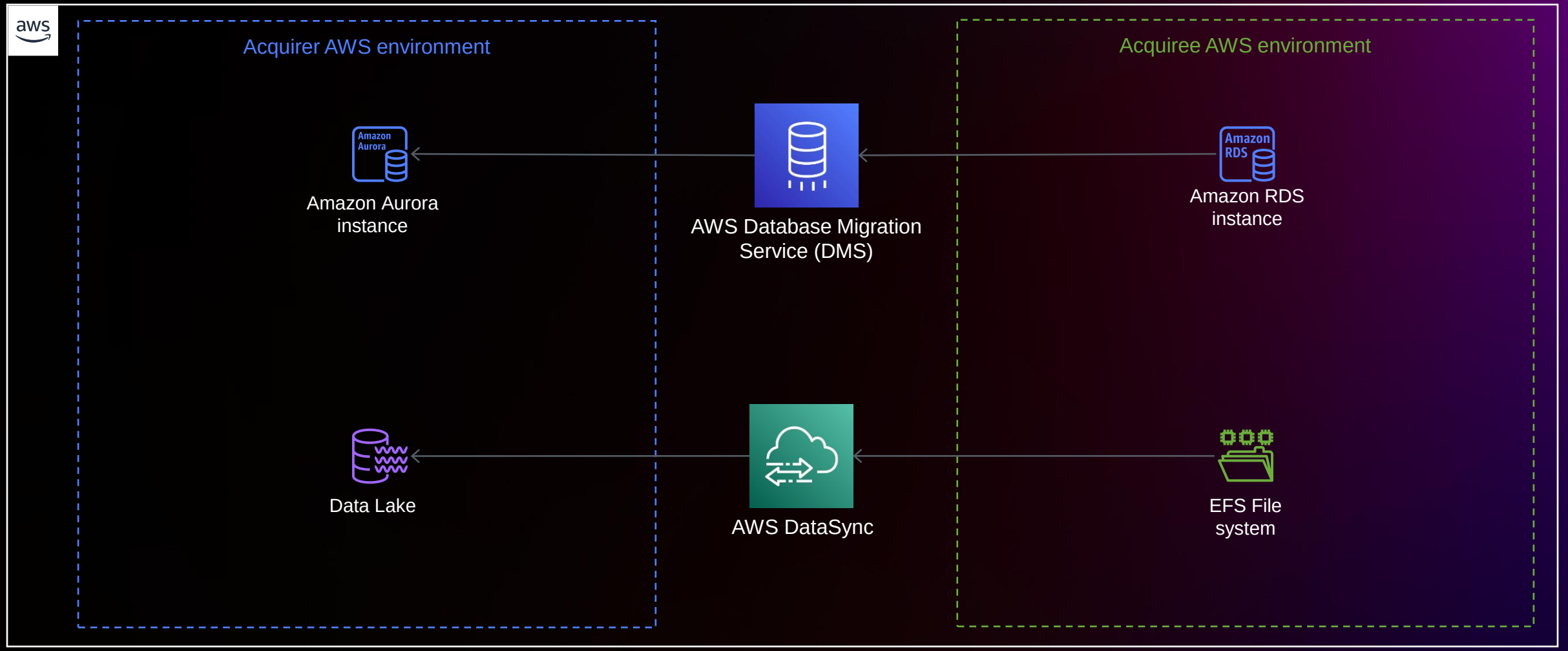
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Network integration in action



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Data integration in action



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Summary: take home messages

1. The value of what you have now is directly linked to the how easily someone else can run it in the future
2. “Not invented here” thinking in design will hurt the value of your startup. Make your IP great and your ops boring.
3. More overhead = less net present value for your business. Automate everything.
4. Remove the “fixer-upper” discount to your business. Raise the bar on operational robustness.
5. Know what’s driving your cost and make sure each component’s value justifies that cost
6. Loosely Coupled Architectures Empower Synergies and Integration

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Divestiture planning

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Divestiture planning

Objectives of a Divestiture

Divestiture is a disposition or sale of assets. A startup might divest an asset or part of the business when:

1) It is no longer aligned with the company's new pivoted direction or business strategy
2) It is worth more to a potential buyer, or as a separate entity than as part of the company's business

Types of Divestiture

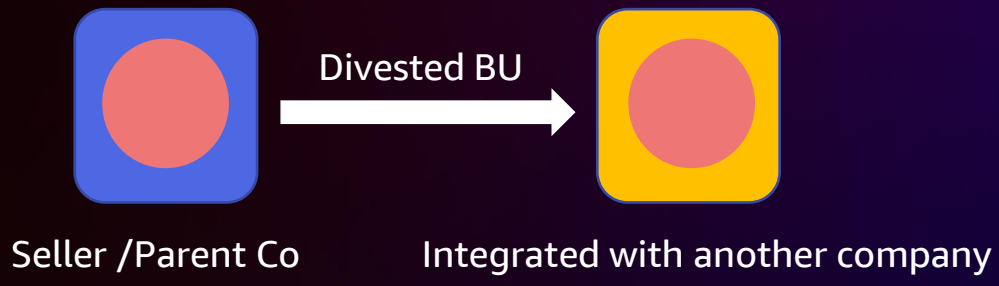
Standalone a.k.a. Carve-Out

- Seller's Divested BU is kept as a standalone entity by the Buyer



Integrate with Existing Company

- Seller's Divested BU is integrated by the buyer into an existing company



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Divestiture planning

- Create new environment
- Migrate applications
- Migrate & cleanse data
- Migrate operations



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re:Invent 2022 Equity event readiness sessions

Attend this week or watch on YouTube*

STP220 - State of venture funding in the cloud (panel)
Tuesday, November 29 - 11:00 AM - 12:00 PM

STP307 - Scaling a SaaS company for public company readiness
Tuesday, November 29 - 5:00 PM - 6:00 PM

STP201 - Success secrets for mergers and acquisitions
Tuesday, November 29 - 12:30 PM - 1:30 PM
Tuesday, November 29 - 5:00 PM - 6:00 PM

STP206 - Cloud strategies for equity valuation and investor readiness
Tuesday, November 29 - 2:00 PM - 3:00 PM
Wednesday, November 30 - 10:45 AM - 11:45 AM

*Available 48 hours after event.

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Thank you!

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Nick Hartman
hartmani@amazon.com



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