



When Time Matters.

ON POINT CASE STUDY

On Point Client

XATA Corporation
Eden Prairie, MN

Acquisition

GeoLogic Solutions
Herndon, VA

Challenge

A small company doing its first acquisition, XATA had to instantly cut 40 percent of GeoLogic's costs to economically justify the deal. Just as important was quickly winning the loyalty of remaining employees and generating revenue from GeoLogic's customer base. But as closing neared, XATA executives didn't have a plan for accomplishing these two vital objectives.

On Point Consulting's Role

- Developing Day One, Week One and longer-term integration plans.
- Creating external communications plans.
- Staffing an Integration Program office for XATA that coordinated and aligned all activities.
- Filling in critical resource gaps.
- Implementing a visual dashboard for XATA executives that provided a quick way to measure activities and results.
- Creating an acquisition "playbook" for XATA to guide future mergers or acquisitions.

Results

- Cost savings were immediately realized.
- An integration that could have dragged out for eight or nine months was substantially completed in three.
- Remaining GeoLogic employees were quickly integrated into the XATA family.
- Sales results for the Q3 2007 increased substantially, with much of the increase coming from GeoLogic's customer base.

With Timing Critical, XATA Turns to On Point to Ensure Its First Acquisition Succeeds

► "We need help"

Jay Coughlan and other members of XATA's revitalized management team had done a remarkable job of turning around this once-struggling provider of fleet management software and services for large trucking companies. Coughlan was named chairman and CEO in October 2006. In the year that followed, the company secured new capital, nearly doubled sales, and hatched plans to continue the company's momentum through both organic growth and strategic acquisitions.

GeoLogic Solutions seemed a perfect candidate for XATA's first acquisition. The company's products were similar to XATA's but it served the for-hire segment of the market, while XATA sold exclusively to private fleet companies. The acquisition would give XATA an instant foothold in this lucrative new channel. The price was right as well.

When Coughlan and his team decided to close the deal, they confronted a sobering question. XATA is a small company and has virtually no extra resources to devote to the complex process of integrating two companies of similar sizes. And in order to make the numbers behind the deal work, XATA knew it would immediately need to slash GeoLogic's operating costs by 40 percent. That would require massive layoffs at GeoLogic – not over time but almost instantly. Moreover, XATA needed to quickly start selling into GeoLogic's customer base. That would require fast cooperation from the survivors of the layoffs.

"I remember the meeting where we decided to close the deal," Coughlan reflects. "We had enough M&A experience to know how difficult the aftermath could be and how little we had prepared for it. And as it all began to sink in, we just looked around the table and said, 'Uh oh. We need help.'"

► What's the plan?

A few days later and only a few weeks prior to the announced closing date, Coughlan called On Point Consulting on the recommendation of a trusted XATA advisor. On Point is one of the few firms in the nation that specializes in

post-M&A integrations. On Point's plans focus on delivering "quick wins" that create and maintain positive momentum and generate an early ROI.

On Point helped XATA create a plan to get the unpleasant task of layoffs done quickly and cleanly in a manner that treated employees with dignity and respect. An important part of the plan was also sending clear and consistent messages to the rest of GeoLogic's employees that their jobs were secure and their futures bright with their new employer. This required carefully worded and synchronized emails, phone calls and presentations to GeoLogic employees by XATA executives in two locations, as well as a host of legal, financial and human resources issues.

"I don't think we could have done it correctly on our own," Coughlan admits. "And we really needed On Point's help when it came to the even more difficult challenge of getting the remaining people to become part of the XATA family after they had been given such a shock."

In the weeks that ensued, On Point helped XATA do that and more by:

- Developing and implementing a communications plan for customers and the press;
- Staffing an Integration Program office for XATA that coordinated and aligned all activities;
- Helping XATA secure all of GeoLogic's physical and financial assets;
- Working with XATA's accounting staff to transition financial controls and accounting functions;
- Filling in resource gaps at XATA related to the integration in human resources and other areas; and
- Implementing a visual dashboard for XATA executives that gave them a quick way to track integration milestones and business value, such as generating recurring revenue from GeoLogic's customer base.

On Point also created an acquisition "playbook" for XATA, which includes project plans, checklists, reusable tasks and other material that can be adapted to streamline future integrations.

▶ Results

XATA closed the GeoLogic deal on February 1, 2008 and five months later, closed its third quarter. Sales were up substantially over the same period in 2007. A significant portion came from sales to GeoLogic's existing customer base. Coughlan attributes that to the speed with which XATA was able to integrate GeoLogic's remaining employees into the XATA family.

"I don't think we would have been successful without On Point," he says. "That's because timing was critical in this deal. And if you lose the first chance to make the right impression, you don't get it back. We would have never done it correctly without On Point."



O N P O I N T
C O N S U L T I N G

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