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## Achieving growth through synergy: **Explaining cut-e's acquisition by Aon**

*Andreas Lohff highlights the implications and benefits  
for our employees and clients.*



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## Helping global clients to drive business performance through their people

In May 2017, *cut-e* was acquired by global professional services firm Aon.

Here, Andreas Lohff, *cut-e*'s Chief Executive Officer, explains the background to this acquisition and the implications and benefits for our employees and clients.

### Firstly, who is Aon?

Aon is the world's largest global insurance broker and a leading provider of risk management, reinsurance brokerage and human resources solutions. The firm employs 72,000 people and operates in 120 countries. It has been a sponsor of Manchester United football club since 2010.

Its HR solutions subsidiary Aon Hewitt offers talent, retirement and health services. The Talent, Reward and Performance practice provides assessments and analytics as well as rewards, compensation and employee engagement services. Aon Hewitt's ability and personality assessments are predominantly used by high volume clients in the United States, such as McDonald's, Marriott, Sears and Macy's.

### Did cut-e proactively seek this acquisition?

Yes. Up until now, we have successfully managed our own development and funded all of our international growth from our own cash flow. But to reach the next stage in our development, where we can support large-scale global assessment projects, we need a truly global presence.

We've been very successful in Europe and in other parts of the world but we've found it difficult to penetrate certain geographies such as the United States and China.

One consequence of the success of our marketing is that we're now on the radar of investment companies and venture capital firms. We've had many approaches from companies wanting to invest in us but they inevitably want to add people to the board or merge you with another company. We always felt it would be better to partner with a complementary organisation that understands our business. Having met with several potential suitors, we felt Aon was the best match.

They have their own assessment business, so they understand the issues and challenges we face in terms of implementation, integrations and customisation. Their business has great synergy with ours. They have their own psychometric experts; they share our scientific approach; they know about creating new products. They run large-scale pre-hiring projects that handle 1-2 million candidates per year, whereas we have many more clients but we tend to run smaller projects.

They operate mainly in the United States and we mainly operate in Europe. So our business overlaps neatly with theirs. Our strengths balance their weaknesses and vice versa.

In turn, Aon wanted to expand their assessment and selection capabilities worldwide and provide stronger, data-driven insights for identifying and hiring elite talent. They felt we were the right partner for them because of our assessment expertise, our psychologists, our research expertise, our history of innovation and our ability to use science and data for recruitment and development.

## Why is 'data' so significant?

HR is increasingly data-driven and there is a growing demand for the insights that can be gleaned from talent analytics.

Crucially, through the services they provide, Aon Hewitt has access to the essential employee data that is needed for strategic talent analytics. This includes data on employee performance, engagement levels, succession planning, retention and absenteeism. Combining this with assessment data will enable us to undertake new and exciting talent analytics projects for our clients.

This demand for talent data has driven many of the other acquisitions of assessment companies that have occurred in the market. This is because assessment data has always been the missing piece in the jigsaw. It is one thing to measure how employees perform and how engaged they are. But when you add in data about the personality, abilities, values and motives of your most successful people, you gain a holistic picture of what 'good' really looks like in your organisation. That can really help you to attract and recruit the right people.

## How will this acquisition impact on cut-e's business?

*cut-e's* name is well known and recognised, so we will retain our brand, our values and our operational structure. We will continue to innovate and invest in our research and our product range. There will be no changes to our affiliate model. It will be business as usual for us. We will continue to grow our global market with more affiliates.

This development is about growth and synergy. We've always enjoyed trusted relationships with our clients and our affiliates. Our clients know us as friendly, professional and flexible – and we will certainly aim to maintain this going forward. We will strive, as before, to meet and exceed the needs of our clients.

Effectively, this will be a 'mutual integration'. Aon acquired us but they'll integrate their assessment business into ours. We will continue to drive the business forward.

Importantly, we'll be able to offer a broader choice of integrated assessments and create more in-depth talent analytics. The acquisition also strengthens our global capability and it will give us a firmer foothold in the US market. Together, we'll assess almost 30 million people each year.

Combining Aon Hewitt's assessment tools and talent solutions will strengthen the value that we're able to bring to our clients.

## What does all this mean for cut-e's employees?

This acquisition is a very positive development for our staff. Being part of a larger group will create significant new career opportunities. It will also open up new possibilities in different geographies if people want to move. We'll retain our management structure and there will be no compulsory staff changes, except in the US where our colleagues will join Aon Hewitt.

The acquisition also presents a significant business opportunity to cross-sell our products and services to Aon Hewitt's clients. We can also cross-sell some of their services – such as their engagement surveys – to our client base. So this could be extremely beneficial for our staff.

## Why will this acquisition succeed?

Consolidation in the global assessment market has led to a number of assessment providers being acquired recently. In some cases, these acquisitions have failed to deliver the expected benefits and you could argue that this is because the acquiring company didn't fully understand the assessment business. Aon certainly does understand the assessment business and we will strive to achieve a smooth integration.

As you can imagine, the negotiations behind this acquisition have been ongoing for many months and a significant due diligence process has been undertaken. We believe that this new partnership with Aon is in the best interests of our employees and our clients.

Our senior management team – myself, Achim Preuss, David Barrett and Espen Skorstad will all continue in our roles at *cut-e*. We will also assume leadership roles in Aon Hewitt's Talent, Reward and Performance practice. We've committed to stay at *cut-e* for at least three years, to ensure that integration is successful and that the company prospers. Clients and employees can be reassured that we will integrate and align our services with Aon's in the right way.

Aon has the infrastructure and the HR and performance management systems and processes in place to facilitate expansion. We'd reached the stage where we needed to invest in these things. Now, it will be much easier for us to implement these systems and processes. So this is a change that will take place but it is one that would've happened anyway.

Ultimately, this acquisition will succeed because we've chosen the right partner. In a hostile takeover, you have no control over who acquires you but that wasn't the case here. We've chosen to work with a complementary organisation that not only understands our business, it has a like-minded, pragmatic and professional philosophy.

We share similar values with Aon. We set the same standards, we have the same long-term vision for the business and we can partner well together.

Going forward, we will combine our expertise with Aon's to develop new and exciting assessment products and next-generation talent analytics for the global market. This will enable us to not only better serve our existing clients, we'll also be able to compete for and win new and larger global contracts with multinational organisations.

If you'd like any further information about the Aon and *cut-e* acquisition, please email [aon@cut-e.com](mailto:aon@cut-e.com)