

## One plus one equals three

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On April 1 2019, Marsh and McLennan Companies (MMC) completed its acquisition of JLT, a move that had been in the works since September 2018 and cost \$5.6bn. The shared enterprise seeks to expand MMC's capabilities, deepen the talent base and strengthen the leadership position in key geographies. Asia Insurance Review sat down with **Marsh Asia** CEO **David Jacob** on the acquisition and merger, a year into the integration.

By Ahmad Zaki

After a full year of post-close integration, the merger is on the brink of completion. The process has been working out very well, said Mr Jacob, with a very positive level of collaboration between teams in both Marsh and JLT, across their various offices in Asia.

At the same time, the new combined organisation delivered a record 2019, both in financial performance and in colleague retention, despite the distraction of moving offices, merging teams, and mobilisation of finance, real estate, legal, compliance, HR, and technology operations. "It just shows you that all our colleagues were up for the challenge in terms of what the combined firm would potentially do, not only for them as employees, but ultimately for our clients," he said.

The biggest challenge in all of these mergers is the integration of different operational approaches. "We had different systems, different procedures, different protocols, different and ways that we approach the market. Although outwardly our from the client experience perspective, integration appears to be complete by most measures, behind the scenes we are still working on putting some of these together," he said.

However, the benefit of mergers such as these is the ability to leverage the unique strengths and to adopt the best practices of each entity. JLT had a phenomenal operation, according to Mr Jacob. For example, there was sheer scale and penetration in large markets like Singapore and Hong Kong, supported by shared service centres in Kuala Lumpur and Mumbai that the new firm is currently maintaining. “There was a lot, from a client engagement as well as from an operational efficiency perspective that we at Marsh got to learn from and are currently getting the benefit.”

### **Choosing JLT**

MMC CEO Dan Glaser has had his eye on JLT for a long time. It was a firm that MMC respected – their values, their tenacity, their love for clients and colleagues. “We felt that way about all the brokers in JLT. They were the ones we could identify with the most in terms of culture – and we respected their views,” said Mr Jacob.

Coming together simply reinforced what they already knew, particularly in how JLT managed and engaged client relationships, and how they invested heavily in engaging their clients. Further, JLT’s relatively smaller size allowed them to be more agile and efficient than Marsh, which has more procedures and protocols to adhere to in their operations. “We’re trying to figure out how to balance both to get the most out of leverage each other’s strengths. And so, we’re learning a lot in terms of how to go beyond these, and also throw further strengthen our client engagement, relationship building, and winning loyalty into the mix.”

### **Coming together**

It was extremely important for the two firms to come together, in a physical sense. Having the two entities operating in separate offices would not bode well for their integration and colocation was high on the priority list.

Even so, the speed at which they moved was surprising. The closing of the deal was announced in April 2019. By June the same year, JLT’s biggest operation in Asia – their Hong Kong office – had moved into one location with Marsh’s operation. Their second largest operation – Singapore – completed their move a month later, in July.

“Having colleagues come together is great, as it lets you get to know your colleagues better, they get to see what you’re doing, they get to see how you manage clients, they get to see your operations. And then you take away a lot of the negative perception,” he said.

### **A sum greater than its parts**

Mr Jacob also expressed his gratitude towards their clients, from both Marsh and JLT. “Their patience and trust through the integration period has been first class.”

“Our clients and communities have never needed us more, and now they have a stronger organization to draw on. If we walk away with a client and they got the same thing they were getting either with Marsh or JLT, then we’ve failed. We have to be able to show them that things are different now, in various ways. Coverage, service, capability, reach, talent – we want those things to be tangible and visible to our clients. We want them to feel that, and I think they expect that,” he said. “Ultimately, it has got to be one plus one equals three.”

### **The broker of tomorrow**

Risk is dynamic, especially in the current environment that COVID-19 has brought upon the world. “I think clients are going to want to be with a broker that has the sheer capability, strength, size and reach to be able to give them the trusted advice against the emerging risks that they are facing,” he said.

The outlook for MMC and the new Marsh JLT Specialty is promising. The firm is fast growing in Asia, and Asia is the future of the firm. Their clients are comfortable with the firm’s ability to make investments in the region, not just in

terms of talent, but also in tech and offshore capabilities.

“We have big aspirations in the region. We know where we want to be, and I’m confident that our clients see it the same way. There is no secret that we want to be a billion-dollar business in the next two years.”

It is an ambitious goal the firm has set for themselves, but it has proven track record in achieving its objectives every year in the past five years. This means, said Mr Jacob, that the firm is able to aim high. <sup>A</sup>

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