TEN TOP TIPS FOR SUCCESSFUL M&A IT INTEGRATION

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INTRODUCTION

It's an alarming fact that a large proportion of M&A activity fails to deliver the potential business value anticipated. In fact, most research indicates that only 50% of these deals actually result in an increase in overall shareholder value.

The reason is that whilst organisations seek to acquire and merge in order to capitalise on synergies and efficiencies, the reality is these potential benefits are much harder to realise.

One of the major 'synergies' companies aim for in much of the M&A activity that goes on today, is the integration of IT systems and processes. However, all too frequently we hear of organisations struggling or even failing altogether to combine their infrastructure, impacting the overall merger success. Often, IT merger projects overrun, do not deliver desired outcomes or are simply abandoned altogether.

We have seen instances of some organisations, following a series of mergers, continuing to run multiple silo infrastructures for years, after giving up on consolidating and streamlining their infrastructure.

This common failure is understandable. M&A activity it not just business as usual. These can be lengthy and complicated projects. Gartner forecasts 50% of M&A integration in the finance industry will fail purely because the IT projects are just too complex. There is no secret shortcut to making IT infrastructure integration a success. It requires meticulous upfront planning and due diligence combined with strong leadership, communication and programme management throughout the implementation.

Having assisted organisations with this challenge over the years at Acora, we've put together 10 top tips to highlight some of the key areas both IT leaders and the business as a whole need to consider in order to make any merger or acquisition IT project a success.

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1. UNDERSTAND THE SCALE

Understanding the scale of an integration is ideally something done as part of the overall due diligence activity well in advance of any deal.

It enables organisations to identify the scope of change that will be required and the major risks before making any decision.

Sometimes this forward planning is not always possible, but it should be the first task after the deal has been made. It involves identifying both parties infrastructure in detail. The more comprehensive and holistic this audit is, the better prepared for success your IT team will be.

2. KNOW THE LIMITS

Still very much in the planning stage, the next important part is understanding the limits to the integration. What are the constraints and can they be addressed? These could be internally set deadlines by the business or external deadlines from regulatory bodies around delivering service to customers. Other constraints may be within the IT team around resources, budget and skill sets.

Knowing what the boundaries are within which you need to deliver, allows for more pragmatic decisions to be made

3. ESTABLISH AN END GOAL

Spending time to build up a clear vision of the end goal and to design it in a way so that others can see what it looks like, is perhaps the most important item on this list. The important questions you need to be able to answer are:

❯ Where are you heading?

❯ What are you aiming to achieve?

❯ What is the big picture?

It has such a knock-on effect on all subsequent activities and decisions, as well as ensuring the cooperation of the business as a whole. We've seen the results of companies not having a vision, which has resulted in not only an incomplete integration project but also a poorer infrastructure estate than they started with.

The end goal needs to be something that is championed at board-level, so it's important that they understand and buy into to the IT ambition.

4. IDENTIFY MILESTONES

Once the status quo of all organisations involved is understood, the constraints identified and the end goal defined, the challenge at a macro level is set.

However merger projects can be long, complicated and daunting beasts.
As time moves on, it can often feel like no progress is being made.
It is therefore important to break down the project into smaller more manageable targets; both to keep the project on track, but also to provide a sense of achievement to all stakeholders involved throughout the duration of the integration.

5. ASSIGN ROLES & RESPONSIBILITIES

This is an area that often becomes the reason where projects stall because it can often involve difficult decisions around employees and future organisational structure.

During this uncertain time it's even more important to be extremely clear who is accountable for specific tasks and responsibilities to ensure a successful project.

You need to decide who is involved with the project, how they are involved and communicate what is required of them.

6. KEEPING TRACK

It's almost inevitable that projects and plans will stray if they are not being closely managed. The key to keeping track is more than quick conversations by the coffee machine followed by a few emails. Regular project meetings should be mandatory and all those involved need to be held accountable for their actions and any delays. Where there are bottlenecks and instances of unexpected issues, they all need to be discussed, managed and revisited repeatedly until they are resolved.

7. EXIT STRATEGY

Often, M&A IT integrations will involve a change and/or rationalisation in IT suppliers, making it critical to identify and establish all external providers from the outset.

Identify which suppliers may no longer be required and understand what their contractual obligations to your organisation in the event of an exit.

If you are migrating away from a service provider or hosted platform it's important to engage with the right people from the start. That may be your account manager or in some cases providers have dedicated 'exit managers'. Ensure they are committed to achieving your goals and be clear and firm with your expectations of them.

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8. SET EXPECTATIONS

The business may well put pressure on the IT team to deliver to aggressive deadlines. It's important to firmly manage expectations and communicate timelines that are reasonable and achievable.

For instance, if office moves are involved, putting in new communication lines will normally take up to 90 days. That's a fixed deadline by an external supplier, that your internal IT team will not be able to control. The business must appreciate this and the overall timeline needs to adjust accordingly.

9. COMMUNICATE

Underlying most of these top tips is communication. You cannot over-communicate when it comes to an M&A integration project. If communication is poor, this has a knock-on effect on your employees confidence in your team's ability. This only serves to add pressure and increase chances of failure.

Making the project a success involves keeping staff, users and all stakeholders regularly updated with progress and plans. Keeping users onside is especially important. It's likely there will be disruption, both planned and unplanned. If users are in the loop, they're much more likely to be understanding and cooperate.

10. TIE UP LOOSE ENDS

Last but not least, it's important to remember the decommissioning phase. This can often be neglected, but it's important to ensure that any systems and technology that are no longer required are dealt with appropriately. This is not only to avoid paying unnecessary costs but also from a security perspective. The last thing you want is a server left behind with sensitive data in a remote office.

ABOUT ACORA

Acora is a progressive technology services provider, leading the industry with our Experience Led Approach™.

Our mission is to unleash the potential of people, through outstanding IT experiences, striking the right balance between frictionless user experience and best-in-class security.

Acora continually invests in the right people, processes and technology, that enable businesses to excel and reach their full potential.

As a Managed Services Partner, we know what it takes to build, manage and run key IT and Security Services for all kinds of organisations. We design business outcome focused solutions in close collaboration with you, ensuring you realise the value you need from your investments - often far quicker than you might expect.

We see the common challenges across many organisations and industries, knowing the bumps in the road to avoid.

We've walked the path before, so you don't have to

WE BUILD WITH THE RUN IN MIND

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Acora can help scope, plan for and implement M&A projects. Getting you where you need to be, quickly.

WE'RE READY TO GET GOING LET'S MAKE A START TOGETHER

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