

Mergers and Acquisitions Service Overview

The global economic condition is driving industry consolidation and consequently fueling the growth of merger and acquisition (M&A) activity. Most industries will be affected and it is important for companies to be prepared to take full advantage of opportunities related to M&A.

IT is estimated that two thirds of M&A transactions are failures: they do not achieve their projected goals of reducing costs and increasing revenue. This is due in part to the inability of IT organizations to integrate their business systems in a timely manner. Companies are heavily dependent on technology to conduct business, and the longer they need to operate on multiple computer systems, the longer it will take to realize operational efficiencies.

If you have not been involved in M&A integration work in the past, this can be a very daunting process. Enormous change is underway; employees can be paralyzed with fear of losing their jobs, and can have a hard time focusing on business. Oftentimes, the IT organization is expected to lead the company through this process and this is not something that you can learn along the way.

Innovative IT organizations have M&A integration programs in place to rapidly integrate business systems and allow their companies to realize efficiencies quickly. These organizations have scaled their systems to handle increased volumes and streamlined their business operations. They have plans in place to evaluate prospective IT organizations, identify risks, and formulate integration strategies.

CIOs must carefully balance the need to quickly complete the integration work while minimizing any disruption to the business operations. Technology is pervasive—from basic communications such as e-mail, to enabling your customers to enter their orders and check on the status of delivery—and every system must work in a seamless fashion when two companies are combined. It is important to have an overall methodology to ensure consistent, repetitive, and predictable M&A integration. Staff both inside and outside the IT organization can use the methodology to understand the work required to complete M&A integration.

The StrataFusion Group has led the IT integration for several M&A transactions and we have a methodology to streamline this process. Our staff have in-depth experience managing the changes associated with M&A and can help your company achieve their overall goals.

Mergers and Acquisitions Service Details

Rapid integration of business systems subsequent to M&A can assist companies in realizing the full benefits of their combined organization. Our proven methodology can help you to conduct more thorough due diligence and develop rapid integration plans. CIO's who use these services are:

- Integral to the company's overall strategy to grow through acquisition
- Working in organizations that are experiencing rapid growth or industry consolidation
- Responsible for M&A IT integration efforts and want to put a proactive program in place

What you can expect to achieve when you implement an M&A Integration Program at your company:

- Realize the financial and organizational benefits of operating as a combined business in a timely manner
- Identify cost efficiency opportunities and save the company money
- Anticipate risks and implement proactive mitigation strategies

Additional Benefits of Program:

- Risk identification and mitigation methodology helps to quantify hidden costs and complexities of M&A and develop realistic cost estimates
- Ability to complete the IT integration work in approximately 90 days
- Strategies to reduce IT costs of acquired company as much as 50%

Our M&A Practice offers a broad range of services, including the following:

- IT Due Diligence Service to evaluate potential M&A targets, identify cost saving opportunities, and develop integration strategies
- IT Integration Planning Strategy to develop detailed integration plans, risk mitigation strategies, and change management programs
- Integration Execution Management and Oversight to assist in managing the actual integration work and ensuring the program meets overall objectives

Mergers and Acquisitions Success Stories

Business Problem:

- A consumer software publishing company identified an opportunity in the

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enterprise security market and wanted to grow rapidly through acquisitions

Challenges:

- Company had a single security product that was sold primarily to the consumer market
- Organization had limited experience in doing M&A integration work
- Company acquired a company 50% of their own size. In addition, the acquired company was comprised of several independent businesses which themselves were not integrated

Results:

- Company completed 28 acquisitions and became the #1 enterprise security vendor in the world

Improvement Process:

- Developed comprehensive methodology to evaluate potential M&A targets and complete IT integration work within 90 days and achieve 50% reduction in IT costs of acquired company
- Established “M&A Dream Team” to lead IT integration work and transitioned acquired company to new systems
- Developed metrics program to track key indicators of integration project which allowed executives to monitor and course correct quickly and effectively

Mergers and Acquisitions Success Stories

Business Problem:

- Financial services organization was unable to grow their business organically and therefore needed to expand their business through acquisition

Challenges:

- Organization had no previous acquisition experience and chose to acquire a company that was very similar in size
- Many long-term employees at the company were not accustomed to change
- Company had very conservative business practices and was adverse to risk

Results:

- Company moved from the 8th largest financial institution in the U.S. to the 4th and continued their strategy to drive company growth through acquisition

Improvement Process:

- Developed ‘Tiger Team’ strategy to select a small team of in-house experts that

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- would lead the IT integration efforts and minimize use of outside consultants
- Implemented Integration Governance Process to oversee integration efforts and ensure that project achieved time, budget, and scope objectives
- Developed repeatable processes that formed basis of company's future acquisition methodology

Mergers and Acquisitions Success Stories

Business Problem:

- Largest enterprise software acquisition was not well received by investors or customers and there was tremendous pressure on IT organization to integrate companies quickly

Challenges:

- Enterprise software organization acquires company of equal size and dramatically different culture
- Lengthy regulatory approval process and limited ability to share information or direct acquired company
- Major EPR upgrade underway and both companies under first SOX certification process

Results:

From Day 1 results for combined company included the following:

- Single web presence and phone numbers for customer contacts
- All employees on integrated e-mail and phone system
- Integrated financials and sales reporting

Improvement Process:

- Focused on staffing first and defined the organization structure in less than 90 days after deal was announced and implemented on Day 1 of combined company
- Developed a single project management methodology and implemented a unified Program Management Office to manage IT integration efforts
- Established Executive Steering Committee to oversee IT integration efforts and resolve issues

Mark Egan leads our M&A Practice and has worked with leading Bay Area companies to implement effective programs in this area. Mark has led the IT integration for over 35 M&A transactions and published the methodology in "*CIO Perspectives*". Mark can be reached at mark.egan@stratafusion.com for more information on our M&A services, or visit our [Partners Page](#) for his background information.