AlertFind

MAKE YOUR NEXT M&A PAINLESS WITH THESE IT STRATEGIES

A decade after the start of the Great Recession, companies are increasingly turning to mergers and acquisitions (M&As) as a way to grab more market share and expand into new industries.

The number of mergers and acquisitions in the United States has grown for eight consecutive years, reaching an all-time high of 15,558 deals in 2017. A record $2.5 trillion in mergers were announced during the first half of 2018, The New York Times reports.

A strong economy with low interest rates and high corporate earnings is helping to fuel the M&A boom. But while M&A activity keeps gaining momentum, not all mergers live up to expectations despite compatible strategies and finances.

What's one of the reasons why mergers and acquisitions struggle or fail after the deal closes? A poorly planned strategy for integrating technology.

While IT integration plays a crucial role in helping such deals succeed, this part of the M&A process is often overlooked, with IT executives excluded from the critical due-diligence process.

IT service desk managers have unique challenges and opportunities when two companies integrate. To help make the merger successful and less painful for everyone involved, IT managers have to understand strategies for improving the M&A experience.

If your company is planning an acquisition, make sure IT has a seat at the due-diligence table. With a strong communications plan and the right technology, IT integration can be a key strategic factor in executing a successful M&A.

Mergers And Acquisitions In The United States

2009	9,466
2010	10,191
2011	10,536
2012	10,629
2013	10,877
2014	12,283
2015	12,885
2016	13,430
2017	15,558

Source: The Institute for Mergers, Acquisitions and Alliances (IMAA)

Key IT Challenges That M&As Present

During the merger and acquisition process, IT is forced to balance competing priorities. Good communication and technology helps IT service desk managers juggle the many responsibilities and moving parts inherent with this complicated process.

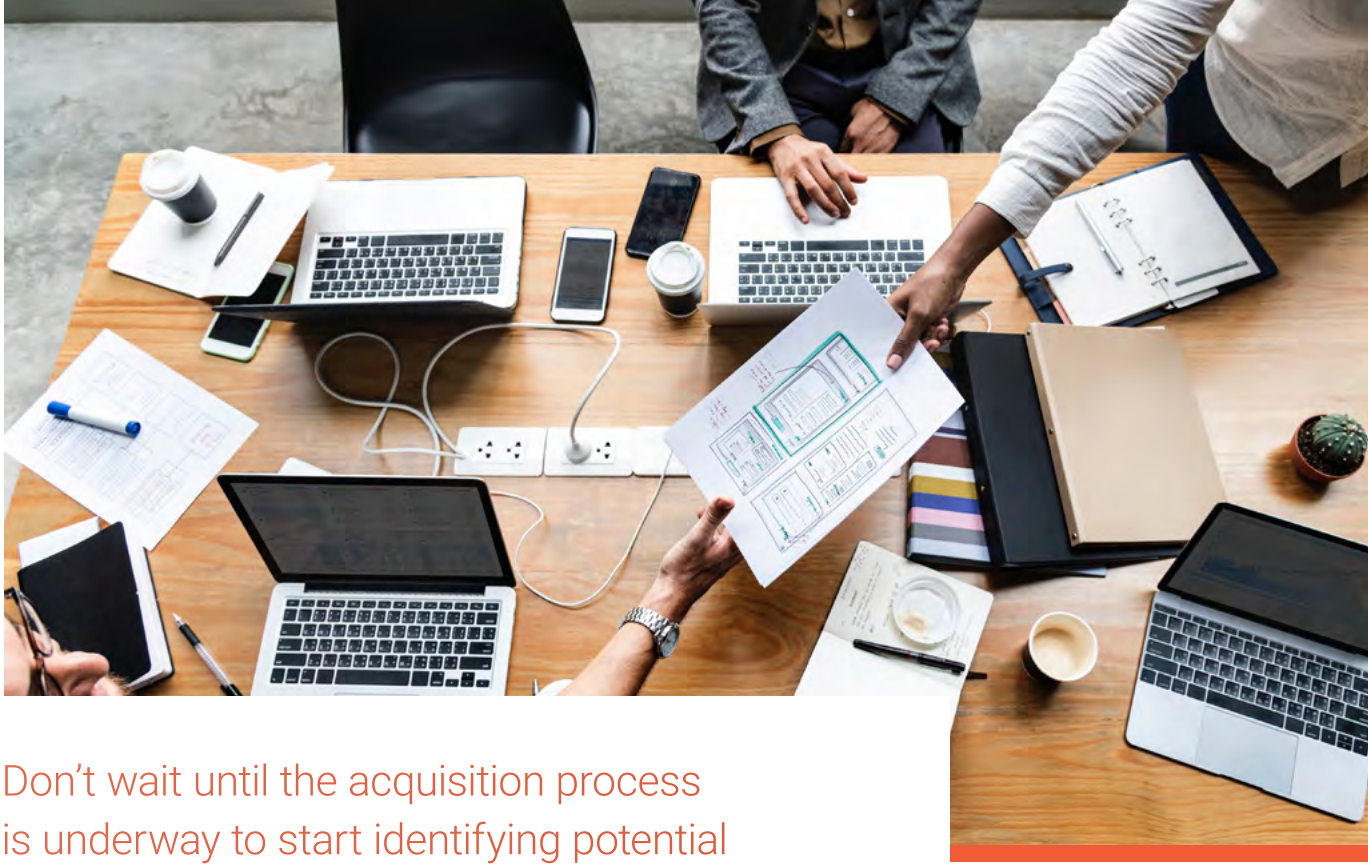
During an M&A, here are some common challenges you'll want to be prepared for:

- **Inefficiency caused by the inability to access data:** Without broad access to the target company's data, IT can't see the complete picture. This hampers IT's ability to take swift action on aligning technology and finding synergies.
- **Confusion resulting from inaccurate data:** Having the wrong data can cripple the M&A process. With IT system consolidation, it's important that only accurate and verified data is transferred.
- **Inability to keep projects and operations on schedule:** IT is responsible for "keeping the lights on" and ensuring business operations run as usual. The integration period during a merger and acquisition is no exception. Even though IT resources are likely at full capacity with people working on merger-related tasks, regular operations like accounts payable and accounts receive need to keep running smoothly.
- **Failure to meet business goals:** Don't overlook the long-term business goals associated with the M&A. Everyone on the IT service desk should be business-focused, and that means IT must understand the strategic goals of the deal.

What's The Difference Between A Merger And An Acquisition?

Although the terms are often used interchangeably, they have slightly different meanings. As Investopedia explains, "a merger occurs when two separate entities (usually of comparable size) combine to form a new, joint organization," whereas "an acquisition refers to the purchase of one entity by another (usually, a smaller firm by a larger one)."

Mergers of equals aren't common, but acquisitions (sometimes called takeovers) have a more negative connotation. As a result, both types of deals are increasingly referred to as merger and acquisition (M&A) transactions, rather than just a merger or an acquisition.



Don’t wait until the acquisition process is underway to start identifying potential obstacles or liabilities.

4 IT Strategies To Help Improve The M&A Experience

With good planning from the start, IT can help make the M&A process smoother for the entire organization. As an article from McKinsey & Company reports, “50 to 60 percent of the initiatives intended to capture synergies are strongly related to IT, but most IT issues are not fully addressed during due diligence or the early stages of post-merger planning.”

Examples of IT-related synergies include lower IT infrastructure costs, route optimization for lower logistics costs and increased volume discounts for IT procurement. However, to forecast savings, executives need a thorough understanding of the requirements for IT system consolidation.

The key is for IT to get involved as soon as the company begins to plan an acquisition. Don’t wait until the acquisition process is underway to start identifying potential obstacles or liabilities.

Use these four strategies for a successful M&A integration:

1 Get involved in the due-diligence process:

As noted earlier, IT is often absent from the due-diligence table. IT leaders must speak up and insist on having a voice during due diligence, because this is a vital part of any merger and acquisition. With large organizations that have a global presence, the process could take months.

The due-diligence process allows for IT to carefully gauge the target company's data, technology platforms and capabilities. Access to this information should increase as the deal progresses (nondisclosure agreements may need to be signed in some cases).

IT's primary role during due diligence is to uncover liabilities (like an underinvestment in technology) and identify opportunities for synergy with the target company's technology (like integrating functional systems to lower operational costs).

2 Learn the target company's existing systems:

The merged organization should be operational the day the deal closes. That means IT needs to understand the new company's systems and develop an integration plan.

In some cases, keeping the company's legacy systems may make the most sense, because integration may be too costly or disruptive for end users. In other cases, the acquiring company moves data to its own platform, and a swift integration is necessary to avoid disrupting business operations.

3 Identify gaps and redundancies:

IT needs to know what's in-house before consolidating, so do a comprehensive inventory of the services and systems that both companies use. A successful M&A should reduce redundancies and pinpoint synergies.

An article from Booz & Company on IT's role in merger integration recommends analyzing hardware, software and network systems; enterprise platforms (such as ERP and CRM systems); and corporate programs for specific lines of business.

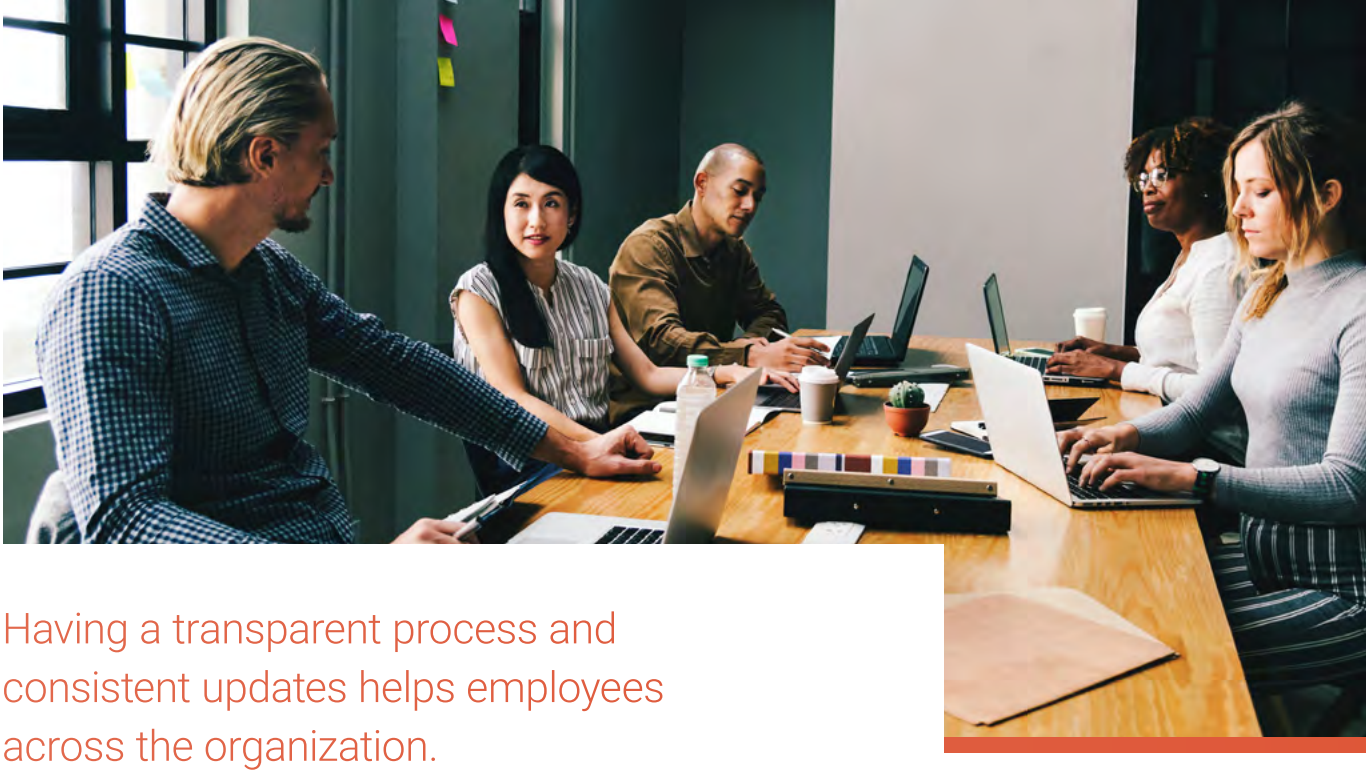
Also, look at the target company's IT talent to identity gaps and determine how to keep the best employees, such as offering bonuses to stay through the integration. A mass exodus from IT will hurt the new merged organization's ability to operate.

4 Create a plan to merge the new systems:

Build a strategy for transitioning to your new technology setup and getting everyone to use it. Since people often hold onto what they're familiar with, consider using a change management model, such as ADKAR (build awareness, create desire, develop knowledge, foster ability and reinforce changes).

Don't forget to think about what you'll do with systems and data that you decide not to migrate. Many companies seek a middle ground here, choosing to archive the data for the first six months as read-only (so people can access it but not change it), and then decommissioning the data once everyone is comfortable with the new system.

As the new systems are merged, remember to be flexible. IT may have to implement temporary work-arounds to support business operations while a permanent solution is developed.



Having a transparent process and consistent updates helps employees across the organization.

Create A Communications Plan With Clear Messaging

Strong communication increases the likelihood that a merger and acquisition is successful. The M&A process is stressful for both companies involved, but clear and frequent updates on the merger can help everyone feel more comfortable about the changes.

Start by identifying the IT leaders on the integration team and outlining who is responsible for communication. This reduces uncertainty and ensure messages about the integration are delivered regularly.

Next, set a timeline for updates, so people know when to expect communication. Having a transparent process and consistent updates helps employees across the organization understand the rationale behind decisions.

Integrations usually happen over a sustained period of time that stretch for several months and, in large entities, sometimes years. The original plan may change, which is why it's so important to provide regular updates.

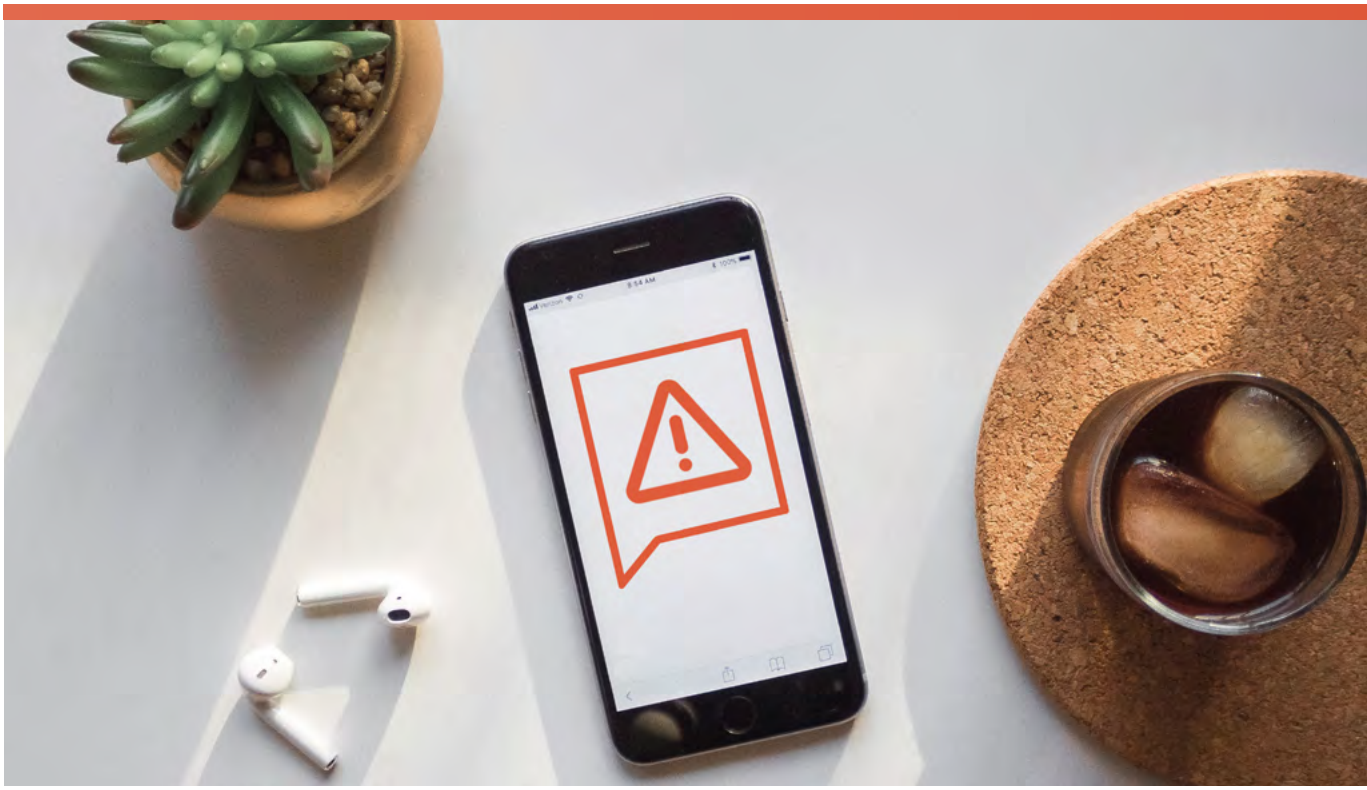
Use An IT Alerting System To Send Targeted Messages

Targeted communication matters just as much as consistent communication. Not all messages will apply to everybody in the organization. During an integration, the IT service desk will usually be in communication with three main groups:

- The internal IT team
- Key stakeholders
- The general employee group

A good IT alerting system makes it easy to reach the right people with the right messages on their preferred communication channel, including email, text, voice call, fax, mobile app push notifications and pages.

You can pre-configure groups of people who need to be notified and send messages – all with one click. The last thing you want is to be scrambling to contact key people during a time when resources are likely stretched thin.



Precision targeting allows you to avoid "alert fatigue" by reducing companywide messages and contacting only those people who need to receive the communication. This is especially valuable during mergers and acquisitions, when resources must be allocated carefully among competing priorities. IT should be cognizant of everyone's time when sending messages.

When considering mergers and acquisitions, companies are typically looking to create synergies and reduce overhead. With that in mind, here are some of the other benefits you'll get by using an IT alerting system:

- **Alignment with the ITIL framework:** ITIL (Information Technology Infrastructure Library) is a popular framework for delivering IT services in a cost-effective and quality-driven manner. Your IT alerting system should align with ITSM connectors, enabling the organization to benefit from the ITIL framework throughout the integration.
- **Guaranteed up-to-date contact information:** A merger means combining contact databases for two entities. With an IT alerting system that has connections to the HR databases, you don't have to be worry about whether the data is up-to-date – you're guaranteed 100% accuracy.
- **Security you can count on**: Your IT alerting system should exceed even the most stringent international requirements for security, availability, processing integrity, confidentiality and privacy. You want the ability to request identification by phone number, user name, PIN number or other company identifier. Top-notch security is a must-have during any M&A, since confidential and proprietary information usually needs to be shared.
- **Ability to create escalation paths:** Combining IT departments during a merger is a big undertaking, so expect that people will be busy. With an IT alerting system that offers auto-escalation paths, a message will continue to ping anyone across designated channels until it's acknowledged. As a result, you don't have to worry about an on-call resource not responding to a time-sensitive message.
- **Easy and secure conference line setup:** Launch custom hotlines and conference bridges so groups can coordinate effortlessly. Since new people are working together when two entities merge, the ability to easily jump on secure conference calls is critical.
- **100% uptime:** With off-site hosting in redundant data centers, your messages will be delivered even if your infrastructure is down. That's one less burden to be concerned about as you focus on the M&A integration.

.

Make IT A Valuable Part Of Your Next M&A

Forward-thinking IT leaders know that the IT department is more than a cost center. What better time to prove that than during a merger and acquisition?

C-suite executives are seeking strategic partners to strengthen the value of the acquisition. IT service desk managers who show IT's value in the integration process can become key figures in helping the organization achieve its goals.

Mergers and acquisitions are inherently complicated, as they involve managing many moving parts and making difficult decisions. However, by developing a comprehensive communications plan and investing in the right technology, IT can make the M&A process painless and more seamless for the entire organization.

By developing a comprehensive communications plan and investing in the right technology, IT can make the M&A process painless and more seamless for the entire organization.

Ready to improve your organization's IT communications?

Schedule a demo now to see how AlertFind transforms IT alerting.

Schedule A Demo

Af | AlertFind