Mergers and Acquisitions
IT Integration
Strategy
How IT Can Fuel Business Growth
Going through a merger, acquisition, or divestiture can be a challenging time for companies. They need to combine and integrate IT infrastructure, as well as manage software contracts. Network, data center, and applications all need to be either separated or consolidated and in compliance.

According to *Harvard Business Review*, 70% to 90% of mergers and acquisitions result in “abysmal failure.”¹ Why do these mergers and acquisitions fail? Many companies lack an effective transition strategy and fail to understand the other company, how much integration is needed, or even their own architecture.

Global consulting company Deloitte identified effective integration as the top contributor to a successful M&A strategy.² When companies join forces, their technology infrastructures and applications need to work in harmony.

Despite the challenges they present, mergers, acquisitions, and divestitures create opportunities for companies to make a leap into digital transformation. IT leaders get the chance to play the role of a visionary and shape the future of the company during this transition. When organizations go through a major transition, they have the option to move away from legacy systems to the hybrid cloud.

This eBook explores ways to implement an IT integration strategy that invests in the right technology for business growth.
Be an IT Visionary

IT leaders need to take the wheel during the M&A process. Global management consulting group McKinsey & Company contends that IT must have a role in ensuring the M&A team conducts due diligence. McKinsey found that 50% to 60% of M&A initiatives involve technology, yet executives tend to overlook IT when planning for a merger or acquisition.

IT in the Driver’s Seat

IT should provide guidance to LOB executives about how to best integrate technology. The IT team has visibility into the entire system and, going into the transition, knows what assets the company has. By ignoring IT, executives miss out on potential cost savings that could result from merging and integrating technology.

IT understands the technology challenges and risks the company faces during a business transition. IT leaders can size the current infrastructure and gauge changing capacity and performance requirements going into the transition. The IT team also knows which legacy systems must be replaced or updated. Members of the IT team are familiar with the terms and contractual obligations within software, cloud, and managed services, so they can ensure the organization is properly licensed.

IT should be an integral part of the M&A team and ensure that a process is developed that accounts for growth over the long term. IT can point out the benefits of rethinking the infrastructure architecture for more effective integration. For example, IT leaders may suggest that the company move to hybrid cloud to allow for more flexibility and scalability once the transition takes place.
IT leaders can supply LOB executives from across the organization with mission-critical data. IT has access to all the sources of information needed to make a successful business transition. This information includes business, customer, and client data that may live on various platforms, such as ERP or CRM systems.

**Seeing the Big Picture**

Major business decisions must be made based on an understanding of a unified set of data that is accessible across the organization. IT has the power to create a complete, current, and accurate view of company data for the M&A team.

When the entire M&A team has access to the same data, it can make decisions about how to create cost-effective and reliable IT services. A complete picture of company data helps the M&A team decide how business processes and operations will be modified going into the transition. Once the company is operating optimally, you can hit the ground running as you enter the new phase of your business.

IT can lay the groundwork for an effective M&A process by conducting and presenting a current inventory of IT assets. For instance, IT can use the inventory to show ways integrating technology can cut costs. IT can also call attention to how often software is being used to identify shelfware. The IT team can decide which legacy systems and applications should be upgraded and which should be preserved and migrated to the integrated infrastructure.
IT has the power to start a business transition off on the right foot. Promoting IT industry standards and best practices gives the companies involved in a merger, acquisition, or divestiture common ground to stand on, making the transition process easier.

**Setting IT Standards**

Standardizing through an Information Technology Infrastructure Library (ITIL) makes it easier to eliminate data silos, fragmented tools, or legacy systems. As an IT service management (ITSM) framework, ITIL establishes all the people, processes, and tools that ensure companies meet governance, security, and compliance requirements.

Going into the merger, acquisition, or divestiture, your company should be able to reach the highest levels of availability and performance to ensure user satisfaction. The in-house IT team can ensure that any third parties responsible for applications or outsourced services are upholding their service-level agreements (SLAs) for performance levels, availability, and support.

IT standards and best practices may also make it possible to automate time-consuming manual processes. The more processes are automated, the more productive a company will be. Automation reduces the chance of errors in reporting and makes it easier to meet reporting deadlines for compliance.

If your company is going through a merger or acquisition, setting uniform IT standards will make the process of integration smoother. When both companies are using the same standards, it’s easier to make a seamless transition.
Companies that are going through M&A may struggle with how to transition from legacy systems. Migrating to the hybrid cloud provides the opportunity to upgrade to more current technology. Working with a cloud provider gives the new iteration of the company access to automatic upgrades and patches so business systems are always up-to-date and free of vulnerabilities.

McKinsey & Company asserts that a flexible IT architecture is an important part of an effective M&A strategy. Companies undergoing a merger, acquisition, or divestiture need an infrastructure that can scale up or down with changing capacity needs. Having infrastructure flexibility going into the transition allows companies to embrace new technology trends, such as advanced analytics and the internet of things (IoT).

**Stay Flexible With Hybrid Cloud**

Hybrid cloud gives companies the flexibility to move some workloads to the public cloud while running other workloads on-premises according to security and accessibility requirements. With hybrid cloud, sensitive data can be stored on-premises in a private cloud. Customer or client-facing applications can run in the public cloud.

HPE GreenLake promotes flexibility by following a consumption-based model. With HPE GreenLake, companies only pay for the hybrid cloud resources they need, whether it be storage, compute, or networking. This flexibility takes the pressure off capacity planning by allowing for scalability.

Hybrid cloud also gives companies access to affordable enterprise-level data protection and disaster recovery resources. The public cloud provides instant failover without the need for a secondary physical infrastructure.
Embrace Transparency

IT can provide visibility into every aspect of the business process during a transition. Being able to size technology assets and estimate capacity needs before and after a transition is essential for a successful merger, acquisition, or divestiture. These assets include network, storage, and applications.

Taking Stock

To achieve transparency before a major business transition, IT will need to audit technology assets. This audit process may involve uncovering hidden assets, such as shadow IT. Over the years, LOB employees may have taken it upon themselves to acquire cloud services or applications that are running under the radar. This shadow IT can create compliance and management issues.

Once all the technology resources are accounted for, IT can ensure that service delivery is consistent for every business process across the company. For example, workloads can be balanced for optimal performance.

By moving to hybrid cloud, IT increases the flexibility of technology assets. Resources can be accessed on demand to meet changing capacity needs. For example, HPE GreenLake allows companies to provision new cloud resources in minutes.

Hybrid cloud resources can replace shadow IT, enabling more efficient management and better control. HPE GreenLake offers hybrid cloud that allows companies to maintain control over data, usage rates, cost, performance levels, security, and compliance.

Hybrid cloud allows for greater visibility into the entire infrastructure as well as ease of management. On-premises and cloud resources synchronize with each other, and some management may be handled by the cloud provider.
Establishing a Forward-Thinking Transition Strategy

After a major transition, such as a merger, acquisition, or divestiture, the right technology foundation is needed to encourage business growth.

Adopting hybrid cloud through HPE GreenLake consumption-based IT solutions helps companies execute an effective merger, acquisition, or divestiture strategy that takes their business into the future. HPE assists companies undergoing a transition in finding the right mix of public and private cloud resources through hybrid cloud.

With HPE GreenLake, companies eliminate silos and integrate technology more easily. Hybrid cloud allows companies to innovate through improved operations and easier DevOps.

A Forrester Total Economic Impact Study found that implementing HPE GreenLake resulted in an incredible 166% return on investment. According to Forrester, HPE GreenLake paid for itself in less than six months by reducing capital expenses by 30%, outside fees by 90%, and IT resource expenses by 40%.

Logicalis is a leader in M&A, giving its clients access to HPE GreenLake. In just the first nine months of 2018, Logicalis made 13,500 M&A deals, totaling $2.72 trillion.

Logicalis offers Hybrid Cloud Workshops that give our customers the opportunity to discuss the design, deployment, and management of hybrid clouds with one of our subject matter experts (SMEs).

Logicalis Hybrid Cloud Workshops facilitate an open and engaging conversation between your organization’s technology stakeholders and our top talent and provide you with a clear direction for potential next steps.
Take a deeper dive into how hybrid cloud helps streamline the M&A process.

Attend a Logicalis Hybrid Cloud Workshop.

Sources