

M&A SUCCESS STRATEGIES: 8 Ways to Ensure Technology Contributes to the Success of Your Merger or Acquisition

A successful IT integration during the M&A process requires that acquiring companies keep business operations running as usual, while combining the IT departments of merging companies. All parties involved must have strong IT support, while establishing a combined infrastructure that supports the long-term business objectives of the company in its new iteration.

LISTED ARE 8 WAYS ACQUIRING COMPANIES CAN ENSURE INFORMATION TECHNOLOGY IS PLAYING A PERVASIVE ROLE IN EXECUTING A PROFITABLE MERGER

1

PERFORM DUE DILIGENCE

If you do not perform adequate IT related due diligence, you risk overlooking some key operational expenses, including outdated or unused software licensing and ineffective IT security operations and procedures.

UNDERSTAND
Develop an initial understanding of all technological requirements created by the merger.

EVALUATE
Evaluate requirements within the IT department itself.

"Involving IT teams early and often during mergers and acquisitions can help organizations realize more value from the operational and market synergies that bring businesses together."
- Matt Scherocman

50%
executives handling an acquisition found that their targets had been dressed up to look better for the sale

Source: Harvard Business Review

2

DON'T ASSUME LICENSING ASSETS WILL TRANSFER

Microsoft, the largest provider of software licensing, and many other software companies, make licensing rules complex — many of the licensing assets from the acquired company will not transfer. In many cases, the value of existing licenses is significantly over valued during an acquisition.

BEST CASE SCENARIO
Even in the best scenarios, where the software vendor allows for the licensing transfer to the new organization, the buyer can still be required to purchase new software maintenance or license and maintenance.

WORST CASE SCENARIO
No software transfers. This happens a lot, so it's important for the acquiring company to use a knowledgeable party to help advise them.

CLOUD LICENSING
is typically much easier to transfer over versus traditional programs.

VENDORS WILL FREQUENTLY PUT LIMITED TIMEFRAMES FOR ACQUISITIONS TO BE LICENSING COMPLIANT — NORMALLY 90 DAYS, WHICH WILL GO QUICKLY!

3

INCREASE YOUR PURCHASING POWER AND LEVERAGE LARGE VOLUME PRICING

Organizations that have guidelines on vendor consolidation benefit from the discount obtained by volume purchasing and the inherent standardization that takes place. Typically, vendors will give better customer service and support to customers who are purchasing more from them.

HOW YOU SAVE

COSTS
As the number of suppliers is reduced, buying power increases

TIME
Allows purchasing to become more streamlined

BENEFIT FROM QUALITY IMPROVEMENT

4

DEFINE PURCHASING STANDARDS

Without any defined standards, each acquired entity will continue to purchase the way they always have. Building IT purchasing standards ensures that each location is investing in business class equipment that will support the new larger entity's needs.

PURCHASE STANDARDIZED EQUIPMENT
Allows for easier support for current and future needs

USE A SINGLE PC VENDOR
Allows for easy help desk support and trouble shooting in the future

5

FACTOR IN TECHNOLOGY UPGRADES IN THE COST OF THE ACQUISITION

IT is frequently one of the areas where sellers stop investing in as they contemplate selling their entity.

Smaller businesses are often far behind the technology curve. As a result, technology upgrades can be very expensive.

In migrating to the cloud, having an up-to-date system is much easier to migrate than having an older one.

6

AUTOMATE YOUR PROCESSES

Whether its on-boarding new employees or improving end user work flow, missing the value of automation delays the realized value added by the acquisition.

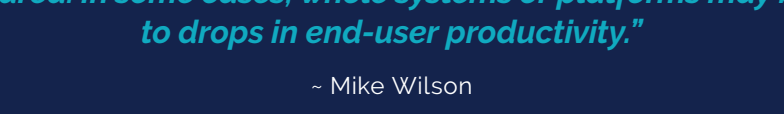
REAP THE BENEFITS

- IT tools should be used to automate processes across the broader organization, which helps build standardization and reduce errors.
- Processes like the on-boarding of new users can have tremendous impact on how fast an employee can add value and how quickly they feel like part of the organization.

7

AVOID ONLY DOING PARTIAL INTEGRATION AND EXECUTION

M&A moves at a fast pace — as soon as one process is ready to be integrated, another process or business unit needs "immediate" attention. Unfortunately, many systems and processes end up partially integrated, giving end users partial functionality that generates partial value.



"Partial integration and execution disrupts communication. Shared systems provide the foundation of collaboration across the business. These shared systems, if missing, will cause delays in information being shared. In some cases, whole systems or platforms may be unusable, leading to drops in end-user productivity."

- Mike Wilson

8

MOVE YOUR IT ENVIRONMENT TO THE CLOUD

By using cloud-based solutions like Microsoft Office 365 and Microsoft Azure, you can take advantage of a suite of applications that give users the productivity and collaboration tools they need during and after a merger or acquisition. Subscription cloud services can be rapidly modified to meet the challenges of the new entity.

A FEW BENEFITS INCLUDE:

INFINITELY SCALABLE
Modify on demand to meet headcount, process, and data needs.

SHARED PLATFORM
Share and distribute data and other information critical to the M&A process from a single shared platform.

ROLE-BASED ACCESS CONTROL
Manage the level of information users, groups, and administrations have access to.

DOMAIN & EMAIL TRANSFERABILITY
Keep your existing email addresses and domain names for brand consistency.

INCREASE POWER ON DEMAND
Increase (or decrease) your computing power and data storage needs on demand, without disrupting operations.

DESIRABLE IT PLATFORM
Subscription licensing sets the foundation for smooth, seamless future acquisitions or the sale of entities.

LEARN HOW INTERLINK CAN HELP YOUR MERGER & ACQUISITION RUN SMOOTHLY WITH CLOUD TECHNOLOGY

Interlink uses six successive phases to integrate, standardize, and deploy your cloud-based IT operations. Each phase works to ensure that the newly formed entity can leverage the cloud to drive value and prepare you to take on any new acquisitions.

LEARN MORE AT
[**WWW.INTERLINK.COM/M&A**](http://WWW.INTERLINK.COM/M&A)

* see website for details