Driving Value from Company Acquisitions

"All marriages are happy.
It's the living together afterwards that causes all the trouble."
- Raymond Hull, Canadian Playwright.

Henry McNeill

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How to drive value from your acquisition….

- 10 value blockers
- Lifecycle of an M&A transaction
- Inputs to a value driven technology strategy
- Avoiding the depths of despair
  - Culture, change management using capabilities, rationalisation
- IT leadership challenges to driving value
- Questions

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Why is this important…..

- 70% - most surveys state this percentage of unhappiness with the outcome of their acquisition – for some reason or other
  - HBR (70% - 90%), PWC (70%) E&Y (70%) etc……
- 45% of expected benefits from an acquisition directly dependent on effective IS integration
  - (Toppenberg & Henningsson, 2013)
- Nearly 60% of projects aimed at achieving business change do not fully meet their objectives
  - IBM

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Ten value blockers

Source: Aon Hewitt Cultural M&A Survey of 123 active companies

Lack of culture assessment

Unclear rationale

Poor communications

Insufficient Due Dil.

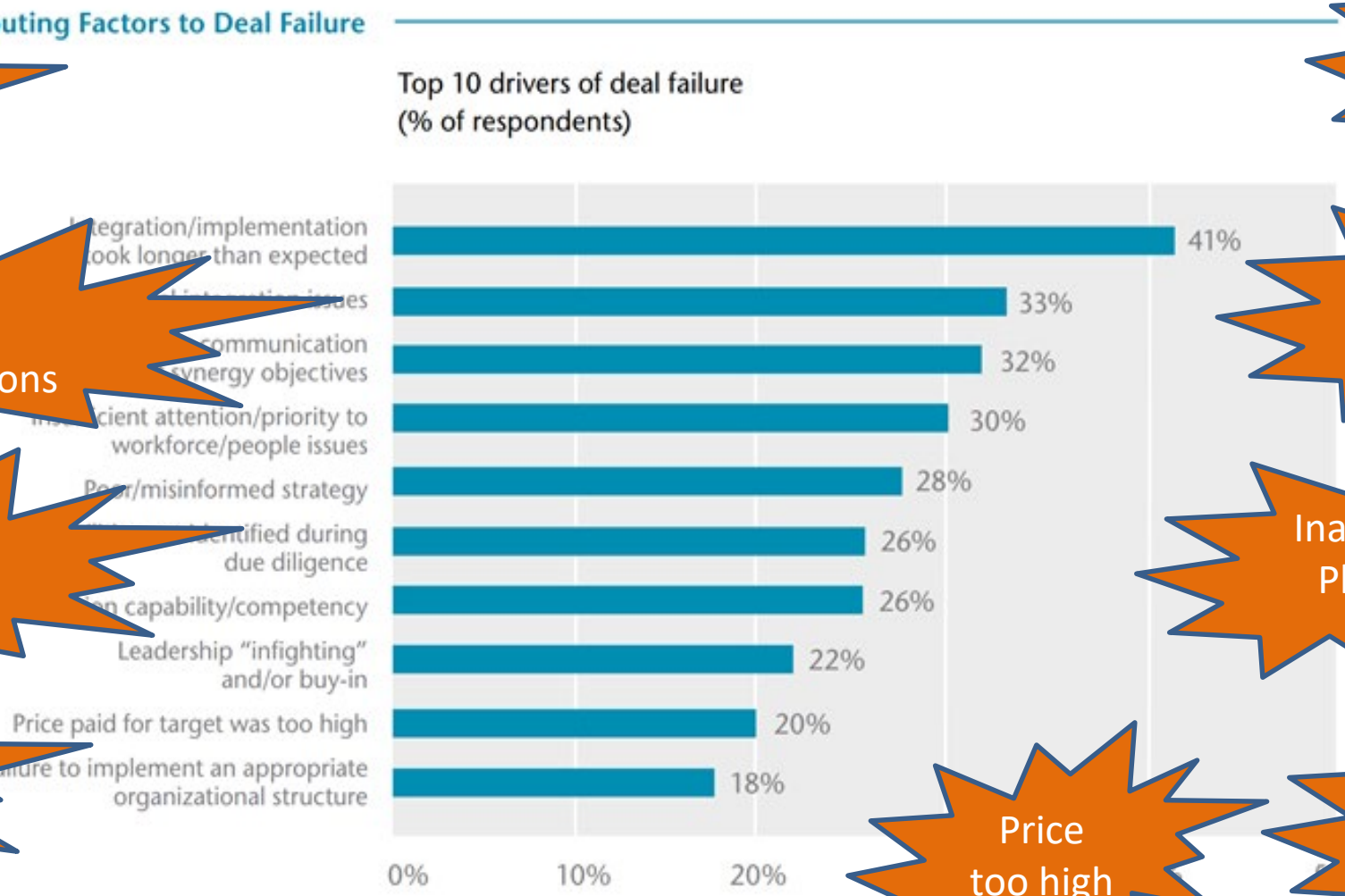
Org. Structure not clear

Inadequate Planning

Deficient People Mgt

Price too high

Poor Risk Mgt



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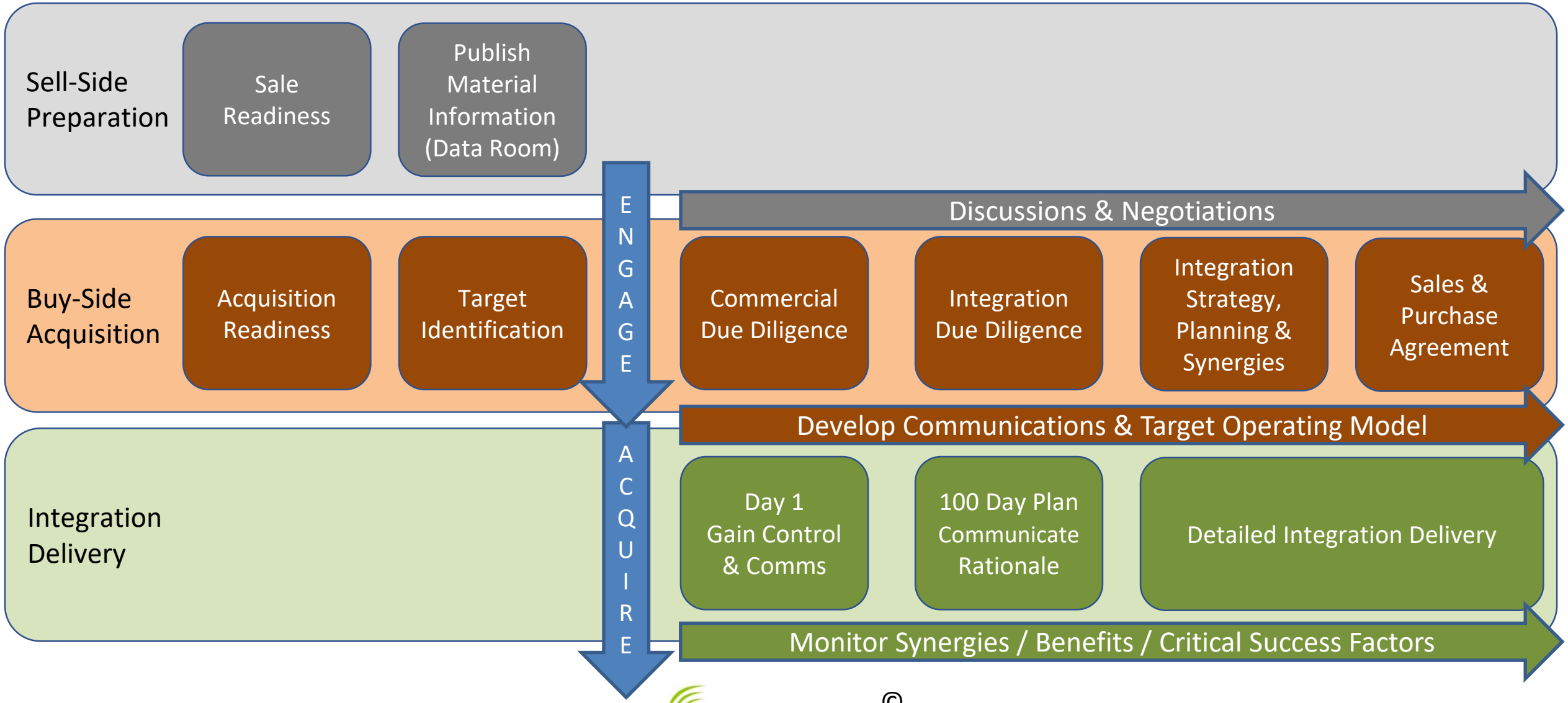
The lifecycle of an M&A transaction



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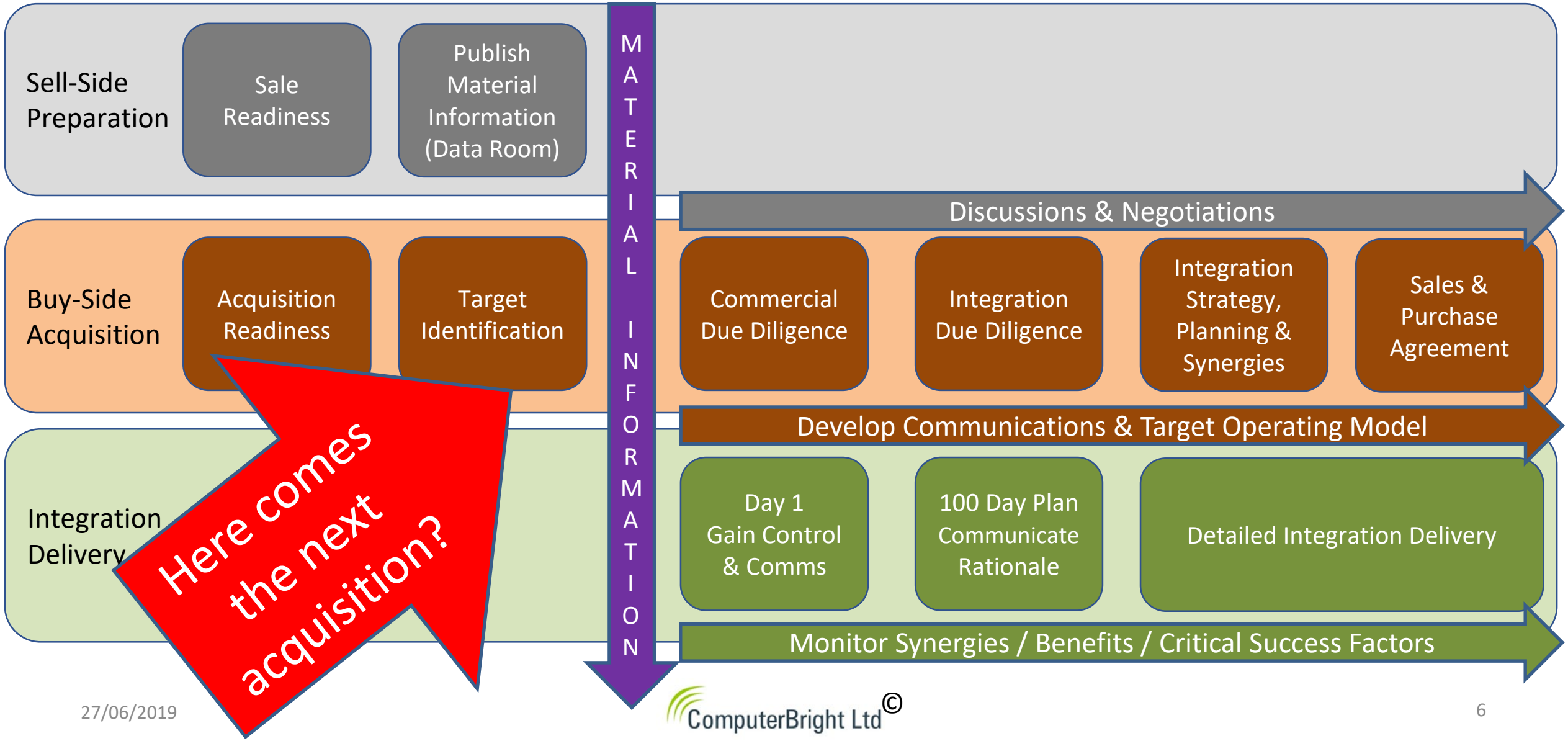
The lifecycle of an M&A transaction



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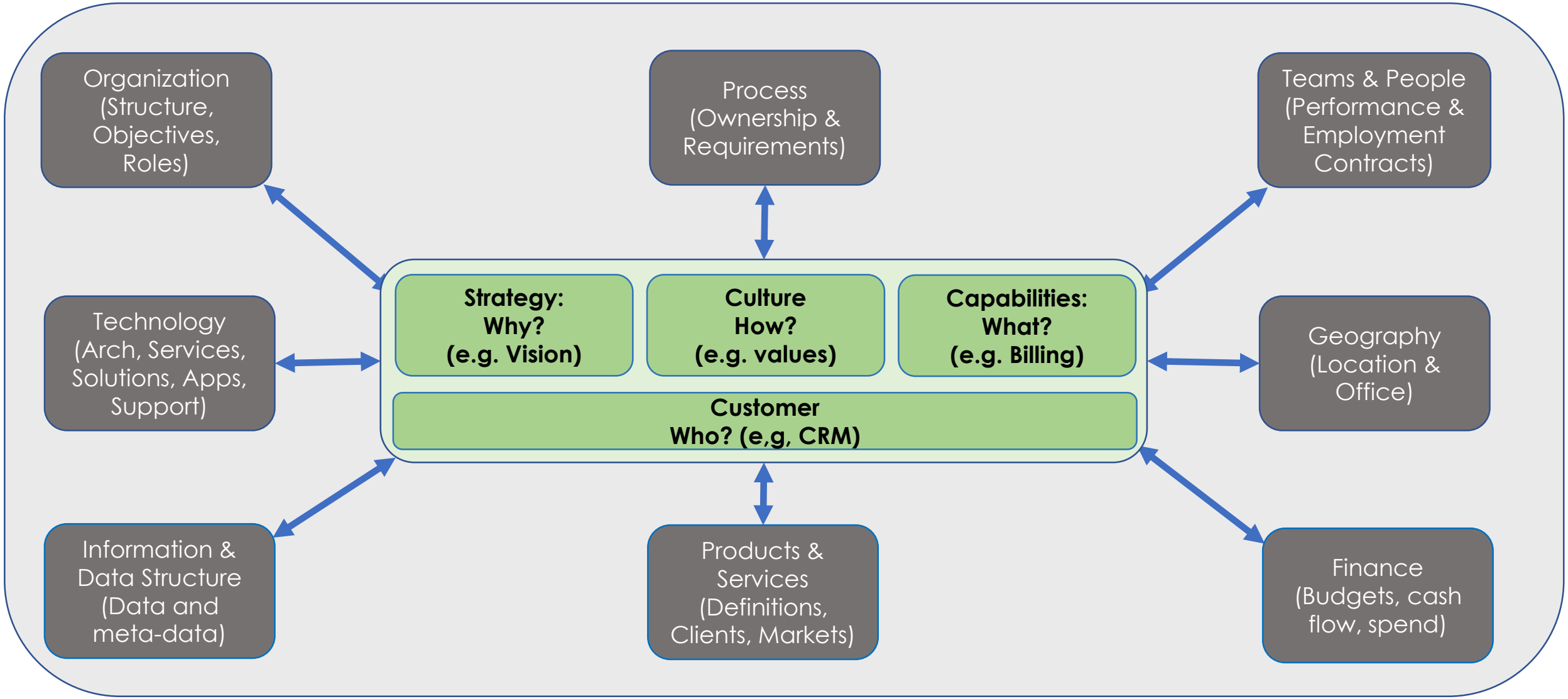
Building Blocks for Integration – Using an Integrated Target Operating Model



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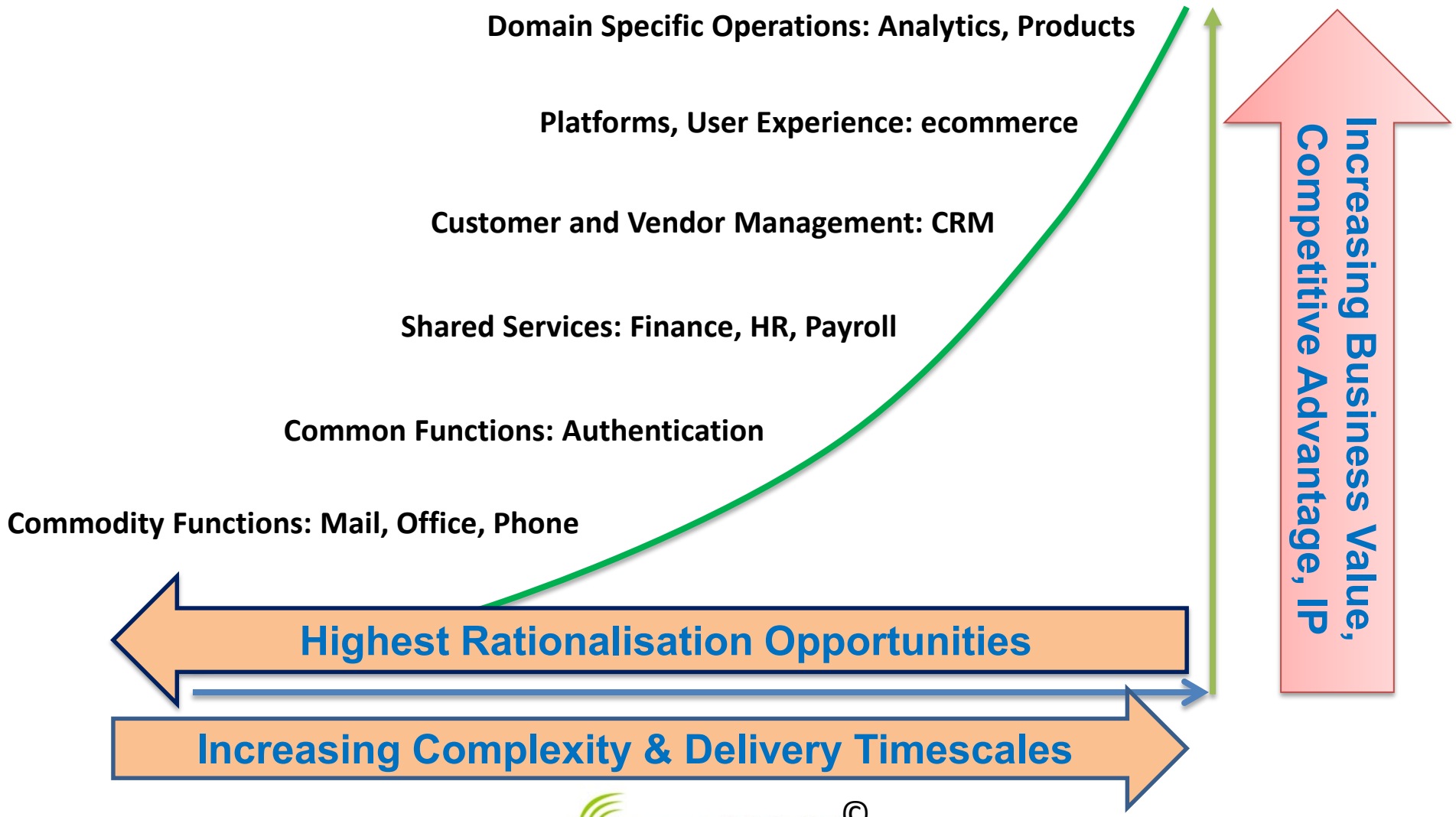
Formulating Integration Strategy



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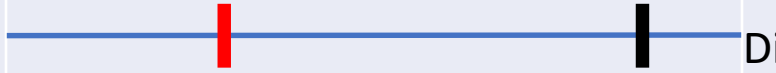
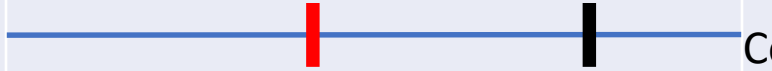
Cultural Assessment

Target / acquired business Buyer / acquiring business

Cost optimisation		Invest to scale-up
Risk-averse		Entrepreneurial
Follower		First-to-market
Top-heavy organisation		Lean structure
Centralised command and control		Decentralised decision-making
Homogenous management team		Diverse management team
Low-cost staff		Invest in people
On-the-job informal training		Competency-led staff development
Pragmatic software testing		Shift left testing
Traditional development		Cloud development
Product focus		Client focus
Informal working methods		Detailed, formal workflows

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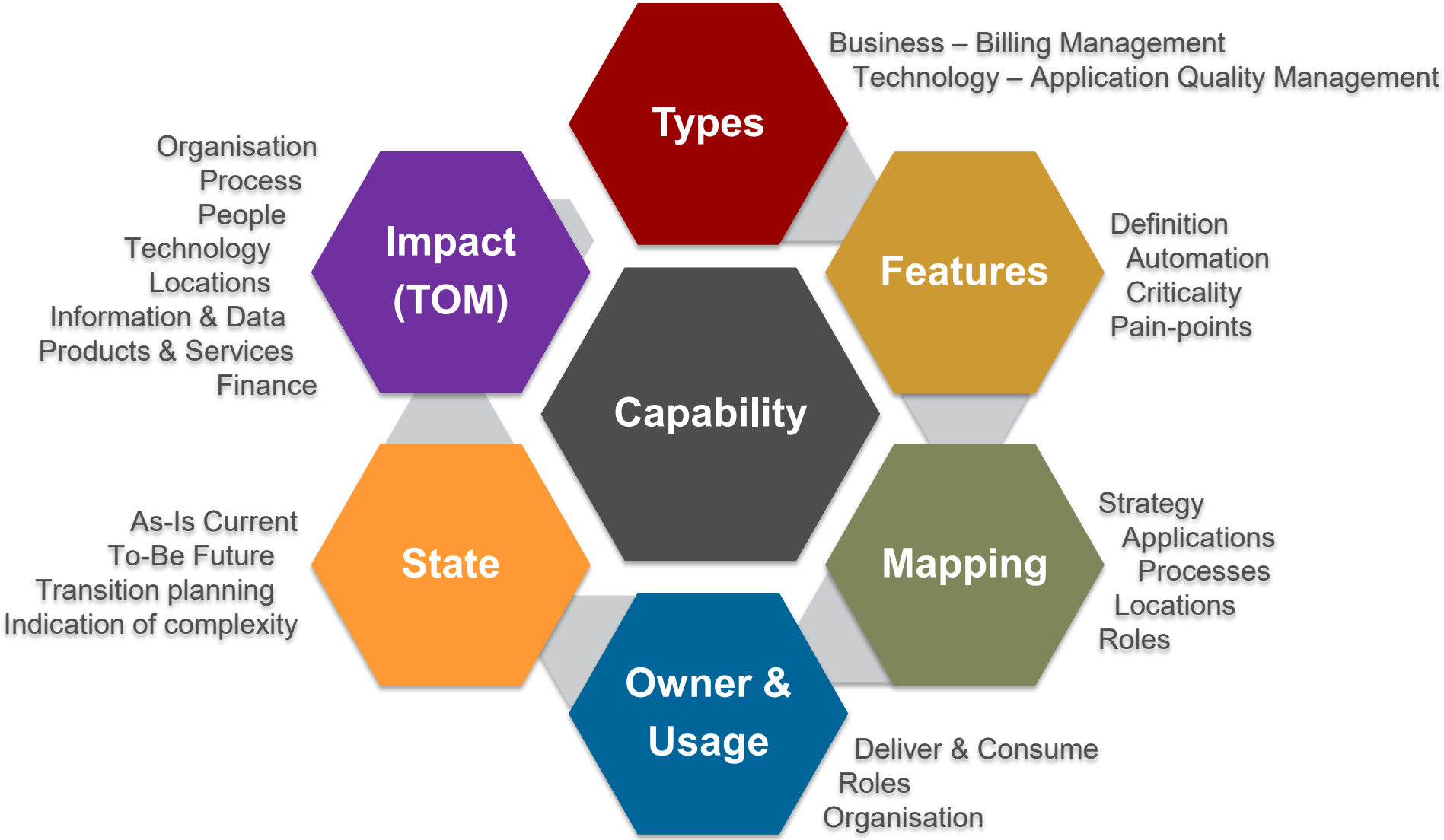
Driving Change Using Capabilities



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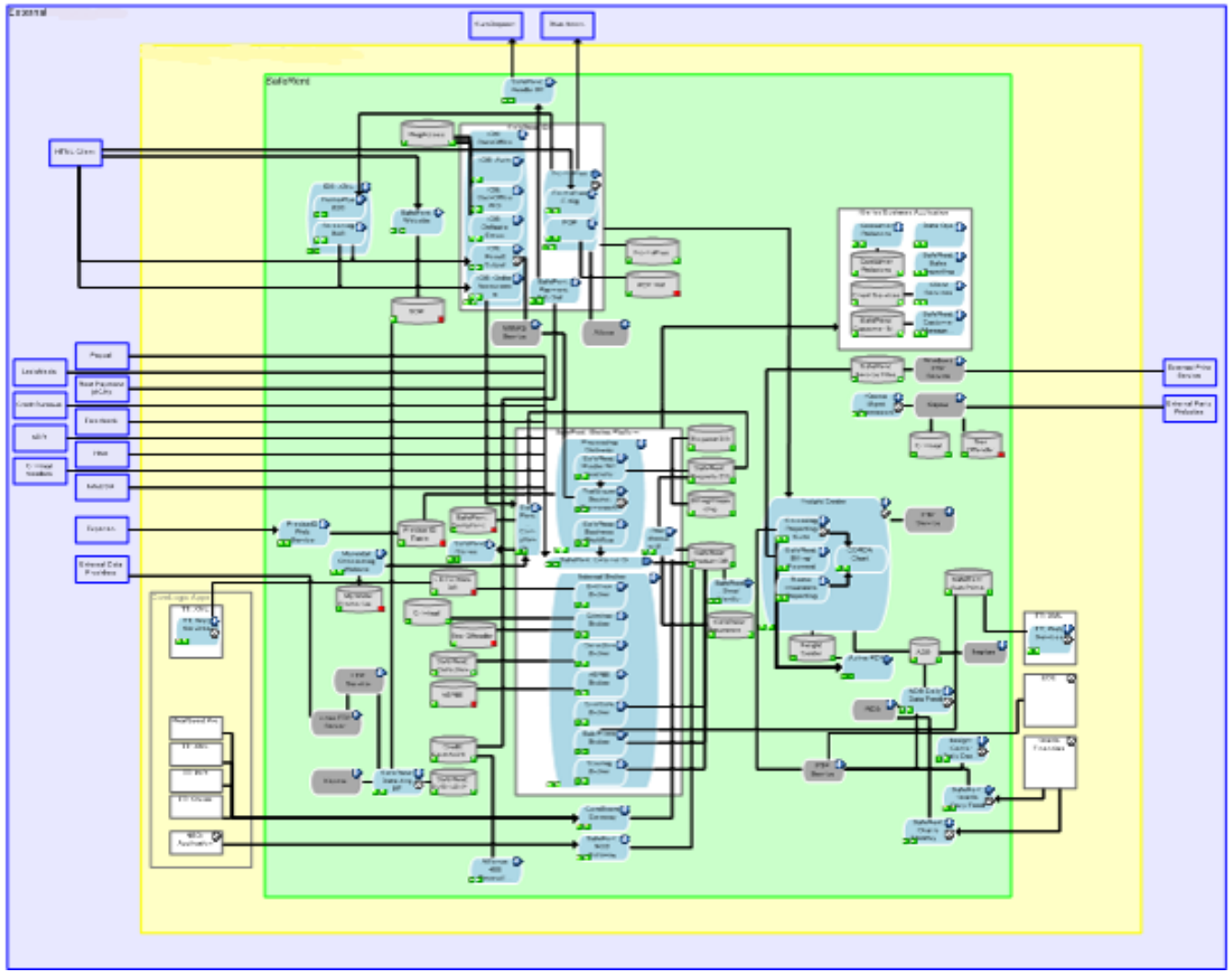
Software Rationalisation & Innovation

Move rationalisation from an art to a science

- Organizational Management
- Workflow Management
- Product and Service Management
- Common Operations and Shared Services
  - Logging and Reporting Operations
  - Security Operations
    - Grant User Entitlement
    - Authenticate User
    - Authorize User
    - Encrypt Data
    - Decrypt Data
    - Manage User Password



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IT Leadership Challenges to Driving Value

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Questions

“I never cared for what something costs,
I care for what it’s worth”
Ari Emanuel, Talen Agent, William Morris Endeavour

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