When the MAD Clock Ticks

Survive IT transformations driven by mergers, acquisitions, and divestitures

MAD-driven transformations can be a nightmare: critical system and workload makeovers that should take years are compacted into two- to three-month windows of sheer terror and financial foreboding.

"Some people ask the secret of our long marriage. I tell them we take the time to go to a restaurant twice a week for a little candlelight, dinner, soft music, and dancing. She goes Tuesdays, I go Fridays."

It's an old joke but if you've ever gone through a merger, acquisition, or divestiture (MAD), you know there's some truth in this classic relationship whimsy … except for the part about having spare time. Nothing in the mad world of MAD allows the parties to take their time.

For the IT team, MAD-driven transformations can be a nightmare: critical system and workload makeovers that should take years are compacted into two- to three-month windows of sheer terror and financial foreboding. It doesn't have to be that way.

The Short and Long of IT

Data center, end user, and IT infrastructure transformations come in all shapes and sizes, and they can be triggered by any of hundreds of different business requirements. But few requirements are as decisive as those associated with MAD-driven transformations.

Author Janice Roehl-Anderson sets the stage: "...the axis of value in mergers, acquisitions, and divestitures is more directly linked to getting information technology right than anything else. IT is generally the single biggest cost element in an M&A event—and can be the single biggest enabler of synergies."[1]

In our interviews with MAD experts, Merger Match co-founder Bridget Farris emphasized that "cultural differences are out there, on the surface for everyone to examine and plan for, but IT incompatibility can be the silent killer if diligence regarding tech differences is dismissed as less important."[2]

IT transformations are generally pressing imperatives. But few are as urgent as those driven by MAD. There are super-short-term demands, usually based on legal requirements for integration or separation, and penalties for missing deadlines. And there are longer-term but still pivotal demands for innovation to drive the new entity or entities forward.

Referring to divestitures, the hyper-sensitive time bombs of the MAD world, Stephanie Overby on CIO.com put it this way: "When a company sells part of the business IT is charged with systems de-integration. Untangling those complex systems is every bit as critical as the years of integration were. But that technology parsing has to happen in a fraction of the time and amid great uncertainty."[3]

Whether merger, acquisition, or divestiture, each brings particular challenges to those with responsibility for the IT environments of participating companies. But they also bring opportunities. Roehl-Anderson emphasizes: "IT organizations can increase the likelihood of achieving three critical goals of an M&A transaction:

- Execute an issue-free day-one
- Enable the realization of synergy targets
- Establish future-state platforms to support business growth."

Forecast: Global M&A Deal Value

(US$ trillion)*
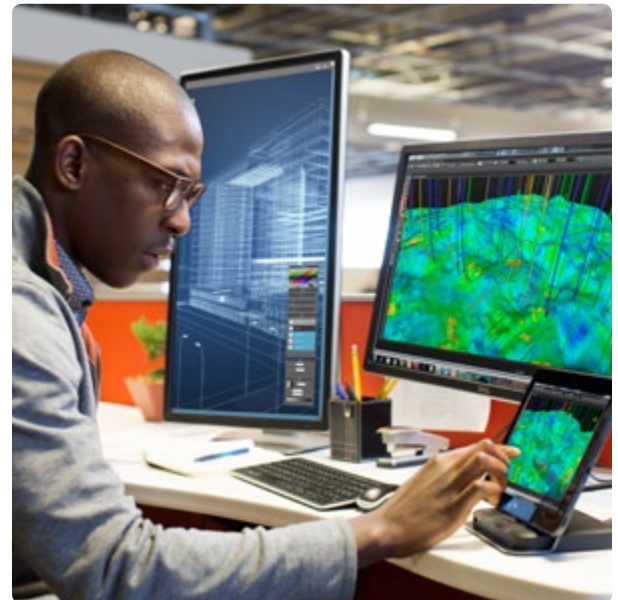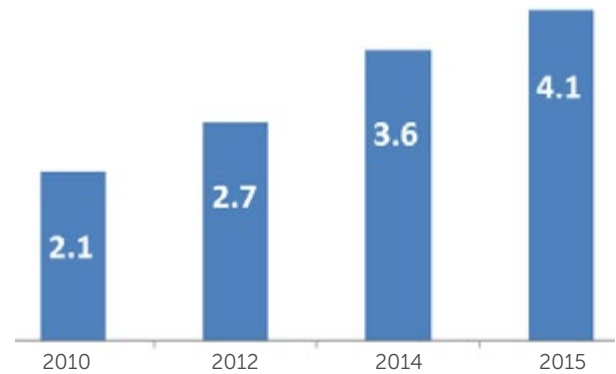
2.1	2.7	3.6	4.1
2010	2012	2014	2015

"Decisive, urgent, and creating the potential to nurture growth and efficiency: these are the characteristics of MAD that make it such a catalyst for IT transformation..."
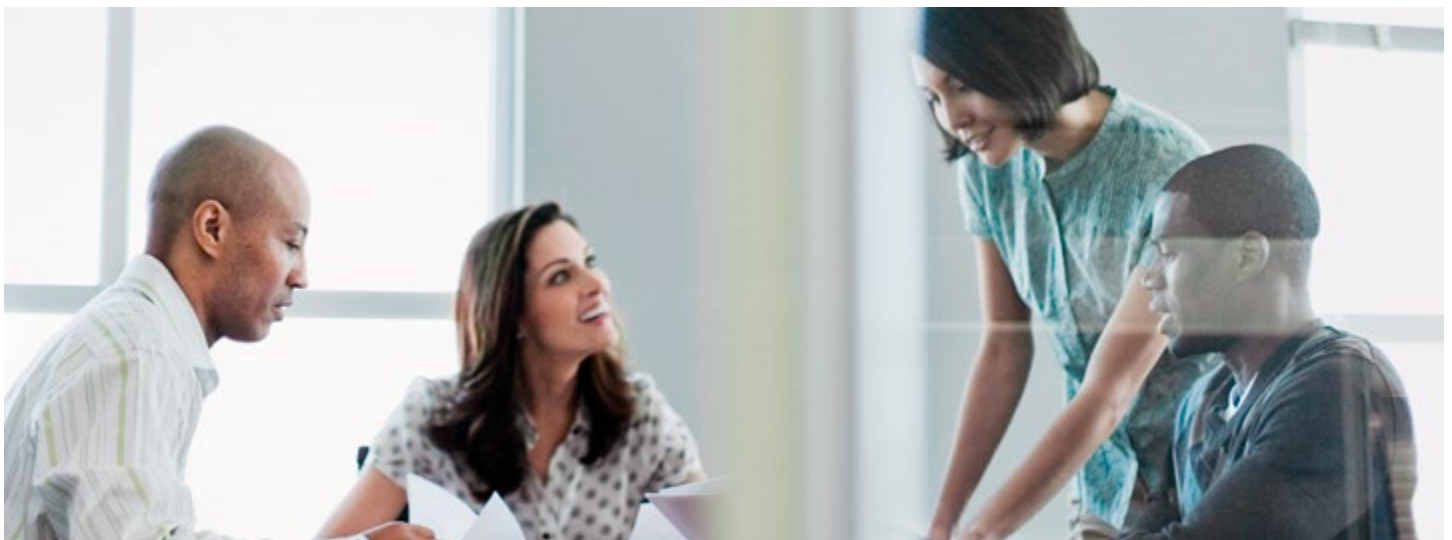
In fact, in many MAD scenarios, a 20% or even larger reduction in infrastructure and associated maintenance costs is a common key performance indicator. Return on investment is a big deal for merged and divested company leadership—another vehicle for improving the bottom line.

Forced IT consolidations and separations are not limited to the commercial sector either. Starting around mid-decade, under immense budget constraints, government entities in the US began to pressure their IT departments to collapse, merge, and combine their data centers. Federal Times reporter Aaron Boyd points out that "agencies participating in the Federal Data Center Consolidation Initiative are on track to close almost 3,800 data centers by the end of 2015."[4]

Decisive, urgent, and creating the potential to nurture growth and efficiency: these are the characteristics of MAD that make it such a catalyst for IT transformation and the focus of this paper. Whether you face it with dread or optimism, MAD is an opportunity to evolve, help your business move forward, and even innovate and differentiate in your industry. But you have to get the infrastructure mash-up right, and that requires a certain discipline.

True Story: When the MAD Hand Strikes Midnight

In the early days of motor vehicles, a small company based in Indiana began to design and build fuel and oil pumps. By 1919, they had expanded to provide pump solutions in countries all over the world. By the 1960s they were one of the global leaders in fuel dispensing and point of sale, and in 2014, having been acquired only four years earlier, they were divested by a large US conglomerate.

That's when their MAD clock started.

Practically overnight, the IT team of 13 people became responsible for completely separating from the conglomerate's IT infrastructure around the world, in only six months. This meant consolidating six global data centers and 1,800 end users across ten locations in nine countries—all in 130 work days.

But this was not just an IT challenge. MAD-driven changes are broader and deeper than just the technology services components such as Microsoft's Active Directory and Exchange. Leaders from sales, manufacturing, finance, and even HR had a stake in the outcome. After all, it was their workloads that the new IT infrastructure would support. That made the project that much more complicated: each stakeholder had independent requirements—their own MAD clocks ticking—and they needed help.

With an experienced consulting partner beside them, they dove into the project with an eye to the clock and guarded optimism. Diligent preparation was the first stage of a three-part process, including taking an "As-Is-To-Be" approach to gathering requirements from all technology and business owners. The As-Is phase included:

- Ensuring a thorough understanding of all requirements
- Assessing current capabilities
- Establishing scope
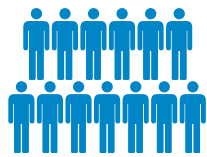
13 people on the IT team

6 global data centers

9 countries

130 work days to divest

The To-Be phase—defining a strategy focused just enough on transformation and business value without impacting speed—included:

- Balancing speed of migration with optimization goals
- Applying past learnings and best practices
- Developing a detailed plan and holistic program management roadmap
- Developing a financial justification that would guide investment conversations
- Lobbying the chain of approval through C-level and the board, using executive summary content.

When the preparation was over, the detailed plans and executive summary storyboard became the standard content for socializing the project quickly and consistently across all the IT, business, and financial stakeholders, as well as the executives and the board. That same plan was used as the blueprint for rolling the project out in a timeframe and with the breadth and depth that met the FTC requirements.

And the contents of the plan itself?

A cloud solution seemed the perfect fit for this scenario. A cloud approach would provide cost management, flexibility, control, security, compliance, and dozens of more positives, especially speed to production. By adopting a hybrid cloud model, the divested company could extend the appropriate applications to the appropriate cloud model with less complexity and integrate with their on-premise infrastructure.

At the heart of their conundrum were three issues: which workloads to move to the cloud, which type of service (e.g., SaaS, IaaS, etc.) suits the requirements, and how to bridge between their data center and the cloud they chose. That's where use-case demonstrations and proofs of concept (PoC) with non-production workloads came into play. The foundation for the initial migrations was "What can we move quickly and confidently right away," but always with an eye toward the future", as Roehl-Anderson says, "to support business growth."

In addition to the data center workloads, they had 1,800 PCs spread across ten major sites on three continents that they had to migrate to this new environment in a very short timeframe. As if that wasn't a big enough challenge, the divesting parent company had specific security and legal requirements for the assets and data that had to be met. By leveraging an experienced partner, they were able to provide solutions that not only met the security and legal requirements, but also helped roll out best practices to optimize the end user computing environment.

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The Devil is in the Application Details

When most organizations start an IT project they concentrate on discovery, planning, and execution. That works for a standard IT project, but not for MAD.

For MAD, your discovery phase needs to go deeper than server and workstation lists. You've got to dig down to the application and application dependencies level.

Place your applications into four categories— IT systems, human resources, finance, and line of business—and decide which applications need to be replaced and which data need to be separated.

Document each application and its operational framework (such as maintenance windows, change reviews, etc.).

Map the application communication network (databases, firewalls, load balancers, other servers).

The goal is to build a multi-dimensional view of your applications, their dependencies, processes, and supporting infrastructure.

Now you can create consumable groupings and categorize each application based on the most desired landing zone- for example, on-premise, co-location, infrastructure-as-a-service, software-as-a-service, or hosted-private cloud.

Implementation was next. With time so critical, it was paramount to reduce the logistical complexity of the IT transformation. This pump and distribution spin-out needed a partner that could expedite the implementation of hardware, software, and lifecycle services—including deployment, training, and support. They needed coordination of the work provided by any third parties, and a centralized, mature, and proven program management methodology and discipline.

The result?

This historic US enterprise, divested from the parent company under an agreement that dictated full global separation within six months, would have to pay substantial financial penalties if they missed the deadline. They didn't.

Instead, they created a complete new infrastructure within the six-month deadline, a project that could typically take 12-18 months. They utilized their partner's infrastructure and platform support to fill the gap created by their old support team staying with the mother company. They successfully migrated all 1,800 PC assets and users to the new infrastructure while minimizing downtime for the end users, helping ensure business continuity and productivity of their workforce. And they reaped the benefits of SaaS communication solutions, Microsoft Office 365, SharePoint, Lync, and much more.

Walk Into a MAD Sunset

As new signs are hung and new business cards printed, the sun sets on the old company or companies, and the engine of commerce, IT, starts to hum.

While there are hundreds of flavors of MAD and a spectrum of IT complexity in MAD scenarios, the prescription for IT success is fairly standard:

1. Understand the MAD lifecycle and be a part of it from the very beginning

2. Stay in line with the business requirements

3. Manage the stages, from assessment and planning to implementation and testing with a strict, centralized program management discipline

4. Use the detailed plan and summary of the data center and end user computing transformation to socialize the implementation across the entire organization

5. Streamline the implementation as much as possible through trusted partnerships with holistic providers.

Roehl-Anderson sums it up in this way: "Merger, acquisition, and divestiture transactions are not easy. They are fraught with pitfalls and roadblocks to achieving the expected benefits. Regardless of the size and complexity of an integration or a divestiture, the IT team's speed and effectiveness are likely to have a major impact on whether the deal ultimately achieves the expected results."

Lyndon B. Johnson, the 36th President of the United States, was known to make humorous comments on life and relationships in his day. One of his more famous quips was this: "I have learned that only two things are necessary to keep one's wife happy. First, let her think she's having her own way. And second, let her have it."

When companies go through mergers, acquisitions, or divestitures, there is only one way for IT to keep the C-suite, the board, and the trade boards happy: give them confidence that they are indeed "having their way," that short-term requirements will be met on time, and that transformation in the data center will nurture long-term prosperity for all.

The smart bet is to leverage MAD as an opportunity to accelerate the modernization of your infrastructure, communications and collaboration systems, and end user computing environment ... period.

When your MAD clock ticks, do more than just survive ... thrive.

When your MAD clock ticks, do more than just survive... thrive.

Next Steps

For a complimentary workshop to assess your MAD requirements and readiness, and provide tailored implementation proposals, roadmaps, and financial justifications, please contact your Dell sales representative. For more information, visit www.dell.com/ITconsulting

[1]M&A Information Technology Best Practices, Janice M. Roehl-Anderson, ISBN: 978-1-118-61757-1, Sept 2013
[2]www.mergermatch.com
[3]How CIOs Unravel IT Systems After a Business Divestiture, Stephanie Overby, CIO, Feb 25, 2014
[4]Experts: Data center consolidation goals not aggressive enough, Aaron Boyd, Federal Times, February 17, 2015
*https://www.jpmorgan.com/pages/insights/ma-market-poised-for-growth