



The Growing Importance of IT during the M&A Process

ICAEW, Corporate Finance and IT Faculties,

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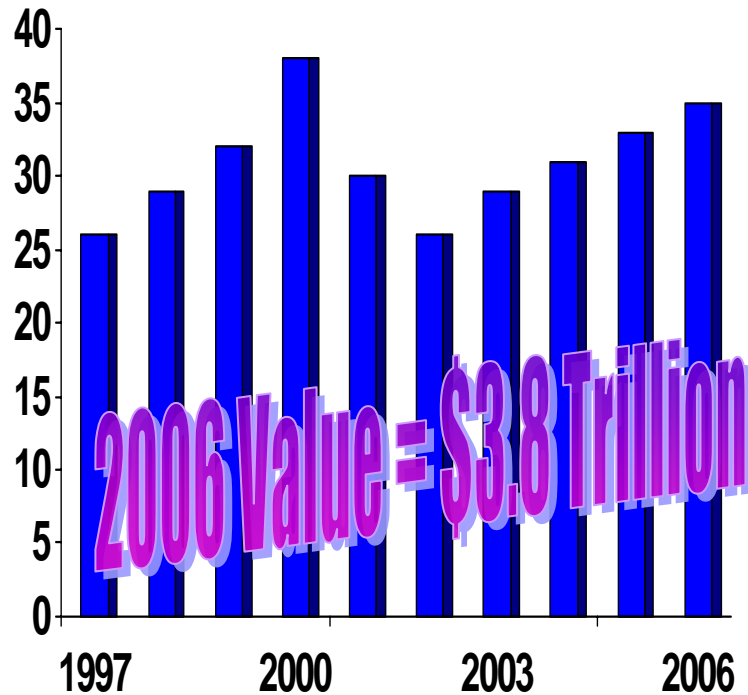
Vielba International Consulting Limited

Agenda

- M&A Landscape
- M&A Pitfalls and IT Risks
- IT Due Diligence Process
- Post- Acquisition Review
- Key Lessons Learned
- Q&A

M&A Landscape

M&A Transactions (1997-2006)



Source; Corporate Executive Board (2006)

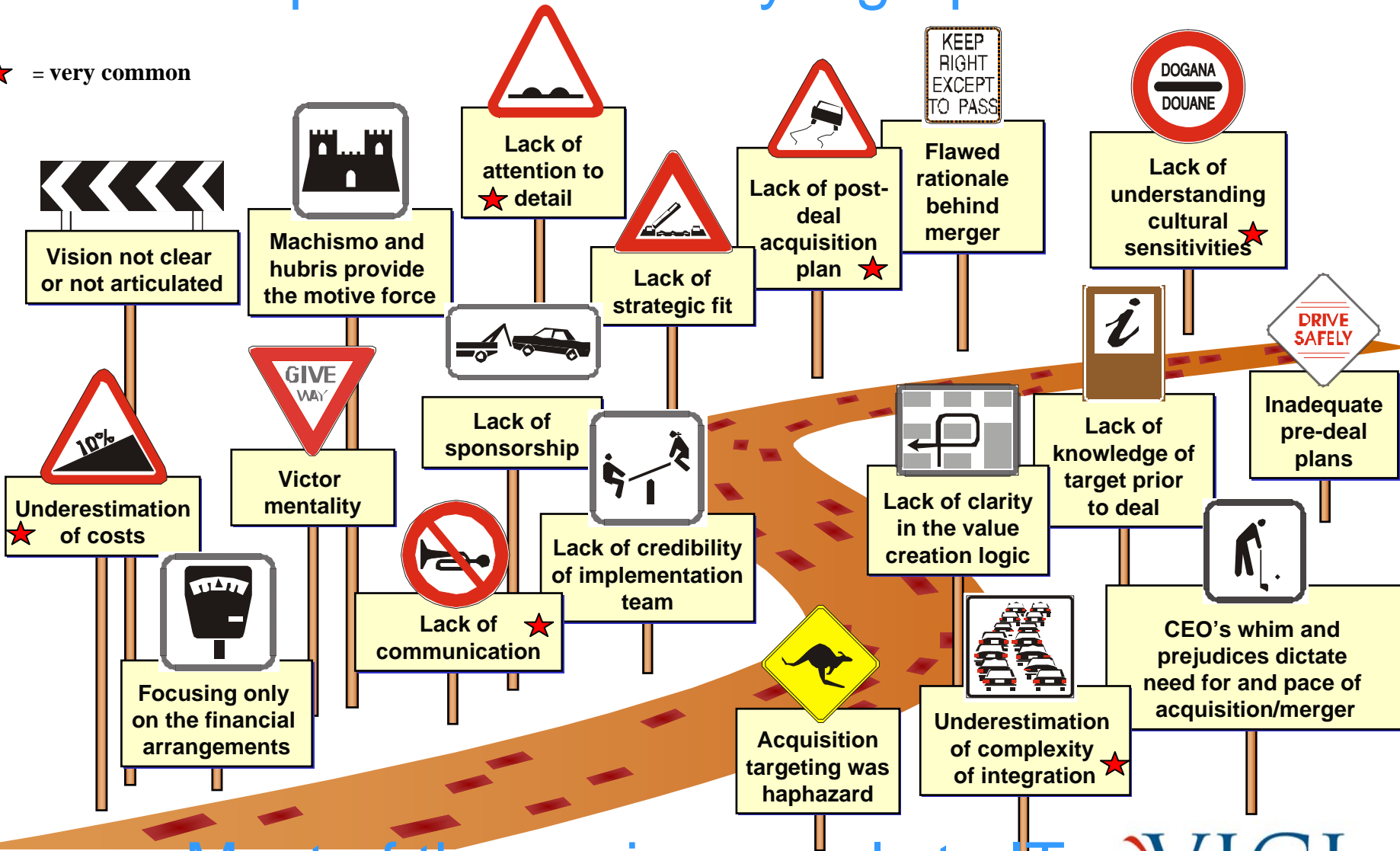
■ Transactions (000's)

- **Driven by economic drivers**

- Globalization
- Competition
- Deregulation
- Capital Funds
- Company liquidity

The pitfalls are clearly sign-posted

★ = very common

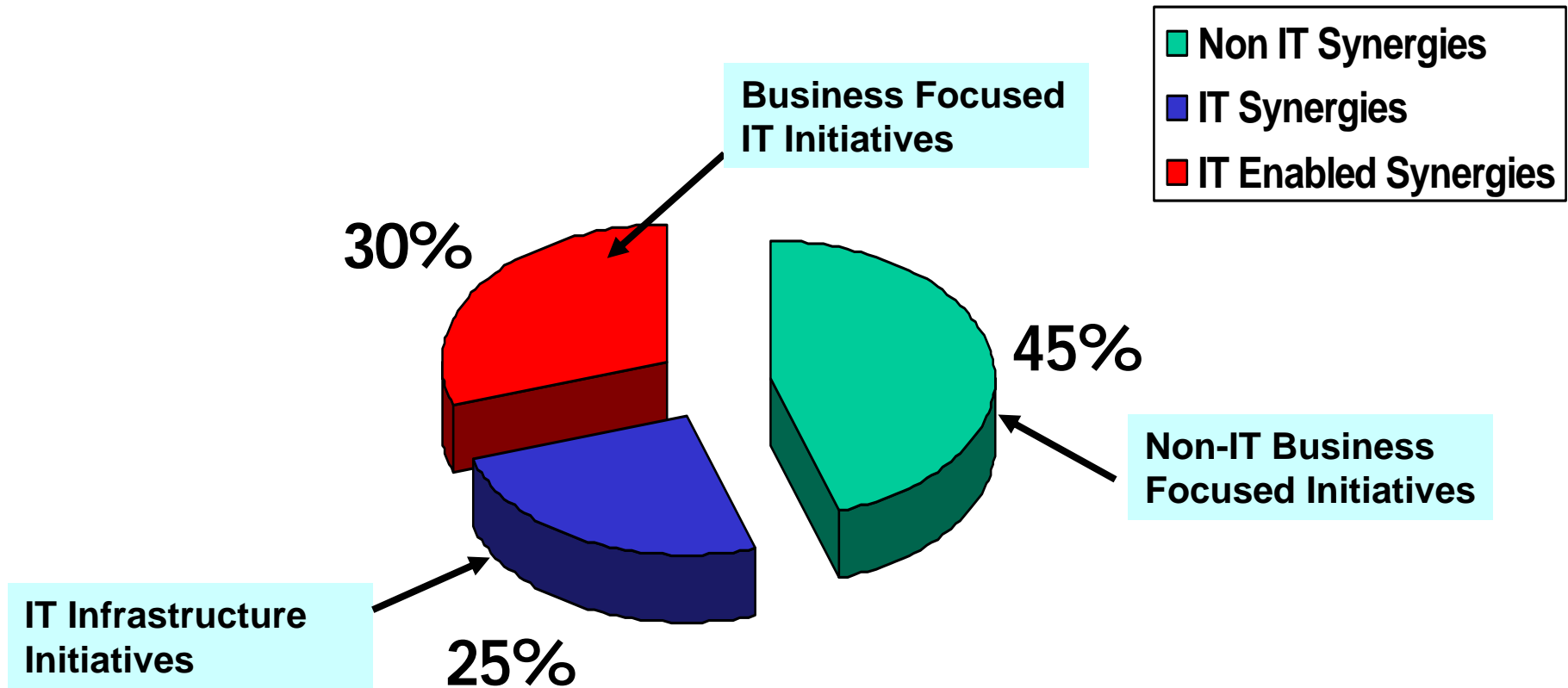


... Most of these signs apply to IT

IT Risks – Two Categories

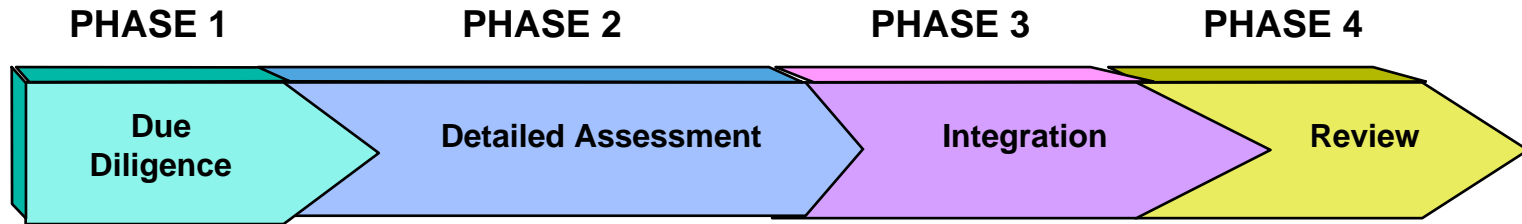
- IT expected synergies and cost savings will not be recognised, pursued or realised
- Business synergies and cost savings will not be recognised, pursued or realised because of **IT factors**.

M&A Synergy Targets in the Financial Sector



Source: Corporate Executive Board (2007)

M&A IT Project Phases



Key activities:

Evaluate
Technology
People
Processes
Risks
Suppliers

Develop Integration
Strategy:
Gap Analysis
SWOT Analysis
Synergies/Costs
Risk Analysis
Multiple Scenarios

Integration activities:
Mobilisation
Team Formation
Communications
Day1 Operations
Project Management

Post – Integration
Review activities
Results against objectives
Lessons Learned
Best Practices

**Business Driven
Initiatives**

**IT Driven
Initiatives**

**Business Driven
Initiatives**

IT Due Diligence Process

Purpose and Objectives:

To provide a high level assessment of the target company's IT infrastructure, systems, processes and organization.

Activities:

Strategy (Business and IT Strategies and Alignment between the two)

Finance (IT Budgets, Asset Management, Financial Control)

People (IT Organisation, Skills and Key Dependencies)

Technology (Systems Environment and IT Infrastructure)

Process (Business Processes, IT Governance, Management Practices)

Security (Data Management, Disaster Recovery Planning)

Partners (Supplier Contracts, Support and Maintenance Arrangements, SLA's, Software Licensing)

Compliance (Legislation Compliance, Corporate Social Responsibility, Intellectual Property, Supplier Warranties)

Benefits:

- An expert assessment of the IT function of the target company
- Realistic expectations about the potential IT synergies, integration costs and likely timescales including resource requirements
- A due diligence report with a clear assessment of the target company's IT infrastructure and operations including:
 - Main Findings and Recommendations
 - SWOT Analysis
 - Risks and Mitigations
 - Synergies and Integration Costs
 - Summary of Risk Criticality
 - Summary of Priorities
 - General Recommendations

... For early identification of IT risks

Post Acquisition IT Review Process

Purpose and Objectives:

To capture and document lessons learned during the M&A process and assess the IT experience gained during the acquisition process. a

Activities:

Strategy (Integration model and rationale)

Success Criteria (Balance Scorecard, financial and non-financial targets)

Change Process (business processes, people, communications, culture, management practices, organisational development, strategic partnerships)

Risk Management (key challenges found and risk mitigation used)

International Dimensions (geography, culture, language, currency, legal and compliance)

Key Lessons Learned (people, process, technology)

Best Practices (repeatable management practices, tools and techniques, methodology and standards)

Benefits:

- An objective assessment of the key processes used, key lessons learned and best practices.
- A set of key management repeatable processes within the IT function and for the organization as a whole
- Increased IT synergies and fewer IT integration costs
- Risk reduction in the next M&A transaction (financial and non-financial)
- Development of best acquisition IT practices for the next acquisition or disposal
- Retention of key M&A IT experience and skills within the company

... For capturing M&A IT knowledge and experience

Key Lessons

- Early Involvement
- An Enabling IT Strategy
- Experience and Skills



Question & Answer

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Frank Vielba - Biography

- Frank Vielba is Managing Director of VICL, an international IT consulting company based in London, England. He is the author of “Reducing the M&A Risks – The Role of IT in M&A”, Palgrave-MacMillan, August 2006.
- Frank is an independent consultant specializing on M&A IT work. He works regularly with corporate and private equity investors carrying out IT due diligence and M&A integration consulting work for small, medium and large companies. He has recently completed consulting assignments for Bank of Scotland, Barclays Ventures and Lloyds TSB in MBO/MBI and M&A transactions.
- Prior to setting up his own consulting company in 2001 Frank worked as a senior IT Executive in world-class companies, including KPMG, Emerson Electric, Manpower, Schlumberger and Coca-Cola. His M&A experience spans Europe, America and the Far East.
- He is a Fellow of the British Computer Society (BCS) and a member of the European Mentoring and Coaching Council (EMCC).

Vielba International Consulting Ltd.



- VICL is a firm of International management and IT Consultants specialising in IT systems integration and mergers.
- It was founded in January 2001 to provide IT solutions for international clients.
- We are a team of multi-lingual IT specialists and management consultants experienced in international business in a variety of industries and countries.
- We operate from London and through an associate network cover all main locations in Europe. VICL offer the following services:
 - M&A IT Advisory Services
 - Strategic IT Consulting
 - Interim Management
 - CIO Mentoring

