The Phase Model

One of the strongest themes to emerge from the cases is the importance for IT of early involvement in the M&A process. Early involvement reduces the likelihood that IT will be expected to deliver unrealistic targets and increases the chances of valuable IT synergies being recognised when a deal is made. It also ensures that those responsible for IT are informed and prepared for the task that faces them once the M&A has been agreed. This applies as much to the acquired as the acquirer. The question then needs to be answered, how early is early in terms of useful involvement by IT in the M&A process?

The answer is not straightforward as experience shows that each acquisition is unique. However, while there may be a need to be creative and flexible when approaching a transaction this should not obviate planning. The cases discussed by the CIOs demonstrate that there are predictable outcomes as well as well-trodden paths and processes that can reduce the uncertainty and risks associated with integrating two organisations’ IT systems. In fact a successful M&A integration contains a great deal of planning and requires the careful execution of a well thought through implementation strategy. Failure to complete such work in a timely or accurate fashion increases the likelihood of the M&A failing on financial or other dimensions. The approach discussed in this chapter is intended to address this area of risk by focusing on the role of IT at different stages of the M&A process.

In many respects the task facing the CIO in relation to an M&A is similar to any other major project or task. It involves the identification of aims, assembling of resources, planning, execution and review. The planning and execution of the integration of the separate IT systems involves the techniques of project management. The nature of the M&A requires attention to the processes of change management in both...
organisations, but particularly in the merged or acquired organisations. However, M&A is different from other management and it involves a sequence of imperatives that place particular demands on the CIO. In Part III the reader is introduced to a methodical approach to IT integration in the context of an M&A through a Phase Model. In the remainder of this chapter the base model is described and each of its four parts is then presented in detail in the chapters that follow.

The reader should be aware that what the phase model described below constitutes an ideal that is not always achievable. The constraints on completing fully every stage of the model occur as a result of tight deadlines, secrecy, organisational and political sensitivities, and limited resources. The CIO needs to complete as much of each stage as possible and be aware of those areas where estimates and assumptions replace accurate information and fact. He or she should also be clear about how much of the integration has been planned and how much has been left to chance. However, there are some essentials that the CIO should strive to complete, even in the most adverse of circumstances and these are indicated in relation to each part of the model.

The phase model

The idea of the model is to provide a practical guide for anyone contemplating an IT M&A project. It aims both to provide a guide or road map for the CIO faced with such a project and to highlight best practices used by M&A’s specialists, consultants and CIOs with a successful track record in this area. The model is presented as an aid to those involved in the IT side of an M&A, but it could be adapted to other functional areas. As a model it should also be of interest to senior executives or board members who want to understand better the role played by IT during the M&A process.

The four elements of the phase model are:

![Figure 7.1 The phase model: key elements](image)

Each of these elements has a distinctive set of aims, with associated activities, and deliverables.