IT Integration Best Practices in Mergers and Acquisitions (M&A)

How to restructure and modernize hybrid Active Directory, Exchange, SharePoint and Office 365

INTRODUCTION

Merger and acquisition (M&A) activity reached record levels in 2018, totaling $4 trillion. That's a 19% increase over 2017 according to Thompson Reuters. After all, M&A activity can help organizations expand their customer base, diversify their products and services, and acquire new technology to stay competitive. An awfully large sum of money is fronted to buy another - and investors and the stock market want to see any of those three goals return significant cost synergies.

In order for organizations to meet any of those three goals, IT integration has to happen — getting employees of the different organizations working together, or in the case of a spin-off, ensuring they have the resources needed to focus on their core competencies.

All that starts with IT integration.

Yet IT teams face special challenges in achieving the technology integration required by a merger or acquisition. Strict Transition

Service Agreements (TSAs), established when the deal is inked, dictate strict deadlines to carryout the IT integration work. While working to meet these tight time lines, IT must effectively plan and perform the integration work while preventing user disruption, protecting the business and customer data from potential security incidents, creating effective communication channels between M&A executives and business stakeholders, track all the moving parts and people coming and going, and continue to drive forward other IT roadmap projects.

These challenges can feel overwhelming. But with the right planning and the right tools, they don't have to be. Indeed, properly understood and managed, the migration necessitated by a merger or acquisition is a prime opportunity to consolidate, clean up and modernize your hybrid Active Directory (AD), Exchange, SharePoint and Office 365 environments to support and even drive the ongoing success of your organization. And with the right planning, strategy and tools, the process can be far easier than you ever imagined. This white paper explains how.

A merger or acquisition is an opportunity to create an IT infrastructure that will support your organization's mission today and into the future.

IT INTEGRATION CHALLENGES IN M&A SCENARIOS

Technology integration is one of the most important components of a merger or acquisition. Combining the IT systems of the merging companies is a critical step toward making them one entity, realizing the synergies between them, and enabling strategic and cultural integration. Without technology integration, you just have two separate entities that report their revenue as one.

Integrating the IT systems of two or more distinct organizations is difficult in any industry. Most M&A projects have a hard deadline, so there's a ton of pressure on IT to finish as quickly as possible. Plus, integrations are complex projects that require considerable expertise and resources. IT managers may not have the budget to hire additional staff, so existing IT teams are often tasked with managing the post-merger integration, in addition to their full plate of daily duties. Very few IT professionals have much, if any, migration experience, but they must become experts quickly. And, of course, smaller organizations may not even have an IT employee on staff.

On top of these challenges are others that compound the tight time lines and jeopardize cost synergies. Many organizations like financial services and healthcare organizations need to continue to meet regulatory burdens; many still have entrenched proprietary legacy systems that add complexities to any M&A, and employee disruption must be avoided at all costs.

Any disruption relating to user productivity - whether from a legacy application migration issue, network outage, or lack of access to network resources - will impede the expected cost synergies M&A executives are counting on in the early days of an integration. IT has a lot of responsibilities to ensure M&A IT integration is successful and timely.

IT INTEGRATION AS AN OPPORTUNITY TO ALIGN WITH OVERALL BUSINESS MISSION

These challenges are daunting. But they actually tie in with a set of challenges that IT teams at organizations are facing anyway. Therefore, the IT integration required by a merger or acquisition can actually be an opportunity to address a wide range of IT concerns and create an infrastructure that will support the mission of the business into the future.

The mission of the business - whether to support increasing engagements with partners, a better customer experience, faster and more responsive services and products - will change over time as customer needs morph, technology improves, competitors disrupt the market or regulations change. For example, healthcare is in the midst of a radical shift that will move resources away from inpatient care and toward coordinated outpatient and telehealth care. The resulting increased use of mobile access, virtual visits, remote monitoring devices and wearables will create new and unique challenges. At the same time, the Health Information Technology for Economic and Clinical Health (HITECH) Act will stimulate the adoption of electronic health record (EHR) technology such as Epic.

Because of factors like these, organizations — independent of any M&A activity — need systems that are efficient and flexible enough to enable them to quickly embrace change. However, over time, many IT architectures have grown complex and convoluted. They often have developed silos and rigidity that discourage the adoption of new technology and limit the organization's ability to change. A merger or acquisition deal is an opportunity to change all that and refocus IT systems on the strategic goals of the organization.

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THE CONSOLIDATION AND RESTRUCTURING PROJECT

So, how can an IT team achieve the integration required by a merger and acquisition process while also modernizing the IT infrastructure to support the organization's mission and needs into the future? A key part of the effort is to consolidate, restructure and modernize underlying infrastructures, especially Microsoft Active Directory, Azure Active Directory, Exchange, SharePoint, and Office 365.

No migration is as complex or as critical as an AD, Exchange, SharePoint or Office 365 consolidation and restructuring. That's because these two systems offer core services that the organization cannot do without at any time. AD is at the center of the IT infrastructure, securing and controlling access to mission-critical applications, while Exchange, SharePoint or Office 365 provides vital communication and collaboration services.

Many organizations struggle with managing multiple AD forests, email services, rapidly expanding SharePoint content, and a merger or acquisition often brings the problem to a head. Consolidation in these areas is critical to IT efficiency, application availability, security and compliance. For example, many organizations have structured their IT environments in a devolved way. In particular, multiple AD forests deployed around the world, enabling various global offices of the same organization to run autonomously. This approach has worked for many years for many organizations. However, security and access management complexities and the simple but powerful need to create effective communications and collaboration between global offices of the same organization has driven the need for a more centralized approach. Throw a M&A into the mix and organizations suddenly find their decentralized AD leads to gaps in security, compliance violations, and limited collaboration and visibility between global and departmental teams that need to communicate as one.

This was the case for Johnson Matthey, a leading multinational specialty chemicals and precious metals company. They wanted a centralized approach to give its teams of 1,200 researchers greater visibility into each other's work, such as finding new applications for catalysts and submitting patent applications. It soon became apparent that the company needed a single directory structure with a Global Address List (GAL) that would include the entire organization. Johnson Matthey needed to consolidate its 27 AD forests into one single AD within a tight deadline. After migration, it needed to effectively manage the new AD, including the delegation of admin rights to each office for local access management. In addition, to ensure security and comply with industry regulations, the company needed to be able to audit changes to its AD.

THE QUEST M&A INTEGRATION FRAMEWORK

To achieve an efficient, manageable and flexible end result, IT must carefully manage the integration before, during and after the merger or acquisition process. To help, Quest has developed a M&A IT integration checklist for organizations. It involves the following:

- Day 0: Due Diligence

- Day 1: Integration Execution

- Day 2: Ongoing Management

DAY 0: INTEGRATION PLANNING

The planning for consolidating IT environments in an acquisition starts before the deal is inked. Before the contracts are signed, the leadership teams should understand the cost of the integration and have a high-level understanding of the timeline to accomplish the task. For this to be achieved, key individuals from the IT team must be brought under NDA to assess the target's legacy systems and size the application effort and infrastructure cost. In some cases, infrastructure costs can be equal to or even greater than the application migration efforts.

AD, Exchange, SharePoint and Office 365 consolidation is critical to IT efficiency, application availability, security and compliance.

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A key focus of the integration should be on reducing risk and avoiding disruption. That means maintaining security and compliance measures throughout, reporting on status regularly, and establishing clear permissions, privileges and access rights. It also means having a clear backup plan in place in case things go wrong.

Factors to consider

Here are some key factors to consider when planning your IT integration project:

- **Audits —** A full inventory of the source IT environments is necessary in order to plan for what the combined environment will look like. This is something that any organization should do, not just one contemplating a merger or acquisition. But many do not. Many organizations don't even know what they have, how many users are active and what the state of their support contracts are.

- **Security —** The new organization needs to understand what kinds of liabilities they may be inheriting. If possible, vulnerabilities should be eliminated before combining systems. Critical questions include:

  - Who has access to what sensitive data and how did they get that access?

  - Who has elevated privileged permissions in AD, servers and databases?

  - What does normal and abnormal user behavior look like and how are we monitoring for that before, during and after the merger?

  - What systems are vulnerable to security threats?

  It's not unusual for the acquirer to insist on a full security assessment and remediation from the acquisition target as a condition of the deal.

  Why? Ransomware, spearfishing and viruses are common attacks that can result in data theft and subsequent compliance failures, litigation, fines and more. Because of the many moving parts involved in mergers, including IT integration and natural and forced employee attrition, hackers see this as their opportunity to infiltrate an

organization without anyone noticing. In some cases, the acquired company may already be breached, as in the case of the Marriott/Starwoods merger and subsequent data breach announcement.

A few months before an M&A deal goes through is the wrong time to discover a security breach.

- **Access management —** M&A activity sees a lot of people coming and going in an organization through natural attrition and work force reduction efforts. This is why organizations need to be particularly diligent when it comes to access policies and ensuring automatic provisioning and de-provisioning.

- **Infrastructure and applications —** Before the merger is complete, it's important to build a map of what the combined IT environment will look like. Using the audit information and security assessment, the teams can begin to make some of the major decisions about which systems to sunset and which to migrate over. Pay special attention to storage reports for content migrations to make critical capacity and performance decisions. The more decisions that are made in advance and the more detail that is included, the less opportunity there is for issues to arise during the migration.

- **User training and support —** Planning should also include comprehensive end-user training as well as a plan for go-live support as new systems are brought up. At-the-elbow support is critical to success with new applications, and resources should be budgeted for gold-standard services.

Options for AD, Exchange, SharePoint and Office 365 integration

When it comes to the AD and Exchange integration, IT decision makers have three options:

1. You can choose to keep both existing infrastructures in place as is, and synchronize directory and email contents.

2. You can choose to move all data from one or more structures into another existing structure from one of the merging parties.

3. You can move to a completely new structure, one that is developed to meet the needs of the new organization being developed

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Option 1: Keep both infrastructures and synchronize them

Some organizations will choose to maintain their current infrastructures as they are, and use synchronization tools to provide integrated services to users of the new structure. This approach is complex and expensive because the interface must be maintained and updated as the two synchronized systems evolve over time. Therefore, this option is not recommended, and it will not be considered for the remainder of this paper.

Option 2: Merge one existing infrastructure into the other

This approach is usually chosen in either an acquisition scenario or a merger scenario in which one organization is larger or more dominant than the other.

Moving objects from one AD forest or SharePoint farm to another isn't a simple task. You need to begin with a pre-migration assessment in which you analyze the existing directories and email structures in order to determine how best to perform the migration. You can choose to:

- Clean up objects in their originating source before moving them. This is often hard to do properly because you must have a thorough inventory of the objects before beginning the cleanup, and obtaining valid, up-to-date information on the objects in each source and target can be difficult.

- Move the objects into a special container in the merging target environment, clean them up there and then move them to the appropriate location within the platform. This consolidation strategy also requires a thorough inventory.

- Group objects according to the new departmental structure and move them as groups into the merging target.

Option 3: Merge everything into a new infrastructure

A third strategy is to move into a brand new infrastructure by creating a new Exchange, SharePoint or Office 365 environment and moving existing data and objects into this infrastructure. This works particularly well if the acquiring organization is already contemplating a move to Office 365 for their on-premise Exchange and SharePoint. They make the move part of their IT integration. This way you can ensure that any new standards and operational strategies that need to be enforced in the new organization will be enforced from day one. You don't need to adapt existing directory structures or make legacy systems work in new ways. Instead, you can create new systems from the ground up — and create an environment that is properly scaled and has room for growth in case of additional M&A activity in the future.

Ensure that you have comprehensive inventories of the legacy systems, and then work with your business counterparts to identify unused mailboxes, accounts and services that do not need to be migrated, as well as content that should be archived. This process will help both you simplify the migration and deliver a clean new infrastructure without any obsolete objects.

DAY 1: INTEGRATION EXECUTION

Key considerations

Once you have chosen either option 2 or option 3 for your Microsoft platform integration, it's time to perform the migration. Keep the following considerations in mind:

- **Take backups —** Before you begin any migration, make thorough backups of the originating forests, mailboxes repositories, and collaboration sites in case in case something is missed during the move.

- **Have a reporting structure in place —** You'll need to report to the authorities and executives at regular intervals how the migration is proceeding and where you are in theprocess to the meet transition services agreement (TSA).

- **Plan for directory and email system coexistence —** The migration process will take time. The duration will depend on the total number of users to migrate, as well as the amount of data to transfer. Make sure your strategy includes a tool that will support this coexistence.

- **Migrate user credentials —** Ensure that all users who are being moved to a new system will not be given new credentials by using a tool that moves their existing passwords with their accounts. Of course, some users may be forced to update their passwords later to meet the standards in the new infrastructure.

Create an environment that is properly scaled and has room for growth in case of additional M&A activity in the future.

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- **Synchronize key data —** Critical data, such as public folder content and calendars, must be synchronized between the two systems throughout the migration process. For example, users who are on the new system need to be able to share information with users who have not yet been migrated.

- **Synchronize availability data —** Free/busy information must also be synchronized if users are to have a productive experience during the migration. Otherwise, they will be frustrated when they try to organize meetings, since they will be unable to tell whether participants or resources are available at a given time.

- **Synchronize mailbox data —** It's essential to ensure that users have uninterrupted access to all their email during the migration.

- **Control legacy access —** During the migration, users will need to access data in both the legacy and new infrastructure. To do so, you need to enable the Security ID (SID) history.

- **Perform SID translations —** Once data migration is complete for a user, you can switch that user to the new environment and remove legacy SIDs. To do so, you will need to perform SID translations on legacy data.

- **Update user profiles —** Once each user is completely migrated, you will need to update their AD and Outlook profiles to ensure all of their systems work properly.

- **Perform a final cleanup —** When the migration is complete, you will also need to remove any agents you deployed and perform a final cleanup of your legacy systems. At this point, you will be able to decommission the older systems to free up valuable footprint, heating, cooling and power.

DAY 2: ONGOING MANAGEMENT

As its name implies, ongoing management includes activities that must be planned and executed throughout the merger or acquisition integration. The goal is to establish workflows between the two organizations so that productivity and communications can be maintained. There are four key aspects to keep in mind:

- **Communication and collaboration —** This is the most basic requirement in making a merger or acquisition work. Creating a common culture and shared mission in the new healthcare organization is essential to ensuring seamless care for patients. For instance, you must establish how the combined entity will exchange information by setting up a unified address list, shared calendars and access to other shared resources.

- **Roles and responsibilities —** Equally important is assigning specific aspects of the consolidation to appropriate resources. Accountability and a clear understanding of responsibilities are critical for success. Anything less allows critical tasks to fall between the cracks, potentially upending the entire effort.

- **Governance —** Governance must include clinical and business leaders in addition to IT leaders. This will help ensure that clinical needs are understood by the technical leaders, and that technical capabilities are clearly transmitted to clinical and business staff. A collaborative approach also often results in better use of available technology and better mission support by IT.

- **Training —** In all of the urgent and complex tasks involved in IT integration, it's easy to forget about the end users. Ongoing training on new systems is critical for maximizing productivity and maintaining security.

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CONCLUSION

If your organization is involved in a merger and acquisition, the impending IT integration project might seem overwhelming. But it needn't be. In fact, the project can be the perfect opportunity to clean up, consolidate and modernize your Microsoft IT infrastructure to meet the business requirements you're facing anyway, such as creating greater collaboration across departments by moving your content and communication tools to Office 365. The IT integration project you're dreading can actually be the gateway to the clean, manageable, secure IT environment your organization wants and needs.

Of course, few IT professionals, even CIOs, have much experience with hybrid AD, email, and content migration projects. That's why it's critical to find the right partner and select the most appropriate tools to help facilitate the transition. With Quest® solutions, you can conquer the complexities of an M&A IT integration. We offer a comprehensive framework for the effective integration, consolidation and management of on-premises, cloud and hybrid Microsoft environments — software and services you can count on, again and again. Even better, it's repeatable: You become familiar with one set of solutions, one support team and one services team, so when the next M&A falls into your lap, you'll be prepared.

With the right tools and services to help, the IT integration project you're dreading can actually be the gateway to the clean, manageable, secure IT environment your organization wants and needs.

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