

Pre-merger or Acquisition Technology and Process Due Diligence

Look before you leap.

- ◆ Are you considering acquiring or combining operations with another organization?
- ◆ Do you have a clear understanding of the issues and costs involved with combining systems?
- ◆ Have you included an IT analysis as part of your pre-merger due diligence?

Merging operations, but at what price?

Many organizations look past the practical issues of technology and business process integration when evaluating a merger or acquisition. Indeed, this is one of the most common reasons that mergers fail. Incorporating this analysis before finalizing a deal or a deal price can determine whether systems are compatible and up-to-date, or whether the real cost of the acquisition may be much higher due to a variety of risks, such as:

- ◆ Proprietary systems that are difficult to integrate
- ◆ Critical applications or systems supported by a vendor that is no longer in business
- ◆ Poor quality or inconsistent data
- ◆ Difficulties in accessing data

If your organization is considering a merger or acquisition to increase opportunities and competitive advantage, talk to West Monroe Partners. We have helped many companies and private equity firms complete pre-acquisition due-diligence reviews to:

- ◆ Determine whether the acquired technology can be leveraged to scale the business
- ◆ Avoid costly surprises after closing
- ◆ Identify potential business improvement opportunities
- ◆ Value the potential transaction appropriately
- ◆ Ensure that acquired technology can be maintained, supported, and integrated with other applications

Evaluating IT from all angles.

Our comprehensive review examines a prospective combination from the equally important angles of strategy, people, process, and technology.

Strategy

- ◆ Does the company have a documented IT strategy?
- ◆ Is its technology a source of competitive advantage?
- ◆ Does the company own any IT patents or trademarks?

People

- ◆ Is there an organization chart for the IT function?
- ◆ Do technology teams operate in a centralized manner?
- ◆ Do staff members hold the right certifications?
- ◆ To what extent does the company rely on vendors?

Processes

- ◆ Has the company documented its key IT processes?
- ◆ Are proper security policies and procedures in place?
- ◆ Does the company enforce software standards?

Technology

- ◆ How prevalent are custom or proprietary systems?
- ◆ Is the company using current software versions?
- ◆ What type of connectivity exists among locations?

Delivering on expectations.

Asking the above questions and many more, West Monroe Partners will provide an objective and detailed IT and process analysis that can make it easier for your team to evaluate a potential merger or acquisition. At minimum, it can help you arrive at an acquisition price that reflects the realities of combining entities. Beyond that, it can jump-start the integration planning process, enabling merging organizations to move quickly toward delivering the synergies and value that brought them together in the first place. That's business in the right direction.