Navigating the Tech Maze:

Protera's Guide to Successful Merger and Acquisitions in the Digital Age

Whitepaper 2024

Executive Summary

In the rapidly evolving landscape of the digital age, mergers, acquisitions, and divestitures (M&A&D) represent significant opportunities and challenges for business leadership in information technology (IT). This whitepaper provides a comprehensive guide for navigating the complexities of M&A&D, offering strategic insights and actionable advice to ensure successful outcomes.

Protera, leveraging its extensive experience and expertise, presents a framework designed to assist IT leaders in maximizing the value and minimizing the risks associated with these transformative activities.

The digital age has precipitated unprecedented changes in the business environment, with technology at the forefront of driving and enabling these transformations. As organizations seek to adapt, grow, and compete, M&A&D activities have become critical strategic tools. However, the integration of technology systems, alignment of digital strategies, and mitigation of cybersecurity risks pose complex challenges that can significantly impact the success of M&A&D initiatives.

The Importance of Strategic Due Diligence

Comprehensive Assessment of Digital Assets

Strategic due diligence in the context of M&A extends beyond financial and legal considerations to encompass a thorough evaluation of digital assets. This includes assessing the scalability, compatibility, and security of technology platforms, as well as the potential for digital innovation and growth. IT leaders must ensure that technology assets align with strategic business objectives and can be integrated efficiently. In a divestiture understanding the assets, systems, and data that will need to be included in the TSA (Transition Services Agreement) is critical driving a project on time and on budget.

Cybersecurity and Data Privacy Considerations

In an era where data breaches can jeopardize customer trust and incur substantial regulatory penalties, evaluating the cybersecurity posture and data privacy practices of target entities is paramount. Due diligence must include an assessment of compliance with relevant regulations (e.g., GDPR, CCPA) and the identification of potential vulnerabilities that could pose risks in the post-merger integration phase.

Strategies for Successful Technology Integration

Establishing a Unified IT Vision

Successful technology integration begins with understanding the overall business strategy and synergy targets of the organization. As technolovvgy becomes a larger part of the business landscape, it also becomes a larger workstream in driving integration and synergies though the M&A process. This vision should guide the integration process, ensuring that technology decisions align with business objectives and deliver value.

Managing Cultural and Process Alignment

Integrating technology systems is not merely a technical challenge; it also involves aligning organizational cultures and processes. Effective communication, change management, and stakeholder engagement are critical to navigating these human aspects of integration, minimizing disruptions, and fostering a cohesive environment. M&A activities can cause uncertainty and distraction to impacted employees. It is important that they understand the new organizational structure and their role allowing them to focus on contributing towards a successful integration process.

Leveraging Agile Methodologies

Adopting agile methodologies can enhance the flexibility and efficiency of the integration process. By prioritizing high-value activities, fostering cross-functional collaboration, and enabling iterative improvements, organizations can reduce risks and accelerate time-to-value.

Mitigating Risks

Proactive Cybersecurity Risk Management

M&A has the potential to create additional cybersecurity risk. The complexity of integrating disparate systems along with bringing on hundreds, or thousands, of new employee can create opportunities for cybersecurity gaps. It is important to ensure that the pressure of moving quickly with integrations does not compromise security posture. As M&A becomes public, end users become a larger target for phishing emails. It is critical to ensure appropriate training and controls are in place to avoid common social engineering attacks, such as proactive risk management, including user training and adherence to end user connectivity best practices (MFA, EDR, Patching).

Addressing Regulatory Compliance

Regulatory compliance presents a significant challenge in M&A&D, particularly in sectors subject to stringent data protection and privacy regulations. Early identification of regulatory requirements and integration of compliance strategies into the M&A&D planning process are crucial to avoiding legal and financial penalties.

Protera Supports M&A Success Across Industry

This section presents real-world examples of how Protera has guided organizations through the tech maze of M&A&D, high-lighting key strategies and outcomes.

Tidewater Exceeds Synergy Target by $20M

TIDEWATER

When Tidewater acquired Gulfmark Offshore, they chose to engage in a large-scale digital transformation by going all-in on cloud while adopting SAP as its system of record. Tidewater had 9 months to complete the acquisition with a synergy target objective of $45m.

The Protera team provided:

- Complete transition roadmap and timeline
- On time project completion
- Decommission services for two data centers
- Migration of over 95% of global IT servers to cloud

> Our objective as a company was to save $45 million, in part by unlocking efficiencies on AWS. We saved $65 million. Not only were we successful in completing the acquisition and onboard-ing to the SAP environment in regard to time and cost, but we also beat our targeted savings goal. – CIO, Tidewater

Airnov Carve Out from $4B ParentCo

Airnov HEALTHCARE PACKAGING

Airnov was formed in 2019 when Arsenal Capital Partners rebranded Clariant Healthcare Packaging. Spe-cializing in moisture, oxygen, and odor control technologies, as well as in primary plastic packaging, Airnov had nine months to complete the carve out and build an entirely new IT organization.

The Protera team provided:

- Complete transition roadmap and timeline
- Migration of 45 SAP and non SAP workloads to the cloud one month ahead of schedule
- Ongoing management of the cloud environment and SAP systems
- FinOps, SecOps and Cost Governance services

> Monday morning after cutover, we were up and running on a global scale, in one big bang migration, during COVID, with no consultants in any location.
>
> – Global Director of IT, Airnov

Conclusion

Navigating the tech maze of mergers, acquisitions, divestitures, and carve-outs in the digital age demands a strategic approach that encompasses comprehensive due diligence, effective technology integration, and proactive risk mitigation. By adhering to the principles outlined in this guide, IT leaders can ensure that M&A&D activities not only achieve their immediate goals but also position their organizations for long-term success in the digital landscape.

Entrust Your M&A Strategy with Protera

Protera is a leading enterprise cloud modernization and management services firm specializing in mergers, acquisitions, and divestitures in the enterprise technology space. With a proven track record of success, Protera's expertise, comprehensive services and tailored solutions help organizations navigate the complexities of M&A&D and realize their full potential in the digital age.

Contact Protera today for a consultation