WAVESTONE

Mergers, acquisitions & large IT programs

How to address workplace and identity issues in Session & acquisition

DigitalCorner

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How to tackle identity management issues in the Digital Workplace in times of M&A?

This guide will provide an overview regarding **identity management** during the **Merge & Acquisition** phase. It provides answers to the **three main question.**

The Positive Way

WAVESTONE

1 How to solve problems related to the workplace and the identity environment?

2 How to define adhesions and treat related issues?

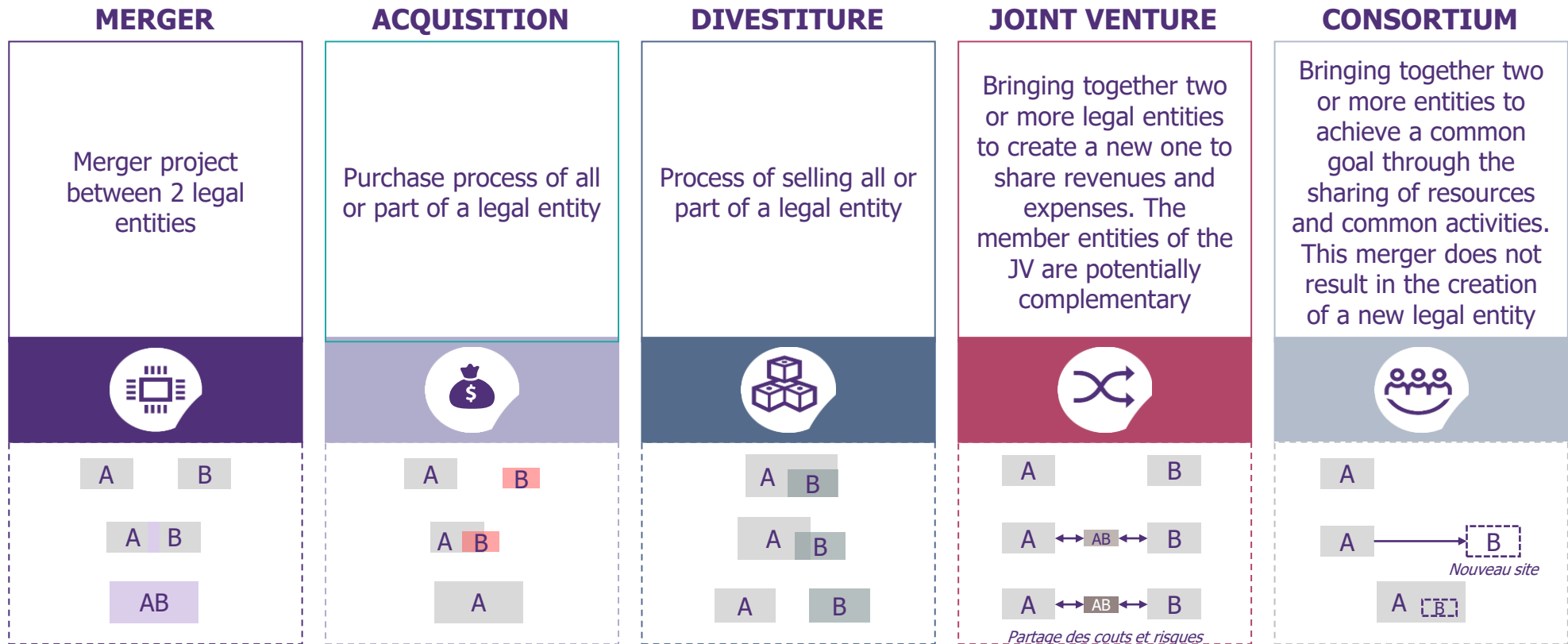**3** How to define the sequencing of the transformation project?

/ **01**

M&A basics

5 M&A main stakes who guide the operations

Strategic and financial:
- Improving economic performance through the operation carried out.
- Choice of strategy (diversification, strengthening its position, etc.).

Systems and processes integration:
- Ensure compatibility and harmonization of IS and processes
- Guarantee the continuity of operations

Management specific to M&A:
- HR management
- Managing data (integrity, availability and confidentiality) before, during and after the transfer

Regulatory compliance:
- Ensure the compliance of all stakeholders (pre and post M&A)
- Ensure the implementation of post M&A compliance practices.

Change management :
- Support and raise awareness of good practices to have a knowledgeable environment.
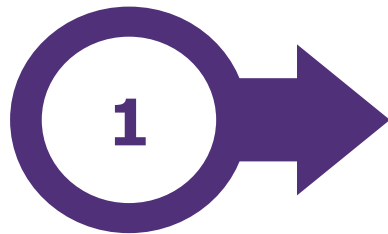- Support the deployment.

Large-scale operations to meet these stakes

Mergers and acquisitions are transactions in which the ownership of companies or their operating units is transferred to another entity

MERGER	ACQUISITION	DIVESTITURE	JOINT VENTURE	CONSORTIUM
Merger project between 2 legal entities	Purchase process of all or part of a legal entity	Process of selling all or part of a legal entity	Bringing together two or more legal entities to create a new one to share revenues and expenses. The member entities of the JV are potentially complementary	Bringing together two or more entities to achieve a common goal through the sharing of resources and common activities. This merger does not result in the creation of a new legal entity

Partage des couts et risques

Nouveau site

⚠ The operation carried out on the IS is not necessarily the same as the operation carried out by the company: for example, **a merger of two companies does not necessarily lead to the merger of their IS**.

What are M&A basics?

We work on this phase

Phases					
1 2 3	Continuous scanning	**1** Due Diligence (Paying the right price)	**2** Signing to closing (Realization of the value)	**3** Transition (Get full control)	Optimization (Capture all synergies)
		5-8 weeks	3-8 months	6-24 months	1-4 years

IS&T M&A offer scope

1 Due diligence

The due diligence aims to evaluate the risks and feasibility of the deal, and sell/buy at the right price.
When an agreement is reached, the contract is signed and D1, D2 are defined
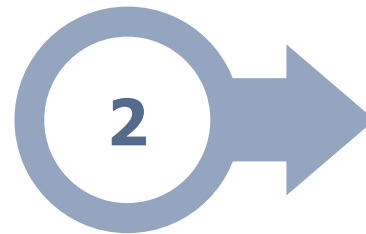
2 Signing to closing

The operational unit should be prepared for a transfer to the new owner at D1

3 Transition

Following the change of legal ownership, the transition period serves to make the unit fully autonomous in the new organization
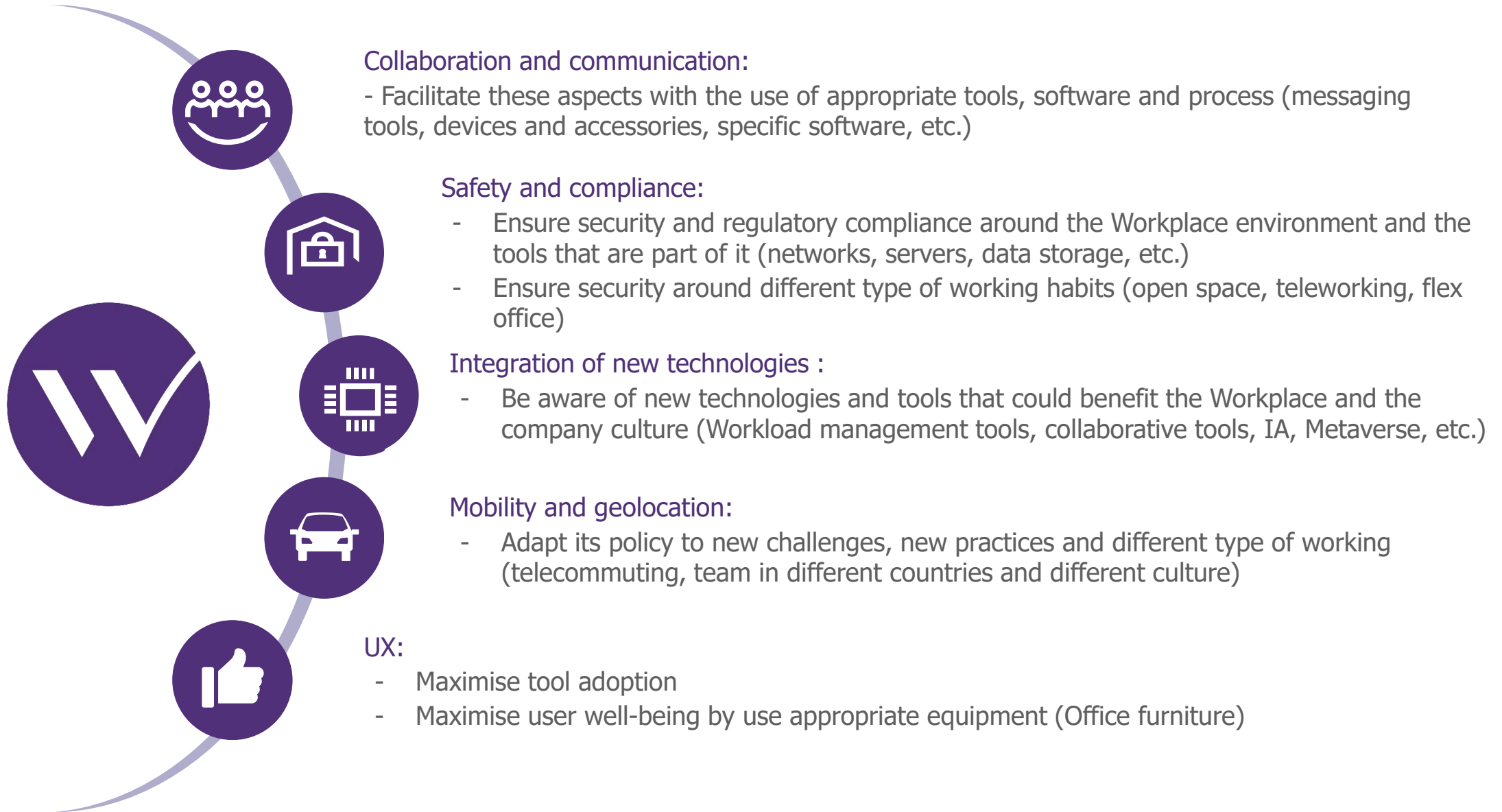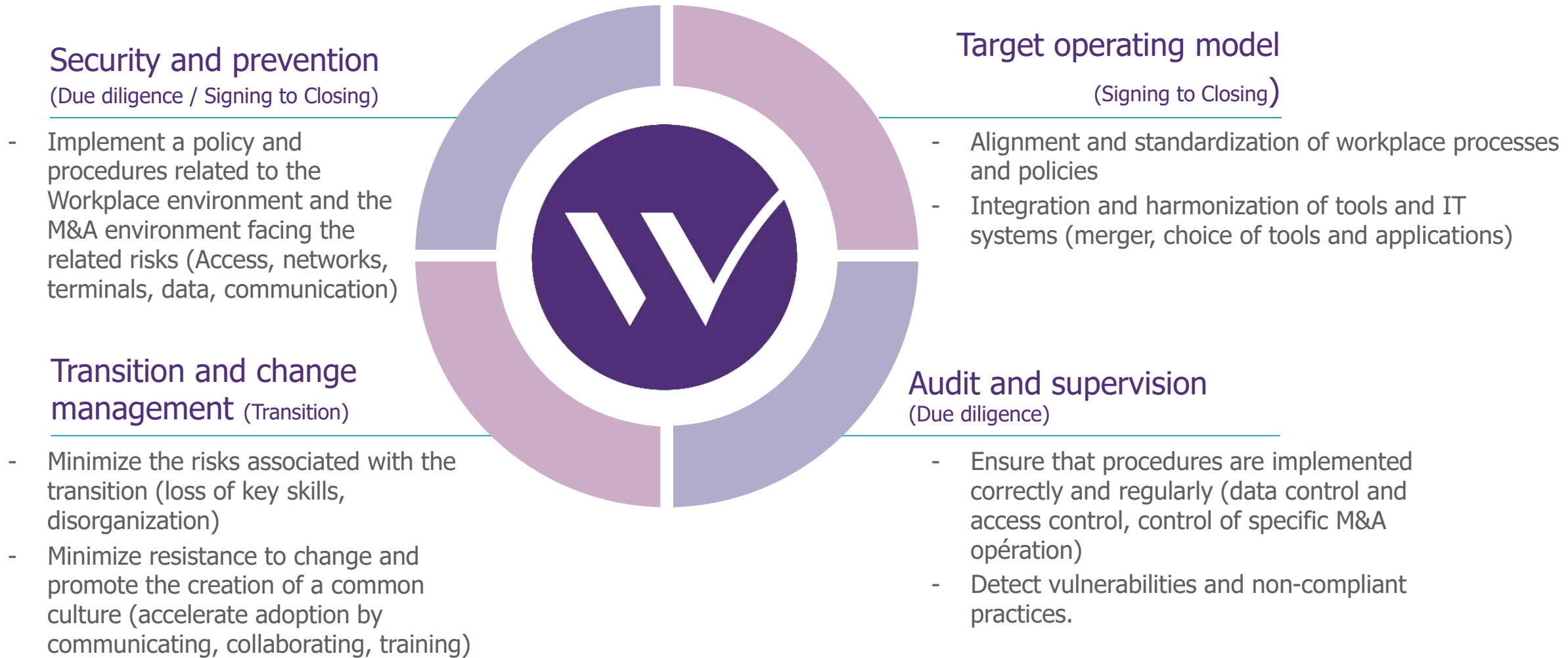
Why do companies do M&A?

Settle in

Establish a presence in a new geographic area by partnering with a company that is part of the ecosystem

Expand

Increase its presence in a market and its operational capabilities

Diversify

Diversify its activities and know-how

Strategic Challenges

Optimize

Gain expertise in order to optimize the company's processes .

Invest

Investing in innovative companies that are likely to transform the business

Economize

Achieve economies of scale (company management, cost sharing)

/ **02**   Workplace and Identity introduction

5 Workplace main stakes

Collaboration and communication:

- Facilitate these aspects with the use of appropriate tools, software and process (messaging tools, devices and accessories, specific software, etc.)

Safety and compliance:

- Ensure security and regulatory compliance around the Workplace environment and the tools that are part of it (networks, servers, data storage, etc.)
- Ensure security around different type of working habits (open space, teleworking, flex office)

Integration of new technologies :

- Be aware of new technologies and tools that could benefit the Workplace and the company culture (Workload management tools, collaborative tools, IA, Metaverse, etc.)

Mobility and geolocation:

- Adapt its policy to new challenges, new practices and different type of working (telecommuting, team in different countries and different culture)

UX:

- Maximise tool adoption
- Maximise user well-being by use appropriate equipment (Office furniture)

What are the Workplace stakes in the M&A environment :

Security and prevention
(Due diligence / Signing to Closing)

- Implement a policy and procedures related to the Workplace environment and the M&A environment facing the related risks (Access, networks, terminals, data, communication)

Transition and change management (Transition)

- Minimize the risks associated with the transition (loss of key skills, disorganization)
- Minimize resistance to change and promote the creation of a common culture (accelerate adoption by communicating, collaborating, training)

Target operating model
(Signing to Closing)

- Alignment and standardization of workplace processes and policies
- Integration and harmonization of tools and IT systems (merger, choice of tools and applications)

Audit and supervision
(Due diligence)

- Ensure that procedures are implemented correctly and regularly (data control and access control, control of specific M&A opération)
- Detect vulnerabilities and non-compliant practices.

Optimal service operation to meet these stakes

1 Situation analysis

2 Choice of strategy

3 Implementation of selected strategy

During M&A operations, we find ourselves having to work with several information systems and several ways of working. This involves understanding the current state of the identity and workplace services of the entities involved in the M&A operation, and identifying similarities, differences and opportunities for integration.
To identify we can organize some workshop to meet the business and the stakes, SI environment scoping and framing, etc.

A large number of strategies exist, so it's essential to evaluate the different migration strategies available, depending on the objectives and constraints of the M&A operation.
It is then necessary to ask certain questions at different level: **strategical, operational, technical, etc.**
In line with the mission, choices are made jointly by the companies involved and external players involved

Different Step:
- Assess and analyze
- Plan and coordinate the various stages of migration
- Test and implement the necessary actions to ensure a smooth transition while minimizing disruption
- Migrate and integrate IS (identity, Workplace environment)
- Monitor the situation

Stakes 01	Risks 02	Impact 03	Solution 04
- **Safety and regulations** - **Respect resources (time, money and people)** - **Maximise UX**	- **Cyber risk** - **Operational risk** - **Sectorial conformity risk** - **Delay** - **Lack of money and people** - **Bad tool and change adoption** - **Service disruption** - **Lack of communication**	- **No more guaranteed business continuity** - **Bad brand Image and reliability** - **Loss of key talent** - **Loss of performance**	- **Strict policy and procedures for the Workplace environment** - **Anticipating with due diligence** - **Good organizational management (distribution of tasks, responsibilities and rights)** - **Manage team involvement** - **Change Management**

Crucial concept: Identity management

Why this Focus:

The identity management and the workplace are codependant. The latter is an environment managed and defined by identity management, including a complete ecosystem : SIRH, IAM, Office 365, AD, Workstation and application.

Identity management ecosystem :

01 AD and Azure AD	02 RH systems	03 IAM	04 Office 365 Workstation	05 Apps and services
- User authentication - User account management - Computer management - Resource access control - Integration with other services	- Central source of employee information - Data synchronization - Roles and rights management	- Centralized identity management - Privilege management - Authentication and access control - Identity lifecycle management - Audit and compliance	- Communication and collaboration - Document and content management - Messaging and calendaring	- Provide specific functionalities - Access data and resources - Improved productivity and collaboration

Each of theses identity management notions have a role in good operation of the workplace

At what the ecosystem looks like?
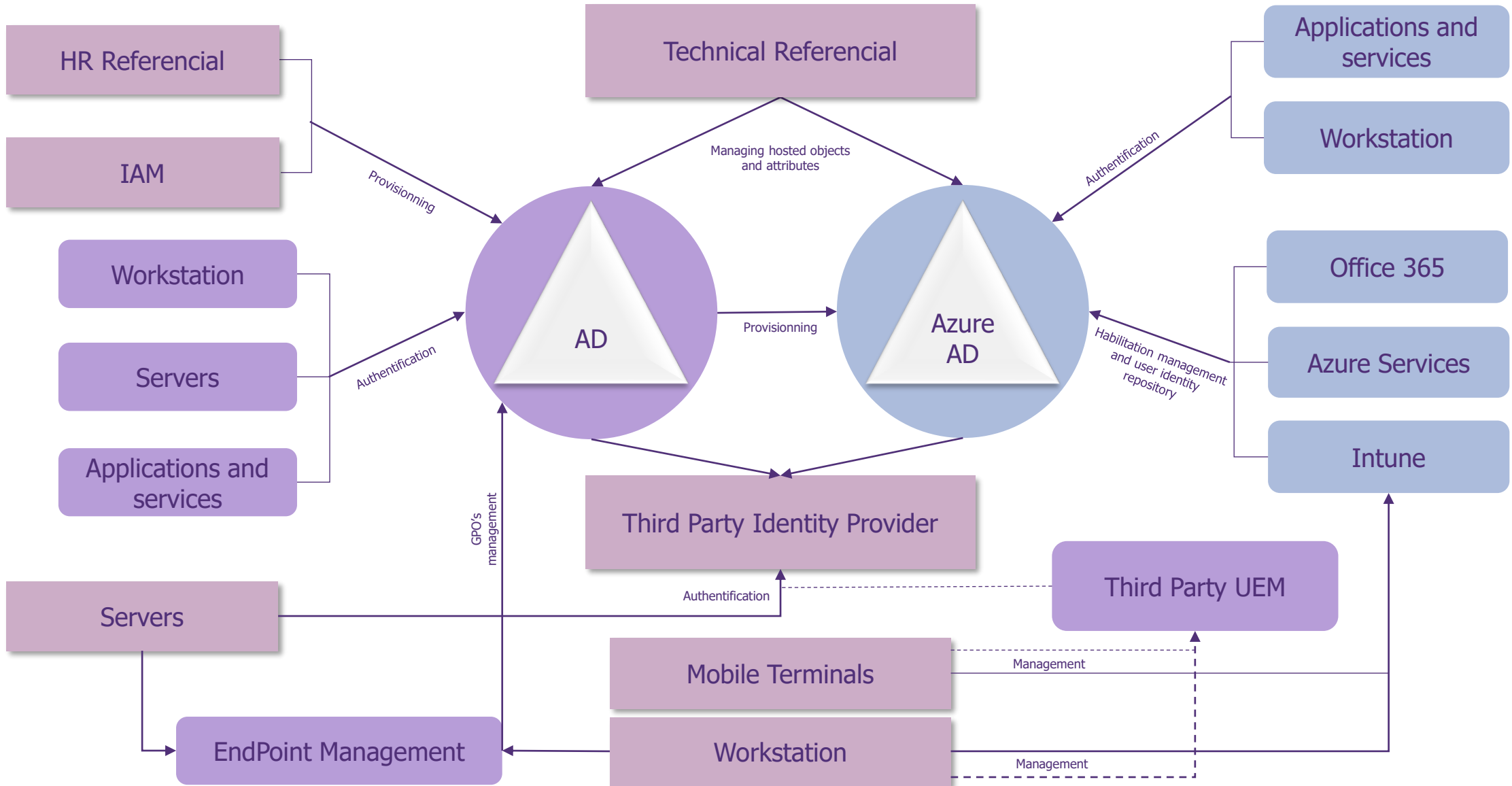
/ **03**   How to choose a strategy?

How to address and choose the right strategy?

For each type of operation, there are different strategies. Within the same type of operation, strategies differ according to several factors.

Consideration of "typical" migration strategies and the M&A environment (different types of deals, different phases, etc.).

Knowledge of operational and organizational migration strategies to apply, depending on the type of operation

Awareness of challenges and opportunities encountered when integrating the workplace into M&A transactions.

Awareness of trends, new working methods and new technologies that may be useful.

01 **M&A Fundamentals**

02 **Best Practices**

03 **Challenges, Opportunities**

04 **Trends**

Analyzing and understanding these 4 points allows us to chose appropriate strategies.

M&A Fundamentals :

***Stakes of the step* :** Understanding of "typical" migration strategies and the M&A environment (different types of deals, different phases, etc.).

We have different possible scenarios for AD during an M&A operation :
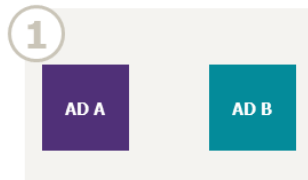
① AD A | AD B
**AD A + AD B
(double Identity Access
Management)**

② AD A — Trust — AD B
**AD A + AD B
(One way trust)**
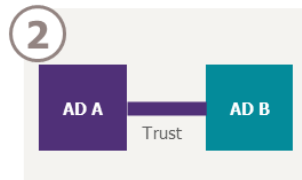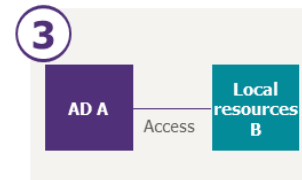
③ AD A — Access — Local resources B
**AD A
+ local resource access in B
(Database, ERP, etc.)**

④ AD A
Only one AD is kept
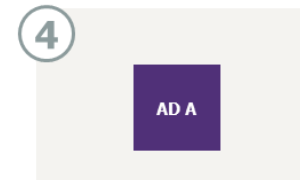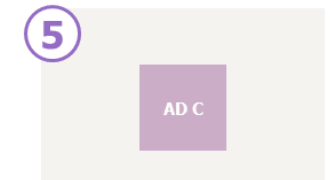
⑤ AD C
A new AD is built

Key drivers to consider in order to define your Active Directory strategy :

**Size and
geographical scope**

Type of deal

**Applicative
ecosystem**

**Contracts, TSA &
Regulatory**

**Technical and
security choices**

**Organizational
structures**

General kinematics of an M&A project

Initial situation

- Framing
- Defining the scope
- Knowledge of current environment

These points are based on the use of the best practices and fundamentals presented

Study

- Company's vision and desire for the desired target environment
- Wavestone recommendations (for final and transition solution)

This stage is based on the company's own wishes and Wavestone's recommendations.

Develop

- Building AD foundations (First necessity)
- Building infrastructure and services to suit the project

These constructions must be made according to the project and the choices made.

Docking

- Opening flows
- Setting up the delegation model
- Setting up the authentication model
- Setting up certain services

After the construction phase, we'll start docking and prepare for the migration phase.

Migrate

- Migrate the various tools, services and infrastructures

This is the central part of an M&A operation, depending on the choices made, the migration is carried out.

What should management be adapted to?

Characteristics of the main components involved in the identity/workplace ecosystem to be migrated :

01 AD and Azure AD
- The first building stone in a M&A project
- Migration strategy is correlated with IAM, ITSM and Apps & services
- Issues due to obtaining identity and habilitations after transfer

02 RH systems
- Migration concerns two aspects (HRIS and Finance IS)
- Migration takes place at the end of the fiscal year, or at the end of the calendar year if the first solution is not reachable.

03 IAM
- Migration strategy is correlated to IAM, ITSM and Apps & Services to AD, ITSM and Apps & Services
- To set it up we need an AD and Apps

04 Office 365 Workstation
- We have 2 big issues to deal with: Teams and Messaging.
- Issues with Teams = 4 distinct tools (Chats, Agenda, Sharepoint, Videoconferencing) each with its own migration issues

05 Apps and services
- Migration strategy correlated with IAM, ITSM

Each concept has its own specific issues, so we're going to give you our recommendations for your migration.

A migration strategy to best support the continuity and transition of activities

Three main Active Directory strategies

3 migration strategies that make it possible to respond during the transition project to various issues of security, business continuity and ease of transition

Points of interest to consider:

Each strategy has its own use case based on a set of criteria
Each strategy presents its own advantages and shortcomings

AD Migration

Migration / recreation of AD objects of the "transferred entity" to the buyer's AD, with or without a TRUST relationship.

AD A   AD B
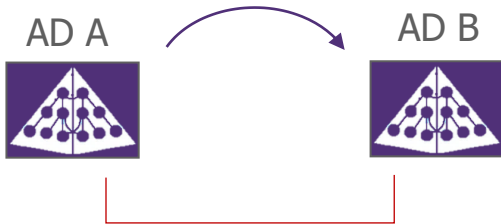
Possible TRUST relationship between the 2 ADs to manage the authorizations of users in the buyer IS

1

AD Synchronization

Merging entities keep their own separate directories and unite them using software that synchronizes users and groups from one forest to another as needed. Trust relationship must be defined.

AD A   AD B
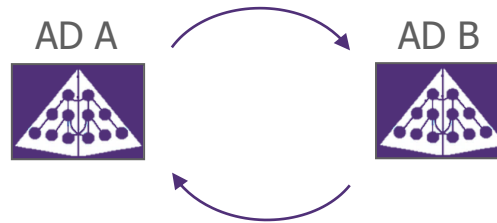
Depending on the governance and type of deal, one way or two-way TRUST relationship.

2

New AD built

Building a new AD which hosts the forests of both merging entities. The new AD can also be hosted on the cloud.

AD A   AD B

New AD
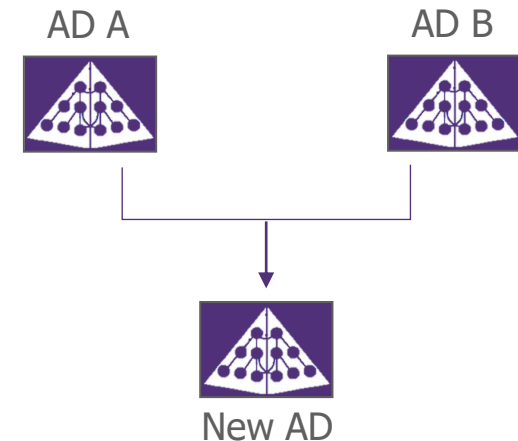
3

M&A Best practices :

> ***Stakes of the step* :** Know which operational and organizational migration strategies to apply, based on the type of operation?

For every types of deals :

Organizational :

/ Define all activities and divide into several teams according to the project
/ Clearly define each team's scope of responsibility (RACI)
/ Have a steering team to ensure (feedback, reporting by each stream, etc.)
/ Assure the quality of deliverables
/ Know your strengths and weaknesses (take a step back) to enable the expert to plan more effectively
/ Know the limits and opportunities that we will inevitably have to face of our project
/ Discuss and take certain decisions collectively, rather than in silos (e.g., tenders for integrators)
/ Split the project into distinct phases

Stakeholders Behaviour :

/ Respect assignments
/ Take time to produce quality communication
/ Ensure quality governance during transition phase.

Operational :

/ Define M&A proper task (e.g., TSA)
/ Accelerate processes by automating small tasks (task definition, roadmap, reporting, workloads)
/ Define the DOM (Time consuming step)
/ Define and be as exhaustive as possible in the HLD
/ Study several transitional solutions with subject matter experts
/ Ensure the availability of service during the carveout, allowing employees to deal with RUN operations without issues.

Migration management for divestiture project: 3 possibilities for the final target environment

Identity management choices

Creation

Existing

Federation / synchronization
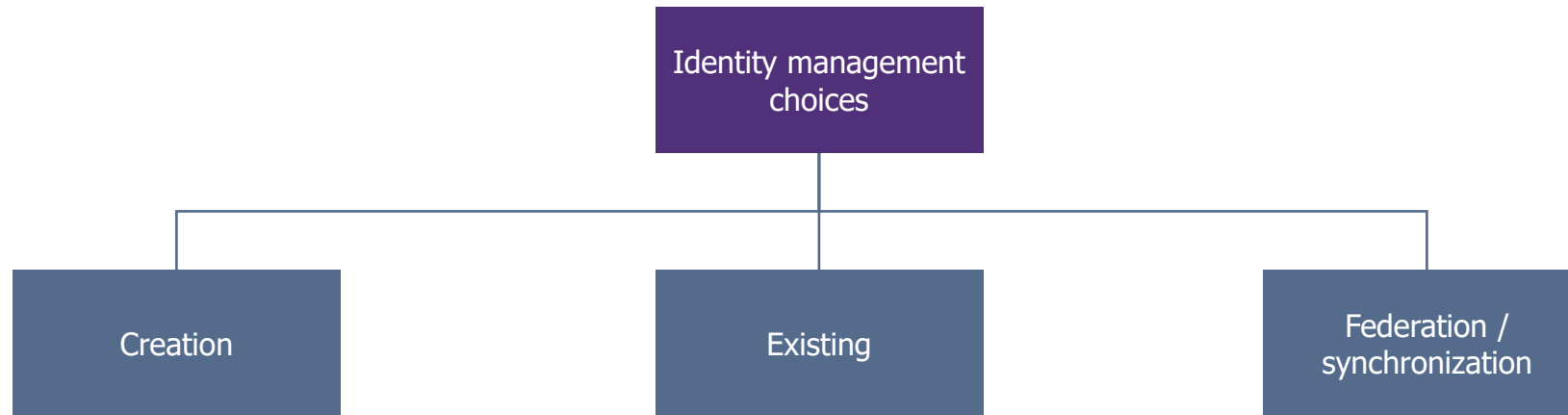
Create an environment:

Creation process aimed at establishing a completely new, consolidated environment. This creation can be done in one of two ways: by rebuilding a completely new environment (Greenfield) or by reproducing an existing one (Copy).

This process is used when there is no target environment to which the divested company's environment can be consolidated, or when the characteristics of the environments are incompatible..

Joining an existing environment:

This is the most common process during divestiture.

It aims to bring together the environment of the divested company and a target environment, that of the acquiring company.

Federation or Environment Synchronization:

Federation is a process that enables separate entities to coordinate and work together while remaining independent, for **example through a trust**.

Synchronization is the process of ensuring that information is consistent across different systems, for example with **double identity management**.

Transition Management : Comparing two strategies

Coexistence and the **One-shot** model are the two existing strategies. In practice, Coexistence is never used. Let's see why.

- One-Shot (**Best practice**) :

In this strategy the migration is planned upstream and no access difficulties remain once all assets have been migrated.

Thus, it is best used for AD, IAM, ITSM and HRIS solutions, as well as for applications and services. Provisionning is safer and as effective as the coexistence strategy.

- Coexistance (**To Avoid**) :

There is **no migration** in this model.

It is less optimal than the one-shot strategy for **most of the aspects** mentioned in this guide. It is not compatible with most solutions, which might lead to compatibility and safety issues.

The One shot strategy is both **business** and **cost oriented**, and will enable us to meet the needs of most services in a **time-efficient** way. It is best used for most applications and services as it is the best choice regarding **compatibilty** and **safety**.

/ **05**   Use Case

Company A Carve out :

Context and targets :

As part of the sale of Company A by its owner to an investment fund, Company A's IT department wanted to be supported in empowering its IS. The previous owner provided a large number of infrastructure and application services to Company A, including most of its **HR, Finance and Purchasing applications.**

The aim of this carve-out was **to rebuild a Company A IS completely independent of the previous owner** (network, applications, contracts) in order to make the sold group autonomous.

Goals :

Impacting 150 sites (both commercial and industrial, in metropolitan France and the French overseas departments and territories) and ~4000 users**, this transformation phase was carried out in a short time of 13 months**, despite the scale of the project and the severe constraints, due to the Group's business activities, which cannot endure a prolonged outage or a degraded mode of business services, and also to the previous owner stringent requirements in terms of cybersecurity.

To achieve the agreed target, Wavestone implemented the project through 5 Streams:

➤ **Core infrastructure :** (bubbling, Telco Hub, RFP Datacenter and installation, Core IT Services and application migrations),

➤ **Cybersecurity :** (RFP and SOC installation, definition and drafting of security policies),

➤ **Application - Finance, HR and others :** (HR, payroll, ADP implementation, consolidation and expense reports, travel),

➤ **Organization - Delivery Model :** (RFP and signature of Delivery Center contract, IT key hires, contract renewals, negotiation with new partners)

➤ **Sites :** (RFP PC, mobile & collaborative tools, preparation and management of site deployment).

€ Budget of €15.5M

☑ 13-month TSA

~4000 users, 4 datacenters, 200 servers and 60 applications

150 sites migrated in 3 months (stores, factories, logistics platforms, head office)

Collaboration and coordination with 15+ players

Results & Key elements

➤ 14-month assignment
➤ A complex environment: ~ 4000 users, 4 datacenters, 200 servers and 60 business applications impacted

➤ Strong links with current IS programs and associated business transformations
➤ Strong cybersecurity constraints
➤ Budget of €15.5M
➤ 150 sites migrated in 3 months

Company B Carve Out – Separation & transformation program
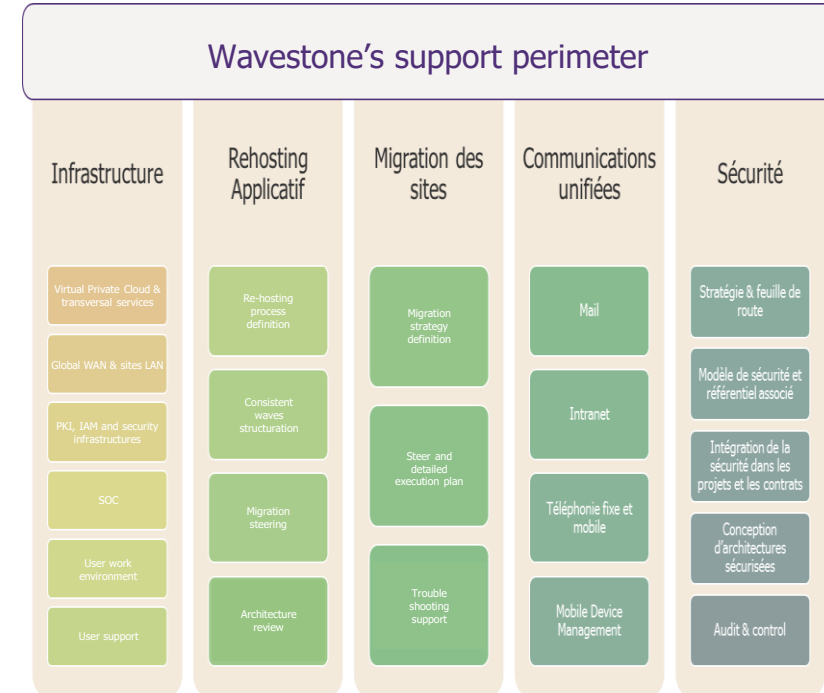
Company B

Context and targets :

Company B sold the its energy's activities, which includes shared IT services.

Company B Transport had to **build a new infrastructure** and migrate its applications to its new IS target, and hence **rebuild its ISD** to prepare its transition to an exploitation model based on an ecosystem of external partners.

Goals :

Wavestone assisted the Carve out program on multiple aspects:

- **Infrastructure:** leadership from sourcing to Datacenter, Network, Security, User Environment, Collaboration
- **Applicative Rehosting:** structuration of migration waves, processes and rehosting RAM, rehosting steering, architecture review, troubleshooting support
- **Site's migration:** definition of the sites' takeover strategy, waves structuration, projects frameworking, pilot steering and definition of detailed execution plans
- **Implementation of the CISO function:** organization, roadmap, steering and execution of security projects, security integration to the projects and contracts, interim on the CISO function

Wavestone's support perimeter

Infrastructure	Rehosting Applicatif	Migration des sites	Communications unifiées	Sécurité
Virtual Private Cloud & transversal services	Re-hosting process definition	Migration strategy definition	Mail	Stratégie & feuille de route
Global WAN & sites LAN	Consistent waves structuration	Steer and detailed execution plan	Intranet	Modèle de sécurité et référentiel associé
PKI, IAM and security infrastructures	Migration steering	Trouble shooting support	Téléphonie fixe et mobile	Intégration de la sécurité dans les projets et les contrats
SOC	Architecture review		Mobile Device Management	Conception d'architectures sécurisées
User work environment				Audit & control
User support				

Company B Carve Out - Perimeter

Results & Key elements

- 6 IT partners forming the ecosystem
- 80+ consultants
- 6 months for sourcing
- 10 months for the infrastructure's construction
- 30+ infrastructure projects lead
- 24 months to integrate 250 sites

Why these choice ?

We chose to illustrate our research around these 2 cases for several reasons:

Company A

Company B

Complete example

They illustrate how choices are matured, selected and applied around project-specific constraints

4

Particularity

These projects also show choices of strategies that differ from Wavestone recommendations, **that are not always accepted or applicable to the project**

3

Wavestone's Footprint

They illustrate the recommendations and convictions of Wavestone and its experts

2

Large-scale project

These are 2 large-scale Wavestone divestment projects

1

PARIS

LONDON

NEW YORK

HONG KONG

SINGAPORE *

DUBAI *

SAO PAULO *

LUXEMBOURG

MADRID *

MILANO *

BRUSSELS

GENEVA

CASABLANCA

ISTANBUL *

LYON

MARSEILLE

NANTES

* Partnerships

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