Leveraging IT in Mergers, Acquisitions and Divestitures

Capturing Expected Value Today and Transforming the Organization for the Future
According to Accenture research, one important characteristic of high-performance organizations is that they continually renew their portfolios of businesses. This goal may be attained through a mix of mergers, acquisitions, divestitures, joint ventures and alliances.

However, such activities often fall short of expectations, as years of research have revealed. Many businesses fail to achieve the original goals of the deals. In some cases, deals actually reduce shareholder value for the acquiring or divesting company, and mergers fail to achieve their predicted revenue synergies.

How can companies improve the results of this vital component of high performance? In Accenture's experience, the IT organization has a central role to play. IT can be a top enabler of cost synergies and a major lever of full value realization from an M&A or divestiture transaction. IT also can lead the way in using the merger or divestiture as a catalyst to rethink the organization and reposition it for the future.
As a leading provider of a full range of M&A consulting services, Accenture can help enterprises more effectively capitalize on the opportunities in a merger, acquisition or divestiture. Our IT in M&A and divestiture services help clients achieve successful business combinations and capture maximum value from their M&A and divestiture deals through IT due diligence and smooth integration.

We can assist companies at each stage of the deal cycle because we offer business understanding, IT strategy experience and implementation skills. We focus on both deal value and execution. In addition, we help companies identify how to leverage IT throughout the deal cycle to transform or reposition the new entity for high performance.

Based on a foundation of deep industry experience, our IT in M&A and divestiture services combine our demonstrated capabilities in IT delivery and execution, IT strategy and outsourcing, as well as business strategy and business operations. We help companies maintain IT operations during a deal, integrate all entities of the new enterprise, and achieve high-value business and IT synergies.

Accenture's services address companies' needs at each stage of the M&A and divestiture lifecycle, from strategy development through post-merger integration:

- Clarifying goals and identifying the value expected from a deal
- Conducting pre-deal IT due diligence
- Setting IT targets, conducting IT integration or separation planning, and developing IT road maps
- Identifying the capabilities IT needs to create value for the combined or separated entity
- Setting up the appropriate IT support for the carved-out organization
- Managing and implementing the IT program

We help companies use a merger, acquisition or divestiture as an opportunity to comprehensively evaluate the ability of their IT function to support the changed business—and to build on a global scale the IT capabilities needed to realize greater business value.

Many companies decide to continue their business partnership with Accenture after the merger integration or divestiture is complete. These organizations use Accenture's skills to help them capture full value and attain high performance beyond the deal cycle itself.

Our services are supported by a range of proprietary, tested frameworks, methodologies and tools to help accelerate planning and execution, reduce risk and realize benefits sooner.
As illustrated in the following examples, Accenture’s IT in M&A and divestiture services help companies maintain IT service levels and stability, achieve IT and business synergies, optimize IT spending by transforming the combined IT operations, support business investment decisions through IT due diligence, and accurately estimate IT investment requirements and cash flows.

- A large global insurance provider was seeking to transform itself to meet its business goals by acquiring a subsidiary of another company. With Accenture’s help, the insurer successfully executed the deal, its largest merger to date. In the process, the insurer was able to reduce by six months the time needed to migrate from more than 80 transition service agreements, saving more than $3 million.

- A global communications solutions provider wanted to keep its complex and large-scale IT integration program on track and reduce IT infrastructure costs by 25 percent over three years. Working with Accenture, the company successfully implemented approximately 45 merger integration initiatives, consolidating 25 global data centers into six and identifying opportunities for additional savings and benefits. The company reduced by more than 25 percent its overall IT infrastructure costs a full year ahead of schedule.

- A leading food producer hired Accenture to help plan and execute the integration of an acquired brand. In collaboration with Accenture, the company completed a successful IT infrastructure transition ahead of schedule, under budget, and without disruption to the business. The company completed the network transition in just 10 months, reducing service fees for access to the divesting company’s network by 15 percent. The company also saved more than $4 million by reconfiguring and reusing existing equipment.
Learn More

To find out more about how Accenture can help your organization unlock the potential value of mergers, acquisitions and divestitures through IT, please contact:

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About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 244,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world’s most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$25.5 billion for the fiscal year ended Aug. 31, 2011. Its home page is www.accenture.com.