

# Nextthink for Mergers and Acquisitions

**Making Better IT Integration Decisions**

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## Introduction and Background

In late 2017, The Financial Times reported on the unprecedented wave of Merger and Acquisition (M&A) activity noting that it had exceeded \$3 trillion for the fourth consecutive year. This clear upward trend is reinforced by data provided by the Institute of Mergers and Acquisitions (See Figure 1) which shows an increase in the number of transactions as well as their overall value.

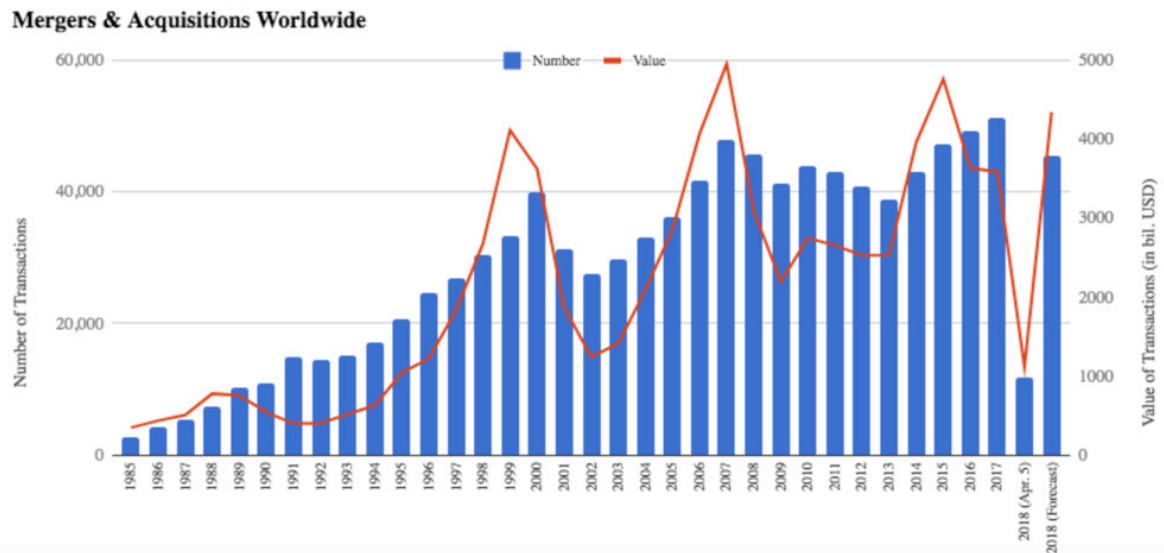


Figure 1- Mergers and Acquisition Trends, Source: IMAA

This appetite for M&A seems counter-intuitive, given that typically 70-90% of acquisitions are unsuccessful (Harvard Business Review, 2016). A notably unsuccessful M&A within the IT industry is Microsoft's 2015 write off of 96% of the value of the \$7.9 billion handset business it acquired from Nokia in 2014.

It is believed that upfront due diligence helps improve the chances of an M&A success. While there are many areas of due diligence that need to be conducted, having a thorough overview of a target companies' IT infrastructure is critical in this age of digitalization. In the case of IT, M&A failure is usually due to poor IT integration post-merger.

For example, in Wells Fargo's acquisition of First Interstate in 1996, their inability to merge their customer databases negatively impacted customer service levels and led to customer attrition, resulting in a \$150 million write off to cover lost deposits.

***“The problem is that many companies have such a patchwork quilt of software and interfaces that the integration is like blending ‘software shanty towns’ and is rarely as quick or as simple as projections suggest”, noted one M&A observer.***

Nextthink supports the due diligence process as it relates to IT risk by automating much of the data gathering needed to understand the target companies' IT infrastructure. This paper outlines the Nextthink approach to handling the IT aspects of M&As.

## Strategies, Challenges and Activities

There are three strategies associated with IT integration in M&A situations; 1) Complete IT integration, 2) Partial IT integration and 3) IT co-existence.

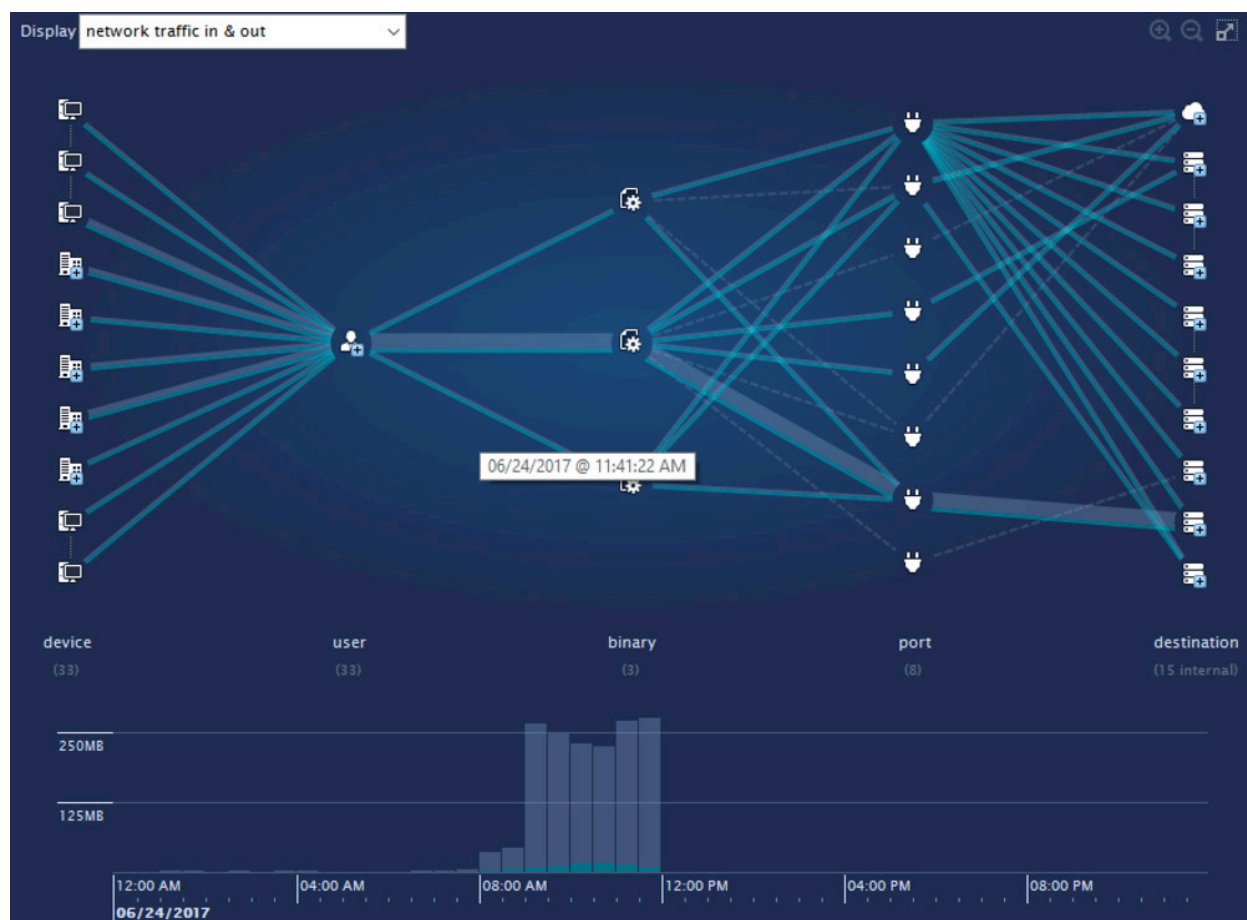
Irrespective of the integration strategy, organizations must have a clear understanding of the IT eco-system pre-integration and have a clear vision of the post-integration eco-system. At the same time, one also needs to provide reassurance that the transition to a new 'combined' IT organization will provide an equivalent level of service, with minimal disruption.

In practice, these challenges are distilled into two broad areas of activity, starting with Assessment and leading into Transformation.

## Assessment

The initial challenge is to gain a full and complete understanding of the target organization's IT infrastructure, as well as the underlying relationships between its various components. The complexity cannot be underestimated. Conducting an inventory of all of the moving parts across multiple platforms and systems is immense.

Nextthink solves this by reverting to the lowest common denominator – the end user – and providing a real-time view of their consumption and IT usage. Nextthink achieves this by collecting over 700 metrics in real time from every device and visualizing the information to enable decision-making (See Figure 2).



This real-time dynamic mapping of IT consumption is Nexthink's core capability. For assessment purposes, this underlying data can be totaled, aggregated and trended over time and presented in management dashboards.

For example, organizations can conduct business application assessments, not only from the perspective of who and how often applications are used, but to also understand which infrastructure components are also being accessed by the application. It is also important to understand what other applications and services are sharing that same infrastructure so that the full picture of its complexity can be understood, and informed decisions are made related to divestment or absorption.

With Nexthink, M&A teams can rapidly understand who are consuming the applications, the destination, servers and breakdown applications, by business units. We can provide a complete end-to-end view over the entire IT infrastructure to understand all applications, connections and infrastructure involved (See Figure 3). This is uniquely achieved because Nexthink sees all users, devices, applications, binaries, ports and destinations in real time and enables organizations to visualize the results for actionable insights.

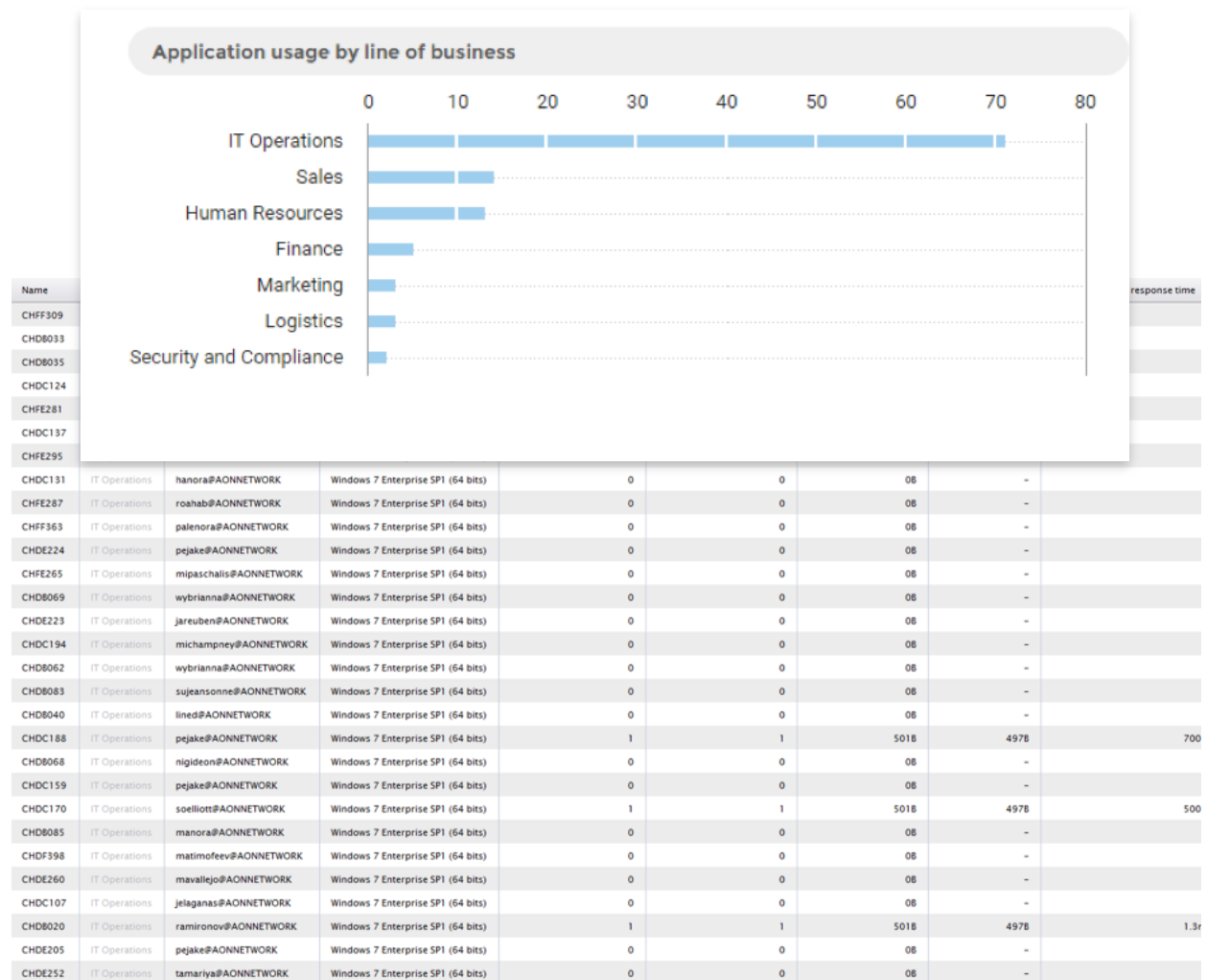


Figure 3: Application consumption, usage and touchpoints

## Transformation

Nexthink's unique data set also supports key decisions for transformation related projects. In many M&A situations, organizations seek to create synergies. However, the challenge they face is in developing a benchmark for quality and understanding what "good" looks like in a post-merger environment.

For organizations seeking to create a combined desktop hardware and OS strategy, Nexthink's unique scoring and dashboard capabilities provides an instant overview (See Figure 4).

Nexthink provides operational performance data about the actual device and the user's experience, which is rarely captured through standard inventory systems alone. This meaningful representation of data enables teams to make smart decisions about how the combined IT strategy could look like, and what it needs to consider.



Figure 4: Comparison of Two Organizations

As seen in Figure 4, one key comparison metric is derived through scores. These scores are customizable and have been formed by aggregating individual scores across a range of areas, such as operating systems, hardware types and vendors. Each of these scores are individually calibrated using any of the 700 metrics available, regarding not just the asset and hardware configuration but the underlying performance of the device, such as number of bluescreens, application crashes, max CPU and memory events.

In this way, Nexthink is uniquely able to give a real picture regarding the relative performance of devices and drive smart decisions regarding what the combined hardware and OS strategy should be.

Another example is in the area of application consolidation. In many M&A situations, duplicate functionalities occur with companies having differing products but doing the same thing. In the situation shown in Figure 5, the combined IT organization has two conferencing facilities: Skype for Business and GotoMeeting. With Nexthink dashboards, it is possible to track the relative consumption of both products and calculate the cost benefit of consolidating down to a single provider (Skype for Business).

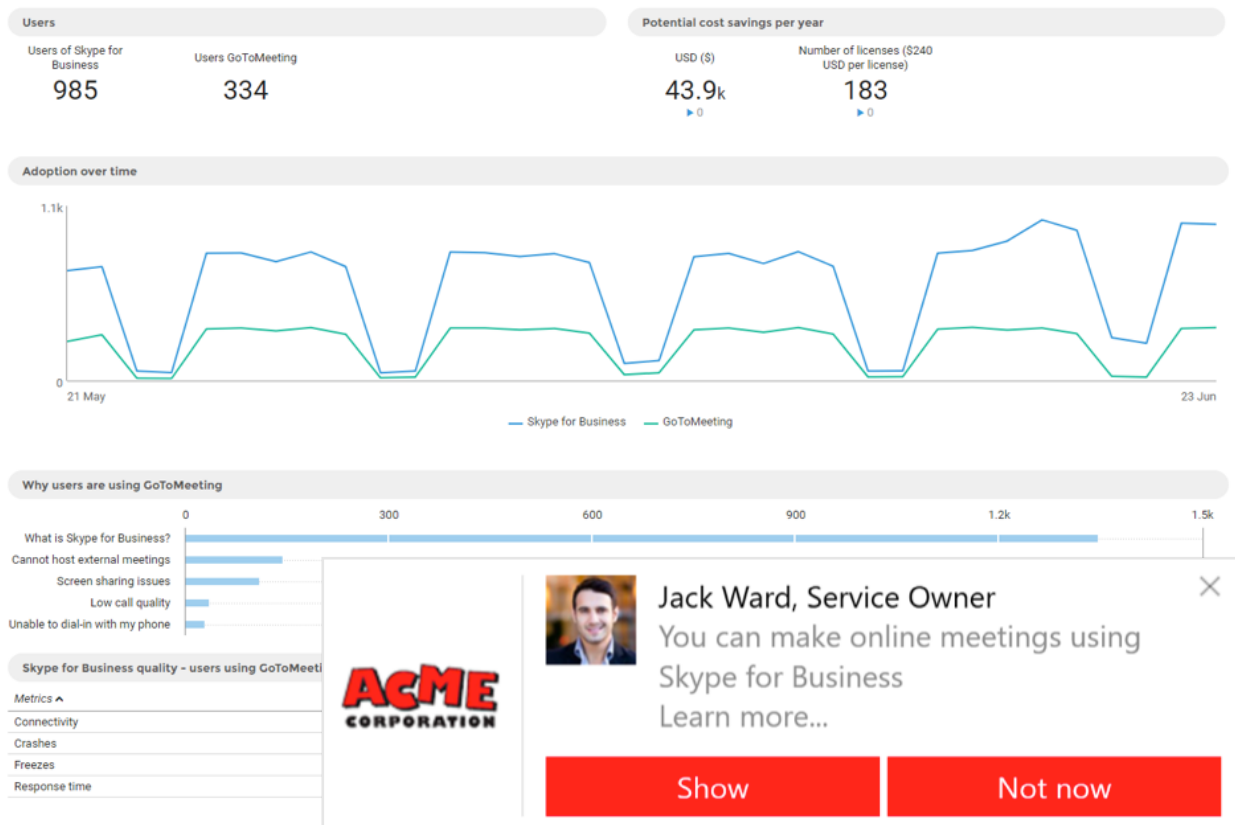


Figure 5: Example Comparison of Skype vs GTM Usage

However, the migration or switch over is typically fraught with issues such as user consent, unknown dependencies and other issues. Using Nexthink Engage, it is possible to track and compare user sentiment and feedback. For example, those using GotoMeeting can be surveyed in real time when they run GotoMeeting as to the reason for not using Skype for Business.

By leveraging both user sentiment with technical data, organizations are able to combine their IT organizations effectively with the least disruption.

## Summary

The underlying trend of M&A activity is upwards, meaning more downward pressure on IT to execute IT integration strategies that are impossible to effectively execute without an analytics strategy.

Nexthink provides real-time actionable insight to both assess and transform organizations into a combined organization in M&A situations.

## About Nexthink

Nexthink is a global leader in digital experience management. Our product allows enterprises to create highly productive digital workplaces for their employees by delivering optimal end-user experience. Through a unique combination of real time analytics, automation and employee feedback across all endpoints, Nexthink helps IT teams meet the needs of the modern digital workplace. Nexthink is privately held with headquarters in Lausanne, Switzerland, and U.S. headquarters in Boston, Mass.

Learn more at [www.nexthink.com](http://www.nexthink.com)

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