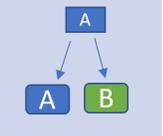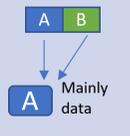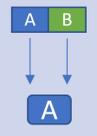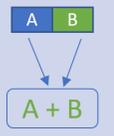# Merger & Acquisition (SpinCo, NewCo, and RemainCo) Playbook
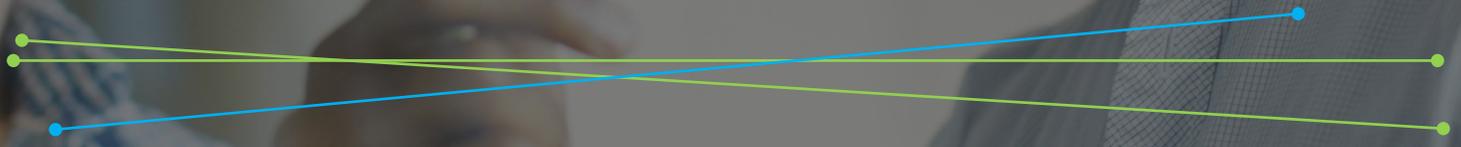
Concurrency

Why Mergers & Acquisitions?

Information technology plays a crucial role in any M&A project. When IT fails in M&A, the repercussions are felt far more deeply than the failure of any other functions. IT issues can sink a perfectly good acquisition. IT Issues can cause post-deal crises, lead to acquisition aftershocks, and result in serious interruption to business continuity.

M&A Scenario	Divestiture (SpinCo)	Carve-out Acquisition	Full company Acquisition	Merger of equals
	A → A B	A B → A (Mainly data)	A B → A	A B → A + B
Typical IT integration/ separation models	Separate IT structures	Adopt acquirers IT	Select IT of one party	Best of breed IT
IT Implications	• Low to no synergies • Separation of data required for financial and management reporting • Data separation critical • Separation of IT services	• Low IT synergies • Low impact on IT operations • Data migration crucial	• More involvement in day 1 planning efforts • Acquirer IT work typically unaffected and current challenges remain • De-commissioning of IT systems • Revoking of licenses that are not required	• High synergy savings opportunities • Future IT involving common infrastructure, central core support, and distributed value added IT capabilities

A — Company A

B — Company B

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Typical IT Engagement Model

The Corporate M&A IT organization is the primary interface between the buyer, the Corporate Development Office, External IT departments and the Corporate IT organization during a merger, acquisition, or divestiture project. This type of interface should also be used between the SpinCo, the NewCo and the RemainCo during a divestiture.

The typical M&A IT Team is responsible for:
- Communication between IT & the seller
- Project updates to IT Leadership (Internal and external)
- Pushing for decisions and actions from external companies
- M&A Escalations
- Leading IT meetings between companies
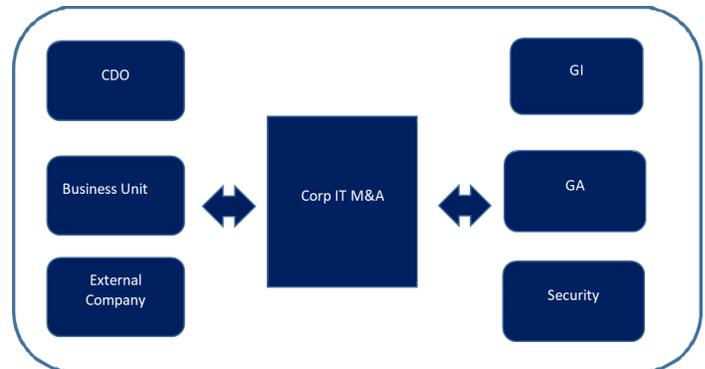
Building the Deal Team

The IT M&A team is responsible for building out the IT deal team on an M&A project. Regardless of the deal type, the following model is required. (See the figure below) The number of people and the team that is assembled will depend on the size, scope, and complexity of the deal.

- Large Transaction: Large transactions typically have a single individual in each of the lead positions below, in addition to, functional PM's that will report into their respected towers.

- Small Transaction: Smaller transactions will require the same roles but will typically be managed by an individual M&A lead with the assistance from an M&A analyst and the BU's. The IT lead will wear multiple hats and ensure all Infrastructure, Operations and Application activities are completed.
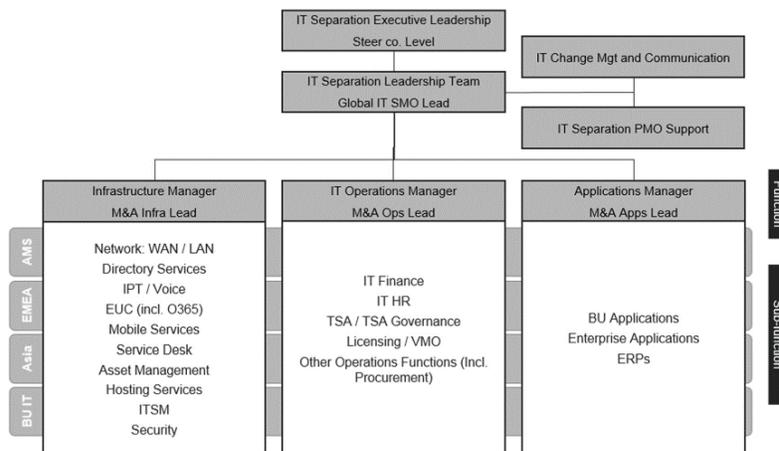
Integration Guiding Principles

Using the initial acquisition or separation due diligence template as a baseline, gap analysis and evaluation is conducted at a more granular level to better understand the current operating environment of the acquisition/merger/divestiture, clarify what the target model will look like, and what it will take to get there. At the end of this stage, a comprehensive, concise, and coordinated integration plan is formulated, providing specifics on the various applications and supporting infrastructure that will be integrated, as well as, identifying what new functional processes that need to be put in place. Typically both short and long term integration strategy plans are laid out. In the case of a Divestiture, it's a separation and migration plan for cloud datacenter, workstation, collaboration, communication, and identity services.

Vision	Value
How do we create a joint or new vision? • Vision and Guiding Principles ("Why") • Strategic Intent and Priority Operating Goals ("What") • Target Operating Model ("How") • Key Risks & Issues ("Impediments")	How do we capture synergies without diluting our current value? • Value Preservation, Capture and Creation • Cost Synergy Business Cases • Revenue Synergy Business Cases • Synergy and Operational Metric Tracking
Change	**Control**
How do we navigate through all this change? • Culture map • Communications plan • Talent and business critical Retention • Combined organization design	How do we maintain control? • Integration strategy and approach • Integration & Day 1 guiding principles • Integration governance • Integration tools • Post – close business control

Key Considerations

Leadership should immediately set up an Integration Management Office (IMO) to aggressively drive cross-functional Day 1 and end-state transition. A Separation Management Office (SMO) is appropriate in the case of a SpinCo.

- Identify IT IMO/SMO Lead.
- How will the program be managed?
- What tools and techniques can be leveraged to accelerate transition planning and execution?

In order to avoid contention and transaction delays, leadership should establish clear operating guiding principles, constraints, and agreements.

- How will decisions be made? Who are the decision makers?
- What assets will come with the transaction? Will TSAs be provided?
- What is the desired, least transition risk, end-state business and technology scope, sourcing and delivery model?

In order to jump-start the integration/separation planning and execution, the buyer/leader should quickly launch a very targeted planning effort focused on the rapid identification of Business and Technology requirements.

- What degree of integration will be pursued initially?
- What is the desired end-state business and cost for the buyer?

Due to the complexity of the integration/separation, leadership should immediately begin to identify and select integration methods and options to ensure all available, cost effective options are considered.

- How can key business functions be integrated/separated (people, processes and technology)?
- How can ERP and boundary systems be integrated/separated? How can the infrastructure be integrated/separated?
- What are the risks and mitigates for integration/separation method selected?
- What is the desired, least transition risk, end-state business and technology scope, sourcing and delivery model?

Key Considerations

Over and above the cost of implementation, the go-forward cost structure should take into account the SG&A costs that are currently attributed to the company that is being moved.

- How will these costs be eliminated?
- What are the impacts of reducing these costs?

In order to meet aggressive timelines and prevent adverse cost impact, immediate focus should be placed on addressing sourcing and software licensing to carve out requirements.

- What contracts overlap, will be eliminated, need to be re-negotiated?
- What software licenses are required going forward? How can the JV minimize license costs?

Due to the characteristics of the transaction and the expected complexity of the integration, proactive focus on maintaining security, controls, and regulatory compliance throughout the transition will be critical.

Develop an assumptions log and method of tracking all decisions in an organized manner
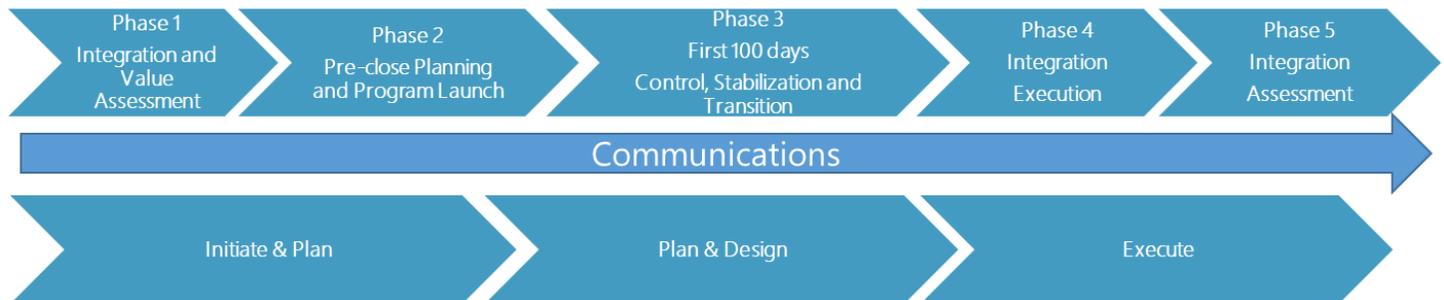
- Create process and signoff guidelines prior to kickoff meeting.
- Initial all decisions (organizational, financial, etc.) and track in a repository so all stakeholders know where to get data throughout the duration of the projects.

Create a single team site and ensure final documents are all stored in a central repository.

- All old versions should be archived for future reference.

Integration Planning

Successful integrations deliver expected synergies and value while controlling risk and minimizing business disruption. Achieving these goals requires extensive cross-functional coordination, robust project planning, detailed timelines, identifying interdependencies, and explicit pursuit of tangible benefits.

Phase 1 Integration and Value Assessment	Phase 2 Pre-close Planning and Program Launch	Phase 3 First 100 days Control, Stabilization and Transition	Phase 4 Integration Execution	Phase 5 Integration Assessment

Communications

Initiate & Plan	Plan & Design	Execute

Initiate & Plan

- Define IT team governance, cadence and assign resources.
- Identify tools and accelerators and develop high-level project plan.
- Validate priorities with key business and IT stakeholders.
- Conduct current state analysis on the IT footprint to understand consolidation and net new operational requirements.
- Conduct gap analysis on process and assets.
- Develop high level roadmap.

Plan & Design

- Develop IT conceptual design (TOM) for Day 1 and Day 100.
- Design detailed go-forward strategy and target IT architecture.
- Develop systems migration and data conversion plans.
- Initiate build of Day 1 processes.
- Identify, document and track IT related issues to assess, prioritize and resolve in a timely fashion.
- Finalize Detailed Project Plans.

Execute

- Execute system and data conversion plans.
  ⇒ *System development / configuration*
  ⇒ *Data mapping and conversions*
  ⇒ *System Testing / Validation Training*
  ⇒ *Cutover and go-live support*
- Track and monitor plan progress.
- Escalate issues that may impact project deliverables or deadlines.

Technology Workstreams

Appointing the right team to manage the integration/separation is one of the most important factors in a successful transaction. Structuring the integration/separation team correctly and staffing it appropriately are both essential to a successful project. Below are common technology work streams that should flow across all business functions, regions, and business units.

Business Functions	Technology Work Streams					
Finance	Applications	Infrastructure	Organization & Governance	Compliance & Data Security	Third Party Contracts	Synergy Realization
Human Resources						
Operations						
Sales & Marketing						
Governance						
Reg. Teams						
Americas						
Asia						
Europe						
BUIT						
BU #1						
BU #2						
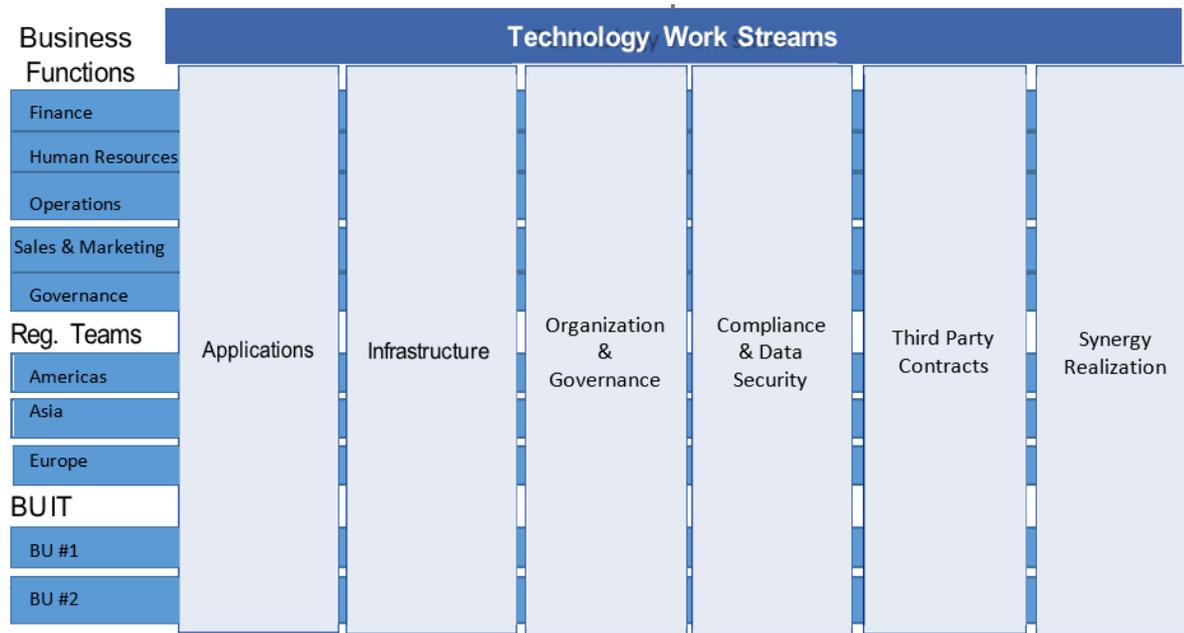
Principles of a Successful Approach

Prepare Well	• Define success. • Develop and adhere to an integration framework. • Don't make Day 1 bigger than it needs to be. • Develop a time-phased, milestone-centric integration plan. • When an organizational alignment occurs, communicate and stick to it • Identify your key players. • Plan and provision for cultural resistance. • Develop realistic internal IT timeline and budget, but hold partners. accountable for their timeline and budget. • Get everyone speaking the same language.
Execute Rigorously	• Integration is a full-time job requiring a dedicated project team. • In spite of preparation, things will go wrong...it's how you react that matters. • Over-communicate, and then communicate some more. • Measure success against project milestones and synergy goals.
Continue the momentum	• Transition full-time integration project management to various owners. • Don't lose sight of longer term integration milestones. • Continue to measure success through management dashboards/reports.

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Why Concurrency for Merger & Acquisition, Divestiture Projects?

We're confident about our ability to make this successful, cost efficient, and effective, while delivering results to enable the split of the two companies with the best long-term operating outcome.

We have done it before

- Experience with multi-national organizations undergoing M&A and Divestiture (SpinCo) projects.
- We have a repeatable process that has been honed over multiple projects.

You know who to call

- The executive leadership of Concurrency is behind your project and you can call them anytime.
- The project will run into challenges, we'll be there to make sure it is successful.
- The executive team who runs Concurrency will see the project status every week.
- You will have an executive directly engaged in your project week-to-week.

We have the experts

- The team we have can compete on capability at any level of technical scale, doing these projects in 200,000 and 300,000 user accounts.
- The team engaged has access to or are Microsoft MVPs themselves in these disciplines, with direct access to the Microsoft product teams.

We have the capacity

- We have proactively worked with our demand team to soft-lock the targeted resources for the roles on the project.
- We're ready when you are ready to start.

Success to date in M&A and migration space

- The team that has proven itself through its work and partner's well being.
- We will not let the project fail and will make your objectives our objectives until we accomplish victory.
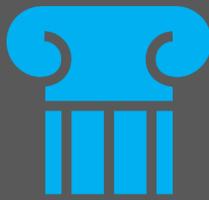
Recent Projects

Information Services

Manufacturing

Aerospace

Building Controls

Information Services Client

Project Goals

- Support split of current organization into RemainCo and SpinCo destination organizations.

- Migration of cloud datacenter, workstation management, collaboration, communication, and identity platform services.

- Successfully split both organizations in best & most cost effective way.

Business Alignment

- Facilitate organizational split through streamlined communications.

- Simplify directory services model leveraged by Office 365.

- Leverage public cloud for services to minimize datacenter footprint of RemainCo and SpinCo.

- Optimize end user computing environment for SpinCo.

- Minimize risks to successful organizational readiness.

High Level View of Program

September 2018	October 2018	November 2018	December 2018	January 2019	Feb 2019	March 2019

Spin Migration Planning (all 5 workstreams)	Planning	Azure Migration Workstream Planning Continued

Azure Migration Workstream

Identity Workstream

Office 365 Communications Workstream

Office 365 Collaboration Workstream

End User Computing Workstream
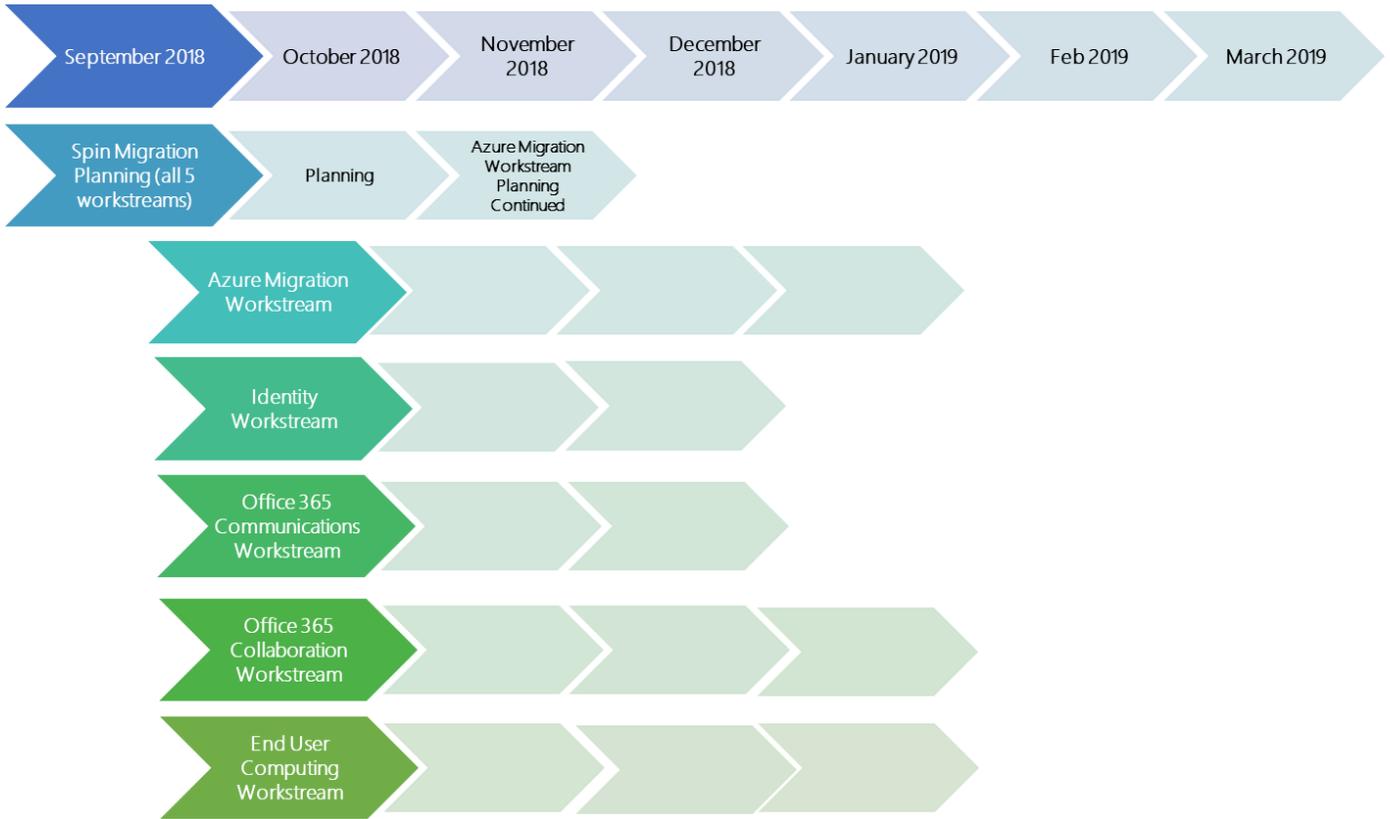
High Level Consolidated Approach

The effort to execute on the structured split of RemainCo and SpinCo will leverage an effort of dependent workstreams to achieve success. The program is structured into planning and execution phases, with the planning populating the backlog and the execution phase working the backlog. The approach includes these key beliefs:

Planning Phase

- A consolidated plan between workstreams needs to be defined.
- The plan for end user computing must include the relationship between Office 365 collaboration, communications, identity, and end user computing.
- The plan needs to include the relationship to desk-side activities and support handoff.
- The plan must articulate the migration dependencies for datacenter services and relationship to end user computing.
- The plan must articulate all dependent roles and timelines to ensure each person's job is clear.
- The plan must consider end user computing dependencies on legacy services and simplifying the environment.
- The plan must consider security throughout the datacenter and end user computing / Office 365 elements.
- The plan must group datacenter services into "flights" which will be evaluated, grouped, and readied for migration.
- The plan must receive executive signoff and support.

Execution Phase

- The execution for Office 365 collaboration, communications, identity, and end user computing must be thought of as related to ease the transition.
- The users should be able to be moved independently. This will require an integration tool to facilitate movement of data and sync of free busy.
- The datacenter migrations will be conducted in "flights" which constitute groups of identified applications and servers.

Overall Success Criteria

- All targeted users migrated to SpinCo domain and end user computing and Office 365 communications/ collaboration /identity.
- All targeted content migrated to SpinCo collaboration environment.
- All targeted servers migrated into RemainCo / SpinCo Azure environments.

High Level Overview of Concurrency Roles

Concurrency is providing a dedicated set of roles throughout the SpinCo initiative to mitigate risk and ensure success by applying full time consistent resources. The roles are described as the following, grouped by effort.

Azure Migration Workstream

- Azure Architect (responsible for technical leadership of the workstream and key decisions)
- Azure Migration Engineer (responsible for IaaS migration activities)
- Azure Refactor Engineer (responsible for infrastructure upgrades, movement to Azure SQL)
- Azure Migration Business Analyst (responsible for validating migration requirements ahead of the engineering team, captures app relationships)

Office 365 Identity & Communications Workstream

- Office 365 Communications Architect (responsible for technical leadership of the workstream and key decisions)
- Office 365 Communications Sr. Consultant (build of the environment for identity and communications)
- Office 365 Communications Migration Engineer (responsible for identity and migration of mailboxes and Skype / Teams accounts)
- Office 365 Communications Business Analyst (responsible for capturing requirements, traceability, and organizational change management)

Office 365 Collaboration Workstream

- Office 365 Collaboration Architect (responsible for technical leadership of the workstream and key decisions)
- Office 365 Collaboration Business Analyst (responsible for capturing requirements, traceability, and organizational change management)
- Office 365 Collaboration User Experience Engineer (responsible for UX)
- Office 365 Collaboration Migration Engineer (responsible for migration of SharePoint sites, OneDrive content accounts)
- Office 365 Collaboration Developer (responsible for automation, correction of migration content)

End User Computing Workstream

- Modern End User Computing Architect (responsible for technical leadership of the workstream and key decisions, assists in build-out of management environment)
- Modern End User Computing Migration Engineer (responsible for facilitating migration to target environment in conjunction with desk-side team)
- SCCM Architect (responsible for SCCM-centric migrations)
- End User Computing Business Analyst (responsible for capturing requirements, traceability, and organizational change management)

Project Management & Program Management

- Full time project manager, covering all workstreams
- Program manager oversight, covering all workstreams
- Concurrency Executive Leadership oversight and participation in weekly status meetings

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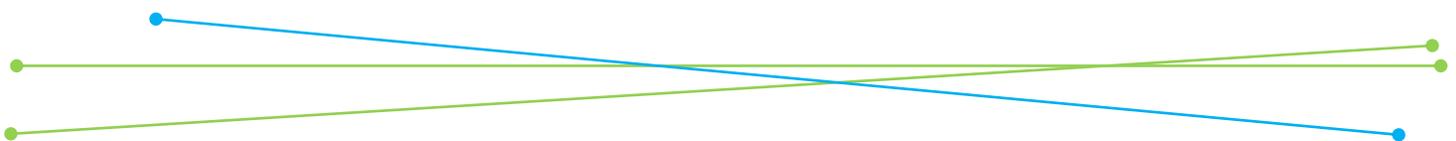
High Level Overview of Client Roles

Concurrency is providing a dedicated set of roles throughout the SpinCo initiative to mitigate risk and ensure success by applying full time consistent resources. RemainCo / SpinCo will also need to dedicate a set of roles throughout the process to ensure success too. The roles are described as the following, grouped by effort.

As for recommendations for each workstream, they are:

- Each workstream will need a full time client team member familiar with the subject matter and ready to function as a go-between with the Concurrency team, as well as ready to operationally support it after the migration. The team member will participate in planning, migration, and knowledge transfer.

- The app / server migration workstream will require allocation of respective application owners and app teams to facilitate app-centric testing, migration (if re-platformed), and support.

- The end user computing side will require Desk Side teams allocated to perform end user engagement and migration activities.

- We expect that the client will have a project manager that can work with ours for managing the client team

- We will have daily standups for all workstreams and weekly program reviews that will engage the client team

As for the specific workloads at client:

- Azure Migration Workstream

- Azure Architect plus an engineer

- Office 365 Identity & Communications Workstream

- Office 365 Communications Architect

- Office 365 Collaboration Workstream

- Office 365 Collaboration Architect

- End User Computing Workstream

- Modern End User Computing Architect

- Project Management & Program Management

- Full time project manager, covering all workstreams

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Organizational Change Management

Project Summary

- Identify stakeholder groups impacted by changes.
- Design, build and execute on communication and training events.
- Establish an Early Adopters/Champions Program.
- Obtain feedback for user acceptance from business units and stakeholders.

Business Benefit

- Business user acceptance.
- Optimal user experience with in scope products.
- Reduction of deployment risks related to user resistance.
- Increased business user satisfaction.
- Lower operating and support costs.

Deliverables

- Identified stakeholders and stakeholder types.
- Identified Exchange/Skype for Business items that stakeholders need to know.
- Communications campaigns based on Personas.
- Agreed delivery plans for how each event will be delivered.
- Training materials (FAQs, Guides, Videos, etc.).
- Communications and learning events.
- Early Adopter/Champions Program.

Key Decision Points

- What stakeholder groups are impacted by the changes?
- Will we adopt and implement an Early Adopters or Champions Program?
- What key campaigns will we operate with and what are the goals for each campaign?
- What learning and communication events will we employ and with which delivery channels?

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Organizational Change Management

- OCM Campaign Breakdown session

- Directed Email Communication

- Getting Ready Guide

- Help Desk Guide

- Email User Training Guide

- Marketed Communication Materials

Impact	Assess Impact to Current State and Establish Future State Requirements for Targeted Improvement Areas
Process	Process and Technology Planning for Future State
Communication	Communications plan and templates to communicate project to proper audiences at the right time
Training	Training plan to ensure the right users are training on the proper topics

Campaign Breakdown – Key Messages

Campaign	User Status	Timeframe	Description
Awareness	"What's Happening?"	10/23 – 11/3	• Overview of changes and going to Teams • How this impacts them • What will happen next • Questions, issues and concerns
Learning	"Show Me How It Works!"	11/3 – 11/17	• Key features and functions of services they will be using • How to execute responsibilities • Access to online training sites • Questions, issues and concerns
Readiness	"What Is Needed To Get Ready?"	11/17 – 11/28	• When they will be transitioned • Any pre and post transition tasks they need to perform • Questions, issues and concerns
Supported	"Help Me When I Need It!"	11/23 – 12/31	• Knowledge guides and cheat sheets • Where to go for help • Feedback on transition – what is working/not working • Issues tracking and follow-up

Email Upgrade COMING SOON

Overview
As part of a corporate-wide initiative, IT will be upgrading all email accounts to Exchange Online and Office 365 Pro. The first wave of deployment is planned to be completed by <date>.

Who is Impacted?
• All Employees
• All accounts will be migrated to the new environment

Benefits
• Stability and increased reliability of email, calendaring, etc.
• Improved web portal email functions
• Intuitive collaboration functions
• Foundation for future Office updates
• Lower operating and licensing costs

If you have questions, please contact IT or email xxx@Clientcu.com

References

References

Concurrency has a history assisting companies with M&A including divestiture activities, at the largest scale. This repeatable process combined with our technical capabilities make this a perfect fit for Concurrency's ability to execute. You can engage in the following references.

Manufacturing Client

Products Leveraged

- SharePoint
- Active Directory Domain
- Office 365
- AD Connect
- Identity
- Azure AD
- SCCM
- Windows 10
- EM+S

Problem

The client divested a division of 2,500 employees into a separate company under a program called SpinCo. Prior to that project starting, the client asked for assistance with pre-spin deployment activities. These activities include the design of the initial domain separation strategy, the execution of removal of the SpinCo UPN from the client domain, build of the initial SpinCo domain, and deployment of a SCCM infrastructure.

Solution

- Design of the mid-term SpinCo domain separation plan
- Design of the mid-term SpinCo SCCM infrastructure
- Design of the certificate services infrastructure
- Assistance with Business Impact Analysis for spinco.com UPN removal from client domain
- Assistance with removing spinco.com UPN from client domain
- Build of on-premises Active Directory for spinco.com
- Build of on-premises Certificate Services infrastructure (two tier)
- Deployment of new Office 365 tenant for SpinCo
- Configuration of SpinCo domain for Office 365 tenant
- Configuration of Azure AD Connect Sync for spinco.com
- Deployment of SCCM base infrastructure in SpinCo Azure Tenant
- Configuration of patching capability in SpinCo SCCM environment

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References

Automotive Client

Products Leveraged
- Azure VMs (IaaS)
- Azure Advanced Threat Protection (ATP)
- Azure Advance Threat Analytics (ATA)
- PowerShell
- QMM (Quest Migration Manager)
- Microsoft Service Map
- ServiceNow
- Azure Site Recovery
- Office 365

Problem
The client merged with another company, spun off SpinCo, and has been involved with numerous other pro-jects. They continue to face challenges from migrating applications from legacy environments. To date, they have 200,000 to 150,000 employees who have been affected by M&A activities.

Solution
Concurrency assisted the client with creating a repeatable M&A package. We planned several migration scopes around identity, Office 365, business hosting, and service management. We executed on requirements gathering, validation, technical migration, and management functions in the workstreams. Initially responsible for building and deploying elements of the Office 365 environment.

Aerospace Client

Products Leveraged
- Active Directory
- Office 365
- AD Connect
- ADFS
- Other projects included Skype for Business, Office 365 Enterprise, SharePoint, Exchange Online, Intune, EM+S. The client signed a new EA with Microsoft at the end of June 2018 for $3M.

Problem
The client was divesting one of its business units and asked Concurrency to lead the design, implementation and migration of a new on premises Active Directory environment to provide a long-term identity solution for the organization. The client had been dependent on the business unit for all IT Services but wanted to migrate to the cloud. SpinCo partnered with us to provide a consolidated, unified, and secure identity access environ-ment, which includes on premise Active Directory services, as well as, cloud identities.

Solution
- Review the current state of the domain infrastructure including OU structure, group policy, DNS, DHCP and WINS
- Provide a design through directed design workshops of the new domain infrastructure
- Ensure that the design includes considerations for Office 365 & Azure Active Directory
- Deployment of the new domain infrastructure
- Configuration of cross-forest trust with
- Implement Active Directory Migration Tool (ADMT)
- Conversion of Network Operating System (NOS) - DNS, DHCP and WINS
- Migration of users, groups and computer accounts to the new domain

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References

Information Services Client

Products Leveraged
- Office 365 – 2600 seats
- SCCM
- Azure
- Active Directory
- Azure AD
- 1200 servers will be touched or migrated
- Identity
- Exchange
- OneDrive
- Yammer
- SCOM
- Migrating from two data centers to Azure and one data center

Problem
The client made a corporate decision to separate its Transaction and Risk Compliance and Marketing and Communication Solutions business units in order to create a new company while leaving behind the clients DataSite business unit. The spin off required a series of significant technology projects to create the new company, as well as, position the remaining company to operate its business at an efficient level. The client requested that Concurrency respond to a portion of the RFP targeted around infrastructure and Microsoft technologies.

Solution
- Provide leadership to the datacenter migration workstream, especially Infrastructure architecture
- Build a new identity infrastructure for SpinCo and facilitate migration of accounts and resources
- Build a new Office 365 communications infrastructure for SpinCo and migrate accounts and services
- Build a new End User Computing management environment for SpinCo and support migration to new Windows 10 workstations either on SCCM or Modern End User Computing
- Migration of identified virtual machines to target infrastructure

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