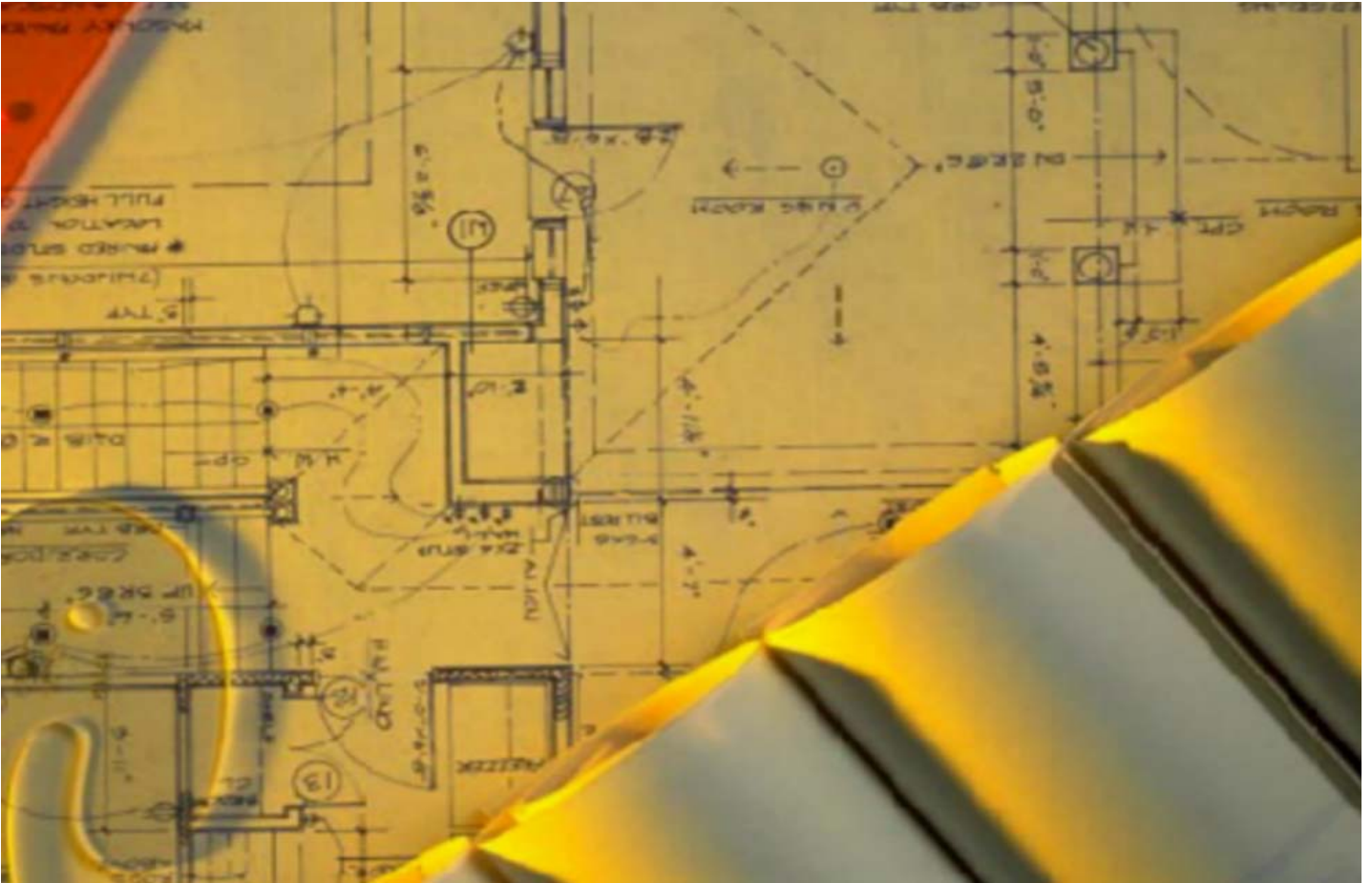


iNtegrate

A digital strategy for successful Mergers & Acquisitions integration



Shorten the cycle and add immeasurably to shareholder value...

“By applying a simplified approach to the merger integration process, companies will be able to take advantage of efficiencies much faster, which in turn means reduced integration costs, improved customer satisfaction, timely financial reporting and better business intelligence.”

iNtegrate

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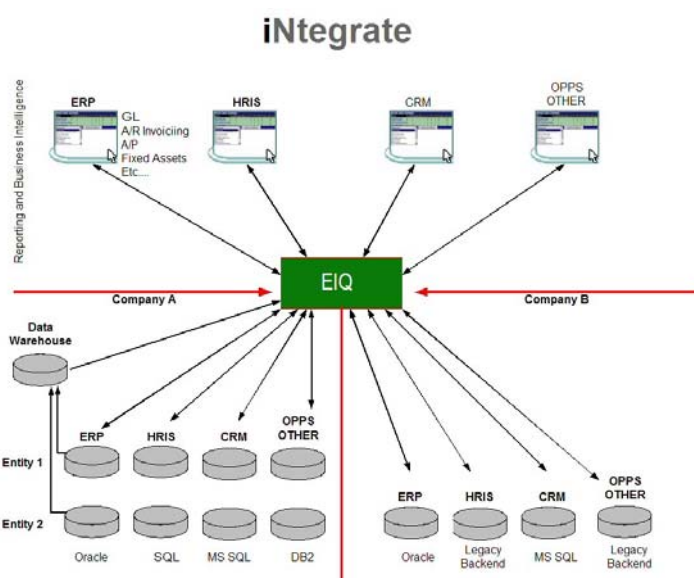
If there's one subject that has rivaled the development of the Internet in the world's business pages over the past decade, it's the extraordinary pace of corporate merger-and-acquisition activity in virtually every industry.

Successful Merger and Acquisition Integration

The internet boom (and bust) along with new SEC regulations has brought far greater scrutiny and accountability to senior management as they pursue Mergers and Strategic Rollups. In an environment where mergers and alliances will play an ever-greater role in the business strategies of most companies, firms must do everything they can to increase their chances of success. The stakes and the chances of failure are high, and there is no greater enemy than time in the battle to achieve business objectives. Applying the **iNtegrate** solution is not a panacea, but it clearly offers a major opportunity to contribute to the process of making highly complex and difficult merger transactions simpler to execute and more financially rewarding.

Executing the transaction to produce pre-merger analysis and due diligence, (See *Figure A*) not only involves being able to provide customer profitability and performance data, but also implementing adequate controls during the period before the merger is finalized as well as the day after the merger is complete. Companies who can quickly **iNtegrate** their operations and effectively leverage key information will achieve the anticipated gains from the transaction.

Figure A (Pre Merger Business Intelligence)



The Obstacles to Integration

An initial task of a merger acquisition is to get a clear understanding of "value". While the object is to gather pertinent information with common definitions from both organizations before the merger transaction is complete, to do so in the traditional client-server environment would be prohibitively costly, if it can be done at all. Merely canvassing the two organizations to find out how many different types of desktop systems are in use around the company (PCs and Macs), which operating systems they are using, and what versions might cost hundreds of thousands of dollars and take months to standardize. Once the personal computer

inventory is complete, there would be the problem of creating software that could operate on all legacy systems and aggregate the data.

Merging disparate and usually incompatible IT systems is generally a difficult task that can be a huge time and costly burden. The combined organization is typically a tower of conflicting corporate terminology, mismatched hardware and software of varying vintages, and diffuse layers of IT infrastructure that have accumulated over the years. At the very least, merging companies need to be able to think in a common corporate language with systems that can communicate with each other before the new organization can even begin to realize the estimated gains that were the basis of the merger.

Achieving the requisite commonality via traditional systems integration methods can be difficult even when both parties are committed to the process, which is not always the case. A major U.S. bank spent more than a decade building a nationwide diversified financial services organization through an

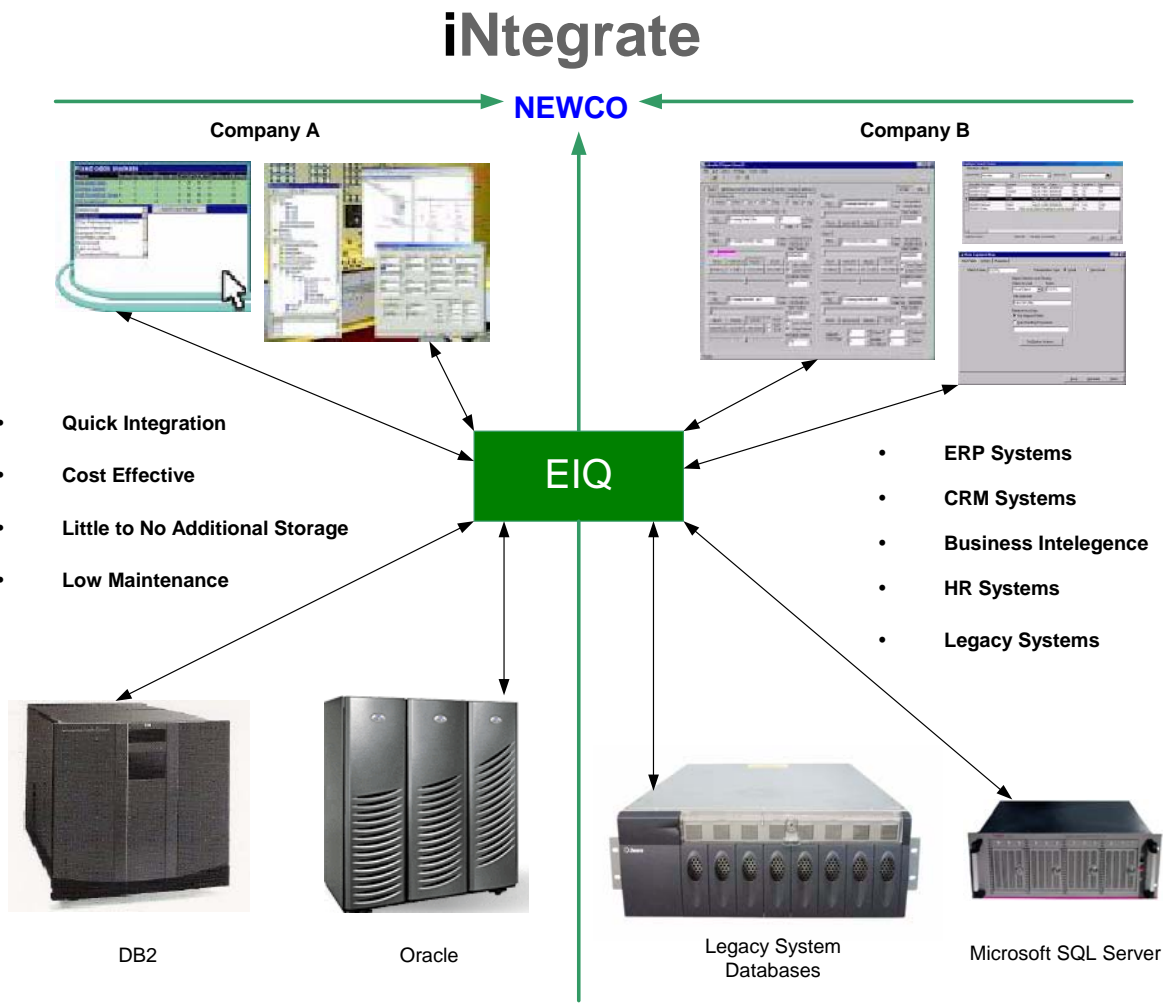
aggressive acquisition program, yet it never attempted to reconcile its multiple IT systems. Each acquired organization functioned for years as a separate operating unit, creating costly overhead. Accountants were forced to reconcile results by hand for reporting purposes. This structure also handicapped the bank strategically because it was slow to achieve projected synergies. By the late 1990s, investors grew impatient, and management was forced to improve the company's performance, which included a difficult integration of highly fragmented IT systems.

iNtegrate

By applying a simplistic approach to the merger integration process, companies will be able to take advantage of efficiencies much faster which in turn means reduced integration costs, improved customer satisfaction, timely financial reporting and better business intelligence.

iNtegrate applies a combination of discovery methods, processes and emerging technologies that focus on the utilization of EXISTING systems in a single, consolidated and open environment (See *Figure B*). Normal operating problems caused by mergers such as, consolidating operating and financial information, identifying customers and producing a single invoice for customers can be solved quickly and efficiently.

Figure B (Post Merger Integration)



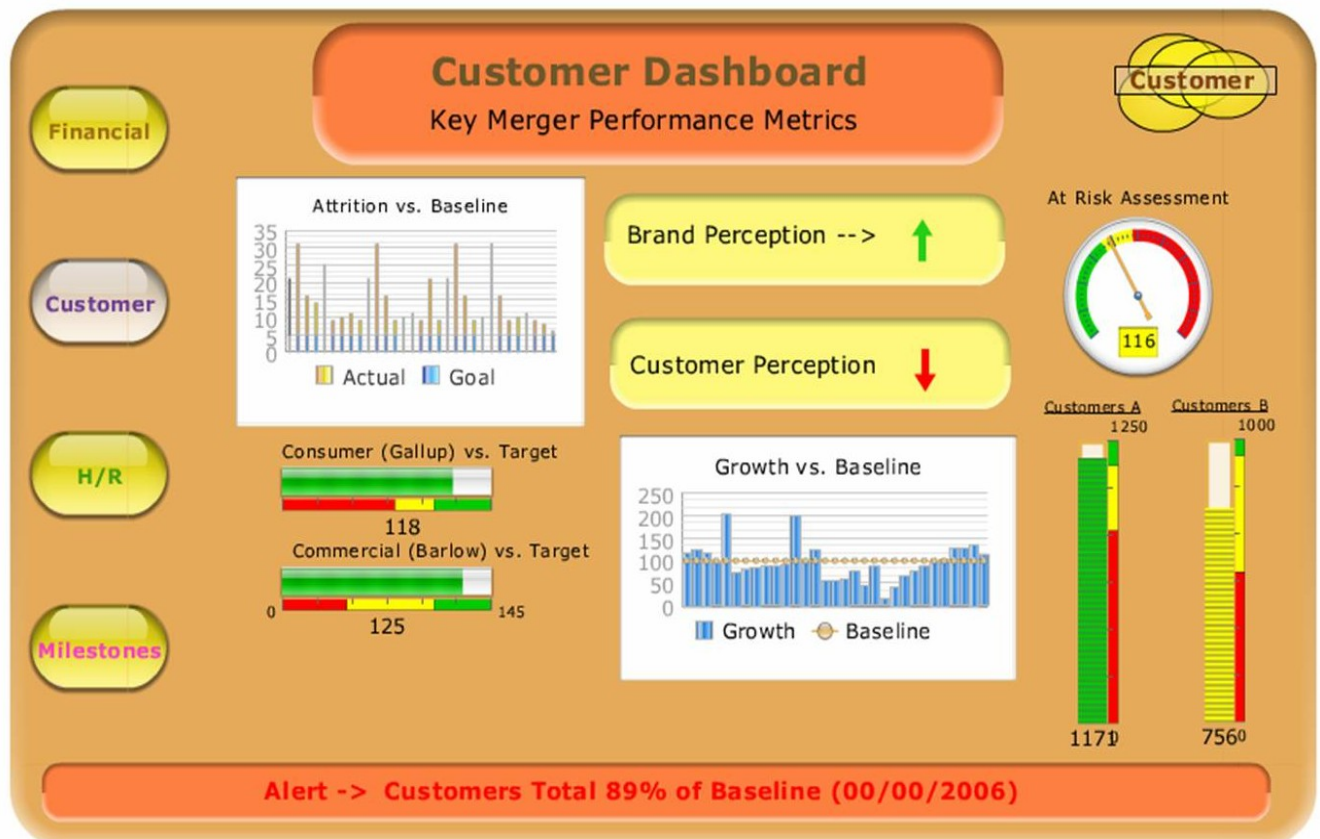
Utilizing **iNtegrate**, will allows a company to operate as one entity much faster than other traditional, costly and time consuming methods. This approach to M&A gives the combined organization the freedom to focus on longer term solutions without negatively impacting the customers, shareholders and existing operations.

iNtegrate offerings includes the following:

- Pre-merger planning
- Pre-merger systems and data sources analyses, data profiling and mapping of the disparate systems, as part of Due Diligence
- Post-merger data integration, allowing the existing data to remain in its original locations, in its original format and schemas.

In an **iNtegrate** scenario, process and technology that establishes a common platform utilizing most existing user interfaces and sharing data can be developed rapidly. This allows merger partners to generate quickly and precisely the kind of information management needs to make strategic decisions with a minimal amount of training or change in the professional routines of both organizations. Instead of immediately refitting a hydra-headed organization with uniform hardware and software, facing immediate pressures of hastily implementing long term costly solutions or integrating complex data warehousing, companies can now focus on the more important issues immediately.

This process can be accomplished by either utilizing existing reporting tools for analysis purposes, or from an executive prospective, strategic and critical matrix can be combined from desperate systems into a dashboard that compiles the data and presents it in a simplified graphical format. (See below as an example).



In the case of consolidations, some companies are less concerned than others with cost and time-efficiency, as we learned when one company chose to put an army of accountants and consultants on the phone instead of going the **iNtegrate** route. To this particular firm, the cash outlay for its army of information gatherers and the time lost were not important. It would have taken roughly three weeks to get the **iNtegrate** technology infrastructure running smoothly instead of the months it took to get the same output manually. In most transactions, however, the ‘money is no object’ approach is not an option. **iNtegrate** represents a cost-efficient and reliable way of starting the integration as soon as possible.

The Case Example for iNtegrate:

Company A and Company B are both in the same services industry and merge in a horizontal merger. The customer base for both companies is primarily “mom and pop” operations. The challenge facing the merged company is that each company has its own separate multiple data sources on multiple systems in multiple locations. Customer data is spread across multiple systems, and the revenue and expense data are on different systems that cannot break the data down by customer, location or other groups.

For the merged company to be able to take advantage of the combined customer base, it must be able to analyze and track the profitability of each customer, each service offering and location. The merged company must also be able to quickly identify every place that a customer interacts with the merged company, and must be able to track trends and measure performance in near real-time to be successful. Additionally the merged company must be able to quickly consolidate the financials of both organizations in order to either provide quick reporting and business intelligence.

The merged company is facing two options: One is the difficult choice of having to go down a long, complex and expensive path towards building a data warehouse or planning and implementing a single solution at the onset of the merger. The other is that the merged company can elect to use **iNtegrate**, where they will be able to quickly bring deliverables to operations. Data remains in its original location and in its original format. The company can continue to use its existing systems without the huge expense of setting up a separate data warehouse, but have the benefits of data warehouse capabilities. Risk is greatly mitigated.

The following chart compares **iNtegrate** with data warehousing.

Feature	iNtegrate	Data Warehousing
Time to implement	Short	Long
Cost to implement	Low	High
Risk	Low	High
Updates (typically)	Near real-time	Batch/incremental
Data moved – ownership, security and privacy issues	No	Yes
Detail drill-down	Yes	Maybe
Structured data sources	Yes	Yes
Unstructured data sources	Yes	No (typically)
Semi-structured data sources	Yes	Maybe
Schema transforms	No	Yes
Data transforms and clean-up	Yes	Yes
Rapidly add/remove data sources	Yes	No
Calculated Fields	Yes	Yes
Aggregated Fields	Yes	Yes
Queries on calculated and/or aggregated fields	Yes	Yes
JOINs between data sources	Yes	Yes, internal
Text search option on all data	Yes	No
Combined structured database-type queries and text search option	Yes	No
Alerts/notifications option	Yes –near real-time	Yes – only on update
Link mapping and analysis option	Yes	Unlikely

Conclusion:

In today's world there are many choices companies face when dealing with the issues of combining companies in the most efficient, methodical and non-intrusive approach. There are a wide range of technologies that claim to accomplish this task and some do the job reasonably well. The question one must ask is; how long this process takes, what is the initial cost, what is the impact on customers, employees, vendors, supply chains and financials during period of upheaval. What if things don't go as planned?

It is important to explore all available options and plan the approach during pre-merger discussions. Remember, it's not all technology consolidations that effect a successful integration.

iNtegrate

MITIGATING THE COSTS OF DELAY

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