IT Success in M&A Starts with IAM
Contents

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAYING THE FOUNDATION FOR M&amp;A SUCCESS</td>
<td>3</td>
</tr>
<tr>
<td>HOW MODERN IAM OVERCOMES FIVE M&amp;A CHALLENGES</td>
<td>6</td>
</tr>
<tr>
<td>CHALLENGE #1: SLOW, DISJOINTED ONBOARDING AND ACCESS</td>
<td>6</td>
</tr>
<tr>
<td>CHALLENGE #2: MANAGING IDENTITIES ACROSS MULTIPLE DOMAINS</td>
<td>9</td>
</tr>
<tr>
<td>CHALLENGE #3: SUCCESSFUL TECHNOLOGY INTEGRATION</td>
<td>12</td>
</tr>
<tr>
<td>CHALLENGE #4: SECURITY</td>
<td>15</td>
</tr>
<tr>
<td>CHALLENGE #5: NOT IMPACTING CUSTOMER EXPERIENCE</td>
<td>17</td>
</tr>
<tr>
<td>RAPIDENTITY: YOUR MODERN IAM SOLUTION</td>
<td>20</td>
</tr>
</tbody>
</table>
So, negotiations are complete, and your company is finally ready to close on that acquisition deal that has been in the works for months or even years? You’re not alone—the mergers and acquisitions (M&A) market is red hot; global mergers and acquisitions had its strongest start ever in the first half of 2018, totaling $2.5 trillion in value.¹

As soon as the executive team signs on the dotted line, your company’s responsibilities will explode—the acquired company’s finances, security, compliance obligations, and other things too numerous to mention will fall onto your company’s shoulders.

Your executive team will expect you and the rest of your IT team to integrate technology stacks, ensure employees have access to needed resources, and take over security for the acquired company in record time.

Customer satisfaction, employee retention, and profitability are on the line, so it is critical that all of this happens efficiently and without disruption.

You know that you have a daunting task in front of you. The reality is, most M&A deals do not generate the expected value or return on investment.² Unfortunately, 70-90 percent of acquisitions are considered abysmal failures.³

Ensuring that your company realizes the full value of an M&A deal comes down to IT integration. Effective integration planning remains the number-one factor for achieving a successful M&A transaction.⁴
As much as 50-60 percent of the synergies in an M&A transaction are IT-related. These include lowering IT infrastructure costs, integrating functional systems to reduce financial and human resources costs, and integrating customer data to increase cross-selling revenue.
On the other hand, poor integration results in lengthy onboarding, systems that do not properly work together, unexpected costs, downtime, and dangerous security vulnerabilities.

M&A deals are incredibly complex, so the key to integration success is taking as much complexity out of the process as possible. To help accomplish this, 63 percent of companies are going beyond spreadsheets and using technology tools that help reduce integration conflicts, costs, and time.6

One important, but often overlooked, technology for effective IT integration is modern identity and access management (IAM).

Modern IAM solutions streamline, simplify, and centralize identity management. Having the right IAM solution in place before a deal is finalized lays a critical foundation for integration success that enables change—quickly and securely—throughout every step of the process.
How Modern IAM Overcomes Five M&A Challenges

There are a number of challenges that can slow or derail the success of post-merger integration. Here’s how a flexible, modern IAM solution can help you survive and prosper.

**CHALLENGE #1: SLOW, DISJOINTED ONBOARDING AND ACCESS**

IT is saddled with the unfair expectation that everyone who needs access to the other company’s systems will have it the day the contract is signed.

For this to happen, IT must know who needs access to what resources, and then, immediately give them that access. However, it is not realistic to set up permissions one by one for every individual.

Still, this does not mitigate the fact that employees need immediate access to do their jobs; they cannot wait weeks or months for critical resources. The longer onboarding takes, the longer it takes to realize value from the new acquisition and the more your organization is at risk of talent loss. In fact, losing talent is the number-one perceived risk for buyers when it comes to M&A.7

After all, a merger or acquisition naturally increases employee anxiety about job stability. If employees face disruptions or cannot access the systems they need to do their jobs, this only increases frustration and anxiety, and job satisfaction suffers as a result.

Higher employee attrition can, in turn, affect customer satisfaction, delay the release of new products or services, disrupt plans to enter new markets, and even reduce the projected value of the merger.

The longer onboarding takes, the longer it takes to realize value from the new acquisition and the more your organization is at risk of talent loss.
**SOLUTION #1: GRANT DAY-ONE ACCESS WITH MODERN IAM**

Modern IAM enables companies to grant day-one access to corporate resources (or even pre-day-one access). A modern IAM platform can swiftly connect to the directory of the acquired company without network configuration issues—regardless of what type of directory system it is. Once connected, the IT team can easily grant users at both companies access to parent- or acquired-company systems and applications.

Onboarding is a simple, streamlined process with modern IAM. That’s because account creation and management can be fully automated using workflow-driven user provisioning and multidirectory identity and resource administration.

Access rights can also be dynamically added and removed based on a user’s specific attributes or role by implementing role- and attribute-based provisioning policies. This makes it possible for IT administrators to quickly assign users the proper permissions without any guesswork or room for error.

Some IAM solutions even offer sponsorship capabilities that enable IT administrators to easily grant access even before bringing on accounts. Sponsorship is an easy way to provide access for people not yet in the parent company’s human resources system, with the same level of identity lifecycle management and IT oversight as for full-time employees.
Pro tip:
When trying to provision access amid the M&A hustle and bustle, the two disparate organizations can leverage federation to grant users access to either company’s applications. Instead of going through the additional effort of fully creating accounts in both environments, IT simply has to provide some common information (email address, username, account number, etc.) to provide federated access.
CHALLENGE #2: MANAGING IDENTITIES ACROSS MULTIPLE DOMAINS

When you tackle the massive job of an M&A integration, you face the reality that each organization has its own directory (or multiple directories) where employee identity data is stored. Post-M&A, your company might suddenly have two distinct Active Directories, two LDAP directories, or more—potentially a lot more. When identity data is siloed and segmented, it is difficult to keep information consistent and synchronized from one source to another.

Undoubtedly, consolidation of identities is one of the most challenging parts of integrating two companies. The process can be time-consuming and costly. Conducting security reviews, deploying hardware and migration tools, and making necessary changes to your environment can take months—or even years. So, even if your plan is to consolidate, it will not happen immediately.

In the meantime, you need to be able to manage separate domains. Without a robust IAM solution in place, this is a painful process. Managing the identities within these separate domains must be done manually, which can quickly monopolize your IT staff’s time, leaving them unable to focus on other integration-related priorities. Furthermore, this causes widespread duplication of processes, more inherent complexity, and a higher likelihood for error. The result? More doors into your environment are left open, multiplying security risks.
**SOLUTION #2: CONSOLIDATE AT YOUR OWN PACE WITH MODERN IAM**

With modern IAM in place, your organization can consolidate on its own schedule—or simply leave the domains as they are. You do not have to consolidate directories prior to automating and centralizing identity management of the acquired company’s users. Plus, the right solution offers the flexibility to do this in multiple ways, depending on what best fits your organization’s needs.

Let’s start with our recommendation: Create a metadirectory above the individual directories that acts as a single, centralized source of truth. The metadirectory collects and synchronizes user identities and group data across multiple, disparate directories without actual consolidation.

However, we have seen other strategies successfully implemented with modern IAM. One option is to maintain separate domains that continue to operate independently, but use a central interface and policy structure for managing identities. With this option, you can define policies using a logic that says: if new account information originates from Company 1’s HR system, then the new account is created in the company1.com domain; and if that information originates from Company 2’s HR system, then the new account is created in the company2.com domain. Thus, no accounts for Company 1 are created in Company 2, and vice versa.
MODERN IAM AT WORK:

When your organization is finally ready to consolidate directories, a modern IAM solution makes it easier. That’s because the right solution allows you to repurpose existing business logic for new scenarios.

For example, if Company 1 merges into Company 2, the logic you’ve written for Company 1 can easily be applied to Company 2’s domain through a simple adjustment within the IAM solution. Thus, that logic can be applied without wasting time and resources rewriting the logic for Company 2’s domain.
CHALLENGE #3: SUCCESSFUL TECHNOLOGY INTEGRATION

When organizations merge, each brings its own technology stack (software, hardware, network systems, enterprise platforms such as ERP and CRM, and applications). In some M&A scenarios, an organization keeps all of the parent company’s existing systems, but other times, the parent organization decides to bring over some of the acquired company’s systems. To accomplish this, the contents and users for each system must be migrated.

When done right, IT integration delivers an additional 10-15 percent in cost savings. However, to achieve successful integration, your organization must maintain a flexible IT architecture throughout the process and successfully consolidate overlapping systems.

This is where the IAM solution you have in place can make or break your success. With many IAM tools, such as legacy IAM systems, everything must be hard-coded throughout integration. This means hiring developers and outside consultants. The wrong solution leads to a much longer, costlier road to integration—one that is often accompanied by compromise and unexpected delays.

The sheer quantity of systems involved can create workload issues for your IT staff. If you do not have a modern IAM solution, all identity-related requests typically get routed through the help desk. This is a nightmare for everyone involved, with everything from provisioning to lifecycle management changes being handled manually.

When done right, IT integration delivers an additional 10-15 percent in cost savings. This is where the IAM solution you have in place can make or break your success.
SOLUTION #3: MAKE M&A INTEGRATION A SUCCESS WITH MODERN IAM

This challenge exemplifies why the IAM solution you choose is so important. The right solution gives your organization the flexibility to rapidly adapt during a period of constant change, while smoothly and efficiently migrating systems and users without disruption.

For example, our IAM solution, RapidIdentity, offers a flexible and infinitely configurable logic engine, which is used for implementing and enforcing policies. The logic engine’s drag-and-drop capabilities allow you to easily create action sets that do not require any deep programming.

Because you aren’t hard-coding every step of the process, it is easy to modify configurations. This enables ongoing change where adjustments can quickly be made as you move forward with consolidating duplicate systems.

The integration process is also complicated by the complexity of the hybrid environments involved. The acquired company has its own technologies—some legacy and homegrown—that are likely very different from the parent company’s. Unfortunately, many IAM systems can’t integrate with legacy technologies, so it is important to select a modern IAM solution that can support all technologies involved.

Disparate operating systems present another potential challenge—for example, if the acquired company uses Linux, but the parent company uses Windows. The right IAM solution will allow you to connect all systems—including on-premises, cloud-based, and legacy systems—through a variety of methods.
With RapidIdentity, you can use API connections, direct database connections, or integrate through text-based files. Furthermore, with RapidIdentity’s bundled graphical user interface (GUI) tool kit, you can quickly configure new connections to virtually any application and integrate them with your existing systems and data. Plus, there are infinite configuration options on top of these connections, so RapidIdentity can read, transform, and input data into newly connected systems and applications.

Flexibility is also important when it comes to how your IAM solution’s capabilities are delivered. Many times, an organization does not want to use the IAM solution’s provided interfaces for all aspects of its environment. Instead, the organization would rather deliver the IAM solution’s capabilities through APIs.

Here again, not all IAM solutions are created equal. Although most IAM solutions have a published API set—and you can do anything within the confines of that API set—both the API set and what you can do with it are very limited.

If your organization plans to use APIs during the integration process, you need an IAM solution that accommodates your needs without compromise. This means having the functionality for everything to be called through a robust, RESTful API set. With RapidIdentity, 100 percent of our solution’s capabilities can be delivered through APIs and surfaced in your own technologies.

Another unique and powerful feature of RapidIdentity is the ability to extend the API capability within the solution itself to meet your specific requirements. If there isn’t an existing API call for something you want to do, you can create an action with RapidIdentity’s logic engine and publish it as an API call. You are only limited by your creativity.

As an example, let’s say the company your organization acquired already has an established process for requesting access through SharePoint. To minimize disruption, you want to allow users to continue using the process they already know. With RapidIdentity, you can do this—while completely changing how that process is implemented on the back end. To do so, you would simply write an action set, publish it as an API, and then point that SharePoint workflow to the action set. The access requests would then be automated through RapidIdentity; but on the face of things, the end-user experience would still be the same.
CHALLENGE #4: SECURITY

When acquiring a company, cybersecurity is rarely the top priority. Companies are typically far more focused on achieving the quickest time to value, and this pressure spills over to IT. As a result, the IT team goes into panic mode. They just want to close tickets and get people off of their backs. In order to get things done as fast as possible, access—especially administrator access—is freely granted. However, once the dust has settled and operations return to normal, rarely does anyone remember to go back and clean up this access.

Cybercriminals are opportunists who will take advantage of the fact that everyone else is distracted by the integration process. This is especially worrisome if the acquired company has a higher threat profile than your own—for example, when your B2B organization acquires a B2C company and suddenly must handle highly targeted personal information and credit card data.

Security is now a business risk, not just an IT risk. In fact, 77 percent of companies believe that data security issues at M&A targets have increased significantly in importance in recent years.9

Although there are numerous cybersecurity concerns during a merger or acquisition, the three most common and important ones we see relate to compliance, gaps in the acquired company’s security architecture, and vulnerability to insider threats.

Compliance
Being unfamiliar with the specifics of an acquired company’s industry, markets, and/or the associated compliance regulations is a huge hurdle to overcome. Plus, a newly acquired company may not be in compliance—a fact they may have kept a secret during initial due diligence.

Lack of Comprehensive Data Security Architecture
Often, an acquired company is in financial or logistical distress, which means they may not have kept up with making critical security updates or they may have poor security practices, exposed assets, or a lack of visibility into assets.

Vulnerability to Insider Threats
Mergers and acquisitions are times of uncertainty for employees, who may fear losing their jobs or even become disgruntled and act out against the company. Whether purposely or accidentally, employees leave remote access or back doors in place when they quit or are terminated as the result of the deal, so it is crucial that accounts are properly decommissioned and that access rights are appropriately adjusted for existing users.
SOLUTION #4: IMMEDIATELY STEP UP SECURITY WITH MODERN IAM

The right IAM solution can instantly step up the security level of the acquired company, so you have a zero-day enhanced security posture.

During a merger or acquisition, the right modern IAM solution:

- **Quickly institutionalizes identity governance policies** with policy-driven configurations that are centrally implemented and managed. This ensures they are enforced across all business units, including at the acquired company.

- **Provides a complete compliance audit trail** with comprehensive logging, prebuilt reporting, and integration with security analytic systems, such as security information and event management (SIEM).

- **Provides time-bound access entitlements**, which is especially important at the beginning of a merger when IT is widely granting privileged access to ensure things get done quickly.

- **Offers access certifications as an out-of-the-box workflow capability** that automates certification activities based on birthright entitlements.

- **Automates deprovisioning as part of automated lifecycle management**, eliminating the risk of human error. The right IAM solution also gives you the ability to detect existing orphaned and dormant accounts in the acquired company’s systems and applications.

- **Lock down privileged accounts from day one and throughout integration.** Policies to monitor and control access can be immediately and easily written. For example, you can put cause/effect policies in place on day one to notify you when changes are made to the acquired company’s domain administration group and, then, automatically delete any unauthorized admin accounts that are added. Multi-factor authentication (MFA) can also be applied to privileged accounts for an added layer of security.
CHALLENGE #5: NOT IMPACTING CUSTOMER EXPERIENCE

Customers are the most valuable asset in an M&A deal. If customers leave because of poor integration, this destroys the value of the merger or acquisition. However, customer experience is rarely the main focus of the M&A integration process.

According to Gallup, only 29 percent of B2B customers are fully engaged to begin with, so a merger or acquisition can give unhappy customers the push they need to leave.¹⁰

A number of potential problems can affect customers. First, the two companies involved are likely to have disparate customer-facing technologies. At some point, these technologies will need to be integrated and consolidated. If the integration process isn’t carefully handled, it can lead to disruption, lower service levels, or even loss of services for customers.

Second, if integration issues leave employees in customer-facing roles unable to access the systems they need to serve customers, this also negatively affects customer experience. Finally, employee attrition or dissatisfaction stemming from poor integration only further threatens customer service levels and response times.
SOLUTION #5: AVOID DISRUPTIONS AND DELAYS WITH MODERN IAM

Modern IAM enables consistency and a careful, planned approach that dramatically reduces the risk of disruptions and delays that negatively affect customers. You can immediately bring the acquired company’s systems and users under the parent company’s control, ensuring visibility and control. Full integration and consolidation can then occur at the right time and place.

Modern IAM also ensures that critical customer systems, such as customer portals, are maintained without disruption throughout the integration process, helping to keep customer engagement and loyalty high.
M&A Spotlight: The Healthcare Industry

Hospitals are under increasing pressure to reduce costs, while delivering higher quality care. This has lead to a surge in M&As in the healthcare industry, as smaller hospitals and independent physician groups merge together to streamline operations, reduce repetitive functions, and offer additional services. In fact, 2017 was a banner year for M&As, with 115 transactions, including 10 deals between hospitals with a net revenue of over $1 billion—the highest number in recent history.

However, healthcare providers have notoriously complex IT infrastructures, so if integration and consolidation aren’t carefully handled, delayed access and system downtime are all-but inevitable. Disrupting clinician workflows negatively impacts patient care levels and reduces the number of patients clinicians can see, which in turn, can reduce revenue, cause reputation damage, and threaten patient safety.

Modern IAM ensures critical patient systems, such as EHR, are maintained without disruption throughout integration. From day one, you can bring the acquired provider’s systems and users under IT control. Centralizing and automating identity management across both organizations, eliminates time-consuming manual processes that open the organization up to security risks, compliance issues, and mistakes.

Once the acquired company’s users and systems are under IT control, having a solution that offers a toolkit for quickly configuring new connections to applications is key. By not requiring any deep programming or hard-coding to integrate them with your existing systems and data, not only are time and money saved, but adjustments can easily be made as you move forward with consolidating duplicate systems.

The right IAM solution quickly and securely enables change every step of the way. This translates to reduced time, cost, and conflict associated with IT integration, as well as a smoother transition for both clinicians and patients.\textsuperscript{11}
There is no question that M&A transitions are incredibly complex. If you do not have the right IAM solution, then be prepared for the pain that comes with M&A integration. You will need to fill in the gaps with manual processes that open up your organization to security risks, compliance issues, and mistakes.

Successful integration is the key to realizing the full value of a merger or acquisition. From a technology standpoint, this means implementing solutions that make integration as simple as possible. The right IAM solution does this by streamlining and centralizing identity management during a merger or acquisition—quickly and securely.

With the right IAM solution in place, your organization will not only realize faster time to value from an M&A deal, but also provide a better user experience for both employees and customers.
Sources


   https://hbr.org/2016/06/ma-the-one-thing-you-need-to-get-right


6. ‘The state of the deal: M&A trends 2018,’ Deloitte, 2018


