The Perfect Combination

Planning is key to successfully integrating technology systems following a corporate merger or acquisition.

Still reeling from last year's acquisitions, management announces yet another new round of acquisitions and consolidations, then wonders why the chief information officer is headed for the rooftop. He was remembered fondly as always having his finger on the pulse of the company's information flow, but lately it all seems to have slipped away. Unfortunately, this scenario is not all that uncommon, which is regrettable because with proper vision, preparation and implementation procedures, many information-technology integration nightmares could be averted.

IT integration, or the lack of it, can be the killer of acquisitions and consolidations. No single component can more adversely affect management's plans than the integration of disparate systems and distributed, entrenched IT fiefdoms. Nevertheless, aggressive growth strategies in today's business climate demand acquisitions and consolidations as a viable component. This is tricky at best, but can be mitigated through planning, execution and the proper use of technology.

Planning

Assessment—The first step is to get your arms around what you already have. On the surface this seems easy enough; however, when you factor in legacy systems, ongoing IT development processes, and the sins of prior acquisitions, this first step becomes daunting. Still, having a good map of your current terrain is instrumental to knowing where you can go in the

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future and the best way to get there. Unless you plan on completely overhauling your current information management system and starting anew, this cannot be understated.

Vision—The key to undertaking any forward-thinking endeavor is understanding where you are and knowing where you want to go. It is easy to say that you want standardized information access, normalized data, optimized resource utilization, rapid implementation, etc., but getting there requires a plan. Start by inventorying and understanding your existing resources and components as they relate to the overall vision and direction. Assess the strengths and weaknesses of your existing platforms, systems and personnel to formulate an overall execution strategy. You cannot replicate integration success if you do not already have an operational structure in place. Unfortunately, the dynamics of business all too often ignore this axiom and then expect miracles on the back end. It is IT's challenge to balance these realities.

Technology Architecture—Once you have a clear vision and a good grasp of your current situation, the opportunities and challenges of an acquisition or consolidation ratchet things up a notch. Ideally, IT is involved from day one—prior to the decision to acquire or consolidate. While this is not always the case, management is remiss if they do not seek the counsel of IT at an early stage. Failure to do this masks the true cost and risk of contemplated growth.

Fortunately, today's technologies allow for the integration of diverse

Key Points

- Lack of information technology integration can be the killer of acquisitions or consolidations.
- Today's technology allows disparate systems to coexist in a single heterogeneous environment.
- If the core components of the IT integration effort are not put into place within the first 60 days, the likelihood of success rapidly diminishes.

systems and expertise. IT should embrace the possibility that existing components may still fit within the larger vision, provided the core system is adaptable enough to take advantage of these mature resources. In some cases this fit is apparent and complementary, but in others it may require an enhancement of the core systems and corresponding vision. Regardless, such integration efforts should always appear to be complementary from the user's perspective, even if they are wildly disparate from the back end. This is where technology and planning can benefit the effort. Object-oriented data wrappers, real-time translation interfaces, and distributed communications architectures can alleviate the need to convert everything to a single data platform or consolidate information to a single location.

All future integration efforts should be looked at in terms of how they fit within the existing systems and overall vision. Whether the acquired resources have a place in the bigger picture becomes a business issue—not a technology issue. When planning is completed, successful execution requires mastering the following goals, challenges and opportunities.

Goals

Coexistence It is likely that you are already dealing with disparate systems, some collection of legacy, customized, ongoing and distributed systems, data sources and infrastructure. In the old days, successful integration relied on bringing all of these components together under a single roof. Today, technology makes it easier for these disparate systems to coexist in a single heterogeneous environment. Interoperability can be achieved by using mature technologies such as XML, simple object access protocol and Web Services, but the communications portion is only part of the solution. Data normalization, distribution and integrity are the passengers of the communications vehicle. Commonality of access also is a critical component. It is completely unacceptable for users to repeatedly log into multiple systems, each with their own unique structure and interface architecture, simply to perform their work.

Automation One solution is to automate the optimum version of forms and workflows. The reality is that in the absence of technology, most businesses already know how to operate on a daily basis. Their forms, rules and workflows are already mature and well defined. The forms represent the user interface and the rules and workflows define the underlying architecture and interaction. Automation is supposed to make these things easier. During the automation processes, however, it is easy to lose sight of these simple facts.

IT Integration The ease with which technology integration can be accomplished is related to the flexibility of your current system[s] and the talent and commitment of your staff. But additional opportunities and potential problems exist in the acquisition arena. During an acquisition you are not only acquiring diverse platforms, data sources and systems, but also talent, culture, expectations, egos and uncertainty. And just as you previously inventoried your own house, so too must you assess these components in the entity that is to be acquired.

Talent Integration It is likely that an acquisition or consolidation will include personnel required to run a layer of legacy components that are critical to current operations. The challenge is to provide enough incentive to those critical resources even as they are working themselves out of a job. Even worse than losing key personnel in the acquired entity is the damage to your existing team if the integration is handled poorly or without consideration to all parties. Personnel integration may be divided into several categories: immediate acquisitions, immediate terminations and those required to remain involved until their services are no longer needed. Decisiveness in the first two categories is required, while the latter requires more tact and creativeness.

Challenges and Opportunities

Platform Decisions It is better to standardize on the fewest number of platforms possible, or to use higher level access into different systems. Desktop applications may use a variety of platforms, including Windows, Linux, Unix, Mac and DOS, and require separate application development, installation and support efforts. Higher-level access can mitigate these problems using client-server architectures and Web-based technologies. Desktop applications can be merged into client-server and Web applications through the licensing of integration products such as Citrix. The optimum solution involves secure Web-based applications that reside on a distributed Internet or intranet server network, with the client portion consisting exclusively of HTML and JavaScript. This provides the most cost-effective solution, is the easiest to implement and provides cross-platform support via the browser.

Forms Integration In a forms-centric environment, a third of any project can consist of integrating forms and their data. In an average insurance company or agency, this can translate to hundreds if not thousands of forms. Many forms are standard, and digital implementations are available from companies such as ACORD and the Insurance Services Office. To implement specialty and custom forms standardizing on a specific output format is the first requirement, ideally HTML, XML or PDF, but can also include forms like Word and Excel. Systems providers can help with this process through advanced proprietary technology that includes forms compilers, parsers code generators and other rapid implementation automation technologies.

Rules and Workflow Integration Platforms, underlying architectures and even user interfaces do not dictate the operational nature of an application—merely the components involved. Rules and workflows dictate how an application operates and represent the true spirit of the application. As a result, you must examine how an acquisition or consolidation will integrate, enhance or change your current business rules and workflow processes. Technology components such as rules engines and dynamic workflow routing can make this process easier and reduce the overall implementation time and maintenance requirements. Modern solutions have these components embedded as integral components of their systems, but external third-party solutions are also available.

Timing Is Everything Acquisitions and consolidations make the issue of timing critical. Numerous dynamics come into play, including corporate policy, personnel, cultures, finance, public relations, investor relations, products and technology—all converging on a single time and place. This puts a burden on your existing systems and technical staff and represents significant risk if either is not up to the challenge. The right technology effort composed of internal resources, external vendors, and overall technology partners can mitigate the risk, facilitate rapid implementation and help see the implementation process through the critical first 60 days. If the core components of the effort are not put into place within this period of time, the likelihood of success diminishes. **BR**