

MergelT:

HCL's M&A Integration Strategy



Introduction



With the changing dynamics & increasingly competitive environment, businesses try to acquire new capabilities either by developing them or getting them from outside to save time and gain an edge. With any acquisition comes the pressure to ensure the business synergies envisaged are achieved quickly, IT is seen as a key player to deliver operational benefits such as cost savings, scaling operations or entering new business area.

For companies looking to acquire or merge with another entity, IT faces myriad challenges such as the ability to bring changes in short periods of time. IT Departments need the ability to carry out Due Diligence and plan for integration despite facing odds, such as being brought into the M&A at a late stage of planning with the need to quickly reconcile two complex organizations in an economical manner.

Challenges in Mergers & Acquisitions

M&A's bring together different sets of people, processes and technologies and can result in multiple challenges for IT such as:

- Need to ensure Business and Service Continuity
- Technical Challenges in providing continued IT performance while undertaking changes in the IT Systems, processes and people.
- Cultural challenges due to two different entities with different sets of processes, technologies and ways of working
- Ability to advise business on impact of changes in IT system and help guide them to take the key integration decisions
- Ensuring Business Synergies are enabled and achieved through IT Integration
- Ability to create an Integration plan which is achievable, risk managed, in compliance with legal/ regulatory needs and in line with business priorities and budgets
- Ensuring the IT capability and capacity to carry out the envisaged changes
- Having the right set of processes, program management and Organizational change management in place to ensure timely and on budget delivery
- HCL's MergeIT framework ensures all the above are addressed and considered in the M&A journey.

Mergers and Acquisitions often results in fragmented, duplicate and unmanageable IT infrastructures and Applications leading to high cost of maintenance. Leveraging an established integration methodology and proven tools helps you manage the M&A process more effectively.



Solution and Approach

Following a mature M&A IT Integration Strategy helps in addressing all those issues. HCL uses its MergeIT framework, which has evolved and matured with multiple engagements with numerous clients in M&A situations. Through MergeIT, HCL helps its client understand and create the IT Integration Strategy, undertake detailed integration planning and help carry out timely execution of the plan.

The framework comprises of checklists, estimation models and playbooks to offers overarching support and guidance for all phases of the IT integration process. It provides a structured approach for reviewing options for applications and infrastructure integration based on guiding principles, best practices and key strategic considerations.

HCL uses its Application Portfolio Management tool - Prizm® as an accelerator which helps in enabling smooth IT integration and enables complete end to end visibility, impact & dependencies analysis for integration planning and risk mitigation.

HCL's phased approach towards M&A Integration is divided into Advisory and Execution and it encompasses considerations and best practices for:

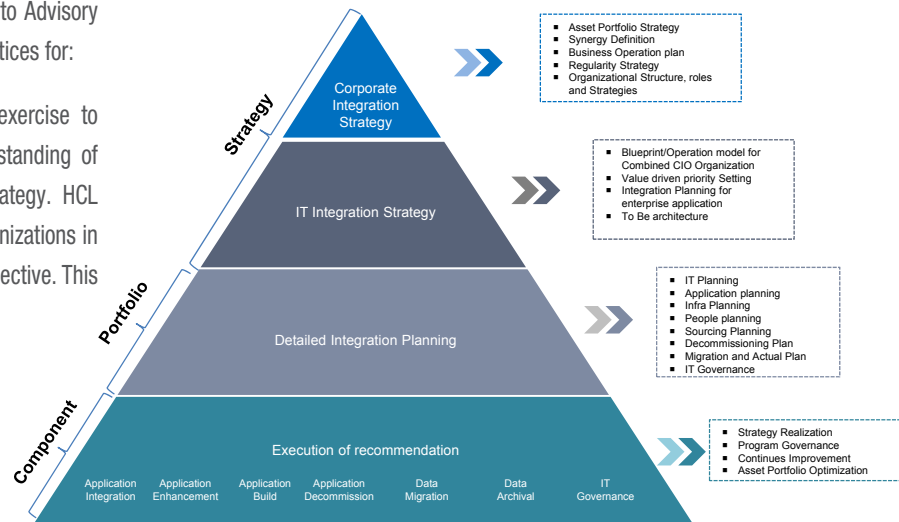
1) Premerger IT Assessment – Conduct a due diligence exercise to ascertain business viability and gain a comprehensive understanding of a specific acquisition and define a high-level integration strategy. HCL approach takes the charge in pre-merger phase and helps organizations in evaluating options and their viability from an IT integration perspective. This helps an organization take key integration decisions.

2) Post-Merger Integration Planning – The Key Integration Decisions become the basis of a deeper planning study and to define detailed integration plans to achieve the desired business and IT Synergies. HCL approach also focuses on evaluating IT systems of merged entities and thereby identifying application set which aligns with business needs of merged entity in a best possible way.

3) Post-Merger Integration Execution - Streamlined and smooth execution with expert program and change management to ensure Integration is on time and on budget.

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HCL's Perspective on M&A Integration – MergeIT Pyramid



Benefits

Business Continuity:- Merge IT framework ensures complete business continuity and enables the transition without any business halt and thus eliminating one of the major business risks of M&A which directly impacts the bottom line and the goal of the deal

Risk Mitigation:- Complete impact analysis and Risk mitigation roadmap, enabling synergies by integrating major business functions, improving communications, enhancing processes and providing uninterrupted customer service.

Business & Process Synergy:- Business process alignment acquired and current business, Compliance and Regulatory checkpoints, Scalability validations, Smooth transition roadmap with 'Plug & Play' IT, Percolating uniform IT for better business value

Visibility enhancement and Portfolio Dashboard:- Provide Complete Visibility across acquired and current portfolio landscape

Cost Rationalization:- Retirement and consolidation roadmaps for duplicate applications and Infrastructure



Why HCL

Robust end to end MergelT Framework – Having executed scores of M&A consulting engagements and been part of many more M&A related integration engagements, HCL’s MergelT Framework for Mergers and Demerger planning and execution has become robust with learnings and real word evolved best practices.

A Tools (Prizm®) based Approach - Web-based proprietary tools bringing-in acceleration and transparency to the Integration planning and rationalization program.

Domain Expertise and Industry Partnerships – With deep domain expertise and Industry Partnerships, HCL is able to provide expertise for a wide variety of technologies and products.

Capability and Capacity: HCL has a 400+ Strong Consulting practice providing Advisory in Business and IT Transformation. Thousands of people in Domain specific practice and related Application services, dedicated domain solutions group and various Technology Centers of Excellences.

Advice to Execute - HCL owns up benefits committed as part of the advisory engagement. HCL will execute and ensure that committed benefits are realized.

A way to Decommission Waste – Without “technology waste-disposal” it is difficult to achieve cost synergies and HCL’s mature method helps in the journey. HCL has authored Decommissioning Blue Book a step-by-step approach for application decommissioning.

Strong focus on cultural integration by leveraging OCM - We believe People aspect is of utmost importance in a Integration program and support it with OCM interventions.

Multi-Dimensional (Infra, Apps, Vendor, Services) Integration - An integration methodology providing adequate details at each component layer.

HCL’s MergelT framework enables organization undergoing M&A to eliminate redundant hardware and software, consolidate services, and enforce corporate IT standards.



Conclusion

Any merger or acquisition presents risks and challenges in the areas of culture, technology and regulatory compliance. A strong M&A IT Integration Framework helps organizations identify the critical integration tasks, risks and ensure that right capabilities are brought in to deliver the business synergies envisaged through the Merger.



About HCL

About HCL Technologies

HCL Technologies is a leading global IT services company working with clients in the areas that impact and redefine the core of their businesses. Since its emergence on the global landscape, and after its IPO in 1999, HCL has focused on 'transformational outsourcing', underlined by innovation and value creation, offering an integrated portfolio of services including software-led IT solutions, remote infrastructure management, engineering and R&D services and business services. HCL leverages its extensive global offshore infrastructure and network of offices in 31 countries to provide holistic, multi-service delivery in key industry verticals including Financial Services, Manufacturing, Consumer Services, Public Services and Healthcare & Life sciences. HCL takes pride in its philosophy of 'Employees First, Customers Second' which empowers its 104,184 transformers to create real value for customers. HCL Technologies, along with its subsidiaries, had consolidated revenues of US\$ 5.8 billion, for the Financial Year ended as on 31st March 2015 (on LTM basis). For more information, please visit www.hcltech.com

About HCL Enterprise

HCL is a \$6.8 billion leading global technology and IT enterprise comprising two companies listed in India – HCL Technologies and HCL Infosystems. Founded in 1976, HCL is one of India's original IT garage start-ups. A pioneer of modern computing, HCL is a global transformational enterprise today. Its range of offerings includes product engineering, custom & package applications, BPO, IT infrastructure services, IT hardware, systems integration, and distribution of information and communications technology (ICT) products across a wide range of focused industry verticals. The HCL team consists of over 109,643 professionals of diverse nationalities, who operate from 31 countries including over 505 points of presence in India. HCL has partnerships with several leading global 1000 firms, including leading IT and technology firms. For more information, please visit www.hcl.com



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