WHITE PAPER:

IT considerations when organisations merge

Introduction

The social housing sector has seen significant recent change caused by government policies. A recent Inside Housing survey of housing association chief executives found that one in three of the 129 respondents are considering merger to cope with the reduction in revenues that will be experienced by many.

The justification for merger is the creation of larger, but leaner and more efficient businesses that are able to deliver high levels of customer service to tenants at a lower cost. Although there are concerns that personal service will suffer as a result of organisations becoming larger, many providers are already demonstrating that service can be improved through efficiency, by adopting best practice process and communication methods.

The business case for immediately integrating IT

If at the point of merger, IT integration is not seen as an immediate requirement, it can be a number of years post merger before full integration is achieved. This is not only a missed opportunity, but can delay realisation of significant gains in economies, cultural cohesion and management control.

Economies

It is common for an organisation to own applications, licenses, infrastructure and support that are redundant. An IT review in advance of a merger will normally identify savings that are far over and above the cost of the review itself. Some of these savings can be realised in a matter of months, regardless of whether a merger is ultimately achieved.

When the IT provision of two organisations combine, great economies will be achieved through better procurement terms; reductions in licensing costs and reduced IT resource.

Cultural Cohesion

A single solution for the whole organisation will bring a great many benefits. These include:

- A common communication platform for all staff, providing integrated email and calendars, so enhancing communications across the new group

- The ability to centralise staff and departments

- A common IT environment ensuring everyone is on the same version of software and has access to the same benefits of remote and mobile working
- Centralised HR data, aiding uniform staff management and appraisal

Management Control

An integrated IT solution will make it easier to provide the management information an organisation requires to manage operational performance, whilst also providing the critical detail necessary to assist informed strategic decision making.

Understanding the requirements in preparation for merger

In order to be able to develop an overview of what the new technical landscape may look like post merger, it is important to understand what it will need to support. You will need to consider your plans for:

- Service delivery strategy
- Accommodation strategy
- Mobile working
- Remote working
- Applications
- Domains

IT strategy

An analysis of the IT strategy and operations of both organisations should be conducted. This analysis would include:

- The identification of key differences in strategy and operations
- Options for integration and the associated costs and benefits
- Recommendations on the degree of integration and the perceived timeframes

Whilst reviewing the existing IT strategies, judgements need to be made on all the various elements, including:

- Whether they are fit for purpose, both now and for the future
- How robust, secure and compliant they are
- Whether they can be scaled to the needs of the new organisation

- The quality and cost of supplier relationships and their capacity for change
- Stakeholders

You will need to consider:

- Contracts and SLA's
- Human resources
- Business applications
- Reporting systems
- IT infrastructure/hardware
- Voice and data systems and circuits
- Websites and portals
- Support arrangements
- IT policies and procedures
- Disaster recovery (DR) and business continuity (BC) arrangements

Summary

A properly considered review carried out in preparation for a merger will allow the creation of an IT strategy that will assist in maximising the success and the economies achieved in the short, medium and long term. It will ensure that the resulting organisation will have an appropriate platform to achieve corporate objectives and provide flexibility should these change (e.g. a further merger).

It is common for such reviews to be self-funding, regardless of whether the merger completes. Elements of existing IT are often identified as redundant, inappropriate or underutilised, so creating opportunity for performance gains. Such reviews help ensure compliance with both current strategy and legislation and identify important future events, such as when significant cost elements should be tested or cancelled in a timely fashion.

A carefully considered IT strategy is critical to both a successful merger and the delivery of great service. Members of the 3C team have considerable experience in helping organisations to create a merged IT environment; if you want to talk to someone who has the experience to advise you, please contact us on 0333 900 3003 or alternatively email colin.sales@3cconsultants.co.uk