Original Article

Effective Execution of Mergers and Acquisitions for IT Supply Chain

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Abstract - Mergers and acquisitions are the new mantra of today's growth; Organizations are multiplying using this strategy. This strategy brings opportunity and challenges both at the same time. If integration is not planned carefully and effectively, integration may fail, and profit realization may be delayed or lost. Integration can cause the entire supply chain to be disrupted and have a domino effect on procurement and manufacturing, ultimately impacting customer satisfaction.

1. Introduction
The Effective execution of Mergers and acquisitions for the IT Supply Chain depends on many factors, and no one answer fits all. This article shares how M&A integration can be planned effectively and executed within a committed budget, timeline, and resources. If integration is not planned properly, it may impact the entire supply chain. First employees, then vendors, and ultimately customers.

2. Guiding Principle
It is essential to define high-level guidelines for integration like,
- ➢ Make sure the acquired company remains operational through the integration
- ➢ It is crucial to access all in-flight programs of the acquired company and decide the next steps
- ➢ When integrating, choose your priority, speed vs. optimization.
- ➢ Decide processes, systems, and services migration strategy
- ➢ Deploy new capabilities, when required, to leverage across the enterprise.
- ➢ Retain the target's business-critical applications as an exception
- ➢ Implement standard controls and security models using risk-based prioritization.
- ➢ Move to IT operating model (organizational structure, financial processes, delivery, and support model);
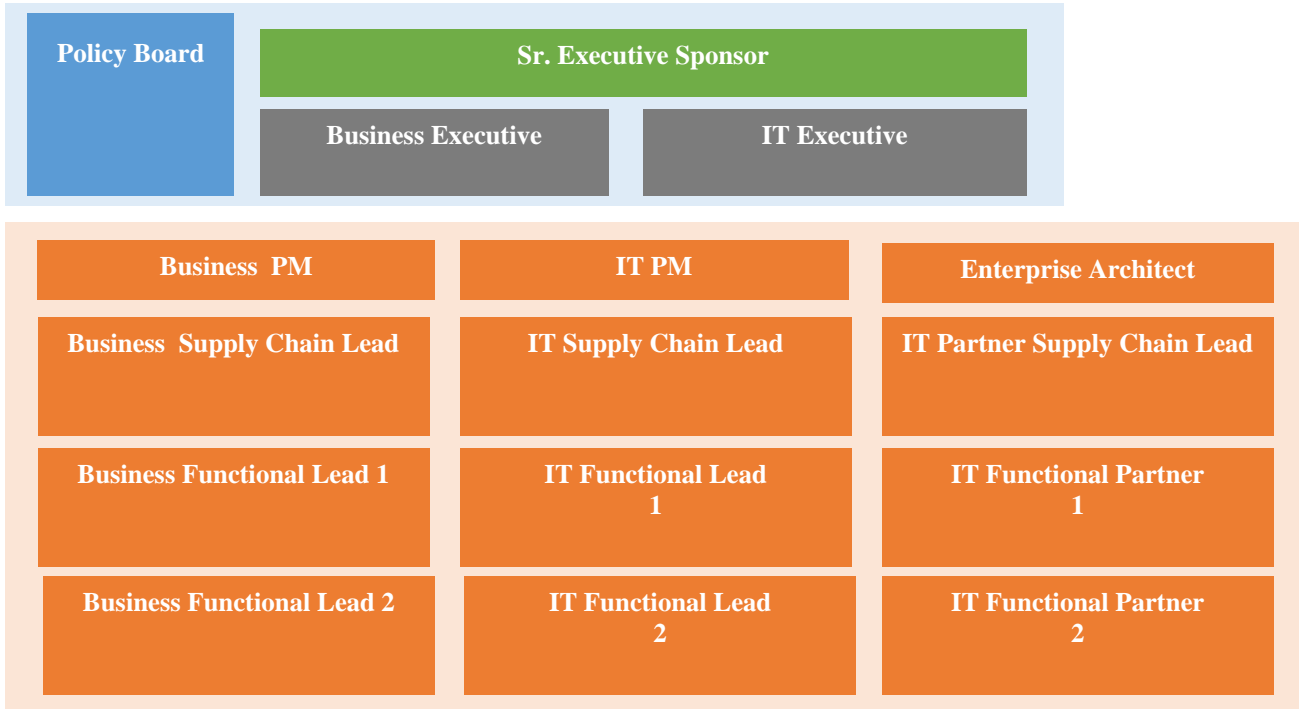
3. Decide Migration Strategy and Scope
Organizations know why integration was initiated and ensure that strategy is baked into your M&A strategy. Based on priority, you can decide if Quote to Cash, Plan to produce, or procure to pay is your priority. It would be best if you integrated all of these processes simultaneously to realize the benefit of this integration.

4. Define the Governance Model
Deciding on a governance model upfront helps you secure executives' approval and a front commitment from different teams by allocating all the right resources. Forming a 3 in the box (1 Business + 1 IT Internal +1 IT Partner) team is always recommended, but this may vary for a different organization based on size and scope of integration. Following is a sample Governance model to secure all the required approval and resource availability for successful integration.

Policy Board	Sr. Executive Sponsor	
	Business Executive	IT Executive

Business PM	IT PM	Enterprise Architect
Business Supply Chain Lead	IT Supply Chain Lead	IT Partner Supply Chain Lead
Business Functional Lead 1	IT Functional Lead 1	IT Functional Partner 1
Business Functional Lead 2	IT Functional Lead 2	IT Functional Partner 2

5. Design Supply Chain Process & Org Setup

Decide all supply chain processes in scope and clarify which L1 & L2 processes are considered for this integration. Every organization has its L1 & L2 processes. Below is a snapshot of the L1 & L2 processes

L1 Process	Order Management	Planning	Procurement	Production	Quality Management	Logistics
L2 Process	Manage Customer Master Data	Manage Planning Master Data	Manage Procurement Master Data	Manage Manufacturing Master Data	Manage Quality Master Data	Manage Logistics Master Data
	Manage Customer Contracts	Demand Planning	Manage Vendor Relationships	Manage Production Capacity	Inspection Planning	Manage Distribution Network
	Manage Customer Credit	Distribution Requirements Planning	Manage Purchase Orders and STO's	Kanban Material Replenishment	Inspection Processing	Receiving & Put Away
	Create Sales Quotes	Manage Global ATP Settings	Manage Vendor Managed Inventory	Repetitive Manufacturing	Results Recording	Warehouse Management
	Create Sales Orders	Material Requirements Planning	Manage Consignment Stock	Discrete Production	p	Inventory Management
	Manage Order Scheduling	Production Scheduling	Manage Subcontracting	Engineer-to-Order Production	Batch & Lot Tracking	Picking & Packing
	Manage Order Changes	Production Order Management	Manage Excess Inventory	Process Manufacturing	Quality Certificates	Delivery Processing & Shipment
	Backorder Processing		Manage Returns to Supplier	Batch Management	Quality Notifications	Reverse Logistics
	Bill & Collect Revenue		Manage Customer Owned Material	Shop Floor Control	Document Control	
	Manage Returns			Manage Rework		
	Process Credit & Debit Memos			Production Inventory Control		

Once L1 & L2 processes are defined, plan for L3 detail design to avoid assumptions. The Org structure is critical in designing an effective and efficient supply chain process. Suppose you have multiple company codes, Plants, Sales Org, Purchase Org, you may need to consider inter/Intra company transfer, centralize purchase org.
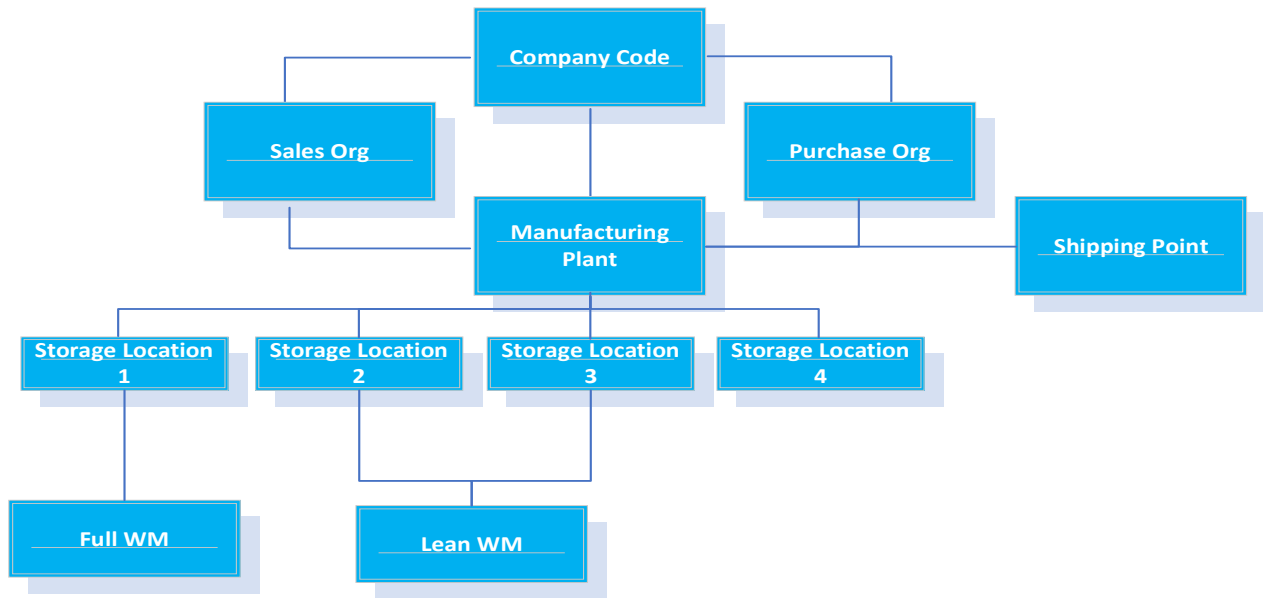
6. Timeline

For any integration to be successful, it is essential to define the timeline of the execution of the integration. Make sure you specify the entry and exit criteria of every phase. Following is the sample of the integration project.
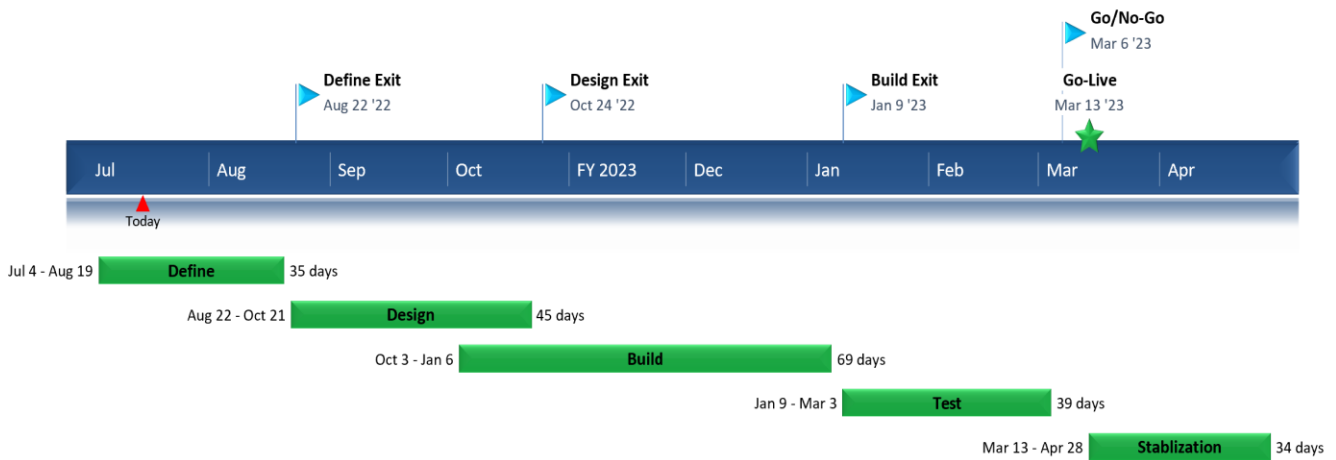
7. Conclusion

For successful Mergers and acquisitions, it is essential to define the guiding principle and a migration strategy clearly. It is key for success to seek prior approval and funding by defining the Governance, the scope, and the project timeline to make it successful and complete on time with the allocated budget and committed time.

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