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Delivering finance integration success through flawless execution: strategic value of IT in M&As

Many mergers and acquisitions fail to produce the desired outcome, because they stagger on the integration of operations and technology. A well-planned strategy for IT integration, in combination with other key aspects of the M&A process, ensure a successful combination of target companies.

With an enduring streak of mergers and acquisitions (M&As) in the aviation finance space, aircraft lessors have begun to look for ways to boost their M&A toolbox—in particular, enhance their internal capabilities to assess and integrate acquired companies successfully.

M&A is the most rapid way for a business to transform dramatically its position in the marketplace, changing the fundamental dynamics of an entity almost overnight by increasing the scope and breadth of the business and the paradigms on which it operates.

We all have read about deals where all elements seemed aligned, but synergies remained unattainable. In these instances, the company taking over and the platform being acquired may have had corresponding strategies and finances, but the integration of technology and operations often proved problematic, mostly because of inadequate consideration given to technology among other key aspects of the M&A process.

Zeevo Group has had the opportunity to live through and advise on a number of landmark M&A activities in the aircraft leasing sector over the past few years. Zeevo has found that the majority of the initiatives intended to secure synergies are primarily related to information technology (IT), but most IT issues are not fully addressed during due diligence, planning and post-transaction integration activities.

"To us, the role of IT in the M&A process has an increasing significance; it is a pivotal enabler of virtually every operating element in a combined company," explains Zeevo Principal Joey Johnsen. "To keep one's company on track while carrying out an intricate merger, acquisition or divestiture is a skill which needs to be part of every CIO's toolbox."

Johnsen notes that the Zeevo team was instrumental in one of the largest M&A transactions in the sector in recent years. "Our team successfully supported a leading global lessor in addressing their current or pending IT-related M&A due diligence, planning and post-transaction integration activities."

The companies seize a broader range of synergies, and at a much faster pace than competitors, when they take into account the challenges of IT systems integration, and ensure technology leaders contribute their perspective on the difficulty of systems integration throughout the process. IT-related costs in an M&A transaction can be considerable, and getting IT leaders involved early in the process is key to realising benefits.

"These leaders are more successful at sizing up targets and executing acquisition strategies, while their companies achieve the full benefits of successfully integrated operations," says Johnsen.

M&A lifecycle

"The Zeevo team's objective is always to help companies protect and grow shareholder value," adds Johnsen. "Our team has a field-tested methodology for helping clients in their efforts to manage M&A transactions, particularly as it relates to IT strategy and execution."

In assisting clients with M&A activities, Zeevo provides a full spectrum of advice and support for the entire M&A process, covering all six stages of the lifecycle (*see graphic*).

1. **Strategy**. With a well-crafted growth strategy, organisational structure, and support needed to act efficiently and effectively, management is better prepared to recognise possible mergers, acquisitions, or divestitures that could move the company toward its goals;

2. Target screening. Target identification and screening allows the company to develop acquisition objectives, create pools of target candidates, screen candidates through specific criteria, and select an acquisition best fit for the overall corporate strategy;

3. Due diligence. It pays to dig deep to uncover an acquisition target's true value and risk before the offer is made. Scrutinising financial statements and understanding tax implications is just the beginning. There's also commercial diligence work required to evaluate the potential impact on clients, markets and operations. Key back office areas, such as IT, demand special attention;

4. Transaction execution. With the deal structure and valuation finalised, it is time to close the deal. Sound financial, tax, accounting and legal advice can go a long way toward helping fulfill goals and avoid unnecessary risks;

5. Integration. Few operational challenges are more daunting than merger integration. It is a balancing act that requires close attention to meeting the expectations of all stakeholders – management, employees, customers and shareholders. In an ideal world, integration planning begins well before the deal closes to facilitate an issue-free Day One for the combined company;

6. Divestiture. Divestitures are not just mergers in reverse. Achieving the expected results is highly dependent on maintaining operational excellence while managing potential conflicts between the time of the announcement and the final execution of the divestiture.

Zeevo's M&A IT methodology
The IT component of Zeevo's M&A methodology and approach, focuses specifically on the following stages of the M&A process: due diligence; transaction execution; and integration/divestitures (*see below graphic*).

"Zeevo's M&A IT methodology has been developed specifically to assist CIOs and their peers in finance and operations to effectively address the challenges encountered by their organisations during all stages of the M&A lifecycle," says Johnsen.
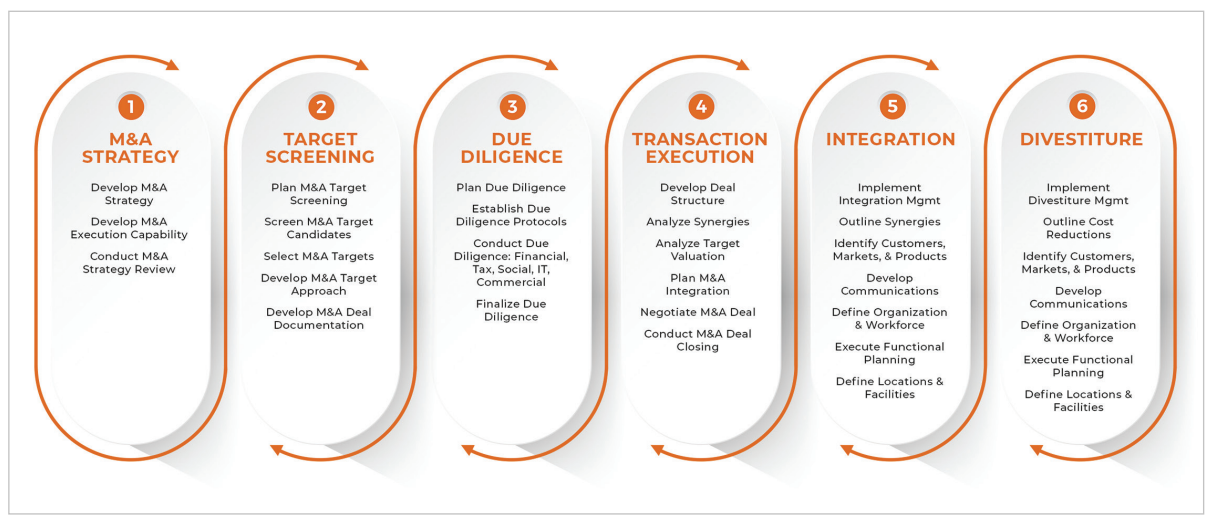
Due diligence
When done effectively, adds Johnsen, "due diligence can help develop an understanding of a target's IT strategy, IT operations and organisation, identify risks, including those requiring immediate attention, and assess potential IT cost synergies or cost-reduction opportunities."

Key considerations:
• **IT structure**: IT organisation's structure, strategy, current/planned projects, end-user support and expenditures on operations and capital outlays;
• **infrastructure**: hardware, operating systems, databases, networks, internal and external interfaces, number of physical locations, data centres and IT help desk or call centres that may be in-house or outsourced to a vendor;
• **applications**: key enterprise applications, such as those deployed for enterprise resource planning, customer relationship management and supply chain management, document management, workflow and enterprise information management applications;
• **vendor management**: procurement arrangements, third-party supplier contracts, security and disaster recovery.

Best practices:
• **assign the right people**: make sure the CIO (or designee) is a member of the M&A team and involved throughout the due diligence process;
• **identify requirements**: understand what IT investments will be required to realise both short- and long-term benefits;
• **identify costs**: make sure the cost model includes required short- and long-term IT investments, software licensing and any required transitional service agreements (TSA);

1 M&A STRATEGY	**2** TARGET SCREENING	**3** DUE DILIGENCE	**4** TRANSACTION EXECUTION	**5** INTEGRATION	**6** DIVESTITURE
Develop M&A Strategy	Plan M&A Target Screening	Plan Due Diligence	Develop Deal Structure	Implement Integration Mgmt	Implement Divestiture Mgmt
Develop M&A Execution Capability	Screen M&A Target Candidates	Establish Due Diligence Protocols	Analyze Synergies	Outline Synergies	Outline Cost Reductions
Conduct M&A Strategy Review	Select M&A Targets	Conduct Due Diligence: Financial, Tax, Social, IT, Commercial	Analyze Target Valuation	Identify Customers, Markets, & Products	Identify Customers, Markets, & Products
	Develop M&A Target Approach	Finalize Due Diligence	Plan M&A Integration	Develop Communications	Develop Communications
	Develop M&A Deal Documentation		Negotiate M&A Deal	Define Organization & Workforce	Define Organization & Workforce
			Conduct M&A Deal Closing	Execute Functional Planning	Execute Functional Planning
				Define Locations & Facilities	Define Locations & Facilities

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Many mergers and acquisitions fail to produce the desired outcome. This is because they stagger the integration of operations and technology.
It is imperative for business leaders to assess both companies' IT with the same rigor that is applied to the assessment of their financial statements.

The Zeevo team's expertise and experience across the full spectrum of IT-related M&A activities are unmatched in the aircraft leasing space.
We can assist your leasing platform to develop and execute a successful IT integration strategy in line with all other aspects of the M&A process.

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- **work closely with the business**: having IT work closely with the business encourages strong working relationships and joint ownership in driving the process forward;
- **prepare information request in advance**: prepare and submit information requests well in advance to allow sufficient time for preparation and delivery of all documents;
- **prepare a work plan for the due diligence team**: a well-prepared workplan will ensure that all key areas are properly reviewed, analysed and reported back to the team by set deadlines;
- **coordinate with external auditors**: facilitate coordination for both parties as soon as the due diligence process is launched;
- **identify key risks in a timely fashion**: identify and address any risks on both sides right away in order to gain comfort or determine solutions.

Transaction execution

IT integrations or separations are typically complex initiatives that "should be closely aligned with the business integration or separation effort", says Johnsen. "Focus for the IT organisation needs to include both the M&A activities, as well as day-to-day activities to keep the business running effectively."

Key considerations:
- **governance**: strategy, policies and monitoring of the transaction;
- **integration blueprinting**: organisational, functional and technical requirements for integration;
- **synergy analysis and planning**: foundation for accelerating the realisation of benefits from the integration;
- **TSA strategy**: determination of which services to cover under a transition services agreement in the event that the buyer lacks the necessary IT capabilities or capacity to support the integration.

Best practices:
- **select the appropriate integration model**: if the transaction is an acquisition, determine the end state for IT systems and processes – i.e., consolidation (conversion to the acquiring company's processes and systems), combination (best-of-breed processes and systems from both companies), transformation (new processes and systems across both organisations), or parallel (each organisation retains its own processes and systems);
- **select the appropriate divestiture model**: if the transaction is a divestiture, determine how IT systems will be separated – e.g., cloning systems, extracting data from systems and handing over to buyer, handing systems over to buyer, or some hybrid model;
- **focus on data conversion and migration planning**: in addition to general ledger data, for lessors, maintenance reserve balances, technical data (avionics, weights and operational data), leasing portal data, material master data, technical projects and MRO

data are all important data sets that warrant detailed plans in the overall divesture/integration project plan. Technical records (and related interfaces) and legal entity management are also data sets that warrant their own plans;
- **pay special attention to workflows and document management systems**: consider each company's existing workflows; document management systems and the meta data that keeps them organised. The ease of use of the end state document management system should be addressed early in the planning phase;
- **establish IT performance metrics**: measure the process of the integration consistently and accurately;
- **clearly define the IT interim and end states**: the end state is characterised by the completion of all transaction activities. The interim state is the period in which buyer will establish and maintain operational control over target activity, but prior to the complete integration of processes and systems;
- **think about user access and segregation of duties**: understand and document Day One user access requirements, and ensure segregation of duties.

Integration/divestiture

The integration/divestiture execution priorities focus on process and technology integration or separation in order to realise the synergy benefits—the objective is to reach the end state effectively.

"Meeting Day One requirements and positioning for Day Two business processes are difficult while simultaneously trying to operate in an environment of business as usual and separation," emphasises Johnsen. "A well-orchestrated and openly communicated analysis of existing processes can help integration participants define new processes that capture the most effective existing practices and industry benchmark practices."

The M&A IT methodology covers the full spectrum of IT integration/divestiture topics in these four major areas:
- programme management office (PMO) and governance;
- infrastructure;
- applications;
- vendor management.

PMO and governance

Key to the success of an integration is a strong PMO to support each functional area's project plans. Similarly important is establishing guiding principles for the post-merger integration programme.

With guiding principles documented and understood, the team, from the steering committee members to the functional leads, will be armed with decision-making criteria. Guiding principles go hand in hand with a well-documented integration strategy. The strategic objectives for the integration should be clear and communicated to the project team.

Johnsen expands that "to achieve the end state, activities must first focus on the proposed interim state in order to align the businesses in the short term, while longer-term activities, such as IT integration, are conducted".

End state

The end state is characterised by the completion of all integration activities and may not be achieved until FY##. All target transactional activities are transitioned to the buyer's shared service model.

Interim state

The interim state is the period in which buyer will establish and maintain operational control over target activity, but prior to the full integration of processes and systems:

- **target activities** would be transitioned (outsourced) to buyer's functional team;
- **buyer manages target activities** in the existing target systems environment;
- **select systems** (eg, payroll, contract management system) might be integrated prior to the full systems integration;
- **integrity of target legal structure** maintained until the end state is achieved;
- **buyer provides necessary liquidity** to target, but target continues to manage its day-to-day operations.

The following issues are often identified and must be resolved in order to facilitate an efficient and effective integration:

- **strategy**: how do we deploy to target countries/ functions during the interim state?
- **breakage in reporting integrity**: how will target's management team continue receiving data they need to run the business?
- **premature attrition of key buyer personnel**: how will open positions be backfilled?
- **IT integration strategy**: when will systems be integrated and how will that impact activity?
- **other functional area integration strategies**: when will strategies be defined since IT has many dependencies on other areas (e.g., payroll/HR)?
- **customers**: how will we describe the joint value proposition and how will we face joint customers? Who leads the relationship? How will we effect joint sales or pass leads before integration?
- **technology**: what will the technology/product roadmap be?
- **supply chain**: can the supply chain, or inventory, or suppliers handle increased volume from early revenue synergies or cross sales? Can we gain synergies out of a more efficient supply chain?
- **PMO**: how will we structure and govern the integration programme and decision-making?
- **competition**: how will we ensure that our main competitor does not use this transaction as a distraction to take market share?
- **employees**: how will we address employee concerns? How will we communicate with employees and maintain optimum productivity through the integration?

Case study: integration

A leasing company was acquiring another, larger leasing company. The integration strategy was one of consolidation – i.e., conversion of the target companies' processes and systems to the acquiring companies' processes and systems.

Critical success factors:
- retirement of all the target company's systems as part of the integration process; and
- adoption of the acquiring company's business processes to manage the target company's transactions.

Challenges:
- the complexity and nuances of many of the target company's transactions were not supported by the acquiring company's systems;
- some of the target company's systems were more robust enough, resulting in challenges moving to target systems and end-user adoption by the legacy employees.

Solution:
Zeevo was brought on board to perform a methodical assessment and comparison of core systems used by the acquiring and target companies, particularly in the areas of document management, workflow management, and the management of aircraft delivery, return and transfer transactions. In addition, the Zeevo team joined the PMO to provide regular status updates on the progression of the assessments.

Results:
As a result of the assessment performed by Zeevo, the acquiring company ultimately made the decision to switch from a consolidation integration strategy to a combination strategy where the best-of-breed systems across both companies were implemented. This resulted in enhanced application capabilities for the combined organisation and the ability to support the more complex leases in a systematised fashion.

Zeevo also worked closely with third-party vendors for the acquiring company's systems to design, develop and implement system enhancements to extend further the capabilities of these applications. This process involved gathering and documenting user requirements, working directly with the development teams on implementation, developing and executing test cases, and end-user training.

Case study: IT programme management

A large consulting organisation was engaged by an acquiring company to develop and manage an IT integration execution plan with detailed IT activities and resource requirements.

Critical success factors:
- the development of a comprehensive plan for the IT organisation, including detailed work streams, tasks and resource assignments;
- management of the plan during the integration phase, including the management of project issues and risks, and related escalations to the steering committee.

Challenge:
The primary challenge facing the consulting organisation was its lack of experience in the aircraft leasing industry and its resulting difficulty in producing a detailed plan that covered all aspects of the IT strategy. This challenge introduced overall risk to the project, not meeting fixed project deadlines.

Solution:
The acquiring company engaged Zeevo resources to take over the development and programme management of the IT integration plan across all sectors of the IT organisation.

Results:
Zeevo transformed the more general, work-in-progress, plan into a detailed project plan across several workstreams, including infrastructure, applications, data conversions and transitional service agreements.

As members of the PMO, Zeevo maintained the programme plan, reported detailed status to the steering committee on a weekly basis, and worked with both the IT and operations organisations to mitigate risks and resolve project issues across all the workstreams.

The IT integration plan was ultimately executed within the integration time constraints.

Infrastructure

The objectives of this area include assessing the current IT strategy to revise IT to include application implications, and analysing the current technology environment in order to identify gaps between the existing and future technology architectures.

"When planning for infrastructure, you want to analyse the current technology infrastructure with regard to the high-level application requirements. Components of the architecture that are analysed in the infrastructure domain include the server system(s), third-party software and tools, network technology, operations technology, database technology, and workstation technology," says Johnsen.

Tailoring a matrix to collect and analyse infrastructure will enable transparent communications and a common understanding of the infrastructure landscape.

There are a number of infrastructure-related questions that must be addressed:
- any current infrastructure changes underway;
- network operating system being used;
- details on existing software license agreements;
- number of sites and network connectivity to those sites;
- topology being used;
- standard desktop applications and operating system;
- standard server hardware/software;
- messaging environment (e.g., Slack, Skype);
- network protocols being used;
- storage;
- network hardware (eg, wireless access points, LAN controller, virtual private network switches, routers);
- network monitoring applications;
- systems management;
- internet service provider(s);
- network security;
- encryption;
- voice platform;
- cabling infrastructure;
- disaster recovery site(s);
- annual IT costs – are these all accounted for within the IT/finance cost centres or are they cross-charged to other functional cost centres?

Network latency — how long it takes to run a report, as an example — is one area that should receive special focus. Often, when a company expands through acquisition, the combined company has a larger geographical footprint. Working across borders, comes with certain costs and benefits. With careful planning, you can avoid users waiting an hour for a report to finish when they expected the same in minutes.

Applications

A software assessment that examines the current legacy software systems and produces an initial high-level assessment of the environment and development requirements of the to-be systems produces a high-level systems map that identifies the "as-is" and "to-be" systems environments.

Johnsen explains that "gathering information about the known development efforts for interfaces, enhancements and conversions is key to the application inventory. Understanding the home grown and third-party software applications that exist within the target's current architecture is also important".

Business applications, such as programmes for documentation management and workflow, should be included. "It's important to highlight any potential software that will be replaced by the new planned architecture," says Johnsen.

Additionally, one should include entries for highly dependent applications. At a minimum, consider the following items when assessing the bespoke/homegrown and third-party software:

- functionality, IT strategy synergy and business critical success factors;
- existing version and how current it is;
- degree of customisation and documentation;
- number of current users and nature of user interface;
- degree of utilisation of the product and ease of use;
- existing deployment and support procedures.

Other application-related information is needed during due diligence and/or during integration.

Examples of necessary information include:

1. Describe which applications are used for the following:
   - financials – general ledger, expenses, procurement. revenue and receivables, fixed assets;
   - asset management;
   - compliance/internal audit – include any enterprise risk management applications;
   - lease and contract management;
   - financial planning and analysis – forecasting, purchasing, planning;
   - insurance;
   - reporting/business intelligence – financials, revenue, technical;
   - workflow management – including any integrations with other applications;
   - legal, corporate secretary – document management, subscriptions (eg, board of directors-related applications), signing authority/key decision rights;
   - marketing – consolidation of market data (is external data purchased? From whom?);
   - portals – MROs, technical, marketing;
   - pricing;
   - risk and credit management;
   - tax;
   - HR/payroll – what systems are used in these areas?
   - travel portal;
   - statutory filings and/or US Security and Exchange Commission;
   - email archiving;
   - treasury operations, including debt management;
   - site access security system (e.g., swipe cards, video cameras).

2. Total number of systems:
   - all automated systems and their applications;
   - all manual systems and their applications; and
   - all outsourced systems and their applications. Include copies of outsourced application contracts showing terms and conditions.
3. Outsource company and contact.

Case study: IT infrastructure planning and execution

A leasing company, as part of an acquisition, had reached an agreement on the desired state of the IT infrastructure for both Day One and the end state – its challenge was to develop a comprehensive "how to get there" plan.

Critical success factors:
- a prioritised list of what infrastructure tasks/deliverables were required for Day One;
- an understanding of what tasks could be accomplished by Day One and what tasks needed to be deferred to the integration phase of the project;
- an assessment of security rights requirements both from an infrastructure and application perspective;
- a detailed network integration plan, including the ordering of new scalable and dedicated circuits, and the implementation of appropriate firewall access rights and restrictions on Day One;
- a combined active directory and messaging/email solution on Day One; and
- a transition plan for the target company data and disaster recovery centres, including core servers and infrastructure that would be retained as part of the integration.

Challenge:
The acquiring company had neither the bandwidth nor infrastructure experience to create and implement the plans necessary to achieve the target dates.

Solution:
Zeevo was engaged to support the IT infrastructure planning across a number of areas. The Zeevo team collaborated with IT and the operations units to document and facilitate approval of the required network and application access requirements for the combined organisation.

A detailed test plan for access rights was developed and executed. Zeevo assisted with the evaluation of regulatory, compliance, data retention and security requirements related to the integration of email and messaging services across a global infrastructure.

In addition, a detailed plan for how the active directory domains and privileges was developed. The Zeevo team developed a multiphase plan to transition the data and disaster recovery centres from the target company to the acquiring company, based on the priority of relocating and/or retiring applications hosted by the target company.

Results:
Integration of the IT infrastructure was a critical path item for the M&A PMO. The planning and support from Zeevo enabled the rapid infrastructure changes that were required to support the M&A activities. The infrastructure improved and increased the synergies of the different operations teams across the two organisations.

Case study: data conversion

A leasing company was acquiring another, larger leasing company. The synergies of the acquisition, based on plans, including migrating all of the target company application data (including financials, purchasing, assets and contracts) to the acquiring organisation's systems via manual data entry and automated data conversions.

Critical success factors:
- data entry, conversion, validation and reconciliation completed within the integration timeframe;
- minimal disruption to business day-to-day data entry activities during the conversion process.

Challenge:
One of the biggest issues facing the acquiring company was the completion of the data entry and conversions, as well as subsequent validation of the data in the timeframe set forth by the PMO. Exacerbating the exercise was the limited availability of third-party application vendor support and automated data conversion tools.

Solution:
When it became clear that the success of the data conversion projects in the allocated timeframe was at risk, the acquiring company engaged Zeevo to develop a risk mitigation plan and detailed execution plan. The approach also involved Zeevo IT developing automated data extraction, validation and reconciliation tools to expedite the conversion process with primary focus on the general ledger, asset utilisation, maintenance reserve charges and maintenance reserve fund balances.

The Zeevo team joined the PMO to provide regular status updates throughout the course of the project.

Results:
An integrated team approach was adopted whereby Zeevo worked together with the acquiring and target companies for planning and execution. Zeevo developed detailed execution plans down to the asset and lease level. As a result, Zeevo was able to identify critical path transactions where the level of complexity was high or where there were data integrity issues. Zeevo rapidly developed automated ETL (extract, transform, load) tools using Microsoft SQL Server.

In addition, Zeevo used SQL Server to develop scripts to reconcile source and target systems automatically. The automation effort greatly reduced the time to completion for the data conversion activities, enabling the acquiring company to meet its integration deadlines.

4. Give a narrative of each application (what does it do, used for what purpose).
5. Applications run on what platforms.
6. Output used for what purpose.
7. Output feeds what system(s).
8. Output retention policy for data and files.
9. Application coded in what language(s).
10. Database(s) used.
11. System/application dependency.
12. For each system/application – home grown or package.
13. Vendor name, if commercial off-the-shelf/out-of-the-box software package.
14. Annual maintenance and support fees:
    - hardware maintenance;
    - software maintenance/licensing
    - internal resource costs;
    - external resource costs.
15. System retirement date(s), if known.
16. Centralised/decentralised application.

Vendor/Supplier Management
When investigating vendor relations, the following aspects should be considered:
- organisation-owned components;
- lease/rent components (refer to infrastructure table above and also the application inventory);
- responsibilities/outsourcing;
- installation;
- maintenance;

- service level;
- performance responsibilities.

"Use the transaction as an opportunity to amend vendor contracts to reflect new merged legal entity and utilise the payment terms of common vendors as leverage for negotiating the newly merged organisation's future vendor contracts," suggests Johnsen.

Lessons learned
Johnsen continues by emphasising that "merger, acquisition and divestiture transactions are not easy. They are filled with pitfalls and blocking issues to achieving the expected benefits".

Here are a few lessons learned over the course of Zeevo's experience with M&A transactions:

- **open, honest communication** has the power to drive the realisation of business goals;
- **deliver information** quickly and consistently;
- **engage internal audit early**: internal audit's role in the transaction should be defined early. Opportunities for involvement in the phases of M&A depend on the maturity, size and competencies of the audit team;
- **slow down to go fast**: take the time to plan. Plan, plan, plan – it is rarely possible to over plan;
- **adopt "as-is" capabilities**: "adopt and go" (pick the best of what exists and integrate rapidly) allows decisions to be made quickly and assures that combined company will work on Day One and after.

Resist the temptation to build something new and better. Improvements can, and will, be made after the integration is complete, and the combined company is up and running. Expect to iterate after Day One;
- **establish clear decision criteria**: it is also important that the decision criteria for selecting the adopted capability be very clear, since these choices tend to be viewed as win/loose, can drive job losses and can be very emotional;
- **exceptions require effort**: if an exception must be made to the adopt and go principle, put significantly more effort in managing the planning and integration in this area. After the merger, keep a team in place to monitor and resolve the unanticipated issues that arise for as long as is necessary (some of these areas can take years);
- **pareto principle**: 80% of decisions were no-brainers. Make these fast, then work on the difficult ones;
- **provide the needed time** for people to assimilate changes;
- **do not take cultural issues** for granted. Perform a full-impact assessment;
- **begin integration planning** in parallel with deal negotiations;
- **ensure IT functional representatives are involved** with developing and approving pre-close TSAs;
- **document the IT integration strategy** to ensure alignment with other functional areas and other initiatives;
- **clearly communicate executive commitments** and designate an internal resource to lead IT integration when the deal is announced;
- **set up an IT-specific arm of the PMO** to track milestones and identify/address identified integration issues;
- make the integration effort the **same priority as running the ongoing business**;
- **do not skimp on assigning resources**, especially in challenging circumstances.

Johnsen concludes: "CIOs should have the license to be involved through all stages of the M&A lifecycle; it enables the IT function to better plan and budget for the activities, costs and risk mitigation to achieve the desired synergies."

How can Zeevo help?
Whether this is your first acquisition — or your 100th — Zeevo is here to assist. As acknowledged by industry, our experience in assisting clients across the full-spectrum of IT-related M&A activities is unmatched in the aircraft leasing space.

Zeevo Group's M&A consultative services covers strategy, integration, divestiture, human capital, information technology, financial advisory and tax planning. Our purpose is to assist companies to protect and grow their shareholder value. ∧

If you are looking for a seasoned adviser with real-world experience, we are ready to assist. Visit **zeevogroup.com** for more information or reach us at **contactus@zeevogroup.com** or **+1 760 933 8607**.

Case study: vendor management

As part of an acquisition, a leasing company required an extensive infrastructure and application vendor inventory and risk management assessment. The goal was to produce an exhaustive list of IT vendors under contract with both companies, assess licensing rights, evaluate any pricing synergies and identify any potential risks to the integration process.

Critical success factors:
- a complete list of IT vendors used by the target company;
- a comprehensive analysis of the vendor contract landscape and associated identification of integration risks and integration synergies.

Challenge:
Both the acquiring and target companies did not have a readily available catalogue of third-party vendors and consolidated access to IT vendor contracts.

Solution:
Given the project resource constraints, Zeevo was engaged to perform the third-party vendor analysis:
- creation of an exhaustive list of infrastructure and infrastructure IT vendors based on interviews with key personal using predefined checklists created by Zeevo;
- identification and prioritisation of critical vendors;
- creation of a cost model for critical vendors and identification of cost-reduction opportunities (eg, improved volume discounts);
- summarised analysis and industry insights for the relationship managers for license negotiation;
- risk assessment of critical vendors, including contract ownership, reliance on a small number of major vendors and potential conflicts between vendors and the integrated organisation;
- generation of status and risk reporting for PMO.

Results:
As a result, the acquiring company was able to allow sufficient time for contract negotiations to secure its own contracts for those agreements that could not be assigned. In addition, a subset of vendors was engaged earlier in the transaction execution phase to ensure contractual compliance on Day One.

Based on the analysis, the acquiring company was able to negotiate pricing discounts with a number of its major vendors based on the increased fleet and transaction volumes of the combined organisation.