



case study

TECHNOLOGY INTEGRATION:

When IT organizations merge, the highest priorities for integration should be those areas which reduce risk, reduce costs, and increase standardization and productivity for business, clinical, research, and IT functions.

Impact Advisors helped facilitate the development of a plan aligned with strategic objectives and focused on these priorities ahead of the merger of two cancer-fighting entities with starkly different operating models.

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Turning M&A IT Integration into a Competitive Advantage

Twenty years ago, a cancer research organization and a cancer care facility formed an alliance with the goal of providing state-of-the-art care for cancer patients and facilitating the translation of new discoveries into improved methods for cancer prevention, diagnosis, treatment, and cure.

Recently, the organizations concluded that they must merge to provide a more seamless experience for patients, further integrate clinical research and clinical care, and plan and invest more cohesively. The envisioned merged organization would be an independent, private, not-for-profit organization operating as a clinically integrated part of the academic health system currently hosting the cancer care organization on its Epic EHR.

Integrating business processes and systems for two merging healthcare organizations is challenging, particularly when the two entities have distinctly different business models. One is an ambulatory care organization, with a procedural operating environment, predictable workloads, and stable IT processing and storage needs. Because it uses the academic system's Epic EHR, it must comply with their standards for system design and use. The other is a research institution (no direct patient care) and, as such, does not have to comply with HIPAA regulations. Although it does have standard procedures in place, the breadth of researchers' needs coupled with their use of external funding necessitate frequent policy exceptions. Consequently, there's a much more diverse array of technologies and operating methods at the research center compared with the care center.

To assist with IT integration planning ahead of the merger, leadership at the two organizations enlisted the M&A consulting expertise of Impact Advisors.

Integrating IT Infrastructure, Organization & App Portfolio

Impact Advisors was engaged to perform a high-level assessment and provide best practice and experience-based recommendations for integrating Information Technology—both the support organization and the physical applications and infrastructure—between the cancer care and research centers. Impact Advisors started by helping the two organizations' leadership develop guiding principles for the integration. These precepts covered decision-making, planning, collaboration, security, communication, data sharing, and more. Next, leadership authorized the start of three simultaneous project workstreams led by Impact Advisors: 1) IT Infrastructure Integration Strategy, 2) IT Organization Integration Strategy, and 3) Application Portfolio Rationalization. Over the next 10 months, the three teams (working almost entirely virtually due to COVID) captured findings and developed actionable recommendations, including timing for those actions to begin immediately upon the merger's approval.

IT Infrastructure Integration Strategy

The objective of this workstream was to design a future state infrastructure that would be user-friendly, functional, secure, cost effective, and manageable. The M&A project team conducted a systematic assessment of the IT core infrastructure, examining current strengths, weaknesses, opportunities, and threats across eight technology functions: Data Center, Cloud, Network, Telecom, Security, Systems, Storage, and End-user Devices.

Information-sharing sessions with IT teams helped develop cross-functional / cross-organizational understanding of each organization's IT functions. Subsequent sessions with subject matter experts focused on prioritizing strategy development for core technologies and designing a progressive infrastructure integration plan, including a hybrid mix of separate and consolidated infrastructure over the next 18 months. These sessions yielded 33 leadership-approved technology plans covering each specific competency within IT and spanning a three-year planning horizon. Each one-page plan summarized opportunities, approach, requirements, benefits, risks, and dependencies for the area. Impact Advisors also developed a dashboard providing an executive-level report with the ability to drill-down and investigate plan details.

The Infrastructure Integration team developed over 150 tailored recommendations, aligned with industry best practices, ranging from data center consolidations and



network re-architecture to IT service delivery process improvements. Among the recommendations was to simplify the user-experience and eliminate duplication by using a common “front-end” for shared functions and separate “back-ends” for unique clinical and research functions.

The combined organizations comprised:

- 8 data centers, 2 co-location facilities
- 8,000 PCs, laptops
- 900 thin clients
- 650 company cell phones
- 150 instrument workstations
- 7,000 phone extensions
- Over 4 petabytes storage

IT Organization Services and Structure

The second workstream used a structured methodology, including customized stakeholder interviews, benchmarking, and industry best practices, to develop recommendations for a highly efficient and effective future state organizational model for the new merged IT department that best supports research and clinical strategies.

The team identified the need for increased communications regarding the merger, an increased focus on governance, and clear and consistent strategies for remote work and national recruiting. They also created an organizational design model to be used for a merged organization of

~250 FTE supporting all major functions, with updated job descriptions.

As with most mergers, the fear of losing autonomy experienced by both organizations posed a significant risk to the overall success of the integration plans. In response, the project team worked in coordination with the other workstream teams to facilitate well-attended, cross-organizational collaboration, bringing templated discussion guides that enabled productive conversation.

Application Rationalization

Application rationalization serves to improve efficiency, reduce complexity, and lower total cost of ownership of technology inventories—all in support of achieving strategic objectives (a worthwhile exercise even without the impetus of a merger). The current portfolio between the two merging organizations consists of ~850 applications, among which there are cost savings to be gleaned from software license optimization, eliminating redundancies, SaaS optimization, application retirement, server/storage optimization, and standardizing common platforms.

The project team identified, assessed, categorized, and cataloged these applications, consolidating many independent data sources, through over 40 focus groups with IT and operational owners. Through the discovery, the team identified over 240 potentially redundant systems, over 150 applications no longer in use, and many instances of multiple contracts for the same product. In short, they identified significant opportunity to consolidate the portfolio, saving millions in annual maintenance, and streamlining IT support through standardization. Although not part of the project's original scope, Impact Advisors chartered and trained a Strategic Technology Oversight Committee to review, prioritize, and approve application rationalization projects and refine the future IT request intake process.

Additional Opportunities

While focusing on the three main workstreams of this engagement, Impact Advisors observed several additional areas of potential improvement.

- **Governance** – There is a need for consistent demand management, intake process and capacity management processes.
- **Disaster Recovery / Business Continuity** – There is an opportunity to strengthen this core function and thereby reduce the organization's risk of outages and impairments.
- **Service Desk Performance** – There is an opportunity to implement service desk performance metrics, and service level agreement optimization is recommended for both external partners and internal teams.
- **Enterprise Architecture** – The larger the organization becomes, the stronger the need for consistent, scalable processes and architecture.
- **Maturity Modeling** – The scope of the team's analysis was intentionally high-level, and therefore a more in-depth evaluation of each IT function to identify areas for improvement and investment is recommended.

Current Status of Integration

The organizations announced their formal restructuring in early 2022. Plans for the integration continued through the year, and the newly unified organization is well positioned to act on the detailed recommendations. Impact Advisors' project executive Matt Duncan remarked, "This client has the internal leadership, talent, and motivation to further refine and execute the integration plans. And if they need support, Impact Advisors is committed to helping them be successful."

Common IT Integration Challenges to Overcome:



Multiple user-IDs, passwords. No common email address and few common user-collaboration tools.



Separate networks and phone systems constrain connectivity, collaboration, and staff mobility.



Security risks increase when two organizations merge – higher infiltration risk.



Combining infrastructure is expensive, including capital and labor required to integrate thousands of components.



"Keeping the lights on" while managing complex change is challenging.