The Impact of Mergers and Acquisitions on Information Systems: A Case of A Software Industry Acquisition

Jeffrey Hsu
Silberman College of Business Administration

Edward T. Chen
University of Massachusetts

Follow this and additional works at: https://scholarworks.lib.csusb.edu/ciima

Part of the Management Information Systems Commons

Recommended Citation
Available at: https://scholarworks.lib.csusb.edu/ciima/vol6/iss1/6

This Article is brought to you for free and open access by CSUSB ScholarWorks. It has been accepted for inclusion in Communications of the IIMA by an authorized editor of CSUSB ScholarWorks. For more information, please contact scholarworks@csusb.edu.
The Impact of Mergers and Acquisitions on Information Systems: A Case of A Software Industry Acquisition

Jeffrey Hsu
Silberman College of Business Administration, Fairleigh Dickinson U., Madison, NJ

Edward T. Chen
College of Management, University of Massachusetts Lowell, Lowell, MA

ABSTRACT

A company named Syscom' was recently acquired by another company, Matcom'. Both companies were focused on software development in similar markets, however, the Management Information Systems (MIS) decisions made by each company have resulted in significant differences as to how employees go about the business of developing, selling and supporting software. This paper highlights how Information Systems (IS) decisions made at these two companies enabled different ways for people to work together along with affecting various aspects of business operations and team communications. In addition, this paper presents issues with the integration of Syscom with the Matcom IS structure as a result of the acquisition of Syscom. Managerial implications are drawn from the discussion.

*Note: The names of the companies have been disguised for confidentiality.

INTRODUCTION

Mergers and acquisitions (M&A) are an accepted part of our current global economy, as they can often bring about useful and unique synergies which cannot be obtained by either firm alone. More specifically, mergers and acquisitions can help to bring about financial synergies which can result in the new firm having a greater value than the sum of the separate firms combined. Other reasons for this kind of activity include the desire to acquire new opportunities, add product lines, or allow for entry into new business areas (Gupta and Gerchak, 2002). In the case of acquisitions, they can help to bring about more influence in an industry, obtain new knowledge and resources, and offer the opportunity to enter business areas in which they would otherwise not be engaged (Vermeulen and Barkema, 2001).

However, merger and acquisition activity is complex and can involve many different kinds of challenges from start to finish. Of particular importance is the role of IS/IT (information systems/information technology) in the M&A process, and the need for the integration of firms and systems when companies are acquired or merge (Bailey, 2001). The purpose of this paper is to investigate the MIS approaches prior and post merger of two companies. The names of the companies have been disguised for confidentiality. The focus is on the role of IS in M&A activities, using the case of an acquisition of one software company by another. A comparison is drawn to yield implications and conclusions. In short, the goal of this paper is to provide a real-world example of the importance IS is to a business and the consequences that result because of the IS decisions that are made, in the context of an acquisition of one firm by another.

LITERATURE REVIEW

Mergers and acquisitions (M&A) are a good indicator of the strength of the economy and the confidence in corporate America. Recent reports from the Bureau of the Census (2002) reported mergers and acquisitions in 41 industries for the year of 1998, and in the same year there were 3,882 instances of US companies acquiring other US companies. There were 746 instances of US companies acquiring foreign companies with an estimated value of US $128 billion, and 483 instances of foreign companies acquiring US companies with an estimated value of US $233 billion. This trend, even though not at the frantic pace of the 1990's, is continuing through to the present. According to Bailey (2001), 30% of Global 2000 organizations were considering acquiring another firm, and some 40% of the same groups were being considered for acquisition. More recently, there have been reports which show an increase in M&A activity, likely brought about by the expanding global business economy, and increased deregulation.
Many major M&As have been conducted, and they are usually headline news in the business world, whether it be Hewlett Packard/Compaq (Tam, 2003), AOL/Time Warner (Meeks, 2000), or Citicorp/Travelers Group (Loomis, 1999). In fact, some firms have conducted M&As multiple times, as is the case with Cisco, which during the 1990’s acquired over 40 firms, which in financial terms involved close to $20 billion. Other firms, including Intel and Microsoft, have also been heavily involved with M&A activity (Ranft and Lord, 2002). According to a recent report (USA Today, 2006), in 2006 through early May, there have been over 3,000 deals with a value of close to $500 billion, which is one of the best years since 2000, and the projected total for the year is in excess of $1 trillion.

In the past 12 months, there has been increased activity in the past 12 months for mega mergers as well as for acquisitions of smaller companies. The M&A activity for cross-border deals have also increased substantially in recent times, which is indicative of the strength of the global economy. Current M&A activities in the US seem to indicate a desire for companies to grow and compete in an improving economic scenario. Corporations feel more confident about the global economy and the prospects for the future (Greenspan, 2005).

M&A activities generally span months from inception to actual consummation. The entire realm of M&A activity comprises a number of stages, and is not completed with the completion of the acquisition. In fact, a major part of the M&A process is the integration that follows. In addition, many M&A failures are attributed to problems in this stage (Aiello and Watkins, 2001).

The stages which companies go through can vary based on the specific situation and the firms involved, however, there are a number of M&A phase models which have been identified from previous literature. These include the five phase approach developed by Aiello and Watkins (2001), which includes the phases of Screening Potential Deals, Reaching Initial Agreement, Conducting Due Diligence, Setting Final Terms and Achieving Closure. Another is a six-phase approach by Breidenbach (2000), which offers the phases of Strategy, Planning, Evaluation, Acquisition, Integration, and Operation. There is also a three-phase approach proposed by Haspeslagh and Jeminson (1991), encompassing Idea or Preparation, Transaction, and Generation.

While the models are useful, we propose our own four-stage generic M&A process, as shown in Figure 1.

**Figure 1. Phases of Merger and Acquisition**

**Pre-merger Assessment:** This is the first phase where companies look at potential companies they would like to acquire, based on their current business strategy. This involves such activities as making a shortlist of potential companies; evaluating each of the companies by making on-site visits and holding initial talks with these companies, and doing further analysis into the companies using this information as a basis. As a part of this analysis, the companies are evaluated in terms of pricing, and the total costs of acquisition. This whole process is usually confidential and could last 3 to 4 months or more. Once a potential candidate is chosen, the offer is made, and if accepted, the deal is made public.

**Merger Planning:** The second phase generally starts before the merger is consummated, however starting after the merger is announced. This stage may necessarily be preceded by an approval process from the board of the two companies and any legal or government agencies which are necessary. During this phase, a merger leadership team is put in place and a plan for post merger operations and integration is made. This team is usually comprised of
members from both companies. Communication links are established and post merger plan is developed. Customers and clients are informed about the merger, and its effect on the services and products that they would receive from the merged company.

**Implementation:** In the third phase, implementation, the integration plan from the previous phase is put into action. This phase is very critical to the success of the merger. Because there is likely to be chaos in the transition and uncertainty for most employees of the companies, implementation is a challenging stage in the process. Many of the difficult decisions which need to take place post-merger are taken during this time. A well-drafted integration plan is essential to streamline the process, as the integration team will take over the implementation of the plan, which will involve people from both companies. Since there is likely to be a loss of talent with layoffs or people leaving, care needs to be taken in this phase to ensure that the day to day operations of the company continue without interruption or difficulty, and that the expected level of services and products are delivered.

**Audit and Performance Analysis:** This is the post-implementation phase where the prior three phases are evaluated and scrutinized, and in many cases, there are lessons to be learned from them. Often neglected, this is a phase which can identify and highlight mistakes made in the merger. It is crucial to implement audit and analysis using a team of employees from all sections of the company affected by the merger or acquisition. Customers and vendors from the company's value chain should be included in this phase to obtain feedback on the merger and its effect on them. The lessons learned from the merger can be used to modify plans and processes for merging and acquiring companies in the future.

**M&A AND INFORMATION SYSTEMS**

The increased use of IT in the corporate world has made more important the role of IS in M&A decision making. This is because IS/IT issues can affect greatly the processes of post-M&A integration and consolidation. M&A are generally considered by companies to help enlarge their customer base, improve greater economies of scale, strengthen marketing capabilities, and stronger marketing capabilities in order to ward off and surpass the competition. While these issues are still the key reasons for M&A, information systems have of late gained prominence as another key factor under consideration. In short, IS has been deemed an important element in terms of gaining strategic advantage (Porter, 1980; Brown and Eisenhardt, 1998). As such it is important for companies to consider IS role when making M&A decision.

Recent studies on companies involved in M&A activities indicate that one of the most critical issues is the integration of IS systems. A survey conducted in 2000 by PricewaterhouseCoopers indicates that 47% of merged firms found that acquiring technical talent was one of the motives for a merger, which is a significant increase from firms doing so for the same reason (15%) in 1997. The survey also sheds light on the importance of IS in M&A activities, with 75% of companies experiencing problems in the integration of IS systems due to delays, lost opportunities and reduced revenue (Harrell and Higgins, 2002).

The role of post acquisition relationships is critical to the success or failure of a merger or acquisition. In particular, the impact of a poorly conducted integration can lead to acquisition failure (Pablo, 1994; Kitching, 1973). In many cases, the difficulty arises where the acquiring firm cannot integrate the other firm properly, resulting in reduced profitability and financial viability after the acquisition (Datta, 1991; Ravenscraft and Scherer, 1987).

An important component of this is the role of information systems in M&A activity. There is a need for careful integration between the firms in terms of IS/IT, as there is risk involved with the integration of varying information technologies. It is therefore critical to have IT become a participant early in the life cycle of the M&A activity (Bailey, 2001). In fact, IT is often considered one of the key factors towards successful implementation and integration when involved with a M&A. The use of standardized interfaces, as well as methods and guidelines, often helps to increase the likelihood of a successful integration (Popovich, 2001).

As mentioned, one of the major problems of IS integration post-merger is the inability to consolidate the IS components of the two companies to work as a single cohesive system. This can be attributed to the lack of involvement of the IS department in M&A decision making and planning. IS professionals need to be involved from the initial stage of pre-merger feasibility studies, through to the integration and implementation plans. The need and costs of system integration need to be considered when evaluating the cost of the post-merger activity. In addition, the IS department needs a post-merger IT strategic plan in place to bring about seamless transitions in the quality of
services provided (Brown & Magill, 1994). The ability to accomplish IS integration after a merger or acquisition has led many companies to view IS as a strategic competency.

IS expertise could be a major inducement for acquiring companies. Companies looking to acquire sophisticated and successful IS systems to gain a competitive advantage could search for companies with those characteristics. The post-merger company could adopt the new IS systems from the acquired company as it is a tried and tested system. However, care should be taken to make sure the new IS systems being acquired would fit the acquirer’s existing business practices. A wrong fit from this perspective would make the integration process more difficult and time consuming. In terms of expediency, the faster that the IS systems can be streamlined and integrated, the sooner the acquirer can reap the benefits from the merger deal. Hence, the involvement of CIO or CTO in the planning stage of acquisition could have far reaching effect on the strategic value of IS integration (Jones, Taylor & Spencer, 1995).

Since the goal of many mergers and acquisitions is to improve economies of scale and reduce costs by eliminating redundancies between the two companies, the IS department can be one of the main areas targeted for cost cuts. As such, the IS department typically views an M&A activity with trepidation more than other departments in the company.

Since it is obvious that M&A activities would tend to create a sense of unease among employees from both companies, these feelings of insecurity and uncertainty on the part of employees can lead to reduced productivity and lack of trust. The low employee morale can further hinder integration. One course of action when M&A activity is present is for them to seek job opportunities outside the company, resulting in a drain of talent. The company’s CIO and IS managers should keep employees informed on the decisions being made by top management. Employees should be made aware of the timelines for change along with the groups that are affected by the merger. This strategy would provide a transparent work environment and help in retaining key employees (Cooper, 1994; Trillas, 2002).

COMPANY BACKGROUND

Syscom, headquartered in Marlboro, MA, was recently acquired by Matcom, headquartered in Westford, MA. While both companies were focused on software development in similar markets, the Management Information Systems (MIS) decisions made by each company have resulted in significant differences as to how employees go about the business of developing, selling and supporting software. Different Information Systems (IS) decisions made by these two companies resulted in different ways for people in those firms to work and conduct business. This ultimately can have an impact on the firms’ business strategy, organizational strategy, information strategy, and the relationships between these. There have also been impacts to the Matcom IS structure as a result of the acquisition of Syscom. Syscom was the leader in design reuse, collaboration and management solutions for electronic product development. Syscom’s software accelerated innovation by optimizing the System-on-Chip (SOC) design chain. Syscom was established in 1996 by a group of Electronic Design Automation (EDA). The vision was to develop an environment, simplify the design of complex, large-scaled electronic products and enable effective collaboration across multi-company design chains.

Matcom is a recognized leader in delivering collaborative product lifecycle management solutions. Simply put, it is a software company which offers products designed to streamline the design flow and component integration. Together with its partners, Matcom enables companies from a broad range of industries to dramatically accelerate innovation, time-to-market, and revenue by collaboratively developing, building, and managing products. Matcom’s solutions facilitate the sharing of concepts, content, and context across product lifecycles and throughout value chains of employees, customers, suppliers, and partners.

The firm’s software helps to manage the web of relationships needed to bring products to the shelf. The company provides collaborative product lifecycle management applications that companies use to streamline the design, development, and manufacturing process. Built around its Product Lifecycle Management (PLM) platform, the company’s software allows businesses to share product information, including designs and specifications, over the Internet with employees, customers, and suppliers. Product data can then be updated quickly in one place when improvements and upgrades are needed. Matcom also provides a range of consulting and support services to clients (Foster, 2004).
ORGANIZATION AND IS STRUCTURE

A first approach would be to look at the organizational structures of the companies. Syscom was initially organized using a flat organizational structure as was typical for many software companies established in the 1990's (Robinson, 2000). But as it grew, there was a migration to a hierarchical organizational structure. As such, Information Systems (IS) within Syscom supported direct, flexible and simple communication throughout the company. The use of email was critical to communications and therefore the IS structure was set up to ensure that it was delivered reliably and efficiently. Together with e-mail, the use of Instant Messenger (IM) software also facilitated the ability of employees to quickly communicate.

Even though the company was starting to organize itself into a hierarchical structure, the key technologies that supported the structure remained personal computers running Solaris, and HP client/server computers running variations of Linux. Data and data processing was focused on a few select computers in the style of mainframe central data and processing however it was implemented using client server technology. There were limited controls put in place by IS and in general all information was accessible by anybody in the company.

Matcom is organized in the traditional hierarchical fashion with clear divisions of labor, specialization, and unity of command (Brynjolfsson and Hitt, 2001). The IS structure within the company does leverage client server technology, however, through the use of controls, information is stored and communicated is based on the hierarchical organizational structure. Within the Engineering organization, for example, some information available to the development team of one subsystem is not available to other subsystems without special permission.

The use of e-mail had more of a function to support the documentation of decisions that have been made, and to broadcast announcements. For most regular communications, face to face communication was the preferred model. As such, the IS structure was not designed to provide twenty-four hour, seven day a week immediate email delivery. For example, when the company sends out a mass electronic email to external customers, internal email delivery can be delayed by several hours. The use of Instant Messenger software is discouraged.

MIS APPROACHES

The MIS approach at Syscom was to provide highly portable computers and laptops, to everyone in the company. The laptops were primarily used to access the development machines, which were the Solaris and HP Unix-based systems (including those running Linux). By leveraging the capabilities of the Internet, it was possible to access any development machine from anywhere that the Internet was available, so in effect it was possible to develop and support the software from anywhere.

Additional technology available throughout the company included an easy to use meeting facilitation system, which supported conference calls and the ability to share desktops. Meetings were scheduled by using a function available through the server hosting the software. It was also possible to see what meetings had already been scheduled by other people, which allowed you to locate a meeting without being given specifics. By sharing a desktop, it was possible to remotely show a presentation or work such as the debugging of software. The use of a project synchronization, collaboration, tracking/status tool (a Syscom product that was also used internally) allowed for any interested person in the company to gain access to current outstanding problems, the status of each, and how each of the “fixed” problems were resolved.

The same tool was also configured to provide a trouble ticket capability, called an ITR (Information Technology Request) that was the primary interface in terms of requests to IS for either help or problem resolution. Using this tool, it was possible for any interested person in the company to see an outstanding list of actions for IS, find out if someone else has reported the same problem and to try previously identified solutions before requesting IS assistance. There was a single group within Engineering (Release Operations with the assistance of IS) that was responsible for the maintenance and support of the toolset used for development.

The company established a robust Intranet that was a common location or launching point for information on all aspects of the company, along with being a central location for communication. The IS department set up the Intranet so that status updates on product development could be posted directly by individual managers or owners of the products. Also available on the Intranet was a complete company listing, including photographs of each employee, along with each employee’s relationship to the firm’s organizational structure. Requests for vacations
The Impact of Mergers & Acquisitions On Information Systems

Hsu & Chen

were also handled via the Intranet, which further emphasized the firm’s emphasis on electronic or paperless administration of the business.

Finally, there was close coordination between the Release Operations group and IS, with IS almost being an extension of the Engineering organization even though it was officially part of the general administration group. For example, at various times, patches would need to be installed on development or build machines, or network maintenance would be necessary. The Release Operations and IS departments would work together to perform the identified maintenance. In addition, special configurations, such as the setting up of a standalone network to allow for performance testing, would be coordinated between both Release Operations and IS.

The MIS approach at Matcom is to provide very powerful desktop computers to support development. There are a limited number of laptops, most of which have been assigned to those on the management level. For software development, development environments are set up on individual desktop computers. This reduces the need for continued access (such as network access and its associated delays) to the main development machines during development. However, the main development machines are used when integrating or combining various software subsystems. It also reduces the need for robust network connections. Access to the development environment from outside of the Matcom offices is possible only through the use of a Virtual Private Network (VPN).

There are two different meeting facilitation systems – one that supports conference calls and one that supports the ability to share a desktop (webshare). For security purposes, it is necessary to get a special sign-on in order to schedule and host meetings. Unlike the main development systems, the meeting systems are accessible via the Internet. The system was designed in such a way so that it is not possible to see what meetings have already been scheduled by other people, however if scheduled for a meeting, the specifics can be retrieved.

There is also software that allows for the identification of problems and issues during the software development process, however, it can be difficult to use; finding and sorting problems into ones of interest, and also finding the current status of problems in general without having a more detailed knowledge of the subsystem under development can be a challenge. One reason for this could be that there is no one group responsible for the administration of the tool set used by the Engineering department for development, rather, the maintenance is performed on an as-needed basis by various people within the Engineering department.

IS-related problems are reported via Microsoft Outlook email to a special IS helpdesk mailbox. The problem with this approach is that it is not possible for any interested person in the company to find out what has already been reported, nor is it possible to independently find out how a prior problem was resolved.

The company has an intranet that provides general information on Matcom products, along with information on Human Resource procedures. However there is no information relating to the firm’s organization, nor is there any posting of job position. Requests for vacations are handled via a form that can be printed out from the company intranet, however it must be physically signed and sent to Personnel.

Finally, there is limited cooperation and coordination between the Release Operations group and the IS department. Release Operations is viewed as just another user group that IS supports, with no unique coordination or cooperation between the groups.

ISSUES WITH MIS INTEGRATION

Integration of the companies has had several MIS consequences, including some that were not expected. One important issue with the integration of the companies was that the computers being used by the ex-Syscom developers were not powerful enough to support the development environment required by Matcom’s software. This resulted in the need to acquire and configure new hardware for the Matcom engineers. Since the development environment was set up with the assumption that the developers would be co-located, the IS department had to establish a VPN to support the distributed nature of the ex-Syscom developers. The VPN software also had to be loaded onto each of the individual computers, which was time-consuming. Communication was centralized and standardized on Microsoft Outlook, which required that the ex-Syscom systems be either upgraded or installed with the appropriate and approved version of Outlook. The IS department experienced a large surge in requests for help, frequently getting the same request from multiple people since there was no common repository of solved problems that people could review before requesting assistance.
Another consequence was the need to hold multiple, yet similar meetings for employees who were physically co-located, and for people who are remote. The IS structure within Syscom was set up and used such that there was no differentiation between people who were physically located at one site and those that were remote. Since there are no on-line accessible organizational charts, the ex-Syscom employees frequently contacted the wrong persons for assistance which resulted in an inefficient use of resources and time, and an increase in the time needed to resolve issues.

Finally, the software and databases used by Syscom to help manage and track sales contact information and customer support issues were not the same as what Matcom was currently using. The Matcom IS group had to develop a strategy for migrating data from the legacy Syscom systems to the Matcom systems, while at the same time hoping to ensure minimal impact to the day-to-day running of the business.

**BUSINESS STRATEGIES**

Syscom’s business strategy was to provide collaboration tool sets that allowed for concurrent development by teams that were geographically dispersed (located in different areas). The IS decisions made within the company facilitated and used that toolset in the development of the next generation of company products. As such, the IS infrastructure supported and emphasized remote development and remote access to information. The use of the toolset for development also gave Syscom the benefit of market differentiation when selling to companies, as it demonstrated in a real-world way by emphasizing the dependability and reliability of its products. If the products did not work, Syscom would not be able to develop and support its products.

Matcom’s business strategy is to provide large scale, product lifecycle management, which aids in the management and organization of information. Since the emphasis of the product line is in the management of information versus collaboration and support of distributed product teams, Matcom’s IS decisions have been to facilitate large scale development of subsystems and the management of integrating those subsystems at one location. Using the model of the business diamond (Hammer & Champy, 1994), the business processes, tasks and structures, management and measurement systems and values and beliefs within Matcom are all built around large scale development and co-location. Matcom does only limited internal deployment of their systems and does not advertise its own use of its software.

**ORGANIZATIONAL IMPACTS OF IS USE**

Syscom was a virtual organization with its employees primarily working from home or from remote locations. Initially there was no option to work from a central office as one did not exist. However, as the company grew, it did establish a presence in Marlboro and began to locate key individuals at that office. However, while there were management and other company departments at the head office, the main development staff was distributed literally throughout the world, stretching from the East Coast to Texas to the West Coast and from the United States to England, France, Belgium, Germany and Russia. A formal reporting structure existed, and the Syscom developed a synchronization, collaboration, tracking/status collaboration tool, accessible via the Internet, which facilitated communication and joint development. Initially developed to facilitate development within the company, the tool became one of Syscom’s most popular products when it was offered to customers.

Matcom, on the other hand, is a traditional brick and mortar software development company, with employees coming to the office to perform their assigned tasks. The formal reporting relationships are structured, and the IS department is built on that structure, with the result that information is allowed to flow or be distributed only where it is needed, and there is no open, free access to information from other departments. A central database does exist, however through the use of access controls and logins/passwords, access to information is controlled.

At Syscom, IS has an impact on who is available for the work and how that work is done (Truex, Senn, & McLean, '996). A consequence of Syscom being a virtual organization was that the pool of current and also potential workers literally spanned the globe. The IS infrastructure in place supported the ability of the company to develop software products in Russia, in Europe and in the United States concurrently. The distributed nature of the company meant that extra care had to be taken to communicate effectively, whether through written word or verbal instructions. Tools were installed to help communicate and to retain that communication (the collaboration tool mentioned previously end a robust Intranet).
Given that people worked from their homes, it was difficult to separate work life from home life, and frequently people were expected to be available at all hours of the day, deep into the night and during weekends. Evaluations of employee performance were based not only on output and knowledge, but also on the softer skill sets of effective communication and ability to work with others. Finally, it was important to have regular and frequent company meetings to ensure that people felt connected to the company. The use of meeting facilitation software was common to provide that connection.

In sharp contrast to this, a consequence of Matcom being a traditional brick and mortar organization is that the pool of potential workers is limited to those who can travel to and work from the company office. The IS infrastructure was designed to support the ability of the company to develop software products primarily at that location. There are no special tools in place to assist in communication beyond Microsoft Outlook and there are no central repositories to retain prior communications.

Since people have limited ability to work outside of the office, there are no issues with separation of work life from home life. In contrast, the evaluation of employee performance is based primarily on output and knowledge with only the standard emphasis on effective communication and ability to work with others. Since people are at the office every day, it is not as important to hold frequent or regular company meetings, and so no special IS implementations are required.

**LIMITATIONS**

Like many other case studies, our study has its limitations. The first of these is the ability to generalize the results due to the specific situations in this acquisition case. Both companies are in the design reuse industry, a sector within the semiconductor business. Many MIS issues which occurred in the phases of merger are common to the other industries. However, the specific IS applications and company culture could be different from that of other businesses and industries. These issues would be valuable topics for future investigation. A second limitation of this study is the scarcity of quantitative data for statistical analysis. Inference cannot be drawn from descriptive analysis. This is an expected limitation of the case study method (Benbasat, Goldstein & Mead, 1987; Yin, 1994). Instruments, such as the use of a questionnaire in the future, can help to examine these issues in an empirical study. Research can also be done on post-merger and acquisition effects by examining financial reports and accounting data.

**CONCLUSION**

In summary, this paper presents a real-world example of the impacts and consequences that result because of the previous firms' IS decisions which were made, together with the outcomes and integration needs which result from the differences. Syscom’s MIS decisions supported a virtual, geographically distributed company. The use of laptops as the development platform allowed the developers to be mobile. A robust network, based on access to the Internet, allowed anyone in the company who had access to the Internet to have access to any necessary information within the company. The use of a collaboration toolset allowed for information to flow throughout the company independent of location. It also allowed for prior solutions to be leveraged when the same or similar problems occurred. In general, all IS decisions were made under the consideration of the company strategy to be a virtual company and to provide real-world examples of the uses of its products. In general, IS decisions were made to facilitate communication throughout the company and to leverage the collective knowledge of all the employees.

In contrast, Matcom’s MIS decisions supported a centrally located company that has its development focused in a traditional brick and mortar building. The standard development platform is a desktop. Special software must be used to access the network outside of the building. In general, Matcom’s MIS decisions are focused on large scale development with centralized management and administration.

Because of the increase in M&A in our global business environment, there are a number of issues for IS departments in corporations. This M&A activity has an impact on IS and conversely, so does IS on M&A activity. It is imperative for the acquirer in this situation to understand this relationship and apply it to its advantage. The CIO, CTO, and IS departments need to be closely involved in the M&A activity from the inception of the merger to the final audit and analysis phase. An action plan should be drafted carefully to maintain the service quality and sustain the compliance with the Sarbanes-Oxley regulation. Lessons learned from the post-merger audit should be well documented to be used for any future M&A activities.
In addition, employees and customers should be kept informed regarding the change of the integration of IS systems. Companies should strive to have their business strategy driven by both organizational and IS strategies (Rhodd, 1997).

The decisions companies make related to MIS can lead to significant differences in how people work together and has a fundamental effect on how the various operational and strategic issues interrelate and affect the business. MIS decisions need to be consistent with the overall strategies of the business as there will be consequences—both intended and unintended. We will keep tracking the key developments post the merger. There are many lessons can be learned by the management as well as the IS professionals.

REFERENCES


The Impact of Mergers & Acquisitions On Information Systems

Hsu & Chen


