

Atos Origin Point of View

NORMALIZED BUSINESS PROCESS FOR MERGERS & ACQUISITIONS >>

Achieving improved operating efficiencies is a material part of any M&A business case. Leveraging an economy of scale and supporting combined revenue with something less than combined costs, businesses can deliver on their economic promise to stakeholders.

Therefore, businesses must find a way to merge common functions, while ensuring that the incremental value of distinctive offerings is not diluted. In other words; standardize wherever you can, differentiate wherever you must. Given the criticality of achieving these operating efficiencies, it is imperative that the organizations involved in M&A activities apply a robust approach and methodology to the event. Normalizing business processes can not only ensure that personnel are right-sized, but that the supporting technology infrastructure is rationalized as well.

The ability to generate a consolidated financial statement should not be considered conclusive evidence of M&A success. If you've ever spent time in businesses that have grown significantly through acquisition, you've witnessed it; non-integrated, orphaned processes that are relics of prior mergers. Not only do these processes require incremental, specialized human resources to service them, they also require incremental application and physical infrastructure resources; all to the detriment of attaining the desired levels of operating efficiency. There are numerous barriers, both technical and cultural, to maximizing return on improved operating efficiencies:

- Merging organizations lack a common business language, increasing the perception of variability and increasing resistance to needed change
- There is a "we're different because we're special" perception that is exacerbated by the lack of common business language and is only accurate for unique differentiators
- There is significant, and rightful "pride in ownership" accompanying an organization's practices that must be recognized to achieve a joint solution
- Business processes are heavily reliant upon, and typically constrained by, enabling tools and technologies
- There is typically a lack of well-documented processes from both parties, which hampers process normalization

These and other challenges mandate that any approach to successful business case attainment must span people, processes, and technologies. The approach must actively engage all levels of cross-functional teams in order that cultural barriers to change can be addressed. The culmination of



Who is Andy?

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this approach manifests itself in a standard, global, end-to-end, technology-enabled business process template that incorporates accepted and documented variances to address regulatory or customer-specific requirements.

By definition, mergers and acquisitions never occur within a green field; business was being conducted successfully by both parties prior to the M&A event. In order to manage complexity and normalize processes across established operations, it therefore becomes important to distinguish the “what” of business process from the “how” of business process. Think of it this way. Both companies may conduct the “what” of paying invoices based on a three-way match, but have very likely implemented the “how” differently, whether in differing operational details, technology enablement, or both. Reaching consensus on a common “what” will pave the way for a common “how”.

The creation of a standard template must therefore begin with business architecture. The business architecture establishes the “what” context within which more detailed “how” content will be captured. Think of this business architecture as a basket weave of both vertical and horizontal elements. The vertical element represents business functions; the horizontal element represents end-to-end processes. The vertical elements decompose from high-level functions, for example Supply Chain, to low-level functions, for example Order Entry. Business process activities are conducted within each level of function. End-to-end processes span functional process components in order to complete some type of value chain; for example “order-to-cash.” This structure, or taxonomy, provides the context for further business process content development.

Business process content is in turn described using a common business language, to ensure that perceived variants aren’t simply variants of language. Business Process Modeling techniques provide a non-ambiguous environment in which to describe business activities and as such require participants to either accept a standard definition or explicitly detail where there are exceptions, resulting in a business language that describes the same thing one time, one way. As a guiding principal, variation must be minimized as simply re-deploying variant-ridden processes will not address many of the root causes of unacceptable costs and inefficiencies.

The continued decomposition of the “how” of a business process concludes at a level where a user’s interaction with enabling business applications is modeled. These business applications can in turn be modeled, as can their relationships to supporting technologies and infrastructure. The data exchanged between users and applications, the reporting and analytical needs of decision branches within processes, and the key performance metrics applied can all be included in a single, integrated model, thus defining the standard business processes to be enabled by a common solution. This approach socializes change as process consensus is reached, and delivers incremental value at every stage of development.

This approach when coupled with the right BPM tools, not only delivers on the immediate need to realize the promise of your M&A business case; it also delivers a business asset which can be leveraged for managing change and continuous improvement. Leave the MS PowerPoint and Visio behind in the three-ring binder landfill and treat your organization’s processes for what they are – your business.

**“STANDARDIZE
WHEREVER
YOU CAN,
DIFFERENTIATE
WHEREVER YOU
MUST.”**

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