

# WHAT IF YOU APPLY AGILE FRAMEWORKS TO DRIVE YOUR IT M&A PROGRAM?







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# Introduction

IT Merger and Acquisition (IT M&A) programs are complex and challenging environments that need to be results-oriented and well-coordinated across businesses, functions, and IT, they also need to be flexible enough to be continuously adapted to an evolving scope.

Agile@Scale frameworks make it possible to tackle the key stakes of IT M&A programs. They do this by promoting short iteration cycles, being oriented towards business value, reducing time to market, and fully synchronizing across teams.

Agile frameworks are logically suited for Post-Merger Integration activities after Day-1, when employees from merged entities can work together without any antitrust constraints or legal limitations.

However, by adapting to pre-deal specificities (antitrust limitations, independent organizations, different working cultures and geographies, et cetera), Agile@Scale and Agile frameworks can reduce uncertainty, secure value creation, and accelerate integration preparation activities.

# AGILE METHODOLOGIES ARE TRENDING AND BEING ADOPTED BY MANY LARGE COMPANIES

According to a recent survey<sup>1</sup>, around 97% of companies questioned declare the utilization of Agile methods, mostly to accelerate software delivery and boost overall productivity, but also because of the flexibility brought to the business with its short-term iterative cycles focused on results and client satisfaction.

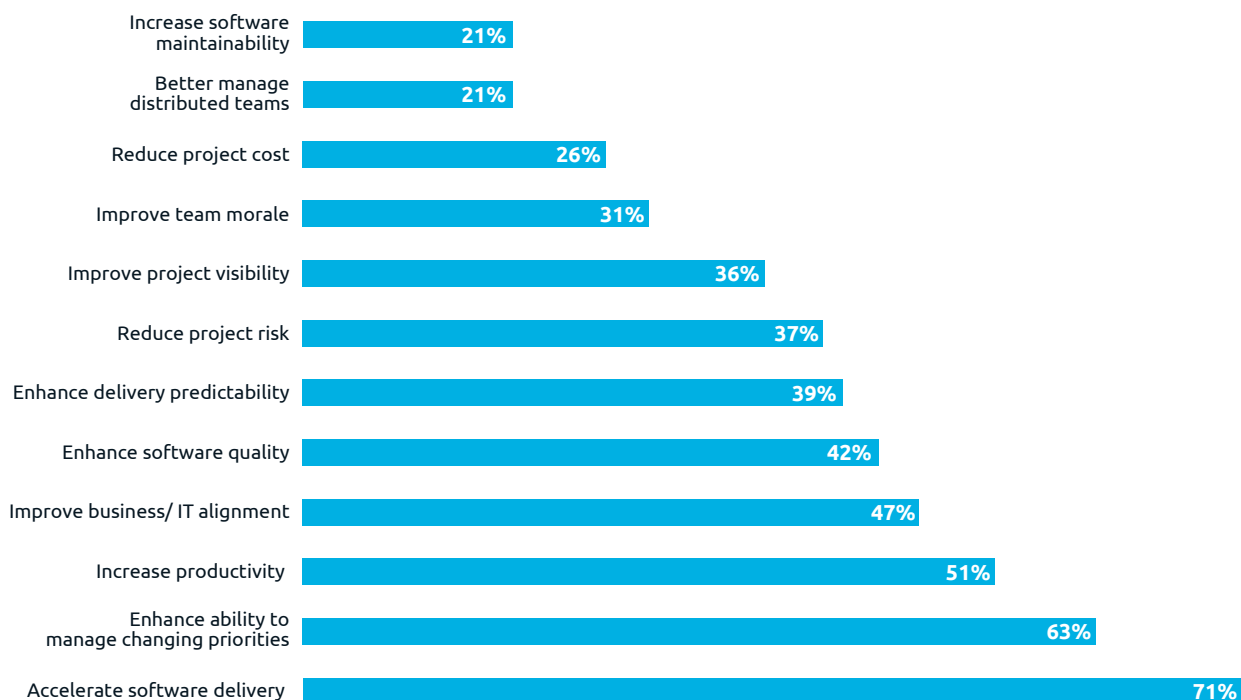
Scaled Agile Frameworks such as SAFe are great enablers to onboard Business and IT on the same “Train” with clear business value objectives, avoiding “tunnel effects” through iterative cycles and synchronization points (PI Planning) across domains.

By bringing together Business and IT, aligning objectives, and providing transparency, teams are empowered and work towards the same goal.

Regular “demos” ensure deliverables are aligned with program expectations and budget and shorten business value delivery lead time.

This way of working provides alignment and eases collaboration between teams from different horizons.

## Reasons for adopting Agile



Source: The 14th annual State of AGILE Report, digital.ai

1 CollabNet VersionOne's 2019 enterprise agile adoption report



# IT M&A PRE-CLOSING INTEGRATION PREPARATIONS ARE COMPLEX, WITH A HIGH LEVEL OF UNCERTAINTY AND DIFFERING COMPANY CULTURES

During the pre-closing integration preparation phase, employees from both companies are mobilized to prepare Day-1, with a high focus on business continuity and synergy identification.

The consideration of IT aspects is key to ensuring business continuity on Day-1, as it is in the critical path of almost all business workstreams' readiness. On the other hand, Day-1 organizational and business orientations are continuously adjusted by the business in an iterative mode, sometimes until Day-1.

**HENCE, THE COMPLETE SYNCHRONIZATION OF BUSINESS AND IT AND THE CAPACITY TO ADAPT TO SCOPE EVOLUTIONS ARE CRITICAL SUCCESS FACTORS TO SECURE DAY-1 READINESS.**

In parallel, as both companies are officially still competitors, all interactions between respective employees must comply to Antitrust rules and clearance processes.

This "breaks" communication flows and increases lead time in the process. Moreover, people at this stage are not yet prepared to deal with the differences in organizational culture & working modes.

This brings more complexity and generates frustration, especially in an international context with collaborators in different geographical regions.



# COULD AGILE & AGILE@SCALE PRINCIPLES BE APPLIED TO A PRE-CLOSING IT M&A PROGRAM?

Applying Agile frameworks and principles could be considered an answer to Day-1 preparation and post-merger integration (PMI) challenges. However, this first requires you to analyze your environment and assess your starting point.

## YOU NEED TO EVALUATE FROM WHERE YOU START...

The Level of awareness on Agile methodologies within the teams involved in the M&A Program is key. The adoption effort should be minimized to avoid jeopardizing the Day-1 preparation phase.

Are teams dedicated to your M&A Program? Agile working promotes dedicated teams, responsible for their respective perimeters.

Teams' geographical localizations also need special attention, even if Agile frameworks are now efficiently deployed in global multi-site.

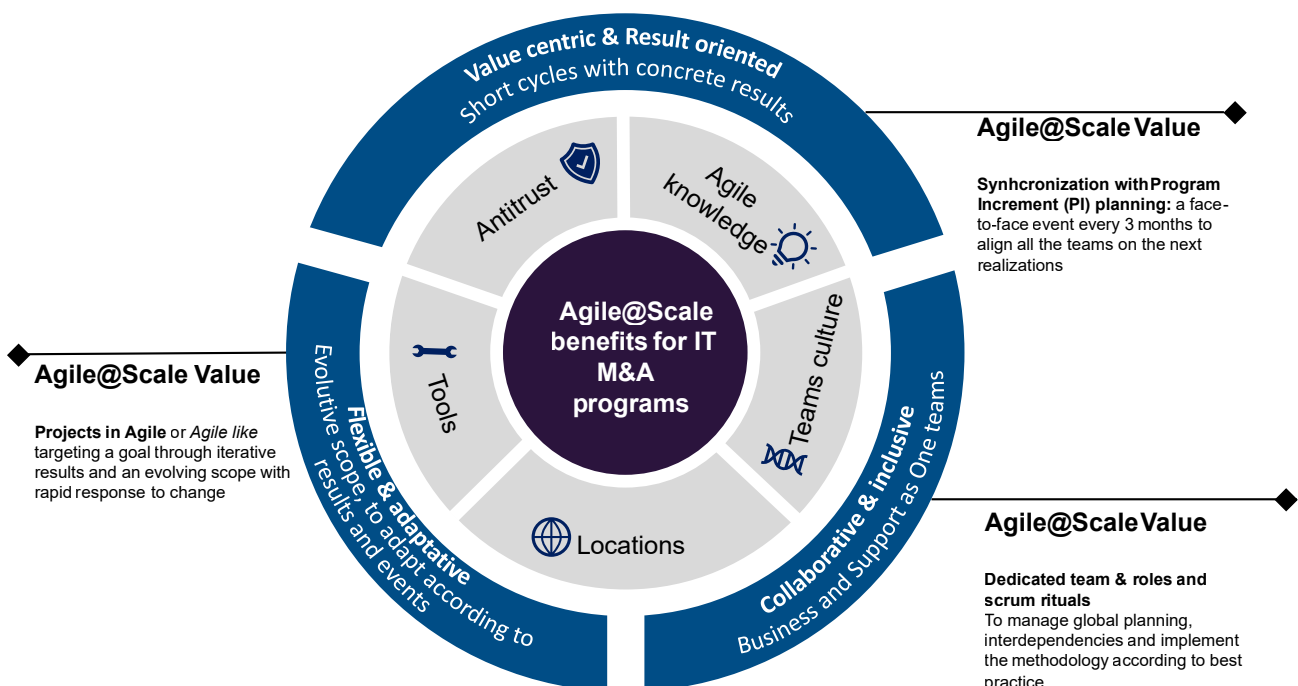
Availability of collaborative tools common to both companies is a key enabler in M&A preparation, especially in the case of multi-country localizations. This can represent a huge unexpected technical challenge when faced with important differences in tools and the digital workplace environment.

## ...AND ACKNOWLEDGE SOME STRUCTURAL INCOMPATIBILITIES

Antitrust limitations are probably most in opposition to Agile and Agile@Scale concepts, which promote real-time collaboration and synchronization.

Culture and working mode differences are also frequent roadblocks, but they may also be turned into opportunities to converge common Agile working principles.

## Agile@Scale benefits for IT M&A programs







## AN OPPORTUNITY TO INCLUDE AGILE@ SCALE IN THE DNA OF THE NEWCO?

**BEFORE DAY-1, TEAMS MUST STAY FOCUSED ON BUSINESS CONTINUITY, DESPITE THE IMMINENT MAJOR CHANGE.**

Pre-Closing Integration Preparation is the right phase to start paving the way with Agile principles within both companies using M&A teams: **“Big-bang transitions are hard. It may be better to roll out Agile in steps.”**

- Choose and start with a core team of “early adopters” from IT and Business M&A teams and define together a working mode consistent with Agile principles, compliant with antitrust, and other environment constraints. Start with program leads and managers, they will progressively spread the principles within their teams
- Use early successes as “Proof-of-Concept” to communicate the approach and gain more sponsorship and further adopters
- Leverage early adopters that will play the role of ambassador and change agent, both in their legacy companies and in the Newco

**APPLY AGILE METHODS TO PREPARE THE RAMP-UP POST DAY-1 AS A VEHICLE OF CONVERGENCE FOR THE TWO LEGACIES**

- Capitalize on early adopters’ results to onboard more people and spread key principles within their operational teams
- Obtain sponsorship at CxO level, starting with the executives early adopters are reporting to
- Synchronize with change management plans to ensure a strong impact before and after Day-1
- Mobilize a team and launch a first “SAFe train” on topics bringing value to the business
- Then scale up and enlarge the scope

Source: The 14th annual State of AGILE Report, Version One  
Source: Harvard Business Review: “Agile at Scale”, May 2018,  
by Darrell K. Rigby, Jeff Sutherland, Andy Noble

# DON'T MAKE DAY-1 BIGGER THAN IT SHOULD BE

A frequent pitfall in M&A programs is wanting to do too much on Day-1. Companies should rather keep a tight scope and focus on what is mandatory to ensuring business continuity and the quick release of synergies.

Applying Agile methodologies, including Agile@Scale, must leverage this basic principle and avoid making additional challenges out of time and complexity. But success here requires some intangible prerequisites: a solid foundation of Agile culture and methodologies and, of course, efficient working modes and collaborative tools promoting agility.







## About the author



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Youssef SBAI has more than 15 years of M&A and CIO Advisory professional experience, including IT Strategy, transformation programs management, and Business shared services setup.

He supported many M&A transactions in pre-deal and post-deal for Private Equities and Corporates (Due Diligence, Day1 preparation, Post Merger Integration, Carve-Out).

He is covering various industries: Automotive, Mobility, Construction, Energy & Utilities, FS, and Insurance.

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