

IT integration after an acquisition or a merger

How corporations could enhance their IT acquisition integration processes

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Riku Mehta

Lahti University of Applied Sciences
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RIKU MEHTA: IT integration after an acquisition or a merger
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ABSTRACT

This study is investigating corporations dealing with their IT integration after an acquisition or a merger. Organisations seem to be struggling with the aforementioned process due to several reasons. Firstly, user resistance often becomes evident when information systems are being changed. Integration processes are often not standardised or documented, which makes the future integration processes more difficult. In addition, organisation must focus on right solutions for outsourcing and information system deployment. The topic is not discussed significantly, even though big banking institutions have lost tens of thousands of customers, purely due to poor post acquisition IT integration process.

My thesis will try to find out how a transport corporation in Finland should integrate their information systems, when undertaking acquisitions and mergers. The investigation is concentrating on a big transport company in Finland, Alfa Corporation, which has undertaken several acquisitions recently. The aim is to find right options for outsourcing and insourcing in the acquisition IT integration process, as well as solutions to avoid unnecessary user resistance. In addition, one of the tasks is to find a suitable approach to the integration, whether it would be proactive or reactive. This study includes interviews with the corporation's top management, managers of the acquired companies, members of the IT department, technical staff as well as with the users of the system. The scope of the thesis is limited to documentation, standardised processes, user resistance and outsourcing. Technical problems are mainly excluded

The results show that having a more standardised IT acquisition integration process will enhance documentation, which is essential for the future acquisitions. Information systems should not be running parallel more than needed, as the resistance is likely to increase during this period. Involving users in the planning, as well as finding external vendors with centralised management is important in the process. By concentrating on these factors, Alfa Corporation is more likely to have an effective IT acquisition integration process next time an acquisition takes place.

Key words: Acquisitions, merger, information technology integration.

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1 INTRODUCTION

When one discovers the acquisition integration literature, it becomes clear that organisations have been struggling with their acquisition IT integration processes. However, the potential savings and a possibility to improve the information systems motivate managers to study the subject. Most of the organisations, including the case organisation that have undertaken acquisition IT integration, have at least had problems with user resistance, delivery times, non-documentation and standardisation. As mentioned later in this chapter, IT integration after an acquisition is not significantly discussed in literature given the importance of the topic. Therefore the case research was the best way to find out how the process works, and how it could be improved.

As corporations, such as Danske Bank have lost tens of thousands of customers simply due to a poor IT acquisition integration process, the topic is important even when considering acquisitions in general. Given the fact that the influence of poor IT integration can seriously harm the acquisition or merger process, organisations must pay more attention to several IT related matters.

The objective of this research is to find IT integration solutions for the case company Alfa Corporation after an acquisition or a merger. This research should help the reader to understand the problems relating to the process. Case corporation's problems with user resistance and non-documentation have been noticed by the top management. Therefore the aim is to find feasible options for the upcoming acquisitions and mergers.

The scope of this research is limited to finding the right solutions for documentation, standardation, and outsourcing, as well as user resistance during an acquisition or a merger. Technical problems and difficulties are mainly excluded in this research. This thesis will focus on finding solutions for organisations that are of similar size with the case organisation. Further research topics could include technical issues and how project management is being dealt with during the process.

This thesis consists of two main topics; about the structure of IT integration process after an acquisition or a merger and the ways of improving the process. Chapter 2 is about integration processes, introducing what is usually taking place after a company is being bought and information systems are being integrated. Chapter 3 explains the research approach, as well as the methods used for investigating the topic. Chapter 4 explains the case organisation's integration processes thoroughly, explaining all the difficulties and actions done by the organisation. Chapter 5 includes author's recommendations for the case organisation, followed by a conclusion in chapter 6.

In order to find out how the research targets could be achieved, the following research question is being set: How could organisations enhance their IT acquisition integration process? It is important to fully understand the IT integration process, before suggesting any solutions for organisations. Even though this particular research is being conducted on a single case organisation, it attempts to be useful for other organisations undertaking the IT integration process after an acquisition or a merger.

Alfa Corporation as a case organisation is a suitable example, as it has undertaken several acquisitions and mergers throughout its history. Since information technology has been essential for managing the purchased companies, it should give the readers a clear picture what a transport organisation is facing during the process. The case organisation also has different systems, making it an interesting environment for IT integration, as many of the processes include different actions.

Transport companies often have technical systems from manufacturers, meaning that all these systems have been outsourced to the manufacturer. These systems are being used to receive technical support concerning repairing and parts. In addition, every company should have a system to plan the upcoming work shifts for their bus drivers. Transport company integration often includes complicated systems, combining work shift planning and pay roll information. In addition, companies need to receive passenger and route data, in order to co-ordinate the resources better. Smaller transport companies have in most cases used primitive e-

mail systems to contact the customers. Bigger transport companies are using e-mail also for intracommunication, which allows the corporation to perform more effectively.

2 INTEGRATION PROCESSES

Different approaches to the integration process will be discussed in this chapter. IT acquisition integration often has similar processes and stages, especially in the bigger companies. Organisations are often faced with problems concerning non-standardisation, user resistance and issues concerning outsourcing.

Mehta and Hirschheim (2004) found that only few IS and merger and acquisition researchers have discussed IT integration topic, which can be seen as a surprising issue, given the importance for effective merger performance. Hirschheim and Mehta (2004) as cited in Shrivastava (1986) define integration as “blending together of organisational components”. This contains infrastructure, processes, solutions, people and their expertise. Mehta and Hirschheim, (2004) as cited in McCann (1988), claim that several phases can be seen in the IT integration merger process. The pre-merger phase includes strategic planning and analysing, as well as dealing with the media. This is followed by the merger phase, where the deal is being closed and two entities legally become one. The last phase is called post-merger phase, taking possibly several years for the task to be fulfilled.

Mainwaring (2007) pointed out that Chief Executive Officers and Chief Financial Officers know the potential and importance of IT integration in a merger. Consultancy Ovum has estimated information technology savings being 30-50% of the total post-merger savings, software accounting being 25-40% of the IT savings. However, Chief Executive Officers and Chief Financial Officers do not seem to realise where the potential savings can be found. Bruno Berthon, partner at a French company Accenture, claims that they are unable to provide savings and support the integration process at the same time. Mainwaring (2007) concluded that should the processes be not well defined, a merger is likely to stir the already complicated business environment. Organisations must therefore have well defined and planned processes, in order to begin the process smoothly.

Cisco Systems Inc, a multinational corporation with more than 65,000 employees are always willing to have a proactive approach to the integration process instead

of reacting to problems and actions. Cisco case study (2007) revealed that they aim to expand their knowledge and have experienced employees in each integration process, in order to reduce errors and save time in the future. Cisco Systems Inc defines in their case study that they focus firstly on preparation, which includes scope assessment and business modelling. This is followed by pre-announcement planning, having initial integration planning and detailed due diligence. Thirdly, the organisation will want to start pre-close planning and then proceed to transition, where employees, resources and integration activities are being activated. Fifth stage is the actual integration where the planned activities are undertaken, followed by monitoring that should not be forgotten in order to increase the value obtained from the acquisition.

Dassault's de Tersant as cited in Mainwaring (2007 p.2) suggests that: "Achieving cost saving is a key goal for IT integration planning, but speed is also important". Bloomfield (1997) discusses the importance of information technology, as well as the way it may change the way of working, which unveils some issues concerning expertise and knowledge. Employees might have been familiar with systems having only a simple card index file, but are then expected to learn a new sophisticated electronical information system. Mainwaring (2007 p.2) found that: "...ERP applications-something that experts say can be one of the trickiest parts of IT integration." However, as Walters and Tang (2006) point out, systems that have strategic value and internal expertise, should not be necessarily outsourced.

Linnake (2008) points out that in the Sampo Bank and Danske Bank merger, the information system introduced to Finnish customers were less sophisticated than the one they had been using prior to the integration process. Danske Bank Corporation had undertaken several IT integration processes, but still ignored warning messages from its Finnish sub-unit. Even thorough testing cannot guarantee that the system would be working well in a real life situation. This became evident when Danske Bank lost tens of thousands of customers, simply because of their IT integration process. Danske Bank Corporation had set the same quality standards for the aforementioned merger, as used in integrating two Irish banks, but it became clear that these standards were not adequate. Linnake (2008) also found out

that Danske Bank had been relying too much on the experience gained from previous acquisition when undertaking the IT integration process.

Cisco published an IT Case Study (2007) on their IT acquisition integration which revealed that they aim to have a much standardised acquisition integration process. Cisco has found out in several acquisition integration processes that having sophisticated standards certainly improve consistency, rapidness and also decrease the amount of disruption in the process. They apply these standards to each acquisition, because it has proven to create more value at lower risk and more quickly.

2.1 IT decision making during acquisition or merger integration

Even though a company is not an IT company, it often has several IT related decisions to make when acquisitions and mergers take place. Mehta and Hirschheim as cited in McKiernan and Merali (1995) point out that the merger failures in the late 1980s were taking place mostly because there was a lack of concentration on information systems. Furthermore senior management failed to recognise the essential role of IT during the process, which could be seen in the surveys undertaken in that era. This indicates that non core IT companies seem to pay inadequate amount of attention to their IT integration process. One of the most difficult situations is when the bought company has more modern IT infrastructure than the parent company. It is very difficult to introduce parent company's information systems without resistance in this scenario.

A common mistake done by the IT department and top corporation management is to focus too much on the efficiency of information systems. Mehta and Hirschheim (2004) define the aforementioned phenomenon as the Wall Street Effect. This affects the decision making during the integration process, as IT managers together with top management are seeking cost savings. The Wall Street Effect is pushing towards short-term thinking, partly because it rewards the management more. Even though personnel and equipment cost cuts are justified in some cases, the changes may affect negatively to the overall IT and information system strategy. Mehta and Hirschheim (2004 p.4) state that: "We wish to question the rather

short-term, excessive cost-cutting that Wall Street infuses into organizational decisions pertaining to M & As". The aforementioned sentence is suggesting that managers are more focused on the yearly or even quarterly reports, than on the real possible benefits gained in the process.

Mehta and Hirscheim as cited in Pablo (1994) also claim that decision can turn out to be political at some stage. This is more likely to happen in multi-national acquisitions than in domestic acquisitions, but different companies have their own ways of working. Furthermore the acquirer might exercise power, should it feel that the target company's goals and methods are not aligned with theirs. Needless to say, the target firm is expected to cope with the decision made by the acquirer, which might cause tension in some organisations. Linnake (2008) points out that during conflict situation this becomes even more visible, a good example being the Danske Bank and Sampo Bank merger. There the target company is said to have given advice about the possible upcoming problems, but were rudely ignored by the acquirer. Mehta and Hirscheim as cited in Haspeslagh and Jemison (1991) explain that the aforementioned actions are because the management are expected to receive short-term benefits.

Mehta and Hirscheim (2004) argue that corporation's top management have several options trying to influence the users. When organisations are using politics in their decision making they are using illegitimate power. The aim is to circumvent or disturb the other solutions from looking feasible. Giving orders, ie.using authority is a legitimate way of using power, usually done by the Chief Information Officer or Chief Executive Officer. Mainwaring (2007) suggested that there are often two routes trying to introduce the new systems. First one is the softly, softly approach, where two different systems are running concurrently. This stage is followed by a decision on which of the two systems will be used in the future. Another route is to have a so called Stalinist approach, where the parent company simply announces that everything is moved to the new system and the old ones will be switched off. Having interviewed the research director of Ovum, Mainwaring (2007) found out that the latter leaves less room for political in-fighting.

2.2 Outsourcing and insourcing

Walters and Tang (2006) explain that there are different types of outsourcing and insourcing. Total outsourcing is taking place when 80% or more of services are being dealt by external service providers. Vice versa, Total insourcing is a scenario where 80% or more of services are being produced in-house. Walters and Tang (2006) also point out that the concepts of outsourcing and insourcing are probably the most important issues to consider when the merger phase is underway. In chapter 4, there will be a case explained, where Alfa Corporation has outsourced most of its non-core information systems, which have been introduced to the purchased companies shortly after making the deal. These outsourced solutions have been however managed through corporation's IT department, meaning that the outsourcing is being fully controlled.

Walters and Tang (2006) argue that several risks are involved in the outsourcing process. Firstly, organisations may lose tacit knowledge, as internal expertise is reduced along with managerial control. Secondly, the quality of service may deteriorate, should the contracts be made without paying enough attention on service levels. In addition, costs are occasionally difficult to control, as some unforeseen costs tend to occur in various stages. Finally, organisations have to consider a lock-in scenario, where service providers are rare and there is a lack of in-house expertise. As seen with the case organisation, Alfa Corporation has found out that buying a ready-made solution can prove to be difficult, as some elements are missing and a lack of tacit knowledge can be seen. Furthermore, the vendor company might impose new rules and requirements for the main information systems, which would not occur when dealing with an in-house solution.

Porter (1996) found out that smaller companies often outsource some of their functionalities, including information technology, and focus more on their core capabilities. This should increase their ability to implement IT infrastructure, as they have an external partner with more expertise. However, the example companies in this research show, that outsourcing does not always provide an adequate service compared to having an own IT department.

Walters and Tang (2006) point out that; organisations are challenged with decisions concerning different outsourcing options. Other options are more suitable with systems that include high amount of strategic value. Likewise, some options focus more on environments that have more internal expertise. Systems that have excessive amount of internal expertise and strategic value ought to be kept in house, as it often provides protection for rapid innovation. However, organisations may seek assistance from external vendors, in order to boost their development. Authors suggest that legacy system having low strategic value could be eliminated, as they are often high in internal expertise and dangerous when having no documentation available.

2.3 Resistance against IT changes

Fani and Purwoadi (2005, p.2) define resistance to changes as: "any attitude or behavior that reflects a person's unwillingness to make or support a desired change". Furthermore they claim that resistance should not only be seen as an obstacle in the integration process, but also as a method of giving feedback. However, one should bear in mind the importance to understand different sources of resistance, as well as how constructive the alleged complaints are. Fani and Purwoadi (2005) also point out that management must make choices considering whether to have a revolutionary approach or evolutionary approach with their IT implementation. They found out that for instance in Indonesian culture, the employees are very unlikely to directly refuse using the system, but the resistance would be seen in a different form.

Fani and Purwoadi (2005) researched that at least in the construction industry the users were not afraid of losing job because of IT. The people interviewed in the survey argued that it was extremely unlikely that information technology could replace their work. The biggest source for resistance was rather surprisingly unwillingness to spend personal money on educating themselves to learn information technology. However, with Alfa Corporation it became clear during the case research that the users might fear losing their jobs or not being willing to learn a new

information system. They might feel that should the new centralised system be taken into use, they would not be needed anymore in the smaller organisational units

As each company reacts differently to information system integration, it might prove to be complicated to tell beforehand which of the integration routes is more likely to prevent resistance. As Mainwaring (2003) suggested, softly, softly approach can make the users feel less stressed and anxious in the early stages of the integration, but can make moving to a single system extremely difficult in the future. The users might rebel even more, once having had the opportunity to use the old system for an extensive period of time. Stalinist approach can be painful for the users in the beginning, but once they get familiar with the system, the resistance is likely to diminish.

Linnake (2008) found out that another common scenario is when the replacing information systems are less modern than the ones that are being used. This might cause tension if the employees fear that some useful features are about to be lost. Danske Bank had this problem when they merged with Sampo Bank, since the parent company's internet banking system was inadequate for the Finnish market. Alfa Corporation witnessed this situation in their IT integration with Beta Company, which will be explained more carefully in chapter 4. Unless corporations undertaking IT acquisition integrations are prepared for the aforementioned issue, it is highly unlikely that they have countermeasures against the upcoming resistance.

Hirschheim and Mehta (2004 p.4) claim, "A merger is very demanding and strenuous on its managers and employees". Furthermore, they question if financial performance would solely indicate organisation's situation adequately. The IT department find it extremely difficult to answer whether the systems have improved after the integration or not. Often the opinions are impartial and based on a feeling rather than pure facts or technical details.

As cited in Cisco IT case study (2007 p.1): “Each decision that each internal organization makes about integrating an acquired company has a ripple effect on other organizations, so you have to work carefully”.

3 RESEARCH APPROACH

3.1 Research question

Yin (2003 p.7) claims that: “defining the research questions is probably the most important step to be taken in a research study”. The main research question in this thesis is that how organisations could enhance their IT acquisition integration process. Having undertaken several acquisitions, Alfa Corporation should have vast experience on integration processes. The aim is to find out how top management, end-users, IT department and technical staff have experienced the aforementioned process. This approach is split to smaller goals, such as how the outsourcing should be dealt after the acquisition, what is the right way of introducing the systems to the newly purchased company and how to deal with resistance.

The solutions were collected by interviewing members of the Alfa Corporation from all organizational levels. In addition, external vendors have been interviewed, in order to gain information on their role and motivation to participate in the IT acquisition integration process. Chief Executive Officer and technical employees were interviewed from Beta Company. In Delta Company the Chief Executive Officer, technical users and other managers were interviewed about the process. It was important to pay attention to the history of each company, because it helps understanding employees’ reactions to the process. Gaining books written about the company history, as well as observing how people were dealing with their everyday work was an important factor in retrieving information about the particular case. Other information technology and business related literature was used to research other acquisition integration processes.

The motivating factor for this research is that there is huge amount of potential for Alfa Corporation to enhance their acquisition process by focusing also on infor-

mation technology. Giving the employees quicker access to the information systems, as well as letting the corporation management manage the purchased company, the company is more likely to achieve the goals determined in the planning. In addition, there has been resistance in one of the acquisition IT integration processes, and therefore Alfa Corporation should seek how to avoid it in the future acquisitions.

It was more important to focus on qualitative research than quantitative methods, as carrying out a survey would not reveal all the tacit knowledge possessed by the employees. Although a list of question was used to interview the employees, the questions were left purposely open, in order to let the users express their thoughts freely. One of the most important missions was to not trying to lead the person interviewed into a desired answer, which often happens when a strict list of question is being used.

3.2 Descriptive Case Study

Yin (2003 p.1) suggests that: “Using case studies for research purposes remains one of them most challenging of all social science endeavors”. However, pointing out all the small details in this research might be extremely difficult without a proper case. Yin (2003) also points out that case study research has been seen a less desirable way, partly because of sloppy research or mixing up case study teaching and research. Case study is defined in his book as an empirical inquiry investigating real-life situations where the boundaries of context and phenomenon are not clearly known. Yin’s conclusion also found that case study is a way of investigating an empirical topic by following certain predefined methods.

Gerring (2007 p. 20) defines a case study as: “the intensive study of a single case where the purpose of that study is –at least in part- to shed light on a larger class of cases (a population)”. This applies for this particular research, as the observation done for the two case companies could enlight the corporation to enhance their future IT acquisition integration processes. Gerring also points out that case

study analysis is based on a small number of cases, which should provide information when investigating larger number of cases. Researchers have the problem of choosing a suitable case for their research.

Yin (2003) concluded that when a researcher is using case study strategy, a relevant situation is when the form of research question begins with how or why. In addition, control of behavioural events is not needed, but the case study should be focusing on contemporary events. The research methods used in this research were mainly descriptive, as the investigation was conducted with the help of history on previous acquisitions.

3.3 The presented case in this research

This research will be focusing on a transport company which will be called Alfa Corporation (see Appendix IV chart on page 44). It has over 1800 employees and its turnover is 114, 5 million euros (1.1.2009). This research will focus on two major acquisitions done recently, one named as Beta Company in this research, another as Delta Company (See Appendix V timeline on page 45). These companies have become subsidiaries of Alfa Corporation after the acquisition. They have also bought smaller transport companies after the parent company's takeover. The case organisation has made several acquisitions in the near history and has subsidiaries throughout Finland. Just like many other organisations, acquisitions and mergers play a big role in Alfa Corporation's business. Lehtinen (1995) defines companies like Alfa Corporation as organisations operating with large volume, but with effective logistics.

Integration Processes chapter, as well as the following IT acquisition integration case chapter include more about the stages usually present in acquisition IT integration. Here is a general overview what these integration processes included and the purchased companies are briefly introduced.

Beta Company is a transport company in the North West of Finland, in a city having about 140.000 inhabitants. The area is a very technologically developed, which can be seen in the number of projects concerning public transport and information technology. Alfa Corporation acquired Beta Company on the 21st of June 2006. Beta Company has got around 300 employees, most of them being naturally drivers. As the deal was made in the summertime, the integration process was postponed to late autumn. Beta Company was merged with another transport company named Gamma Company in this research. This process took place on July 31st 2007. Gamma Company was a small transport company and did not possess very much IT equipment or facilities.

Beta Company's work shift planning was integrated by replacing the previous outsourced system with corporation's own information system. Invoicing, pay roll and e-mail systems were integrated with corporation's information systems shortly after the acquisition took place. Three years after the initial acquisition, Beta Company was ready to change the fare collection system to the same information system used throughout the corporation. These phases will be explained more detailed in the following chapter.

Delta Company is located in the West of Finland. The company is located in a city that has about 80,000 inhabitants, being the most important city in the region. The company was previously owned by two families, who had established the company in 1930's. Alfa Corporation acquired Delta Company Ltd on the 28th of November 2007. Later on, Delta Company Ltd purchased another transport company that was based about 50 kilometres from Delta Company. The acquisition deal to purchase Charlie Company Ltd was made on the 21st of November 2008 with four bus company owners. Charlie Company and Delta Company will be merged on the 31st of December 2009. After the latest acquisition, Delta Company became the biggest company in Alfa Corporation, having over 350 employees.

4 IT ACQUISITION INTEGRATION CASES

4.1 Typical IT acquisition integration in Alfa Corporation

In the following chapter, Beta Company's and Delta Company's IT integration processes will be introduced. The aforementioned companies have become subsidiaries of Alfa Corporation after the acquisition. Instead of letting companies deal with their information technology solutions as they wish, Alfa Corporation is centralising IT functions to its headquarters. These stages often include extra work, problems and even resistance, as explained in the Integration Processes chapter.

4.1.1 Corporation management's views on IT integration

Having interviewed Alfa Corporation's top management, it was clear that they would like to have the IT integration process done as quickly and efficiently as possible. This usually helps a company to adjust to the changes that are occurring during a merger. Corporation's top management is willing to see the acquired company being run by a person having a positive approach to the process. As mentioned in the following chapters, personnel changes are often required for a major shakeup, especially in complex environments. Alfa Corporation has been choosing managers that have worked previously for the corporation, mainly because they usually have better attitude towards the integration. In addition, they often value the results gained in the process. Managers new to the corporation might think that they have more freedom compared to other organisational units. Some managers might find it almost impossible to adjust to the changes taking place, as their fear lies on the company's or their own future. An example will be provided in the following chapter, where Alfa Corporation had to make staff changes in Beta Company, in order to move forward with the integration.

It became apparent that the processes were hardly all documented electronically, partly because the IT department did not have enough time. Non-documentation is seen as a dangerous scenario by the corporation management, especially because making documents afterwards might be even more difficult. However, IT managers have not seen the situation very hazardous, as in their opinion the process is more or less the same on every occasion. The problem might encourage Alfa Corporation to consider ready-made solutions from external vendors, as they are less dependent on a single person. Corporation top management along with users in the purchased companies think that certain IT related information ought to be possessed not just by a single member of the IT department. This has become evident in cases where problems have occurred in corporation's own systems, and nobody has been able to solve certain problems due to tacit knowledge.

Lehtinen (1995) suggested that in the 21st century the transport sector is under heavy pressure to change their business. Some of the small transport companies have become less profitable, due to changes in the environment. Therefore acquisitions are often a vital necessity for transport companies operating in Finland to stay in the market. Lehtinen (1995) points out that those medium-sized companies having major costs, but small revenue levels, are struggling with changes in the market. The biggest companies have the possibility to save on their fixed costs, also by integrating information systems.

It became clear during the research that motivating users might be difficult should the users have a negative attitude towards the process in the beginning. In addition the case company's management pointed out in the interviews that documentation problem is not easily solved, as it requires resources from the employees possessing the tacit knowledge. The IT department might already have too much work, which often reflects on the documentation done about the process. Mainwaring (2003) points out organisations being expected to define whether to switch off the previous systems or keep them running parallel. This is not an easy decision to make, as the latter often makes the changing even more difficult. However, switching off the system might cause tremendous amount of resistance.

Top management pointed out in the interviews that bigger transport companies have conventional data from their purchased subsidiaries, and are able to use this information to allocate resources more usefully. In addition, when bigger corporations are implementing in-house information systems, smaller sub-units can benefit from them easily as opposed to implementing an own selection of information systems. These solutions are usually targeted to solve the tasks and problems concerned in the work, whereas ready-made solutions are for general use.

4.1.2 IT department's responsibilities

A typical integration process in Alfa Corporation includes network operator changes, information system replacing, workstation installation and several other modifications. Employees from different departments are being assigned for the integration process depending on the size of the purchased company. IT department view that the processes tend to have the same basic characteristics with minor feature differences. Problems occurring are occasionally technical and sometimes about users not accepting the new systems. Outsourcing is not problematic either, as the non-documentation problem might suggest the corporation management to accept turn-key services instead of in-house solutions. Non-standarisation on the other hand causes timetables to fail in some integration processes, as the case study points out.

Alfa Corporation's IT department believe that both integration processes were successful on their behalf. They feel that no major unexpected problems or errors occurred. The process is usually initiated by the corporation's top management soon after the acquisition is being made. IT department is being informed about the desired situation concerning the systems, including the decision to implement certain elements. This is followed by a notification to the purchased company about the systems being changed to corporation's information systems. IT department is then expected to get familiar with the key personnel in the company, as well as investigating what software and IT equipment the company owns. Alfa Corporation will provide training for key users either at their premises or in the

organisation's headquarters. Senior managers have travelled to the purchased companies to train users to be familiar with the working shift planning system.

The general belief is that the integration processes have been done within given deadlines. Each party has had to adjust to some delays, which have been due to excessive workload caused by other non-integration related tasks. One of the most difficult stages in the process is finding the characteristics and programming features of each company. The next phase includes inserting the data to the information systems, as well as testing the new system. Usually there is a certain testing period before the system is fully introduced. Alfa Corporation prefers having a short parallel phase, where the old system is running together with the new system. This is intended to stay on only for a short period of time, as users are not able to compare the systems for an excessive amount of time. Integration processes are not planned carefully because each integration case seems to have a similar pattern. However, IT manager, Chief Executive Officer of the purchased company and the person in charge of the process define the guidelines after the deal is completed.

IT department hardly ever receives either positive or negative feedback from the users directly. However, users want to suggest development ideas and ask questions, which is seen as a positive phenomenon. Answering users' questions promptly, as well as modifying the information systems when needed and in a reasonable time frame motivates the users. Defining which modification is necessary can be however difficult, creating possible conflicts between the users and the programmers. IT department has noticed that user participation varies from one company to another. Some users are willing to participate only at a minimal effort, whereas other users are extremely active learners. Attitude towards the process is usually an important factor when learning the system effectively is concerned. Another issue to be considered is the amount of training given to users. IT department would suggest that the the quality and amount of training is not adequate for the users to learn the system effectively.

Should major problems occur, Alfa Corporation's back up plan is to restore the previous systems. This solution might be extremely frustrating for the users, given the effort put into the integration process. They might feel that the work done previously has gone to waste, even though the reality is that the restoring might be merely temporary. Most of the problems that occur during the process are IT vendor related. For instance the network provider might have difficulties providing IP-addresses or solve problems in their own network. These situations are awkward for the corporation, meaning they have to rely on some other partner's actions. This happened in both acquisitions, and especially with Delta Company it caused a major disturbance in the process. IT department feel that the process does not usually require more resources than expected, although other maintenance work interferes often with the process.

4.1.3 Expenditure and general issues

In the previously bought companies IT can often be seen merely as a cost, not as an opportunity to having a platform from which to build on. This can be seen in the following table and graph, which show the rise in expenditure on IT, after Alfa Corporation purchased Delta Company. Companies' workstations and smaller IT systems might have been developed, but for instance strategic planning was hardly used electorically. It is not impossible to notice that there has been a distraction from what the core is, and what is non-core to the business. Having strategic planning is essential for Alfa Corporation, providing a tool to organise resources and functions in each geographical unit.

As the following table shows (see Appendix I graph on page 42), Alfa Corporation spent much more on information technology after Delta Company was acquired. This proves that the corporation is willing to invest in the purchased companies, in order to benefit from information technology properly.

Year	Alfa Corporation's IT expenditure
2004	139579 €
2005	124233 €
2006	96924 €
2007	282784 €
2008	322824 €

Alfa Corporation often introduces its own outsourced payroll and invoicing information systems to the purchased companies. This allows some of the functions to be transferred to the corporation headquarters, as the need for individual and local invoicing vanishes. Often Microsoft Office based solutions are being replaced by systems that have been programmed using Visual Basic or C# programming languages. The aim is to make these solutions more user friendly, as well as reducing the amount of errors made by the users. In addition the developed systems back-up their data better, meaning that corrupted data can be rescued more likely than individual work sheets. Technical users have debated with the IT department about the amount of in-house solutions used, especially when inexpensive ready-made solutions are available. The debate has been mostly constructive, but not all parties are involved in the discussions, which might cause tension in the long run. Many researchers have argued that the strategic value of the system, added with the internal expertise, should be a major role in the decision making.

Considering outsourcing, it might be extremely difficult for Alfa Corporation to terminate a contract, had it been made for several years in the first place. Quite rarely the solutions for transport companies can be introduced as turn-key services, where the customer would only need to learn the system. More often than not several hours have to be spent designing the system with the vendor, as well as repairing the occurring problems after the testing period. Alfa Corporation has learned from the previous solutions that service level agreement management can be difficult, as additional costs often occur. When the previous owners have made contracts with the external vendors, Alfa Corporation might find the corporation in a difficult situation coping with their own organisational policy.

Alfa Corporation must keep in mind their geographical distance when considering the aforementioned models. Finding reliable suppliers even for low skill level work can be difficult, as it has become clear in previous acquisitions. Centralised hardware management has ensured that organisational units are treated equally, having similar equipment for similar purposes. Alfa Corporation's network management has been outsourced to an external domestic network support company. However, users in remote units must contact IT department in order to request for changes. The argument is not black and white however, as flexibility is being lost when the users are not being allowed to act independently opposed to letting them acting promptly to situations. Clearly some Alfa corporation's remote units like Beta Company act more independently than others, but there the geographical distance plays a vital role.

Users of the purchased companies were not familiar having an own busy IT department in the company. Most of the information systems and help desk services had been outsourced to external vendors. Therefore they expected a very prompt response from their own IT department, without taking into consideration that the vendor was charging for every single transaction. Users were also shocked that management might restrict them from purchasing or demanding all the wanted changes, opposed to the previous b2b-customer situation.

Like other companies undertaking merger and acquisitions, Alfa Corporation has found out that resistance against IT changes is often present during the process. Alfa Corporation has found out that not all of their users are reacting in a same way to the acquisition IT integration process. Some of the users are quick to give negative comments about the system, whereas others are coping with their severe everyday IT problems. Alfa Corporation found out with Delta Company that their service department was extremely happy with the previous service information system. They were reluctant to shut down the system, although being very positive about trying the corporation's new system. The longer users are allowed to use the old system that is likely to be replaced in the future, the more likely the change period will be painful for the users.

4.2 Beta Company

Alfa Corporation was once again lucky having a technical employee in Beta Company, who was able to help with the integration. As mentioned earlier, technical employees are very valuable for the IT department, especially when the geographical distance is significant. In this case the person in question was firstly able to clarify the current situation, as well as assist with all the installations. Alfa Corporation was forced to keep the existing network operator, because numbers of errors were found when trying to change to another service provider. Beta Company's e-mail system was integrated by changing the old Microsoft Outlook system to Lotus Notes-based system, which is used throughout the corporation. Cost reporting was one of the most difficult information systems to integrate because of its complicated features.

Beta Company was having a very close partnership with a local vendor, a company which formerly provided the fare collection system to Alfa Corporation as well. Having had legal proceedings with the vendor, corporation management had a difficult situation when abandoning the information system. The IT department was not able to integrate the previous fare collection information system initially. Beta Company was the last subsidiary not using the fare collection system that corporation had purchased, but this system was finally integrated in October 2009, when Beta Company changed to the information system used in other subsidiaries.

Unlike in Delta Company, the amount of heavy and light users had remained same after the acquisition. The information system set up was much smaller than in the current situation. As the IT infrastructure was located in a single place, it was easier to manage the systems. The information systems changed completely, which caused user resistance, as explained later in this chapter. The new systems deployed to Beta Company were charter system, invoicing system, e-mail system and fare collection system. Having centralised some of the systems to the corporation headquarters, employees in Beta Company were not needed for the same tasks. However, they were able to switch to other tasks, which meant that employees were not laid off because of the new information systems.

Beta Company had outsourced a lot of their information system functions with local suppliers and IT companies. Some of these contracts were not terminated after the acquisition was made, partly because the users have been satisfied with the outsourced services. In addition, Beta Company had enormous amount of extra features in the payroll system that required changes to Alfa Corporation's own system.

4.2.1 The inevitable resistance

Alfa Corporation found itself in a position where they did not have adequate amount of time to meet the needs. The city administration would be constantly demanding participation in projects that have very little to do with Beta Company's core business. Technological influence could be seen on the employees of Beta Company, as their need for futuristic IT system was insatiable. Some employees felt that they required personal information systems and programs, although they were not needed to fulfil their daily tasks. Alfa Corporation's IT systems were seen old-fashioned and resistance became apparent at a very early stage.

There was huge amount of resistance present when Alfa Corporation was trying to deploy their work shift planning system to Beta Company. This might have been partly because the users had received large amount of training for the previous system prior to the acquisition. The previous system was different than Alfa Corporation's own system, which was a problematic situation for the users. A manager was sent from Alfa Corporation to teach the system thoroughly and to explain that the information system had all the required features. Beta Company found it difficult in the beginning to request help from different places, as the IT department was located in two different units.

Alfa Corporation had to make staff changes, as the resistance was not constructive in any form. Soon after the management changes, the employees stopped comparing the old system with the new system. It was difficult to denote clearly enough, how making too many changes can undermine the whole process. As Cisco

pointed out in their case study, Alfa Corporation should avoid making too many exceptions when Beta Company's integration is concerned. The aforementioned company had major issues fitting into the standardised process, which was not seen beneficial to the company.

4.2.2 Was the geographical distance causing problems?

Beta Company is located over 500 kilometres from the company headquarters. It was difficult for the IT department to physically visit the company, due to the distance and other daily tasks that consumed most of the resources. Unless Beta Company would have had employees that had some IT knowledge, the geographical distance might have become more of an issue. When Beta Company had technical problems with their DHCP services and Anti-Virus system, it was far more difficult to start solving the problems, having not seen the current set-up first hand. Fortunately corporation's network support provider had an office in the region, which helped synchronizing the two networks.

As mentioned earlier, having a technical employee in the company eased the workload of the IT department. Smaller installations and minor problems could be solved without bothering the already busy IT department. In addition, occasionally performing daily routines and maintenance work through remote connections can be risky or even impossible. Prior to the acquisition, the top management of Beta Company knew IT issues very well and had been managing the IT functions with technical employees on their own. Because of these changes, the purchased company might have feared that due to these changes, the information systems will deteriorate.

4.3 Delta Company Ltd

Delta Company's integration process was going to be a long process, partly because mergers were planned for the acquired company. Therefore there would not only be one single integration project, but also two other projects associated with Fox Company and Charlie Company. Both of these companies were merged, mak-

ing Delta Company the biggest subsidiary in Alfa Corporation. The integration required major changes to the work shift planning system. Compared to the situation prior to the acquisition, the amount of heavy information system users has increased as the following table shows (see Appendices II and III graphs on pages 42-43).

	Before integration	After integration
Heavy users	5	7
Light users	10	2
Not using	2	0

4.3.1 Creating a massive company

There were several small and medium sized sub-units in the region. One of the units, Fox Company, had been part of the corporation for number of years, but was about to be put under Delta Company after the acquisition. Fox Company was very independent when it came to information technology, which caused a situation where they thought of having excessive amount of power compared to other units. Therefore the process of merging into recently purchased company was not painless, which ultimately meant that personnel changes were required few years after the acquisition. The situation was however different compared to Beta Company acquisition, as the employees of the newly purchased companies were not the ones who rebelled against the changes.

Resistance towards corporation's information systems was hardly present in Delta Company, especially in the traffic-planning department. Service department were extremely satisfied with their main information system, which was kept intact after the acquisition. However, they were more than willing to be the pilot company for the corporation's new service information system, but wanted to run it along with the old system. This same system was used for work shift planning prior to

the acquisition, but the traffic-planning department saw the system far too inadequate for its purpose. The users had to insert excessive amount of data already inputted to the system. In addition, the information system would allow users to make errors leading to illegal work shifts, which is unacceptable for an automated information system.

Service department had seen corporation's tanking information system inadequate to its purpose, as the users were required to insert excessive amount of data into the system regularly. They had seen the previous system having been more automated and user friendly. Therefore they wanted to ensure access to critical information by having two systems running at the same time, instead of getting rid of their previous information system. As mentioned earlier, Delta Company Ltd was willing to be a pilot company for the new information system, unlike some newly bought companies in the corporation. Some members of the Delta Company have feared that their company is consuming IT department's resources more than other organisational units. Although expenditure and time consumption might prove it correct, it is important to consider that Delta Company is more scattered than Beta Company for instance. Three smaller units always require more resources than a big single unit. It also points out that Alfa Corporation is willing to invest in Delta Company's information systems.

4.3.2 Outsourcing in Delta Company

It seemed like the partnership with the local information technology vendor, named partner X in this research, had been complicated prior to the acquisition, partly because of the previous ownership in Delta Company Ltd. The previous owners and especially the IT expert were said to have bullied the employees in information technology matters, which prevented also the external vendor to perform fully. However, given the fact that the aforementioned Partner X had looked after Delta Company's information systems for a long time, some of the maintenance work was done in a disasterous way. For instance, old network peripherals were left in the server room as they were, even though they were not used any-

more. In addition, incapable support personnel were often sent to solve problems, which often were left unsolved.

Delta Company had other IT related partnerships as well, most of them related with security. Some of these long-term contracts were later terminated due to unnecessary high costs. For instance the service agreement costs for renting printing machinery were much higher than purchasing a similar new device. Like other bought companies, Delta Company was well-equipped when it came to information technology. Despite the fact that some of the solutions and programs were about to be taken off, the integration process could be discussed in a constructive manner. The users expressed their views patiently, reflecting their knowledge to IT department in matters that they were familiar with.

Delta Company Ltd had several outsourcing and vendorship contracts. Almost all of the IT related work had been outsourced to Partner X, which is a well known supplier in the region. In addition, the previous owners had made a contract with a nationwide security company. They were looking after video surveillance and access control, after having made a long contract with Delta Company Ltd. The corporation management thought that the agreement was ridiculous and for a far too long period of time. A common belief was that the agreements made by the previous owners were not in the interest of the company. Therefore Delta Company Ltd terminated the contracts as soon as the current agreements expired; enabling IT related savings without losing any critical functions.

Clearly Delta Company's vendors were willing to change the system according to customers' needs, but this proved to be very expensive and time consuming. In addition the corporation loses internal expertise, as nobody from the IT department has been developing the solution. Therefore systems that have to be flexible and require various changes, such as the working shift planning system, have been implemented in-house in Alfa Corporation.

Charlie Company used a local vendor to deliver their information systems, as well as assisting with daily problems. The vendor in question is a small family com-

pany, having only two employees. However, the partnership worked very well, which was one of the reasons why their services were needed after the acquisition. Charlie Company contacted the aforementioned company once or twice a month concerning help desk issues. In addition some database changes or new IT related solution required assistance occasionally. The current situation where the aforementioned vendor is used during peak times has been seen as a successful scenario. Shortly after the acquisition corporation's network support vendor made changes to the security and firewall settings. These changes did not require any participation from the users of Charlie Company.

4.3.3 Integration stages

According to the staff of Delta Company Ltd, the integration process started slightly late and slowly. In the beginning they felt that their questions and concerns were ignored, which caused minor tension between the IT department and staff involved in the process. Later when Charlie Company Ltd was acquired, IT department began the process more quickly, visiting the premises in West of Finland shortly after the deal was done. However, the IT department was unwilling to admit any mistakes having taken place in the initial integration process with Delta Company. This was surprising for Delta Company's management, who had waited for a substantial amount of time for the information systems to be available. It was a common belief in Delta Company that the mainframe servers and IT equipment should have been checked first and not putting too much emphasis on personal computers in the beginning. In addition, the firewall issues should have been dealt immediately after the integration process began.

After having revealed the plans for a merger between Delta Company Ltd and Fox Company Ltd, Alfa Corporation had a big task to integrate the two systems. Especially the working shift planning system had special features, which required special actions from all parties involved. As the system has been designed and developed in-house, Delta Company was yet again facing the problem of tacit knowledge and facing a delayed integration process due to lack of information sharing.

Like other purchased companies, Delta Company Ltd had their own e-mail system, which was only used for contacting people outside the company. This was about to change when corporation introduced Lotus Notes e-mail system used in all other organisational units. The culture of communication within the company by e-mail was totally new to the employees. This process started in a disastrous way, as enormous amount of spam was directed to almost every user in Alfa Corporation. Delta Company had a feedback system on their website, which caused the flow of spam to other users in the corporation.

4.3.4 Charlie Company

When Charlie Company Ltd was purchased from the owners of three transport companies, the corporation top management along with Delta Company management wanted to see the integration process taking place faster than the previous one. IT management was reluctant to see any major problems having taken place in Delta Company's IT integration. Delta Company still urged the IT department to visit the purchased company in their premises briefly after the acquisition, in order to initiate the process quickly. Only a few weeks after the acquisition deal was made, some of Alfa Corporation's information systems were already introduced. This definitely helped the overall integration plan, as the users were faster in using e-mail for instance and therefore aware of actions taking place in the corporation.

The IT facilities and equipment in the company were ordinary given the size of the company, which helped structuring the overall process. Charlie Company had purchased Bussi working shift planning and service information system only a week prior to the acquisition. This information system was never introduced as it was different from the one that the corporation used. Unlike in Delta Company, the service department had never used Bussi information system, which meant that getting rid of the system was easy. Users of the working shift planning system were satisfied with the changes, especially after the remote problems were solved.

As the merger is taking place on the 31st of December 2009, some actions were needed to fulfil the tasks. The people in charge of working shift planning in Charlie Company were using Delta Company's system remotely. In the beginning there was a lack of remote desktop computers in Delta Company's premises, which made the work rather difficult. Later on more computers were assigned for the particular process, helping with the workload that took place in the process.

Like in the other IT acquisition integration processes, Charlie Company was relying on one of their managers, who knew the information systems well. Likewise, Alfa Corporation's IT department was satisfied having an employee who was able to assist with everyday problems before, during and after the acquisition integration processes.

5 RECOMMENDATIONS

Recommendations for Alfa Corporation are introduced in this chapter. Alfa Corporation has to consider several information technology options when undertaking an acquisition. Firstly, the purchased companies might have existing partnerships that have to be taken into account. Assessing these partnerships is not difficult, since even an efficient contract might become unsuccessful in a bigger corporation. It might be beneficial to concentrate on core competencies, but meanwhile keep most of the crucial systems in-house. In other words, the corporation should calculate the strategic value of the outsourced systems. Secondly, top management has to decide how much freedom the newly bought company will be given when it comes to information technology solutions. This is directly related to resistance, which often occurs during the integration process.

5.1 Documentation

IT department should have far better documentation, in order for other members of the IT staff to carry out their work. This would allow the integration process to start earlier, as several members of the IT department would be able to take part in the process. Furthermore it would help the senior members to remember all the stages, which would certainly reduce the amount of errors taking place. A more difficult question is how the documentation work ought to be dealt with, since it tends to be a very resource consuming process. However, if the documentation problem still exists in the future, ready-made solutions are the only secure way of developing information systems in Alfa Corporation. Senior members of the IT department ought to thoroughly introduce and train the in-house information systems to everybody who are expected to maintain them during and after the process.

5.2 Standardisation

Having clear documents about IT acquisition integrations would certainly help Alfa Corporation standardising the integration process. Cisco found out in their case study that analyzing each acquisition, gathering IT requirements and submitting documents for approval would simply take too much time. It is very likely that Alfa Corporation could start their IT acquisition integration processes earlier, as clear set of instructions would be available for all the parties involved. IT managers, with the help of corporation top management should have a prioritised list of tasks, giving a clear indication what needs to be done in which phase. This list should be comprehensive and IT managers should fill in every phase included in the process. As mentioned earlier, documentation done in the earlier integration processes would certainly help making the list.

Some minor tasks can be easily forgotten, although they might consume significant amount of time. Timetables might fail because of the non standardisation problem, which leads to a situation where the IT department is forced to give explanations about the failed deadlines. Each company has got special characteristics that cannot be ignored, and this makes the decision making extremely difficult. However, having the prioritised list helps leaving out stages and processes that are not necessarily needed. Alfa Corporation should therefore introduce a similar system that Cisco is using, which is far more standardised and planned.

5.3 Different approaches

When Alfa Corporation introduced its information systems to Beta Company, there was a growing need for tailor-made changes. At this point the IT department, along with top management has to decide what is relevant and fully needed. Otherwise, the Alfa Corporation is in the danger of wasting already extended resources for trivial issues. Project participation with external institutions should be kept to the minimum, especially in projects that are not directly beneficial to the organisation. This does not suggest that Alfa Corporation should follow the Wall Street Effect mantra, by seeking ultimate efficiency. On the contrary, non-

participation should help the IT department and users to save time for their core business tasks. Alfa Corporation has to consider the availability of the systems as well, meaning that main resources cannot be wasted to projects that only produce “good will”.

When Alfa Corporation is making acquisitions; it could use the information systems of the bought companies as building blocks for the future information systems. The corporation should value the users’ feedback from previous systems, using that as an advantage when implementing new information systems. The users of the systems, both technical and business, should not be ignored in the process, as it helps building confidence and motivates the users. Giving a role for the technical users increases mutual trust, and therefore decreases resistance in the long run. Having a similar information system in every organisational unit might be useful, not only for revenue as Mainwaring (2007) argued, but also to assist the upcoming acquisition integrations. Alfa Corporation could therefore more actively introduce centralised information systems, instead of letting the individual units have their previous systems.

Alfa Corporation could send an IT employee to the acquired companies for a short period of time. IT department could additionally visit the purchased company on regular intervals, especially shortly after the acquisition takes place. There should be enough time allocated for the visit, in order to solve problems and to assess the current situation. Should the trips be successful, it is very likely that tension between IT department and the purchased company will diminish. When Alfa Corporation undertakes an acquisition; it should learn each time what are the successful methods, enabling information system benchmarking. The users might not be familiar with the way Alfa Corporation has been dealing with information technology, which needs to be taken into account when introducing the systems.

Alfa Corporation’s top management must resume introducing the importance of conventional information for all the purchased companies. The employees might then understand better why the corporation is willing to change the information systems, even though the previous systems might be more modern than the replac-

ing ones. The concept of conventional information is one of the most important factors in information systems for Alfa Corporation, and this should be made clear from the very beginning. Corporation top management could show how the action of a single user affects decision making in the headquarters. This might motivate the users to start using the new system, as the meaning and importance is made clear for them. Alfa Corporation has been announcing the issue in their personnel magazine, for instance when Beta Company changed their fare collection system in September 2009. Given the aforementioned facts, the research conducted is suggesting that from the two approaches introduced earlier, Stalinist approach would suit the case corporation better than the Softly-softly approach.

Information system development would benefit for getting opinions from the recently acquired companies in many ways. Firstly, the development unit would get enormous amount of ideas for their projects, as the users have used outsourced systems. Secondly, the users would certainly feel being part of the information system development process, having being accepted to express views about an ideal system. When conflicts occur, it is essential to carefully explain the reasons for certain decisions, in order to point out that the IT department is not against user's ideology.

5.4 Outsourcing

Having bought several medium sized companies in Finland, Alfa Corporation has extended their range of IT related vendor partnerships. The recently bought companies might have outsourced their systems to same vendors than the corporation. For instance a fare collection information system made by a Finnish company is commonly used in Finnish bus companies. Although Delta Company and Charlie Company used this same system prior to the acquisition, this information system must be fully integrated to corporation's system. Otherwise the corporation is unable to retrieve conventional information from one of its sub-units. Just like centralising the fare collection system, Alfa Corporation should continue having other systems centralised whenever feasible.

It is clear that when Alfa Corporation bought these companies in question, the nature of partnerships were about to change radically. No longer would the need for assistance be daily, but merely helping out at peak times or when geographical distance becomes too difficult. For instance hardware or help desk vendors could be used only in the case of emergency, in order to attack the problems quickly. For instance should the users require network peripherals, IT department could ask a local vendor to quickly deliver a new device. However, IT department should not be depending too much on these partners, as this might cause situations where the process is not in the hands of IT staff. Giving explanations, even correct ones, is not a good way of trying to win confidence.

Outsourcing has to be strictly managed too, and it requires resources in order to be successful. Users in the sub-units should not purchase services from vendors on their own, at least without informing the corporation's IT department. In other words, smaller vendors ought to be used only when the geographical distance prevents other actions. When choosing vendors for bigger partnerships, Alfa Corporation ought to look for partners who have a comprehensive coverage of branches around Finland. This sort of strategy provides a more sustainable outsourcing policy, instead of having several minor vendors scattered around the country. However, minor vendors are needed in emergency cases, in order to fade away problems occurring with geographical distance.

Corporation management should still evaluate the possible suppliers, as outsourcing might prove to be the best option in some cases. They have to assess also the importance of conventional information, which is more difficult to obtain from external information systems. However, outsourced systems usually have better documentation, which becomes very important should a key person leave the corporation. Outsourced systems are usually better prepared for system crashes, making the information systems more secure. Therefore organisations are faced with tough decisions on which strategy to decide.

When choosing partners Alfa Corporation should only keep partners that themselves have a centralised management. For instance when smaller companies do

not have proper headquarters giving clear indication to its subsidiaries, it becomes very difficult for the partner to provide the promised service. Usually the centralised management are looking after the contracts in a way that the agreed service level is being met. During problem stages, bigger partners that have centralised management tend to respond to long-lasting problems better than partners whose sub-units work independently. This is especially apparent with network support and network providers.

5.5 Resistance

Although it is impossible to have a situation where no resistance is present, one can find several different ways to attack the problem. The main aim is to build confidence between the IT department and the users of newly purchased companies. Building confidence may take a comprehensive amount of time, but is necessary to avoid rebellion against the new information system set-up. Needless to say, treating users and geographical units equally is important, but this might occasionally become difficult. It might be extremely difficult to live up to the response time expectations; especially should the solutions have been outsourced previously. Even though the time pressure might prevent solving issues briefly, it is important to let the users know the status of each phase. Otherwise the users might feel that the IT department is reluctant to give assistance.

When considering the issue of treating users equally, there should be a clear method of measuring how well the information systems are performing with the current set-up. Like mentioned in the Integration Processes chapter, users are not responding to problems similarly, as others are willing to cope with systems that are not performing adequately and others vice versa. Should the corporation have a clear methodology to measure the response times, user-friendliness and suitability, the users might accept the proposals without excessive resistance. This methodology could include tests measuring how much time the users are spending on performing a specific task. This would not only include response times, but also

the amount of extra manual work the users are forced to do while doing their everyday work with the information systems.

As mentioned earlier in this chapter, one of the possible options would be involving the users in the planning stage, which might make the users feeling being part of the process. Should the users be able to express their opinions and experience gained from the previous systems, the changeover stage could involve less resistance. However, Alfa Corporation's approach to the acquisition IT integration process should be more Stalinist than Softly-softly, as the resistance is more likely to increase should the system run parallel more than needed. The corporation management could announce the timetable well in advance to the users as well, giving them clear indication what is expected to take place at a certain stage.

6 CONCLUSION

This research has been focusing on Alfa Corporation, which is one of the largest transport companies in Finland. As a conclusion the research shows that Alfa Corporation should focus more on their IT acquisition integration documentation by creating a standardised documentation system. Even though the documentation consumes resources, it is the only way of continuing to use the in-house developed information systems. The research points out that the aforementioned organisation should focus on getting external partners that have a comprehensive network of branches, preferably companies with centralised management. Purchased companies could continue using smaller vendors, but only in the case of emergency.

Considering resistance, there should be a method of investigating how well the systems are performing to treat users equally. Alfa Corporation should use a more firm approach getting information systems changed, as running systems parallel will more likely increase resistance in the long run. Even the timetable for integration could be published, giving users a clear notification that there will be changes. Purchased companies having technical employees, could be used to give assistance in the development process, because they are likely to feel being part of the process. This is directly related to user resistance as Alfa Corporation has found out in their acquisition IT integration processes.

Alfa Corporation should aim to begin their acquisition IT integration process as quickly as with Charlie Company. Unnecessary delays in the process will only frustrate the users, just like in Delta Company's IT integration. The primary target in the process should always be the information system planning, instead of individual workstations. Although the IT department should concentrate on expenditure issues, it should understand the importance of enhancing the systems to an effective level. The IT expenditure usually increases after an acquisition, but Alfa Corporation must keep in mind the long-term benefits achieved in the process.

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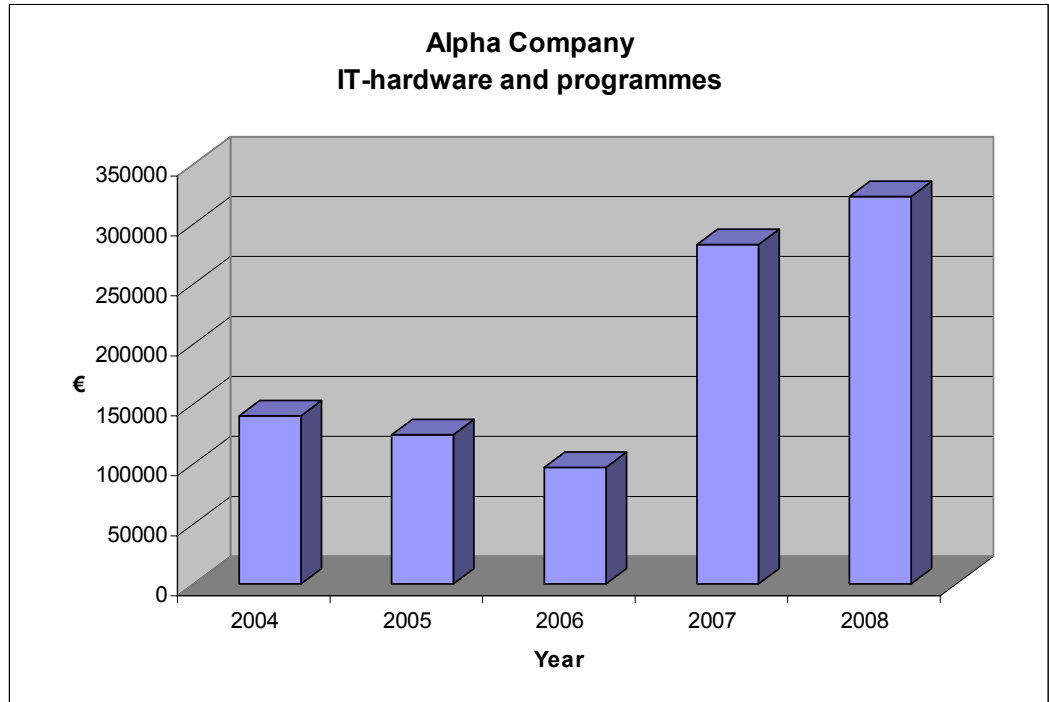
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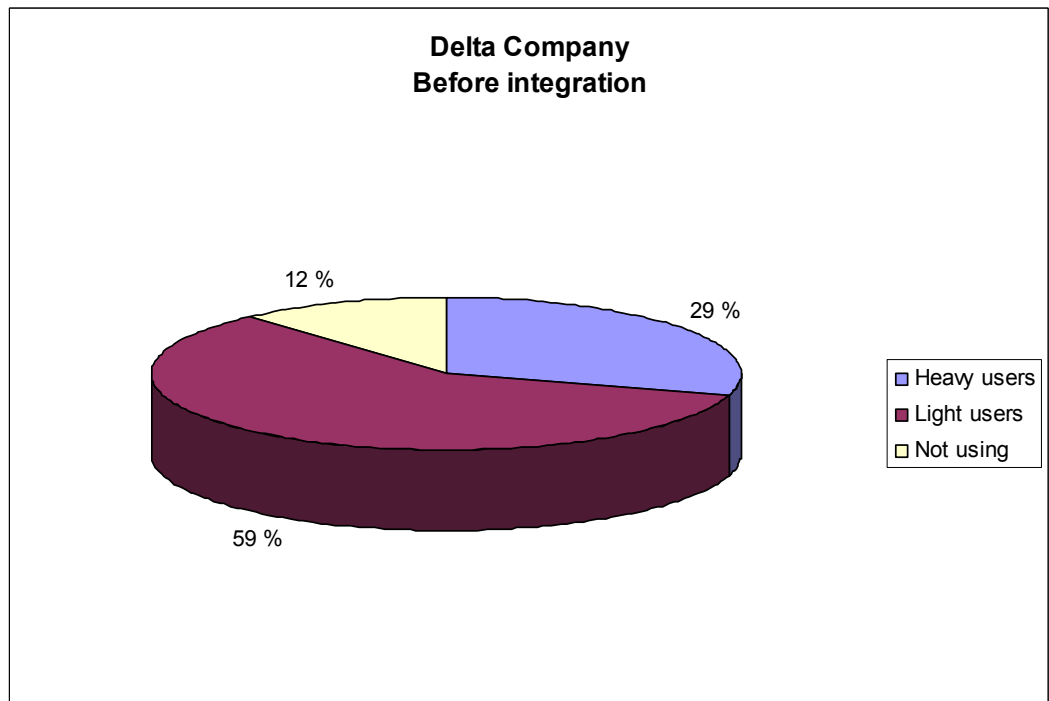
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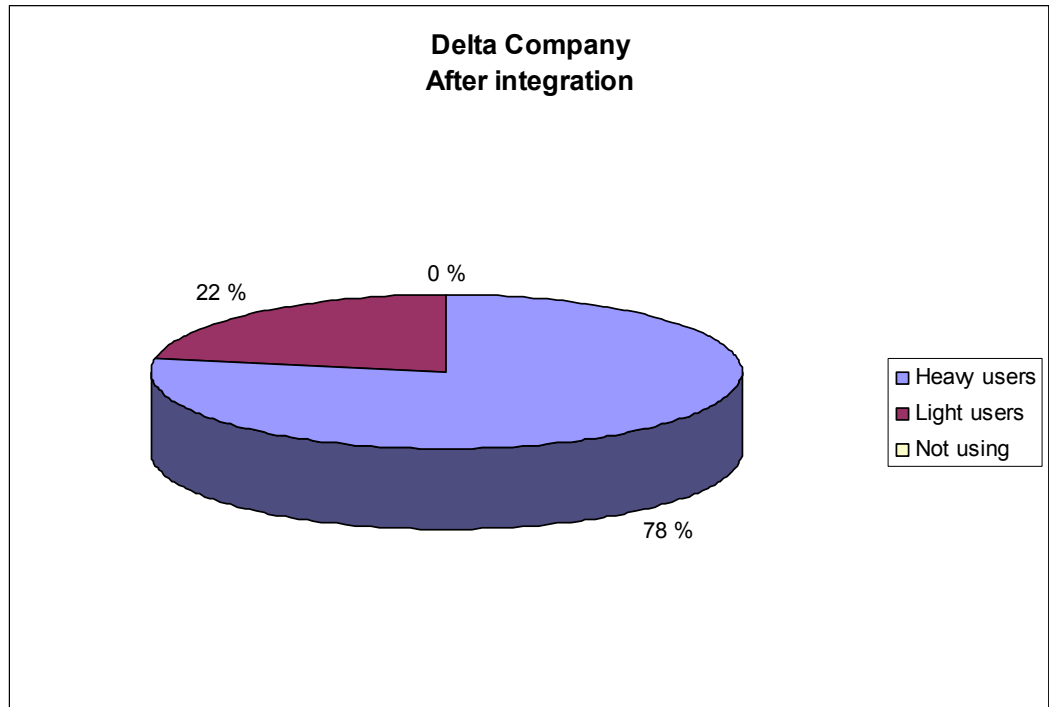
APPENDICES



APPENDIX I



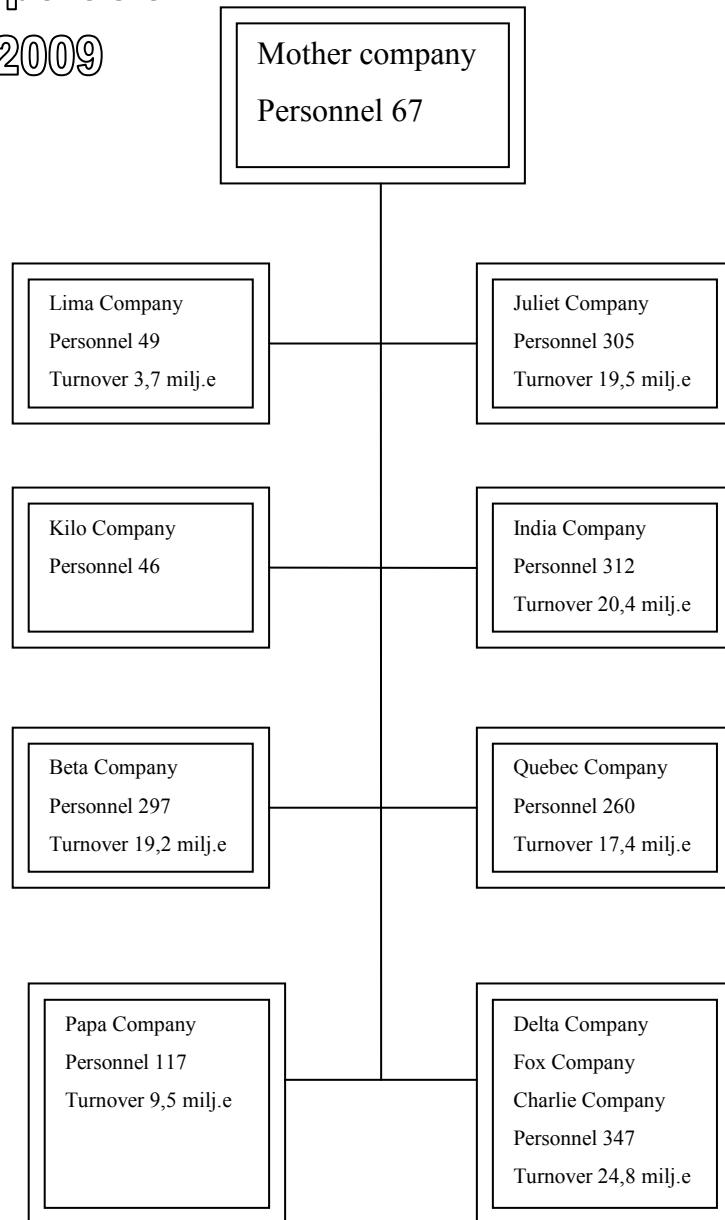
APPENDIX II



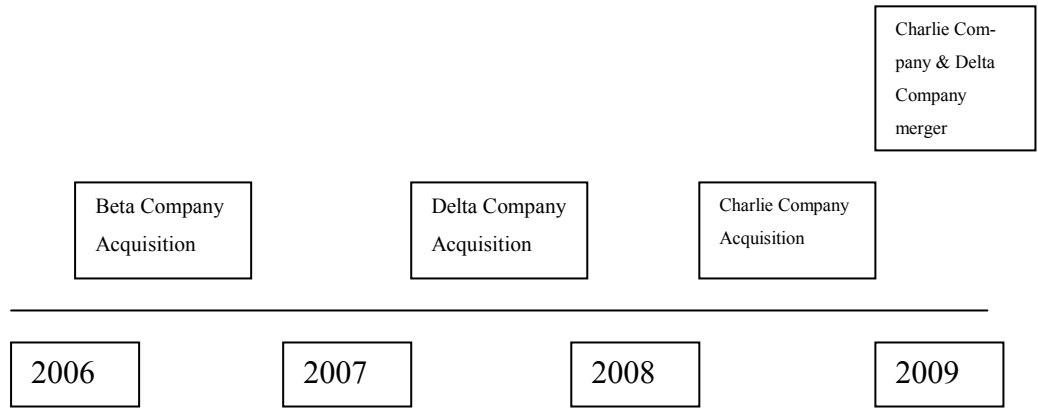
APPENDIX III

Alfa Corporation

1.1.2009



APPENDIX IV



APPENDIX V