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Increasing Agility for Mergers and Acquisitions

Executive Summary

In today's competitive business climate, mergers and acquisitions have become a key component of many growth strategies. Globalization, acquisition of new products and services, and enhanced customer footprints are all opportunities that come with mergers and acquisitions.

But M&A is not without downside and risk. Much of this risk stems from technology, and can lead to integration delays, unproductive employees, and security vulnerabilities if not carefully managed, especially in an environment of uncertainty. Identity is the element that links so much technical and human change inherent in M&A and a global business climate. As such, seizing control of identity offers a unique opportunity for businesses to ensure a positive return on investment from M&A, leading to efficiency, flexibility and optimized cost synergies, accelerated growth, and enhanced security.

M&A is a Strategic Source of Value Creation

Even when faced with economic volatility, the past 30 years have seen a near exponential increase in global deal volume. Businesses increasingly see mergers and acquisitions as strategic tools to increase shareholder value, and despite economic headwinds, executives are recognizing a landscape of approachable valuations that can become strategic profit drivers.

According to Bain and Co's 2023 Global M&A Report, nearly two-thirds of respondents report that acquisitions completed in the previous three years have met or exceeded expectations.

But Complexity, Technology, can be Barriers

As organizational composition evolves to cross the spectrum of in-office, hybrid, and remote workers as well as increasingly heterogeneous workforces comprised of employees, contractors and business partners, so does the complexity associated with integrations.

That complexity comes at a cost, manifesting itself in the form of issues along a number of dimensions including:

- **Geographical.** Businesses will find themselves with a workforce across new geographies, which introduces traditional challenges like language barriers and cultural norms, but also digital challenges like remote access and regional technology requirements.

- **Technology and services.** Businesses going through M&A transformation may encounter delays to maintain the pace of innovation and productivity as processes are aligned, which could lead to a loss of return during the integration period.

- **Human capital.** Users of merging or acquired organizations frequently have a poor transition experience, dealing with delays in access to critical resources as well as changes in information systems, not all of which are deemed positive. If not managed carefully, this can lead to attrition.

- **Security.** During a period of flux and integration, technology teams are often stretched thin with existing manual processes deprioritized, resulting in potential security gaps. Integration can also lead to technical points of vulnerability with the creation of identity silos, which makes companies going through M&A an attractive target for hackers.

It is not surprising that IT, as a result, is frequently a costly barrier to effective M&A integrations and critical transformation. According to Deloitte's 2023 M&A Trends Survey nearly all corporate M&A leaders (90%) responded that achieving desired M&A outcomes depends either "moderately" or "highly" on transformation.
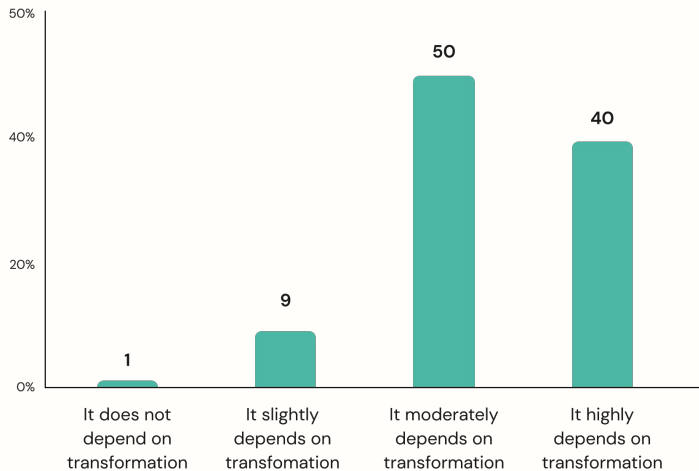
Speeding Time to M&A Value

Recognizing that these technological hurdles can significantly impact the return on a deal, progressive organizations have developed a set of policies and processes they use to streamline the M&A process.

These projects run the gamut across people, processes, and technology and include:

- **Domain consolidation.** As new businesses are acquired, the number of domains under management increases. Smart organizations have dedicated teams focused on the right approach to domain management, including whether to go through potentially costly migration and consolidation efforts.

- **Adopting new technologies.** Integration is often an inflection point to improve the technological footprint for all employees, contractors, and partners.

The path of least resistance is to simply adopt the technology stack of the acquiring company, but a best of breed strategy presents an opportunity to deliver additional value, at increased complexity. IT teams must determine the best approach to manage these new resources and their footprint across a subset or the entire workforce.

- **Automating change management.** With the rapid flux in organizational charts, user roles and attrition that comes in M&A, it is critical that businesses become adept in rapid and accurate change, creating a single source of truth where changes initiate downstream actions that improve user experience and security outcomes without added complexity.

- **Enhanced security response.** Due to the rapidly changing technological and access profile of the businesses, security response becomes critical. Companies that anticipate potential security threats across an expanded attack surface will be able to reduce risk by reacting faster.

Creating dedicated projects to address these areas of M&A change is a great first step in improving execution and driving return on M&A activity.

Identity, the Nexus of M&A Change

Across all of these dimensions of technical and human change, the common is identity and access. Identity sits at the intersection of people and the technology services they consume. People—parent and acquired employees, partners and contractors—require access to technology—applications, devices, infrastructure, and APIs.

Taking control of identity in a flexible, adaptable manner allows organizations a unique opportunity to automate M&A acceleration projects. Identity provides businesses the ability to deliver a single point of truth in a boundaryless world, to eliminate or accelerate domain consolidation, connect all technology from day one, and provide a unified, more secure environment.

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Why Okta?

Okta's approach recognizes that key M&A business objectives hinge on reducing complexity, increasing flexibility, and helping organizations adapt to change quickly. Through its unique cloud-based multi-org architecture, Okta empowers IT leaders to flexibly centralize or decentralize access and control based on their changing use cases and organizational needs. Okta's neutral Workforce Identity Cloud platform gives businesses the ability to quickly integrate with a broad spectrum of directories, HR systems, and other identity sources to deliver a consolidated, single source of truth. And Okta's transformative approach to business automation applies to an organization's complete identity lifecycle and security use cases, helping businesses decrease M&A costs, accelerate business growth, and enhance security.

Decrease M&A costs

- Our approach helps businesses streamline and can help avoid or aid in domain consolidation, which decreases IT transformation and maintenances costs

- Automatically bring in user and group data across any identity source with Directory and Anything-as-a-Source integrations, eliminating costly and inefficient manual import processes and centrally managing user identities

- Automate app provisioning requests through popular collaboration tools like Slack or Teams using Okta Identity Governance's Access Requests, decreasing service desk time and increasing user efficiency

- Automate onboarding and account management for Day 1 access to parent company resources with Lifecycle Management, ensuring rapid time to value and happy, efficient employees and limited attrition

Accelerate business growth

- Day 1 access and easy best of breed IT systems mean productive employees ready to capitalize on new business opportunities

- Faster integration of acquired products and services means faster time to value and an increased market footprint

- Hub and spoke flexibility gives new business units the autonomy to adopt business-specific tooling quickly and efficiently

Enhance security

- Reduced likelihood of a security breach due to tighter identity and access management, which means less reputation loss and brand damage

- Robust policy framework so policies can be managed centrally and flexibly means less security vulnerability

- Out-of-the box, real-time security reporting gives your security analysts more time to spend securing the business and less time wasted on administrative tasks

Roadmap to Success

Ready to get started? We recommend these key success criteria to help you enhance your organization's M&A readiness:

1. Eliminate domain consolidation wherever possible. Accelerate the process where necessary.

2. Deliver a single source of truth for the post-M&A business with a single user identity to manage, avoiding identity silos.

3. Enable flexibility by centralizing or decentralizing resource and user management through unified or multi-org hub and spoke models.

4. Provide day 1 access. Strive for maximum productivity from the start for your new organizations.

5. Deliver adaptability through a best of breed technology integration strategy easily and seamlessly through tight integrations to cloud resources and SSO access to on–prem resources.

6. Be ready to unify security early. Eliminate the transitional state as a source of vulnerability and risk for your organization.

We are Here to Help

Okta delivers a modern, unified identity and access management solution that help businesses get maximum value from mergers and acquisitions. We have helped businesses of all sizes speed up the process, empowering users with enhanced productivity and driving down security risk. We do it by making Identity belong to you and your organization, helping you adopt a modern approach to identity that helps every worker on every device using every kind of technology deliver value.