

When Acquisitions and Mergers Occur: T&E System consolidation considerations

Change is constant in the corporate business landscape. Companies are constantly adapting to competitive forces in the global market which often results in acquisitions and mergers to remain profitable. When a change like this occurs, a company's financial operations systems' ecosystem is impacted as the company needs to realign its systems and processes to support the company's future state. When either company has a travel expense (T&E) management system, there are many considerations to take into account.

While some companies may continue operating the two systems separately, many companies will choose one of the legacy instances or a net new site that could be best suited for the newly combined company.

Reasons for Site Consolidation

The most apparent reason companies consolidate T&E systems, is to better streamline T&E operations and reallocate resources to other activities. In addition, there are many other reasons why companies should consider consolidating systems:

- **Savings:** Operating two or more legacy T&E sites may be costlier in the long term, as having all volume in one system often results in better volume pricing. In addition, by having all data in one system, it is easier to run reports that show the full view of all T&E spend which can be important when negotiating with T&E vendors and getting a clear picture of your company's "total spend".
- **Easing the burden on IT:** Having separate instances results in IT having to manage duplicate import and extract files, maintaining two FTP processes and managing multiple interface programs. This can also be a burden on Finance Operations in regards to extra reconciliations between the T&E system extract and the ERP postings. In addition, Finance Operations may have to perform extra month-end tasks such as running multiple accrual reports, GL balance reconciliations, and other monthly reporting needs. With one global instance, these tasks can be consolidated and streamlined.
- **Reduced System Maintenance and Change Management:** There may be redundant tasks when maintaining more than one instance of a T&E system. Tasks such as system administration, maintenance and deployment project work, would likely have to be replicated for each T&E system instance. For example, if mileage, VAT or Travel Allowance rates change, they need to be updated in all instances. If deploying a T&E system to a new country, the

There may be other company specific reasons for consideration that are unique to the situation. Ensure to include all T&E system stakeholders in evaluating the criteria for decision-making.

country setup must be completed in all instances where the country is in scope, covering all legacy employee populations. In addition, if employees move between companies, and therefore T&E system instances, there would be a change management impact to employees that now must use two systems. By maintaining only one global unified T&E system instance, the ongoing maintenance and administration effort is greatly reduced.

- **Uniform Travel Policy Compliance Enforcement:** When two companies merge, they would likely have two different legacy travel policies. As the Travel / Finance functions harmonize so too does the global travel policy. The updates to the unified travel policy often occur before any updates in the T&E system are made. Therefore, the two legacy T&E sites are operating against their own legacy travel policies rather than following the new unified travel policy. Updates to audit rules, email reminders, receipt rules, workflow, and other components are likely needed. Consistency with T&E system configuration with a new unified T&E system instance helps uniformly apply the travel policy for employees for all legacy companies that would have been part of a merger.
- **Consolidated Managerial Reporting:** If companies operate more than one legacy site, then efforts to consolidate reports across all instances may need to occur. For example, the same report would need to be created and run in both sites to form a holistic view on the company's combined T&E spend. As the configured fields from the legacy sites may differ, there could be additional challenges with obtaining the data in the same format for aggregation. One reporting site would eliminate these challenges and the extra effort it takes to consolidate reporting.
- **Simplified User Access:** Users already have to keep track of many login IDs and passwords. If a user is an approver for users in each legacy system they would need to access both systems to approve expense reports. It can be an annoyance logging into two (or more) separate systems to essentially perform the same task. Having one login for the whole company simplifies user access and eliminates the need for employees to remember an extra password.
- **Ease of Single Sign-On (SSO) Management:** There are also IT related considerations such as impacts to users' login IDs and single sign on. Often one of the legacy companies converts its email domain to the other's which could cause potential issues if the company is using the email address also as the login ID. In SaaS systems, the login ID usually needs to be unique across all of the SaaS system's clients or else a conflict arises. In large companies employees often move within the organization and by having separate systems it will make a challenge to manage SSO.

Site Choice Considerations

If a decision has been made to merge the legacy T&E systems sites into one, there are two options to consider, 1) move to one of the legacy sites, or 2) move to a net new instance. Deciding on which option makes the most sense can be challenging. Some topics for considering when deciding can include the following:

Create a legacy site matrix that helps visualize the comparison of the site options. List out the key considerations for each site that are necessary for making a site choice decision.

- **Project Costs Related to Consolidation:** Implementation project costs should be considered when deciding which site should be used in the future state. An evaluation would be required of the time and effort costs, either internally or externally if consultant support is required. Understanding which legacy site would need the most or least effort to unify the company on one T&E platform might guide the decision making process. This also involves understanding costs related to updating interfaces in regards to upstream or downstream systems such as HR, finance/ERP, corporate credit cards, Travel integration, and/or other third party applications. Developing or maintaining access to historical data may also have cost implications.
- **Time Constraints:** Is there an executive mandate to be live on one site by a specific date? Or are one of the legacy site contracts reaching a critical point in the service contract? If so, realizing which legacy site, or a net new site, will help achieve this goal faster would be a consideration. Understanding how many countries and/or legal entities need to be implemented on each legacy site or a net new site would help provide a sense of the timing it will take to complete the implementation project.
- **Organizational Impact in Regards to Future State Requirements:** As each legacy site once had their respective requirements when first implementing, it is important to derive a set of future state requirements that meet the needs of the combined company. Once this is understood then these requirements can be assessed against the legacy sites to see which site has the largest future state requirement gaps. This will also help answer the following questions:
 - Which legacy site would involve the largest change management effort for all employees? Or, which legacy site would impact the least amount of employees in regards to change management and training?
 - How much effort would it take to migrate / implement key countries on the desired instance?
 - Which legacy site has the most complex configuration?
 - Are there any brand new requirements (like new travel and expense policy, changes in Organizational Structure in both companies, new HCM or ERP system integrations etc.) that are currently not configured in the legacy systems?
 - Can the future state requirements be fully realized on a legacy site or would some of the requirements be compromised due to preexisting and unchangeable configurations constraints? (i.e. limited # of remaining org unit / custom fields could be conflicting) In this case a net new site might be the best option.
- **Historical Data Accessibility:** When consolidating to one legacy site or moving to a net new instance, accessing historical data online may not be possible. Understanding which legacy site has the most historical data may weigh in the site selection decision making process. A company must decide how much value to place on historical data accessibility and determine how best to access historical data depending on which site is selected.

Conclusion

Every company's circumstances are unique, however, proactively addressing T&E system site merge options and planning for the future will help ensure that the newly combined company quickly reaches its desired future state system landscape. The quicker this is analyzed, the sooner the company can work to mitigate any extra burden that is brought on by a merger or acquisition.

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