How well do you consider IT services when it comes to mergers or collaborative working?

Background

The idea of considering whether to merge, work collaboratively with other organisations or stay "as-is" has been an integral part of the senior leadership team's consideration for several years. Its profile was recently raised as a significant consideration within the recent Charity Commissions consultation document produced late 2016.

Within this publication specific mention is given to the charity board to "Analysing the external environment and planning for sustainability. It then expresses specifically in article 1.4.2 "The board undertakes or oversees strategic reviews, including assessing the sustainability of income sources and business models and their impact on achieving charitable purposes in the short, medium and long term. As part of this exercise, trustees consider partnership working, merger or dissolution if other organisations are seen to be fulfilling similar charitable purposes more effectively".

Regardless of the outcome of the consultation document, this paper will consider the effect that IT might have on a board's decision to merge and why this question should form part of an organisations' due diligence.

The decision to consider a merger is usually raised by an organisations' CEO or trustees and prior to a full investigation the trustees will need to have investigated thoroughly the implication and legality of such a change by carrying out due diligence.

Useful checklists can be found at: Government Merger Checklist.

And further at How To Merge Charities.

The decision should clearly never be taken lightly. According to an article by Mike Hudson in the Third Sector publication, a merger can cost anything between £25,000 and £250,000. So, a thorough review of the benefits and risks that are associated with a merger should be exhaustive. And here lies the challenge within the IT question.

Who within the organisation might have the skills and experience to investigate the compatibility of two different IT systems? What duplication will there be? What does one system have that might be deemed as better than the other system? Are both

systems capable of delivering the new business services the merged organisation will need to maximise the benefit of the merge?

These same questions are applicable if you are going to work in temporary partnership. If a partnership is pulled together for a specific event or time frame, there will come a time when the system in use must be separated. How easy is it for you to disengage effectively?

The implication of getting this wrong is huge and can impact on key business services and consequently key performance outputs. Typical examples might include:

- Duplication of process and therefore duplication of costs and failure to deliver on improved efficiencies.
- Incompatibility leading to increased costs when demonstrating effectiveness and efficiency which in turn lead to a lack of transparency and therefore public trust.
- Challenges to convince good quality staff and volunteers into the organisation who may have to work with outdated technology that is no longer fit for purpose.

All of which lead to an inevitable risk on organisational income be it from donations, grants or paid for services.

So, what are the questions you could be asking?

So, just what should you look for when trying to learn about the possible partner's IT services? At the very least there should be an asset register that details all the hardware and software that comprise the network and computing infrastructure. If this does exist, how up to date and accurate is it? This is often a great tell-tale sign of whether the IT infrastructure is professionally managed.

Perhaps look for confirmation of IT management methods. Ask if the IT support team work to any standard such as ITIL, ITIL v3 is the third version of the Information Technology Infrastructure Library, a globally recognized collection of best practices for managing information technology.

A configuration management database (CMDB), this is a repository that acts as a data warehouse for information technology (IT) installations may well exist. It holds data relating to a collection of IT assets (commonly referred to as configuration items (CIs)), as well as descriptive relationships between such assets.

The CMDB is more than just a list of items in an asset register, the CMDB begins to form the basis of a well-managed IT management system, where regular checks can be actioned to check on asset performance.

Do they have a help desk that is supported by a formal process for dealing with issues? Perhaps they have a ticketing system that supports the help desk. If so, make some enquiries on the nature of the statistics, these can highlight areas for concern and can support improvement of IT performance and user experience.

Do these statistics extend to server performance so risk can be managed to fend off down time and outages of services?

How old is the IT stock? Will you have to factor in replacement costs soon?

What is the best policy for making IT procurement decisions such as capital purchase, buy or lease, cloud versus on premise?

Are regular investigations of service performance happening that check on server performance and security threats? How are back-ups managed?

Linking back to the ITIL perhaps you can look at their method for recording and acting on incidents, problems and changes to the system. Again, you can get a great impression of how well the IT system runs and whether it has been constructed with thought and business service needs in mind or hobbled together from one crises to another.

How is the IT budget constructed? Is it just a figure based on last years spend with a plus or minus randomly applied or has it been prepared by taking into account documented requirements supported by statistics generated from the support desk and service reports from scheduled IT investigations.

If there is no asset register, consider the implication of unlicensed software, might you be taking on a massive copyright infringement and therefore subject to penalties? http://www.bsa.org/about-bsa

If the system support is outsourced, how long to go on any contract with a managed service provider? What are the penalties for coming out of that contract earlier?

Have any staff surveys been carried out to gauge user satisfaction with IT services, if so what do they highlight as missing or that would make their lives better and more productive? If they do not exist, can you get suitable feedback that will support your investigation.

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So, what are you trying to get a feel for?

1. What duplication of services are there and how easy will it be to streamline these into one system?
2. What is the true cost to disengage with suppliers and decommission certain assets no longer required?
3. What is the time scale associated with any likely cost savings and efficiency expectations?
4. Is the new, combined estate fit for purpose regarding future business needs?
5. How do the new plans fit with existing projects from both organisations?

And overall how will the IT system help you meet key drivers such as:

• Providing evidence of efficiency to stakeholders, donors and compliance bodies.

• evidencing good quality of services, thus mitigating challenges form three main areas
  o Other charities in the same market
  o Private providers with lots of money making the charity look possibly cheap and second rate.
  o Directly from public sector such as NHS or local authority.
• Will the services accommodate future staff and volunteer challenges such as,
  o Recruitment
  o Staff retention
  o Flexible working.
• Help support data protection, security and the pending challenge of the General Data Protection Regulation (GDPR) due for implementation on 25 May 2018. See here for GDPR detail

Need More?

For additional support or a discussion on some of these topics raised please contact us via detail below.

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Blue Saffron Limited
The Leathermarket
Unit 1.1.1
11/13 Weston Street
London SE1 3ER

Tel: 0844 560 0202
Fax: 0844 560 0203

info@bluesaffron.com
www.bluesafffron.com
managedit.bluesafffron.com