De-Merger - how to re-focus IT Production

"My company is de-merging into two different organisations. How do I go about handing the IT Production implications?"

Drawing on his experience with working with de-merger of IT, Dennis Adams identifies a number of key elements that are required in order to successfully enable a subsidiary company to de-merge.

Introduction

The word "de-merger" can be one to strike fear into a centralised IT Production department, as they hear that the company they are part of is being de-merged into two (or more) separate companies.

For IT Production, this can be a critical time, since IT Infrastructure management is typically a centralised function. And the more sophisticated the IT department is, the more complex any de-coupling exercise may be.

If part of the organisation is being split into a number of legal entities, there are at least two areas where the IT Production team needs act – Legal IT tasks and Physical IT tasks.

Managing Change

The tasks to be performed in order to de-couple production infrastructure should never be under-estimated.

If the tasks are to be successful, then it is absolutely essential that the company brings in external expertise in order to facilitate the migration. These external experts can assist with a number of areas:

- Auditing of current infrastructure to identify technology migration strategy.
- Technical advice on de-merger techniques.
- Project planning and co-ordination.

De-merger, to be successful, should be treated as a major programme of work, split into multiple streams of infrastructure-related projects, and led by a programme management function.

In some cases, there is a need for a programme office function to be run in parallel with the "normal" programme office to handle programme-related and inter-project-related issues. If the size of the organisation warrants it, this office should also handle communications and feedback on the de-merger programme of work.

At the same time, IT Production teams in the company will be doing their "day jobs". Failure to recognise these dual pressures could lead to mistakes in either business-as-usual ("BAU") activities, or in the de-merger / migration project.

Some Legal IT Tasks

- Application choice. This is a key executive / legal choice. What applications should the split off organisation use? Will it continue to work with copies of the existing applications, or will it port to copies of the old applications or migrate to new ones?

- Management of software Licenses should be agreed. This is not just a “desktop” exercise, since licenses for Oracle, Websphere and other server-based software are significant costs.

- Supplier relationships will need to be addressed. In many cases, suppliers may choose to offer the same services to both the old and new companies. Even so, new contracts and working relationships will need to be drawn up.

- Archive data and historical records. What is sometimes forgotten is that, for legal reasons, some historical records (e.g. backups of monthly legal reports?) must be kept. The new entity may require access to physical copies of backup disks which contain merged data. An entire data de-merging exercise may be required, unless data is able to held in escrow by the old parent company.

- Network management can be very complex. The new company may need to build a complete set of new IP address allocation / DNS environment. This is true for external facing (new web sites etc.) However, it can be even more complex for internal servers etc. For some companies, it may be agreed that internal IP address allocation will continue to use a common convention. For others, a completely new IP address allocation will be required, which will need NAT and other bridging facilities, at least during the interim period.

- Branding and visualisation will be important to the new organisation. There will need to be a separate team in place to handle re-branding from an IT perspective. This even applies to things like Exchange signatures etc.

Some Physical IT Tasks

- Workstations and PCs are an obvious visible expression of the new company’s identity. However, creating a new PC build would require, among the other validation exercises, the ability to co-exist with the old infrastructure as the migration progresses. This “backward compatibility” requirement can sometimes be forgotten in the rush to build a new solution.

- Authentication Domains will need to change. A parallel Domain system will be needed, with the subsidiary authenticating against the new domain. Levels of “trust” between domains will need to be gradually reduced as the de-coupling progresses. Any web-facing LDAP, single sign-on and other authentication / authorisation mechanisms will also need addressing.

- DNS, Network management. Allocation of IP addresses, DNS, DHCP and other infrastructure need to be replicated. A key decision point is whether to manage IP addressing in parallel for the interim period, or whether to allow split of IP ranges in the short term.

- Email and communications are key to any organisation. De-coupling them is not just a case of new mail servers, de-coupling of the corporate address book etc. Remember that people are used to internal mail traffic between themselves. This will be superseded by inter-net traffic using SMTP in the future. The management of mail domains, aliases etc. need a specialised technical team.

- Shared File/Print services are common and superficially trivial. However, with so much data held on shared disk storage, sharepoint sites etc, there is a real need to audit and manage the infrastructure and ensure that data is migrated to new environments.

- Server de-consolidation. In many cases, applications will exist on shared servers, and new servers and environments would need to be considered. Build Standards would need to be crated for new servers, with similar backward compatibility with the old environments.

- SAN and storage management. Typically, organisations have common SAN / NAS "fabric" and storage arrays. These will need to be de-coupled, and the storage management infrastructure (storage console, monitoring tools etc.) need to be replicated for the new company.

- Backup and recovery infrastructure will be essential for the new organisation, but can be neglected in the early days of solution design. It is essential that the new organisation puts in place a backup and recovery solution for its new infrastructure on "day one". This also needs to be backwardly compatible with older media and storage types.

- Network browse-out and connectivity are essential to many organisations. It is not just necessary to ensure that new proxy servers are in place, linked to the new desktop, but that whitelist / blacklist management is segregated, and the outgoing internet "pipe" is in place for the new organisations

- DMZ and browse-in capability also need to be addressed. Again, this is not just a case of building an appropriate internet "pipe", but also addressing the issues of shared firewalls, shared web-server "farm", URL re-direction, reverse-proxy etc. For some organisations, the creation of a new external facing URL and re-branded web-site is a key step in establishing their new identity. This can sometimes be done during the early stages, before the actual infrastructure is de-coupled.

- External-facing communications links can include anything from Reuters links, extranet sites, B-2-B communications, leased lines etc. These need to be audited and a de-coupling strategy created on a case-by-case basis.

- Remote working teams are not just an adjunct to the email solution. In many cases, users of PDAs, Blackberries etc. hold significant corporate data, and access many corporate services through web-services interfaces, extranet communications etc. A strategy needs to be in place for managing these.

- Disaster Recover needs to be "built in" to the de-merger exercise. Too often, the decisions on DR data centre can be left until the migration is successful. However, it is possible, with modern technology, to put in place a viable "dual-data centre" or "co-active" solution at the design stage. This could potentially mean that the organisation has the ability to save substantial amounts of money by using a more modern approach to Disaster Recovery planning.

- Service Desk and User support facilities are essential during and after the migration. The creation of a new Service desk, plus the entire infrastructure and team organisation associated with it, needs to be carefully planned and the switch-over co-ordinated.

- Monitoring and maintenance infrastructure need to be de-coupled as well. This may include enterprise-wide solutions such a Tivoli, Unicenter, BMC etc. which would need to be replicated or replaced. In addition to the enterprise-wide tools, there will

be a need to address solutions for “point tools” such as database or J2EE monitoring, and developer-related tools.

- IT reporting and metrics need to be addressed. This can include timesheet-capturing systems, project / programme reporting tools, MIS warehouses for project and programme progress, Project Servers etc.

IT Production organisation

- The impact of any de-merger on the IT Production team members, and the morale impact, should not be under-estimated.

- IT Production team members themselves will need to “split”, with some people moving to the new spin-off organisation. Apart from the personnel issues, and impact on morale, it is important to identify key “supporting” tasks which need to be split.

- Configuration Management and License / DSL management will need to be de-coupled. This has implications for Asset register and asset management.

- Technology Standards should be defined and in force for the new organisation. This should include desktop build, server types, and all infrastructure hardware and software types which the new organisation may choose to adopt.

- Change Management Processes would need to be clearly enforced in both organisations. There may be a requirement for a “cross-corporation” change management board (“CAB”)

Conclusions

The de-merger of one company from its prior “parent” is a complex exercise.

However, with a systematic approach it is possible to achieve this with a degree of success.

It is absolutely essential that any de-merger exercise is supported by external consultancy if it is to succeed.

About the Author:

Dennis Adams is an Associate Member of the Chartered Quality Institute and MBCS CITP member of the British Computer Society.

He is a founder and managing director of Dennis Adams Associates Limited, which was created to deliver a consultancy service to managers of IT Production Systems.

He has been involved with a number of de-mergers, including:

- Manager of Empire Paper Mill (de-merged from Reed Paper & Board),
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