

Navigating a Complex Merger between a BPO Firm and a FinTech Acquisition

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Working with PE and Portfolio in digital transformation since 2016. Helping tech leaders pre and post deal through coaching and advisory.



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THE CLIENT

Our client, a serial acquirer in BPO outsourcing with various sector interest, was in the process of acquiring a 200-person firm with an innovative FinTech offering. The objective was to split the firm - merging half into the BPO business and moving the other half as a standalone entity into London.

Our role was pivotal in the post-merger integration, focusing on technology. This entailed understanding all business function's processes, assessing the viability of the core software product, and designing the new entities.

CHALLENGE

1. **Oversized Tech Estate:** Despite the target firm's relatively small size, it was operating a tech estate akin to that of a corporation, indicating an issue of cloud-sprawl. This was significantly more complex than initially disclosed pre-deal.
2. **Tech Complexity:** Some of the acquired technology was built meticulously over time and could not be translated or updated within the merger timeline.
3. **Disengaged Team:** The long-standing tech team was distressed about the acquisition, concerned about the future culture and their welfare and which company they eventually would be part of.
4. **Acquirer's Readiness:** The acquirer was dealing with issues in building new technology to host the acquired firm, eroding the board's confidence.

THE APPROACH

1. **Extended Timeline:** To accommodate the large, complex tech estate, we advocated for tripling the timeline. While this was not well received by the board, the necessity was clear. External consultants were engaged for managing the program and providing technical services.
2. **Innovative Approaches:** Despite the extended timeline, some systems couldn't be rewritten in time to be hosted in the acquirer's datacentre. We proposed innovative solutions that required special permission by the acquirer's board.
3. **Employee Engagement:** To reassure the distressed tech team, we discreetly reignited their passion for tech by organizing 'hackathons' and temporarily removing administrative duties. We encouraged skill development and ensured they had a dignified departure if that was the final outcome.
4. **Communication and Collaboration:** We acted as the bridge between both parties, communicating change effectively and assisting the acquirer in completing their new tech hosting solutions.

OUTCOME

The transition was fast-paced, yet smoothly executed with a minimum of 'Day One' issues. This was in no small part due to our 'People First' approach, which focuses on understanding and addressing the human side of the M&A tech integration process. We continued to work with the firm on optimization post-merger, showcasing our commitment and value as a trusted tech advisory firm.

Overall, this case study demonstrates our firm's ability to navigate complex tech landscapes, manage human resources sensitively, and ensure a smooth post-merger integration, all while putting people first. This approach is not just a core value, but a proven strategy that creates sustainable value for our clients in their M&A endeavours.