MANAGING IT INTEGRATION IN MERGERS AND ACQUISITIONS

Lappeenranta–Lahti University of Technology LUT
Master’s degree programme in Industrial Engineering and Management
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Examiners: Associate Professor Lea Hannola
Associate Professor Kirsi Kokkonen

ABSTRACT

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Managing IT Integration in Mergers and Acquisitions

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This thesis examines how information technology (IT) integration in mergers and acquisitions (M&A) should be managed to realize the intended value of the deal. Mergers and acquisitions are often considered as a strategic option for driving growth, for example, through the expansion of market share or technological capabilities. However, for many organizations, post-merger integration proves to be more challenging than expected. Poorly managed integration can ultimately lead to value erosion rather than value realization. In recent years, the role of IT has grown significantly in the integration phase of M&A, as it has significant dependencies with business continuity and, increasingly, responsibility for realizing the planned synergies of the deal.

The aim of this study is to identify the key success factors in IT integration management, describe the most common challenges encountered in integration projects, and examine how information technology is linked to the success of M&A. The work was commissioned by Sofigate, an IT consulting company, with the aim of further strengthening its capabilities in M&A advisory. The research was conducted as a literature review and qualitative study, in which experienced M&A IT integration managers were interviewed.

Based on the results, successful IT integration management is built on the following principles: IT must be included in the planning of a M&A even before the deal is signed, clear governance models must be defined for integration, collaboration between business and IT must be actively managed, and change must be supported by systematic communication and involvement of leadership throughout the integration phase. In conclusion, IT should not be viewed solely as a technical enabler in M&A. It must act as a part of the strategic management of integration to realize the planned value of M&A.

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Tässä diplomityössä tarkastellaan, miten yrityskauppojen IT-integraatiota tulisi johtaa niin, että suunniteltu yrityskaupan arvo realisoituu. Yrityskaupat nähdään usein strategisina kasvun vauhdittajina, esimerkiksi markkina- tai teknologiakyvykkyyksien laajentamisen kautta. Monille organisaatioille yritysoston jälkeinen integraatio osoittautuu kuitenkin odotettua haastavammaksi. Huonosti johdettu integraatio voi jopa johtaa arvon heikkenemiseen ja estää odotettujen hyötyjen toteutumisen. Viime vuosina informaatioteknologian rooli on kasvanut yrityskauppojen integraatiovaiheessa merkittävästi, koska sillä on merkittäviä riippuvuuksia liiketoiminnan jatkuvuuden kanssa, sekä enenevissä määrin vastuuta yrityskaupan suunniteltujen synergioiden toteutumisessa.

Tämän työn tavoitteena on tunnistaa IT-integraation johtamisen keskeiset menestystekijät sekä kuvata yleisimmät haasteet, joita integraatioprojekteissa kohdataan. Lisäksi työ tarkastelee informaatioteknologian linkittymistä yrityskauppojen menestymiseen. Työ on tehty toimeksiantona IT konsultointiyritykselle Sofigatelle, jonka tavoitteena on entisestään vahvistaa yrityskauppoihin liittyvää osaamistaan. Tutkimus toteutettiin kirjallisuuskatsauksena ja laadullisena tutkimuksena, jossa haastateltiin yrityskauppojen IT-integraatioissa toimineita johtajia.

Tulosten perusteella menestynyt IT-integraation hallinta rakentuu seuraavien periaatteiden varaan: IT on otettava mukaan yrityskaupan suunnitteluun jo ennen kaupan solmimista, integraatiolle on määriteltävä selkeät hallinto- ja päätöksentekomallit, liiketoiminnan ja IT:n välistä yhteistyötä on johdettava aktiivisesti, ja muutosta on tuettava suunnitelmallisella viestinnällä ja osallistavalla johtamisella koko integraatiovaiheen ajan. Johtopäätöksenä voidaan todeta, että IT:tä ei tule tarkastella yrityskaupoissa pelkkänä teknisenä mahdollistajana, vaan osana integraation strategista ohjausta, jotta kaupan suunniteltu arvo saadaan realisoitua.

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Throughout the whole process of writing this thesis, I dreamed of this moment when I could finally write these acknowledgements. My over five-year long journey at the university is coming to an end and I could not be more grateful for the experiences I gained throughout these years. What I remember the most are the encounters with different people and sharing ideas and thoughts on topics, some related to the field of our studies, but most not. I am grateful to the university for providing an environment that enabled me to learn, grow, and expand my perspective. I will carry these learnings into the next chapter and continue to stay curious and open to new opportunities.

I would like to thank all my friends with whom I have been able to share unforgettable moments over these years. Especially thanks to the Kaplaaki board of 2022. I am forever grateful for our board year and look forward to the shared moments and cottage weekends that lie ahead. Thank you to the ESTIEM network for accelerating the start of my career, pushing me out of my comfort zone, and for the memorable adventures across Europe. Thank you, Porto, and Joy907 for giving me the environment to understand what I really value in life.

I would also like to express my gratitude to Sofigate for making this thesis possible, and for your trust and flexibility along the process. Thanks to my colleagues for energizing and making me laugh even when the evenings and weekends were full of thesis writing. I would also like to thank all interviewees for the valuable discussions and for sharing your experiences. Thank you, Lea Hannola, for the great sparring and support throughout the writing process.

And finally, thank you to my parents and siblings for your support throughout all these years. Thank you for listening and always being there when needed. I love you all.

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Anni Kesäniemi

ABBREVIATIONS

AI	Artificial intelligence
CIO	Chief Information Officer
DD	Due diligence
IS	Information systems
IT	Information technology
M&A	Mergers and acquisitions
MVG	Minimum viable governance
MVP	Minimum viable product
PMI	Post-merger integration
PMO	Program management office
TSA	Transition service agreement

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DECLARATIONS

Turnitin

The originality of this thesis has been reviewed with the Turnitin similarity checking service.

AI usage

The author of the thesis, Anni Kesäniemi, used the following AI-tools during the preparation of the thesis:

1. OpenAI ChatGPT (GPT-5 and GPT-4.5)
    a. Purpose of use: To support ideation, structure the text and visualizations, assist in language translation, and refine the academic language of the thesis.
    b. Explanation of the use of the tool: ChatGPT was used interactively as a writing assistant throughout the thesis process to brainstorm the research topic and scope, ideate and refine text sections, organize the overall structure, and improve clarity and coherence. It was also used to assist with translating the interview transcripts from Finnish to English and maintaining consistency in academic language.
2. Google Gemini 2.5
    a. Purpose of use: To summarize complex research materials and create conceptual mind maps for the literature review and analysis of empirical results.
    b. Explanation of the use of the tool: Gemini was used by uploading selected research articles and asking the tool to summarize their key findings and concepts. It also helped organize the main themes and relationships between empirical results and theoretical frameworks.
3. Consensus AI
    a. Purpose of use: To search relevant academic research papers.
    b. Explanation of the use of the tool: Consensus AI was used by entering specific keywords related to the thesis topic to find additional academic studies. The tool assisted in discovering relevant sources, while the evaluation and selection of the final references were done by the author.

Responsibility

The author, Anni Kesäniemi, takes full responsibility for the content of this thesis and has reviewed and edited all material generated with the assistance of AI tools.

1 Introduction

This chapter introduces the background and motives of this study. Then it presents the objectives, research questions and scope. Lastly, it covers the research methodology and structure of the thesis.

1.1 Research background

The pressure of growth in the current global business environment is pushing companies to continuously improve their performance and responsiveness to changing customer demands and market conditions. Many companies evaluate between organic and inorganic growth, latter usually carrying higher risks but offering faster results. Engaging in mergers and acquisitions (M&A) is among the most popular growth strategies to improve competitiveness and profitability. (Gaughan, 2011; Dreher & Ernst, 2022) The M&A market is characterized as cyclical, with recurring waves of increased transaction activity. Like general economic cycles, M&A activity typically increases during periods of economic growth, technological innovation, and positive financing conditions, and declines during recession or market uncertainty. Recent analyses indicate that the global economy may be entering a new M&A wave, driven by rapid technological development and advances in globalization. (Dreher & Ernst, 2022)

Mergers and acquisitions are known for their relatively high failure rates, and one of the most frequently cited causes of failure is post-merger integration phase, when companies should start operating as a single organization (Haspeslagh & Jemison, 1991b; Meynerts-Stiller & Rohloff, 2019). Over the past few decades, businesses have become increasingly dependent on information technology (IT), which plays a pivotal role in realizing M&A deal value (Hedman & Sarker, 2015; Henningsson, Yetton & Wynne, 2018). Although the literature widely agrees that IT has a significant role in M&A success, the specific factors driving value creation and IT integration success remain inconsistent and fragmented (Aboagye-Darko, Attuquayefio, Ankomah, Okronipa & Nyame, 2024).

Companies engaging in M&A should define their own success criteria. However, understanding the common pitfalls and industry best practices creates a foundation for increased success rates and continuous improvement. (Davis, 2012) Moreover, Whitaker

(2012, p. 28) states that “*Many companies have become good at doing deals, but integration planning and execution is where value is preserved or eroded*”. Erkkilä and Valpola (2011) further note that achieving success in M&A is highly dependent on leadership practices and human aspects of integration.

In the context of technological and organizational integration, the sponsoring company, IT consulting firm Sofigate, has a strong strategic interest in further advancing its expertise in M&A IT integration management, including transition service agreement (TSA) execution, and post-TSA transformation. These areas are central to Sofigate’s core business of enabling organizations succeed in business technology transformations. By conducting this research, Sofigate aims to deepen its understanding of proven, strategic approaches to navigating complex IT integrations.

1.2 Research objectives & scope

The main objective of this thesis is to identify and analyze factors influencing IT integration management success in mergers and acquisitions. The thesis is conducted in collaboration with Sofigate, to provide insights that can be applied to strengthen the company’s consulting knowledge and frameworks. In addition to success factors, this study investigates the main challenges in IT integration management, and strategies to overcome them. Moreover, the aim is to understand the relation of IT integration success to the overall success of mergers and acquisitions.

The objective of this thesis is explored with one main research question:

- *What are critical success factors in IT integration management in M&A?*

The main research question is supported with two sub-questions:

- *What are the key challenges in IT integration management in M&A and how to overcome them?*
- *What is the role of IT integration on overall M&A success?*

The objective of the main research question is to gain insight on the best practices of IT integration management, as well as its influence on the following phases of integration. The objective for the sub-questions is to deepen the understanding on the challenges in IT integration management and the strategies to mitigate them, as well as examine how IT integration success contributes to overall M&A success. The research questions and objectives are visualized in the Table 1 below.

Table 1, Research questions and objectives

Main research question	Objective
1. What are critical success factors in IT integration management in M&A?	To gain insight into best practices in IT integration management and evaluate execution practices and their influence on post-integration phases.
Sub-questions	**Objectives**
2. What are the key challenges in IT integration management in M&A and how to overcome them?	To identify common pitfalls in IT integration management and present tactics to overcome the challenges.
3. What is the role of IT integration in overall M&A success?	To recognize the role of IT integration in overall M&A deal success, organizational alignment, and value realization.

The scope of this thesis is defined in the limits of IT integration management in mergers and acquisition's organizational context. The focus is on investigating the IT integration management through the process discipline of mergers and acquisitions, incorporating key organizational factors identified in the literature. The thesis does not assess success measurement or key performance indicators. For scoping reasons, the thesis is written from the perspective of the buyer in mergers and acquisitions.

In this thesis, the term information technology (IT) is referred in a broad sense that also covers the concept of information systems (IS) as used in academic research. Therefore, IT does not refer only to technical infrastructures, such as applications, data, and networks, but also to the organizational and managerial aspects of how technology supports business processes and value creation. This choice was made to align with the terminology used in professional and consulting environments.

Moreover, this thesis is focused only on mergers and acquisitions. Other deal types and transaction forms, such as demergers, joint ventures or divestitures are excluded from the scope. Therefore, the findings of this study should not be directly generalized to those contexts.

1.3 Research methodology overview

This research applies a combination of theoretical and empirical methodologies to provide a thorough analysis of IT integration management success factors in mergers and acquisitions. The theoretical part of this thesis was developed through a comprehensive literature review. According to Efron and Ravid (2019), a literature review is a critical and systematic analysis of existing research that synthesizes current knowledge and identifies gaps within the specific area of focus.

The keywords used in the literature search reflected the main themes of the thesis and were applied in both English and Finnish. The information search was primarily conducted using the following databases: LUT Library Primo, Scopus and Google Scholar. In addition to the literature research, this thesis employed the ethical and responsible use of generative artificial intelligence (AI) tools, including OpenAI's ChatGPT models (GPT-5 and GPT-4.5) and Google's Gemini 2.5, and Consensus AI. These tools were utilized throughout the research process to support ideation, assist in the literature search, structure the text and visualizations, and refine the language of the thesis. All cited information was carefully verified for accuracy and credibility to ensure academic integrity. The use of AI tools was in accordance with LUT University's AI policies and guidelines (LUT, 2023).

The empirical part of this thesis consists of a qualitative study. The objective of qualitative research is to gain a deep and contextual understanding of the studied phenomenon. The empirical data was collected via interviews which are common methods in qualitative studies. (Puusa, Juuti & Aaltio, 2020) The used interview form was a semi-structured and thematic interview. The applied methodology, data collection process and data analysis of the empirical part are described in detail in chapter 5.

1.4 Structure of the thesis

The thesis consists of eight comprehensive chapters. In the Table 2, the structure of the thesis is presented based on the input-output model. The first chapter establishes the foundation for the thesis by introducing the background, research questions, objectives, and scope. Additionally, it gives an overview on the used research methodologies and clarifies the structure of the thesis. Chapters two, three and four present the theoretical literature review of the research topic. Each chapter is designed to deepen the understanding established in the previous one to create a comprehensive and logical progression around the research themes.

Chapter five describes the used methodologies in the empirical study. It presents the chosen research strategy as well as chosen data collection and analysis methods. Chapter six consists of interpretation of key results from the empirical study. In chapter seven, the key results from empirical study and from the literature review are combined to reflect on similarities and possible gaps. Finally, chapter eight summarizes the key findings of the study and answers to the research questions as well as addresses limitations and future research suggestions.

Table 2, Structure of the thesis

Input	Chapter	Output
Research background and research methods	**Introduction**	Research scope, objectives and research questions
Literature on M&A, corporate renewal and IT in M&A	**Mergers and Acquisitions**	Understanding the basics and drivers of M&A and the general role if IT in the M&A process
Theories on integration strategies, models and process	**Integration in M&A**	Conceptual understanding of PMI
Literature on IT integration management in M&A and contextual factors	**IT integration in M&A**	Conceptual framework for IT integration management
Research methods and results of literature review	**Research design and methodology**	Research strategy and transparent description of data analysis and collection
Analysis on empirical data	**Results**	Results on key areas impacting IT integration management success in M&A
Literature review and empirical results	**Discussion**	Synthesis of relevant aspects of IT integration management in M&A, from theory and practice
Synthesized theoretical and empirical findings	**Conclusions**	Final conclusions, answers to research questions and suggestions for future research

2 Mergers and Acquisitions (M&A)

This chapter is focused on presenting the theory of mergers and acquisition (M&A). Also, it introduces to the motives, merger structures and the M&A process. Then the latter part introduces the factors of success and failures in M&A and the role if information technology in M&A. The objective of this chapter is to familiarize the reader with the basics of M&A to be able to understand the more in-depth theory part of the thesis.

2.1 Definition and structures

During the time of increasingly dynamic markets, commonly referred to as VUCA (volatile, uncertain, complex, and ambiguous), companies need to be able to react to changing environment and keep up with competition, profitability, and growth. This forces executives to decide whether to pursue organic growth for instance through talent acquisition or to accelerate growth inorganically via mergers and acquisitions (Gaughan, 2011). Mergers and acquisitions (M&As) are risky, but essential growth options for companies to reach renewal and strategic objectives (Venzin, Vizzaccaro & Rutschmann, 2018; Bauer & Matzler, 2014) According to Bösecke (2009, p.6), *“Mergers and acquisitions are business combinations in which the economic autonomy of at least one of the involved firms is completely eliminated”*. Below, Figure 1 gives an overview on different business combinations. This thesis focuses only on mergers and acquisitions due to scoping choices.

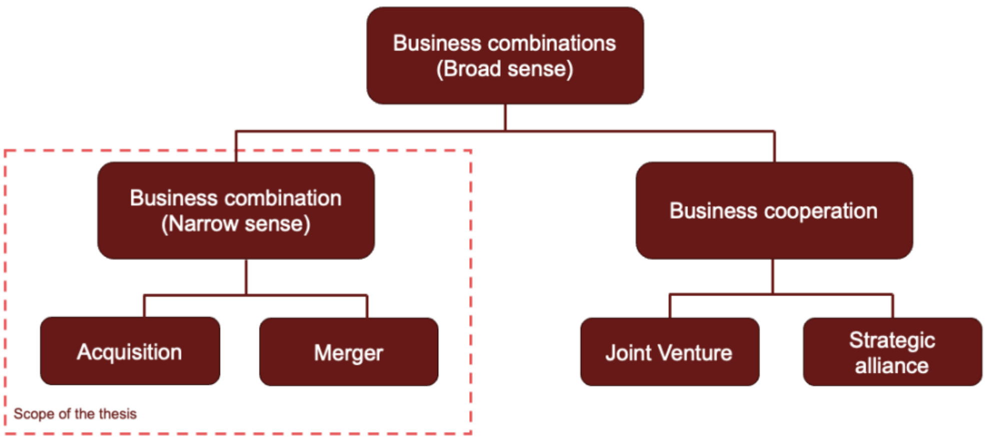

Figure 1, Visualization of business combination terminology, (Adapted from Dreher & Ernst, 2022)

M&A is a widely used word when describing different transactions to combine two or more firms. The terms ‘merger’ and ‘acquisition’ are frequently misunderstood or used interchangeably. Merger means a situation where two separate entities are combined to create a new organization, whereas acquisition means transactions where one company acquires another. (Koi-Akrofi, 2016) Dreher and Ernst (2022) complement the terms by presenting merger as a combination of two independent companies that form a single economic and legal entity. Acquisition stands for a purchase of a formerly independent company or part of a company, where *“the target company loses its economic independence but not necessarily its legal independence”* (Dreher & Ernst, 2022, p.1).

On higher level, the distinction in the meaning of the terms is not so critical since the outcome is the same: two companies (or more) had separate ownership and then they are put to operate under same owner. But more closely looking, from the strategic, financial, tax and even cultural impact, the deal differs greatly depending on the type of transaction. (Sherman & Hart, 2006) Mergers are often divided into different categories dependent on the relationship between the companies involved. The most common classification differentiates between horizontal, vertical, and conglomerate mergers. (Cooper & Finkelstein, 2017) The choice to engage in a specific merger structure is dependent on the strategic objectives of the company (Katramo, Lauriala, Matinlauri, Niemelä, Svennas & Wilkman, 2013).

In a horizontal merger two competitors from the same industry combine. Horizontal mergers are driven by potential synergy benefits, wider product/service catalogs and diversified offerings. (Gaughan, 2011; Kumar & Sharma, 2019). Vertical mergers occur, when two companies that have a buyer-seller relationship combine (Gaughan, 2011). In other words, this means a combination of two or more companies who operate in different parts of the value chain (Feix, 2020). The drivers for vertical mergers are the increased control of the supply chain and potential synergy and cost savings related to this takeover (Gaughan, 2011).

Conglomerate mergers refer to a combination of two or more companies who are not competitors or do not have a buyer-seller relationship. The companies are clearly from different industries (DePamphilis, 2015), and the drivers to merge lie in market extension diversification and potential synergies from that deal and possible cross-selling opportunities (Gaughan, 2011).

2.2 Motivations

Mergers and acquisitions always originate from the objectives of management and the main objective remains the same: to enhance company profitability, thereby increasing shareholder wealth. (Kumar & Sharma, 2019; Liimatainen & Lähteenmaa, 2020). M&A can can be treated as an investment decision (Erkkilä & Valpola, 2011; Liimatainen & Lätheenmaa, 2020*).* Still, the rationales behind the management objectives can differ significantly, and for that reason the motives are presented separately in this chapter.

The motives and objectives for M&A have been categorized in many ways. In this thesis they are grouped into three main categories. First being strategic and transformational motives where companies pursue M&A transactions to reposition themselves within changing markets, access new capabilities or accelerate their transformation. Bower (2001) identifies strategic rationales such as capacity consolidation, market extension, capability acquisition as well as inventing new industry from two eroding industry boundaries. Dreher and Ernst (2022) emphasize market expansion, technology access and sales growth acceleration as main strategic drivers.

Second rationale incorporates financial and efficiency motives, such as generating financial value through economies of scale, cost optimization and portfolio restructuring. One of the common financial rationales is synergy benefits that are described in the literature with an equation of 2+2=5 describing the joint value of combining entities rather than having them function separately. (Katramo et al. 2013)

The third category entails managerial and organizational motives, such as managerial goals and leadership vision. For example, managers can fall into maximizing their own benefits over shareholder value. This phenomenon is described as empire building theory in Trautwein's (1990) research. In conclusion, clear articulation and communication of the M&A rationales establishes the foundation for the integration execution and value creation. (Gomes, Angwin, Weber, & Yedidia Tarba, 2013; Haspeslagh & Jemison, 1991a)

2.3 M&A process

M&A processes are dynamic and very multifaceted processes. Therefore, there is no standard M&A process established (Gomes et al., 2013). Still, key phases and milestones are present in all M&A transaction lifecycles (Meynerts-Stiller & Rohloff, 2019). To interpret the nature of mergers and acquisitions, the understanding of the M&A process is a prerequisite for the following chapters. There are several ways on how the M&A process is structured; the most universal process structure is linking the tasks around three main phases: pre-merger, transaction, and post-merger (Meynerts-Stiller & Rohloff, 2019; Gilligan & Galpin, 2022). In the Figure 2, the key phases, including smaller sub-processes, are illustrated.

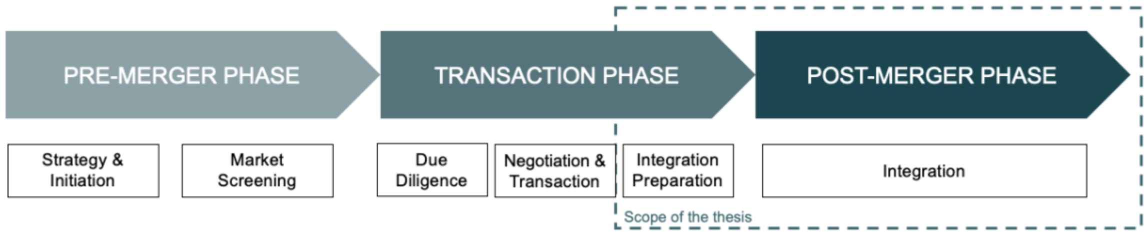

Figure 2, M&A process key phases (Adapted from Meynerts-Stiller & Rohloff, 2019)

Pre-merger phase focuses on establishing the M&A strategy aligned with the strategic intents of the buyer. According to Porter (1996), strategy means choosing the long-term direction and positioning, that can be achieved by aligning activities and resources that create differentiation from competitors, and sustainable value. Other pre-merger activities consist of candidate screening and prioritizing, M&A roadmap creation and finally selection of the candidate. Pre-merger phase ends with imitation of value proposition to the seller or possible breakdown if no suitable candidates are found. (Bösecke, 2009)

Transaction phase starts from contacting the target and lasts until signing and closing the deal. Key activities of the transaction phase consist of detailed due diligence, valuation, negotiation of contract price and conditions as well as integration planning. (Miller, 2022).

Post-merger phase occurs when the deal is closed and consequently integration execution starts. Having the “deal closed” might create this feeling that the work is done, but it usually means that the most challenging part is beginning. The main objective of the post-merger phase is to integrate the target business to the buyer by executing and implementing the planned operations as well as realizing the expected value of the deal. (Erkkilä & Valpola, 2011; Bösecke, 2009)

In real life, M&A processes do not follow a linear flow of phases. The stages usually overlap, and some processes are more iterative due to the dynamic and evolving nature of M&A transactions. Additionally, when the information increases, the need to go back and revise the plans to align with the new information requires adaptability and eventually breaks the illusion of linearity. (Galpin & Herndon, 2014)

2.4 Reasons for failure and success

Mergers and acquisitions are known for their high failure rates, that range from 50 to 90% depending on the studies and measurement techniques. High failure rates raise questions that why companies are still willing to engage in M&A and see it as an attractive option to pursue strategic growth. (Liimatainen & Lähteenmaa, 2020) Setting clear goals is a prerequisite for evaluating the success of M&A. Whether the transaction is considered a success or a failure, ultimately depends on whether it creates or destroys shareholder value in the long term (Renneboog & Vansteenkiste, 2019; Liimatainen & Lähteenmaa, 2020).

According to Meynerts-Stiller and Rohloff (2019), it is much easier to pinpoint the factors causing M&A failure than success, but success itself does not come only by avoiding the factors that cause failure. Several studies agree that M&As come with a high risks and complexity (Miller, 2022; Liimatainen & Lähteenmaa, 2020). Moreover, scholars emphasize the human factor contributing to the success or failure of the deal. Human factor covers for example coping with cultural differences and poor internal communications (Koi-Akrofi, 2016).

According to DePamphilis (2015), even well-executed plans can fail if the underlying idea is fundamentally flawed. Translated into M&A context, this means that establishing the M&A strategy and selecting the target play a critical role in the outcome of the deal. Therefore, a vital success factor for M&A is the strategic fit between the buyer and seller. The alignment in areas, such as vision, size, culture, and business scope can be referred as strategic fit. More specifically, cultural fit can be distinguished as its own category. The higher level of similarity in markets, resources, or operations the better synergy opportunities and integration foundation. (Dreher & Ernst, 2022; Bauer & Matzler, 2014) On the other hand, Finkelstein and Kim (2009, p. 618) argue that complementary differences can generate even greater value, as they offer a broader range of business opportunities to develop capabilities that either firm could not achieve on its own.

According to Haspeslagh and Jemison (1991b) post-merger integration is one the most critical stages of M&A and it can contribute greatly to M&A failure. Integration planning phase has been identified as a critical pitfall in M&A as it is often insufficiently prioritized, leading to misaligned actions and ultimately to value erosion (Davis, 2012). Friedman Reinaud, Staudacher, Barret and Dawson (2017) add to this point by underlying the importance of linking tightly the due diligence team to the integration planning team to avoid information gaps and enable better planning with profound understanding on the preliminary targets. Moreover, according to Dreher & Ernst (2022), one of the most important success factors is the previous M&A experience of the managers involved. Experience enables managers and advisors to react fast if problems arise during the M&A process. Venzin et al. (2018) note, that previous merger experience is only beneficial if the experienced manager does not try to apply the universal rules to different deals. So, it is essential to keep in mind, that all deals are different, and the same actions might not explicitly work with another deal.

Gomes et al. (2013) approach success factors from the process discipline by dividing them between pre- and post-merger stages. Their study emphasizes that M&A success should focus on interpreting it as a continuity across all M&A lifecycle stages. According to Gomes et al. (2013) successful deals link pre-merger strategy with post-merger integration execution through holistic leadership, cultural alignment, and structured performance management.

2.5 IT in M&A

The research on relationship between information technology (IT) and M&A has increased during the recent years (Aboagye-Darko et al., 2024). Business processes and operations have become significantly dependent on the information technology which covers applications, data management, infrastructure, networks, devices, security, and end-user services (Asper, Protsman & Roehl-Anderson, 2013). Therefore, IT plays a critical role in M&A, not only during the technical execution, but throughout the lifecycle of the deal. The focus in this chapter is not on individual system choices or technical details, but on the wider role of IT affecting M&A success, integration management and the realization of value.

When it comes to mergers and acquisitions, IT should not be treated as back-office enabler anymore (Henningsson et al., 2018). A great share of the deal value synergies and strategic objectives are dependent on IT. According to Wijnhoven, Spil, Stegwee, and Fa (2006) more than a half of deal value synergies are linked to IT. Asper at al. (2013) conclude that usually, IT is the most expensive and most critical facilitator of value creation in M&A which requires strong collaboration and alignment between business and IT.

Historically, the role of IT and its importance in M&A have been underestimated. The attention of management is typically in financial, legal, or product-related issues, leaving IT-related matters to be considered at a later stage. However, early assessment of the company IT's competitive advantage and involvement of IT experts in the planning phase increases the chances of M&A success. (Stylianou, Jeffries, & Robbins, 1996; Lohrke, Frownfelter-Lohrke & Ketchen, 2016)

Capturing M&A benefits requires a straightforward approach that starts with the recognition that IT activities should be closely aligned with business activities during the M&A process. As highlighted earlier, there are three dimensions to an M&A transaction: pre-merger, transaction, post-merger, and IT has an important role in all these phases (Table 3). In the pre-merger phase, during IT due diligence the buyer can evaluate the target's system compatibility, infrastructure flexibility, and cybersecurity risks. It also enables for early integration scenarios and assessing potential technical gaps and debt. Transaction phase includes a thorough preparation and planning activities, such as governance model setup, drafting future IT operating model as well as preparation for Day One activities and transition service agreement (TSA) negotiations. Both, Day One and TSA will be explained in the following chapters. Post-merger is officially the part when technical IT integration is executed and implemented. It includes activities such as ensuring stabilization of business operations, application transfers and consolidations, and finally deal value realization initiatives. (Sofigate, 2025)

Table 3, Key activities of IT in M&A process (Adapted from Sofigate, 2025)

Phase	IT's role	Key Activities
Pre-Merger	Assessing feasibility and risks	• IT due diligence (systems, infrastructure, cybersecurity, data quality) • Identification of technical debt and risks • High-level integration scenarios • Early involvement of IT management in strategy discussions
Transaction	Planning and preparing integration while ensuring Day One readiness	• Detailed IT integration planning • Design of target IT operating model • Preparation of TSAs • Day One planning • Governance setup for IT integration • Identification of quick wins
Post-Merger	Executing integration and enabling long-term transformation	• Day 1 continuity and stabilization • System migrations and data consolidation • Application and infrastructure harmonization • IT optimization and elimination of redundancies • Driving synergy realization • Enabling new digital capabilities and business transformation

3 Integration in M&A

This chapter focuses mainly on post-merger integration and its characteristics. In addition, integration design and planning as prerequisites of the actual post-merger integration execution are examined, due to them serving as key inputs affecting the outcomes of integration processes.

3.1 Key concepts of integration

In M&A, integration refers to a complex and large-scale business process, that involves several stakeholders, operations, and projects. While integration projects are closely tracked for time and financial performance, communication and information availability for wider audiences are frequently lacking. Moreover, ongoing organizational changes create uncertainty and concern among employees regarding the continuity of their roles and future. (Davis, 2012)

In the M&A process, closing the deal may feel like a major milestone, but the true challenge lies in the in the post-merger integration phase which eventually defines whether the transaction will succeed in the long term. Post-merger integration is not just the final stage of the M&A process, it is the stage that determines whether real value is created or not. (Liimatainen & Lähteenmaa, 2020; Erkkilä & Valpola, 2011)

During the past few decades, post-merger integration (PMI) has been under the lens of several studies, and it has been given various measurement and conceptual approaches. Graebner, Heimeriks, Huy and Vaara (2017, p.5) have defined post-merger integration *"as the multifaceted, dynamic process through which the acquirer and acquired firm or their components are combined to form a new organization"*. In previous studies, post-merger integration has been approached covering the amalgamation of assets and activities, material or immaterial, and furthermore differentiated between managerial, procedural, and physical integration (Shrivastava, 1986). Birkinshaw, Bresman and Hakanson (2000) have simply divided post-merger integration into task and human resource integration. Liimatainen and Lähteenmaa (2020) complete this view by describing integration as the process of combining two businesses – either fully or partly. The degree of integration depends on the structure of the acquisition as well as the strategic objective of the deal.

“Well planned is half done” is a quote that can be applied to post-merger integration management, although a plan is only effective when key leaders are involved and committed to both planning and execution. Planning the integration period before closing the deal is important, and the business plan prepared during that stage should describe why and how the buyer's operations will function after the transaction, so that the intended benefits of the deal can be realized. (Erkkilä & Valpola, 2011).

Miller (2022) has developed a visual framework (Figure 3) of successful M&A integration, that illustrates that integration success is built on solid foundation of shared values (trust, transparency, respect, and agility), which then supports key structure components (such as clear strategy, measurable objectives, and consistent communication). Integration success entails thorough due diligence, early target involvement, dedicated leadership, adaptive integration planning and active coordination of cultural, organizational, and functional integration.

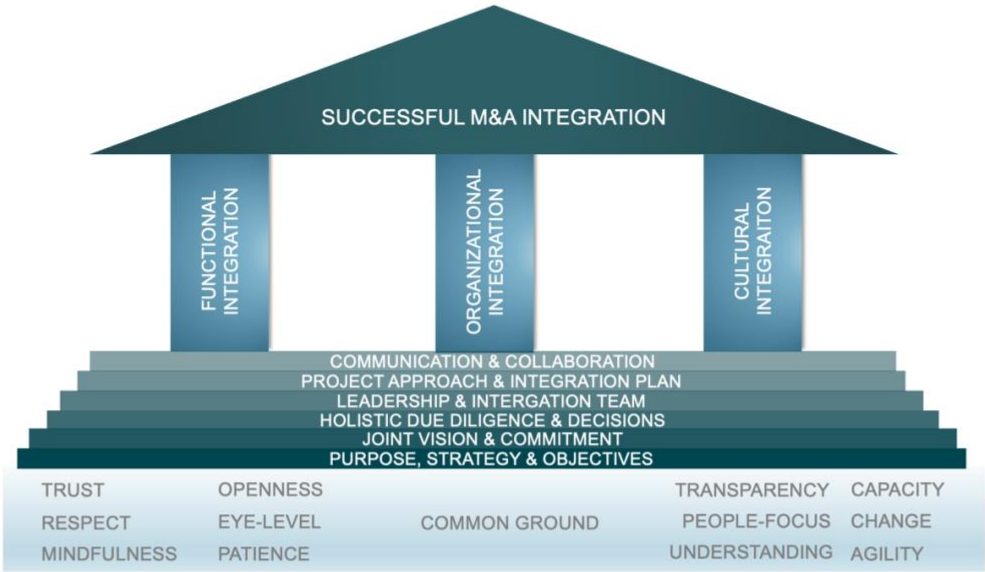

Figure 3, Visual framework of successful M&A integration (Miller, 2022)

3.2 Levels and design of integration

Even a "small" integration can disrupt company operations, which is why integrations require management's attention. The complexity and demand of integration increase as the number of integrated operations and countries increases. (Erkkilä & Valpola, 2011) The size of the integration project can be divided to three different size categories or levels of difficulty depending on the size difference between the merging organizations, for example to large, medium, and small deals (Katramo et al., 2013).

There are different degrees of integration and according to the study of Miller (2022), many scholars have referred to an integration matrix developed by Haspeslagh and Jemison (1991a). In the Figure 4 below, four different approaches to integration are distinguished:

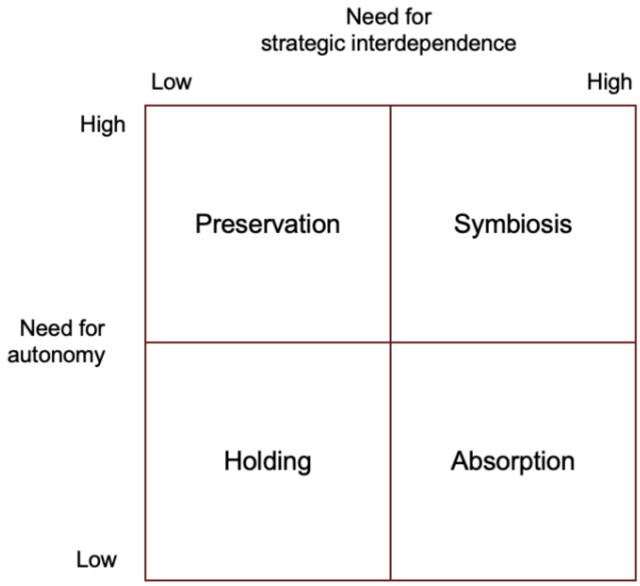

Figure 4 Integration Matrix (Miller, 2022, based on Haspeslagh and Demison, 1991a)

Holding means ownership of the target but no integration. Preservation refers to maintaining autonomy of the target with integration of optional administrative processes. Symbiosis, on the other hand, involves integrating only selected specific elements and functions. Absorption means full integration. (Haspeslagh & Jemison, 1991a)

Meynerts-Stiller and Rohloff (2019) describe post-merger integration as an organizational project, which means that it affects directly and rapidly through the whole organization, interacting in several ways with the demand for basic business operations. Puranam and Vanneste (2016) confirm that integration is an organizational design problem, since it requires decision making in organizational design and management activities in grouping (units, departments) as well as linking across the groupings (temporary cross-functional task forces, vertical reporting).To consider and understand the organizational influence of the integration project, Meynerts-Stiller and Rohloff (2019) have presented an approach to integration which takes into account the interactions and dependencies between the integration project and the whole line organization.

To succeed, integration project and workstreams should consider following key areas:

- Technical integration: aligning systems and processes such as IT, Finance, legal and value chain functions.
- Cultural integration: including all activities related to communications, training, change management and feedback surveys.
- Business continuity and value realization: workstreams protecting value drivers, realizing the stated merger value and initial integration strategy, and sustaining operations. (Meynerts-Stiller & Rohloff, 2019)

No matter what degree of integration, the importance of planning and executing the takeover in a controlled manner is important. Integration requires extensive planning and commitment to define new responsibilities, governance models, and common direction. Without clear control and decision-making responsibilities, the benefits brought by integration are missed early. (Liimatainen & Lähteenmaa, 2020)

3.3 Integration phases and milestones

In this chapter the important milestones and phases in integration project are described. To understand the nature of post-merger integration project, it is essential to understand the key phases and their linking to the overall M&A process. Erkkilä and Valpola (2011) highlight in their M&A integration guide, that the use of process phases facilitates planning, goal setting, task assigning and measuring goals against the plan. They describe integration planning and execution as an evolving process. In addition, Gates and Very (2003) refer to integration as an adaptive process, in which learning is essential.

There are different ways to structure the process and define the key stages of an integration project. Gates and Very (2003) divide integration into two-stage processes: first hundred days (after closing the deal), and capability transfer stage. They emphasize that initial planning is essential, since many choices must be taken right after closing the deal to get the employees committed and momentum maintained. (Gates & Very, 2003) According to Erkkilä and Valpola (2011), integration pre-planning should start during deal negotiations and due diligence, before signing and deal announcement. After signing, buyer can start to prepare more to ensure that the organization understands what needs to be integrated. Between the signing and closing, Integration Management Office (IMO) should be established. This waiting period allows organizations to refine plans, align resources, communicate upcoming changes for internals and customers, and anticipate Day One requirements. The full speed and the formal start of integration projects is called Day One, which means closing the deal and change in the ownership. (Meynerts-Stiller and Rohloff, 2019).

According to (Whitaker, 2016, p. 267) Day One represents a milestone of successfully completing the deal and realization of all planning. The focus is on instant stabilization and continuity of operations. Roles, responsibilities, and governance structures are clarified, setting the base on who will drive the integration. The first 100 days are known as being critical for making key decisions and delivering early synergies. This phase ensures that momentum is maintained, and that the integration delivers visible value, thereby building confidence among stakeholders. (Whitaker, 2016)

Over the first year, integration initiatives evolve from active project work to implementing the new structures, systems and processes into the organization. The goal is to sustain change and align operations with the strategic vision. Eventually, the performance responsibility is transferred fully from the project-based integration to line management and operations as integration becomes part of normal business operations. (Erkkilä & Valppola, 2011) The defined end for integration program can be referred to as Day Two (Boland, Goldberg, Hartnett, Rai, Ronan & Roehl-Anderson, 2013). This phase is described in more detail in chapter 4.

4 IT Integration in M&A

This chapter focuses on examining the role of IT in M&A integration. As previously stated in chapter 2.5, IT is often both the most expensive and the most critical enabler of value creation in M&A. Therefore, it is essential to align the planning effort with business objectives. The focus of this chapter is more organizational side of IT integration. Consequently, topics related to merging IT assets are excluded due to scoping choices.

The chapter aims to identify the key factors that influence the success of IT integration management. The focus is on the post-merger IT integration execution, but certain elements from the pre-merger phase, such as IT integration strategy and planning, are also addressed, due to relevance in overall integration success (Gomes et al., 2013).

4.1 IT Integration

According to Henningsson and Carlsson (2011, p. 473) research in IT integration is *"similar to hunting for a running target as both business and technologies for IS integration constantly evolve"*. They emphasize that while evolving technologies may make it easier to overcome some integration issues from a technological perspective, the managerial issues remain the same.

IT integration's priority is to enable the realisation of business benefits in mergers and acquisitions (Henningsson & Carlsson, 2011). IT integration problems are the top issues causing failures, and the connection between success in M&A and the decision on how to integrate the IT systems is evident (Lohrke et al., 2016). Additionally, one study estimates that 45-60% of the projected benefits of M&A depend on IT integration (Sarrazin & West, 2011, cited in Henningsson, 2018)

IT integration in M&A can be interpreted as the key processes of IT due diligence and the actual integration processes (McKiernan & Merali 1995; Henningsson et al., 2018). While McKiernan and Merali (1995) have introduced the term 'proactive IS integration', many mergers and acquisitions fail to take the proactive role in assessing and planning the IT integration strategy at an early stage (Henningsson & Kettinger, 2016). Most of the time, IT integration is only considered after closing the deal, and the expectations towards IT departments are high, including speedy system integration and system consolidation (Wijnhoven et al., 2006; Mehta & Hirschheim, 2007).

In Figure 5 below, Henningsson (2015) has introduced IT integration project as part of the overall M&A process. From a process point of view, IT Integration project starts from the deal announcement with an analysis phase during Due Diligence and deal negotiations. The objective of the IT integration analysis phase is to gain understanding of the starting state of the acquisition as well as desired future state (Böhm et al. 2011, cited in Henningsson, 2015). When the deal is signed, a more thorough planning period can start. During IT integration planning, key issues, such as integration scope and governance structure, are defined (Alaranta & Henningsson, 2008). Planning phase includes accessing the seller's critical IT systems and identifying applications and data to be transferred as well as estimating the required capabilities and resources for integration execution. On Day One, the ownership is transferred, and the IT integration execution starts (Stylianou et al., 1996). It includes technical implementation, such as system migrations, application transfers and consolidation.

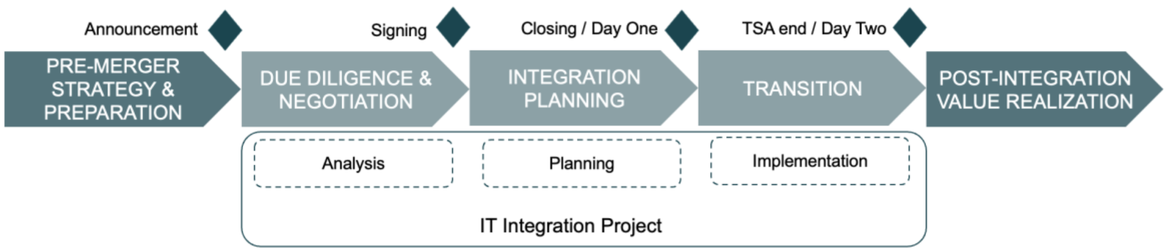

Figure 5, M&A process from IT Integration perspective (Adapted from Henningsson, 2015)

While IT Integration is identified itself a very complex process from both human and task point of view (Birkinshaw et al., 2000), it has a significant impact on integrating other functions. According to Meynerts-Stiller and Rohloff (2019) the IT departments are usually required to integrate and achieve their own targeted synergies and at the same time they need to enable and support the integration of other functions. The role of IT in integration can be viewed as two-fold. Whitaker (2012) has illustrated the two-fold role in Figure 6, addressing that IT needs to be integrated as a functional domain while concurrently enabling and supporting for the integration of other business functions.

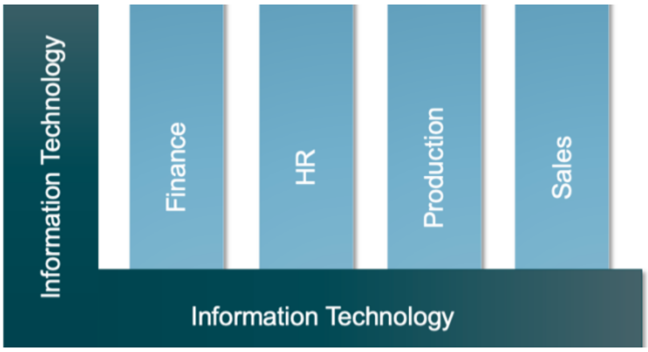

Figure 6, IT's role in integration (Adapted from Whitaker, 2012)

4.2 IT Integration strategy

The strategic approach to integration management is very similar to usual strategic planning: first it is essential to define target state of the organization after one, three or five years after integration. These objectives should define and guide the leadership and strategic decisions for the integration targets, and after that the targets for Due diligence phase. (Liimatainen & Lähteenmaa, 2020) When a company has decided to engage in M&A activity by merging or acquiring another business, one key question is to what extent to integrate the organization and information technologies (Wijnhoven et al., 2006).

The strategy for the M&A action is based on the buyer's motives and long-term vision. Still, in many cases the vision and objectives of the new organization is not present in the planning of the IT integration (Alaranta & Henningsson, 2008). Moreover, according to Wijnhoven et al. (2006), translating M&A strategy and objectives to appropriate IT integration strategy is a complicated process due to the lack of understanding of the factors affecting the integration outcomes.

In the context of IT integration, the goal is to have the initial strategic intent of the deal (M&A strategy) aligned with the IT integration plan. According to Wijnhoven et al. (2006), aligning IT integration with business requires that the company's strategic business priorities, organizational arrangements, and work procedures are defined before the integration process. In addition, Asper et al. (2013) highlight the importance of developing a clear end-state vision on the operating model of the new entity after the integration. A business-led blueprint allows IT to plan their integration strategy and aligned with the business changes and objectives. The lack of proper IT integration strategy and analysis before the signing of the deal is one of the most common pitfalls in M&A (Alaranta & Henningsson, 2008).

In research on IT integration strategies, four main approaches have been identified: IT absorption, IT Co-existence, Best of breed and IT renewal. In absorption the target's IT systems and resources are fully replaced by the acquirers existing IT resources. In partial co-existence only some part of the IT systems and resources are replaced by the acquirer and rest are retained. Full co-existence strategy entails retaining the acquired firm's all IT resources and systems and building the necessary integrations between the IT functions. The best of breed is selecting the best parts of both IT resources. In IT renewal, both companies' IT resources are renewed, and it is chosen if the former IT resources cannot support the post-integration business model. These strategies realize different business benefits and for that reason, are applicable in different circumstances. (Johnston & Yetton, 1996; Henningsson & Yetton, 2013)

4.3 Role of culture, change management and communications

In chapter 2.4 the common reasons of M&A failure were covered. One of the biggest reasons for failure are the issues in cultural alignment. Liimatainen and Lähteenmaa (2020) mention in their book that at the end human capital is the factor which determines the success of integration. Since issues related to human capital are hard to manage, they are usually ignored before they happen. Still, the authors believe that successful integration is possible even with major cultural differences when the risks are identified early and there are plans prepared for mitigating them. In a good integration project, the identified differences are assessed and communicated as early as possible. Also, the action plan on solving possible conflicts should be communicated to key stakeholders. (Liimatainen & Lähteeenmaa, 2020)

The differences between IT department cultures differ as extensively as corporate cultures (Harrell & Higgins, 2002). According to Denison and Ko (2016), conducting a cultural due diligence of both the buyer and target enables better decision making before and after the integration phase and it can impact on the integration success.

Managing and communicating changes during the integration period requires strong change management capabilities and practices. Moran and Brightman (2000) define change management as a continuous renewal process of organization's strategy, design, and capabilities to meet the needs of both internal and external stakeholders. Change means that there is a need for new system which requires leadership. Usually, the first phase of renewal process does not start until the right leadership is in place. (Kotter, 2007).

In the context of mergers and acquisitions, integration can be seen as a large-scale change initiative. Bergamin and Braun (2018) have identified a set of factors that influence the success of transformation (Figure 7). The first factor emphasizes recognizing the need for change and communicating it urgency. The second factor focuses on leadership commitment and ownership of the change initiative The third factor includes the organizational consensus of the necessity of change and ensuring that dedicated change agents support the implementation. Finally, the fourth factor promotes the importance of right spirit to accelerate the transformation.

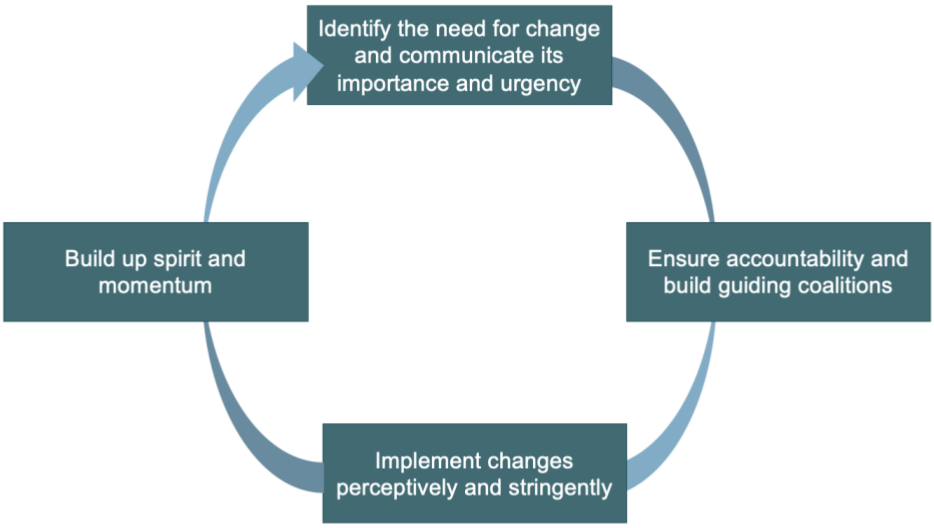

Figure 7, Typical steps in change management (Bergamin & Braun, 2018, p. 6)

According to (Erkkilä & Valpola, 2011) the impact of managers is significant, as they can influence employee commitment through their own example. Therefore, supporting managers to work as change agents would improve the momentum of M&A integration. One part of managing the change in M&A is communicating the change, both internally and externally. Especially, when the integration planning starts, communications take a more fundamental role. Appointing a senior executive to lead and oversee communications is critical for integration success. Poor communication attempts to in sharing progress updates or delivering key messages can put the whole integration program to risk. (Moraitis & Keener, 2019)

Several M&A communication guidelines address the importance of consistent communications during the integration period (Galpin & Herndon, 2014; Erkkilä & Valpola, 2011; Moraitis & Keener, 2019). In addition to the guidelines, honest and transparent communication reduces unclarities, and linking communications to strategic objectives is essential to success (Liimatainen & Lähteenmaa 2020; Galpin & Herndon, 2014).

Additionally, Moraitis and Keener (2019) emphasize that communication is a responsibility of the line organization. While communications teams or external advisors can prepare and coordinate materials, the content and agenda should originate from key people in the organization. It is known that this responsibility can stretch the capacity of key people, but at the end, they need to lead by example. (Moraitis & Keener, 2019).

and Keener (2019) have summarized the key principles of communications in mergers and acquisitions:

1. Treat communications and the communications lead as an equal partner in throughout the integration process.
2. Communicate consistently and with persistence to all stakeholders.
3. Make communications a line responsibility. Demand all leaders to actively share messages to employees and stakeholders and provide them with necessary training and support.
4. Utilize communications to:
    a) Maintain control over the overall narrative
    b) Build and sustain momentum;
    c) Embed organizational values across all levels of the organisation.
5. Keep communication two-way to:
    a) Give employees and stakeholders opportunity to feel heard;
    b) Stay informed and connected to what is happening across the organization
6. Ensure senior leaders sustain a high level of visibility during the whole integration process, not just in the beginning.

4.4 IT Integration management

According to Gottschalk (2000), IT integration management can be categorized as a subtask of IT management. It has also been identified as one of top identified IT management issues in their research. In this thesis, the concept of IT integration management in M&A comes from a definition by Henningsson and Carlsson (2011, p.44) where they refer to it as *"the understanding how IS integration relates to the M&A context as well as being able to decide and act upon the understanding".*

Henningsson and Carlsson (2011) have grouped IT integration management into three main tasks, which include:

1. Distinguishing structural alternatives for IT integration in M&A
2. Making decisions based on a clear understanding of how each option aligns with the overall M&A objectives
3. Implementing and executing the decisions

This chapter focuses on IT workstream characteristics that are particularly critical for IT management and project teams during integration. Birkinshaw et al. (2000) approaches integration management with having a split between the management of task integration and human integration. Task integration focuses on realization of operational synergies, whereas human integration refers to building positive perceptions of the integration across employees on both organizations. With that approach, they state that M&A success is the result of effective management of the parallel sub-processes of task and human integration. (Birkinshaw et al., 2000)

Haspeslagh and Jemison (1991b) distinguish the management of the integration into two-phased process. Their research highlights that the process approach is more focused on the capability transfer that eventually results in competitive advantage. The first phase establishes the base and environment for integration. The second phase focuses on executing the capability transfer, which strengthens the competitiveness and results in value creation. Figure 8 below illustrates how challenges in one phase affect the next and ultimately influence the final outcome of M&A.

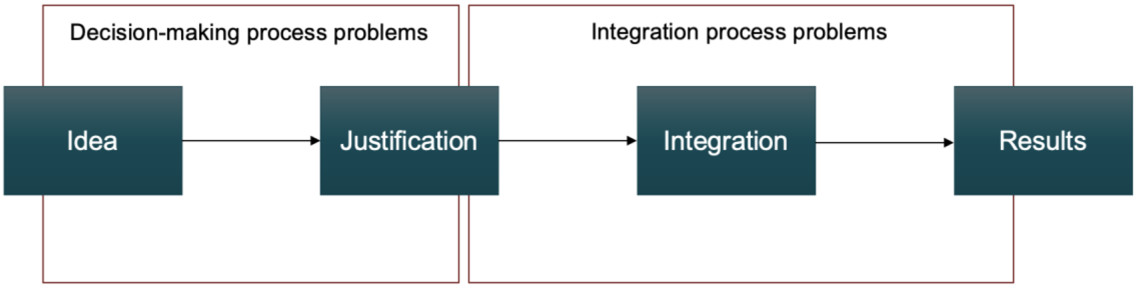

Figure 8, How M&A process affects results (Adapted from Haspeslagh & Jemison, 1991b)

M&A integrations can be referred as projects, as they can be handled as temporary endeavors undertaken to create a unique result (Project Management Institute, 2021, p.4). According to Erkkilä and Valpola (2011) an integration is a project with several sub-projects. Applied from this definition, IT Integration is referred as one of the subprocesses of overall integration project. However, within the scope of this thesis, no research on IT integration project management approaches was found. Due to the complex nature of M&A (Meynerts-Stiller & Rohfloff, 2019), many researchers suggest a traditional, gate-based project management approach with checklists (Erkkilä & Valpola, 2011; Bergamin & Braun, 2018; Meynerts-Stiller & Rohfloff, 2019). Whereas Patel (2019) has developed an agile project management approach for integration management based on Agile Manifesto (Beck et al., 2001). To conclude, project management approach for managing IT integration is highly dependent on the maturity of the project management cultures of the combined organizations (Meynerts-Stiller & Rohfloff, 2019).

4.4.1 IT Integration leadership

In the chapter 2.4., one of the success factors identified in M&A is having experienced and dedicated managers. To better understand that how IT leadership can impact the outcome of the integration process, the beneficial features and capabilities within IT integration leaders are examined in this chapter. In the scope of this literature review, researchers have investigated the beneficial capabilities and features among successful integration leaders but not extensively in IT integration leaders. In this thesis, the identified features are interpreted to the IT integration leader's qualities as well.

According to Mooney (2021), several M&A challenges could be tackled by appointing the right leaders with the right experience and with an ability to rapidly establish collaborative, cross-functional task forces around them. According to Gadiesh, Buchanan, Daniell, and Ormiston (2002), the deal's strategic motive and the present risk and opportunities influence the way the leader should act at different stages of the process. So, the ability to estimate the situation and adapt the leadership style accordingly can impact the deal outcome.

Depending on the size of the organization, the Chief Information Officer (CIO) is at least the strategic sponsor and possibly running the IT integration at the program level. The role of the CIO is substantial and demanding due to the dual role leading the integration process as well as building the future landscape of the new IT organization. The CIO needs to manage the change within its own internal IT function and at the same time, support the changing external functions and customer demand. Contribution of the CIO through the process is essential and it can even determine the pace and success of reaching the strategic objectives of the new organization. (Goverman & Roehl-Anderson, 2013).

Venzin et al. 2018 underlines that inclusive and transparent leadership styles foster integration success. They underlie the importance of creating a clear vision of the future as well as continuous communications and commitment to showing the path for the desired future state. Accroding to Galpin and Herndon (2014), integration leaders should have excellent project management and people skills, and broad experience among the buyer organization is recognized as beneficial. The leader needs to be on track with the integration decision-making process, milestone, and deliverable progress and eventually the quality of the reporting. (Galpin & Herndon, 2014)

Flexibility, emotional, and cultural intelligence are one of the key qualities of integration leaders. Flexibility means that, for example, the leader should tolerate chaotic circumstances and operate even though they cannot use their usual project management tools and methods. They need to be able to bring structure to the combined organizations and simplify complex processes into logical roadmaps. When it comes to people and culture, the leader should not see integration as an “*engineering exercise*”. They need to be able to sense and consider cultural and emotional issues and handle them in a way that business requirements are met on time. (Ashkenas & Francis, 2000, p. 115-116)

4.4.2 Governance structure

While IT management covers which decision are being made and how to implement them, IT governance is *“about systematically determining who makes each type of decision (a decision right), who has input to a decision (an input right) and how these people (or groups) are held accountable for their role”.* (Weill, 2004, p.3, cited in Henningsson & Carlsson, 2011). Selecting and establishing a governance structure for the IT integration project, is one of the key tasks of the integration planning phase (Chin, Brown & Hu, 2004; Uccello & Roehl-Anderson, 2013).

Establishing a governance structure is essential to ensure clarity, control and commitment (Meynerts-Stiller & Rohfloff, 2019). The IT governance model should align with the wider program governance. The main role of the established governance structure is to determine the controls and Program Management office (PMO), including processes and cadence for the governing body, such as cadence of status meetings, reporting tools and templates, escalation paths and criteria. In addition, it defines the names, roles, responsibilities, and accountability of the PMO. After the governance model is established, the IT PMO establishes detailed execution roadmap including the required templates and mechanisms for progress tracking. (Uccello & Roehl-Anderson, 2013) Moraitis and Keener (2019) present a generic integration team structure illustrated in Figure 9. The IT Program Management Office is highlighted in the figure, as it represents the specific focus of this thesis.

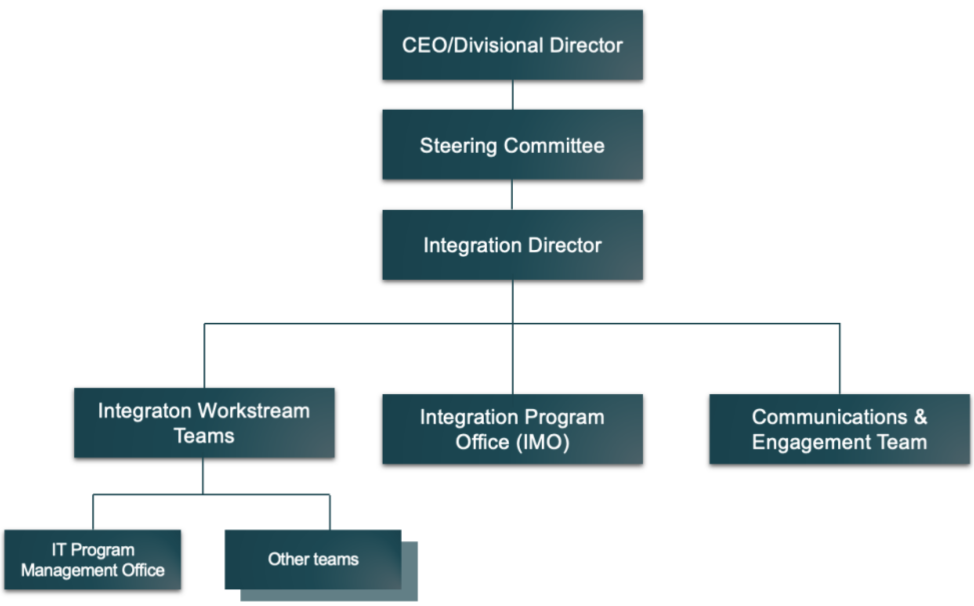

Figure 9, Generic integration team structure (adapted from Moraitis & Keener, 2019, chapter 1)

Deloitte (2012, cited in Goverman & Roehl-Anderson, 2013) has divided IT governance into four groups: decisions, structure, processes, and tools (Figure 10). Decisions answer the questions on what decisions and decisions domains are included in the model. Roles, responsibilities, and their relations are defined in the structure. Processes include the definition of how the decision making and reporting is expected to take place. Tools defines the required tools used for documenting, tracking, and reporting the decision making.

Decisions	Structure
What types of decisions and what decision domains are within the scope of the governance model?	Who needs to be involved in raising, making, communicating and executing decisions? How are these roles interrelated?
Support & Tools	**Processes**
With what tools and resource support can decisions be made efficiently in order to track, analyze, or communicate them?	How will the need for a decision to be recorded? When and how will decisions be made? How will they be communicated and tracked?

Figure 10, Four pillars of IT governance (Adapted from Deloitte, 2012, cited in Goverman & Roehl-Anderson, 2013)

The study by Chin et al. (2004) suggests that during and after M&A, the relationship and trust between the CIO and top management can be a crucial enabler for transforming previously independent IT departments into a single integrated IT function. Goverman and Roehl-Anderson (2013) confirm that establishing early and informal working relationships with the new executive team is one of the CIO's most important responsibilities, as it enables two-way communication and strengthens IT's authority and involvement in the new organization. At the end, the IT integration process, and governance structure should be designed to align with the new organization's IT strategy objectives and operating model, and therefore with the overall business strategy. (Chin et al., 2004)

4.4.3 Transition service agreement

In the context of mergers and acquisitions, especially when the target is a business line of a larger corporation, the business line needs to be "carved out" and integrated it to the buyer. The carving out and carving in process requires that the business processes and operations can continue without any disruptions. For this reason, transition service agreement (TSA) is typically established. A TSA is a contract between the seller and buyer in which the seller continues to provide certain support and services after the deal close to maintain business continuity until agreed timeframe. The services that TSA provides are usually related to finance, human resources, and information technology. (Scola & Whitaker, 2016)

Usually, TSA is negotiated before signing the purchase contract. In many cases, the time between announcement and close is short, often between 30 days to 115 days, depending on the size and nature of the deal. (Singh, Uppal, Miller & Roehl-Anderson, 2013) This timeframe is rarely enough to transfer critical data, systems, and services to the buyer's environment. When the ownership transfers, the business must be able operate immediately. For that reason, TSA acts as a temporary bridge that enables operations to continue while IT integration is executed.

From the buyer's perspective, TSA enables a controlled integration and transition period, but it is essential to agree on the scope and prices very transparently and clearly to avoid unnecessary expenses and dependencies (Deloitte, 2021). The buyer should align TSA as part of the overall integration planning and make sure that service processes between buyer and seller are defined and agreed. Moreover, it is critical to create and manage a TSA exit strategy to ensure smooth transition when the services are excited. Usually, the timeline of the IT integration workstream is tightly around the planned (IT) TSA exit schedule. IT TSAs provide hosting and maintenance services of business functions. (Singh et al. 2013) TSA costs are typically high, and depending on the contractual terms, they tend to increase over time, which motivates the buyer to exit the contract as early as possible (Scola & Whitaker, 2016).

4.4.4 Common pitfalls

According to research, IT integration design and implementation are one of the most critical and high-risk areas in integration execution (Harrell & Higgins, 2002; Henningsson & Kettinger, 2016). Several M&A challenges are linked to IT integration workstream, which is a critical enabler of exepected business synergies and value targets.

Menon and Roehl-Anderson (2013) list the most common IT integration pitfalls into following groups:

1. Unclear scope and misalignment with business
2. Too many tasks within a short timeline
3. Inaccurate communication or lack of communication

4. Lack of resources and budget

First listed pitfall about scoping entails the issue of having issues with deciding the IT's scope and approach for the M&A transaction. Estimating the IT organization and agreeing the right approach can be hard, especially if there is no adequate documentation of the current IT operating model and processes. This challenge can result in issues with operations due to disconnections between the functions. Another common challenge is the co-dependency of business and IT functions. If the business approach and requirements to the M&A is not communicated and aligned with IT, it can result in issues in business continuity especially during cutovers. (Menon & Roehl-Anderson 2013)

Second common pitfall is overloading work to very strict timeline. Most common mistake is that IT has signed up to too complex Day One scope. Tight schedule and a lot of critical work needs be managed with focusing on must-haves with strict scope management. Another pitfall is accepting and committing to over-aggressive synergy targets that are not accurately defined. These unrealistic targets could shift attention from delivering the essential services to business. (Menon & Roehl-Anderson, 2013)

Third identified challenge category relates to communications issues. In IT integration program, there is a lot of information that needs to be shared to different levels and groups of the organization. Most common issue is the misalignment and lack of coordination between IT communication and overall company communications. This misalignment can lead to confusion and inefficiencies during the program. (Menon & Roehl-Anderson, 2013)

Fourth category covers the challenge related to resourcing and budgeting within the IT program. M&A integration projects are demanding in the sense of allocation of resources. Many IT resources are overloaded with work form needing to deliver their normal line organization tasks, as well as working within in the integration projects. Another issue is the lack of understanding IT related costs and the difficulty in project budgeting and cost forecasting. IT is usually the greatest cost driver within M&A integration programs. Still, in many IT integration programs, the need for financial analyst or project controller is overlooked which can result in poor cost tracking and insufficient budgeting. (Menon & Roehl-Anderson, 2013)

The study of Henningsson and Kettinger (2016, p.954) complements the previously mentioned pitfall categories. They studied the deficiencies within different integration strategies (absorption, co-existence, best-of-breed and renewal) and their study resulted in identifying six key deficiencies in IT integration: *"business inefficiencies, business disruption, unrealized potential, staff reaction, delay, and overspending*". Their study proves that the identified pitfalls are shaped by interrelated contextual factors, such as time pressure, integration extent, merger unreadiness, power balance and sociotechnical differences. (Henningsson & Kettinger 2016, p.954) In addition, Harrell and Higgins (2002) argue that IT Integration is one of the challenging parts of M&A and emphasize the importance of aligned IT and business strategy, as well as adequate resourcing.

In the Table 4 below, Henningsson and Kettinger (2016, p. 971) have proposed tactics to manage contextual factors affecting the mentioned deficiencies in IT Integration.

Table 4, Managing the effects of context influence (Adapted from Henningsson & Kettinger 2016, p. 971)

Context	Management practice
Time pressure	- Establish framework
	- Expectation management
Complexity	- Project partition
Merger unreadiness	- Infrastructuring
	- Early decision making
Sociotechnical differences	- Communication
	- Systems replication
	- Change management
Power relations	- Assignment of decision power
	- Governance structures

4.4.5 Critical success factors

Alaranta (2005, p.143) addresses that IT integration success is an *"ambiguous, multifaceted phenomenon that can be addressed with various measures".* For this reason, clear goal setting is a very important activity in the beginning of integration. Erkkilä and Valppola (2011) emphasize the importance of setting concrete and measurable objectives for the integration period in alignment with the overall strategy. With concrete targets, it is easier to follow the schedule and make decisions. Alaranta (2005) further notes that in many cases, IT integration success is usually associated with completing the integration within the set schedule, without disrupting the business operations. This vague approach to integration success highlights the need for understanding what a successful IT integration means and how the objectives can be translated to tangible targets.

Stylianou et al. (1996) have categorized the determinants of IT integration success into four dimensions: organizational attributes, organizational merger management, IS attributes, and IS integration management. These categories and their underlying elements are illustrated in in Figure 11 below. In this framework, organizational M&A management focuses more on the higher-level success enablers related to overall M&A process (e.g. planning quality and M&A experience), whereas IT integration management covers the execution layer, more concrete integration activities and priorities. In this thesis, these dimensions are treated jointly under the IT integration management perspective.

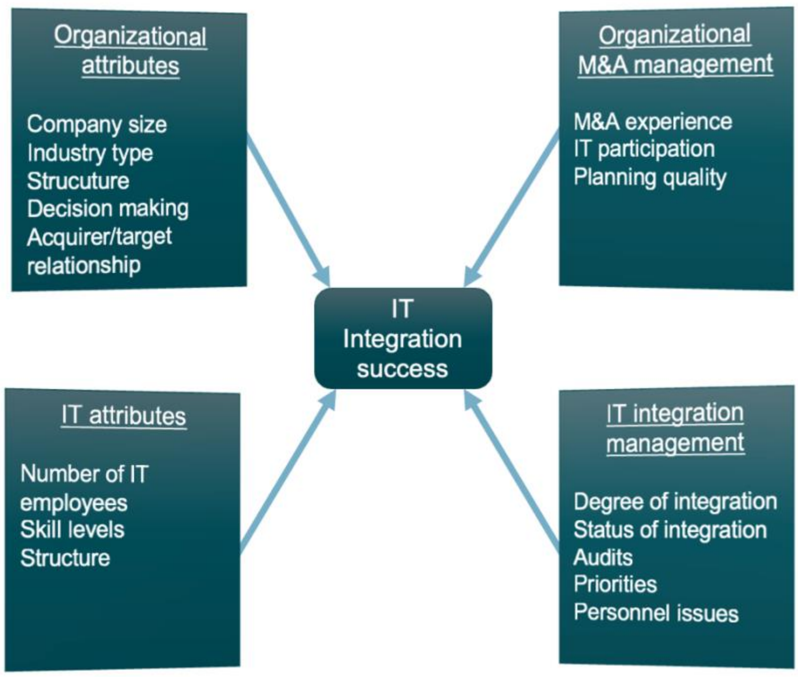

Figure 11, IT Integration success determinants (Adapted from Stylianou et al. 1996)

Stylianou et al. (1996) conducted an empirical study on CIOs which revealed five success factors that had the most positive effect on IT integration success:

1. Former post-merger IT Integration experience
2. Participation level of IT professionals in merger planning

3. Merger planning quality
4. Set criteria for IT integration priorities
5. Degree of data sharing and compatibility within applications

Orawski, Bates and Roehl-Anderson (2013) approach IT integration success more from process discipline and have defined seven success factors throughout the M&A lifecycle: early involvement of IT, facilitation of IT readiness, control of integration, risk mitigation, cost management, enablement of key stakeholder engagement and focus on talent retention. These factors contribute to a more holistic approach to IT integration management, emphasizing governance-intensive processes and continuous leadership involvement. Complementing talent retention, Lohrke et al. (2016) note that enhanced IT capabilities can be one of the most important benefits that companies can gain through M&A.

Also, speed as an integration success factor has been discussed in several studies. Miller (2022) underlies that speed itself is not affecting the success, but more likely the trend of making critical decisions very early in the integration distinguishes the top-perfomers from average. They suggest decreasing the speed after the first 100 days and making functional integration longer than the standard 100 days. Accroding to Bergamin and Braun (2018, p.33) *"sustainable integration success takes longer than a hundred days".* So, early key decisions are affecting integration success (Miller, 2022). Orawski et al. (2013) confirm that early involvement of IT in integration planning enables to make the critical key decisions as soon as possible, during the first hundred days of integration.

Gomes et al. (2013) have conducted a study that focuses on identifying and connecting success factors pre-merger and post-merger phases. The findings demonstrate that effective pre-merger due diligence and early IT assessment directly affects post-merger operational integration. Addressing these connections ensures continuity between strategy and execution. Within-firm conditions, such as proactive leadership, early inclusion of IT professionals and internal collaboration affect the ability to cope with the complexity of integration (Henningsson, Yetton & Wynne, 2018).

A recent study conducted by (Aboagye-Darko et al., 2024) focuses on complementing previous research and understanding the centrality of information technology in M&A. The study revealed that involvement of stakeholders and circumstances within the firm are also critical and previously overlooked success factors of M&A. Stakeholder involvement can be interpreted as facilitating transparency, trust and alignment between seller and buyer

(Henningsson, 2015). It improves collaboration and information sharing during integration. Therefore, insufficient participation or communication may cause resistance, misunderstandings, and slower decision-making (Vieru, Rivard, Westergren & Bourdeau, 2019).

4.4.6 Post-merger value realization

The end of the integration period can be referred as Day Two (Boland et al., 2013). Whitaker (2012) suggests that the end state of the project integration should be always defined in advance. Usually, the TSA exit timeline defines the end state of the whole integration program. In most of the cases there is still much work do to, and many processes might run as interim solutions. Normally, after the integration project, a transformative period starts, and its objective is to optimize and consolidate systems as well as move from interim processes to desired processes. Transformative part is usually the part that defines how much of the targeted value can be realized. (Scola & Whitaker, 2016)

The length of the integration project depends on many factors, but usually integration project takes from three to twelve months, depending on the implementation level of key synergies and integration activities. In principle, once the majority of synergies have been implemented, the organization should transition from a project-based organization to the operations. (Scola & Whitaker, 2016). DePamphilis (2015) confirms that most post-merger activities are completed within six months to one year.

Value is not realized at signing; it materializes in the post-deal phase when capabilities are transferred and people from both organizations begin to work toward shared goals. Failure to implement integration reduces greatly the expected value creation. Fundamentally, mergers and acquisitions create value when they strengthen the strategic capabilities of the integrated entities, which enhances their competitive position and eventually leads to improved financial performance. (Haspleslagh & Jemison, 1991a).

5 Research design and methodology

This chapter introduces the research strategy and methodology used in the empirical part of the study. It begins by exploring the rationale for the chosen qualitative research approach, followed by description of the interview process and then the criteria for selecting the interviewees. Finally, the data collection and analysis methods are described.

5.1 Research method and strategy

The research problem should guide the selection of the research method and consequently impact the success and quality of the empirical study (Hirsjärvi & Hurme, 2022). In this research, the main objective is to gain insights on success on IT integration management in mergers and acquisitions, as well as explore its challenges and connection to overall M&A success. The research objective and the research questions navigated the selection of the research method.

This thesis was chosen to be conducted as qualitative research for its objective in understanding the phenomena around the research topic from the perspective of the people involved during the research. Meaning that the experiences, thoughts, and feelings around the researched topic are wanted to be analyzed and understood. (Puusa, Juuti & Aaltio, 2020)

In this research, the aim is to gather insights and proven approaches from experienced M&A consultants and managers who have been involved in organizational mergers and acquisitions. Mergers and acquisitions are known to be complex processes where subjective experiences and human factors heavily affect the outcome (Koi- Akrofi, 2016). The need for understanding the recent experiences of M&A professionals, a qualitative approach was reasoned to be the most suitable method for this study. The empirical part of this research was conducted in collaboration with Sofigate, the commissioning organization, which provided guidance and access to relevant professionals and project contexts.

5.2 Data collection

In a qualitative study, different forms of interviews are most used for data collection. In addition, the data can be collected by combining different interview, observation, and survey methods. The rationale for using interviews as the data collection method stems from the objective of qualitative study; to understand the experiences and feelings of people around the research topic. Therefore, interviews are a natural method for exploring these aspects, since they allow participants to articulate and reflect on their thoughts and experiences. (Puusa, Juuti & Aaltio, 2020; Tuomi & Sarajärvi, 2018)

Qualitative study requires operating in research context, where mutual trust and in-depth understanding is essential. Furthermore, data collection process in a qualitative study is not standardized, which gives freedom in adjusting the interview process during the data collection (Saunders, Lewis & Thornhill, 2016). The design of interview questions was a process based on the research questions, objectives, and relevant theory on the topic. Originally, a more structured approach and specific question list was prepared and used during the first interview. However, after the first interview, a need for more flexible interview setup was identified to be able to react to the responses and focus on areas where interviewees could provide most valuable input. Therefore, the interview structure was revised after the first interview and instead of strictly predefined questions, the revised approach was based on broader themes and support questions. Finally, the data collection method for this research was chosen to be a thematic and semi-structured interview.

Semi-structured and thematic interview was selected due to the investigative approach of the research and the objective to generate practical recommendations to a complex phenomenon, management of IT integration in M&A. In a semi-structured interview, the themes are pre-defined allowing a balance between structured guidance and the flexibility to explore emerging topics during the interview. This method allows for modifying interview questions, skipping irrelevant ones and asking clarifying follow-up questions as needed. It gives freedom to the interview situation and allows for deeper insights. It also requires deep knowledge and understanding of the topic from both the interviewer and the participant. Additionally, the role of the interviewer as a facilitator of the situation is critical, since they should be able to guide the direction of the interview and know for example when not to interrupt the participant. (Galletta, 2012)

The interview themes and support questions are visible in Appendix 1. The list of questions was not sent in advance to the interview participants, due to reason of wanting to get the first reactions and ideas of the participant. Sending the interview questions to participants beforehand may result in rigid and pre-prepared answers instead of natural discussion (Hyvärinen, Nikander & Ruusuvuori, 2017). For this reason, only the main objective and themes were described in the meeting invitation.

The primary data for this research was collected through interviewing eight individuals. One of the interviews was conducted in two separate sessions, one week apart, due to conflicting schedules. Most of the interviews were held via Microsoft Teams, except for one interview being held on-site at the interviewee’s office. Online interviews were chosen because some participants were in other Nordic countries, and for Finnish participants it was more convenient to take interviews remotely due to changing work locations. The interviews were recorded and transcribed to allow the researcher to focus on the interview situation rather than taking extensive notes during the interview. All participants were asked permission to record and transcribe in the meeting invitation as well as in the beginning of the interview.

The interview participants were selected in collaboration with the research supervisor from Sofigate. The selection criteria for interviewees were former managerial experience in M&A IT integration as an external or internal resource. The goal was to get a group of participants with a wide understanding and experience of collaboration between IT and business teams in M&A setting. The roles and backgrounds of the selected participants were diverse, but all the participants had been in a managerial position in M&A setting from interim CIO to Integration Manager. Four of the interview participants were Sofigate’s internal resources and other four participants Sofigate’s customers or partners. In Table 6 below is an overview of the interview participants. In the table, SG refers to Sofigate’s internal interview participant, whereas EXT refers to external interview participant. The names and roles of the interview participants are not shown due to the confidentiality of the study.

Table 5, Interview participants

Date	ID	SG / EXT	Duration
23.6.2025	H1	SG	1:09:33
24.6.2025	H2	EXT	52:05
24.6.2025	H3	EXT	1:12:27
26.6.2025	H4	SG	53:54
30.6.2025	H5	EXT	52:39
1.7.2025	H6	SG	58:46
28.7.2025	H7	EXT	1:05:22
29.7.2025	H8	SG	58:47

5.3 Analysis of the data

The analysis of the data started with the transcription of the meeting recordings, meaning that the material was written from word-for-word utilizing the Microsoft Teams' transcription tool. Six interviews were held in Finnish and two in English and the transcription was conducted in Finnish and English according to the respective language in each interview. The initial transcription of the interviews was produced by the transcription tool. However, since the tool's accuracy is limited, especially with Finnish, all transcripts were manually reviewed and corrected by listening to the recording while editing. As a result of transcribing every interview, total of 197 pages of text converted into Word format. After the first round of transcription, the material was revised and simplified by reducing irrelevant filler words to improve readability.

In this research, the data analysis followed the process of content analysis, which is a widely used method in qualitative research. The aim of content analysis is to combine concepts from the empirical data to form a holistic understanding of the studied phenomenon. Interpreting and reasoning from the observations leads to a more conceptual understanding of the research objectives. (Tuomi & Sarajärvi, 2018)

When preparing the interview transcriptions for further analysis, they were read several times and at the same time key words and repetitive themes were highlighted throughout the documents. Then these highlighted words and sentences were copied and transferred to a new document. In this new document, the listed key words and phrases were categorized under research questions. From this research question-based document, the key themes were identified and color-coded into new thematic groups. As a result of the content analysis, the data was grouped into logical key themes. Hirsjärvi and Hurme (2022) highlight that thematizing the content as a result of analysis is not the same as using original interview themes.

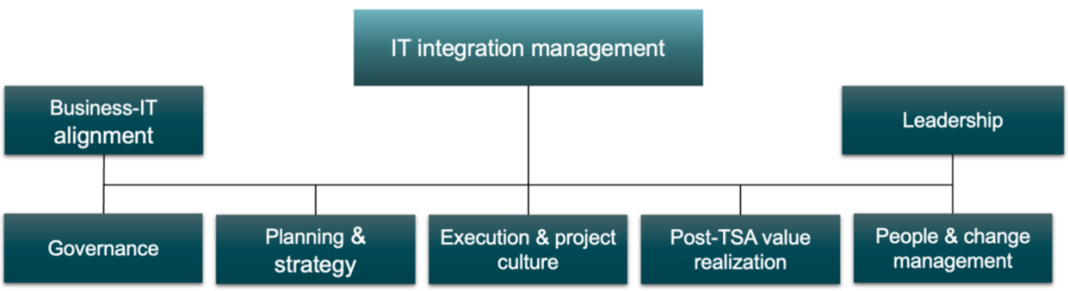

Figure 12, Identified key themes in data analysis

Figure 12 above presents the identified key themes that emerged from the data. These identified themes form the basis for understanding IT integration management from the perspective of the research questions and within the empirical context. They also serve as structural framework for the results chapter.

6 Results

This chapter presents the results of conducted qualitative research. The purpose of the interviews was to achieve a holistic understanding of the thesis topic and generate relevant insights to the research objectives. The results are structured into sub-chapters and organized according to the key themes identified during data analysis (Figure 12 from previous chapter). The analysis was conducted with the objective of linking the interview findings to the research questions.

6.1 IT Integration strategy and planning

Even though integration planning activities were not fully in the scope of the interviews, many interview answers were indirectly linked to the role of integration planning and its effect on the whole project organization and execution effectiveness. In M&A, from the buyers' point of view, the guiding force in IT integration projects should be the initial M&A strategy. The strategy and its targets set the base for integration planning, which consequently sets the target for the integration phase. Interviewee H7 notes that being able to articulate the rationale of the integration for people is highly essential. So, communicating the M&A strategy during planning and integration execution, makes it much easier to get people on board and work towards the targeted goals.

In addition to planning considerations, one interesting point from interviewee H7 relates to the general attitudes towards M&A. Many people tend to approach M&As as complex and high-stakes undertakings, usually doomed to fail. H7 challenges this view by emphasizing that, at its core, M&A transaction is a buy-sell process. Viewing integration projects through this lens could simplify the planning process and help with understanding that maintaining a good relationship between the seller and buyer could be applied to M&A as well.

When an organization decides to grow inorganically and starts forming its M&A strategy, it should also consider its M&A readiness from both organizational and technical perspectives. H8 stated that the readiness should be built well before the transaction begins, including documented operating model, roles, responsibilities, as well as technology choices that allow easier separation and integration of systems. According to the interviewee, if such readiness is lacking at the time of the acquisition, it is already too late, and the integration process will have more complexity.

Integration period can take from weeks to several months, depending on the transaction and deal counterparts, and many other factors. So, integration planning phases and activities vary a lot. One thing that many interview participants brought up, was documenting, and understanding the as-is IT operating model and the current key business processes as well as the desired future, to-be states of them. Interview participants also highlighted the benefit of process documentation for integration project trainings and communications material. Without knowing the starting point, it is impossible to draw the picture for the future. Identifying the key people from the merging organizations as early as possible was highlighted as well in the interviews.

One identified key theme emerging in most of the interviews was related to resourcing and budget planning. The difficulty lies in the limited information of the target organization in the early planning phase. Evaluating possible capability gaps is essential and sourcing extra work force is important in the planning phase. Additionally, the question arised that to what extent can people from line organizations be involved in the integration projects. H4 proposed one workaround for the resourcing issue:

> *”In the (name removed) project, the matter [key people’s capacity] was facilitated in such a way that 'temporary workers' were hired in the line organization to handle routine work, which then freed up those experienced line organization people for project work.”* (H4)

Interviewee H8 highlighted that unexpected findings are common during integration projects, ranging from minor issues, such as finding new applications that were not int the initial application documentation, to major risks like outdated industrial systems requiring costly updates. Such surprises can have significant financial and operational implications. In addition, unforeseen disagreements and emotional reactions among people were addressed. This underlines the importance of preparing for surprises and building flexibility into the integration plan.

Preparing and planning for IT integration projects is not an easy task since there are always things and information that are exposed after closing the deal and starting the integration execution work as one organization. For that reason, planning and preparing for possible surprises and failures that could emerge during the project execution was mentioned by most of the interview participants.

> *"I see IT is always a bottleneck. (..) When I start a project, I assume that IT workstream will fail. And then I plan after that."* (H7)

Usually in IT integration projects, Transition service agreements (TSAs) are negotiated and signed between the buyer and the seller. Many interviewees acknowledged that TSA timeline impacts greatly on the IT integration roadmap and planning.

6.2 Business and IT alignment

All interview participants confirmed the importance of the alignment and collaboration between IT and business from the planning to integration, to transitioning to post-integration projects. H7 highlighted the role of top management, especially the CIO being the key person in enabling the business and IT collaboration. So, having a CIO who can bridge the gap between the key business stakeholders and IT department is a prerequisite to success. H2 and H8 complemented this same view.

> *"Well, from my perspective it's making sure we [IT integration workstream] have the right sponsorship in the organization, so anchoring our plans and our initiatives with the executive leadership team."* (H2)

> *"It would be essential that it [IT integration workstream] is given sufficient importance, also from the perspective of top management. This would ensure that the situation remains clear in terms of where we are headed. However, in many situations, IT integration is precisely the most difficult and usually the most expensive part of the whole process."* (H8)

Many interview participants confirmed that IT involvement in integration planning, possibly already in Due Diligence, helps the alignment of business and IT. When the planning starts with right combination of competences and experience, the possible risks can be identified earlier.

> *"It [lesson learned] is kind of like bringing IT into the picture as early as possible. And so that those plans would start to take shape. And not just plans, but already a little bit of implementation, so it would already be starting to happen. Admittedly, it's still early, and of course that's how it is. It is difficult, but still, you should always strive for that."* (H1)

H2 and H7 remind that at the end, the role of IT is to enable business to operate and especially during IT Integration the highest principle is to avoid any disruptions to operations.

> *"Compliance regulatory first. Secondly make sure that you have operations working, Thirdly, that you can invoice." (*H7)

Another important lesson from several interviewees was the benefit of documenting the key business processes and utilizing them as communication facilitators between business and IT. In addition, many interview participants underlined the importance of having business ownership in the products and processes. H1 and H2 pointed out, that defining and assigning the business ownership to processes and products as early as possible, is a good strategy to keep the IT and businesspeople connected.

> *"So, we will try to get the business to sort of own that process of running those projects. And I think that can help a bit with the whole decision fatigue."* (H2)

H2 noted that the differences in ways of working between the two merging companies can complicate business stakeholder involvement in IT projects. For example, the level of agility might vary a lot between the integrated counterparts. H4 and H8 mentioned the importance of communications department as the success factor for IT and business alignment. H3 also mentioned the vital role of project managers in the IT integration, since they are bridging the gap between the departments by facilitating the discussion and collaboration with the business and IT.

> *"Project managers have played a really big role in this [integration project]. (..) I think they have been able to act as interpreters in between."* (H3)

6.3 IT integration governance

Integration programs are usually affecting greatly both buyers, and sellers. To be able to manage these kinds of large-scale transformations, a clear structure and governance model is vital. Establishing an integration project governance model as one of the first steps in the integration program was underlined by many interview participants. They higlighted that it gives clarity and structure which helps people to understand the ongoing changes and their role as enabling the implementation.

> *"You should articulate that [project governance] in layman terms, not legal terms. The do's and don'ts. And set that out from beginning. What is the frame you can work in? Like this is the box you can work in as a project."* (H7)

In addition, H1 and H7 mentioned the concept of Minimum Viable Governance (MVG), which means that tasks related to governance, status reports and steering meetings should not be too heavy. They should focus on strategic priorities of the project and ensure that the limited time of the key resources is used efficiently.

> *“I've always believed that updating the weekly report should not take more than five minutes. If it does, then the report becomes too expensive.”* (H1)

Many interview participants identified project governance, especially decision-making as potential pitfall in integration management. H4 brought up the issue of the limited availability of key people from line organization which can lead to delays and inefficiencies in the project execution. Additionally, H1 brought up the risk of unexpected situations, where something can happen to a key person, such as a system super user. H2 complemented this view by reflecting their experience in a merger when the required pace to make decisions felt overwhelming.

> *“Main risks [in the integration project] we're having is decision fatigue. So there's a lot of decisions needed to be made. And people are not used to making these decisions at this pace.”* (H2)

Integration projects, especially the first hundred days, require a lot of decision making from key people. Many interview participants highlighted the importance of enabling people to make decisions.

> *”I also say (..) don't ask me for permission. To do a decision, ask for forgiveness. But document your decision, take responsibility for your decision, and do a risk assessment of the decision.”* (H7)

> ” (..) *enabling people to make decisions, that's important. Also, giving people the mandate to run their processes and their projects without micromanaging them.”* (H2)

Also, H8 emphasized the top management presence in integration program governance and making sure that there is no decision gap between the integration program management and organization’s top management. Determining meeting practices and formats are included in the governance model. All interview participants also highlighted the need for agility and adaptability in the governance structure, since it is beneficial that it evolves along the project and can be adapted if needed. In addition, H1 and H2 spoke in favor of having agile project management practices, such as retrospectives and daily standups.

6.4 IT integration project culture and execution principles

Integration projects differ significantly depending on the nature of the deal and overall objectives. Nevertheless, similar themes and best practices were emerged across all the interviews. One principle for integration project execution was mentioned in all eight interviews. This principle covers the mindset of the program leader, who holds responsibility for fostering a collaborative project culture that encourages working together as one unified team.

> *"Ensuring that the team stays on track, we are on the same page and determined to move to a certain direction."* (H3)
>
> *"This kind of team spirit and good collaboration – you just can't emphasize it enough."* (H4)
>
> *"Culture eats strategy for breakfast anytime. If you don't have the culture right, then forget about having success. (..) To be successful, project needs to have its own culture. (..) If you have two cultures, one is the company that will be integrated and one that will be integrated too. And which culture prevails during the project? So therefore, you need to set up that what is the project culture. What are the core values when you run the project."* (H7)

According to H8, establishing a project culture can be seen as the pre-operating model of the new IT organization. So, clarifying and understanding the future state of the organization helps in managing the projects and it also helps the people to navigate during the first months of integration.

> "*Now we can no longer be like that side and this side, but now we should be like one united entity. (..) But the challenge, of course, is that there are so many other things going on at the same time as the integration process needs to be completed. And since many things can still change on the fly all the time, it can be difficult to align everything. (..) but still, in my opinion, on a rough level, it [operating model] should be implemented quickly, and that doesn't just mean describing some organizational structure, but also how we work together*." (H8)

Another theme that was highly emphasized is related to the principles that the project manager should drive during integration project. Many interview participants brought up the time pressure of integration projects, which does not leave a lot of room for mistakes or delays. For this reason, one of the interview participants emphasized making hard decisions early, even when they can reduce organizational value temporarily. H7 noted that *"sometimes you need to deteriorate values in order to do an integration."* They added to this point that postponing hard decisions and changes related to e.g. critical assets multiplies the complexity later, whereas early alignment with short-term costs enables long-term synergy realizations.

In addition, H7 noted that in large global corporations there is often tendency for people to communicate that everything is going well, and the things that are not going well are taken into closed rooms. But that would not work in an integration project which has several dependencies, and one failure can impact various other teams and timelines. For this reason, maintaining *"brutal honesty"* and ensuring low barriers and channels for raising risks and red flags are critical. Achieving this, requires establishing psychological safety within the teams.

> *"(..) you should really encourage people to look at potential red flags and instead have sessions to come up with what are the potential red flags. How can we mitigate those. Because then you let people speak out their mind. Instead of having a culture where you just favor green, you should have a culture where you favor the red."* (H7)

H3 mentions that as a prerequisite of the project, integration leaders and project managers should also have a clear understanding of the scope of the project. Essentially, scope management and control repeated in many interviews and was mentioned as one of the success factors in integration project management. According to H1, it is essential to create a spirit of doing the minimum viable product (MVP) and then when integration period, usually tied to TSA, is finalized, the *"world is open"* and transformative part can start. Then there is time for development of the MVP solutions built during the time-intensive integration period.

> *"(..) keep the deadline, reduce the scope, and follow up with the transformative parts. That is where I believe many projects of integration are missing. Because you lose speed in order to keep the scope and you accept to move the deadline."* (H7)

All interview participants mentioned the guiding principle of having zero disruptions in business operations when it comes to their integration execution principles. In addition, H2 and H7 highlight that key business processes (e.g. payroll and invoicing) need to be secured before TSA exit. Additionally, many of the interview participants stated the importance of buyer IT's presence in TSA negotiations. Since TSAs mean high rental costs for the buyer, as quick and early exit as possible was mentioned in many of the interviews.

> *"My view on the matter is that we should break away as quickly as possible, because then we will get one side of the discussion: the more people we have, the more problems we have, so we should want to get (company name removed) out of the picture. That dependency will be broken, after which we will no longer be able to look back."* (H2)

6.5 Leadership features and capabilities

Due to the complex and time critical nature of IT integration programs, the IT Integration Lead (usually IT PMO Lead and/or CIO) requires certain capabilities to sustain the performance and momentum of the teams and keep them aligned with the overall integration program.

When asking about beneficial leadership features and capabilities, previous M&A and IT integration program experience was emphasized across all interviews. Many interviewees spoke on behalf of having an experienced leader, because M&A projects and especially the integration period requires fast decision making, and boldness from management. Integration of two companies requires a lot of tolerating with uncertainty in all levels of the organization. Capability to solve issues with small amount of information requires decisiveness, experience, and ability to adapt quickly. Referring to M&A experience, H2 highlighted the ability to prioritize and understand what is most important to success. Additionally, according to H7, setting clear targets and expectations for the projects is essential. Interviewees H5 and H3 complemented these views:

> *“This [project name removed] kind of merger requires an incredible amount of adaptability. And the ability to tolerate uncertainty because that's what it's been like.”* (H5)
>
> “*Not afraid of taking decisions, I think that's important. So even though you don't have all the facts or all the information you need, the willingness to realize that it doesn't matter if the Internet line costs €300 or €350. It's more important getting the Internet line ordered*.” (H3)

One repetitive theme that many interviewees, mentioned was the spirit of working together towards a shared goal. The role of the leaders to foster the “we-spirit” and aligned project culture is vital. Also, people-centricity, ability, and willingness to understand people and their needs from all levels of the organization was identified as a leadership quality that several interview participants brought up.

> *“You need to understand the cultures of the company and you need to understand where I want to take the culture and then based on that, adopt your leadership style. If you do not understand how to do that, I can promise you, that are a deteriorating factor.”* (H7)

Many interviewees stated that the IT integration leader needs to build a team of experienced partners and project managers to maintain momentum and ensure progress. The leader’s ability to build connections between people and foster a team spirit is important, since nobody can do these kinds of projects by themselves. Integration is not an individual performance; it is collective collaboration and shared accountability across teams. Pointing fingers and assigning blames does not contribute to progress.

6.6 People, communications and change management

While IT integration teams work on solving complex technical issues related to data migrations and network configurations, the management of those issues and matters is all about managing the people involved and impacted by these projects. Many interview participants highlighted that the human factor in integration projects can be easily undervalued, which can lead to critical consequences. All interview participants underlined the importance of having people onboard and well included in all aspects of the integration project.

> *"The key success factors [of integration project] emphasize the human side in a way."* (H8)

> *"Meeting people, travelling a lot to meet them, eat dinners and be in the office with them, and do other things than just be in Teams meetings and work."* (H2)

The way to make people feel included and informed in a fast-paced integration project requires extensive planning and preparation from the integration teams as well as active change management. Interview participants H1, H4 and H6 stressed the importance of having a dedicated and experienced Change Lead involved already from the beginning of integration project to prepare and to be able to start coordinate the communications and activities when the Day One starts. H6 described change management in integration followingly:

> *"Change management is painting a picture of the direction, even if you don't know at that moment what the exact outcome will be, but also communicating that. (..) the most important things are managing expectations and communication. And then, of course, getting people involved."* (H6)

Many interview participants also brought up the unclarity and fuzziness around the concept of change management. It should be defined and communicated in advance.

> *"If you take 10 CEOs and say, can you please define change management, everyone will say different. So, you need to set up from beginning what's your expectation and that goes back to core project values. First you need to say the typical(..) where do you want to go and what you need to do and then comes the how*." (H7)

H6 suggests that conducting a change impact assessment (CIA) with each project manager in the beginning of the integration program helps make the change more tangible for the project teams and provides valuable input for communications materials. Also, it helps in identifying how technical changes affect people and ways of working. H6 adds that creating a *“change network”* to understand and identify the key people who need to be informed in what level is critical transformation programs of this nature. Many participants pointed that to establish and communicate the integration project culture, the backgrounds of the merging organizations should be identified and understood.

> *“Understanding the backgrounds and cultures, ability to form the new culture and common vision inside the program, (..) And answer very specifically to both the company that will be integrated into and the company that will be integrated, what's in it for me?”* (H7)

When it comes to communications, most interviewees pointed that without properly planned communication roadmap and concept, the integration project can be faced with major risks and issues, such as delays and misinformation. In addition, H2 points that the integration project communications roadmap should be aligned and coordinated tightly with the whole organization’s communications department to avoid any contradictions.

Many interview participants highlighted that when choosing a communications platform, the most important factors is having a functioning shared domain, that allows all parties (buyer, seller, externals) to join, communicate and share documents easily. Establishing this domain as early as possible is crucial in maintaining momentum and avoiding information gaps. Generally, almost all interviewees mentioned a very common challenge of having communication gaps between projects and teams which fosters the formation of project silos.

Most interviewees covered the fact that informing people via consistent multi-channel approach is the best way to ensure that the key messages are received. Some people read email, some want to attend townhalls and others like to read the most important updates from organization’s intranet. In addition, H2 mentions utilizing SMSs being an effective way to communicate important changes to wider audiences.

> *“I think that leaders curate their message [in town hall meetings], because when they come to present something in three to five minutes, they have to think about it very carefully. So, it's often quite useful information.”* (H5)

To summarize the discussions about communications platform, is that there is no “right” communications channel, the key is to have consistent, recurring, and two-way communications. In addition, possible language barriers and geographical location dependencies were mentioned as risks that should be identified and considered in the communications plan and execution. The role of top management in communications was identified as crucial factor affecting employees’ reception to key messages. Appointing change agents was also mentioned in one interview.

> *"You have change agents who have a positive attitude toward it [integration], and of course it would be great if they were people who can move it forward in the organization."* (H1)

In addition, tracking employee experience and reacting to their needs was mentioned in some of the interviews. Conducting regular employee pulse surveys during the integration project and maintaining an interactive platform where individuals can share comments and ask questions were considered important in large-scale integration programs.

6.7 Post-TSA phase

Transfer to post-TSA and generally post-integration phase were covered in the interview themes and it revealed that all the interviewees did not have as much experience in staying with the projects when the integration periods had ended. Most of the interview participants acknowledged the common pitfall that the so-called transformative period after integration project can lead to a dip in the momentum of the organization's integration.

> *"Yes, I think the organization is expecting that we will then die that like we would reduce the number of changes in the organization which sadly will not be the case."* (H2)

Interviewee H7 stated, that usually, the efforts and resources are put to the TSA exit, and it can be hard to see and think beyond it during the TSA execution. Some interview participants admitted that as managers, during the TSA execution they were not being able to see or plan the time after TSA period. They needed to put all their effort on executing the integration daily tasks to be able to exit TSA on time. For that reason, H7 stressed that the transformative period should be planned and communicated early:

> *"During the TSA exit, you need to take decisions like reduce or alter the scope or there are findings and so on. And if you don't keep a tag on those and address how you will address those in the transformative part, then you don't have a project. The transformative part of a TSA exit should be planned from beginning."* (H7)

One discussed topic was the transition to line organization and the role of a project organization. According to H4, steering the new projects and choosing the priorities for the transformative part requires a governance structure as well as roadmap with concrete milestones and targets. Many of the interviewees recognized that there is still need for a project management office (PMO) or a similar setup after the integration projects are officially closed. The project organization should be formed right away after the integration projects to start the consolidation and development initiatives that were left out of scope during the TSA execution period. In addition, some interviewees stated that usually the transformative part can be even harder part then TSA executions since that is the period when the synergy targets and other deal objectives are expected to fully realize.

> *"The hard part is the transformative part because it goes back to this value creation. Then you should capitalize on what you have done first in the pre-planning, then the planning and then the execution to do the TSA exit."* (H7)

> *"An important part of the value realization is to get part of the consolidation. But it's also important to do the consolidation where it makes sense."* (H2)

H1 mentioned their experience of establishing a new PMO after the TSA period and one key success factors was that the PMO was handling both business and IT projects in the same project portfolio. So, there was no gap between business and IT and the prioritization of resourcing and other important decisions related to the consolidation projects were easier and faster to make. H8 described the transition from TSA period to transformative part as a metaphor illustrating the nature of consolidation and value creation that occurs during this phase. According to the interviewee the transformation period resembles the process of a couple moving in together first facing disorder, and gradually organizing, choosing what to keep and what to invest in the future:

> *"Well, you could think of it as this silly idea that when a couple gets together, they move into a shared apartment and bring their stuff in. All their belongings are scattered around the hallway, creating a terrible mess where nothing can be found, but somehow, they manage to live there, finding enough forks from the boxes. Now we are in the transformation phase. OK, the door is closed and the TSA exit is done in a way. During the transformation phase, we should start finding places for all of the [belongings] and arguing about which coffee cup to put where. No, this wouldn't necessarily be a far-fetched metaphor in the sense that we would throw something away and decide that no, we can't save that rug, we need new ones. Maybe it [transformation phase] will work out in this kind of mental state."* (H8)

7 Discussion

This chapter focuses on integrating the theoretical framework and findings from qualitative analysis. The objective is to understand and emphasize the connections between theory and practice as well as highlight possible gaps and inconsistencies.

Integration strategy and planning

Both theory and empirical findings confirm the importance of strategy and planning activities impacting the IT integration and overall success. IT integration process in M&A can be interpreted as a multidimensional flow of tasks and milestones which requires coordinated management and clear direction. One of the interview participants introduced the idea of approaching M&A and integration as a buy-sell process between the seller and the buyer. This view challenges the tendency to overcomplicate M&A integration by reframing it as a structured transaction with defined roles, deliverables, and expectations. Viewing IT integration in M&A through this lens may simplify and foster more solution-oriented approach towards the planning process and overall execution.

The importance of organizational and technical readiness of the organizations before engaging in M&A was highlighted in the empirical results. Readiness can be viewed as the maturity of the organization’s processes and their documentation as well as organizational structures and technology platforms. IT readiness should be evaluated in the planning phase as it is one the success factors in IT integration (Orawski et al., 2013). These all have impact on the planning and consequently the success of the deal. The interview results highlighted the need for flexibility in the integration plan since the accessibility to the seller information increases gradually during the integration. Additionally, they underscored the importance of risk assessments and contingency planning during integration planning phase.

IT integration strategy should be considered more from the business-IT alignment perspective. M&A strategy should set the baseline for the IT integration strategy, such as decisions on what level the IT infrastructures should be integrated or should they be fully renewed (Wijnhoven et al., 2006) These strategic implications impact the integration planning and therefore involvement of IT experts is crucial. It decreases the risk of unrealistic synergy targets as well as improves the quality of the IT integration plan.

Integration project governance and execution

IT integration projects are inherently cross-functional involving stakeholders from several departments and both merging organizations as well as external partners and system vendors. Clear structure on roles, responsibilities and decision-making bodies was emphasized as a critical success factor among the interviewees. A governance model does not only give structure to management reporting, but it also gives structure and clarity to the individuals impacted by the integration. Establishing the governance structure early before Day One, clarifies the hectic first days of the new organization (Meynerts-Stiller & Rohfloff, 2019). It also enables progress tracking and measurement. In the empirical study, the concept of Minimum Viable Governance was introduced as a mindset where governance structures and models should be built as light as possible to save time from reporting to more value-adding work.

Maintaining a governance structure is critical in the sense of having clear processes and forums for integration teams to share their progress and especially their concern and potential issues. The project culture should drive honesty and openness which requires psychological safety. Moreover, scope management was identified as a critical pitfall in integration management in both theory (Menon & Roehl-Anderson, 2013) and practice. Without clear scope and commitment to it, the probability of delays is high. For this reason, some interviewees suggested driving a mindset for keeping the timeline over scope and focusing on delivering the minimum viable product.

IT integration execution is all about empowering efficiency, responsibility, and collaboration. Clear, simple, and transparent governance structure is the backbone for setting the right rhythm and forums for the projects. Additionally, the empirical results underscored having an adaptable governance model that could be shaped along the project progress. The ratio between agility and control should be assessed and communicated before starting integration execution. At the end, the combined organizations might come from very different project management cultures (Meynerts-Stiller & Rohfloff, 2019). Additionally, the qualitative study revealed that different backgrounds and experiences in the project management practices impact the governance model.

Business and IT alignment & leadership capabilities

Alignment between business and IT is critical for enabling the deal value realizations. The central role of IT in M&A integration projects has gained more visibility during the past years, as companies' dependency on IT solutions have increased (Asper et al., 2013). Business and IT alignment should already start from the beginning of forming the M&A strategy.

Theory highlighted the importance of involving IT leadership to the integration planning as early as possible (Stylianou et al., 1996; Lohrke 2016). When IT leadership is involved early in the planning, the quality and realism of the integration plan increases and supports the overall deal target selection. Consequently, setting realistic targets and maintaining open communication between IT and business makes the integration execution smoother.

The success of IT integration management depends greatly on the experience and capabilities of the IT leaders. It is evident that leadership impacts the results of the project, but especially in M&A the IT integration manager's role is demanding. Additionally, the role of CIO in the IT business alignment is pivotal (Goverman & Roehl-Anderson, 2013; Chin et al., 2004). The role of CIO was promoted in the empirical findings as well. When CIO is involved from the strategy planning, the chances of having enough resources and good collaboration between business and IT are higher.

Similar large-scale M&A integration projects rarely occur in companies that are not serial acquirers. For this reason, former M&A experience among the management has been recognized as success factor in several studies (Dreher & Ernst, 2022; Stylianou et al. 1996). Still, experience alone does not make a great IT integration leader. Other factors, such as emotional and cultural intelligence and ability to adapt leadership style emerged in both, theory, and interviews. Top leadership qualities that emerged in the empirical findings were high tolerance of uncertainty and ability to make decisions with small amount of information. IT integration projects often encounter unexpected situations, and the response of the CIO and other leaders significantly influences how employees react and adapt. In addition, the leader's presence, and interest of all levels of the organization is an important factor in employee's commitment which consequently improves the performance of the teams.

People, communications and change management

IT integration is typically part of a large transformation program where two organizations are combined and expected to work as one entity with minimal time for adaptation. Moreover, integration success is highly dependent on the human aspects of the project (Erkkilä & Valppola, 2011; Koi-Akrofi, 2016). This view was complemented in the empirical findings as well. For this reason, change management and communications should be a strong part of IT integration and play a vital role in facilitating and coordinating all the activities related to the changes.

Interviews revealed that the concept of change management is interpreted somewhat ambiguously across organizations. Therefore, it is important to define the concept of change management within the context of the integration project. The role of top management is crucial in delivering key messages as well as showing example to the organization. Appointing managers to act as 'change agents' is very effective change management tactics to keep the organization committed to change (Bergamin & Braun, 2018). Change agents was also mentioned by one of the interview participants. Understanding an assessing organizational cultures before the official integration makes it easier for managers to prepare for possible resistance and other socio-cultural related conflicts.

Converting the changes to understandable communications is one of the core elements of change management, and it ensures that identified stakeholders understand the "why" and "what" of the change. Communications within IT integration require a detailed plan that is aligned with the organization's overall communications. If people are not informed on time, it causes a lot of uncertainty and inefficiencies. One key factor for success in communications, is the principal of assigning the communications responsibility to everyone. So, even though the project has a communications coordinator, their role is not to deliver the messages, their role is to ensure the messages are delivered according to the plan by the key people from the line organization (Moraitis & Keener, 2019). Employees are much more receptive, if the message is from their department head than an external communications specialist.

Post-TSA value realization

The concepts of TSA exit and post-TSA phases are not standardized in the research of IT integration. Still, in professional setting, they are referred as stages that greatly affect the outcome of IT integration and therefore on overall integration project value realization. The end of the TSA is usually defining the end of overall integration project. Generally, Day Two can be associated with this feeling of going back to "normal" business and taking it easier after the intense period of integration work. Unfortunately, this is not often the case. The transformative part following the integration project, is rather critical in finalizing the desired cost savings and system consolidations (Scola & Whitaker, 2016).

The empirical results revealed that it is critical to plan beyond the TSA exit and allocate at least an equal amount of time and resources to the following transformative phase. Some interview participants acknowledged the difficulty in planning for the time after TSA, as the pressure and stakes to succeed in the TSA period are extremely high. Consequently, one interview participant mentioned that common pitfall related to this phenomenon is the insufficient allocation of resources for the time after TSA exit. Many organizations fail in value realization, when most of the extra resources are devoted to TSA execution and then minimal resources are left for the value adding system consolidation activities. The concern is that the momentum gained during the integration period fades if the planning efforts and roadmap for Day Two are not prepared in advance.

8 Conclusions

This chapter presents the conclusions of the thesis. The first sub-chapter consolidates the key findings and answers to the research questions. The second part addresses the limitations of the study and proposes directions for future research.

8.1 Answering the research questions

In this master's thesis, the complex M&A context was examined through the lens of post-merger information technology (IT) integration management. The findings are based on the analysis of prior literature, established theoretical frameworks, qualitative empirical data, and industry best practices. The objective of this study was to synthesize success factors of IT integration management for the commissioning firm, Sofigate. The topic was approached through one main research question and two sub-questions. The main research question examined the factors affecting success:

What are critical success factors in IT integration management in M&A?

The success factors and success rates of mergers and acquisitions depend greatly on the measurement methods and definitions of success. However, the study was able to distinguish key themes across prior studies and the empirical qualitative data. The key success factors of IT integration management lie in viewing M&A as a holistic, end-to-end process, where strategic, organizational, and technical dimensions are interdependent and collectively determine integration success.

Actions and decisions before entering the whole M&A process affect the integration period substantially. The planning of the M&A strategy has a significant impact on the following phases and events post-merger. For this reason, the planning of IT integration phase and the actions taken before the deal close impact the managerial environment of integration execution. Successful IT integration planning and strategy require involvement of IT leaders from the early planning of the deal. Additionally, the interviews revealed, that planning efforts should continue over post-integration time to enable estimated synergies and value realizations. The M&A strategy, and both short and long-term deal objectives should be clarified and present in the decisions of the management during the M&A IT integration process.

The role of business-IT alignment is highly important throughout the whole M&A process. Information technology supports business, and business decisions should guide the choices of IT. So, from the beginning of M&A process, business strategies and choices should be in line with IT to support the decision making and overall M&A objectives.

In the management of IT integration, there are several factors that affect the integration period and many of them are not fully in the control of integration managers. So, it is essential that management acknowledges the areas that are controllable and what are not. For example, technical choices and overall technical readiness in the pre-merger phase cannot be changed when the deal is signed, and integration period is starting. Additionally, organizational readiness and capabilities have a great impact on how people get involved in the integration planning and execution. Understanding the big picture and the cause-and-effect relationship of mentioned factors helps management in navigating the integration planning and execution.

When executing the IT integration, there are several factors that support the success. Even though the information technology integration execution and implementation are related to technical details, the findings indicate that socio-cultural attributes remain as the most important factors to address to ensure successful integration. Technology choices and different technical issues can be fixed, but connecting and integrating people from different organizational cultures is more complex, and requires strong leadership including emotional intelligence, adaptability, and former experience of M&A.

Lastly, addressing mergers and acquisitions as transformational initiatives enables the success of changes in IT integration execution. Emphasizing the rationale for changes as well as communicating to all levels of organizations is critical. Additionally, the involvement of management in change management activities, such as participating in town halls, strengthens the commitment across the organization.

Table 6 below presents a synthesized summary of the key success factors identified from both theoretical and empirical findings, grouped under eight core themes. The summary provides a great overview on the fact that IT integration success depends on balancing technical execution with organizational alignment. Effective planning, early IT involvement, and adaptive governance are critical enablers, while trust, communication, and leadership ensure the realization of long-term value.

Table 6, Summary of IT integration management success factors

Theme	Success factor
Planning & governance	Clear objectives and measurable targets for IT integration High-quality and iterative integration planning Defined priorities and integration criteria Controlled execution and clear decision-making structure Early establishment of governance model Minimum viable governance (MVG) focusing on strategic priorities
Timing & execution	Early involvement of IT in the M&A lifecycle Timely decision-making (within the first 100 days) Well-managed and transparent integration timeline Keeping schedule over scope and focusing on a Minimum viable product mindset
Capabilities & resources	Prior experience in IT integration and M&A projects Adequate resourcing and competence for execution System compatibility, data sharing, and technical readiness Proactive resourcing and capacity planning to avoid overload of key personnel
Risk & issue management	Continuous identification, documentation, and proactive mitigation of risks Clear escalation channels and accountability through governance Maintaining readiness for unexpected findings
Collaboration & stakeholder engagement	Strong business-IT alignment supported by CIO Stakeholder participation and transparent communication Building trust and shared understanding between parties
People & change	Retention and engagement of key personnel Visible and consistent leadership support Leadership characterized by adaptability and tolerance of uncertainty Appointing change agents to support transformation and ensure commitment Clear communication of roles, expectations, and change impacts Psychological safety and open dialogue to surface risks early
Culture & ways of working	Creating a “one team” spirit instead of “buyer vs. target” thinking Establishing project culture that fosters openness and collaboration Aligning work practices early in the integration phase
Post-TSA & value realization	Planning beyond the TSA exit to sustain momentum Viewing integration as a two-phase process: TSA execution and transformative phase Allocating sufficient resources for post-integration consolidation

Mergers and acquisitions are known for relatively high failure rates which have negatively influenced general attitudes toward M&A. Moreover, several of the identified success factors were derived from analysing the most common challenges, which are discussed in more detail in the following sub-question. To support successful integration execution, and to better understand the reasons for failure as well as strategies overcome them, the first sub-question addressed the pitfalls within IT integration management in M&A:

What are the key challenges in IT integration in M&A and how to overcome them?

In the literature, challenges in IT integration execution in M&A are described as a context-specific phenomena, where deficiencies are typically consequences of actions that do not sufficiently support the objectives of the deal. Compared to ordinary IT development projects, IT integration in M&A is characterized as a large-scale transformational change, with strict schedules, and a high level of uncertainty, as two organizations are expected to operate as one within relatively short time. Even though the challenges depend on many contextual factors, it is still good to understand the general pitfalls and their impact on the integration execution success.

Within the context of managing IT initiatives, the collaboration and alignment between business and IT is important, but still, it is lacking in many cases. To avoid siloed teams and decision fatigue during IT integration execution, cross-functional teams, business ownership and defined governance structures support the collaboration and communication between IT and business departments.

The key issues identified within IT integration management are related to the project management and leadership capabilities. IT integration managers should be able to manage the project within the scope and defined budget and timeline, which is very challenging due to strict schedules, unpredictability of certain issues and organizational adaptability. For this reason, understanding the key priorities of integration in M&A are one of the main disciplines to avoid delays and budget overrun. From the empirical data, keeping the schedule over scope and saving resources for the transformative part was mentioned as a mindset to overcome issues related to integration project delays.

Another factor causing issues and delays in integration execution is related to the momentum of the project activities and teams. Management plays a crucial role in enabling people to make decisions and showing the right direction. Especially the first hundred days of the integration period are critical to guarantee successful integration. Many organizations fall to the pitfall of avoiding hard decisions in the early phase of integration, which consequently might lead to loss of momentum and delays in the latter part of integration.

Another issue of integration periods is related to the capacity of key personnel. Some experts and their knowledge on systems are needed simultaneously in many integration issues and at the same time they need to execute their day-to-day tasks in the line organization. To avoid burnouts and loss of key personnel, the resources and capabilities should be estimated and planned prior the integration period. One mitigation strategy for burnouts is to hire external support in the line organization during the integration period, to free up the capacity of key people for the integration activities.

In the empirical findings, the approach towards integration management and the process of integration was identified as a one of the challenges when it comes to value realization in the post-TSA (=transition service agreement) phase of integration. The suggested approach for managing integration should be rather seeing integration as a two-phase process: TSA execution and execution of transformative phase, where value realized. If there is a gap between these two phases, the possibility of losing momentum and achieving less value increases.

The second sub-question examined the role of IT integration in overall M&A success:

What is the role of IT integration on overall M&A success?

Some studies have investigated the role of IT and integration in M&A and its effect on the overall deal success. Still, direct conclusions on how much and to what extent the role of IT integration affects the outcome of M&A cannot be stated. Some common themes repeated in the analysis of the existing literature and empirical data, and it can be confirmed, that IT integration has an impact on the overall M&A success.

The role of IT in business functions and operations has become increasingly important and for this reason, many M&A deal objectives and synergy targets are tied to the integration of information technologies. Additionally, IT integration in M&A is usually the most expensive part, having the largest number of dependencies to other workstreams within the integration program. Therefore, possible issues within the IT do not only affect the integration activities within IT, but it can even disrupt the business operations and delay activities in e.g. logistics or finance. For this reason, the pressure and stakes are high for IT to handle both internal and external issues within the integration period.

Additionally, the socio-cultural aspects of IT integration, including leadership style and communication, can significantly enhance overall deal success, as technological changes often extend their impact beyond IT departments. So, the quality of end-user support and training as well as general communications coming from IT integration is usually impacting a significant part of the organization and therefore can affect the success of overall deal. Still, it is good to acknowledge, that some aspects of IT integration cannot be changed or managed. For example, the strategic fit of the merging companies is something that IT cannot facilitate during integration execution.

The Figure 13 consolidates the identified determinants of successful IT integration in M&A, organized around the outcome (center) with four domains: Strategy, (why), Design (what) Execution (how), and People and Change (who). These factors summarize the key results of the thesis by highlighting that sustainable IT integration success emerges from the alignment of strategic intent, effective execution, and people-centered leadership across all organizational levels.

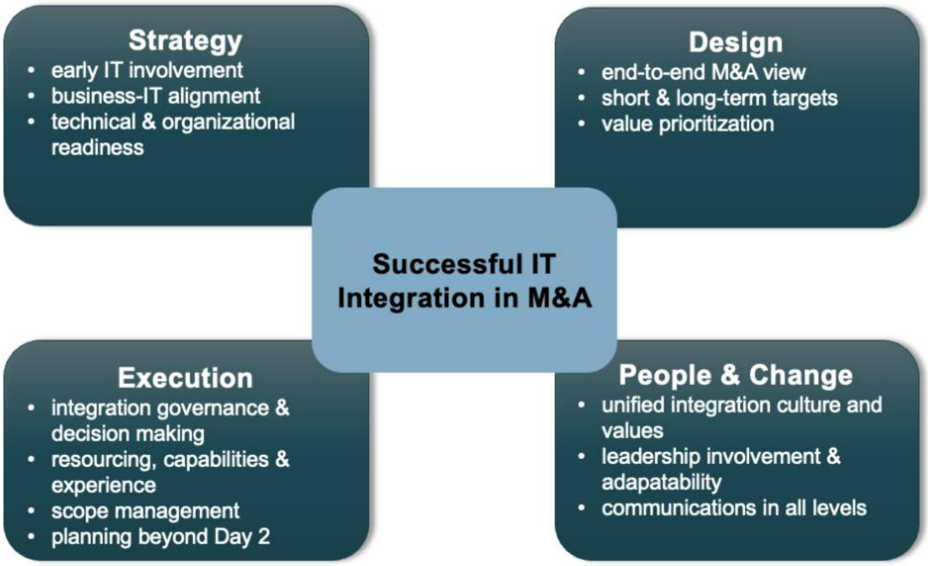

Figure 13, Factors of successful IT Integration in M&A

8.2 Limitations and suggestions for future research

This study has achieved its goals in examining the success factors of IT integration management in M&A. However, it is good to acknowledge the limitations that may have shaped the findings. For example, the chosen research methodology and scope of the study have naturally constrained the results. The interviews were conducted with experts of IT and M&A management. Nevertheless, interviewing a broader and more diverse group of participants could have provided wider range of perspectives. Additionally, the interviewee's experiences can vary significantly depending on factors, such as deal constraints and industry characteristics. Therefore, it is essential to recognize that each M&A case must be assessed individually, as the experiences are context specific.

This study highlights promising opportunities for future research. For instance, focusing on ownership structures and pre-merger activities in the context of M&A IT integration could offer valuable insights and alternatives into the success factors of integration execution. Furthermore, assessing the socio-cultural and contextual dimensions of IT Integration projects could deepen the understanding for management best practices. Finally, utilization of advanced technologies, such as generative artificial intelligence (AI), as a tool for IT integration management would provide insightful direction for future research.

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Appendix 1. Interview framework

Background and role

- Could you briefly describe your current role and responsibilities? For how long you have worked in this role?

- How many M&A projects have you been involved in? And what types of M&A transactions those projects have been (e.g. merger of equals)?

- What has been your role and responsibilities in IT integration in M&A projects (post-merger)?

IT integration management practices

- What are the critical success factors in IT integration execution? And why these?

- What challenges or risks you have experienced during IT Integrations /TSA periods? And what are the most critical challenges and how did you overcome them?

- How do you think governance should be structured during IT integration and what kind of governance structures have you seen?

- What kind of ways of working between IT and business have you seen during integration periods? What worked well or not?

Change management & communications

- How is change management addressed during the IT integration phase?

- How is change resistance being assessed, and how was it mitigated during the integration program?

- How organizational and cultural differences are considered during the integration program, and how are they balanced?

- How should communications be addressed during IT integration and why? What channels and platforms have you used in IT integration program? What channels and platforms do you find most useful and what you would not recommend?

Post-integration phase and value realization

- How should organizations prepare for maintaining momentum and development continuity after integration period ends?

- What factors contribute to a successful TSA exit?

- What typically happens after TSA exit - how prepared are organizations for this phase?

Strategy and leadership

- How do you make sure that IT and business objectives and milestones are aligned in M&A projects you've worked on? After TSA, how do you verify that the integration strategy has been fulfilled?

  What features and leadership capabilities have you found critical during integration projects?

Reflections and recommendations

- What would you recommend as best practices for managing IT integration execution?

- Are there frameworks or tools you find particularly useful during the IT integration program?

- What would you do differently if you now would get involved to IT Integration program?

- Is there something that I did not ask, and you would like to share?