

# **RSA**Conference2016

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## **Managing Complex M&A Security Risks**

### **A Detailed Case Study**

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# Why Security? Managing Complex Risks from M&A



The Stakes are High –

Examples of Security Challenges during M&A Activity

# Components of an effective M&A Security Program



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- Effective Risk Governance
- Technical due diligence (product vs. services)
- Technical risk assessment capability
- Coordination within and between all impacted functions
- Effective Program Management
- Sufficient resource allocation & prioritization

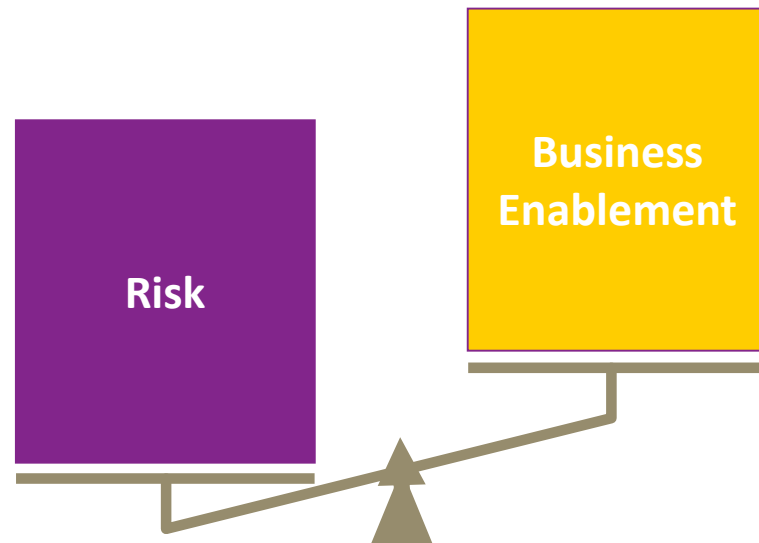


## M&A Business Drivers

- Focus on retaining deal value
- Enabling the business

## Challenges Associated with M&A Security

- **Multiple stakeholders** both internally and externally to negotiate integration plans
- **Technical complexity** due to varying IT infrastructure and environments
- **Aggressive timelines** creating possibility for business interruptions/issues



## Inherited Risks

- Existing risks in the target company's environment
- Even with significant due diligence, risks will surface that have to be addressed

### Target Risk Profile

- Risks associated with integration efforts
- Need to develop and deploy non-standard solutions, often on aggressive timelines

## Created Risks

# The Nokia Devices & Services Acquisition



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- In September 2013, Microsoft announced its acquisition of Nokia's Devices & Services business
- Valued at \$7.6B, consisted of Nokia Devices and Services business, key patents and IP license across a large mobile patent portfolio



# Getting a Lay of the Land



- Got approvals to conduct detailed risk assessments before deal close:
  - Security Program
  - Identity Management
  - Patch Compliance
  - InfoSec Policies/Procedures (including a gap analysis between orgs)
  - AppSec Program
  - 3<sup>rd</sup> Party Supplier Compliance
  - Business Continuity Planning
  - Sarbanes Oxley (SOX) and Privacy

# Some Key Challenges & Learnings



- Understanding cultural differences (Regional & Corporate)
- Impact of outsourcing (Compliance vs. Risk Mgmt)
- It's difficult rebalancing risk tolerance
- Keeping the ship running with minimal investment... leads to leaks in the hull
- Identity Management challenges are the toughest, and have the widest impact



# Created Integration Risks - Lessons Learned



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- **Coordination:** Externally (outside of IT) and Internally (within IT-networking, identity/accounts, physical security)
- **Identifying Cost Estimates/Budget:** Complexity, priority of funding and allocating resources effectively
- **Communication:** internal status to working team, exec sponsors, etc.
- **Employee Experience:** Onboarding and communication plans
- **Security Minded:** Appropriate Access, Insider Threats, Monitoring, Infrastructure Changes / Integrity

# Now What?



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- **Inform Leadership:** Based on risk assessment findings, briefed deal and organization leadership on security risks and priorities
- **Build into Plans:** Partnership with IT to ensure security is addressed in integration plans
- **Mitigate Risks:** For required changes, ensure compensating controls or processes are in place to manage
- **Mobilize resources:** (people and budget) to address prioritized issues in parallel to integration of business processes and tools

# Changing Scenarios affecting Users



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Employee Data  
Migration



Payroll Integration

HR Reporting, Benefits  
Integration &  
Performance



Transition to existing  
processes and tools

Corporate Network  
Access



Internal Application  
Access

End User Support



Legacy Network Access

# Apply what you've learned here today



## Immediate Actions

- Identify or evaluate current M&A security program
- Recognize the risks associated with your M&A program

## Short Term Actions

- Establish M&A security program investment priorities
- Ensure security and M&A executive sponsorship for the program
- Align resources with the right level of risks
- Ensure security activities/actions a part of the M&A process, not “bolted on”



## Questions / Your Experience

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# Focus On Session



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- If you'd like to have a further in-depth conversation on this topic, join us this afternoon:
- Today 2:10 — 3:00 p.m. in Room West 2016