# Tool: IT M&A Due Diligence Checklist

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Initiatives: IT Cost Optimization, Finance, Risk and Value; Executive Leadership: Mergers and Acquisitions

CIOs ensuring that IT is addressed during the due diligence phase should use this Tool as a starting point to gather information and better support the organization's M&A. This will enable identification of potential issues, key risks and challenges in planning for the integration.

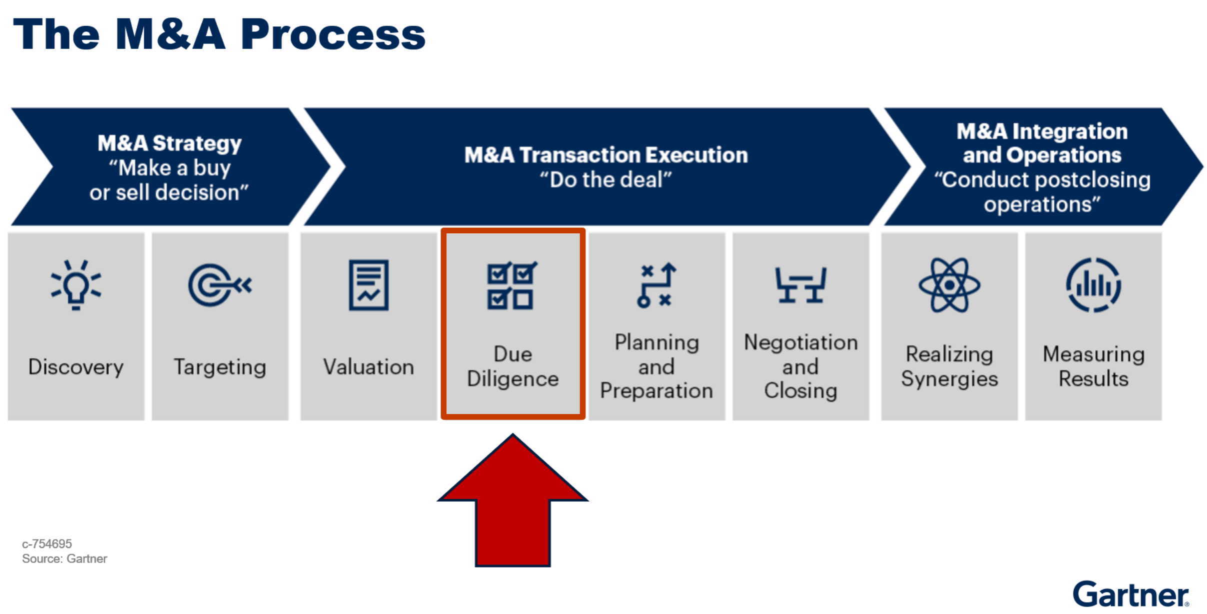
## When to Use

Other than integration, due diligence (DD) is the most time-consuming and complex stage of a transaction. During this stage, the CIO and IT leadership representatives will drive the technology component of the overall DD process. Typically, through the use of an IT DD checklist, a comprehensive approach in this stage will include identifying the target organization's current IT infrastructure, applications and services portfolio. Here, the IT team will assess and evaluate how to eventually match the target entity's components with the acquirer's existing processes, applications and platforms. This may also unearth better processes or products at the target entity that would be beneficial to the acquiring organization.

This Tool provides a checklist that incorporates all the areas of IT that CIOs should consider as they navigate the DD process and the creation of the newly combined IT organization.

Therefore, CIOs should use this Tool to document and capture the current state of key areas in the IT DD phase of the merger and acquisition (M&A) process (see Figure 1).

Figure 1: Due Diligence in the M&A Process




## Directions for Use

**Gartner IT Leader’s Tool** — This is an introduction sheet that provides an overview of the Tool.

There is no data entry required in this sheet.

**Overview** — Provides a template for recording the key items for the M&A initiative. This includes project name, project manager, key dates for the DD period, as well as other critical aspects CIOs should define and complete in this initial phase.

Complete this sheet for the M&A in progress. All cells are free-form text for data entry, except for the cell shaded yellow, which provides a drop-down list of possible responses.

**DD Landscape** — Provides an overview of the aspects of the IT landscape CIOs should evaluate in this phase. Sheets 1 to 5 in the Tool can be navigated to directly from this sheet.

There is no data entry required in this sheet.

**1 MF&A** — Lists considerations in this category regarding management, finance and administrative (MF&A) functions across the IT organizations. This includes management, service delivery and sourcing, records, facilities and websites/social media details.

For each item as listed, first record your response to the question/item as detailed. Then select from the drop-down options:

- Available: Whether this element/item is available to the DD team: yes, no or unknown.
- Status: Whether the subject of this step is obtained (i.e., complete) or outstanding.
- Issue: Yes or no.

Then record any notes/comments as required from your investigation/findings.

**2 S&O** — List considerations in this category regarding IT systems and operations (S&O) across the IT organizations. Use the next tab, S&O Details, to record additional details as prompted.

For each item as listed, repeat the process as detailed for 1 MF&A. Using the link as provided, navigate to the appropriate section of 2a S&O Details for detailed completion.

**2a S&O Details** — Lists additional details and considerations in this category for software and business applications, software integration and interfaces, hardware/infrastructure, voice and data networks, and help desk/service desk.

Complete the detailed sections, as provided. Cells shaded yellow have drop-down lists of values to select. White cells allow for free-form data entry.

**3 DS&R** — Lists considerations in this category regarding data, security and risk (DS&R) throughout the IT organizations.

Complete the detailed sections as provided. Cells shaded yellow have drop-down lists of values to select. White cells allow for free-form data entry.

**4 PP&P** — List considerations in this category regarding personnel, products and projects (PP&P) across the organization, including IT staffing, personnel, skills, culture, and ongoing IT products and projects.

Complete the detailed sections as provided. Cells shaded yellow have drop-down lists of values to select. White cells allow for free-form data entry.

**5 Implications —** Complete some specific transaction-related implication questions, and then, based on analysis of the information collected, list the transaction-specific implications, issues and considerations across the IT organization. These will be key issues and risks that will need to be specifically addressed in integration planning and execution.

Complete the detailed sections as provided. Cells shaded yellow have drop-down lists of values to select. White cells allow for free-form data entry.

## Recommended by the Authors

Tool: Use the M&A Process Playbook to Support Your Organization's M&A Strategy

Toolkit: M&A Due Diligence Reporting Templates

Effectively Optimizing Costs in Mergers and Acquisitions

Mastering Transition Services in Divestitures

Ensure M&A Success by Avoiding Common Pitfalls



## Document Revision History

Toolkit: Checklist for Conducting IT M&A Due Diligence - 25 November 2019