



Linen Hall
162-168 Linen Hall
London
W1B5TE

T: +44 207 038 3690
F: +44 207 038 3693

www.4-most.co.uk

Author:
Des Carrol

Knowledge and Data Sharing (Areas of Trust) and Transfer on New Business Integrations

When any new merger, integration or takeover bid crystallises, there is a need to transfer information and communicate between companies from day 1. There should be an independent office established through which all data requests are routed and responded to. This should avoid the normal establishment of a winner/loser culture either across or within the organisations. The latter is a human reaction to the potential loss of position and power that might accompany an integration between organisations. The only potential source of power that a threatened organisation, division or individual will have left is the knowledge or information over which they previously had control. The 'retention' of knowledge or information is at the heart of many integration failures, especially when a headcount reduction results in vital information holders being shown the door before their knowledge has been assimilated within the new organisation.

This is often overlooked and is one of the first stumbling points in expediting integration.

Departmental areas as diverse as Finance. (P&L, B/S, Regulatory Reporting), Liquidity and Exposure Management, Credit & Market Risk, Counterparty Limits etc require data quickly and the knowledge of what that data represents. This can cause conflicts. Accessing this data in a timely manner and being allowed access to source data is often unwieldy and over complicated at takeover.

Different operating models also cause friction, where management has not yet considered what the best solution overall should be. There will be local champions for their own systems and models. The BAU knowledge associated with existing models is a useful asset, not only when those models will be retained, but also when translating between models. This knowledge needs to be retained and transferred throughout both organisations.

Also, often forgotten, the transferring of data between offices, both local and regional, often has file transfer limits, is not 100% secure and is subject to limitations.

One solution to assist with each of these activities, as outlined



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above, is to set up a Demilitarised Zone (DMZ), operated independently of the two merger partners and managed at arms length, for efficient and unbiased information retrieval/transfer.

However, it is not only data and information that can be transferred by the DMZ. It could also be used to:

- Take control of user access of source systems, managing these on a best efforts basis
- Set up and management of a document exchange centre
- Set up and management of a file transfer mechanism between locations
- An Independent Secure Network linking the two merger partners
- Guaranteed point to point delivery
- Guaranteed Safe Document repository
- Independent Administration of system access and rights
- 24/7 coverage
- Inbuilt Resilience and Disaster Recovery
- Fast Turn Around of requests, web access as to progress
- Act as a knowledge exchange centre of operating models, liquidity and capital efficiency, risk controls etc
- Provide management with independent input on optimal solutions in each area that is being integrated

All these could be achieved with minimum overheads and bureaucracy, with the staff involved eventually providing a valuable pool of future executives for the newly integrated organisation. So the DMZ could be both enabling system and management training operation. But it must be stressed that initially the DMZ personnel should not be seconded from either integrating organisation, so that's its independence is unquestioned.