

A FORSYTHE CASE STUDY

Merger & Acquisition-Driven Data Center Relocation

An Insurance Holding Company

Business Challenge

An insurance holding company acquired a business unit from another insurer. The IT functions of the business unit were being supported at the insurer's data center, which was in another state. The holding company needed to move the IT assets it had acquired into its own data center. According to the terms of the acquisition, it had to meet a tight deadline in doing so or begin paying an IT hosting "penalty." At the same time, the transfer of business unit's IT operations had to be accomplished without negatively affecting performance or access for any of the external customers served by its applications and data.

Solution

The first thing Forsythe did was to initiate a discussion not only of logistical concerns, but of potential business impact, as well as fundamental questions such as: How are the business unit's IT components integrated with the rest of the data center? and, What are the precise terms of the contract regarding infrastructure specific to the business unit being acquired? This led to further examination of the contract and the data center, which revealed that the equipment which hosted the intellectual property—data and applications—being acquired was not part of the acquisition, and that it also hosted business functions being retained by the seller.

Such discoveries are a common occurrence in mergers and acquisitions. Often, IT is not included in the due diligence process; instead, a decision is made by the senior management and then a directive is given to all affected operating entities within the company, with a transfer deadline already established. At that point the clock starts ticking on what appears to be an IT issue, but is, in fact, a business operations issue.

In this particular instance, the problem was no longer one of simply moving equipment, but of building an operating environment for the business unit being acquired. The solution Forsythe proposed was to establish a parallel operating environment and migrate the applications and data. All elements of the infrastructure supporting the new environment were assessed, including networking, backups and restores, security, systems monitoring, etc. It also

involved performing due diligence on the destination site, to ensure that it was prepared to accept additional infrastructure. Finally, it required understanding what steps would be needed to smoothly integrate the business unit. Once the functionality of the new environment and readiness of the destination site were verified, Forsythe moved the new systems—with all the applications and data—across the country to the buyer's data center, and helped launch it smoothly into production.

Results

In data center relocation projects, the best result possible is a seamless cutover—a non-event after which someone asks, "Did the move happen, or was it cancelled?" This was achieved. The powering down of the new environment, relocation of the equipment, re-establishment of the environment in the buyer's data center, and successful cutover from the old system to the new were accomplished over a weekend, within the time frame dictated by the terms of the acquisition. Monday morning, it was business as usual, with no impact upon customers.

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