Realizing synergies in mergers and acquisitions

A case study of WM-data’s acquisition of Atos Origin Nordic

Tutor: Finn Wiedersheim-Paul
Maria Andersson
Maja Karlsson de la Rosa
Abstract

The focus of this thesis is the determinants for synergy realization in a merger or an acquisition. The objective is to describe the actions taken by our case company and relate these to the most important factors in realizing synergies in the new entity. We have chosen to study WM-data; a company widely experienced with merger and acquisition events, which during the last two years have conducted two larger acquisitions with subsequent integrations. Our focus has been last year’s acquisition of Atos Origin Nordic. The data about the event was gathered through interviews with key individuals involved in the acquisition and integration, through a questionnaire distributed amongst a group of employees and through studying published and internal documents covering the event.

The model that is used relates combination potential, organizational integration, employee resistance and previous experience to synergy realization. The combination potential is affected by the strategic similarities and complementarities found in the combining companies, both which was found in our case company. Organizational integration is best conducted with a co-competence approach, i.e. a high level of integration through a fast and positive process. Also in this area our case company acted in a way that facilitates synergy realization. High employee resistance can reduce the potential for synergy realization. Actions in the areas of communication, culture and career can reduce resistance. Even if our case company used many of the techniques recommended, some employees still had a negative attitude towards the acquisition. Even more emphasis could have been put on communication about the event and forthcoming career implications. Experience of previous mergers and acquisitions activities can facilitate synergy realization if the combination is taking place in a similar industry setting. Our case company successfully recycled a lot of knowledge from a prior acquisition event, conducted by the Finnish subsidiary.

In whole, the case study in this thesis represents a good example of how a company could act to realize synergies in a merger or acquisition. So far, most cost synergies relate to the combination of similar operations. Surprisingly, reducing costs through lay-offs was the primary method to achieve the expected savings. However, this event is still in an early phase, we expect more synergies from the combination to be realized in the future.

Key words: mergers and acquisitions, case study, synergy realization, combination potential, organizational integration, employee resistance, M&A experience
I want to thank my mom and my dad - Acknowledgements

The realization of this thesis would not have been possible without the help and support of some outstanding individuals. First of all we would like to give our biggest thanks to the participating WM-data employees Jan-Christer Stoppel, Håkan Mattisson, Stefan Gardefjord and Leif Carlsson. Also thanks to all participating anonymous questionnaire respondents and to Mikael Schmidt and Marie Klockare for helping us distribute the questionnaire and collect the answers.

Our tutor Finn Wiedersheim-Paul has given us great guidance throughout this semester and our work with both theses. We greatly value your advice and have learned a lot about searching for and evaluating information! Thank you for giving us valuable tools for the future.

Thank you to our fellow students Hanna Pulli and Emma Johansson for taking the time to review our work in the very last minute.

Last but not least, all our love to Björn and Andy for reviewing our work and supporting us through everything we do.

Uppsala, 6th of June 2006

Maria Andersson and Maja Karlsson de la Rosa
### Table of content

Appendices .................................................................................................................. 4

Table of figures .............................................................................................................. 4

1. Finding the key to merger and acquisition success .................................................. 5

2. Approaching the problem ......................................................................................... 5
   2.1 Choosing the theoretical model ......................................................................... 5
   2.2 Choosing the case company and conducting the study ...................................... 6
   2.3 Evaluation and limitations of our choices ....................................................... 7
      2.3.1 The participants .......................................................................................... 8
      2.3.2 The interviews ............................................................................................. 8
      2.3.3 The questionnaire ......................................................................................... 8
   2.4 Terminology ......................................................................................................... 8
   2.5 Outline of this thesis ........................................................................................... 9

3. A model for studying synergy realization ................................................................. 9
   3.1 Sometimes you can’t make it on you own - Combination potential .................... 10
   3.2 One step closer - Organizational integration ................................................... 11
   3.3 Love and peace or else - Employee resistance ................................................. 12
   3.4 Running to stand still - M&A experience ......................................................... 13

4. The combination; WM-Data acquires Atos Origin Nordic ........................................ 14
   4.1 Getting to know our case company – WM-data ............................................... 14
   4.2 The acquisition of Atos Origin Nordic ............................................................. 15
   4.3 Combination potential ....................................................................................... 17
      4.3.1 A closer look – Analysis of the combination potential .................................. 17
   4.4 Organizational integration .................................................................................. 18
      4.4.1 A closer look – Analysis of the organizational integration ............................ 19
   4.5 Employee resistance ........................................................................................... 20
      4.5.1 Career ........................................................................................................... 20
      4.5.2 Communication ............................................................................................. 20
      4.5.3 Culture .......................................................................................................... 20
      4.5.4 A closer look – Analysis of the employee resistance ...................................... 21
   4.6 M&A experience ................................................................................................. 22
      4.6.1 What happened in Finland? ........................................................................ 22
      4.6.2 Finnish knowledge becomes Swedish ....................................................... 22
      4.6.3 A closer look – Analysis of the M&A experience ......................................... 23

5. Concluding thoughts ................................................................................................. 23

6. Summary .................................................................................................................. 25
Appendices

Appendix 1 – Evaluation of sources ................................................................. 28
Appendix 2 - Presentation of the respondents ................................................ 31
Appendix 3 – Interview guide ........................................................................ 32
Appendix 3 – Interview guide ........................................................................ 32
Appendix 4 – E-mail questions ..................................................................... 33
Appendix 5 - Questionnaire ........................................................................ 34

Table of figures

Figure 3.1: An integrated model for synergy realization ............................... 10
Figure 3.2: Elements of combination potential ............................................. 10
Figure 3.3: Integration approaches ............................................................... 12
Figure 3.4: Elements affecting employee resistance ..................................... 13
Figure 3.5: Experience related outcomes ..................................................... 13
Figure 4.1 Operational Organization WM-data ............................................ 15
Figure 4.2: Timeline of the planned acquisition integration ......................... 18
Figure 4.3 Organizational chart of the integration management .................... 19
1. Finding the key to merger and acquisition success

The objective of this thesis is to describe the actions taken by WM-data in their acquisition of Atos Origin Nordic and relate this to the most important factors for synergy realization.

The reasons for a company to engage in a merger or an acquisition can be many; to gain market share, to buy out a competitor, to get access to specific knowledge or maybe simply because the CEO felt like going shopping. No matter the initial reason, most activities of this kind aim to create added value in the end; to make $2+2 = 5$. To do this, synergies between the companies have to be realized to create a more effective, innovative and/or profitable entity. Many studies in the merger and acquisition (M&A) field focus on the obstacles and challenges that have to be overcome in creating the new entity. We will in this thesis instead focus on the factors for success in M&As, conceptualized as synergy realization. In a time when many companies are forced to grow in other ways than organically: how does a company cope with the challenge of reaching the full potential of a merger or an acquisition?

2. Approaching the problem

Before we go on to explain the theory of synergy realization and how our case company acted, we would like to give you some information about how our work with this thesis has progressed. In this chapter we present the choices made starting out with our work. We also discuss the limitations of these choices and present the basic terminology used throughout the thesis.

When investigating cultural factors and their influence on M&As in our bachelor thesis, we found that complimentary differences can be beneficial and that culture can contribute to synergies in the new entity (Andersson & Karlsson de la Rosa, 2006). This awakened our interest to further investigate synergy realization and the factors contributing to success in M&As. We chose to study these aspects in an acquisition conducted in 2005 by a company widely experienced with M&A events.

2.1 Choosing the theoretical model

We used the gained knowledge from the literature review in our bachelor thesis (Andersson & Karlsson de la Rosa 2006) as a foundation for the theoretical section of this thesis. In addition to this we have used the different search tools (databases, libraries, the Internet etc.) to find further information on the subject of synergy realization in M&As. The most frequently used tools have been Google Scholar, JSTOR, Business Source Premier, LIBRIS and DISA. We have also searched in databases like OAIster, Scirus and SMEALSearch. When searching we used keywords such as synergies, synergy realization, merger, acquisition, culture, integration, learning, experience and its Swedish equivalents. We have found suitable material in reference lists of recent research reviews, articles and edited
publications (e.g. Stahl & Mendenhall, 2005) and also in a master thesis from the Stockholm School of Economics (Mehlqvist & Nyman, 2005).

As a starting point for our theoretical approach we have chosen a model developed by Larsson and Finkelstein (1999). Their model for synergy realization uses an integrated approach on the factors relevant for success in M&As. This is one of the few models that focus on success factors in M&As and not on obstacles. The integrated perspective allows us to take a broad look at our case company to include and identify crucial factors for synergy realization. The alternative would have been to focus on one or a few factors and study these in more than one case company. However, we believe that this would limit our results and exclude interrelations among factors and aspects not included in the model.

On the basis of the experiences of our case company and our own previous studies in the M&A field we have expanded the model to include learning from previous M&A events: M&A experience. From the model we derived four hypotheses. We believe that these hypotheses summarize the most important aspects for realizing synergies in an M&A. In the analytical part of this thesis we relate these aspects to the actions taken by WM-data. The model and its dimensions are presented in the next chapter.

2.2 Choosing the case company and conducting the study

We find that our choice of case company fits our intention to study success factors in M&As. WM-data AB (WM-data), is widely experienced with M&As. During the last two years the company has conducted two major acquisitions with extensive subsequent integrations, both which have been considered successful. The company is based in Stockholm, Sweden and was very helpful and cooperative with interviews, questionnaire distribution and relevant documentation.

We first got in contact with WM-data through personal contacts at the acquired part of the company, Atos Origin Nordic (Atos). From there we got in contact with key individuals from both companies involved in the acquisition and the following integration. We choose participants that could give us insight in the acquisition, both the pre-evaluations and the subsequent integration. We wanted representatives from each of the combining companies and from different levels of the organization.¹

Two interviews were conducted, with one representative from each origin company. One of the interviewees had a very active role in the integration and the other one a more passive part. These interviews were of conversation character starting out from a general description of the acquisition and the subsequent integration.² The interviews were conducted in Swedish. Both authors were present during the interviews with one focusing on asking questions and the other one on taking extensive notes.³ Two other key

¹ For an overview of the participating respondents, see Appendix 2.
² See Appendix 3 for the interview guide.
³ For a full transcript of the interviews, please contact the authors.
individuals, both highly involved in the acquisition, were sent an e-mail with questions and we received the answers in the same way.4

In addition to these interviews and the e-mailed questions we performed a collection of empirical data through a written questionnaire that was distributed among employees of the company. The respondents consisted of employees from former Atos and the aim was to see how they perceived the acquisition. The questionnaire was distributed to employees of three different departments; we received ten answers by e-mail.5

To get a broader perspective on our case company we have used secondary sources covering company information such as annual reports, customer magazine, company web pages and internal documents. A thesis by students at the Stockholm School of Economics covering WM-data’s acquisition and integration of the Finnish company Novo Group (Novo) during 2004 has also been helpful in providing information about the Novo integration and thus the experiences gained at that event.

2.3 Evaluation and limitations of our choices
The theoretical model used in this thesis integrates perspectives from business strategy, human relations, organizational behavior, and organizational learning. In doing this it strives to create a more complete picture and understanding of M&A events than models focusing on perspectives from only one of these fields of research. The Larsson and Finkelstein report has been called “…a defining paper in M&A research” (Professor Kathleen Eisenhart of Stanford University cited in Larsson & Finkelstein, 1999:1) and both authors are well known researchers in the M&A field. However, even when striving for an integrated approach and a broad view on M&A performance, no model can claim to cover all aspects on the subject. Regardless, we find the Larsson and Finkelstein model useful since we study a single case and adopt a broad perspective on the determinants for synergy realization.6

We have strived to gain a multifaceted picture of our case company and their current situation. To manage this, we have used several data collection methods and information from different sources. The purpose of doing this was to gain complementary data and to confirm already achieved findings. Despite this, our study does not claim to completely describe the acquisition. One obvious reason for this is that we have not studied the entire timeframe of the acquisition as it took place, but rather gathered data about events that had already happened and examined the current situation. Because of this we were limited to our respondents’ memories, internal documents and notes from the events during the last year. However, because the events in question happened relatively recently and the fact that we strived to confirm our finding with several respondents and documented texts we do not see this as a big problem but take it under consideration when evaluating our results.

4 See Appendix 4 for the list of questions that were e-mailed.
5 See Appendix 5 to view the questionnaire.
6 For more information on the selection and evaluation of the sources used in this thesis please refer to Appendix 1.
2.3.1 The participants
Only a limited number of employees, involved in the acquisition and the subsequent integration, have been able to participate in our study. However, we have deliberately chosen respondents from both companies and from different levels of the organization. Notable is that our respondents in many cases joined the study by recommendation from another participant; they can therefore be seen as interdependent. A limiting factor to our study is that we did not manage to include any respondent representing those who lost their job because of the acquisition. They may have added another dimension to our findings.

2.3.2 The interviews
We strived to minimize influence on the respondents during the interviews by keeping the questions open and by intervening as little as possible in the conversation. We are aware that the participating respondents may have answered questions about their performance and actions in a more positive way than is really the case. This may also be true regarding facts about the company stated by the respondents. The company is currently listed on the stock market and any negative publicity could potentially have damaging effects. The answers we received by e-mail may suffer from the same problem. With e-mail answers it is also harder to read additional information from the respondents. On the other hand influence from the interviewers is kept at a minimum.

2.3.3 The questionnaire
When designing the questionnaire our aim was to measure how the employees perceived the acquisition and the subsequent integration. We wanted to do this by avoiding questions that could be considered offensive and by keeping the questionnaire relatively short and easy to answer. Despite this we are aware that the answers to the questionnaire may be viewed as sensitive information and as if the anonymity when participating is not complete. We have taken this into consideration when evaluating the information.

2.4 Terminology
To help the understanding of this thesis we would like to clarify some terms and concepts. First we would like to highlight the fact that mergers and acquisitions are legally different transactions. Even though a merger is considered a more friendly way to join two companies, the combination can rarely be treated as one of equals (e.g. Cartwright & Cooper, 1992:30; Schein, 2001:47). Because of this, the literature tends to treat the concepts synonymously, and that is what we also will do in the rest of this thesis when referring to M&As in general. We will relate to the concept of a merger or an acquisition using the word combination and describe the two companies in the event as the combining companies.

Performance is the result of the combination; it can be a failure or a success. For a combination to be considered successful it should, at least in the long run, add value to its shareholders. In this thesis we measure performance in terms of synergy realization, conceptualized as “…the actual net benefits (reduced cost per unit, increased income, etc.) created by the integration of two firms involved in a merger or acquisition” (Larsson & Finkelstein, 1999: 3).
We use the word *integration* when addressing the process by which the combining companies come together to form the new entity. Different levels of integration exist and integration can include all aspects of a company’s operations and practices.\(^7\)

### 2.5 Outline of this thesis

We will start with a theoretical description of the factors influencing synergy realization by presenting the model we used in our work (Chapter 3). The relation between each factor and synergy realization is summarized in four hypotheses. We use these hypotheses when analyzing the actions taken by our case company.

In Chapter 4, our case company WM-data is presented together with the synergy factors we have studied. Every section about synergy factors in Chapter 4 is followed by an analyzing section that focuses on that particular factor. These sections relate the stated hypotheses to the actions of our case company and are marked with the symbol of a magnifying glass.

Chapter 5 summarizes the analysis and presents our own reflections on the findings. We also discuss some thoughts about the future for the company and suggestions for further research. A summary of the entire thesis is found in Chapter 6.

### 3. A model for studying synergy realization

*This chapter aims to give a basic understanding for the factors affecting synergy realization in M&As. This is the theoretical starting point we used when conducting the research for this thesis and the dimensions used when we analyze the actions taken by our case company.*

M&A research has peaked during the last decades and the research material on different aspects of M&As is extensive. In our Bachelor Thesis (Andersson & Karlsson de la Rosa, 2006) we reviewed literature covering the concept of culture and its relation to M&A performance. However, culture is not the only determinant to a successful combination. Many other aspects can be taken into account in the M&A equation. The model we have chosen as a reference base in this thesis integrates several of the most frequently stated dimensions and put them into relation with each other.

Larsson and Finkelstein (1999) has developed a theoretical model that “integrate the combination, integration, employee and performance issues into a comprehensive model that views M&A performance (conceptualized as synergy realization) as a function of combination potential, organizational integration and employee resistance”, (Larsson and Finkelstein, 1999:3). In this thesis we find it relevant to extend their model with a

\(^7\) For further information on integration, see e.g. our bachelor thesis (Andersson & Karlsson de la Rosa, 2006)
dimension for learning i.e. gained experiences from previous M&A events. The dimensions will be further presented in the following sections.

![Diagram of synergy realization model]

### 3.1 Sometimes you can't make it on you own - Combination potential

Some researchers argue that more emphasis in the M&A process should be on the pre-combination evaluation of the other firm, especially in commonly neglected parts such as people issues (e.g. Schein, 2001:47; Datta, 1991:293; Schraeder & Self, 2003:520; Stahl et al. in Stahl & Mendenhall, 2005:403). Evaluation of potential targets through due diligence processes is the standard operation for a company interested to engage in an M&A activity. An understanding of the fit of the combining companies and the potential of the combination is the foundation of further actions such as integration and communication and in the end synergy realization.

In their study, Larsson and Finkelstein (1999) found that synergy realization is affected by both strategic similarities and complementarities between the combining companies. “The various sources of synergy define a combination’s potential, which in turn is expected to affect the extent to which synergies will be realized in an acquisition.” (Larsson and Finkelstein, 1999:5)

![Diagram of combination potential elements]
The combination potential can be described as the degree of relatedness between the acquirer and the target, or as the complementary aspects of their operations. A high potential is thus reached if synergies can be achieved either through combining two similar operations, or through a combination of different, but complementary, operations (Larsson and Finkelstein, 1999:6). In their report Larsson and Finkelstein (1999) highlight their findings regarding complementarities and argue that “…strategic differences can create opportunities for synergistic complementarities by combining different operations that enhance the competitive position of the resulting entity” (Larsson and Finkelstein, 1999:15). In other words, the strategic fit of the combination (e.g. Cartwright & Cooper, 1992:2-3) potentially arises from “economies of sameness” and “economies of fitness” (Larsson & Finkelstein, 1999:15).

Hypothesis 1: Similarities and complementarities between the combining companies facilitate synergy realization.

3.2 One step closer - Organizational integration

A lot of literature and research within the M&A field focus on the integration of the combining companies (e.g. Cartwright & Cooper, 1992; Nahavandi & Malekzadeh, 1993; Olie, 1990; Schweiger & Goulet, 2005). Many of these categorize integration efforts in different ways, e.g. levels of integration and approaches to integration (hard vs. soft etc). Larsson and Finkelstein continue on this streak when they conceptualize organizational integration as “…(1) the degree of interaction between the joining firms through, for instance, restructuring and material flows and (2) the extent of coordinative efforts to improve the quality of that interaction through special integrators, transition teams, preplanning and so forth.” (Larsson & Finkelstein, 1999:9) In addition to a soft/avoiding and a hard/controlling approach of integration Larsson (in Stahl & Mendenhall, 2005: 189) presents the co-competence approach that focuses on “…the best complementary competences from both sides”. The key words for the co-competence integration are: high, fast and positive (Larsson in Stahl & Mendenhall, 2005: 197). The challenges with the co-competence approach are identifying the competences, evaluating them in an objective way and building a mutual respect for the competences of the other firm. This requires constructive and learning interaction between the joining firms. (Larsson in Stahl & Mendenhall, 2005: 188-189)
Integration approach

<table>
<thead>
<tr>
<th></th>
<th>Soft/Avoiding</th>
<th>Hard/Controlling</th>
<th>Co-competence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Level</strong></td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td><strong>Speed</strong></td>
<td>Slow</td>
<td>Fast</td>
<td>Fast</td>
</tr>
<tr>
<td><strong>Perception</strong></td>
<td>Neutral</td>
<td>Negative</td>
<td>Positive</td>
</tr>
</tbody>
</table>

Figure 3.3: Integration approaches (adapted from Larsson in Stahl & Mendenhall, 2005)

Larsson and Finkelstein (1999: 16) found organizational integration to be the single one most important determinant for synergy realization. Even when combination potential is high, they state that it is still of great importance to realize the potential through organizational integration.

Hypothesis 2: Integration efforts, especially when focused on co-competence, facilitate synergy realization.

3.3 Love and peace or else - Employee resistance

There are a number of reasons why the reactions from employees often are negative when facing a merger or an acquisition. Except from the increasing layoffs, changed career plans and loss of influence, the employees may experience a feeling of ‘we versus them’ that will increase the difficulties of a successful integration. The risks of culture clashes are also a serious cause of resistance since employees from both companies have established routines. Usually this resistance is greater within the acquired organization since this often is the culture that has to abandon its traditions and routines. The resistance can both be expressed actively through e.g. voice, exit and sabotage and passively in the form of e.g. increased absenteeism, disobedience and slacking. (Larsson and Finkelstein, 1999:6)

There are three common perspectives to view employee resistance: cultural, communication and career perspectives. Both researchers and practitioners usually focus on only one of these, which will increase the risk of having problems with the two perspectives that are ignored. Employee resistance is an important factor to keep in mind when striving for synergy realization. To reduce employee resistance the company needs to adopt a co-motivational approach on collective, interpersonal and individual levels in the organization. This can be done by “joint acculturation, communication and career development efforts”. (Larsson in Stahl & Mendenhall, 2005: 190)

Hypothesis 3: Employee resistance inhibits synergy realization and efforts in the areas of culture, communication and career must be made to reduce it for a combination to be successful.
3.4 Running to stand still - M&A experience

In some areas of business research and literature the concept of learning is well known. The conclusions reached are mainly that previous experience affects the company’s results in a positive way. However, the field of research is restricted to manufacturing companies and their improvements on production processes and lower unit costs. In the M&A field the research has not proven if and how experience affect M&A performance. (Haleblian & Finkelstein, 1999:29)

Haleblian and Finkelstein (1999) conducted an extensive study on acquisitions with behavioral learning as a theoretical foundation and found both positive and negative effects on acquisition experience. When acquiring a company that is similar to those that previously have been acquired, the experience could have a positive effect on performance. That is, a company could benefit from generalizing its experience and apply it to the new acquisition when in the same industry. If the company, on the other hand, is using the previous M&A experience in a dissimilar industry, the performance will most likely be negatively affected. If the previous experience is not used in a similar setting, the risk for repeating old mistakes could be substantial. Nevertheless, this could be preferable than using previous learning incorrectly in a dissimilar setting. (Haleblian & Finkelstein, 1999:51)
A more recent study by the same authors, state that the reliance on previous experience can be harmful if not enough attention is put on identifying the uniqueness of the current acquisition. Managers should therefore try to identify the similarities between the actual and prior acquisitions and only use the same course of action when similarities are found. The study found that companies therefore should seek to acquire companies that are similar to their own, mainly with regard to industrial environment. (Finkelstein & Halebian, 2002:45).

Hypothesis 4: Experiences from previous M&As used in a similar industrial setting facilitate synergy realization.

4. The combination; WM-Data acquires Atos Origin Nordic

In this chapter, the acquisition is presented. Information about the combining companies is followed by dimension specific sections, together with an analysis of the chosen technique and its implications. The analyzing sections are marked with a magnifying glass.

4.1 Getting to know our case company – WM-data

WM-data is one of the leading IT companies in the Nordic region, and its mission is to increase its customers’ competitiveness “…by combining operational expertise with IT knowledge”. (WM-data Annual report, 2005:4) “Our operations are all about getting the everyday lives of our customers and their customers to run smoothly.” (Stjernfelt cited in WM-data Annual Report, 2005:4). The largest competitor is the Finnish-Swedish IT-service provider TietoEnator. (Mattisson, 2006)

The WM-data Group is listed on the Swedish stock market and constitutes of two different brands; WM-data for IT-related services and solutions and Caran for design- and product development services. The WM-data operations are divided into the two areas: Industry Solutions and Infra Solutions. Industry Solutions consists of six areas: Banking & Insurance, Retail & Logistics, Industry & Process, Public & Healthcare, Telecom and Utilities. In addition to this, Cross Industry Solutions represents industry independent services such as solutions in accounting, human resources and document management. Infra Solutions consists of a support desk function and solutions to design and monitor server operations, communication and work place services. (WM-data Annual Report, 2005:8-9) The Integration & Application Centers represent the local offices and activities, aimed to create closeness to the customer. (Stoppel, 2006)
In 2003, WM-data decided on a strategy for growth that focuses on creating a critical mass, geographically and on specific industry segments, through complementary acquisitions. The strategy aims to create a ground base for growing organically. The first step in this strategy was the acquisition of Finnish Novo Group in 2004. So far the strategy seems to be working; by acquiring 20 companies over the past two years (and more than 200 since 1987), WM-data has been able to keep up a good growth and a strong market position. (WM-data Annual Report, 2005:5)

Apart from the Novo acquisition in 2004, the other major acquisition during the last two years was Atos, acquired in 2005. (WM-data Annual Report, 2005:5) Since this thesis focuses on the latter, information about the Novo acquisition can be found in the section that discusses M&A experience further down. In the next section we will instead focus on the latest acquisition.

### 4.2 The acquisition of Atos Origin Nordic

One of the most important events for WM-data in 2005 was the acquisition of Atos Origin’s Nordic operations. The combination resulted in an expansion in many business areas in which WM-data already were well established. It also added new expertise, mainly in Telecom and Utilities. (WM-data Annual report, 2005:5-6)

Globally Atos Origin is a leading international IT company that provides their customers with integrated solutions. They are one of the few big companies that can design, build and operate these kinds of solutions and they offer them to multinational companies in industrial sectors that have been carefully targeted. (Atos Origin website, 2006)
The Nordic operations of Atos Origin had experienced many acquisitions and had had many different owners. They were originally owned by the Swedish government and constituted of three different sections, namely SKD, DAFA and SK. During 1992, these three sections were acquired by the French-English conglomerate Sema, which in turn was acquired by the American company Schlumberger in 2001. In 2003, Atos Origin acquired this part of Schlumberger. However, the Nordic operations were just a small part of Atos and too small to compete successfully with larger IT companies in the same region. (Mattisson, 2006)

Since customers are focusing on fewer and stronger suppliers and in order to concentrate on larger and faster growing markets, Atos Origin decided to leave its Nordic operations. (WM-data Annual report, 2005:19)

The acquisitions that Atos had experienced since 1992 had all been with foreign acquirers and the companies were never fully integrated. The events had mainly resulted in layoffs at higher levels in the organization and not so many changes at the operational level. In the last acquisition by WM-data, the aim was to fully integrate the two companies and this resulted in many double functions, such as two salary departments, HR departments etc. The integration lead to 300 lay-offs and a total restructuring of the organization. (Mattisson, 2006)

The acquisition and the subsequent integration required a large quantity of resources, and also limited customer and market activities during 2005. The cost was approximately 199 MSEK; most of this refers to layoffs. However, the acquisition is expected to result in synergy gains with 150 MSEK per year, with full effect from midyear 2006. According to Stoppel (2006) and this year’s interim report (WM-data Interim Report, 2006: 2), these numbers are still relevant and everything is going according to plans.

In addition to the acquisition, WM-data has entered a strategic alliance with Atos Origin’s global operations. This enables WM-data to offer their customers a commitment that is extended beyond their own geographical reach, while they can offer Atos Origin’s customer the same support within WM-data’s area. (Inblick, 2/2005:6)

<table>
<thead>
<tr>
<th>Short facts about WM-data (2005)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founded: 1969</td>
</tr>
<tr>
<td>Consolidated sales: 9 265 M SEK</td>
</tr>
<tr>
<td>Growth: 14% (largely acquisition based)</td>
</tr>
<tr>
<td>Average number of employees: 8 390</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Short facts about WM-data’s acquisition of Atos Origin 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>First announced on 23 May, the transaction was approved by competition authorities on 28 June, and was completed on 7 July, 2005. The operations were integrated during autumn 2005.</td>
</tr>
<tr>
<td>Brought 1300 employees and a total sales of 1 600 MSEK.</td>
</tr>
</tbody>
</table>

Reference: WM-data Annual Report, 2005
4.3 Combination potential

Except from creating extensive cost synergies, the acquisition of Atos was expected to strengthen WM-data’s market position by giving it a broader range of solutions and services and also a larger amount of customers. (Gardefjord, 2006) The objective was to make use of those competencies that Atos was specialized in and that WM-data was lacking. With the acquisition, WM-data took the final step towards a new business structure, where the company should be built from the outside and reflect the customers’ needs. When focusing on the customers, WM-data argues that it is important to be able to offer the solutions that they are in need of and to be competent in all areas. (Stoppel, 2006)

When doing an introductory evaluation of this business case, it was mainly the top management involved. In the second step the team was expanded with 15-20 persons, consisting of both internal and external resources. These people performed a more careful due diligence process and did research about the management. They frequently reported and discussed with the board and obtained further directions on how to proceed with the work. (Gardefjord, 2006)

At the time there were no other potential acquisition objects of the same size and strategic significance. (Gardefjord, 2006) Atos had been an interesting object for WM-data since the early nineties, when the Swedish government still owned the company. According to Crister Stjernfelt, president and CEO, this was an acquisition they should have done a long time ago. Gaining more competencies and larger market shares allows WM-data to have operations in all Nordic countries and to develop joint solutions. This is predicted to result in further synergy effects. (Inblick, 2/2005:5-7) “It fit like hand in glove; they were successful in areas that we were not that good in, for example telecom.” (Stoppel, 2006)

Notable is that even if the companies were operating on the same market, they were only involved with the same customer in one project, at the time of the acquisition. Because of this, they could not realize the full potential for the combination in that specific case. (Mattisson, 2006)

4.3.1 A closer look – Analysis of the combination potential

In WM-data’s eyes, Atos had been an interesting target for a long time. Despite this, WM-data conducted a thorough investigation and evaluation of the company before acquiring it. It looks like their efforts have paid off. The acquisition seems to highly fulfill the conditions in our first hypothesis: Similarities and complementarities between the combining companies facilitate synergy realization. Not only do the combining companies operate in the same market and have many similar characteristics, several dimensions also appear to complement each other well. Complementarities can be found both in the customer base and the industry segments in which the companies operated. It is portrayed as a perfect match despite the limited options for WM-data when seeking to expand its operations through acquisitions.
4.4 Organizational integration

The integration was conducted over a very intense and short period of time. The start of the restructuring was in July and it was formally completed three months later, in October. According to Stoppel (2006), many things could have been implemented more carefully but the integration team gave higher priority to speed and progress. One of the reasons was that more conflicts could arise if the process were to be spread over a longer period. The earning from an intense and fast integration was also calculated to be larger than the potential loss. (Stoppel, 2006)

One of the most crucial aspects with the acquisition was to make use of the potential cost synergies. WM-data calculated to save 150 MSEK each year by acquiring Atos and it was very important to have this in mind when planning the integration. (Stoppel, 2006)

![Timeline of the planned acquisition integration](image)

**Figure 4.2: Timeline of the planned acquisition integration (Internal document, Stoppel 2006)**

An integration team was formed to manage the integration process. The team consisted of one integration office that worked almost full time with the integration, and one integration board that had more of an advisory and managing position. The key words for this process were speed, progress and synergies and the team focused on all relevant fields, e.g. communication, economy, organizational structure.

When conducting the integration, a major restructuring of WM-data’s organization was done at the same time. The employees were divided into different groups, depending on which area of business they belonged to. To avoid hostility, one manager from each company was set to lead each group. After this, the integration team focused on details and individuals and which employees that should stay and which ones to dismiss. It was important to remove those employees that filled the same function to take advantage of the

---

8 EBITA = Earnings Before Interest Taxes and Amortization (excluding restructuring cost and including synergy effects)
potential cost synergies since salaries constituted a large proportion of all cost savings. Other expenses that were harder to overcome were the ones caused by premises and this was therefore excluded from the integration project. “It was a large puzzle to solve for every one involved.” (Stoppel, 2006)

An important aspect in the integration process was to monitor and evaluate the plans that have been set up and to make sure that all activities aim at the same direction. The project was very carefully implemented and the groups had to report to the integration office every week during the time when the integration project lasted. Another important aspect was to listen to the individuals in the organization. Even though it was the management that made all the decisions, it was crucial to be open-minded and create the time for meetings and discussions. (Stoppel, 2006)

At the same time as the integration was conducted, everyone had to keep on working with the day-to-day operations and it demanded a lot of effort and hard work for everyone involved. “The [integration] process has been extremely compressed; we have managed to do a lot of things.” (Stoppel, 2006)

4.4.1 A closer look – Analysis of the organizational integration
It is clear that a great focus on integration led to a fast and well planned process when combining the companies. Both companies were involved in the process and emphasis was made to listen to everyone and to communicate about the steps taken. For the Atos employees this integration differed from the ones the company had experienced before, especially in the high degree it was conducted. The integration groups striving to find the best practices and solutions for the new entity. This was possible through constant reporting to the integration office and clear directions and goals. The conditions in our second hypothesis, Integration efforts, especially when focused on co-competence, facilitate synergy realization, must be
considered fulfilled. Integration efforts were certainly made and many of them seem to focus on finding the best practices and make use of both companies’ competences.

4.5 Employee resistance
The employee reactions of the event were mainly positive. Nevertheless, many employees got nervous when reached by the message that the company was going to dismiss 300 people. (Stoppel, 2006)

4.5.1 Career
“Spontaneous reaction from employees at WM-data was that it is us who buys them [Atos].” (Stoppel, 2006) However, it was important for the integration team to oversee this and choose the most competent individuals that suited the company and the new organizational structure best, regardless which company they originally came from. Despite this, it may be easier to choose those that you already know. This is probably one of the reasons why WM-data’s employees represent a larger share of all employees today. Another reason could be that WM-data consisted of more employees than Atos and today’s division reflects those differences. (Stoppel, 2006) Not all employees at Atos felt that the selection was fair. One of our interviewees told a metaphor stating that the Atos employees had to be like playboy models to compete with the WM-data employees in the selection process. (Mattisson, 2006)

4.5.2 Communication
The integration team considered it very important to give the employees as much information as possible about what was happening within the company. Since WM-data is listed on the stock market, it was not possible to tell everything and some of the information reached the employees and the rest of the world at the same time. The general information was mainly published on the intranet. More important information was sent out by mail or declared by the group manager. Since WM-data has operations in many parts of Sweden, the group leaders had to travel a lot. It was considered important that they were visible and not just a name on a paper for those that were not located in Stockholm. “The employees have to be informed frequently. Even if there is not anything to know, they have to be informed that nothing new has happened.” (Stoppel, 2006)

According to the employees at former Atos participating in our questionnaire, the information was not considered comprehensive enough. Even though several respondents do not remember how they first were informed about the acquisition, it is notable that no one got the information from their immediate manager, but rather from a colleague or from external sources. (Questionnaire, 2006)

4.5.3 Culture
Even though the previous acquisitions did not result in any major differences for the employees, their organizational culture was still affected. Atos Origin Nordic had more of an international atmosphere than WM-data, which always had Swedish owners. WM-data’s culture was considered more intact, while Atos’ employees were presumably sick and tired of having so many owners. The constant shift of owners, together with limited integration, had lead their organizational culture to gradually chip away. A new experience for the Atos
employees, when becoming acquired, was for example the activities that WM-data organizes for its employees and their families (e.g. cinema previews, parties with live music) with the purpose to strengthen the culture and bring the employees closer together. Atos was more characterized by the economical savings that consistently had been an important element in every earlier acquisition and had not spent more money than necessary on its employees. (Mattisson, 2006)

WM-data’s president hopes that both employees and customers at Atos feel that they finally have come home after the acquisition. Atos has had many different owners the last ten years and this can be very tough for both employees and customers. (Inblick, 2/2005:7) The majority of the respondents from former Atos have a positive opinion about the acquisition today, even though some of them had hoped to get new work tasks and more changes. (Questionnaire, 2006)

4.5.4 A closer look – Analysis of the employee resistance
It is most likely impossible to completely avoid negative reactions when conducting a merger or an acquisition. In the Atos acquisition, efforts were focused on communication throughout the process. Communication in the early stage of the process was, however, limited by the fact that the company is listed in the stock market. Important strategic decisions, such as a merger or an acquisition, have to be communicated externally before doing it internally to not affect the share price. This may affect the employees’ perception of the event and lead to increased employee resistance.

Culturally the differences between the companies were not huge. Atos came from a more international environment and during the last takeovers efforts for cultural integration had been limited. WM-data, on the other hand, had a more Nordic company culture that was strengthened by, for example, bonding family activities.

In line with the co-competence approach presented in the previous section, efforts were made to evaluate the competences of the employees of both companies before deciding on the new positions and organizational structure. However, few Atos employees in our study perceived the event as a boost for their career. Some even experienced great resistance in coping with the new conditions and finding their place in the new organization. Maybe more emphasis could have been put on communicating career perspectives and possibilities in the new entity.

Looking back on our hypothesis, employee resistance inhibits synergy realization and efforts in the areas of culture, communication and career must be made to reduce it for a combination to be successful, it can be established that WM-data have acted towards reducing employee resistance in all of the above stated areas. Nevertheless, some employees did have a negative impression of the combination, something that might have been possible to reduce with earlier communication and clearer career implications.
4.6. M&A experience

Even though WM-data is widely experienced with M&A events, the only other merger or acquisition that could measure up to the one of Atos in terms of size and integration is the acquisition of Finnish Novo Group conducted in 2004. The Novo acquisition was considered very successful and the integration was completed over a short period of time. (Carlsson, 2006; Stoppel, 2006) “It [the integration] was conducted in a fantastic way. The acquired operation had a profit margin at about five percent and already after one year the total margin in Finland was 11.6 percent.” (Stjernfelt cited in Inblick, 2/2005)

There was a notable size difference between the acquirer and the acquired in the Novo case. The Finnish subsidiary to WM-data (WM-data Oy) had in 2003, before the acquisition, approximately 500 employees and was regarded as a small and innovative company. Novo on the other hand was the second largest IT-consultant in Finland at the time with a turnover of SEK 2, 8 Billion and a staff of approximately 2300. (Carlsson, 2006; Mehlqvist & Nyman, 2005:13)

4.6.1 What happened in Finland?

Early in the process of the Novo integration an integration board with a supervising function was founded. The board consisted of two former Novo managers and two former WM-data managers. “In large, the acquisition process followed the framework established in Novo during years with extensive acquisitions.” (Mehlqvist & Nyman, 2005:15)

The integration board formed 26 integration groups; the chairman of each group came from Novo and the secretary from WM-data Oy. The groups focused on key integration issues such as the composition of each business unit. This was used as the groundwork for the new organizational structure. (Mehlqvist & Nyman, 2005:15)

“After the establishment of the new organization, the focus shifted towards identifying best practices and overlapping competences as well as resources. The work also included ways to realize the identified practices and synergies.” (Mehlqvist & Nyman, 2005:15)

The management established three key success factors. The first one was speed: to put time pressure on the organization and its members to ease the transition. The second one was focus on clear communication to keep everyone informed of where the company was heading. The third factor was clearly defined tasks within the integration groups to avoid uncertainties in the groups as well as the rest of the organization. (Mehlqvist & Nyman, 2005:15)

4.6.2 Finnish knowledge becomes Swedish

Because of the success of the Novo acquisition a lot of knowledge from that project was used during the pre-preparations of the Atos integration. Models, forms, structure and work methods were all recycled. (Stoppel, 2006; Inblick, 2/2005) However, since Finnish colleagues managed most of the event, the accumulated knowledge was collected through studying documentation and by interviewing the responsible managers of the integration. (Stoppel, 2006)
One of the most successful techniques that the Novo acquisition brought was the approach to divide the integration process into three stages, namely: 1. Plan: Planning of the organizational structure and of the preliminary integration process. 2. Design: Preliminary estimate of synergy effects. 3. Execute: Clear delegations and instructions on how to implement activities. This is the same process that was used during the integration of Atos.\(^9\)

The establishment of an integration team that mainly focus on planning and implementation of the integration was also a main success factor in the Novo acquisition. (Carlsson, 2006)

The gathered knowledge from the Novo acquisition and other previous smaller combinations has given WM-data confidence in its ability to perform M&A events: "We know that we are capable of conducting integrations of acquired businesses in a good way." (Stjernfelt cited in Inblick, 2/2005) "The ability to integrate new expertise and solutions is one of WM-data’s most important factors for success." (WM-data Annual Report, 2005:5)

4.6.3 A closer look – Analysis of the M&A experience

WM-data is confident in their ability to perform integrations and to recycle accumulated knowledge. The gained knowledge from the Novo acquisition highly influenced the integration process in the Atos case and it seems a lot of the success in this case originates in the fact that the integration process could be clearly planned and prosecuted. The techniques used in the Novo acquisition mostly generate from Novo’s prior experiences. These experiences have now been transferred to WM-data and merged with their previously gained knowledge of M&A events.

With the strategy to strengthen the company’s market position through acquisitions, targets will most likely be found in the same industrial segment as in the Atos case. This approach enables WM-data to apply the accumulated knowledge on new acquisition targets without too much of a risk for inappropriate generalization.

We find that the conditions for the forth hypothesis, experiences from previous M&As used in a similar industrial setting facilitate synergy realization, appears to have been fulfilled in an exemplary manner.

5. Concluding thoughts

We have now presented the theoretical background and the actions taken by our case company when conducting their last acquisition. We have even begun to analyze the event in the last chapter. In this section we will put our thoughts together by summing up the analysis and looking at implications for the future.

When looking at the factors for success in the form of synergy realization, WM-data has clearly made an effort to fulfill all of the criteria we identified as important in our

\(^9\) See Figure 4.2.
hypotheses. They conducted a thoroughly investigation to identify the combination potential, they conducted a fast and well-planned organizational integration and highly made use of experience gain in a previous acquisition. Only when it comes to actions to reduce employee resistance, the company seems to somewhat lack the desired results. Not all employees are entirely happy with the acquisition. This could in turn impede synergy realization. Factors to reduce employee resistance are something the company should keep in mind when conducting its next M&A.

WM-data states a good example for how to act when striving to realize synergies in an M&A event. The actual cost synergies in this case so far constitute mostly of combining similar operations and the lay-offs associated with the combination. We were surprised of the fact that this was the primary focus of the integration; identifying potential lay-offs to achieve the expected savings of the acquisition. Synergy realization according to WM-data is to reduce cost by dismissing all employees that do not contribute enough to the new organization. However, we expect further synergies to be realized in the future since the combination is still in an early stage. The actions taken by our case company has created a good foundation for creating added value through synergies, from both complementarities and similarities in the operations.

In addition to the factors for synergy realization proposed by Larsson and Finkelstein (1999), we have learned that M&A experience can play a crucial part in the M&A game. If used in the right settings and doing the suitable generalizations, experience can highly facilitate synergy realization. Experience provides a knowledge base that can drive speed and focus when conducting the event.

In WM-data’s case, it is interesting to take a closer look at the experiences gained from the Novo acquisition. The Finnish combination was most likely influenced by the difference in size between the two combining companies. Acquiring a much lager company could have forced WM-data to apply a more humble attitude to the integration that might otherwise have been the case. Such an attitude facilitates a co-competence approach to both integration and employee actions and therefore constitutes an effective step towards synergy realization. Even if the size relation between the companies in the acquisition of Atos was not the same, the decision to use the best practices gained at the Novo event created a successful integration process. The experience also gave WM-data techniques that can further benefit the company in future M&As.

Further studies could focus on the future course of events of the integration and on measuring the synergies that may not have been visible yet. Another interesting aspect is how the next acquisition will be managed and the way the company recycles the experiences and techniques once again.

To further investigate the aspect of learning from M&A experience a larger number of companies engaging in M&A activity could be studied. This would help to identify the best practices on how to recycle techniques and apply them in new situations.
6. Summary

This thesis focuses on the determinants for synergy realization in a merger or an acquisition. The model used related combination potential, organizational integration, employee resistance and M&A experience to synergy realization. The combination potential is affected by the strategic similarities and complementarities found in the combining companies. Organizational integration is best conducted with a co-competence approach, i.e. a high level of integration through a fast and positive process. High employee resistance can reduce the potential for synergy realization. Efforts in the areas of culture, communication and career should therefore be made to keep resistance to a minimum. Experience of previous M&A activities can facilitate synergy realization if the combination is taking place in similar industry setting.

Our case company, WM-data, is widely experienced with M&As and has during the last couple of years developed a strategy to grow through such events to gain market shares and position. The last two years the company has performed two major acquisitions with subsequent integration. Our focus in this thesis has been last year’s acquisition of Atos Origin Nordic.

The combination potential in the Atos acquisition was thoroughly investigated by WM-data and both strategic similarities and complementarities were found. The organizational integration was well planned and structured to identify the best technique and individuals from the two companies. The integration process was conducted with remarkable speed and under the management of especially assigned integration groups. The two combining cultures were pretty similar, but for the first time in while, for the Atos employees, the integration actually meant that efforts were made to integrate a new culture. Even though communication efforts constituted a lot of the work of the integration management, employees still experience a lack of information about the events. The information gap, together with limited communication about career implications of the event, could lead to increased employee resistance. In conducting the acquisition and subsequent integration a lot of knowledge from a prior acquisition event, conducted by the Finnish subsidiary to WM-data, was successfully recycled.

In whole, the case study in this thesis represents a good example of how a company could act to realize synergies in a merger or an acquisition. However, this event is still in an early phase, most synergies in the studied acquisition has so far come from combining similar operations to reduce cost through lay offs. We expect more synergies from the combination to be realized in the future.
References

Printed sources


**Company sources**


Internal documents, Power Point presentation. Received from Jan Christer Stoppel by e-mail, May 3rd, 2006.


**Interviews**


**E-mail questions**


**Questionnaire**

Distributed to the employees at WM-data, May 11th, 2006 by Mikael Schmidt and Marie Klockare. Collected during the following weeks by e-mail.
Appendix 1 – Evaluation of sources

We have evaluated the material according to the following criteria:

- **Author's field of study**: Has he/she published other articles, books or research papers in the same field? Academic record and relevant positions.
- **Research method used**: Number of companies and countries involved in the study. How has the data been collected? Which model has been used?
- **Relation to other research**: Have other authors referred to the research findings? Has the findings been tested by other researchers or been the foundation for other research?
- **Uniqueness**: Do the findings contribute to the research process in this field of study by adding new information, testing new models etc?
- **Actuality**: Are the findings still considered valid by researchers of today?

---

**Cartwright, Sue and Cooper, Cary L.** *Mergers & Acquisitions; The Human Factor*. Printed 1992, in Oxford. This book is frequently referred to in other research and the authors are well known in the research discipline of cultural aspects in M&As. The findings are based on an extensive survey of public information and previous research in the field, and they are clearly illustrated by a few case studies in the end of the book. Professor Sue Cartwright is active at the Manchester Business School, UK, and has published a large number of articles, books and chapters. Cary Cooper is an author of more than 100 books and a professor in organizational psychology and health at Lancaster University Management School, UK. The book is commonly referred to and deals with many aspects on the integration and gives a good insight to the M&A process.

**Datta, Deepak K.** *Organizational Fit and Acquisition Performance: Effects of Post-Acquisition Integration*. Published in Strategic Management Journal, 1991. The study uses primary data from 173 acquisitions in USA to relate management style and reward systems to level of integration and acquisition performance. Deepak Datta is Professor at the University of Texas, USA. His field of research is mainly in international business and strategic management with many publications. This article stresses the importance of cultural issues, organizational fit and the importance of pre evaluating potential combinations.

**Finkelstein, Sydney and Halebian, Jerayr.** *Understanding Acquisition Performance: The Role of Transfer Effects*. Published in Organizational Science in 2002. This study uses data from 96 organizations to examine positive and negative transfer effects in acquisitions. They conclude that the routines and practices established in prior situations may transfer to later acquisitions, and that the effect of such transfer depends on the similarity of industrial environment. However, it is important to identify the differences that characterize every unique acquisition. Sydney Finkelstein is a Professor of Management at the Tuck School of Business at Dartmouth, and has been awarded for his publications. Jerayr Halebian is Assistant Professor in Management Strategy at University of California. He has published
many articles within the field of experience related performance and is currently working on a study of risky acquisition decisions.

**Haleblian, Jerayr and Finkelstein, Sydney.** *The Influence of Organizational Acquisition Experience on Acquisition Performance: A Behavioral Learning Perspective.* Published in 1999. This is an extensive study that has used data from 449 acquisitions and the findings suggest that the achieved experience have to be generalized only if the acquisition is performed in a similar setting. For a presentation of the authors, please read the section above.

**Larsson, Richard and Finkelstein, Sydney.** *Integrating Strategic, Organizational and Human Resource Perspectives on Mergers and Acquisitions: A Case Survey for Synergy Realization.* This article is based on case studies of 61 M&As and how their synergistic benefits were related to combination potential, organizational integration and employee resistance. Published in Organizational Science in 1999. Richard Larsson is a Professor at Lund University, and also a pro-founding partner of Decision Dynamics in Europe. This study is of very big interest when discussing synergies in M&As and how different aspects affect the performance. We have used the findings to develop our theoretical model in this thesis and find it very interesting since it deals with aspects that have not been studied in an integrated approach before.

**Mehlqvist, Jan and Nyman, Lisa.** *Post-Acquisition Integration of Management Control Systems.* Students of Stockholm School of Economics wrote this master thesis in 2005. They studied WM-data’s acquisition of Finnish Novo Group with regard to Management Control Systems. We have used this thesis to find information about the Novo acquisition only.

**Nahavandi, Afsaneh and Malekzadeh, Ali R.** *Organizational Culture in the Management of Mergers.* This book was printed in Connecticut 1993 and deals with the human aspects of integration in mergers. It carefully describes the merger process and presents a number of case studies and relates these to the findings of the book. Afsaneh Nahavandi is a Professor of Management at Arizona State University, USA. Ali Malekzadeh is an Associate Professor at the same university. These authors have published lots of research and are often referred to in other literature in the same field. Although the book is from the early nineties, their findings are still the foundation for research in this field.

**Olie, René.** *Culture and Integration Problems in International Mergers and Acquisitions.* This study explores the obstacles that could hinder M&A success with regard to integration problems. This was one of the first literature reviews in the field of cross-border M&As, and the concluding thoughts can often be found in later research. The article points out the aspects of legal and tax-related problems in international combinations as well as the cultural and lingual barriers. René Olie is an Associate Professor at Erasmus University in Rotterdam. Many of his previous publications deal with culture and its effects on cross border M&As and management. Printed in 1990.

organization that conducts research, convene conferences, make forecasts, assess trends, publish information and analysis, and bring executives together to learn from one another. Its main offices are in New York and Brussels. Lawrence Schein is a retired senior fellow in The Conference Board’s program on Capabilities Management and HR Strategies, focusing on cultural issues in mergers and acquisitions. Over the course of his 19 years with the Board, he directed the Total Quality Management Center and contributed to research reports on quality, corporate culture, human resources issues, and work innovations. He holds a Ph.D. from the University of Pennsylvania. The report was sponsored by The Continuous Learning Group, Inc (CLG). This report is made with a commercial purpose but gives interesting insight on practitioners’ views on the most crucial aspects of M&As.

Schraeder, Mike and Self, Dennis R. *Enhancing the success of mergers and acquisitions: an organizational culture perspective*. This article deals with M&A success from and the findings are based on recent literature. The authors suggest that it is important to take the corporate culture into consideration in all phases, but the most important is probably the pre-combination stage. Published in 2003, by Management Decision. Mike Schraeder is a Ph.D. at Auburn University, USA. Dennis Self is researcher at Troy State University, USA.

Schweiger, David M. and Goulet Philip K. *Facilitating Acquisition Integration Through Deep-Level Cultural Learning Interventions; A Longitudinal Field Experiment*. Published in Organization Studies 2005. The authors conducted a field experiment across three pairs of matching plants involved in the same acquisition event. David M. Schweiger is the professor of International Business at the University of South Carolina, USA and the author of M&A Integration: A Framework for Executives and Managers (McGraw-Hill, 2002); Philip K. Goulet received his PhD in the area of strategic management at the University of South Carolina, USA, has extensive field experience through various top positions. Their study seems to be thoroughly conducted and the results are of importance, especially in the field of M&A integration techniques.

Stahl, Günter K. and Mendenhall, Mark E. (eds). *Mergers and Acquisitions; Managing Culture and Human Resources*. Printed in 2005 by Stanford University Press, California. This book contains a set of publications by executives and scholars, well known in the research field of cultural and human processes associated with M&As (e.g. Cartwright, Morosini, Olie). The content gives a good insight in recent findings and offers a wide scope since the authors come from different disciplines and geographic regions. Every chapter is also commented by executives that have experienced a combination. This gives the reader a real-world perspective to theoretical and empirical findings. Furthermore, the reference lists of each chapter have been very valuable to find more information. The editor, Günter K. Stahl is Assistant Professor of Organizational Behavior at INSEAD in France and Singapore, while Mark E. Mendenhall is the J. Burton Frierson Chair of Excellence in Business Leadership at the University of Tennessee, USA. We have mainly used the chapter written by Rickard Larsson, which deals with the same aspects as Larsson and Finkelstein (1999) but the main focus is on the different integration approaches and how they affect synergy realization.
Appendix 2 - Presentation of the respondents

Interviewees
Håkan Mattisson: Division Controller for the Bank & Insurance and Telecom, which are the two groups with managers that originally come from Atos Origin Nordic. Former Atos employee.

Jan-Christofer Stoppel: Concern controller WM-data AB. Member of the Integration Office managing the integration of Atos. Head responsibility during integration: synergy realization.

E-mail respondents
Stefan Gardefjord: CEO, WM-data Sweden. Member of the Integration Board evaluating the business case.

Leif Carlsson: external consultant, former CEO, WM-data Sweden. Chairman of the Integration Office. Highly involved in both the Novo acquisition and the Atos acquisition.

Questionnaire respondents
Total number: 10

Women: 5  Men: 5

Age:
36-45: 4  46-55: 3  56-65: 3

Years within the company:
0-2: 1  6-10: 2  10+: 7

All respondents were originally employees at Atos.
Appendix 3 – Interview guide

Background
Background of the respondent and role at the company

Description of the company today

The two combining companies before the acquisition

The reasons for acquiring Atos Origin Nordic, goals with the acquisition

The acquisition
Timeline of the event

The work with the integration, description of the integration management

Information and employee reactions

Identifying synergies

Future
Evaluation of the event, status of the goals

Potentials in the future

Additional information
The acquisition of Novo Group and the experiences learned
Appendix 4 – E-mail questions

- Describe how your participation in the acquisition of Atos.
- What were the main reasons for WM-data to acquire Atos?
- How was the combination potential investigated before the acquisition of Atos?
- Did WM-data have any other potential acquisition objects at the time?
- What were the objectives that were set up before the acquisition? Have these objectives been fulfilled?
- Please describe the acquisition of Finnish Novo Group and the subsequent integration.
- What was the most successful integration techniques used when acquiring Novo Group?
- How was the knowledge from the Novo acquisition recycled?
- What similarities and differences could be found in the two acquisitions? (Novo and Atos)
Appendix 5 - Questionnaire

Hi!

We are students at Uppsala University and are currently writing our master thesis on WM-data’s acquisition of Atos Origin last year. We would be very grateful if you would take five minutes of your time to fill out this questionnaire. If you have any questions, please contact Maja Karlsson de la Rosa 0736-26 03 52, maka4322@student.uu.se. Thank you!

All information will be treated with complete secrecy.

I am

Female  Male

Age

-25  26-35  36-45  46-55  56-65  65-

Before WM-data’s acquisition of Atos Origin, I worked at

WM-data  Atos Origin  Another company

Number of years within the company (WM-data or Atos Origin)

0-2  3-5  6-10  10-

I was first informed of the acquisition

Personally from my immediate manager  By e-mail  By the intranet

From a co-worker  By news papers  I do not remember

From another source, namely:_________

I perceived the information about the acquisition as

Very insufficient  Insufficient  Sufficient  Very comprehensive
My opinion about the acquisition was

Before the integration:
Very good Good Bad Very bad I do not know

Today:
Very good Good Bad Very bad I do not know

I think that the integration of the two companies has been
Very good Good Bad Very bad I do not know

How was your professional situation affected by the acquisition?
____________________________________________________________________
______________________________________________________________________

Statements – Mark the number that best correspond to your answer!

The relation with my boss have improved after the acquisition
Agree fully Do not agree at all No difference/Do not know
1 2 3 4 x

The atmosphere in the company has improved after the acquisition
Agree fully Do not agree at all No difference/Do not know
1 2 3 4 x

I can perform my duties more effectively after the acquisition
Agree fully Do not agree at all No difference/Do not know
1 2 3 4 x

I receive enough information of what is going on in the company today
Agree fully Do not agree at all No difference/Do not know
1 2 3 4 x

Thank you for your time!
Kind regards,
Maja Karlsson de la Rosa & Maria Andersson