

THE MAVEN REPORT

Navigating the age of disruption

Leading with vision
through relentless
uncertainty

IN THIS ISSUE:

ServiceNow's Kevin McBride on why
CFOs need to embrace AI

State Street's Andrew Zitney on
leveraging the past to chart the future

PLUS: The IT leader's guide
to better M&A



THE MAVEN REPORT



The Maven Report is an award-winning thought leadership journal providing pragmatic, actionable advice from industry experts who have led large teams through periods of serious disruption. Our Mavens believe no business problem is insurmountable if you leverage smart people who know how to harness the power of better technologies.

Meet the Mavens



Scott Grossman

STREET CRED:

20+ years' experience in investment banking, private equity, M&A, and strategic, financial and operational leadership. University of Chicago MBA. Formerly Austin Ventures, BMO Capital Markets, Deloitte.



Andrew Zitney

STREET CRED:

35+ years in global enterprise technology leadership roles driving innovation and leading complex scalable change across the enterprise. Board member, PinnacleCart and PikFly.com. Former Sargent, Squad Leader, U.S. Army. Formerly McKesson, Allstate, PayPal, JPCM.



Duan Van Der Westhuizen

STREET CRED:

20+ years in technology and managed services leading service delivery, product management, product engineering and go-to-market across a range of global organizations and roles. The Open University Business School MBA. Formerly Faction, Rackspace.



Stephanie Siu

STREET CRED:

15+ years of strategic finance experience with roles in investment banking, private equity, strategy, analytics, and operations. Harvard Business School MBA. Former CFO, Mosaic Flavors. Formerly Harbor Freight Tools, Brentwood Associates, Goldman Sachs.



Greg Schlimm

STREET CRED:

35+ years in senior management and C-level leadership on both sides of the M&A table. Deep executive experience delivering post-merger value. Research Doctorate, Warwick Business School. Former CEO, Themis Analytics. Formerly IQVIA, Platinum Technologies, Inc.



Kevin McBride

STREET CRED:

20+ years leading global accounting, financial reporting, operations and systems. Active member, Financial Accounting Standards Board's Emerging Issues Task Force; former national board chair, Financial Executives International. Formerly Intel, KPMG.



Dan Johnson

STREET CRED:

20+ year global compliance and continuity leader managing business continuity, disaster recovery and crisis management in financial services and technology. Former President, Business Resumption Planners Association. Formerly BMO Harris, Bank of America, ABN AMRO.



Jonathan Bumba

STREET CRED:

30 years leading technology organizations' go-to-market, including sales, marketing and strategy. First Worldwide Sales Lead for Azure, at Microsoft. Former CMO, Cloud Technology Partners (an HPE company).

Our Mavens come from diverse backgrounds and organizations, and are not compensated in any way for thought leadership contributions to this publication.

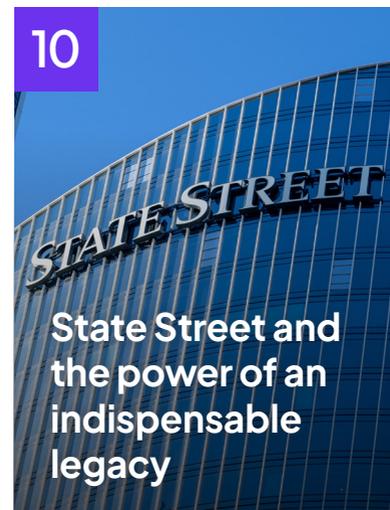
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Jonathan Bumba
Editor-in-chief

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Managing Editor

Sheila Lothian
Editorial Director & Content Strategist

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Senior Designer

Brianna Boynton
Digital Designer

Sibu Kutty
Worldwide Tech Leader,
GTM Programs, Amazon Web Services

Paolo Pelizzoli
Head of Platform Engineering,
The Clearing House

Robert Christiansen
Founder & CEO, Motive for Life and
The Durable Innovator

FOREWORD

We're still in choppy waters

The word **disruption** implies anomaly, an abrupt and marked departure from the usual, predictable and expected. That definition might need an update given the unrelenting waves of crises, upheaval and profound transformation we've experienced over the past several years. In this issue, our Mavens offer pragmatic advice for leading and thriving through what is starting to feel like the norm, not the exception.

Scott Grossman kicks things off with a reminder of the major catalysts that have hit the global market since The Maven Report was launched in 2022, as well as an antidote to their business impact: a full-force focus on financial and operational agility, executed with an athlete's instinct for adaptation. As he says, "in this whiplash-inducing economic climate, there is no more important financial or operational muscle to strengthen."

In its 232 years of business, State Street has witnessed and weathered just about every major disruption in our country's history. It stands today as one of the most important financial institutions in the world. On page 10, Andrew Zitney traces a continuum of innovation that stretches from his company's storied past to its groundbreaking financial and technological future.

M&A has proven itself a consistent growth driver through recent economic ups and downs, but the post-deal IT landscape is rarely smooth sailing for those tasked with architecting it. Greg Schlimm offers IT leaders a new playbook on page 14 that can yield better integrations while also elevating their position as a strategic business partner.

ServiceNow has been at the leading edge of AI adoption both in their products and among their people. Kevin McBride walks Maven Editorial Director Sheila Lothian through the huge benefits his team has experienced in their daily work—and delivered to the broader business—through their early, ambitious and wholehearted embrace of AI tools (page 22).

The news is rife with examples of companies woefully unprepared for the disruptions that hit them. On page 28, Dan Johnson outlines a business continuity and disaster recovery (BCDR) plan test that can help ensure your organization is as ready as possible when the unexpected strikes—which, as we know, it will.

Speaking of M&A, the 2023 Broadcom acquisition of VMware sparked serious concerns for many customers about how the changes would affect their business. Ensono was one such customer and Duan Van Der Westhuizen shares the 8-step process his team followed to minimize business risks and costs and get the most out of the platform (page 33.)

Finance is such a pivotal player in times of volatility. In this issue's Ask a Maven, Stephanie Siu offers some sage guidance for finance teams who want to deliver substantial, impactful business value even in the absence of a perfect technological solution by which to do so.

Disruption offers two choices: sink or swim. You'll find a host of lifelines in the pages that follow, so dive in.

Cheers!
jb



Jonathan Bumba
Editor-in-chief

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Navigating the new economic uncertainty like a champion

Athletes adapt existing skillsets to the nuances of the challenge at hand. In an era of unrelenting disruption, business leaders must do the same

By Scott Grossman





Scott Grossman
Chief Financial Officer, Ensono

In August 2022, The Maven Report launched amid the still-churning social and economic upheaval of the most profound global disruption in a generation: the COVID-19 pandemic.

Supply chains were in shambles, remote work was on its wobbly transition from a short-term fix to a permanent state, and the Great Resignation was the story of the moment, with employees upping sticks in droves in search of greater fulfillment on their terms, and employers scrambling to stem the tide and fill the gaps.

Two years later, those challenges haven't so much disappeared as been pushed to the backburner while a new set of urgent market-impacting disruptions has once again set companies on edge and leaders struggling for the right response. It may have been reasonable to think things couldn't get any more "unprecedented" back in 2022. It would also have been wrong. Consider just a few of the major disruptors that have entered the economic fray since then:

Inflation fallout

Though the inflation rate has been steadily declining¹ since its June 2022 peak of 9.1%, the increased cost of goods and operations, strained supply chains, constrained individual and corporate budgets and prohibitive borrowing costs are still with us. Even if the cooling continues, the pain already inflicted is going to linger for the foreseeable future.²

Global conflict

Simultaneous wars in Ukraine and the Middle East have dealt the global market multiple blows, with trade and supply chain disruptions causing shortages, increased costs and delays and general market uncertainty.³ Simmering tensions

between the U.S. and China have added another tremor into this already shaky mix, with a giant question mark hanging over the future of trade policies, tariffs and the flow of goods and services.

Political uncertainty

Closely connected to all of this is the looming and historic U.S. presidential contest, which portends a host of potential business impacts. Changes to tax policies, trade agreements, regulatory frameworks or global alliances ushered in by a new administration could affect everything from consumer behavior and spending to strategic decisions and operational practices.

Generative AI

If you'd said "ChatGPT" to someone two years ago, they might have guessed it was a new kind of navigation system. Today, OpenAI's brainchild and the countless generative AI-fueled applications it has spawned are fully mainstream—with adoption by both individuals and businesses far outpacing our understanding of the potential risks and downsides and how to manage them. And the jury is still out on the ROI of the nearly \$1 trillion of capital spent on AI to-date.⁴

¹ inflationdata.com

² Philip Blenkinsop, "Global trade rift widening as Ukraine war passes two-year mark," reuters.com, February 2024; "Geopolitical conflict and its impact on global markets," usbank.com, July 2024.

³ Kevin L. Kliesen, "Slower GDP Growth and Falling Inflation in U.S. Economic Outlook for 2024," stlouised.org, November 2023.

⁴ Grant Gross, "Where's the ROI for AI? CIOs are struggling to find it," CIO.com, May 2024; "Gen AI: Too much spend, too little benefit?" Goldman Sachs Global Macro Research, June 2024.



The agility imperative

In business as in life, change is constant. Yet the complexity, interconnectedness, speed, scale and convergence of the changes we've experienced over the past few years—coupled with the ever-present and escalating impacts of cyberthreats—make this a uniquely challenging economic moment. The overarching lesson is that things can change, dramatically, in a heartbeat.

In this whiplash-inducing economic climate, there is no more important financial and operational muscle to strengthen than agility. The strategic, operational and funding priorities that made sense under one set of market conditions could be useless, even disastrous, under the next. Your business must be able to understand, adapt and respond to changing economic conditions quickly, confidently and with minimal disruption to people, processes or outcomes.

Agility encompasses all these capabilities. It's also the dial that turns up the heat on every other one, breeding resilience, enhancing collaboration and fueling innovation.

In this whiplash-inducing economic climate, there is no more important financial and operational muscle to strengthen than agility.

4 agility-strengthening exercises for thriving through sustained disruption

Athletes are a group well versed in strategically adapting existing strengths and skillsets to changing circumstances. A major league hitter will adjust his stance and swing when facing a left-handed pitcher. A marathoner will focus on different techniques when running on a scorching 90-degree day as opposed to a rainy 40-degree one, or a hilly terrain versus a flat course.

Here are four organizational exercises leaders should give special focus to right now to train, strengthen and build up the specific kind of agility needed to meet and thrive through the unpredictable and evolving economic environment we're in today and the invisible but inevitable future challenges.



1) Double down on planning to scout the course ahead

Professional caddies are highly valued and richly rewarded for the meticulous work they do long before the first stroke. They study the course layout, analyzing every hole, hazard and potential pin placement to understand the challenges ahead. They walk the course, observing current conditions and thinking through how changes in wind, precipitation and temperature might affect play. And they minutely inspect the greens, analyzing the slopes, contours, grass grain, surface conditions and more to predict the ball's path in a range of different possible scenarios.

For businesses, one of the most important standard practices to elevate and prioritize in this market moment is contingency planning. Inasmuch as you cannot always know what's around the next economic or geopolitical corner, you can know how your organization should respond to it if you've thought deeply and in detail about the possibilities. That starts with identifying the greatest areas of financial and operational risk for your business and the potential impacts to finances, operations, clients and employees, prioritizing those risks according to likelihood and severity, developing specific response strategies for each one, and outlining clear actions and responsibilities to manage them.

The spate of present-day disruptions listed previously are a natural and useful starting point for contingency planning. But leaders should encourage each other and their teams to push the envelope of their "what if" thinking here. The prospect of a protracted intra-European ground war may have seemed unlikely to many just a few years ago. Yet some organizations had clearly prepared for the possibility of significant regional instability and were able to respond quickly and decisively when Russia's invasion of Ukraine threatened their business interests. Others were seemingly caught off guard by the event and suffered significant financial and operational losses as a result. Anticipate and plan for the relevant "ifs" that lie just beyond the current visible risk horizon... then walk your minds a few steps further.

Crucially, communicate your contingency plans to everyone who would be involved in executing them or affected by them. Speed and agility are two sides of the same coin: the latter maneuvers, the former accelerates. Everyone should understand their role and its purpose well in advance, so they're ready to move fast should plans need to be activated. (See also, "It's time to bolster your BCDR", page 28.)

2) Elevate finance service levels to execute seamlessly and pivot quickly

There's a reason why the quarterback gets all the glory in American football. He doesn't just throw the ball; he orchestrates the entire offense: predicting the opponent's moves, adjusting strategies on the fly and communicating clearly with teammates to ensure everyone knows their role. His level of agility and foresight are in direct proportion to the team's ability to navigate the complexities of the game, adapt to changing conditions and capitalize on opportunities to score.

On today's fast-paced and unpredictable field of business play, where economic conditions often go sideways and business-critical decisions about funding, allocation, investments and liquidity must be made quickly, the finance organization needs to be the quarterback of the organization. This requires a shift from providing siloed support to acting as a proactive strategic partner—offering insights that go beyond numbers to help the business anticipate market shifts and adjusting financial strategies in real time.

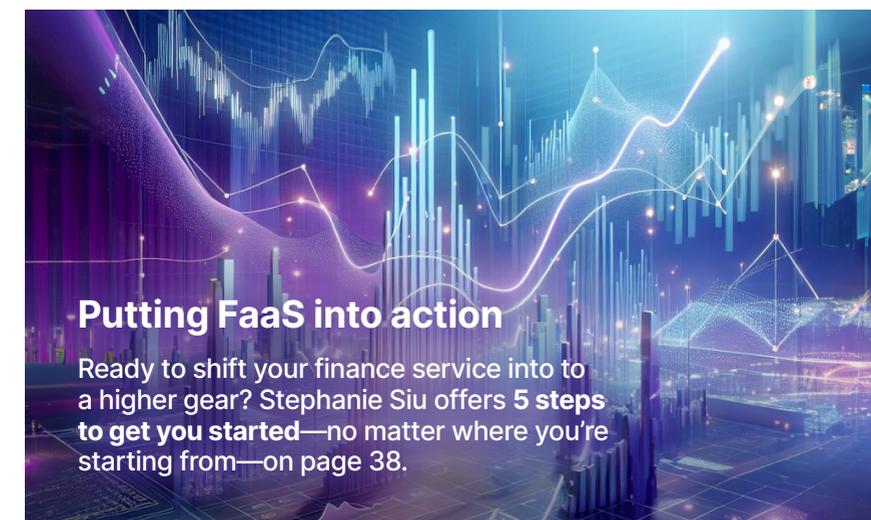
In this Finance-as-a-Service (FaaS) model, reporting speed and accuracy are priority number one. This means leveraging advanced technologies and analytics to deliver information that is timely, relevant and accessible. FaaS is also about fostering a collaborative, communicative partnership with each business unit to deeply understand their unique needs, goals and drivers and tailoring reports and guidance accordingly. And just as a quarterback breaks down complex plays into understandable steps, FaaS-focused finance teams go beyond reporting numbers; they educate leaders on how to interpret financial results and understand their real-world implications. Teaching the business to expect, receive and execute on an always-on flow of

relevant, highly actionable financial insights is essential to fostering the holistic agility this moment demands. (See also, "Unleashing the promise and power of AI-driven finance, page 22.)

3) Invest in your equipment to go further, faster, smarter

When 2023 Chicago Marathon winner Kelvin Kiptum crossed the finish line, people marveled not only at his record-breaking 2:35 time but also at the extraordinary carbon-plated Nike "super shoes" that carried him there. And Speedo's Fastskin swimwear—which incorporates space tech coating like that used on satellites to create a feeling of weightlessness in the water—was the suit of choice for the 2024 U.S. National swim team at the Paris Olympics. Olympian Ryan Murphy said the first time he swam in the suit, "I felt like Superman."

The technology surrounding and supporting your business functions in the same way. When fully optimized, IT infrastructure streamlines and accelerates performance and helps you break away from your competitors in a challenging and crowded space. Clean, connected, accurate, accessible and secure data is the hallmark of modern optimized IT, and a critical key to agility



in today's environment of rapid-fire, multi-front disruption. It's what will enable your business to respond to the onslaught of new information and challenges with speed and confidence. And it will empower you to innovate and grow even in a difficult business climate. Getting to that data state is what your digital transformation efforts should be laser focused on right now.

That mandate is even more urgent given the arrival of generative AI. The benefit your business will derive from AI-based applications, and the extent to which you will avoid their risks and pitfalls, rises and falls relative to the quality of the data you feed into it. (See also, "So you think you're ready for AI?" The Maven Report, Spring 2024.)

4) Lean into the power of the team

Six-time NBA champion and four-time gold medal Olympian Michael Jordan is quoted as saying, "Talent wins games,



Speed and agility are two sides of the same coin: the latter maneuvers, the former accelerates

but teamwork and intelligence win championships." It's also the formula for building the agility necessary to navigate a time of crisis and uncertainty, which calls for an all-brains-on-deck approach.

From reviews to planning to IT transformation, tapping different players and seeking a broad range of perspectives can surface information and ideas that would never have arisen within a smaller, more homogeneous group. A director-level associate who works regularly with a vendor in your supply chain, for example, is going to have more insight into their current or potential vulnerabilities than a SVP several clicks removed. Engaging a diversity of experience and expertise can also provide a bulwark against groupthink, assumptions and individual biases.

At a practical level, this comes down to regular conversations, open communication channels and active feedback loops. The same list of issues guiding your contingency planning should also inform team and 1:1 meeting agendas as a standing point of discussion, with established mechanisms for getting valuable insights onto the radar of decision makers.

The winning strategy for a game with no end in sight

What may have seemed like an economic sprint as we were nearing the end of 2022 has turned out to be an ultramarathon, and the finish line keeps on moving. Maintaining the overall health of your organization is vital at a time like this; there's no business capability you can afford to devalue or neglect. But by homing in on agility and fine-tuning it to the unique challenges and demands of this moment, you'll be able to stay resilient and adaptable through what's happening now, and whatever may come next. [\ \ a](#)



Differentiation

An evergreen advantage in an ever-changing landscape

When the Great Resignation was threatening to destabilize enterprises, the Maven call to action was loud and clear: *Differentiate... or else*. To keep both customers and employees loyal and engaged, our experts recommended that leaders get laser-focused on what set their business apart from their competitors, and ruthlessly reconsider everything that didn't.

In the face of today's crises, differentiation is still one of the most powerful levers you can pull to ensure stability and drive growth. A commitment to getting even smarter, faster and better at what you're already great at has a powerful clarifying effect on everything from funding priorities to hiring decisions. When you know your "why", the "what" and "how" become a lot easier to discern.

Step One on the path to stronger differentiation is an honest assessment by leadership and key stakeholders

of your organization's foundational purpose, your present-day activities and market perception, and the amount of daylight between the two.

Closing that gap may be a relatively simple matter of telling a better brand story in your internal and external messaging. Or it may require something more significant: shutting down projects or shedding parts of the business that no longer (or never did) align with your core competency, or bringing on a partner who can manage non-core areas of the business, like IT infrastructure, so your teams can channel their time, talent and resources into activities that directly support and advance your company's central value proposition and revenue driver.

Whatever the outcome, a renewed focus on differentiation will invariably leave your company stronger, smarter, and better positioned to stand steady and thrive on shifting economic sands.



State Street and the power of an indispensable legacy



Andrew Zitney
Executive Vice President and
Chief Technology Officer,
State Street

One of America's oldest financial institutions draws on the best of its past to invent an even better future for clients and investors... in more ways than one.

The value of a storied and successful history in architecting a company's future cannot be overstated.

Past achievements are like a well you can dip into over and over again for guidance, purpose, affirmation and inspiration as you seek out new opportunities and new ground to break. And you would be hard pressed to find a deeper, richer or more inspiring legacy than that of State Street Bank.

Founded in 1792, the same year the New York Stock Exchange opened, Union Bank quickly gained a reputation for stability and client-centric culture. It became custodian of America's first mutual fund in 1924 and supported customers through the Great

Depression. In 1961, Union Bank merged with thirteen ancestor banks to form State Street Banks and Trust Company.

This merger created today's State Street—a global financial services and bank holding company and Systematically Important Financial Institution (SIFI) managing roughly 10% of the world's assets; a relentless trailblazer with a decades-long track record of industry firsts; and a visionary partner committed to optimizing for today while keeping our eyes trained on what's next for our clients and investors.

Holding business and technology accountable to a shared set of values

Trust, resilience, client-centricity and forward motion define our historical legacy and inspire our business vision. These same qualities are the hallmarks of our technical heritage, the thread connecting past and present systems while forming the foundation of State Street's plans for our technological future and the countless client and investor outcomes it will support.

Our mainframes, for example, which helped fuel decades of innovation and growth long before cloud computing appeared on the scene, are anything but relics of a bygone era. They are real-time mission critical—the backbone of our day-to-day operations. Their unmatched performance, resilience and stability make them essential for housing State Street's core banking applications and other systems of record, enabling more secure data transactions, lower latency and faster call-back to data sources.

Of course, innovation also requires modern solutions. Public cloud extends scalability and agility across the IT infrastructure and enables greater automation and real-time data insights. No financial services enterprise can operate without a substantial cloud infrastructure, and State Street is no different.

Nor can the mainframe stand still. Like any other asset, it must be maintained, updated and modernized to function optimally and keep pace with the constant evolution of technology and changing demands of business.



A record of inventing the future of finance

1978

State Street opened State Street Global Advisors, a pioneer in index and quantitative investing.

1986

State Street launched the first multi-currency accounting platform, Global Horizon, enabling multi-currency custody and account services in any time zone and currency.

1993

State Street created the first ETF in the United States—SPY—opening the doors to markets that were previously inaccessible to a majority of investors, and kickstarting what would become a \$6 trillion global ETF industry.

1999

State Street launched State Street Global Markets, becoming the first in the industry to offer award-winning financial research and proprietary insights to clients around the world. Today, this data is used to power the trading activities of the most sophisticated investment firms on Earth.

2019

State Street launched State Street Alpha®, the industry's first fully integrated front-to-back investment services platform, allowing clients to manage all their investment products and business lines in one place.

2021

State Street launched State Street Digital, a business dedicated to envisioning the future of digital asset serving. That same year, State Street partnered to complete the first ever live trade for FX forward contracts using blockchain technology and smart contracts.

2024

State Street implements the Cloud-Connected Mainframe for AWS to support faster, more secure AI-driven client experiences.

The fact is the cloud and the mainframe need each other. One is the front end of a modern digital interaction, providing a fast, intuitive, delightful experience; the other is the back end, pulling in all the data required to enable it. One is agile and efficient, the other is secure and resilient. When these two platforms are correctly connected and integrated, the full potential of each is unleashed... and the resulting overall impact is profound.

To unleash that potential, State Street is embracing a Cloud-Connected Mainframe for AWS in our go-forward technology strategy. This pioneering new approach positions our legacy mainframes not as walled-off inhibitors of innovation, but as an essential part of our hybrid IT architecture. It allows us to modernize our mission-critical legacy systems efficiently, integrate them seamlessly with new cloud services and deliver enhanced value to our clients through faster and more reliable service offerings.

Connection that drives business forward

This modern, Cloud-Connected Mainframe approach physically positions the mainframe as close to our AWS environment as possible. That means we can safely decouple end user experiences from the mainframe, run applications in AWS and innovate faster through our mainframe, all while maintaining two milliseconds of latency or less. This allows us to unleash the vast amount of valuable legacy data in the company from our systems of record to AWS, so we can make better and faster decisions that translate directly into increased efficiency, agility, innovation, customer satisfaction and revenue growth.

This solution also allows us to integrate our DevOps teams seamlessly between the two environments, unlocking a more agile approach that was traditionally constrained to waterfall processes. Imagine the productivity gains that can be realized—and staffing risks mitigated—when an AWS DevOps team can push modern code like Java or Python to the mainframe environment without knowing anything about COBOL or the mainframe.

While it may seem counterintuitive, greater data security is another benefit of the cloud-connected mainframe. The integration of State Street's mainframes with cloud technologies enhances our data security by combining the inherent robust security features of mainframes with the advanced security protocols of cloud platforms. It allows us to leverage the best of both worlds, ensuring compliance with the strictest regulatory standards while also implementing state-of-the-art access controls and modern tooling. This creates a secure and scalable environment that supports real-time threat detection and automated responses, which is crucial to protecting sensitive banking data.

You can't talk about innovation in any industry without mentioning the AI-

The Cloud-Connected Mainframe for AWS

A transformative approach to integrating mainframe reliability with cloud agility

State Street is fueling their journey to the digital future with a unique strategic approach to modernizing application architecture. This groundbreaking solution removes the complexity, risks and prohibitive costs from mainframe/cloud integration and lays the foundation for accelerated cloud transformation. With the Cloud-Connected Mainframe for AWS, enterprises like State Street benefit from:

Innovation and optimization

Connects mainframe applications with cloud innovations, enabling the evolution of applications for optimization and speed for the business.

Data enhancement

Employs advanced technology to transform and analyze mainframe data, accelerating insights and fostering business innovation.

Scalability and resource efficiency

Offers scalable mainframe resources and the flexibility to transition and transform applications on AWS.

Economic advantage

Shifts financial models from capital expenditures to operational expenditures, optimizing budget allocations and reducing overall IT expenses.

Profile of an indispensable financial company

State Street is one of just 29 entities in the world that rise to the status of a Systemically Important Financial Institution (SIFI), considered by regulators to be indispensable to the world economy and whose failure would likely trigger a global financial crisis.



shaped elephant in the room. AI is set to transform banking, and the enhanced processing power and data handling capabilities of our cloud-connected mainframes will enable State Street to deploy more complex AI models across hybrid systems that can analyze large volumes of transactions in realtime. We are using this right now to improve fraud detection, risk management and customer service. Looking forward, we see AI driving innovation in financial products and services, making banking more predictive and personalized for our clients.

Building the foundation for the next leap in financial innovation

The financial and technological landscape in 2024 is dramatically

different from what it was on State Street's founding day in 1792. The world is both bigger and more complex, and smaller and more interconnected now than it was then. Technology has both driven industry change and been created to adapt to change elsewhere in the world.

Through those 232 years, State Street has put client experience—driven by innovation—at the center of our operational mission. Adapting to, and with, technology is the status quo for us as an indispensable financial company and requires an ongoing balance between legacy and modernization. This is the balance that enables both stability and transformation, which clients and investors in countries around the world have come to expect from State Street.



The IT leader's guide to better M&A



Greg Schlimm
M&A Research Faculty
Transaction Advisors Institute

Engaging the deal team early, often and with a commercially focused mindset can improve integration outcomes while increasing your strategic influence.

IT integration during mergers and acquisitions is challenging, to say the least.

Deal teams comprised of senior business leadership and strategy professionals are rarely IT experts. Most pre-deal discussions are about market opportunity, capturing additional share of customer wallet, expanding product lines and upskilling teams, with nary a mention

of technology specifics. More often than many would like to admit, IT teams are brought into pending deals late, asked to plan and quote with imperfect information and told to integrate complex technical environments with little say in the how, why or when.

Companies learn quickly after the deal that talking about creating value is much easier than delivering it, especially when one of the critical value delivery components is responsible, competent integration and alignment of IT systems. But the historical pattern is that the commercial leaders and M&A teams do the deal, organize a handoff and move on to other priorities, leaving the IT and engineering teams responsible for making it work and creating the intended value. Many IT professionals have lived through poorly planned and under-resourced integrations with teams stitching together systems and platforms as best they can, resulting in technical debt-ridden Frankenstein environments that haunt the business long after the deal is done.

This has started to change a bit with the shift in strategic perspective on M&A that has taken place over the past 10 years. The data is clear that firms that do M&A grow more than firms that don't: even with a 2023 decline in deal size and volume, it remains a proven and resilient strategy for increasing shareholder value.¹ IT is now likely to be more involved than before and invited to the table with a key role to play—some might argue one of the most important roles, given that:

1 M&A is becoming a vital core competency. Most firms have both organic and inorganic growth plans, and both are needed to hit the company growth targets. Moreover, programmatic acquirers—those who approach M&A as “a capability, not an event” and generally pursue multiple small deals—consistently see higher returns than their peers.²

¹ Amiya Setu and Heith Rothman, “Why some acquirers are seeing a big boost in shareholder returns,” EY.com, September 2023.

² Jake Henry and Mieke Van Oostende, “Top M&A trends in 2024: Blueprint for success in the next wave of deals,” McKinsey.com, February 2024.

2 Every acquisition is a technology acquisition. Today, virtually all M&A and divestiture deals are tech deals in one way or another. Newer tech companies acquire technology to expand and stay relevant in their core markets. Legacy firms buy or shed technology to transition their business models. Even non-tech firms operate with complex technology platforms: every company has a CRM, a payroll platform, logistics technology and dozens of other systems. This has made IT involvement and expertise a de facto requirement of a strong M&A competency.

However, these factors don't mean that M&A is easy and smooth—or that IT leaders and their teams don't continue to experience integration challenges that could have been predicted, mitigated or avoided altogether.

To truly influence better M&A outcomes and lead their organizations to success, IT leaders must challenge themselves to bridge the gap between the commercial potential that justifies the execution of a deal and the reality of delivering that value.

The technologists that help close this gap using the language of business, aligning technology with strategic goals, and embracing their role as key drivers of value in every phase of the deal will transform themselves and their teams from the managers of IT platforms to the drivers of commercial success using IT.

Strategic alignment: Make the deal thesis your North Star

Every M&A transaction has a deal thesis and must prioritize three critical overarching objectives: maintaining value in the acquired entity; bringing the acquired entity into compliance with existing policies and procedures; and delivering whatever synergies the deal thesis was built on. Historically, IT teams have focused on the first two areas, often treating them as a checklist of tasks: securing data, integrating new capabilities, integrating networks and ensuring system compatibility.

The pace of integration, the priorities of it, and sometimes even whether to do it should be driven by the deal thesis.

While these are essential, they're only a part of the broader picture. The real game-changer lies in how well IT can align with and drive the deal thesis—the strategic rationale that justifies the acquisition in the first place. To achieve that alignment, IT leaders must immerse themselves in the deal thesis from the outset. This isn't just about understanding the basic goals—it's about getting to the core of the strategic aims that led to the M&A decision. That requires technologists to communicate in the language of business, starting with asking four key questions:

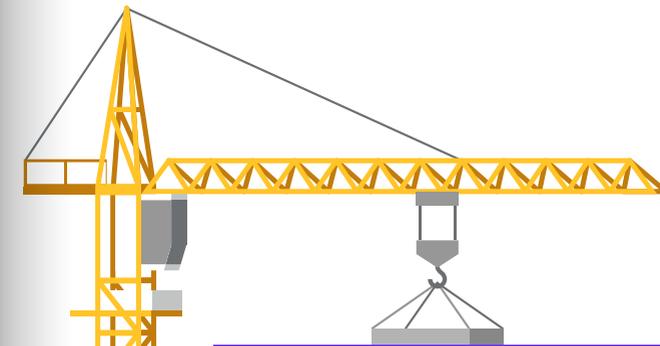
- **What are the primary goals of this acquisition?** Is the aim to gain market share, access new technology, eliminate a competitor or diversify the product portfolio?
- **What are the commercial expectations?** Understand the

financial targets, such as expected revenue growth, cost reductions or EBITDA improvements.

- **What synergies are expected?** Find out whether the focus is on top-line growth through new customer acquisition or cross-selling opportunities, or bottom-line improvements through cost synergies like shared services or supply chain optimization.
- **What is the expected timeline for realizing these synergies?**

Exploring the justification and expectations with the deal team is key. Having clear answers to these strategic questions upfront will enable you to envision the technological path forward more accurately and effectively. If the deal thesis hinges on rapid market expansion, IT might prioritize projects that enhance customer acquisition capabilities or accelerate product deployment. If cost synergies are a focus, the emphasis might be on system integration, automation or eliminating redundant technologies. The pace of integration, the priorities of it, and sometimes even whether to do it should be driven by the deal thesis.

Keeping the strategic goals in mind will also empower you to frame technological decisions for the deal team in terms that matter to them. Senior leadership isn't primarily interested in the technical specifications and merits of a new cloud platform; they want to know whether that platform will enable faster product rollouts, reduce time-to-market or support the company's growth objectives. Deal-thesis orientation and business-language fluency will help you position IT as a true strategic partner, not just a highly skilled and invested service provider. Show interest in the commercial aims and help deliver them.



Divestitures

Minimizing the technical risks of cutting to grow

Several recent high-profile divestitures have provided outsized examples of the strategic value of shedding assets to grow shareholder value.³ Yet a gap persists between the potential of divestitures and what management often thinks is possible.

Research by Emilie Feldman, a professor at The Wharton School and author of the book *Divestitures: Creating Value Through Strategy, Structure, and Implementation*, shows that divestitures actually create more value in aggregate than acquisitions, yet many CEOs still favor M&A and organic growth as their value creation initiatives.⁴ And a survey by Transaction Advisors Institute of serial acquirers found that while divestitures are crucial to most firms' growth strategies, they tend to be deprioritized: fewer than half of respondents have a divestiture playbook (compared to 94% for M&A), and only two-thirds have regular portfolio reviews that include divestiture candidates. The Institute also found that **anticipated challenges with "separation of IT systems" is one of the top blockers holding companies back** from more aggressively pursuing a divestiture path, despite the clear commercial advantages.⁵



The concern is understandable. The process of unwinding systems and separating data is a significantly different, more challenging and inherently riskier undertaking than knitting them together. Divestitures also impose time constraints that are absent from acquisitive transactions, adding tremendous pressure to an already-tense process. IT leaders can play a pivotal role in allaying technical concerns and empowering their organizations to confidently pursue this underutilized tool to unlock value:

- **Get active in the planning.** An emerging best practice for firms considering divestitures is to think through separation challenges ahead of striking a deal and build specific plans to get ahead of them. IT leaders' deep and detailed understanding of systems, workflows, critical dependencies and areas of risk make them uniquely positioned to support this process.
- **Leverage TSAs.** A well-structured Transition Service Agreement is a powerful strategic asset. It can enhance a seller's negotiating position, minimize liabilities and preserve key customer and partner relationships, all while giving the divesting entity a crucial buffer to execute a smooth, controlled, disruption-free separation that maintains deal value. When crafting a TSA, it's best practice to set finite termination dates to avoid extended dependencies that could stall progress or introduce risk.
- **Engage an expert partner.** Disentangling systems is extremely complex and demands specialized expertise, especially in critical areas like data governance, cybersecurity and compliance. With only 14% of dealmakers considering their organizations technologically mature⁶, partnering with an experienced service provider can be invaluable. Choose a partner with a proven divestiture track record and a transparent high-touch approach. The stakes are too high for trial-and-error, and active, open collaboration is vital to achieving a seamless mutually successful split.

³ "Johnson & Johnson Announces Plans to Accelerate Innovation, Serve Patients and Consumers, and Unlock Value through Intent to Separate Consumer Health Business," jnj.com, September 2021; "Dow advances strategic focus with sale of flexible packaging laminating adhesives business to Arkema," PRNewswire.com, May 2024.

⁴ Feldman, Emilie (2022). *Divestitures: Creating Value Through Strategy, Structure, and Implementation*. McGraw Hill.

⁵ TransactionAdvisors.com

⁶ 2024 Global Corporate Divestiture Survey, Deloitte.com.

Due diligence and planning: Trade perfection for pragmatism

Once there is preliminary approval to explore a deal, diligence and planning kick into motion. In this phase, the acquirer learns about the target in much more detail, and the integration team with functional areas plan key milestones and who-will-do-what-when after the deal closes.

In the early stages of the deal justification phase, only high-level information is available, which means pre-deal planning often involves best-guess scenarios. Basing recommendations and decisions on incomplete data sets is anathema to most technologists' instincts and training. Yet IT leaders must proactively engage and provide input and support to the deal team at this crucial juncture. Teams that hold back, claiming insufficient data, are writing themselves out of an opportunity to shape and influence downstream outcomes.

This requires the adoption of a new mental framework—a shift in thinking from, “Give me all the details and then I’ll assess,” to, “Give me enough information to validate the deal thesis and get ahead of risks.” The following approach can help support this shift:

- **Prioritize make-or-break areas.** Even with incomplete data, some risks and opportunities will be obvious. Focus on these first, leaving aside others until more information is available.
- **Use scenarios and hypotheses to guide analysis.** Construct a range of plausible best-to-worst case scenarios and their potential impacts extrapolating from the data you have.
- **Collaborate closely with the deal team.** Regularly check your assessments against business objectives to make sure they're

aligned and validate your findings with cross-functional peers to keep technological considerations integrated in the assessment.

An effective diligence and planning process should culminate in two key deliverables: 1) a diligence assessment with a view about how/if the deal thesis can be delivered and **2)** a documented, transparent integration plan to deliver it. These deliverables should include clear workstreams, named owners and realistic timelines, and assume adjustments will be made as the deal progresses and more data comes to light. A proactive pragmatic-over-perfect approach will help you ensure this plan balances risk mitigation with strategic alignment.

Integration: Deliver the value through iteration, collaboration and communication

The integration phase of an M&A deal is where the rubber meets the road. Plans conceived during due diligence and planning are put into action, and the real work of merging two organizations begins. More comprehensive information continually emerges during this phase, so it's essential to revisit the assumptions and decisions made based on best-guess scenarios or limited data and adjust the integration plan accordingly. This iterative process demands an embrace of adaptability and a commitment to cross-functional collaboration with regular checkpoints to review progress, address issues and keep integration on track.

Here again, IT leaders need to communicate in the language of the audience they are addressing, switching among several different hats as needed to ensure messages are received and understood correctly



and that the deal thesis stays front-and-center:

- **Connect tactics to strategy with leadership:** Conversations with commercial leaders should continue to link technology activities to the broader business strategy and commercial goals, with updates that highlight milestones achieved, risks mitigated, and new opportunities and roadblocks surfaced.
- **Drive execution with technical teams:** IT teams need to stay focused on the nuts and bolts of implementation. Discussions with these teams should center on technical challenges and how they're being addressed in line with the

project timeline and support agile practices to manage complexity.

- **Partner collaboratively with business units:** Interactions with other departments are about ensuring that technology considerations are fully integrated into broader operational plans. This might involve co-developing solutions that illustrate and support cross-functional synergies.

This agile, iterative, collaborative approach, keeping strategic objectives front of mind, is a modern M&A best practice and essential to ensuring successful outcomes. If you're not engaging with business units, senior leadership and your own teams in this manner, it's time to start.

Post-integration:
Turn learnings into playbooks and seize opportunities

In many companies, M&A is not a one-time activity. Sometimes there are even multiple deals in play simultaneously. The period after a given integration is completed is invariably a relief for IT leaders, but it's important to take the time to regroup. Be proud of what went well and take steps to train the next team on what they should emulate; be open about what didn't go well and collect ideas on how to get ahead of the same issue for next time.

Maintaining ongoing focus on the deal thesis and consistently organizing technical initiatives to align with it is essential. But surprises are inevitable. We all know integration is messy, and stumbles will happen. The key is to manage them with a learning mindset and an eye for opportunity.

both successes and setbacks and build a repository of best practices to guide and improve the process next time.

- **Grab the chance to evolve your IT estate.** Rather than merely adapting to new circumstances, the post-deal environment presents an opportunity to leapfrog your technology, shed or modernize outdated systems and streamline your infrastructure. Plenty of we've-always-done-it-this-way projects and processes can be abandoned for more modern architectures, platforms and thinking.
- **Partner to go further faster.** There may be more openness among senior leadership during this period to bringing on partners who can accelerate time to outcomes with highly specific expertise and the resources to augment internal skills or experience gaps, especially when you can demonstrate the commercial benefit and link the partnership to intended deal goals.
- **Explore and elevate the potential of your team.** This is the perfect moment for those who thrive in "messy projects" to step up and drive meaningful change. Such opportunities are rare in a typical business-as-usual environment, so encourage team members who excel in complex projects to take the lead. Their ability to navigate and manage this era of transition will be invaluable.

With an open-minded and solution-focused approach to navigating the new landscape, technology leaders can ease transition difficulties while continuing to prove the strategic value IT contributes to successful M&A.

- **Focus learnings on future transactions.** Modern M&A best practices recognize that each deal is a chance to strengthen this corporate muscle for the next transaction. To that end, make sure you have mechanisms in place to baseline and monitor IT activities—tracking the achievement of key milestones, delivery of planned synergies and effectiveness of deployed resources—and to report data back to senior leadership. Document the details of

IT leaders must challenge themselves to bridge the gap between the commercial potential that justifies the execution of a deal and the reality of delivering that value.

An all-points M&A checklist for strategic IT impact

Each deal stage offers IT leaders an opportunity to deliver business value as well as technical expertise.



1 Strategic alignment

- Get curious and inquisitive about the commercial rationale
- Translate strategic goals into technological actions
- Speak the language of business
- Continuously align with and help deliver the deal thesis

2 Due diligence & planning

- Shift your mindset from perfection to pragmatism
- Don't wait for complete data
- Document and plan for integration
- Balance risk mitigation with strategic alignment

3 Integration

- Revisit, refine and iterate
- Switch hats as needed
- Deliver value alongside technical execution
- Prioritize collaboration across the organization

4 Post-integration

- Embrace challenges with strategic focus
- Turn stumbles into steppingstones
- Seize opportunities for transformation
- Capitalize on the moment

Accelerate the shift from supporting role to strategic player

As M&A continues to be a key growth strategy and as technology becomes increasingly integral to every business function, the role of IT is more critical—and more complex—than ever before. The days of "tossing it over the wall to IT" are behind us, but there still are plenty of challenges that need addressing. The expanded role of technology in both the strategic benefit and the operational reality of targets is a real opportunity for those that grab the ring. IT leaders are uniquely positioned

to be the change agents that drive capturing deal potential.

By developing an insatiable curiosity about the motivators behind major transactions, learning to couch technical initiatives in commercial terms, and seeing the full potential for their abilities to support the business, IT leaders will not only ensure more seamless, stress-free technical integrations. They will also position themselves as invaluable strategic partners, helping their organizations strengthen their M&A competency to increase shareholder value and gain an ever-greater competitive advantage. [\A](#)

Transaction Advisors Institute provides M&A professionals with educational resources, tools and best practices to improve deal processes and outcomes.

Unleashing the power and promise of AI-driven finance



Kevin McBride
Senior Vice President,
Corporate Controller and
Chief Accounting Officer,
ServiceNow

For ServiceNow Chief Accounting Officer and Corporate Controller Kevin McBride, deploying generative AI in the finance organization is a cross-business game changer—and the time for finance leaders to embrace it is now.

Long before generative AI became a ubiquitous business byword, enterprise workflow automation software giant ServiceNow saw the incredible potential of artificial intelligence to transform business and began actively pursuing a path to leverage it in their technology.

That foresight enabled the global company to confidently orient its entire platform, product line and solution set around AI at a time when many companies were still in strategy mode—empowering their 8,000+ global customers and, just as importantly, their nearly quarter-million employees to put AI to active, results-focused everyday work.

One of the voices leading this internal charge is Kevin McBride. As ServiceNow's Corporate Controller and Chief Accounting Officer, Kevin leads a team responsible for global accounting and financial reporting, financial services and operations including order to cash, accounts payable, global payroll and travel, and sales commissions. Decisions



and actions taken within his organization reverberate across the entire business and its ability to operationalize strategy. In a function where speed, accuracy and transparency are vital to success, he is a passionate generative AI champion.

Kevin recently connected with The Maven Report Editorial Director Sheila Lothian to offer an inside look at how his teams are using generative AI to drive accelerated innovation and improved outcomes not just within their own organization but far beyond it. He also shares his thoughts on why embracing these technologies is the key to better, faster financial decision making, and how finance leaders can get started on the path to successful and impactful generative AI integration.

Sheila Lothian: Generative AI hit the mainstream in November 2022 with the advent of ChatGPT. When did you realize this technology's potential to transform finance operations and start embracing it in your organization?

Kevin McBride: AI technologies have been around for years, and leading finance organizations have been using AI technologies to drive value for some time. ChatGPT is no exception. At ServiceNow we've been following the technology's development and potential since its first release, which is why we have been a first mover to adopt generative AI in our platform.

Our vision is to be the AI platform for business transformation. This is enabling our customers to be some of the first companies to derive value from generative AI. In finance, we initially embraced generative AI in our case management workflows in 2022 and are expanding it to include manual close activities and finance analysis.

SL: What are some of the traditional pain points in financial decision making that generative AI can address?

KM: Generative AI can be applied to business analysis, operational workflows, and risk management and compliance to address traditional operational efficiency and effectiveness challenges in finance. There is so much manual work in finance, with finance professionals spending their time and energy searching for data, flagging risks, reconciling and moving data from system to system instead of bringing critical insights to business leaders for action.

But it's not just about efficiency. Insights are a competitive advantage. Business leaders know this and expect finance to bring insights that uncover actions that decrease time to market and sales cycle times, increase market or customer penetration and decrease the friction of doing business. Business leaders and shareholders benefit from the positive outcomes driven by AI-enabled finance operations.

SL: How did your organization begin integrating generative AI into financial processes?

KM: Our primary engagement is working with our product and IT organizations on adopting the ServiceNow platform capabilities. For finance, those capabilities are initially focused on case management operational efficiencies. We receive tens of thousands of employee, customer and vendor inquiries a year that our people address through our case management products built for finance. Generative AI capabilities enable us to deflect questions more rapidly through self-service tools, develop responses and knowledge-related guidance through content generation, and suggest next steps for our case managers based upon case summarization. This leads to better experiences for our customers, vendors and employees.

SL: How did you partner with your IT organization to adopt and accelerate AI earlier in the process?

KM: Being an innovative and fast-paced enterprise software provider inherently requires close collaboration across the enterprise, and our connection to IT is no different. Our close partnership with IT has allowed us to focus on impactful use cases that hit the heart of our pain points making our AI investments more meaningful. Through this partnership we leveraged a skilled technology team that has been able to take our use cases, bring them to life with human centric design principles, delivering amazing experiences for our employees which, in turn, drives greater adoption and ROI on our AI investments.

SL: What are some of the tangible benefits your teams have experienced since adopting generative AI?

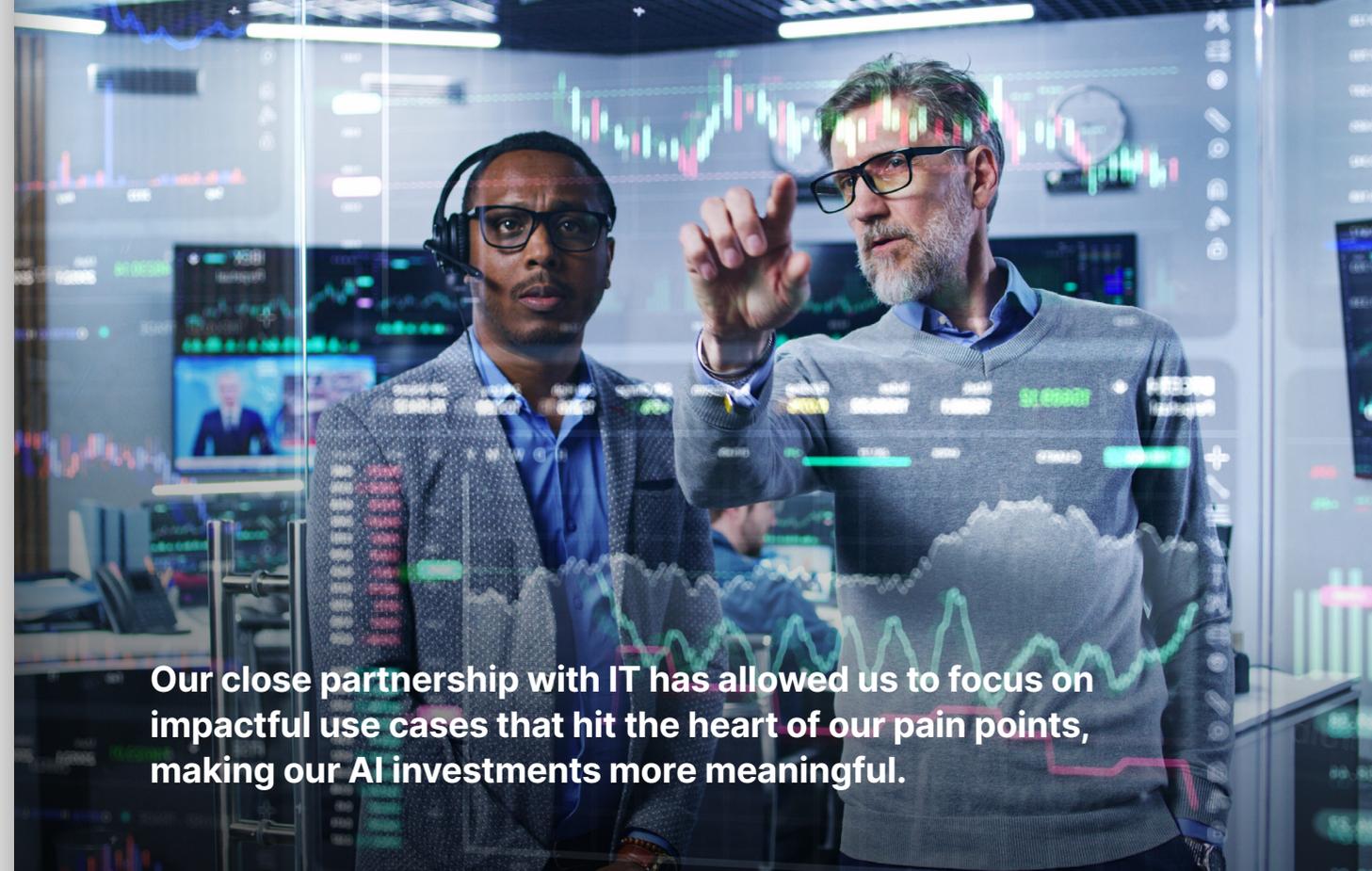
KM: Faster case and inquiry resolution times for customers and internal employees while maintaining the quality and content of responses. Our accounts receivable and sales compensation specialists have saved time reviewing prior correspondence and preparing customized responses. Because our response times are so much faster with AI, we find our business partners are more empowered and educated which leads to a stronger positive sentiment about the service our business partners receive from finance.

SL: Has the implementation of AI in finance delivered wins in any other areas of the business?

KM: As a company, our generative AI strategy focuses on infusing intelligence into the flow of work, end-to-end, across the enterprise. With our native integrations, we already help people orchestrate across different systems and data sources. When you look at our own deployment of Now Assist, our IT help desk is saving 45 minutes

As our team has experienced what the technology is capable of, they are dreaming big about how it can transform finance.

We also engaged our finance organization through a series of workshops on the AI landscape and the best opportunities fit for AI technologies. We had some fun and creative sessions where our finance professionals competitively ideated use-case opportunities. The idea was to create excitement, demystify the technology, and drive business agility by enabling real-time education increasing speed and accuracy of communication between finance in the enterprise. We are working with IT on designing and implementing the winning use cases.



Our close partnership with IT has allowed us to focus on impactful use cases that hit the heart of our pain points, making our AI investments more meaningful.

per avoided case. In Customer Service, our people are saving 30 minutes every time the computer generates a knowledge-based article for them. Our people will save 21,000 hours with faster self-service, and our developers are completing non-complex scripts in half the time.

Within finance, we are delivering better service and insights to sales by providing early guidance into deal economics, structuring options and terms. This ability to respond rapidly to simple inquiries means that we can shorten sales cycles, guide our sales colleagues towards accretive deal considerations, and devote the time of our sales-facing finance teams toward partnering on more complex opportunities. With generative AI, we can also complete our post-mortem of deals faster and provide critical and

timely insights to shape our deal pipeline and new prospects in coming quarters.

SL: Did you meet with any cultural or organizational challenges or resistance during the integration process?

KM: Again, we are an innovative and fast-paced enterprise software provider. We culturally foster and cultivate change-ready people with a growth mindset. I believe our organization sees AI technologies as an opportunity to innovate, shift even more capacity to analyzing products, markets and customers to help our business leaders provide excellent products and services to our customers at competitive prices while carefully managing and safeguarding our assets. The ideation event I previously mentioned helped to increase knowledge and awareness and break down barriers in a way that quickly moved us towards adoption.



By providing early guidance into deal economics, structuring options and terms... we can shorten sales cycles, guide our sales colleagues towards accretive deal considerations, and devote the time of our sales-facing finance teams toward partnering on more complex opportunities.

As we roll out our AI initiatives, we've experienced an overwhelming demand from our finance professionals to expand our use cases. As our team has experienced what the technology is capable of, they are dreaming big about how it can transform finance.

SL: What specific steps or strategies should finance leaders prioritize to ensure successful AI integration and application?

KM: A few things come to mind... and they are not necessarily unique to AI:

- **Ensure your North Star for the finance strategy is well-known and well-defined.** Where are you headed as an organization... and why? Have you considered the demands of the business and your employees? What is your competitive environment? These questions, and others, shape your North Star.
- **Know what you're optimizing for.** Is it scale, cost, speed, volume? You must know the value vectors of your strategy.

- **Evaluate goals against opportunities.** Understand the problem you are trying to solve and require your teams to clearly articulate that problem and how the outcomes expected from each opportunity will help you achieve your North Star and measure against your value vectors.
- **Assess your data accessibility.** This one *is* specific to generative AI, which relies heavily on large volumes of data to function effectively. You need to make sure your data is accessible, high-quality, real-time and contextualized. That should be a strategic and funding priority.
- **Prepare for learning cycles.** Unlike the implementation of traditional technology, where you design test scripts, perform regression testing, etc., with generative AI, you need to approach the technology, and the continual oversight of the technology, similar to how you approach an employee. It's active management, which also depends on accessible high-quality data to be optimally successful.

- **Consider the change readiness of your organization.** Organizations are all about people, and you need to bring your people along the journey. There are so many opportunities to help your business win in the marketplace, to help your customers achieve their goals, and for finance professionals to drive business outcomes while building marketable skills that differentiate them in the marketplace. It's an exciting time!

SL: We've talked quite a bit in The Maven Report about the "collision of ideas" around generative AI. How should finance leaders manage the deluge of input on AI implementation coming from the wider organization and make decisions about what does and does not get funded?

KM: I like that phrase, collision of ideas. It is a common problem for an innovative company evolving at pace. We hire and develop the best financial professionals that aspire to improve their work and drive meaningful business outcomes. There is never a shortage of ideas. There are, however, constraints around time and investments. To ensure that we provide our customers with the best products and services using efficient and scalable processes, we must prioritize.

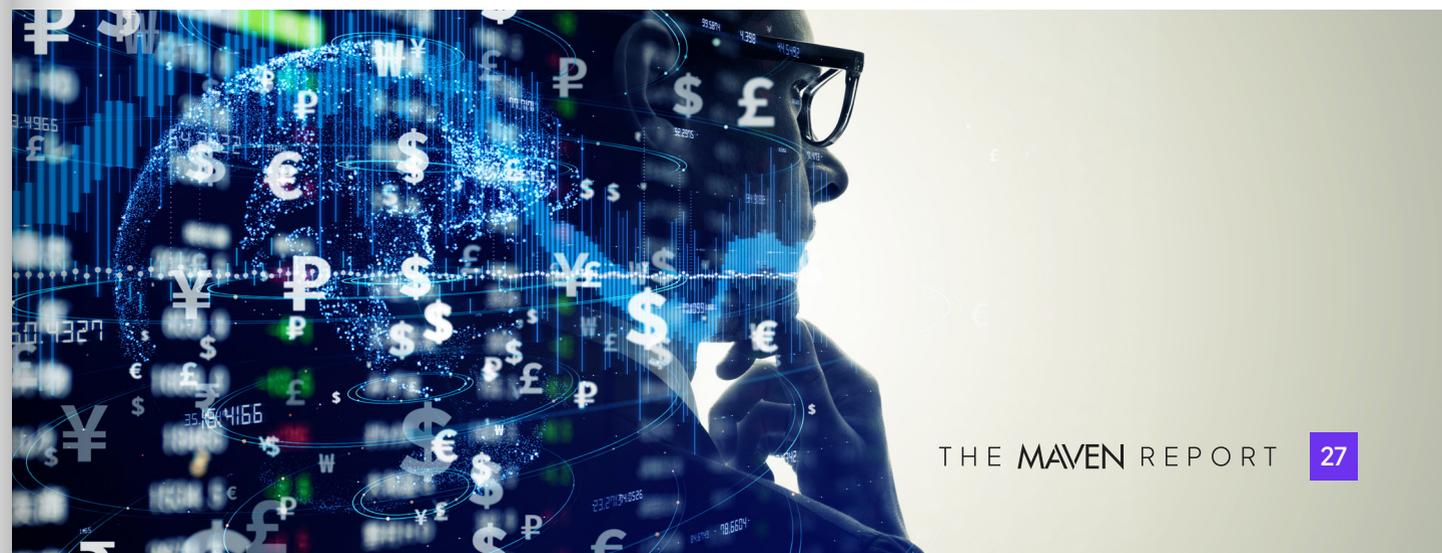
It's not just prioritizing generative AI...it is prioritizing the cross-finance initiatives

to ensure that we are achieving our finance vision of delivering actionable insights that shape the future for ServiceNow. This means focusing on measurable outcomes and prioritizing those outcomes on business value, customer and employee experience.

SL: Any final recommendations you want to share with your fellow finance leaders about navigating their teams through this transformative era?

KM: What I've loved about working in the tech industry for over 30 years is the innovation and disruption technologies. As with all new technologies, we will need to adapt our processes, policies and people. We need to develop new skills and new methods of ingesting the technology in a way that fulfills our finance vision.

There will be other technological advances in the next 5-10 years. To be a winning finance organization that drives competitive differentiation, you must adopt technologies to attract, develop and retain the best talent, and dedicate yourself to enabling, developing and upskilling your people to be tech enabled business partners that can drive business outcomes. It is a competitive environment, and employees are hungry to leave behind the manual work and put the power of their creativity and insight into action. [\a](#)





It's time to bolster your BCDR



Dan Johnson

Global Director, Compliance and Continuity, Ensono

Your company may have a business continuity and disaster recovery plan on file. But are you ready to put it into action?

Threats to IT infrastructure are a nonstop headline item and an ever-present enterprise concern. But the July 2024 CrowdStrike outage was nonetheless shocking.

The massive number of systems affected¹, the instantaneous impact on some of the most basic functions of everyday life, the staggering costs—Fortune 500 companies are facing an estimated \$5.4 billion in losses, with insured losses likely to account for just a fraction of that amount²—and the fact

that it wasn't the work of the "bad guys", gave this event a different feel.

It has also underscored the critical importance of having an up-to-date and thoroughly tested business continuity and disaster recovery (BCDR) plan ready to activate.

¹ David Weston, "Helping our customers through the CrowdStrike outage," microsoft.com, July 2024.

² Matthew Lerner, "Insured losses from CrowdStrike outage could reach \$1.8B: Parametrix," businessinsurance.com, July 2024.

If you work at a large company with complex IT, you probably already have a BCDR plan. This plan describes how a company will maintain operations in the event of a cyberattack, natural disaster, pandemic outbreak or other emergency, as well as how it will recover afterward. Most plans cover topics like:

- **How employees will continue to work during an emergency** – including VPNs, remote collaboration tools and communication protocols
- **How data and IT systems will be backed up and restored** – including cloud backups, offsite storage and disaster recovery sites
- **How vital supply chains will continue without interruption** – including alternate suppliers and communication and logistics resiliency
- **How business will continue during an emergency** – including critical business functions and resources required to support them
- **How key vendors and stakeholders will be contacted** – including contact information for key business personnel, vendors and leaders
- **How the plan will be maintained** – including cadence of plan reviews and exercise history

However, your plan is not worth the paper it's printed on if you don't test it. Companies that encounter the most surprises during a disaster are the ones that don't test their BCDR plans or perform tests that are as close to reality as possible. And surprises during a disaster can have negative consequences, especially for revenue.

Testing your plans regularly and comprehensively will make your teams more aware of the processes involved to adequately recover from a disaster event. You'll also uncover gaps in your recovery processes. That's a good thing: It's better to encounter issues during testing than discover them during an actual disaster. Preparation is key with any successful BCDR program. Failing to prepare is preparing to fail.



How to test your BCDR

Start



1 Start with a walkthrough

Perform a planned walk-through, also known as a “paper test”, prior to any scheduled test. If you notice incorrect or irrelevant information in your plan, you can use this time to make updates prior to testing.

2 Run a tabletop exercise

A tabletop exercise is an activity in which key personnel gather to discuss various simulated emergency situations in a non-threatening environment. All relevant stakeholders listed in the BCDR should participate, including senior leadership. Your test will only be as good as your team’s involvement, so participants should be prepared to thoughtfully engage.

3 Test different scenarios

While your BCDR plan should apply to any scenario, different disasters have different nuances. It’s important to ensure your company is prepared for anything. Don’t just test the same scenario over and over — mix it up and be creative.

4 Simulate live drills

Full-scale disaster simulations test real-time responses by shutting down systems and activating recovery protocols. This identifies practical issues and ensures readiness under real-world conditions and will give you valuable insights into the effectiveness of your plan.

5 Initiate surprise tests

Unannounced drills are a great way to evaluate your team’s spontaneous response capabilities. These surprise tests ensure that personnel can quickly and effectively react to unexpected events, reinforcing the importance of preparedness and adherence to plan.

6 Simulate a cyberattack

Red team/blue team exercises are a way to simulate sophisticated cyberattacks such as ransomware or DDoS attacks. These simulations test cybersecurity measures and response protocols, ensuring that your organization is prepared for modern cyberthreats.

7 Deploy automated testing tools

Automated scripts and tools allow you to simulate various disaster scenarios and test system responses efficiently. Automation also enables more frequent and comprehensive testing, which helps ensure alignment with recovery objectives and enhances overall preparedness.

8 Conduct post-test analyses

After each test you conduct, analyze the results to surface weaknesses and areas for improvement. Conduct debriefing sessions to review performance, clarify lessons learned and update the disaster recovery plan with the goal of continuous refinement and effectiveness.

9 Create an exercise summary document

Include an overall assessment of the test, learnings, suggested improvements and corrective actions. Capturing all critical testing information will ensure that future tests will produce better results and satisfy internal and external audits.

Finish



Helpful scenarios to test



Cyberthreats

Companies should be prepared to take swift action when their operations are threatened by ransomware, other cyberattacks or non-malicious system outages. A cybersecurity tabletop should include your IT and/or cybersecurity team, who can make decisions about how best to prevent downtime and data loss.



Pandemic outbreaks

Most companies now have a successful work-from-home template to reinstate or have permanently adopted it in some form. But there are still COVID-19 lessons to be integrated. Simulating health screening processes, evaluating supply chain vulnerabilities, testing communication strategies and ensuring continuity for critical business functions can prepare your organization to better manage future pandemics.



Natural disasters

Even companies headquartered outside high-risk zones should test severe weather scenarios. Testing will allow you to confirm where employees would shelter in place (including those working remotely), how the company could assist with recovery and how to handle PTO when employees without a phone or internet can’t call in.



Mass notifications

Automated notifications provide a direct and immediate way to reach employees, ensuring that important information or updates are promptly conveyed. Real-time alerts and instructions sent via SMS, email, app and voice enable you to respond instantly to critical events with, and two-way communication ensures your people are safe. It is essential that these tools are ready to function as expected when you need them.

Remember: Your plan is only as good as your vendors

Working with third-party providers is a fundamental, necessary and in most ways positive aspect of enterprise business operations. But as the CrowdStrike event showed, even the most reputable and experienced entities can make consequential mistakes. When your infrastructure is integrated with someone else's, their errors, miscalculations and weaknesses become yours.

But this incident also demonstrated that while vendors and partners introduce risk, they are who you will rely on for help when the worst does happen. CrowdStrike deployed the fix for the issue to its

customers within 79 minutes. Here at Ensono, we were able to get our clients' critical services up and running within 24 hours of the outage.³

The bottom-line lesson is to partner wisely and transparently. Ask each of your vendors if they have a BCDR plan and what the results were from their last exercise. Ask to see their exercise summary document to understand the scope and results of their most recent test. If they aren't fully prepared, then neither are you. Just as importantly, ask them for detailed accounts of how they have responded in real-life disaster scenarios. A true ally will have stopped at nothing to get their clients back to business-as-usual as quickly, completely and safely as possible. 🛡️

³ Thomas Moor and Jack Middleton, "Why QA Matters in Light of the CrowdStrike Incident," Ensono.com

A note on vendor concentration

In the wake of the CrowdStrike outage, IT leaders are feeling intensified pressure to reevaluate their vendor concentration as a way of mitigating risk.

While diversifying suppliers can reduce exposure, there are other factors to consider. Spreading workloads, data and apps across

multiple platforms adds complexity and cost, while working with a single vendor can have benefits in terms of economics, scale and simplification.

Carefully weighing all these considerations against your goals, risk profile, resources and budget will help you tune out the noise and land on the right approach for your company.



8 steps to derisk and optimize your VMware investment



Duan Van Der Westhuizen
Senior Vice President,
Hybrid Cloud, Ensono

This enterprise-tested blueprint can help you minimize business and operational risk, improve platform usage and reduce costs.

When Broadcom completed its acquisition of VMware in November 2023, it made several monumental changes to its bundles and pricing which significantly reshaped the landscape for enterprises relying on VMware's extensive suite of products.

These changes were fully implemented as of April 1, 2024, shifting the licensing model and cost structures enterprises have long depended on.

Market responses to such significant shifts are often marked by anxiety, particularly around cost implications, and this one has been no different. 56% of impacted I&O members say they are concerned about the acquisition, with price being their biggest worry¹.

My company, Ensono, shared these concerns. As a VMware customer ourselves as well as a Pinnacle VMware Cloud Service Provider, we knew that we had to move fast to understand and reduce the impact of the changes on our own business, while preparing our infrastructure and teams to help our clients do the same.

¹ 2024 Gartner Sentiment on Broadcom Acquisition of VMware Poll. This poll was conducted online from 17-29 January 2024 to understand IT leaders' sentiments about Broadcom's acquisition of VMware. In total 246 IT leaders who were members of Gartner's Research Circle, a Gartner-managed panel, participated. Participants were from North America (n=117), EMEA (n=22) and Latin America (n=6). Disclaimer: The results of this poll do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies polled.





With no changes, we'd see costs skyrocket 73% over the upcoming five-year period. It was time to act.

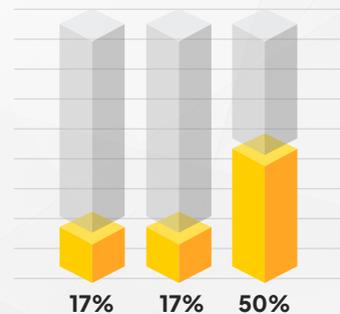
Racing against the renewal clock

With our renewal date approaching, we needed to minimize the impact before committing to a minimum-term three-year deal. We knew that the price increase would be significant, but we didn't know exactly what it would be. We might end up paying for VCF features that we wouldn't use and for additional add-ons that we would need. We also knew that our hardware would need refreshing as some of our servers had fewer than 16 cores per CPU.

To get clarity, our Infrastructure Engineering team conducted a full assessment of our VMware estate, evaluating:

- Our current licensing
- Our VMware product use
- Planned and potential infrastructure optimization opportunities
- The cost impact of renewing under the new model with or without optimization

The assessment delivered a stark estimate: With no changes, we'd see costs skyrocket 73% over the upcoming five-year period. It was time to act.



Results

- Reduced the VMware renewal cost impact by 17%
- Reduced the number of cores requiring licenses by 17%, significantly reducing data center and labor costs
- Are adopting vSAN to replace some external storage arrays, which will cut our labor, data center and third-party vendor costs by around 50%
- Developed a clear understanding of how to help our clients minimize the impact

Key VMware licensing and pricing model changes

Perpetual license model

The perpetual license model is now end of sale. This means enterprises who sign up for new VMware contracts, including at the end of current contracts, will leverage the new subscription-based licensing model. This is impactful to companies that counted on capitalization of software costs but may be welcomed by those who prefer an OpEx model.

Cost drivers

The cost drivers have changed. The move from the previous vRAM based model to the core-based model changes the way you look at your environment. Now, the number of servers you have deployed directly increases the number of cores in your environment, which increases your license cost. Spare capacity needs to be scrutinized much more thoroughly. This isn't a good versus bad situation, just a different way to look at your cost drivers.

Terms

Commitment-based terms based on core utilization. The new bundles are available in different term lengths: on-demand, 3-year and 5-year. The commit is based on the number of cores you are consuming. Recommits at higher core counts are available co-terminus during the length of your contract term. As per usual commitment-based models, longer term lengths will result in better discounts over the term.

Bundles

Bundles are the new normal. VMware simplified its portfolio from 168 products, bundles, and editions down to 2 main bundles with available add-ons:

- VMware Cloud Foundation (VCF) is the leading bundle, which includes both the core vSphere platform components and many software-defined features such as NSX for networking, vSAN for storage, Aria Operations to operate your VMware environment, and deployment tools such as SDDC Manager.
- Sphere Foundation, the second bundle, is targeted to the smaller end of the market and is not available to larger clients or CSPs. This bundle includes only the base level features such as vSphere, vCenter and ESX.



STEP 01

Switch thinking from vRAM to cores

STEP 03

Consolidate and decommission spare capacity

STEP 02

Redesign disaster recovery plan to reduce idle hosts

STEP 04

Deploy new server models to increase RAM and core performance

STEP 05

Identify and replace any servers with fewer than 16 cores

STEP 07

Use vSAN to reduce storage costs

STEP 06

Improve vCPU to Core allocation

STEP 08

Evaluate sprawl of software defined networking

Strategic guidance from a real-world journey

To reduce the cost impact and prepare our environment and team for the new VMware model, we embarked on an eight-step optimization strategy which has had a significant impact on the scale of the cost increase, including reducing our renewal cost impact by 17%.

The approach we took, outlined below, can serve as a blueprint for other enterprises' optimization efforts:

1. Switch thinking from vRAM to cores. In the new model, more servers mean more cores and higher costs, so optimizing the number of cores and servers has a direct impact on the licensing cost.

2. Redesign your disaster recovery plan to reduce idle hosts. Under the new model, you pay for cores if the target site has workloads running, so we switched these hosts to "maintenance mode" and

will hydrate via automation as needed. These hosts can be licensed per hour during failover and DR tests.

3. Consolidate and decommission spare capacity. In the past, high availability with spare capacity of n+3 was possible with minimal cost impact. Under the new model, the costs will add up. We assessed our environment and reduced our cores by 17%.

4. Deploy new server models to increase RAM and core performance. Under the new model, vRAM is no longer the cost driver. We deployed new servers which increased our RAM density to allow more VMs per host. Faster processors also squeeze more performance into a single core, which reduced the number of cores we would need licensed.

5. Identify and replace any servers with fewer than 16 cores. You pay to license 16 cores per server, even if you use less. Any server with fewer cores will be charged at the same rate as those

with 16 cores. We looked across all our environments and identified all servers that did not meet this minimum.

6. Improve vCPU to core allocation. During this step we ensured that the profile of each VM met the overcommit ratio used in the cluster (for example, a 1:1 for mission critical, 2:1 for production, 8:1 for testing and development). Under the new model, it's best not to mix your environments.

7. Use vSAN to reduce storage costs. 1 TiB raw licensed vSAN is included for every CPU core you license. Leveraging this allocation is the most effective use of your investment. On a typical server with 32 cores, this means using at least 32 TiB of vSAN before expanding to attached storage or licensing additional vSAN capacity for growth.

8. Evaluate sprawl of software defined networking. Most NSX Networking features were included under the old model, so we weren't required to limit

their usage. Services like the NSX-T Firewall and Gateway Firewalls aren't included in the new, per-core model, so to reduce costs we needed to ensure that we only use what we need.

Optimize now to assure the future

While the VMware changes may seem overwhelming, they also present an opportunity for strategic realignment. The most important question to ask is, "What should I be doing to optimize my costs and improve my experience?" And the good news is, there are options. Whether you go it alone or enlist the help of a partner, taking a thoughtful, informed and proactive approach can help your enterprise navigate this transition effectively—protecting your investment, reducing your costs and positioning your organization to benefit from the full potential of VMware's offerings to achieve a more agile and modern IT estate. 



Achieving quick finance wins when transformation is slow

Moving our financial data into a single repository is on my company's digital transformation roadmap, but we're not there yet. How can we be a better business partner in the meantime, when the information we need is siloed and scattered all over the place (including in people's heads)?



Stephanie Siu
Senior Director, Data and Analytics, Ensono

A modern, integrated IT infrastructure that seamlessly collects and connects relevant data from all corners of the business is the Platonic ideal for fast, accurate financial decision making. But as you're experiencing, finance teams don't have the luxury of pausing analyses, recommendations and decisions until the ideal technological solution is fully implemented. We need to act in the here and now.

The Finance-as-a-Service (FaaS) approach my CFO Scott Grossman describes on page 7 is the answer to the first part of your question: how your organization can become a more integral, dynamic and valuable partner to the broader business. And while sophisticated platforms and highly integrated systems accelerate the pace, impact and scalability of FaaS adoption, they aren't a prerequisite for addressing your question's second part.

The fundamentals of FaaS are the same no matter where you're starting from or what you're working with—and applying them will take you a long way toward an improved state of data aggregation, analysis, communication and strategic business impact. Here's how to get started:

1. Establish and nurture relationships:

Great service starts with connection. Stay in touch with other teams regularly through both standing meetings and informal chats. Depending on the size of your team, you might consider creating a finance ambassador program with individual members dedicated to engaging with specific departments and bringing their learnings back to finance, to create a body of business unit expertise.

2. Ask the right questions:

Working on the wrong problem-to-be-solved wastes time and obscures opportunities. In your cross-functional meetings and conversations, dive deep into what each team is trying to achieve, so you can figure out what information you really need (and don't need) to deliver insights that will directly align with their business drivers and actively support their goals.

3. Leverage the tech you have:

Everyday solutions often have untapped potential. Make the most of shared tools

like workflow management systems and communication platforms and explore their more advanced capabilities—things like real-time dashboards, analysis and integration with other apps. Along the way to a more mature, connected infrastructure, an "IKEA hack" approach to aggregating data, delivering insights and driving transparency can be extremely effective.

4. Focus on progress over perfection:

Incremental improvements translate to meaningful impact. If a simple process change can increase the accuracy of one element of your analysis from 20% to 50%, that's a win—even if it's not perfect! This approach allows you to make data-driven decisions and quantify business impact even as you work towards a more comprehensive solution.

5. Keep improving together:

Service organizations succeed when they heed the voice of the customer. If team members are struggling to understand tools or adopt processes, offer training sessions and support materials to help them traverse the learning curve. Establish open and active feedback channels, encourage honesty, and be ready to adjust in response to new information so you're always collaborating effectively and delivering maximum value. [\a](#)

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