



ENSURING M&A SUCCESS WITH MATURE IAM

KEY ISSUE:

M&A activity is on the rise, presenting challenges to identity and access management (IAM) programs and providing opportunities to aid deal integration

The increase in global M&A activity expected in 2016 will challenge security teams, demand the utmost of current IAM programs, and demonstrate how IAM helps achieve the goals of an M&A transaction. Firms conducted more than \$4 trillion in M&A deals in 2015, more than any other time and outpacing 2007, the last annual record holder.^{1,2}

CHALLENGES AND OPPORTUNITIES:

The expected growth of M&A activity in 2016 is a result of increasing cash reserves, strategic preference to buy instead of build new capabilities, and uneven global financial performance. The growing volume and cross border nature of the transactions adds complexity for security teams

- In 2015, one-third of M&A deals were between the United States and Europe.^{3,4}
- The accelerating M&A activity will put added stress on IAM processes and infrastructure, such as identity stores, provisioning, temporary workers/contractors, pre-M&A secrecy and access control.
- There will be pressure to deliver on expected cost synergies on these transactions, reportedly around three to four percent of the transaction value. These M&A deals often result in shifting the composition of the workforce to achieve cost savings. This will likely add to employee anxiety and increase the threat posed by malicious insiders.

THE PATH FORWARD:

The broad security program must prepare to not only receive requests for due diligence activities and connecting networks, but also to describe changes in the firm's overall risk posture and speeding integration. IAM maturity in particular helps speed integration with activities such as restructuring authentication to new resources and consolidating user repositories

- Security leaders are often involved at some stage in an M&A process to conduct due diligence on the transaction regarding information security maturity and risk posture. Effective due diligence execution should provide security leaders the opportunity to talk about the transaction in terms of the ability to speed integration and the increased risk.
- For example, if each organization is running different identity directory infrastructures (Novell eDirectory vs Microsoft Active Directory), mature IAM programs could address this by creating a virtual directory merging both sources and efficiently pointing applications en masse to this virtual directory. This is the sort of accomplishment that eases integration and helps realize cost efficiencies.
- One of the highest periods of risk for insider threats occurs during M&A activities because the workforce is concerned about their jobs and well-being. Mature IAM functions can provide a foundation for mitigating insider threat by integrating IAM systems with user behavior analytics (UBA) and/or security information and event management (SIEM). This will allow for more granular control and auditability before, during and after the transaction.

CALL TO ACTION

Make sure that your IAM programs are ready to help security leadership when M&A needs rise above due diligence and shift to integration and risk reduction.

Help ensure the requisite expertise is in place to handle cross-border identity data management, merging IAM infrastructure and adjusting posture based on increased insider threat risk. With these in place and functioning, IAM becomes a unit that adds business value and supports enterprise strategy.

Heath Nieddu

Solutions Research Analyst

Solutions Research and Development, Optiv

1 Tiemann, Dan, et al. "US Executives on M&A in 2016: Full Speed Ahead," KPMG and the Fortune Knowledge Group, 2016. 2 MacMillan, Iain and Prakash, Sriram. "The Deloitte M&A Index Q4 2015, 2016: Opportunities amidst divergence." Deloitte. Q4 2015. Retrieved from: <http://www2.deloitte.com/uk/en/pages/financial-advisory/articles/deloitte-m-and-a-index.html> 3 Tiemann, Dan, et al. "US Executives on M&A in 2016: Full Speed Ahead," KPMG and the Fortune Knowledge Group, 2016. MacMillan, Iain and Prakash, Sriram. "The Deloitte M&A Index Q4 2015, 2016: Opportunities amidst divergence." Deloitte. Q4 2015. Retrieved from: <http://www2.deloitte.com/uk/en/pages/financial-advisory/articles/deloitte-m-and-a-index.html>



1125 17th Street, Suite 1700
Denver, CO 80202

800.574.0896 | www.optiv.com

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