

INDUSTRIAL DATA SYSTEMS CORPORATION

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Case Objectives and Use

The case describes a merger/acquisition scenario involving the acquisition of a complementary firm and the integration of capabilities. It requires students to consider the future of the combined firm as it begins to seek business based upon its expanded capabilities. The case presents issues of organizational structure; the challenges of post-acquisition integration of products, services, personnel, and operating systems to capture available synergies; and determination of the future direction of the company now that it has moved into a different competitive environment.

The case is appropriate of courses in strategic management, marketing research, and financial strategy at the undergraduate and graduate level.

Case Synopsis

Industrial Date Systems Corporation (IDS) is a Houston-based general engineering and services firm targeted toward the energy industry. Founded in 1985, the company has grown to annual revenues of \$17 million in FY2000, sixty-three percent from engineering and the remainder from its manufacturing and air handling divisions. Recently, IDS has acquired Petrocon Engineering, a much larger oilfield engineering and services firm with FY2000 revenues of \$68 million. Together, they potentially will be able to fully meet client need for both upstream and downstream engineering and services support in the oil/gas, refining, chemicals, and petrochemicals industries. Now they must make it work.

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