CASE STUDY: RSM GUIDES SPEEDY TRANSITION FOR CARVE-OUT, ON TIME AND UNDER BUDGET

Background

A private equity firm, focused on investing in consumer and business services companies, acquired a multiplatform how-to brand from a global media group. While the acquired company was a well-respected and profitable business that served millions of loyal consumers with trusted information and advice, the nature of the deal, a carve-out from the parent media group, provided some challenges for the private equity firm at the outset. RSM consultants were called in to help.

Approach

According to RSM US LLP partner and project lead Paul Calamita, the private equity firm engaged his team to initially review existing business applications and infrastructure operations of the carve-out. Following this critical assessment, key workstreams were determined involving a transition management office, infrastructure renewal, customer relationship management (CRM), advertising management and enterprise resource planning (ERP). It was a great deal of work, and as is typical of a carve-out of this scope it required various conversions to new systems. There was a catch, however.

"The extraordinary thing about this engagement was that all of this needed to get done in approximately three months, which is almost unheard of when executing a transaction of this size," said Calamita. "But we, along with our private equity client, knew in order to limit the extensive transition service agreement (TSA) costs we needed to get the carve-out off of their TSA and onto their own platform as soon as possible."

To add to the stress of the project, the operations of the carve-out were moving from their old facilities to a new location in a different state. This new space required an entire build-out of infrastructure, systems and applications to be established in the same speedy time frame in order to operationalize the business.

RSM team member and director Geoff Hopkins explained that this move created many challenges and concerns in connection with the engagement. "However, getting the carve-out into their new location, off the TSA and onto their own platform by the deadline meant the private equity firm could avoid paying for services and additional rent fees at the old facility, which would be accruing at a sizeable rate of $2,300 a day," said Hopkins. "The clock was ticking and we knew we had to bring in the right team to execute this engagement successfully."

In the end, due to activating the right RSM professionals on the team quickly, providing strong communication with the private equity firm and carve-out business employees throughout the various projects, as well as establishing a concerted effort to ensure vendors and partners were in sync with the complex workstreams, the final engagement was delivered under budget and on time, and in some instances, even ahead of their aggressive schedule.

Outcomes

- Infrastructure: Successfully built new infrastructure at the new location, and imaged and cut over workstations before TSA expiration. Migrated email ahead of schedule and switched domain name system over in time for the beta launch of the new website. Seamlessly cut over the network before TSA expiration. Onboarded clients with managed services solution on schedule and went live with the help desk before TSA expiration.
- ERP: Went live with NetSuite before TSA expiration and began processing transactions ahead of schedule. Conducted initial billing out of NetSuite, also ahead of schedule for digital advertising and on time for print and TV activity.
- CRM: Went live with Salesforce system on schedule, with integration to advertising management system functioning, and migrated lead and account data from parent system.
- Advertising management: Operation went live ahead of schedule and produced initial billing on time.

+1 855 420 8473
rsmcanada.com

cs-ca-all-pe-0822