



CASE STUDY

CREATING THE BEST TSA TO GOVERN A SPIN-OFF'S TRANSITION

TRANSFORM

Divestiture Expertise and Comprehensive Planning Support All Stakeholders

THE BUSINESS CHALLENGE

Our client saw an opportunity to **improve enterprise performance** by creating a new market-focused company via **divestiture**. The executive team and AGSI had accomplished two major phases of operational planning by selecting an optimal ERP platform and developing an IT plan that delineated all layers of people, process and technology required for the new company. The next phase was development of the contract that would govern transitional services delivery to the spin-off until “NewCo” was able to stand on its own. Our client needed expert help to **create an agreement that defined all expectations for the transitional relationship**.

AGSI'S HIGH-LEVERAGE SOLUTION

AGSI's extensive **divestiture experience was a key accelerator** in this initiative. In the initial stage of TSA development, the client had assumed “we'll just do whatever is necessary for however long it takes”. But our experience has proven that a transition can be successful – and timelines met – only if **all technology requirements are comprehensively reviewed and defined before the TSA is even drafted**. If you're going to agree to provide a level of support, what are the projects and people you must have in place to be ready? Even with the best of intentions and a strong agreement, transitions can devolve quickly from an “us” mentality to “us vs. them”. Extensive planning would minimize that possibility.

AGSI created a two-page statement that clearly **defined the strategic intent** for this divestiture, and that document became the guide for every planning step that followed. Methodology from our proprietary Enterprise Integration Framework™ and our M&A experience drove development of an **integrated IT Enablement Plan that laid out the optimum transitional services approach** along with required projects, roles and responsibilities. Only then did we craft a tight, well-structured TSA that served as the legal agreement, with absolute transparency for stakeholders on both sides. As a result, **the TSA development process and the contract itself were far more streamlined**.

VALUE TO THE ENTERPRISE

AGSI's ERP selection services alone resulted in five-year savings of more than \$10M. Our technology plan was so thorough, **NewCo was ready to stand on its own almost immediately after the transaction's close, minimizing the need for transition services and producing additional savings**. Our ability to address stakeholder needs without political or emotional agenda resulted in divestiture planning that optimizes value. And **every phase of the initiative supported our client's goal** of quickly standing NewCo up in a self-sustaining model so that the resulting company could be successful as part of a strategic portfolio or as an attractive acquisition target.

IN BRIEF

CLIENT:

NYSE-traded Energy Company

ENGAGEMENT:

Transition Services Agreement (TSA) Development

CHALLENGE:

In preparation for a spin-off, create a strong agreement that will govern the parent's delivery of services to “NewCo” until the company can stand on its own

OUTCOME:

A TSA tightly aligned with strategic intent established clear expectations from all stakeholders and finalized the map for a smooth, successful transition