



CASE STUDY

SELECTING THE ERP PLATFORM THAT WILL HELP A SPIN-OFF THRIVE

OPTIMIZE

Intellectual Property and a Competitive Process Produce Big Results

THE BUSINESS CHALLENGE

Our client saw an opportunity to improve enterprise performance by **creating a new market-focused company via divestiture**. In support of the spin-off, “NewCo”, they had already begun the **selection process for a new ERP solution** after eliminating the legacy platform as too deep and expensive. That decision left them with only one other option under evaluation: an HR system that was relatively new and still expanding. They knew **this decision would not only drive the success of the transition process but also play a major role in NewCo’s success going forward**. Our client needed expert help to select the platform that would best meet all of their goals and produce the most advantageous pricing.

AGSI’S HIGH-LEVERAGE SOLUTION

AGSI’s **divestiture experience and intellectual property were key accelerators** in this initiative. Recognizing immediately at least six viable options for NewCo’s needs, we analyzed their process and found that they were basing their wish list on individual department requests rather than enterprise needs. We took them **back to the strategic intent** of the divestiture as the starting point for decision-making, challenged mandatory versus optional requirement perceptions, and then applied **AGSI’s proprietary ERP selection templates**. This intellectual property, which describes and evaluates **more than 7,000 possible ERP requirements**, allowed us to establish a set of core decision criteria and narrow the field to three platforms.

Those three vendors went through a **rigorous evaluation process** not just to explain their own platform’s benefits but also to provide their **solutions to some of our client’s more complex operational issues**. The optimum solution – the legacy platform – was apparent, and a competitive **selection model produced aggressive pricing and long-term savings**. An unanticipated benefit of this more rigorous process was the amount of insight the client was able to gain into its own operations, its competitors, its suppliers and more (**“perspective we would never have gotten, left to our own devices,”** as one executive commented).

VALUE TO THE ENTERPRISE

AGSI’s approach to ERP evaluation and selection **resulted in direct value to our client of more than \$10M**. By establishing a competitive model and leading vendors through multiple pricing iterations, we achieved license savings of just over \$1M, five-year maintenance savings of just over \$1M, and reduction in support staff over five years worth some \$3M. Reduced implementation costs saved an additional \$5M, and there is potential for the same maintenance and support discounts to be extended to our client’s existing ERP contract. Most important, **NewCo has an ERP platform that will allow it to thrive as an independent entity**.

IN BRIEF

CLIENT:

NYSE-traded Energy Company

ENGAGEMENT:

ERP Evaluation and Selection

CHALLENGE:

In preparation for a divestiture, evaluate options and select the ERP platform best able to support “NewCo” operations as an independent entity

OUTCOME:

The optimum platform was chosen through a rigorous requirements ranking process, and a competitive bid model with multiple pricing iterations resulted in five-year savings of more than \$10M