Appendix A: Divestiture Playbook Overview

Given the complexity that divestitures entail, as well as the multiple interdependencies and coordination required across all areas of the organization, it is a good practice to develop a divestiture playbook. A divestiture playbook will provide guidelines and define ground rules for all relevant parties to understand their roles within the transaction and march toward the same goals.

A divestiture playbook is a prescriptive guide that documents the steps and considerations required for a successful transaction from due diligence to Day 1. No company and no transaction are the same, which is why the playbook is tailored for the peculiarities of the organization, and it should be flexible to allow for fine-tuning throughout execution.

Scope of the Playbook

The breadth and depth of themes to be covered in a divestiture playbook will vary depending on specific aspects of the organization and the divestiture itself. Sometimes the playbook is a compilation of individual playbooks that as a whole provide a complete and detailed view of the phases or components of the divestiture. The following themes are typically covered in playbooks:

• Governance structure: The playbook should address clearly the hierarchical structure, levels of reporting, and escalation points across all the participating groups and individuals. It should also define the organizational structure of the Divestiture Management Office (DMO) or Separation Management Office (SMO) that centrally drives and orchestrates all workstreams across the transaction.
• Processes and methodologies: In order to successfully execute the divestiture, the standard process, methodologies, and tools should be leveraged including
project management tools, budget and resourcing allocation procedures, and software development life cycle methodology.

• Business processes blueprinting: It is recommended that the process and timeline to create the blueprints of the future state is clearly documented, identifying dependencies and owners.

• Organizational design: Given the relevance, sensitivity of the information managed, and complexity of this thread, the organizational design of the divested and remaining entities can constitute a playbook by itself. The organizational design playbook outlines the roadmap to setting up the new organizations from roles and positions definition to training and change management.

• Risk management: Continual and consistent assessment of risk from early phases of the transaction throughout execution until Day 1 is a key component to be addressed as part of the divestiture playbook to help ensure compliance and appropriate management of the risks that the divestiture entails.

• Information technology: This can be one of the most extensive playbooks with a variety of themes to cover from software design to deployment. Given the criticality and almost surgical detail that requires the deployment of the changes in the IT landscape to support the business operations for all entities, it is common to have deployment or cutover playbooks that provide ample guidance on all the necessary steps to develop and execute the deployment or cutover plans.

• Infrastructure: The strategies to disposition hardware and data centers and separate the network (including voice and data), end-user computing, and active directory migration should be addressed in the playbook. The approach for standing up the infrastructure of the separated entities is also in scope of the playbook.

• Security and compliance: Privacy and data segregation are always a top concern for executives when undergoing a divestiture. The security and access policies and controls that are required to help ensure the confidentiality of information when divesting are of topmost relevance and need to be defined in the early stages of planning, since that will drive the design and development of solutions, such as logical and physical segregation of data in system (if they will be shared) or redefining access levels to employees of the separated entities.

• Communications model: Outline the communications strategy for the different audiences, including employees, customers, partners, vendors, and the buyer or divested entity (if applicable) for the different phases of the transaction. Clearly outline what is considered classified information and who is responsible for sharing what information at particular points in time.

The divestiture playbook should be a live document that evolves with the company’s experience on M&A transactions and corporate directions. As a set of guidelines, the playbook should remain relevant, incorporating learnings, trends, and leading practices. It might also become part of an M&A playbook, as companies typically go through different growth and diversification cycles, and make acquisitions after a divestiture.
Sample Table of Contents

Following is a sample table of context for a divestiture playbook:

1. Executive Summary
2. Introduction to the Divestiture Playbook
   2.1. Playbook Objective
   2.2. Playbook Scope
3. Divestiture Overview
   3.1. Overview of the Divestiture
   3.2. Divestiture Guiding Principles
4. Program Management and Governance
   4.1. Separation Management Office
   4.2. Team Structure and Roles
   4.3. Meeting Cadence and Reporting
5. Future State Design
   5.1. Day 1 Scope Definition
   5.2. Business Processes Blueprinting
   5.3. Legal Entities Definition
6. IT Divestiture Planning
   6.1. Future State of the IT Landscape Definition
   6.2. Application Dispositioning
   6.3. Infrastructure
      6.3.1. Domain/Network Readdressing
      6.3.2. End-User Computing
      6.3.3. Directory Services
   6.4. Security
      6.4.1. Identity and Access Management
      6.4.2. Security Operations
      6.4.3. Governance, Risk, and Compliance
   6.5. Design IT Transition Services Agreements (TSA)
   6.6. Deployment/Cutover of the New or Changed Solutions
      6.6.1. Cutover Planning
      6.6.2. Cutover Simulations
      6.6.3. Command Center Setup

Appendix A: Divestiture Playbook Overview
Tools and Templates

An important value add of a well-built divestiture playbook is the inclusion of tools and templates that can help save executors valuable time, while also enforcing homogeneity across different teams and business units. The tools and templates should be flexible enough to be adapted to different teams and phases of the transaction. For the tools and templates to be easily leveraged, there should be a common set of definitions and internal jargon that is understood and adopted by all workstreams. For example, having a common definition of a project’s health, where there is a single connotation for green, yellow, and red across different teams, is a critical component for tools to be collectively utilized and for information retrieved from the tools to be standard. The following is a non-exhaustive list of typical tools and templates in a divestiture:

- Program/project welcome pack (includes program overview, logistics information, points of contact, FAQ’s)
- Generic project plans/work plans
- Project status reporting templates
- Budget request forms
- Program roster/contacts
- Meeting minutes and action items templates
- IT project plans by application disposition
- Security requirements forms
- Transition services agreements checklist
- Day 1 readiness checklist
- Go/no-go checklist
It is also a good practice to keep the project tools stored in a central location organized and controlled in such a way that only people that require them have access. This shared location should have a logical structure that the teams can easily follow so they can rapidly find the most current versions of the materials they are looking for.

Corporations that have gone through previous M&A experiences can also include sample deliverables that can help as a point of reference and include lessons learned from previous deals. A few examples of such sample deliverables are:

- Sample current state assessment report
- Sample future state infrastructure blueprint
- Sample program dependency matrix
- Sample testing plan
- Sample go-live simulation plan
- Sample cutover plan

**Conclusion**

No company is the same, even when comparing to the very same corporation from a few years earlier. Despite the uniqueness of each deal, there are always common principles and basics that can be applied, along with learnings from previous experience that provide a solid foundation for future transaction executions. An organization that dedicates the resources and effort into building a divestiture playbook can better manage the complexities of such changes to the business that are native to a divestiture. It is also worth highlighting that, as good as a handbook can be, the playbook’s goal is to provide structure and direction, but it does not replace the strategic thinking, problem-solving, and critical decision-making required from all levels of the organization involved in the execution for a successful divestiture.
# Appendix B: Glossary

<table>
<thead>
<tr>
<th>Key term</th>
<th>Abbreviation</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cutover</td>
<td>None</td>
<td>Focuses on executing the plans required for day 1 readiness, including but not limited to • Separation of people, processes, and systems • Provision of transition services agreements (TSAs) • Ensuring the separation does not negatively affect customers, suppliers, or employees</td>
</tr>
<tr>
<td>Defense readiness condition</td>
<td>DEFCON</td>
<td>The defense readiness condition (DEFCON) is an alert state used by the United States Armed Forces. It prescribes five graduated levels of readiness (or states of alert) for the US military. It increases in severity from DEFCON 5 (least severe) to DEFCON 1 (most severe) to match varying military situations</td>
</tr>
<tr>
<td>Integrated cutover plan</td>
<td>ICP</td>
<td>ICP is a sequenced plan for the completion of all critical path business and IT cutover tasks, and it includes detailed timing and duration estimates to migrate functionality into production</td>
</tr>
<tr>
<td>Letter of intent</td>
<td>LOI</td>
<td>Letter of intent outlines the terms of a deal and serves as an “agreement to agree” between two parties</td>
</tr>
<tr>
<td>Memorandum of understanding</td>
<td>MoU</td>
<td>Memorandum of understanding is a nonbinding agreement between two or more parties outlining the terms and details of an understanding, including each parties’ requirements and responsibilities</td>
</tr>
<tr>
<td>Nondisclosure agreement</td>
<td>NDA</td>
<td>A nondisclosure agreement (NDA) is a legal contract between two or more parties that signifies a confidential relationship exists between the parties involved</td>
</tr>
<tr>
<td>Software as a service</td>
<td>SaaS</td>
<td>Software as a service is a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>AP</td>
<td>N/A</td>
</tr>
</tbody>
</table>

(continued)
<table>
<thead>
<tr>
<th>Key term</th>
<th>Abbreviation</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable</td>
<td>AR</td>
<td>N/A</td>
</tr>
<tr>
<td>Application separation life cycle</td>
<td>ASLC</td>
<td>N/A</td>
</tr>
<tr>
<td>Asset deal</td>
<td>None</td>
<td>In an asset deal, the seller retains possession of the legal entity and sells the individual assets of the business</td>
</tr>
<tr>
<td>Big bang (cutover)</td>
<td>None</td>
<td>All day 1 cutover activities are executed in one stretch, including implementation of all cutover-related code changes and the simultaneous migration of employees and customers from RemainCo to their respective information technology (IT) landscapes</td>
</tr>
<tr>
<td>Data room</td>
<td>None</td>
<td>A virtual online data room will be set up and hosted by one of the few recognized professional data room providers. Physical data rooms are no longer standard but may be used in specific situations</td>
</tr>
<tr>
<td>De minimis provision</td>
<td>None</td>
<td>This is an agreement according to which only claims exceeding a certain amount per each single claim will be considered</td>
</tr>
<tr>
<td>Enterprise resource planning</td>
<td>ERP</td>
<td>N/A</td>
</tr>
<tr>
<td>HR business partners</td>
<td>HRBP</td>
<td>N/A</td>
</tr>
<tr>
<td>Key performance indicators</td>
<td>KPI</td>
<td>N/A</td>
</tr>
<tr>
<td>Information and consultation process (I&amp;C process)</td>
<td>(I&amp;C process)</td>
<td>Information and consultation process (I&amp;C process) is an HR activity related to employee information including consultation with established works councils and/or unions</td>
</tr>
<tr>
<td>Most favored MFN</td>
<td>MFN</td>
<td>N/A</td>
</tr>
<tr>
<td>Nondisclosure agreement</td>
<td>NDA</td>
<td>N/A</td>
</tr>
<tr>
<td>Organization resign and structure</td>
<td>ODS</td>
<td>This is an organizational development technique for identifying organization roles and responsibilities and align them in a structure</td>
</tr>
<tr>
<td>Share deal</td>
<td>None</td>
<td>Share deal—In a share deal, the seller sells the shares in the entity itself. Refer to asset deal</td>
</tr>
<tr>
<td>Software development life cycle</td>
<td>SDLC</td>
<td>N/A</td>
</tr>
<tr>
<td>Service-level agreement</td>
<td>SLA</td>
<td>N/A</td>
</tr>
<tr>
<td>Secure file transfer protocol</td>
<td>SFTP</td>
<td>N/A</td>
</tr>
</tbody>
</table>

(continued)
<table>
<thead>
<tr>
<th>Key term</th>
<th>Abbreviation</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock sale</td>
<td>None</td>
<td>In the context of a stock sale, seller will recognize a tax gain or loss based on the difference between the consideration received and the tax basis in the target shares</td>
</tr>
<tr>
<td>Target</td>
<td>None</td>
<td>Refers to the distributed corporation</td>
</tr>
<tr>
<td>Tax and legal step plan</td>
<td>TLSP</td>
<td>N/A</td>
</tr>
<tr>
<td>Treasury management system</td>
<td>TMS</td>
<td>N/A</td>
</tr>
<tr>
<td>Transition services agreement</td>
<td>TSA</td>
<td>N/A</td>
</tr>
<tr>
<td>User acceptance testing</td>
<td>UAT</td>
<td>N/A</td>
</tr>
<tr>
<td>Vendor setup</td>
<td>None</td>
<td>Setting up the new entities in their systems</td>
</tr>
<tr>
<td>Works council</td>
<td>None</td>
<td>Works councils are organizations that represent employees at the local level in many countries outside the United States—Majority of these are located in the EMEA region (Europe, Middle East, and Africa)</td>
</tr>
<tr>
<td>Command center</td>
<td>None</td>
<td>A central coordination unit that oversees cutover activities, facilitates coordination across teams, and resolves issues through effective decision-making</td>
</tr>
<tr>
<td>CAIRO matrix</td>
<td>None</td>
<td>Consulted, accountable, informed, responsible, and omitted—Provides a clearly defined roles and responsibilities matrix</td>
</tr>
<tr>
<td>Extract, transform, and load</td>
<td>ETL</td>
<td>Extract, transform, and load is a process that pertains to data and is generally followed while migrating data from one environment to another</td>
</tr>
<tr>
<td>RACI matrix</td>
<td>None</td>
<td>Responsible, accountable, consulted, and informed—Provides a clearly defined roles and responsibilities matrix</td>
</tr>
<tr>
<td>Red, amber, green status</td>
<td>RAG status</td>
<td>Red, amber, and green status is the mechanism for reflecting progress of a project or a program usually against the planned schedule</td>
</tr>
<tr>
<td>Risk and issue identification</td>
<td>RAID</td>
<td>N/A</td>
</tr>
<tr>
<td>Subject matter expert</td>
<td>SME</td>
<td>Subject matter experts come from various business units and have expertise and knowledge of the business processes, applications, and data needed by the business unit</td>
</tr>
<tr>
<td>Security operations center</td>
<td>SOC</td>
<td>A security operations center is a centralized unit that deals with security issues on an organizational and technical level</td>
</tr>
<tr>
<td>Secure file transfer protocol</td>
<td>SFTP</td>
<td>A standard protocol used for the transfer of data from one location to another in a secured manner</td>
</tr>
<tr>
<td>Wide area network</td>
<td>WAN</td>
<td>A telecommunications network or computer network that extends over a large geographical distance</td>
</tr>
<tr>
<td>Questions and answers</td>
<td>Q&amp;A</td>
<td>N/A</td>
</tr>
<tr>
<td>War room</td>
<td>None</td>
<td>Establishment of a strong governance model to manage cross collaboration and appropriate escalation when required</td>
</tr>
</tbody>
</table>
Index

A
Accounts payable (AP), 172
Accounts receivable (AR), 172
Aligning partnerships, 215, 218, 219
Anti-money laundering (AML), 178
Antitrust requirements, 13
Application blueprinting
  blueprint interlock sessions, 234
  business processes, 234
  develop execution plans, 235
  document business processes, 232
  sub-phases, 232
Application disposition
  decision tree, 230
  definition, 228, 229
  high-level application categorization, 228
Application rebranding, 208–210
Application separation life cycle
  (ASLC), 221, 223, 224
  activities, 224
  application inventory collection, 226
  application profile creation, 226, 227
  baselining application landscape, 225–227
  cutover, 238
  deal governance structure, 227
  design and development, 236
  requirements analysis, 235
  testing, 236, 237
Approaches to divestiture, 37
Asia-Pacific (APJ), 297
Asset allocation in divestiture
  categorize, 49
  considerations, 48
  criteria, 50
distribution, 53
  separation, 52
Asset deal divestiture, 185, 186
Asset inventory, 49
Asset trades, 14

B
Balance sheet, 73
Balanced portfolio during divestiture, 213, 218
Banking connectivity, 178
Banking implication of divestiture
  company's treasury function, 169
  primary objective, 170
  purchasing company, 170
Benefits of outsourcing during divestiture, 426–428
Big bang cutover, 276
Business (B2B) companies, 204
Business continuity plan (BCP), 284, 389
Business engagement, 215, 216
Business intent, 394
Business to consumer (B2C), 204
Business unit (BU) level, 301
Business-as-usual (BAU), 314, 394
Buyers
  alignment, 126, 127
  conduct due diligence, 27
  deliberations and analyses, 26
  management presentation, 26
  preliminary due diligence, 28
  requests, 27
  and seller companies, 3, 14
  treasury system, 175
C
Cadence, 88, 89, 300
Carve out financials divestiture, 59, 68
Cash flows, 78
Challenges in divestiture separation, 14, 16
Challenges of stranded costs, 421
Change communication divestiture, 134, 140
Chief executive officers (CEOs), 48
Chief financial officers (CFOs), 48, 169
Chief information officers (CIOs), 8, 48, 389, 399
Chief operating decision maker (CODM), 74
Chief operating officer (COO), 37
Clean team divestiture, 100–102
Clean-sheet approach, 456
Clone vs. logically separate divestiture, 33
Cloud-based solution, 37
Command center activities, 297
business continuity, 310
cadence, 309, 310
criticality level, 306, 307
definition, 297
issue escalation, 308
KPIs, 308
location and logistics strategy, 307
operating procedures, 298, 299, 310
people and organization, 298
real-time reporting dashboards, 308, 309
reporting and metrics, 299–301
resource training, 304
roles and responsibilities, 304–306
staffing, 303, 304
structure, 301–303
US-based global technology company, 310–312
Committee on Foreign Investment in the United States (CFIUS), 310, 376
Complexities of divestiture, 16, 18
Concierge model, 33
Conduct due diligence on buyer, 27
Confidentiality requirements for divestiture characteristics, 104, 105
seller company’s functions, 105
Consulted, accountable, informed, responsible, and omitted (CAIRO) model, 298, 304, 305
Contract assessment, 394
Contract management, 105
Contract separation, 390–395
business continuity, 389
IT contracts, 389
risks
contract assessment, 394
CSO, 393
future-state landscape, 391
heterogeneity, 391
IT solution, 390
regional differences, 392
systematic approach, 393
vendor relationships, 395
Contract separation office (CSO), 393–394
Controllership, 68
Coordination, 91, 93
Corporate leadership, 145
Cost components divestiture, 125
Cost envelopes, 33, 417, 418
Cost reduction opportunities (CROs), 453
Country divestiture plan, 164
Create asset inventory for divestiture, 49, 53, 54
Cross functional dependencies during divestiture, 40, 42
Cross-border spin-offs, 197, 198
Customer and partner readiness (CPR) team, 219
Cutover, 276–294
categorization and issue management, 290, 291
command center operationalization, 289
element, 275
execution (see Cutover execution)
global CPG company, 295, 296
ICP, 295
issue monitoring and resolution, 293
phases, 281
post-cutover phase (see Post-cutover phase)
pre-cutover phase (see Pre-cutover phase)
reports and meeting cadence, 291, 292
residual risks, 294, 295
strategy
business, 277, 278
IT carve-out, 278–281
types
appropriate approach, 277
big bang, 276
combination approach, 277
phased approach, 276
D
Dashboards, 300
Data and user cleanup divestiture, 174
Data collection, 70, 71
Data migration, 179–180
Data repository, 70, 71
Data separation and migration, 350
challenges, 345
changing business processes, 346
diverse resource requirements, 348
divestitures, 348–349
ETL process (see Extract, transform and load (ETL) process)
extension, 355–357
factors, 358
governance and organizational implications, 358
infrastructure constraints, 348
IT ecosystem, 348
IT landscapes, 346
managing structured vs. unstructured data, 347
process and application analysis, 349, 350
reporting infrastructure, 347
tax, legal and security requirements, 346
transformation of IT ecosystem, 359, 360
Day 2 blueprint, 405
Deal confidentiality agreement, 99, 100
day 1 process, 103
stages, 99
Deal financial statements, 80, 81
Deal value
clone/replicate, 33
transaction closing, 32
Decisions in Separation Management Office, 441–443, 446
Deferred employee compensation, 75
Define timeline for divestiture deal, 42, 44
De-risk business continuity
EUC, 374
service provider’s IT team, 375
TSA agreement, 374
Divestiture complexity assessment framework (DCAF), 16–18
Divestiture governance structure, 85
cross-border divisions, 84
cross-functional issues, 88
decision-making body, 87
leaders
business unit, 85
deal experience, 85
senior management, 85
one-time costs, 83
separation effort, 86
two-in-the-box approach, 87
workstreams, 87
Divestiture management office (DMO)
structure, 15, 25, 29, 56, 69, 86, 102, 111
budget, 125
execution plans, 128
kickoff meeting, 124
meeting schedules, 125
reporting tools, 125
and SMO, 124
Divestiture of listed companies, 191, 192
Divestiture playbook, 459, 460
Divestiture PMO roles, 86
Divestiture rationale, 13
Divestiture sales process, 185, 199, 200
Divestiture stranded costs, 24
Divestiture transaction, 315–318
acceptable level, 326
areas within cyber risk framework, 326
business capability framework, 314, 315, 333, 334
change management, 340, 341
company’s assets, 327
cyber risk framework, 318, 319
changes, 316–318
existing vs. net new, 315
samples, 315
cyber threat landscape, 324, 325
cybersecurity risk and compliance management, 313, 314, 319–323
data governance, 339–340
data management and protection, 321–322
environment strategy, 338, 339
financial benefits, 336, 337
geographies and lines of business, 331
identity and access management, 319, 320
integration strategy, 340
issues faced by companies, 332
M&A transaction, 323
marketing and sales, 335–336
master data management, 336
network and site segmentation, 322
prioritization of risks, 325, 326
proposed approach, 324
release management, 339
ROI period, 341
SaaS solutions, 332, 333
security architecture, 339
seller company, 331
seller’s medical device business unit in 2015, 341–343
SOC, 321
solution architecture, 334, 335
Divestiture transaction (cont.)
threat and vulnerability management, 320–321
timeline, 337, 338
US-based software and data center service, 327, 330

Divestitures
capital, 12
companies, 5
complexity assessment, 16–18
deployment, 259–260
disposition/sale, 11
execution, 7, 8
multinational IT company, 262, 263
planning and executing, 7, 12
project planning milestones, 258, 259
and separation, 13, 14, 16
standardized tracking, 257–258
tracking tools, 260–262
transactions, 6
value, 12

Divestment, 4
Due diligence, 188, 189

Earnings before interest, taxes, depreciation, and amortization (EBITDA), 33

Effective TSA
auditable service levels, 380
documentation, 380
post-close business continuity, 380
scope, 379
services, 379
Employee data file divestiture, 146, 153
Employee motivation in a divestiture, 447
Employee retention programs, 455
Employee transfer strategy, 150–152
End-to-end testing procedures, 180
End-user computing (EUC), 310, 374
Engaging buyer joint planning
divestiture, 123, 126, 128
Entanglement, 6
Enterprise resource planning (ERP) system, 25, 71, 174, 299, 346, 374
Escalation, 91, 93
Execution phase, testing
balance sheet, 73
daily tracking, 269
defect fix prioritization, 268
derivative instruments, 75
progress and issues, 269
Expedite TSA exits
approach, 401
benefits, 400
duration and cost, 402
governance, 403
IT landscape, 403
map interdependencies, 402
road map, 403, 405
separation timeline, 402
External auditor, 70
Extract, transform and load (ETL) process, 351–353
cleansing, 351
profiling, 351
quality, 351
seller’s IT landscape, 351
structured data, 352
tools, 353
unstructured data, 352

F
Factors for asset allocation divestiture, 48
Filtration criteria, 209
Finance activities before divestiture, 59
Finance and tax team, 46
Finance KPIs for divestiture, 59
Finance operating model divestiture, 58
Finance separation, 63, 64, 66
Financial aspects of carve-out
operational complexity, 56, 57, 59, 61, 63
seller/parent company, 55
separation complexities, 56
transaction, 55
Financial position and prospects (FPP), 16
Financial retention award programs, 137, 138
Financial statements, 79, 80
Focus on end-to-end (E2E) business flow testing, 267
Forms of divestiture and separation, 13, 14
Full-time employees (FTEs), 23, 99
Functional dependencies during divestiture
finance and tax, 41
HR, 41
IT, 42
legal, 40
Functional interdependencies, 128

G
Generally accepted accounting principles (GAAP), 49, 67
Global business operations, 84
Global command center (GCC), 289, 301, 302
Global divestiture, 146
Global mobility, 151
Governance during TSA exit, 407, 408
Governance in separation management office, 441, 443, 446, 448
Governance structure best practices divestiture, 115
Guiding principles for successful divestiture business momentum, 93
command, 94–95
and control, 94
coordination, 91, 93
data sharing guidelines, 90, 91
day 1, 93
joint governance, 90
long-term partnership, 94
talent decisions, 94

H
Health of seller company in divestiture, 18
How to approach buyers for divestiture, 26–28
HR business partners (HRBPs), 151
Human resources (HR) team, 7, 45, 55, 87, 101, 145, 154, 374, 452

I
Identity and access management (IAM), 319
Importance of rebranding during divestiture, 203
Income statements
direct and indirect expenses, 76
intercompany transactions, 77
Income taxes, 78
Incremental value with partnerships, 216, 218
Informatica™ ETL platforms, 354
Information and consultation (I&C) process divestiture
approval, 149
councils/unions, 146
employee representatives, 148
in-scope global footprint, 146
jurisdictions, 146
legal and labor relations, 147, 149
negotiations, 155
responsibilities and expectations, 147, 148
scope, 147
Information technology (IT) systems, 7, 32, 69, 87, 97, 221, 373, 389, 421, 422, 452, 466
Integrated cutover plan (ICP), 284
Integration management office (IMO), 88
Intellectual property (IP), 99, 191, 321, 322
Intercompany transactions, 77
International buyers, 16
International Financial Reporting Standards (IFRS), 16, 59, 346
Intranet, 211
Issue resolution process divestiture, 87, 88, 91, 95
IT asset allocation impact divestiture, 48
IT footprint, 364, 368–370
IT infrastructure separation
blueprint development, 245–246
day 1 execution, 253, 254
day 2 execution, 254
execution phase, 253
key activities for separation, 243–245
objectives, 241
phases, 242, 243
project formulation, 247
separation Solutions, 248–252
IT outsourcing, 34–36
IT TSA exit roadmap, 405, 410

K
Key performance indicators (KPIs), 59, 272, 299, 379, 434, 435
Kick off planning divestiture
bottom-up scenario, 113
planning effort, 118
post-announcement, 117
program execution, 119
sub-workstream, 113
top-down budget estimation, 112
Know your customer (KYC), 161, 174

L
Labor relations, 155
Leading practices define timeline for divestiture
access/authentication, 39
maximizing deal value, 39
Legal day 1 (LD1), 129
Legal entity readiness divestiture
assessment, 160
compliance issue, 162
coordination, 157
cross-functional stakeholders, 164
go-live schedules, 164, 165
interdependencies, 158
jurisdiction, 159
legal entities, 160
local and national government, 157
product and trade, 162
transaction execution, 157
vision, 163
workstream interdependencies, 158
Legal requirements for divestiture, 152, 153
  asset vs. share deal, 185
  one on one vs. limited auction, 186
  share/asset purchase agreement, 190, 191
  strategic goals, 185
Legal team, 45
Liabilities, 74
Licensing agreements, 178–179
Limited auction sale divestiture, 186
Local area network (LAN), 251

M
Manage customer and vendor relationships
during divestiture, 213, 214, 216
  business continuity, 133
  components, 213
  disciplined reporting mechanism, 215
  one-size-fits-all approach, 133
  retention programs, 134
  segmented strategy, 215
  target population, 134–135
  transitions, 213
Manage financial integration divestiture, 71
Manage talent retention during divestiture,
  133, 137, 140, 142
Management buyout, 14
Master services agreement (MSA), 390
Materiality carve out financials divestiture, 72
Memorandum of understanding (MoU), 187
Mergers and acquisitions (M&A)
  transactions, 3, 32, 97, 169, 203,
  313, 314, 321, 327
Military deployments, 84
Minimal rebranding during divestiture
  customers and partners, 203
  seller company, 203
Minimum viable products (MVP), 333
Motivation during separation, 447
MuleSoft™ ETL platforms, 354

N
Need for rebranding during divestiture
  importance, 203
  M&A transaction, 203
Negotiate divestiture deal
  aspects, 186, 187, 190
Network segmentation, 322
New legal entities (NLEs), 157–160, 162, 164,
  166–168
Nondisclosure agreements (NDAs), 99, 187, 454
Nonfinancial retention efforts, 139

O
Offer letter/transfer letter requirements, 146
One-time costs divestiture, 112
One-time investment, 16
Operating expense (OpEx), 104
Operational day 1 (OD1), 58
Operationalize TSA exits
  blueprint, 405
  cost estimate, 405
  execution team, 406, 407
  meeting, 408, 409
  reporting, 408, 409
  strategy, 405
  work plans, 406
Organization carve-out, 155
Organization design and structure (OD&S), 45
Outsourcing agreement, 431–433, 457
Outsourcing for divestitures
  definitions, 425
  insourcing, 427
  M&A transaction, 427–430
  operational and financial impacts, 425
Ownership, 215, 216

P
Payment Card Industry Data Security Standard
  (PCI DSS), 323
Pension liabilities, 75
Personally identifiable information (PII), 321
Planning phase, testing
  cutover simulation planning, 268
  data migration, 268
  data security, 267
  E2E business flow, 267
  environment readiness, 267
  single program, 266
  standardized and planning strategies, 266
  UAT, 268
Post TSA landscape, 401, 403
Post-cutover phase, 293, 294
Post-transaction period, 199
Power over Ethernet (PoE), 370
Pre transaction legal requirements
divestiture, 193
Pre-cutover phase
  cutover simulation, 287–289
  IT and business activities, 281
  planning, 282–287
Prepared seller
  advantages, 22
  disadvantage, 22
  internal sell-side capability, 21
Index

readiness factors, 25–26
separation, 24, 25
transaction, 22, 24
Prioritize employees for retention, 135
Project management office (PMO), 86
Property, plant, and equipment (PP&E), 74
Protected health information (PHI), 322
Public M&A transactions, 191

Q
Questionnaire list buyer divestiture, 26–28

R
Readiness checkpoint (RCP), 65
Readiness factors
business-as-usual Activities, 26
multiple vested entities, 26
organizational structure, 25
Real estate separation, 366
Re-aligning partnerships, 218
Rebalance business portfolio through divestitures, 13
Rebranding process during divestiture, 16, 32, 204–206, 208
execution, 208
marketing strategy, 207
scope, 207
seller company’s products, 207
Reduce carve-out timeline divestiture, 33, 34
Reduce cost for divestiture, 34, 36
Reduce stranded costs, 421, 422
Reduction in force (RIF), 151
RemainCo, 5, 366
Renegotiation, 179
Reporting functions, 68
Resource tracking template divestiture challenges, 117
in-flight projects, 114
requirements, 114, 116
separation, 113
steps, 114
team structure, 115, 116
Responsible, accountable, consulted and informed (RACI) model, 124, 298, 304, 305
Retention awards divestiture, 134, 135, 137, 138
Retention strategy, 140
Return on investment (ROI), 336, 341
Revenue-producing activities, 76
Right buyer, 452
Right sales process, 186
Risk mitigation, 216
Risks of outsourcing during divestiture, 433
Risks of real estate separation, 366
Robust execution plans, 447

S
Sales and purchase agreement (SPA), 211
Sample meeting cadence divestiture, 84, 87–89, 91
Secure file transfer protocol (SFTP), 354
Securities and exchange commission (SEC), 16, 48, 59, 67, 81, 376
Security operations center (SOC), 321
Segmented vendor list, 392–393
Selection criteria for choosing buyer divestiture, 28
SellCo, 5
Seller company’s treasury system, 8, 32, 175
Seller’s IT organization, 29
Sell-off vs. spin-off vs spin-merge, 14
Separation budget management, 121
Separation costs, 392, 414–416
Separation management office (SMO), 7, 15, 86, 111, 310, 364, 443, 447, 449, 459
cost envelopes, 446
global employees, 442
go-to-market strategy, 445
governance model, 443
IT divestiture planning, 445
M&A executives, 442
organizational energy, 442
strategic direction, 442
talent decisions, 444, 445
Separation readiness
prepared seller, 24
stranded costs, 24–25
Separation strategy for divestitures, 22, 24, 25
Service costs, 382
Service-level agreements (SLAs), 374, 395, 428
Share purchase agreement (SPA), 188
Share-based payment awards, 77
Shareholder value, 22
Silicon valley-based technology, 54
Site dispositions, 364
Site readiness for divestiture, 365
Site segmentation, 322
Small- and medium-sized businesses (SMBs), 154
Software as a service (SaaS) solutions, 332, 333, 335–338, 341
Software development lifecycle (SDLC), 222, 223, 263, 265, 278, 406
Spin-off timeline, 43
Staff accounting bulletin (SAB), 75
Stages of divestiture life cycle, 98, 99, 109
Stakeholder involvement, 378
Stand-alone business, 34, 169
Stock keeping units (SKUs), 73
Stock sale
  CFC, 195
  foreign corporation, 195
  pre-close tax, 195
Stranded cost management, 24, 25, 121, 453
  challenges, 421
  dis-synergies, 418–420
  practices, 421
Structuring vendor agreements during divestiture, 216
Subject matter experts (SMEs), 27, 305, 377
Synthetic asset sale, 194, 195
System integration testing (SIT), 259
System separation strategy divestiture, 170, 172, 174, 180, 181
  in-house and vendor systems, 176
  physical separation, 175, 177
  TMS, 176
  treasury system, 175

T
Tax attributes, 198
Tax legal step plans (TLSPs), 56, 58, 59, 164
Technology, Media, and Telecommunications (TMT), 16
Telecommunications network, 467
Temporary service agreements (TSAs), 174, 181
Terms and conditions (T&C), 149
Testing, 266–269
  approach, 270
  challenges, 273
  Fortune 100 company, 273, 274
  governance, 270–272
  IT environment, 265, 273
  KPIs, 272
  monitor and track activities, 272, 273
  SDLC, 265
  separations
    application and infrastructure, 266
    execution phase, 268–269
    IT implementations, 266
    planning phase, 266–268
    strategy, 269–270
Third-party and vendor connectivity, 46, 178, 376, 392
Trademark licensing agreement (TMLA), 211
Transaction, 77, 186, 199
  carve-out financial statements, 22
  offering documents, 23, 24
  Transaction execution (TE), 159, 193
Transfer letter requirements
  divestiture, 150–152
Transformation, 33, 34
Transition services agreements
  (TSAs), 7, 24, 28, 33, 52, 55, 88, 190, 238, 241, 275, 347, 373, 427, 455
  application, 375
  audit obligations, 383
  buyer and seller companies, 399
  communication, 382
  execution, 378
  exit incentives, 377
  formalization, 400
  payment, 382
  reporting, 382
  scoping and documentation, 375
  service costs, 376, 377, 382
  service performance, 382
  stakeholder involvement, 378
  third-party IT vendors, 376
  transition-related services, 381
Treasury implication of divestiture, 179
Treasury management systems (TMSs), 172, 173
TSA governance
  billing, 385
  change management, 385
  communication, 385
TSA negotiation, 383, 384

U
United States of America (US GAAP), 59
US Securities and Exchange Commission (SEC), 313
US spin-off transactions, 196
User acceptance testing (UAT), 253, 259, 268

V
Value-added tax (VAT), 160

W
Wide area network (WAN), 251
Work breakdown structure (WBS), 282
Work plans, 406
Works councils (WCs), 155

Z
Zero balance accounts (ZBAs), 171