



Maximising value from divestitures



OAKLIN

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We often hear our clients talk about parts of their businesses that are not getting enough management attention and required investment they need to thrive. Selling doesn't instantly come to mind as clients typically worry about how to replace earnings or the distraction a carve out would create for their core business.

Oaklin are well placed to work alongside clients to navigate ambiguity and complexity that surround strategic divestment decision making. We bring a wealth of knowledge, experience and capabilities to instil the right level of focus to support our clients along the end-to-end lifecycle of a divestiture.



- 1. Divestiture Strategy & Objective Setting:** Develop and communicate strategic objectives and transaction guidelines, transaction timelines, scope, high level targets and approach.
- 2. Divestiture Planning & Due Diligence:** Define critical Day 1 capabilities, develop detailed baseline, separation strategy and identify impacted processes and applications.
- 3. Assess Options & Design:** Evaluate potential separation options, stress test options against different buyer scenarios and develop high level separation roadmap.
- 4. Implementation Planning:** Develop detailed transition to buyer plans, roles and responsibilities, integrate and prioritise all IT and non-IT separation plans, define key buyer/seller roles and responsibilities.
- 5. Execute & Review:** Execute Day 1 implementation checklist and roadmap, stand up new IT operating model, review transaction process, capture lessons learned, benefits realisation.

In addition to supporting clients across the divestiture lifecycle, Oaklin also provide a wrap of core consulting services (e.g. Change Management, Business Architecture) to drive mutual value capture, enable a clean separation and embed long lasting change.

Fundamental considerations of a divestment



Having a clear statement on some fundamental considerations of a carve-out will be essential to gain alignment across the organisation. A coherent articulation of what the separation is trying to achieve and how it will be enacted will provide the required direction to the different workstreams.

Divestitures can create value when planned for proactively. It is therefore imperative to think holistically about the divestment and consider the different elements of the sale early in the process, with a view that it is likely to evolve as the sale progresses.

<p><i>Nature of Buyer?</i></p> <ul style="list-style-type: none"> • PE / VC / Competitor / Management Buyout / Standalone float on the market / Merger? 	<p><i>Boundaries</i></p> <ul style="list-style-type: none"> • What are the key boundaries for sale? 	<p><i>Transitional Services</i></p> <ul style="list-style-type: none"> • How integrated is the divested entity with the remaining business? • Could the complexity of the transitional services impede a sale?
<p><i>Technology</i></p> <ul style="list-style-type: none"> • What technology changes are required to enable Day 1? • What investment is required in tech to ensure a successful divestment? 	<p>Key Considerations For A Successful Divestment</p>	<p><i>Contracts</i></p> <ul style="list-style-type: none"> • What contracts need to be transferred? • How will license costs for technology be apportioned?
<p><i>Governance And Delivery</i></p> <ul style="list-style-type: none"> • What is the programme structure and who will assume key roles? • Who are the key decision makers and how are decisions facilitated? • What are the key integration milestones? 	<p><i>One Off Costs</i></p> <ul style="list-style-type: none"> • Who will bear the one off costs? 	<p><i>Hive Down</i></p> <ul style="list-style-type: none"> • Does the perimeter need to be hived down prior to sale with assets? • Which staff need to transfer? • Which assets need to be transferred? • How will IP be split?

Divestiture case studies



1

Leading an IT programme for a FTSE100 divestment

Oaklin led a multi-million-pound IT programme to support a divestment for a major UK utilities supplier. Faced with aggressive timescales and a complex IT landscape of over 500 applications and 200 suppliers Oaklin placed experienced programme managers in key positions to manage and deliver the separation.

Oaklin defined the programme structure, scope and tailored methodologies for fast-paced delivery with bespoke governance in order to enable rapid decision-making and continuous delivery. Oaklin led suppliers and teams to adopt a fresh mindset, selecting agile practices where required but also deploying more traditional project methodologies when appropriate.

This hybrid-agile, multi-supplier environment ensured a suitable balance between timescales, risk and cost that could demonstrate incremental achievement whilst allowing dynamic decision-making in an ever-changing commercial environment. The client's IT function was set up and fully prepared for the divestment on schedule equipped with new ways of working for future change.

2

Providing strategic advisory for a large aerospace manufacturing firm divesting the power generation arm of its business

Oaklin provided commercial and contractual advice in support of an IT strategy for a corporate divestment. Oaklin joined the confidential group of named individuals within the divestment SME group, providing expert commercial advice on the commercial changes needed for the IT service providing companies to support the transition, as well as the changes to pricing and commercial structures post exit. Oaklin was quickly able to provide a list of contract changes that would be needed to support the transition timeline and post exit operation, as well as adjustments to the overall IT service model and supporting business case post divestment.

3

Establishing a joint venture for a large multinational chemicals manufacturer

Oaklin was engaged to support the alignment of shareholders on a common commercial model for the new business as well as to lead the tri partite carve out of their marketing function from planning, design and implementation of new multi-site, cross-border processes and supporting technology required for the establishment of a joint venture.

Helping drive the multiple shareholding parties to commercial and legal agreement required clarifying the motivating factors for each party, sensitivity de-personalising the points of contention and holding the combined team accountable to a plan for agreement. In parallel, Oaklin led the design and implementation of new end-to-end processes that brought the best ways of working from each business into the new joint venture and the selection, design and implementation of a common technology platform.

Only what was deemed necessary for 'Day 1' was established, with a plan to continuously improve processes and technology over time as the joint venture grew and evolved.