

Leading Transmission Manufacturer

Support of Divestiture Through Program Management

Introduction

As a leading manufacturer of commercial transportation with roots dating back to 1915, this Zanett Client has played a major role in the advances that marked the 20th century as a revolutionary period in transportation. After nearly eighty years of history as a wholly owned subsidiary, the parent company decided to sell our Client in a \$5.6B deal to a joint venture of two of the largest private equity groups in the world. Zanett was engaged to help the Company shift gears for a smooth transition away from its corporate parent and onto their own two feet.

Business Challenges

The influence of the parent company was quite evident at our Client. With nearly eighty years of doing business “corporate’s way,” it was no small task to enable the subsidiary to operate as a separate business entity. The Company was faced with shifting away from operating as a business unit of a publicly-owned corporation to a self-sustaining, private company. Whereas our Client’s processes were aligned with the needs of its \$200B+ parent prior to the sale, on its own it needed to be much more nimble. This need required “right sizing” processes to enable our Client to respond to market opportunities quickly. They also needed perspective on best practices for a “lean and mean” IT department that included a wholesale review of current vendors to ensure that there was a proper alignment with our Client’s new objectives. The Client team had identified dozens of projects that would be required to complete the separation from its parent once the sale was approved. Among the many core projects, the Company would be required to create a separate instance of its SAP ERP system without interruption. To help manage these challenges, Zanett’s Strategic and Business Transformation (SBT) practice, led by Phil Harman, was engaged to support the divestiture.

The Solution

Zanett offered a local presence, deep experience with the cultural aspects of our client’s business, and a demonstrated expertise in supporting large, complex program management initiatives. According to Zanett SBT practice leader Phil Harman, “This PMO (Program Management Office) had three major goals related to the separation: (1) to create a divestiture project portfolio and implement a divestiture PMO; (2) to initiate and bring projects to completion to fulfill the expectations of the sale agreement; and (3) stand up all supporting IT systems to achieve a separate operating company for the buyer.” To get things started, Zanett performed an initial evaluation of the sale agreement to derive a schedule of loss of IT system access that covered a two-year period. In addition, rules of engagement were developed and put into operation between the buyer and seller Chief Information Officers as a part of the ongoing separation governance process. To support these engagement guidelines, contract separation “Big Rules” were created that translated seller contract language into actionable and measurable separation cost responsibilities.

Zanett teamed with EDS and other firms to support the effort to stand the Client up on their own by creating and migrating a separate instance of their SAP ERP system so that on the official day of sale, they could continue to run their business without interruption. This effort included coordinating with an HP data center on a cutover plan of the legacy

The Client

This Client is a leading producer of commercial-duty automatic transmissions, hybrid propulsion systems, and related parts and services for trucks, buses, off-highway equipment, and military vehicles. Its products include commercial transmissions, electric drives, and remanufactured transmissions.

The Client has a presence in more than 80 countries, with over 1,500 distributors and dealers, 250 OEM’s and a workforce of over 4,000 salaried and hourly employees.

SAP instance into two separate instances, one supporting the new company and the other supporting the portion of the subsidiary that was remaining a part of the parent organization. This was the first major IT milestone of the divestiture, but the changes had only just begun.

“As part of implementing this PMO, it was necessary to create and implement an organizational change strategy that included developing, obtaining acceptance, and training the buyer’s staff on greatly improved project management discipline, processes, and tools,” added Mr. Harman. Zanett’s continued support of the Client’s divestiture PMO has included numerous vendor selection and implementation projects including:

- Concur Expense Reporting
- SAP Fixed Assets
- SAP EC-CS Financial Consolidation
- SAP AR/AP EFT and both Domestic and International Wire Transfer Capability
- Esker Accounts Payable Workflow and Document Management
- Business Intelligence Tools (Hyperion, Cognos, and SAP BW)

Zanett’s Project Manager, Dominick DeMasi, led these projects for the Client and continues to serve as a liaison between the financial business and IS&S communities. In this role, DeMasi and Zanett continue to assist our Client in understanding what additional functionality can be leveraged in SAP and other tools that are available in the marketplace.

“As a former CFO myself, I can offer guidance in several key areas that add value to [the Client’s] go-forward plan,” adds Mr. DeMasi. “These include reporting, budgeting and forecasting, hierarchies in the general ledger, and a change in the chart of accounts to streamline consolidated reporting in the US and International locations. In addition, I work with the Client’s newly formed Treasury group to provide guidance around functionality in SAP to streamline and automate manual processes and enhance reporting capability.”

“Zanett brought clearly defined value to our divestiture in that they execute well with complex projects, they can get a PMO set-up rather quickly, and they have deep ERP implementation experience. All of these strengths contributed to the process. And the fact that they understood our business and our culture proved to add tremendous value as well.”

– Client PMO Leader

▶ The Benefits

“Zanett brought some clearly defined value to our divestiture in that they execute well with complex projects, they can get a PMO set-up rather quickly, and they have deep ERP implementation experience,” commented our Client’s PMO Lead. “Our project portfolio went from five or six [projects] to over forty with the divestiture, so their support allowed us to remain focused on the task at hand – making a smooth transition away from our parent.”

Having third party support adds much needed bandwidth, but it also offers objective perspective on the organizational change that follows an initiative this large.

▶ About Zanett

Zanett helps organizations align business objectives with technology to create Real Enterprise Value™. We help plan, build, and manage the business applications that you rely on to run your business. Our unique combination of technology depth and breadth combined with our industry expertise creates tremendous value for our clients.

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