

CASE STUDY: GLOBAL CROSS-TEAM COLLABORATION BEATS TSA CLOCK TO STAND UP PE CARVE-OUT

Background

A private equity group known for investing substantial capital in its portfolio companies acquired a division of a major technology provider of global logistics services. The carve-out was a \$400 million in gross revenue operation serving thousands of clients worldwide, and supported by 1,100 field service technicians and 300 office workers in 17 countries. While there were considerable operational resources, no core processes were in place to support essential business functions.

Approach

The initial engagement with RSM was a chief information officer advisory role on the carve-out's leadership team. When it became apparent that aligning business strategy with technology enablement would require specialized knowledge across several disciplines, the scope of work grew to assist the business in becoming self-sustainable.

Partnering with RSM proved especially valuable, as it gave the client access to nimble and scalable extensive experience. RSM leveraged its web of advisors to troubleshoot and helped the carve-out stand up its operations as quickly as possible, resulting in more than 120 individual RSM contributors collaborating across multiple continents. The workstreams involved technology consulting, technical accounting consulting, state and local tax, value-added tax (VAT), and global compliance and reporting (GCR).

"We were able to hit the target completion date and maximize operational performance across the board," said RSM US LLP principal and enterprise account lead, Dave Noonan. "The experience also provided us with a blueprint for tackling complex delivery projects to help private equity firms optimize their investments both pre- and post-acquisition.

RSM's consulting partners listened carefully to better understand and prioritize business requirements, tax needs and local statutory regulations. Working in tandem, they found the right balance between what was necessary and achievable

within the hard-set timeframe—identifying worthwhile opportunities to benefit the organization, while also recognizing what obstacles had to be overcome:

- **Impending deadline:** The TSA period ended in 10 months, which meant a fast-approaching deadline and heavy fines if not met in time.
- **Limited resources:** With no consolidated services upon transition, the carve-out was operating as a \$400 million startup with leadership gaps in key areas.
- **Disparate systems:** The carve-out was relying on many disparate systems, which were consolidated into one solution on a Microsoft cloud-based D365 platform for enterprise resource planning and field service.
- **Globalization:** Localizing numerous operating entities and global trading partners was complicated by differing statutory requirements, multiple time zones and language barriers.
- **Balancing priorities:** Keeping in check the needs and priorities of both the PE group and carve-out, the greatest underlying challenge was to build a better solution in record time while keeping costs and scope under control.

A major undertaking involved replacing the carve-out's legacy information technology environment with an enterprise-level ERP model that could facilitate growth. Because it enables businesses to operate across locations, languages and countries, Microsoft Dynamics 365 Enterprise, encompassing finance and operations as well as field service, served as an ideal system that would allow for a single, global ERP deployment.

The challenge for RSM's technical and management consultants was adapting D365 implementation methodology to double as program management of the acquisition. They teamed with other RSM service lines and international partners to solve for business requirements, integrate them into the system and oversee strategic deployment across multiple countries.

Outcomes

- **Smooth exit:** Succeeded in transitioning the business before the TSA deadline by establishing core business functions to support operations in multiple countries.
- **Optimized leadership:** Coached and guided executive team on business strategy and key hires to strengthen the leadership bench.
- **Modernized ERP:** Replaced legacy IT environment by consolidating many disparate systems into one solution on a backbone Microsoft cloud-based D365 platform for ERP and field service.
- **State and local tax automation:** Selected and implemented a software solution to replace legacy accounting system. Integrated sales and use tax engine to help carve-out scale up confidently, reduce risk and improve accuracy on tax calculations.
- **VAT configuration:** Leveraged RSM's international partners to configure D365 for global tax on foreign sales.
- **Global compliance and risk management:** Established month-end close, VAT filings and statutory account preparation across 17 countries, and created a customized client dashboard to facilitate ongoing project management.

+1 800 274 3978

rsmus.com

This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. RSM US LLP, its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person. Internal Revenue Service rules require us to inform you that this communication may be deemed a solicitation to provide tax services. This communication is being sent to individuals who have subscribed to receive it or who we believe would have an interest in the topics discussed. RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International. RSM, the RSM logo and the power of being understood are registered trademarks of RSM International Association.