

For a Successful Data Carve-Out, Get in Early

An expert from SAP details what makes and breaks a divestiture when it comes to data and other information that needs to be separated from the commingled company



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Divesting of a business in a carve-out is never an easy process—especially when data and other information needs to be untangled. But with the right process in place, the carved-out company can operate uninterrupted.

Alexandre Garske, CoE Director, Specialist in Divestitures at SAP, says the firm works with companies to carve out data into a “standup” system—where the carved-out company will stand by itself—as soon as possible during an assessment phase, ideally prior to a divestiture starting and a transitional service agreement (TSA) being in place.

The full process typically takes four to six months. In order to migrate the data, several things need to be considered. “First, you need to understand the requirement of the divestiture,” he says. “We look at historical data [from the company], look at how business processes should work in the divested thesis, look at what are the business scenarios.”

The goal with any divestiture is to have uninterrupted service in that carved-out company. “We can expedite the divestiture and reduce the TSA time by establishing a demilitarized zone [on the buyer’s side] and a separate environment with only the data to be carved out,” he says. “SAP can be considered a neutral provider to execute on the seller’s side and establish a complete environment of historical data as of day one of the TSA.”

To ensure the continuity of business, if the seller gets a business order for the carved-out portion of the company, SAP can separate it from what the buyer will ultimately get. “You can have complete commingled data on Friday and, on the following Monday, have the divested data with historical data [included]. It’s uninterrupted,” explains Garske.

One consistent concern is when the data or other information can be looked at during the divestment process. “The major challenge is if the seller doesn’t want to disclose information,” he notes. “If I look from the buyer’s side, I might be blind and need to accept the TSA as is, and run things as is until the data is carved out.”

Many of the companies that SAP works with on data divestment—both on the buy and sell sides—are in the oil and gas industry, he says, but other sectors that they work with include automotive, consumer products, and the food industry. “Whenever you see a big divestiture and it has an SAP footprint, it’s probably an SAP customer,” he adds. ■