

CUSTOMER STORY

GLOBAL CHEMICAL COMPANY'S 5-MONTH CARVE-OUT



CUSTOMER

Global chemical company



PROJECT TYPE

Carve-out as part of M&A



APPROACH

Selective carve-out



SOFTWARE USED

Natuvion DCS



TIMEFRAME

5 months (6 projected)



APPROACH

- Carve-out from a single ERP instance to a new SAP ECC6 system
- Complete migration of historical and current business data (from the date of acquisition)
- Scope of data: Financial & Controlling, Materials Management, Plant Maintenance, Project Systems, Quality Management
- File-based migration allowing the seller to carefully check the extracted data before it was transferred to the buyer
- Fully remote delivery

With their ERP migration delivered a month ahead of schedule, the new chemicals business hit the ground running.

When a global chemical company acquired a plant in North America from Eastman Chemical Company, the programme lead and her team had six months to deliver the complete carve-out. They did it in five.

If you've ever spoken to people from the world of M&A, you'll know that nobody buys a business lightly. If you've ever spoken to an SAP separation lead, you'll know that the same is true for carving out from a live environment. You wouldn't dream of touching, let alone surgically removing, a running business unless there's a significant strategic advantage to be gained. That's what this case study is about.

THE GOAL: A CHEMICAL PLANT IN NORTH AMERICA

The customer is one of the largest chemical companies in Europe. It's a hugely diverse business that has grown through strategic acquisitions and operates across a variety of industries today: from energy and packaging to fabrics and cars. But its background has always been chemicals.

So when Eastman decided to sell the plant, our customer seized the chance to add a strategically located business in North America to their portfolio. But the terms of the transition services agreement (TSA) were tough: their deal stipulated that the business had to be cleanly separated out from Eastman's system within six months.

A TIGHT PROJECT TIMELINE

For the buyer's programme lead - a person with several decades of experience with SAP projects - that deadline was set in stone, given that delays in a carve-out usually come with hefty penalties. Her plan was even more ambitious: to deliver the project in five months, so her team would have a buffer in case of any complications. And to build a project plan that worked backwards from that.

ENTER XMATERIA

It was clear that she needed a partner that could both advise on the project and provide hands-on delivery. "I had met Ben and the team at a trade show and we'd had a chat about ways to approach a carve-out. I thought their ideas were interesting, so I sent them the RFP when the project landed. And we did end up choosing Xmateria - mainly because of their expertise and their attitude."

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Xmateria know their stuff and they don't do politics. For instance, they're super transparent about how long something will take and what it will cost. They're unbureaucratic and communicate effectively: they checked in with us regularly and they were always available when I needed them.

Basically, I felt that they were just as committed as my own team were and helped us solve any problems that arose. That's the sort of partner you need when you've got a lot to get done in a small amount of time. And it fits well with the way we like to work here.

Global ERP Lead

The good teamwork and communication also meant that the team was able to deliver the whole project remotely - which kept costs down.



WINNING THE TRUST OF THE SELLER

One of the ways Xmaterial helped meet the deadline was by recommending and deploying Natuvion's DCS data transformation technology. It identifies the relevant data in the seller's system and automates the end-to-end process of extracting and migrating data. But to do that, Eastman first had to be convinced to let the carve-out team install external software on their system. Having had mixed experiences in the past, they were sceptical at first.

"We explained exactly how it worked and found a solution that gave both parties peace of mind" says Ben McGrail, managing director of Xmaterial. "Instead of moving the data over straight away, we introduced an additional step that allowed Eastman to check that only data pertaining to the business they'd sold was being migrated, and to give the buyer a chance to validate the data and ensure that it worked. It was a great example of how a collaborative approach between buyer and seller delivers benefits for both parties."

The data migration itself ran smoothly and on schedule after all that thorough prep work. So smoothly in fact, that the Eastman team ended up engaging Xmaterial for an SAP project of their own.



Xmaterial is our trusted partner for SAP data migration in M&A projects, consistently delivering secure, accurate, and seamless integrations.

M&A IT Integration Leader
Eastman Chemical Company

THE OUTCOME: IN BUSINESS IN RECORD TIME

For the buyer, the carve-out delivered exactly what it needed to: a new chemicals business in North America in their portfolio that, due to differences in global energy prices, gives them a strategic advantage. And the programme lead knows that her team had a lot to do the with acquisition delivering value in record time. "The way I measure the success of such a project is when on the Monday after the changeover weekend, people go into the plant and everything works the way it did on the Friday. That's the best way to make sure your business runs uninterrupted and starts making money for you."



When you carve out a business from a single ERP system and move it to a federated organisation, that usually means that your core functions don't move with you. While your plant specialists stay in the business, global business services like Finance or Procurement may be starting fresh from day one. That's why the integrity of your full historical data is so important: when you can't take your Finance professionals with you, you have to make sure that your data contains everything the new people need to keep things running.

Ben McGrail
Managing Director, Xmaterial



WHAT'S NEXT?

Despite the success of the project, there's not much time to kick back and relax for any of the parties involved: while Eastman have engaged Xmaterial to support some of their own transformation priorities, the programme director already has another project in the pipeline: "I'm the global ERP Lead for multiple businesses here. That's because we acquired these business units together in the past. But in the future, we want to restructure the organisation.

That means another carve-out, and then, a merger, all in S/4HANA. No rest for the wicked!"

Asked what advice she'd give to someone in charge of delivering a carve-out, she said:

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A carve-out is hard, so don't underestimate the project. Clear your to-do list and make sure you can focus on delivering the M&A. And find yourself some capable project partners whose mindset and working style fit with that of your own organisation.

Global ERP Lead

If you're in charge of a carve-out (or likely to be in future): we've written a short guide to carve-outs with some useful tips from our experience delivering them. You can [download it here](#).

We couldn't have supported this project as well as we did without Natuvion's DCS software, which was perfect for the job at hand. To learn more about automating data migration with landscape transformation technology, [go here](#).

And if you'd like to have a chat about your options for delivering a carve-out as part of an M&A, [get in touch](#) with Xmaterial. We're always happy to chat.