

# Corporate Carve Out, NetSuite & BPO Implementation for Private Equity



## Client Profile

Our New York-based client is a sports and active nutrition company that had been recently sold by a well-known, global corporation to a private equity firm specializing in the consumer, services, and industrial sectors. The newly independent business provided market-leading products in the \$16 billion functional snacking industry, including popular protein powders and meal replacement and ready-to-eat protein bars.

## Business Challenge

A costly Temporary Separation Agreement (TSA) of over \$1M per month incentivized the private equity firm to complete the corporate carve out of its acquisition quickly. However, separating a new business from a larger entity is rife with complexity, and the client faced **critical challenges that characterize most carve-out deals**:

- > To stand up the new organization, the client needed to **create new competencies for foundational operations** like Finance & Accounting (F&A), IT, Sales & Marketing, and HR. **These operations can't be created in silos**, with strategic decisions about everything from technology tools to onboarding new vendors to business operations requiring robust oversight and detailed knowledge of progress in other workstreams.
- > Most of the **people, processes, and technology that previously ran the business were bundled into the legacy organization** and were not moving to the new, standalone company.
- > **Legacy processes couldn't be replicated because they weren't right-sized** to meet the organization's new scale. Major operational changes such as new systems and F&A outsourcing also required new SOPs (standard operating procedures) in every department.
- > The client's **business model was exceptionally complex**; a successful transition to a new company hinged on maintaining a holistic view across a wealth of moving parts. For instance, the client manufactured and distributed products to many of the most complicated retailers, including Target, Walmart, and Costco. It also chose to focus on sales and sales execution as core competencies, outsourcing other business areas like supply chain and warehouse management to third-party providers.



- > The client aimed to implement a cloud-based NetSuite ERP system to simplify F&A activities and other operations like creating work and purchase orders. However, the **complexity of its business model also made NetSuite implementation complex**, requiring multiple integrations to enable data flow with customers, vendors, and other internal systems.
- > **Collaborating with a large, bureaucratic selling corporation often triggers challenges and delays during a carve-out.** For instance, the seller provided incomplete information during the IT discovery process.
- > **Poor-quality data in the seller's legacy systems** caused additional headaches. For instance, vendor lists often lacked bank account information or included multiple options so it was unclear where payments should be sent. Legacy data also contained discontinued products, inactive customer addresses and vendors, and inconsistencies in the way fields were completed.

The client wanted a **strategic partner with the expertise to manage the private equity carve out and properly stand up the new organization.** Deep experience running a Separation Management Office (SMO) is critical for such projects, requiring a partner who can **hold the overall roadmap** that drives the business toward success, **identify and mitigate risks**, and ensure all workstreams remain aligned toward a **common goal**.

Exceptional partners offer the **resources and expertise to plug operational gaps like F&A or IT** as well, enabling the business to stand up quickly and efficiently.

The client also required a partner with the **flexibility to pivot** as the new company's senior leadership team was established, bringing new perspectives and deepened knowledge of the business weeds that led to some directional changes.



## Solution & Approach

Auxis was hired to operate the Separation Management Office for the carve-out, bringing **robust experience and a proven methodology** for carving independent companies out of larger organizations.

The client also addressed its F&A gaps by **outsourcing back office Accounts Payable (AP), General Accounting, and Master Data operations to the Auxis Global Delivery Center in Costa Rica.**

Auxis was hired to **implement the NetSuite ERP system and all necessary integrations as well.**

Finally, Auxis was hired to **separate the client's IT infrastructure from the selling corporation.** That included migration of all related users and certain business applications to a new infrastructure environment, as well as implementing technologies and security protections that would enable the client to operate as a standalone organization.

*[Click here to read that case study and learn more about challenges, solutions, and results of the IT separation project.](#)*



## 1. Running the SMO.

Auxis managed 5 main SMO workstreams for the client:

- > **Finance & Accounting**
- > **IT**
- > **Sales & Marketing**
- > **Supply Chain**
- > **HR**

Key solution steps included:

- > **Strong business design.** Helping the client perform a thorough analysis - documenting and understanding current-state processes and determining future-state operations and new tool implementations.
- > **Master plan integration.** Appointing and supporting a workstream leader tasked with building realistic project plans detailing tool implementations, process creations, and deadlines for each track. Once completed, the SMO rolled those project plans into a cohesive master plan, pinpointing cross-dependencies like data that must flow from one system to another.
- > **Track alignment.** Adjusting and aligning master plan components to achieve business goals.
- > **Robust project management.** Removing barriers to success with organized and collaborative kickoff workshops, creation of a well-functioning steering committee, a disciplined cutover process, and assistance with timely, comprehensive change management.
- > **Governance.** Creating a robust governance structure to oversee plan execution. An effective communication strategy was key to maintaining visibility across so many tracks and moving parts. That included weekly meetings between the tracks and the client's senior leadership to review project status, risks, and issues; daily standups with the integrations team to closely monitor the large number of ERP integrations; and dashboards that enabled the client to easily check project status and risks.

## 2. F&A outsourcing & NetSuite implementation.

After a thorough assessment to define, document, and analyze the current situation, the Auxis team applied its 25+ years of F&A expertise and proven BPO migration methodology for the planning and design phases of the F&A projects.

Important strategic steps included **creating to-be process maps for the BPO team and identifying core requirements for the NetSuite ERP system.** For instance, important customers like Walmart required EDI (Electronic Data Interchange) integrations to facilitate the full order-to-cash process through a third-party sales management partner, a warehouse management partner with a warehouse management system, and eventually into NetSuite.

Understanding volumetrics was critical as well, analyzing key metrics like invoice volumes and existing FTEs to ensure the Auxis BPO team included an optimal structure and resource count.



Key solution steps included:

- > **Using UiPath Task Capture to automate process documentation**, providing a fast, accurate deep dive into specifics of even the most complex workflows. The Task Capture tool records all actions employees take to perform a process end-to-end, ensuring steps and exceptions aren't overlooked. It also collects smart data surrounding process statistics like execution time, text entries, and number of actions.
- > **Creating customized SOPs** for AP, General Accounting, and Master Data activities based on the Task Capture documentation. While Accounts Receivable (AR) was not part of the BPO migration, the Auxis team worked to ensure new processes were integrated properly with AR functions.
- > **Completing NetSuite core configurations**, including Finance and Advanced Procurement modules.
- > **Building a data migration plan from the seller's systems and managing execution, validation, and testing**. Included requesting data from the seller, reviewing, and cleaning data with the client to ensure information was complete, up-to-date, and aligned with NetSuite requirements. The client's decision to make a Unit of Measure (UOM) change necessitated item conversions that impacted the Bill of Materials used for manufacturing work orders. Multiple new NetSuite fields were also created for information related to customers and inventory that needed to be completed from scratch.
- > **Automating capture and template population for thousands of shipping addresses improperly formatted for NetSuite**. Entering so many addresses manually would have proved incredibly time-consuming and costly to the client, with hundreds of vendors and large retailers like Costco buying products for as many as 1,000 store locations. Automation also helped avoid human error associated with manual data entry.
- > **Mapping and aligning data for Power BI dashboards designed to track status and trends**. Auxis ensured the seller's legacy data and information in the client's new systems had the same meaning.
- > **UAT (User Acceptance Testing)**. Including detailed testing of new BPO transactions and processes, NetSuite unit configurations and integrations, Quality Assurance, and execution of real business scenarios documented by UiPath Task Capture.
- > **NetSuite training for employees and vendors**. Auxis teams provided a presentation, manual, and training for employees on important NetSuite functionalities like creating purchase orders. Auxis also created manuals, step-by-step processes, and training for the client's 5 strategic vendors with order fulfillment and procurement functionalities.
- > **Implementing a SysAid Ticketing System** to manage BPO team processes and performance.
- > **Implementing the Adra tool by Trintech** to support reconciliations and create a month-end close task list.



## Results

Despite the complexity of the client's business and evolving operating model, the Auxis SMO helped the client successfully transition to an independent entity significantly before the TSA separation deadline.

Auxis provided the strong project management, experience, and expertise needed to ensure strategic plans were implemented properly. It also delivered "boots on the ground" – moving beyond management and reporting to perform the separation-related tasks needed to stand up the client's IT organization, implement a complex ERP system, and build/operate a successful, new Finance & Accounting Outsourcing Operations.



**\$2M+ in Savings from Early TSA Exit** - The Auxis SMO's successful coordination of workstreams, milestones, dependencies, and vendors throughout the carve-out allowed the client to beat its TSA deadline date by two months, equivalent to over 2 million dollars in savings.



**NetSuite ERP implementation completed successfully** - This system migration enabled the client to reap multiple benefits they didn't have available in their prior ERP, including automated financial processes, better inventory visibility, supply chain optimization, and more.



**40%+ Labor Savings through Nearshoring** - Client achieved over 40% in labor savings by leveraging the nearshore market, in comparison to the previous location of the finance team in the United States. In addition to cost savings, the client gained access to Auxis' 25 years of finance transformation experience and best practices in running finance operations, including analytics, automation and a continuous improvement mindset.



**Increased Internal Focus on Higher Value Activities** - With Auxis managing the SMO, client teams gained the bandwidth to focus on the strategy and innovation that mattered most for new business success.



**Increased Controls & Scalability through Well Defined Processes** - The BPO migration allowed the client to now have well documented processes and detailed SOPs to continue running the operation without depending on tribal knowledge from specific employees in the organization. In addition, segregation of duties and controls were incorporated as part of the design by Auxis' experts.

