

Case Study: Pharmaceutical Spin-Off Transitions IT from Parent Company

EquaTerra Streamlines Processes to Meet Tight Deadlines

At a Glance

Company Profile

Industry: A provider in the pharmaceutical industry with operations worldwide

Services Featured

- Strategy
 - Service Delivery and Sourcing Strategy
 - Opportunity Analysis
 - Business Case
- Solution
 - Design
 - Outsourcing
 - Selection
 - Negotiation and Contracting
- Governance

Business Processes Involved

- Information Technology

Executive Summary

A newly spun-off pharmaceutical company faced a cut-off time for using its former parent company's IT systems. It turned to EquaTerra for help in successfully transitioning from the parent company to the selected service provider in an extremely short timeframe.

Business Challenge

A pharmaceutical company, part of a larger organization, was launched as an independent operating company. Under the agreement with its former parent company, the new organization would continue to use the parent's IT systems for nine months after the spin-off. At that point, the spin-off would need to manage its own technology needs. Because the fledgling company did not have the in-house expertise to make this major transition, management asked EquaTerra for assistance.

How We Helped

EquaTerra was called in to help shortly before the spin-off was finalized. At that time, the soon-to-stand-alone organization was using the IT infrastructure belonging to its parent company and needed an IT service provider, plus experienced professional assistance, in transitioning work for all IT infrastructure delivery functions. However, management had not yet determined what IT functions it would be able to support internally and which ones required a provider. With a transition deadline less than a year away, time was of the essence.

Management looked to IT outsourcing in order to design the post-spin-off service delivery model and sourcing strategy in the United States and in the rest of the world. This required the company to:

- Establish a new delivery model at cost-competitive levels
- Meet transition deadlines
- Ensure compliance to policy, regulatory and security standards
- Establish a longer-term strategy to allow for expansion of the sourcing relationship over time, adding both regional and operational scope.

EquaTerra performed a strategy assessment of the company's current operations with an eye toward size, scale and synergy. EquaTerra advisors helped the company navigate through a structured selection and evaluation process that reviewed four different service providers across all IT infrastructure delivery elements.

During this process, EquaTerra helped define the sourcing strategy and worked with the potential service providers to understand each element of the opportunity. EquaTerra advisors developed the RFP, base case and baselines and used the EquaTerra selection methodology to determine the winning provider. EquaTerra then aggressively facilitated the negotiation process.

With EquaTerra advisors guiding each step of the streamlined process, it was only five weeks from the RFP process to the provider selection, a remarkably short period of time in which to accomplish so much. In addition, EquaTerra helped with the important governance process.

Results

Company management selected and contracted with a single service provider that clearly understood this unique situation. The service provider met all business objectives and could manage the rigorous timeline that management had set. The provider had strong skills in the regulatory aspects facing pharmaceutical organizations; and its global footprint was ideal for the company's supported geographies and services. As an added bonus, the provider offered the least complex solution to meet the new spin-off's needs.

Typically, a deal of this type would require six to nine months to accomplish from start to finish, but with EquaTerra overseeing the effort and following the demanding schedule, the entire effort took only four months.

Advisor Insights

"This is an example of our ability to do creative things and do them quickly," said Charles Arnold, EquaTerra managing director. "We had to move fast to meet the client's requirements, but we couldn't skip steps either. It was a challenge, but with the cooperation of both the client team and the service providers involved, we were able to get it done.

"Because EquaTerra provided the reliable services and solutions that the situation required, the company is able to focus on the more strategic tasks associated with executing a successful spin-off and establishing their own corporate identity," Arnold added.

About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported over 2000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

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