

# ContinuServe Delivers Carve-Out Solutions

CAMBRIDGE, MA, USA, March 9, 2023 /EINPresswire.com/ -- ContinuServe helps PE firms deploy technology at deal speed to get their acquisitions operational, off TSAs, and accelerating in the marketplace.

Over the last few years, private equity (PE) firms have taken a greater interest in corporate carve-outs due to the economic value that can be unleashed.

Once freed from the constraints of its parent company, the “non-core” carve-out will typically gain access to capital, deliver a new go-to-market approach, and look for further bolt-on or platform acquisitions.

Carve-outs can also be risky, costly, and complicated for PE firms. Key challenges include lost synergies with the parent company, displaced personnel, business disruptions, and the separation from an existing enterprise resource planning (ERP) platform.

Often, the most complex aspect of the carve-out process is the technology separation that requires execution excellence and a strong services partner to help drive outcomes.

## Minimizing Risks During Disentanglement

In separating a business unit from a larger company, PE firms help establish standalone corporations. In turn, the parent company can shed non-core assets and business activities and focus instead on its primary business offering. Complex undertakings that can be rewarding for all involved parties, the carve-out also requires an effective technology transition to run smoothly.

“A lot of companies are assessing their businesses right now, especially in the post COVID era, and divesting their non-core assets,” said Paul Lennick, Senior Vice President of M&A Services at ContinuServe.

Most of these deals are being driven by management teams that no longer want to hold onto tangential business operations, unprofitable divisions, or lines of business that no longer fit with



the parent company's vision. "To solve the problem, companies just cleave off a specific operation and carve it out," Lennick explained. Flush with dry powder capital and operating in a low-interest rate environment, PE firms are looking for new acquisition targets. Some are diverting from standalone acquisitions that typically attract multiple buyers and high multiples in favor of carve-outs.

However, most PE firms lack the internal capabilities needed to successfully manage a complete carve-out.

### Managing Carve-out Complexities

When it comes to technology systems, companies being carved out have some important choices to make. They can either clone a version of their parent company's existing ERP or implement a new mid-market or enterprise system. With the first option, the new entity winds up paying "rent" or cloning a system that it has limited control over and which may not be optimal for the new carve out. These cloned "legacy" systems are often overly complex, inflexible, and costly.

The model that is emerging to address the multiple challenges of a system that can be put in place quickly and be customized to the carve-out's needs, once they have their operational personnel in place, is a unique combination of technology and services that has not been available in the past.

With the back-office support delivered by ContinuServe along with an outsourced ERP platform, ContinuServe helps PE firms work through these obstacles and spin up their newly-acquired companies quickly. "We get the carve-outs on an enterprise-class system within a very short period of time and also provide the services and people to run the back-office operation, which has a ton of value in this scenario since the carve-out typically has only a handful of executives running the show," Lennick added.

### Cutting Costs by 35%

ContinuServe recently evaluated a \$600 million global manufacturing business that was sold to a PE investment group by a global manufacturing conglomerate. As a division of the large conglomerate, the organization's HR, IT, and accounting functions were all provided by the parent company's global shared services organization. The new standalone entity needed an entirely new back-office infrastructure.

"The new ownership group wanted to establish new back-office operations within a rapid time frame that would be better tailored to meet the specific needs of the business in the future and do so with a competitive cost structure," said Lennick. ContinuServe evaluated the costs, risks, and benefits of various delivery models, ultimately designing a back-office

HR infrastructure for the company plus the supporting technology and onsite project management resources.

“ContinuServe’s accounting expertise and program management capabilities helped the manufacturing firm release itself from the seller’s TSA within a rapid time frame,” said Lennick, and without disrupting the business’ core activities. Soon after, service levels attained by the ContinuServe shared services operation surpassed those of the seller. “Through our expert best practices, we helped the client attain these services at cost levels 35% below what could have been achieved by building an internally-staffed operation.”

### One-Stop-Shop for Private Equity Firms

The ContinuServe team has assembled a one-stop- shop for firms that want to get their carve-outs through the TSA process and operational as quickly and efficiently as possible.

Lennick said employee turnover for ContinuServe’s workforce is roughly 4%, or one-fourth of the industry average for companies that provide similar services. “That has to do with the way we train and compensate people, and the culture that we’ve developed; those are some of our key differentiators,” he added. “Maintaining the continuity of our customer service and support teams is critical and gives our clients peace of mind, knowing that this aspect of their business is being taken care of.”

Think of it as a playbook, Lennick added, with the cloud-based ERP as a central focus. ContinuServe fulfills the role of implementer, supporter, and customizer. As an implementation partner, it checks all of the boxes that a PE needs to get its acquisition separated from its parent and independently operational.

“These activities can consume a lot of time and man hours that PE companies and carve-outs can’t spare,” said Lennick. “Time is money in the PE sector, where ‘financial buyers’ are mostly interested in generating profits. We help them do that.”

The bottom line is, ContinuServe offers a new solution to carve-outs by minimizing risk, lowering financial expenditures, and supporting the management of the business to get on to more important endeavors like running and growing the business.

For further information, go to [www.continuserve.com](http://www.continuserve.com).

Jonathan Abramson  
Bluetone Marketing and PR  
+1 619-807-6349

[email us here](#)

Visit us on social media:

[Facebook](#)

[Twitter](#)  
[LinkedIn](#)  
[YouTube](#)

---

This press release can be viewed online at: <https://www.einpresswire.com/article/620982731>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2023 Newsmatics Inc. All Right Reserved.