



U.S. energy leader undertakes a successful divestiture through a strong program management office

A leading Fortune 500 energy company with nine million utility customers sought to divest a long-held subsidiary to another leading energy provider. Solving the complex transition of technology, data and customer service from one provider to another required a comprehensive understanding of both the security environment and the timing of regulatory approvals. Utilizing a team of experienced professionals, Protiviti helped this company accomplish a successful divestiture in the rapidly evolving energy sector.

This company has served its customers well for nearly 100 years, thus it was dedicated to ensuring a seamless transition for the subsidiary's 450,000 customers and 4,000 employees. However, the company did not have the in-house program and project management expertise to manage a divestiture of this size and complexity. Additionally, the company required both an independent overview of the process and an intermediary between itself and the acquiring company.

The organization turned to Protiviti as a trusted adviser in the mergers, acquisitions and divestiture space, as well as Protiviti's expertise in data security and project management.

To meet these needs, the company set up a transaction integration office (TIO) to serve as the intermediary between the two energy providers. Protiviti worked under the TIO to provide expertise and an independent overview of the divestiture.

With these structures in place, the company began the process of managing the aggressive timelines and regulatory pressure of a multibillion dollar divestiture that encompassed critical energy infrastructure. Maintaining the integrity of the company's systems and networks throughout the process was crucial as Protiviti focused on three key areas: project management, technology and data transition, and customer service.

Providing effective project management

The TIO looked to Protiviti to serve as the transition's program management office (PMO), with the charge to lead the company through each step of the divestiture. With that in mind, Protiviti formed a team of subject-matter experts and staffing resources to guide the transition while also providing flexible capacity to handle the evolving needs of the program.

Testing of each application was performed in parallel to make sure that when the security of any application was changed, it would work properly when transitioned to the new company.

Because of the size of the subsidiary and the complexity of its technology, the team facilitated the creation and governance of more than 50 transition service agreements (TSAs). Each TSA included schedules, milestones, daily activities, cross-functional dependencies and contingency plans. Along with TSA development, a broad range of projects and tasks needed to be completed months before Day 1. This included data conversion, workstream-level support, cutover planning, and tracking application savings related to licensing, maintenance and transfer costs.

In addition to managing the development and execution of each TSA, the team supported cutover testing prior to allowing the acquiring company to exit the TSA. This ensured that the subsidiary's critical business systems continued to operate and be supported post-transition until the new company was ready to operate the business in a stand-alone capacity.

Securing the data and network

Given that the data elements being transferred included personal identifiable information as well as information related to critical infrastructure, a secure method of data transfer was needed. To facilitate this, the team created a virtual environment where staff could work securely to complete the tasks needed for a successful transition. The team also implemented secure laptops which could only be used in the virtual environment to prevent any downloading and storing of sensitive data.

Just as important as securing company and customer data, the extraction and transfer of the subsidiary's historical data had to be executed smoothly to ensure electrical service and accurate billing would continue post-transition. It also was critical that, for security and privacy reasons, data from the company's other subsidiaries could not be accessed by the transition team or the acquiring company. Protiviti developed processes and procedures to ensure the team could only access data for which they had specific access rights, and then trained all team members to work in the new environment.

As part of executing the TSA, testing of each application was performed in parallel to make sure that when the security of any application was changed, it would work properly when transitioned to the new company. Each application had its own TSA and unique exit timeline. As a result of the experience and dedication of the team, half of all applications exited the TSA within the first four months. The remaining were transitioned gradually at a pace of three to four a month until only maintenance applications remained.

A true partnership formed between the two energy providers that allowed them to work together to select and implement the best systems for the newly merged company.

Powering customer service

With customer service a priority, the transaction was designed from the outset to preserve the subsidiary's longtime customer-focused business model. The company was committed to safety, reliability, customer service and community engagement. In addition, each step of the project was driven by the complex regulatory approvals required for this scale and type of merger. Electrical and gas services to six million customers would be impacted on Day 1 of the newly merged company. There was no room for error when communicating this change to customers.

Messaging on all customer communications had to be clear, accurate and timely. The subsidiary's website was redesigned with new prompts and features. The Protiviti team stood up a new customer call center and trained 20 customer service representatives to deliver consistent messaging across multiple platforms, including but not limited to live phone support, cold calls, email, live chat and social media.

Over the 24 hours prior to transition, after which the call center had to be up and running, thorough testing was performed to ensure the customer call center processes were transitioned properly and existing customers would not be disrupted. These tests also ensured the financial systems were integrated and working properly so that customers could easily pay their bills and their payments could be received.

Managing toward a successful first day

A smooth transition from the existing energy provider to the purchasing company was achieved with no major hiccups. On Day 1, there were no service interruptions, financial systems and networks were integrated successfully and securely, and pertinent data was extracted, segregated and migrated. Customer service communications and capabilities were improved and transitioned, and the project was completed on time and on budget.

An unexpected benefit was the elevation of the company's PMO from a task-oriented office to one that was viewed as strategic and able to manage large, significant undertakings. A true partnership formed between the two energy providers that allowed them to work together to select and implement the best systems for the newly merged company.

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From the beginning, company management and leadership shared a vision for the merger, and their involvement was critical to its success. By leveraging the skills of a strong team of company and Protiviti experts and resources, as well as by implementing a repeatable project management framework, the company achieved a seamless separation with minimal disruption to business operations, while meeting the aggressive deadlines and regulations required in a critical infrastructure M&A.

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