



## Casestudy:

# Separating CSM Bakery Solutions and all its IT systems

## Successful SAP separation within seven months

CSM Bakery Solutions was a major supplier of bakery ingredients (e.g. bakery fats, bread ingredients, fillings, icings, toppings, etc.) and bakery products (e.g. brownies, cookies, cupcakes, muffins, donuts, etc.). CSM Bakery Solutions took the decision to sell its European Ingredients business to private equity firm Investindustrial, effectively splitting the company in half.

For CSM's IT department under CIO Stephan Mahler, this promised to be a very complex operation. The local SAP systems in the various European countries were not centralised, and from an IT point of view, there was no real distinction between the Ingredients and Products activities. How then would it be possible to disentangle these activities in the IT landscape within only seven months? How could Mr. Mahler make sure that both new entities-to-be – CSM Ingredients and BAKER & BAKER – would have fully operational IT systems in place from the day after the actual cut-off? One of the parties Mr. Mahler turned to for support was KPMG Advisory.



# The Challenge

Stephan Mahler remembers exactly when it all started for him. During a board meeting, CSM's CIO was taken aside by the CFO who informed him that an investor was seriously interested in buying the Ingredients activities in every European country, or about half of CSM's business on the continent. "Honestly, at first I thought that this approach was a joke," recalls Mr. Mahler. The carve-out of such a big part of the company along product lines that, from an IT perspective, were purely artificial, was the most complex way he could think of to divide the business. "How on earth can we possibly split up the company like that?', I asked. The reply I got was, 'Well, Stephan, that's up to you.'"

It took Mr. Mahler some time to get across, both internally and to the external consultants involved, how complex an operation this would be for his IT department. "From 30,000 feet, it looks like a piece of cake. Simply duplicate every system and all the data we had so that after the cut-off, both new entities have their own copy and can proceed as before. But when you start looking at a more detailed level, complexity just pops up everywhere." This was mainly because the Products and Ingredients businesses that were to be separated were fully integrated in terms of

organisation, suppliers, customers and, crucially, also from an IT point of view. Moreover, CSM's growth over the years had been on a country-by-country basis, and it had never gotten to the point where all local SAP systems were brought under one umbrella. The IT landscape had 14 SAP streets, including 6 Enterprise Central Component (ECC) systems, 2 Customer Relationship Management (CRM) systems, 1 Supplier Relationship Management (SRM) system, 1 Master Data Management (MDM) system, 2 Business Warehouse (BW) systems and shared EDI connections.

So, the challenge was clear. Carve out a 600-million-dollar business in only seven months and fulfil the exit criteria as set by quite a demanding buyer, all before a deadline which was written in stone. Make sure the separated businesses can resume operations seamlessly on Day 1 after the cut-off weekend. Duplicate the complete server landscape and also reconfigure the IT landscape for countries where, after the separation, business would become too small to justify the original set-up. And finally, because of Covid-19 restrictions, achieve all of this by working remotely.



**STEPHAN MAHLER:**

"I am truly thankful to the KPMG team and all the others involved for their flexibility, their responsiveness and their performance that led to a remarkably successful collaboration. That will certainly stick in my mind."





**Stephan Mahler**  
– CIO of CSM  
Bakery Solutions

“We became aware that KPMG had a very capable and experienced team around Joop and Ram that could help us with the IT separation. We immediately got the impression that Ram and his people knew exactly what they were talking about and how they had to approach this project. Any question we asked was answered in a very professional manner, which from the start gave me the confidence that they could indeed get the job done. One thing I will remember from this project is the amount of hard work that went into it. I know Ram and his team were working until 2 AM at times to keep the project on track, and that is the type of dedication you need to be successful. I’m truly thankful to the KPMG team and all the others involved for their flexibility, their responsiveness and their performance that led to a remarkably successful collaboration. That will certainly stick in my mind.”

**CSM Bakery Solutions**

**CSM Ingredients**

Agivega • Arkady • Artisal • Braims • Graigmillar • Marguerite  
Masterline • MeisterMarken • Ulmer Spatz • Waldkorn

**Baker & Baker**

Kate’s Cakes • Artisal • Molco • Concadoro • Croexsa • Goldfrost

# The Approach



KPMG is a long-standing partner of CSM Bakery Solutions and has been advising the company on numerous business topics, including this transaction, but never in the IT domain. For this separation, however, a KPMG team, headed by Joop van Es and with Ramgopal Balasubramanian in charge of daily activities, was enlisted to, among other things, set up and run a Separation Management Office (SMO) and take responsibility for the SAP Data Migration. This team brought in its partners from EPI-USE Labs, specialists in SAP System Landscape Optimization (SLO) solutions, whom KPMG had successfully worked with previously on similar projects.

## Success factor: deep understanding of the business and SAP complexities

For the actual separation of the SAP systems, a 'Clone & Clean' approach was chosen, although the execution was far from straightforward. Decisions on the IT infrastructure for each of the countries had to be made, taking into account the different local legal requirements. Some systems were retained by the Ingredients business and others by the Products business. For small operations like Italy and Austria, based on the future business operations, a decision was made to integrate them into – already existing – instances. While we started the carve-out with 'master data only' copies, the complexity grew when we looked at shared satellite systems such as Advanced Planning and Optimization (APO), SRM and MDM landscapes along with a selective carve-out of countries (company codes) for specific instances. In preparation for all this, CSM's complete server landscape also had to be duplicated in order to host all the SAP systems. The IT PMO team had to be on top of every decision, its impact and the pros and cons on the current and future operations of the organisation. Only a pragmatic and collaborative leadership team with a deep understanding of the business could successfully execute such a precise separation.

## Success factor: teamwork

A complex, high-stakes project like this comes with a complex project organisation. Alongside the KPMG and EPI-USE Labs teams, and of course its internal IT team, CSM worked with its long-time external IT partner and its SAP hosting company. For Stephan Mahler, the main success factor came down to a matter of 'horses for courses': "We had the best athletes for each job lined up, but to

be successful, you have to bring such a diverse mix of people and companies together and get them to work as truly one team. And mind you, during the times of an ongoing pandemic in full swing, we had to do this with most of the people involved never being able to meet in person."

## Success factor: communication

Mr. Mahler realised that saying you are part of one team and acting like you are one team are often two different things. He therefore decided to emphasise from the start the importance of teamwork and to pay special attention to that in his communication. This meant that there could be only one line of communication, not separate ones to different groups. Nearly every workday for seven months, the team held a one-hour online video meeting. "Everyone looked at the same slide at the same time and heard the same tone of voice from me. This ensured that at all times we had one goal, one plan and one approach, and that everyone always knew where the entire project stood and what needed to be done."

## Success factor: no finger-pointing, ever

Finally, when asked to mention the success factors for this project, Stephan Mahler was adamant about the importance of clear responsibility and avoiding blaming others. "To keep all the noses in one direction, as a leader you only ever talk about 'we' and don't allow any finger-pointing. Just don't allow it to happen, ever. That goes for the project team as well as for the steering committee I was part of. There, when someone talked about 'an IT problem', I said 'no, no, no!' This is not an IT issue. This is a business issue. If I fail in IT, you fail."

In the end, the exact opposite happened. During the all-important cut-off weekend, the steering committee could only watch how the IT separation would unfold. It soon became clear that everything would go almost exactly as planned and that Stephan Mahler's IT group would manage to pull off the extremely demanding task it was handed. All the IT systems for both new entities would be up-and-running from 8 AM on Day 1 and would support the business as they had before. "When I was able to report that in our steering committee's video meetings all during the weekend, my colleagues became visibly more relaxed and confident about the outcome. I will surely cherish that sight for a long time."

# The Results



## About CSM Bakery Solutions

Prior to the separation described in this paper, CSM Bakery Solutions was a global leader in bakery ingredients, products and services for retail and food service industries as well as artisan and industrial bakeries. Through the dedicated efforts of more than 7,000 employees, CSM serves customers in more than 100 countries, providing specialised ingredients (dry mixes, fillings, icings, glazes, mélange, toppings, batter, frozen dough and more) and finished products (cakes, donuts, muffins, brownies, cookies, specialty bread, viennoiserie and more). CSM's mosaic of heritage bakery brands includes some of the industry's most trusted names: Brill, MeisterMarken and Waldkorn, to name but a few. Currently, the European Ingredients business operates under the company name CSM Ingredients, whereas the Products business continues as BAKER & BAKER.

## About KPMG

KPMG Netherlands provides high-quality advisory, audit and tax services. We advise on matters such as performance improvement, risk management, data migration, supervising ERP implementations and support with IT strategies. We work for a broad range of clients: large (inter)national companies, medium-sized companies, non-profit organisations and governments. In production environments, it is essential to have the right information in the right place and at the right time. In order to achieve accurate information provision, it is important that people's knowledge, the availability of data in IT systems and the right policies are all harmonised. KPMG assists organisations in optimising their business processes and associated IT systems to achieve this.

## More information?

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