Data Separation Services

There are many circumstances in which a company needs to separate the data that exists within its operations, for instance with the divestment of a business. We assist our clients to analyse and divide data sets with forensic precision, in order to comply with legal, contractual or regulatory requirements whilst protecting trade secrets, intellectual property, commercially sensitive information and personally identifiable information in the retained business. What sets us apart:

Competitive advantage

Understanding and managing what data you hand over with a divested business presents a commercial advantage. Not only do you reduce the risk of sharing your commercially sensitive information, but a clean divestment leaves the business able to operate from day one. This helps to protect the seller from litigation or regulatory action after completion.

Better due diligence

Identifying data sources and addressing risks residing in data early in the transaction is hugely valuable to the seller's transaction team, helping them to negotiate the best price. This also helps the buyer's team to get the information they need in order to act on any issues and present a compelling case to the Board.

Understanding data risks

We provide added value and insight into your data, such as whether it is stored against policy or against regulations and therefore presents a risk to your business. Getting to grips with surplus data early in (or in advance of) a transaction addresses these risks, reduces storage costs and demonstrates immediate savings.

Deal insights

Transactions usually focus on physical assets and financial numbers. But businesses are made up of people. We often find groups of employees who control important information. Using specialist software to map social networks can enable the buyer to identify important people and make sure they are retained after the deal is done.

Our dedicated Data Separation Project Managers are experienced in working on a variety of data separation and remediation matters, ranging from large-scale mergers & acquisitions, to responses to global regulators and competition authorities.

KPMG can advise on and help establish the right communication flows. We can also educate and provide know-how to the in-house IT team through a joint working relationship. If IT infrastructure is managed by a third party, KPMG works directly with them and their software to make the process as seamless as possible.

Overleaf, we illustrate how KPMG data specialists can support you at the different stages of a data separation.

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KPMG's approach to data separation

Maximise value, minimise risk

When companies sell a business, intellectual property (IP) and commercially sensitive information (CSI) are a significant part of the value. Failure to separate data could result in important information passing to the acquirer or leaving the sold business without information needed for it to function. Effective data separation is often a regulatory requirement. Getting it wrong risks the deal being blocked by the regulator, and could cause delays and legal or regulatory action after completion if mistakes are made.

Forward-thinking companies are addressing these risks at Board level when divestments are planned. To ensure effective separation of data on completion requires planning, a clear strategy and the involvement of internal and external stakeholders. Only on implementation does the scale of the project become clear. The complexity and sheer volume of data involved can be daunting but with careful planning and a proven workflow the process can be streamlined and managed to completion. Doing so ensures a proportionate response that reduces cost and disruption, and protects business value. Failing to do so risks a costly, over-engineered response or leakage of data when remediation options are not acted on. Companies are increasingly putting their data in order before any decision to sell a business.

KPMG's experienced, established team has worked on the successful completion of complex divestments linked to some of the biggest deals. Our workflows and procedures are well developed and are ready to be deployed to get the deal done.

Communication holds the key

All too often, data is not prioritised early enough in transaction planning. We recommend creating a separate data team from the outset. This team should have a clear remit to work closely with IT, legal, marketing and other teams. Collaboration, senior stakeholder involvement and clear lines of communication should be built from the start.

Key Priorities:

— Bring together business functions, HR, legal and IT to define a standardised approach that saves time and cost.

— Engage with the business early to understand data sources, dependencies, applications and business practices.

— Understand the flow of data within the business and where it sits with third parties or other business functions within the company.

— Consult with regulators and legal specialists to build the right mitigation into data remediation methodologies to ensure the programme is compliant.

— Put in place structured workflows to agree the data identification process with the business with regular staging points to satisfy the regulator or the buyer that the workflow is appropriate.

KPMG can help you identify CSI and define which data should be removed from the business and which should stay. But data remediation is not simply a technical process. It involves people with their own requirements, business practices and pressures on time and resources.

Streamline the process

Once a team is in place and lines of communication are established, you need a robust, structured plan to identify and transfer the IP assets. With data sitting in multiple locations – from strategically important plans and presentations to millions of emails – the task can be daunting. With careful planning the process can be streamlined using proven methods, a pragmatic approach and specialist technology. The aim should be a smooth, cost-effective process that minimises impact on the business and creates an auditable, accountable process that has the confidence of all stakeholders.

Key elements are:

— A set of guiding principles for classifying data for retention and divestment. The principles should be ratified by legal and, where appropriate, the Board to ensure stakeholders understand the requirements and can separate data using their specific business knowledge.

— Structured workflows to agree the data identification process with the business with regular staging points to satisfy regulators and/or the buyer that the workflow is appropriate. These workflows include:

  – workshops with application owners to identify the data that is most relevant to their department and function;

  – questionnaires and meetings with creators and users of the material; and

  – a book of evidence and a statement of fact that can be used to reassure and respond to regulators and other external stakeholders.

Business data sits in multiple formats and locations. Sources include mailboxes and emails, shared or collaborative mailboxes, data from SharePoint, servers and shared drives. Data relevant to a divestment can be divided into three categories:

1. **CSI to be retained only by the seller.**
2. **CSI to be removed with the divested business and to be retained only by the buyer.**
3. **Exceptions that may be retained by both parties.**

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