



Global pharmaceutical company

Spinning off a division of a global pharmaceutical business into its own company across 75 countries



Client challenge

Our client, a global pharmaceutical company, was looking to spin-off of a division to create the world's largest medical devices eyecare company. The aim was to return value to the parent company's shareholders while giving the division autonomy to thrive independently.

The division, with 20,000 employees and sales across 125+ countries, 125+ legal entities and 237+ sites, was highly integrated into the wider global and country level group structure, requiring extensive TSAs, TDSAs and MSAs.

Challenges included defining a standalone business perimeter; financial history (carve-out accounts) and operational interdependencies, along with defining a standalone business in terms of P/L and B/S.

There were many complex inter-dependencies to resolve, including shared people, assets, facilities, technology, IP and production lines, across multiple jurisdictions.

Our approach

We mobilised an international team to work with the parent company in Switzerland and the division in the United States to ensure a smooth transition and execution of key activities for both parties.

Our team provided a clear governance, structure and reporting framework for both parties, run by an integrated project management office (PMO) with strong connectivity and global collaboration between KPMG teams.

Our specialists in the US and UK worked closely together with the client to understand the level of integration between the parties (the separation hotspots) and the complexity, effort and time required to separate the division into a standalone business.

This included creating a separation blueprint, detailed, credible plans and budgets to show how the businesses would operate post divestment, including manufacturing, supply chain, R&D and shared services, as well as Day 1 readiness preparations and HyperCare.

In addition, we ensured operational enablement by providing specialist functional separation expertise: supply chain, IT, HR (organisation design, employee transition and staff consultations), finance, procurement (including contract separation), real estate and facility services, and data management.

Benefits for the client

The parent company regards the divestment as a landmark M&A project creating value for shareholders while also creating the world's largest medical devices eyecare company.

It was a hugely successful spin-off with minimal disruption to Day 1 operationalisation and a low impact on the parent company share price.

There was efficient global coordination across 15 workstreams and 88 countries, with a focus on minimising TSAs where possible. Meanwhile, the integrated PMO allowed for the use of a proven methodology, shared deal and divestment experience between KPMG experts, global collaboration, use of functional support specialists and stakeholder coordination.

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