



A TECHNOLOGY PARTNER FOR PE OPERATING TEAMS

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a pe insight by
trajectory



What You'll Learn

- Current trends related to value-creation via technology transformation initiatives
 - Value of correct timing of PE operations team involvement
- A financial transformation case study of value creation via technology transformation
 - How to effectively leverage a technology partner to optimize results

Introduction

With the increased competition in the private equity sector and the rising cost of fewer targets, the need for PE firms to adjust to a value-creation mindset throughout the entire investment life cycle is a strategic imperative.

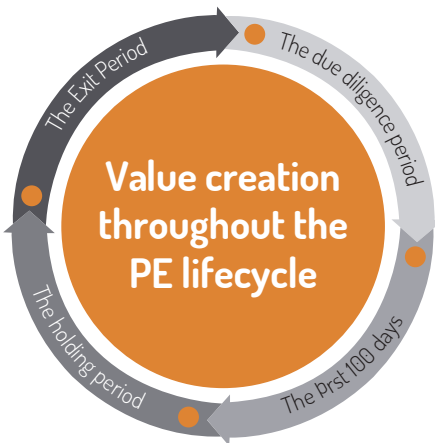
The days of financial engineering to improve the perception of portfolio company performance are a distant memory, replaced with tangible operational improvement initiatives such as digital and financial transformation initiatives.

Early engagement drives value creation



“Successful private equity firms focus on aggressive value creation from the start, not waiting until the middle-phase of the investment life cycle. They are also engaging in digital transformation initiatives, looping in their technology partners as early as during the due diligence phase of the deal to ensure that the final deal price accurately reflects the opportunity.”

~ **Andrew Andreoli, Trajectory VP Consulting**



~ Ernst & Young, *Creating value throughout the private equity investment lifecycle in the digital era*, p.9

Progressive PE firms and their Transaction Advisory Services Partners are seeking technology implementation partners to work with their portfolio companies, during all phases of the investment life cycle. Technology partners are engaging as early as the due diligence phase of the investment life cycle, helping with scoping portfolio companies' technology ecosystems current vs future states. During the first 100 days, tech partners oversee and execute the implementation of the ecosystem solutions, and finally following the implementation, provide on-going support for the ecosystem end-users for the remainder of the investment life cycle, in order to maximize the value of the solutions.





The sphere of Operational Improvement encompasses the majority of value creation initiatives in which Private Equity and their Technology partners engage. See below the all-too familiar chart of the top value creation measures for portfolio companies.

A robust ERP solution implementation can assist in addressing many of the measures, particularly with respect to operational cost-savings, support function optimization and procurement savings.

The concrete results generated by the implementations are directly translatable to higher portfolio company sale values. Not only do the solutions facilitate current operational improvements, they set the PortCos up for future scalability success.

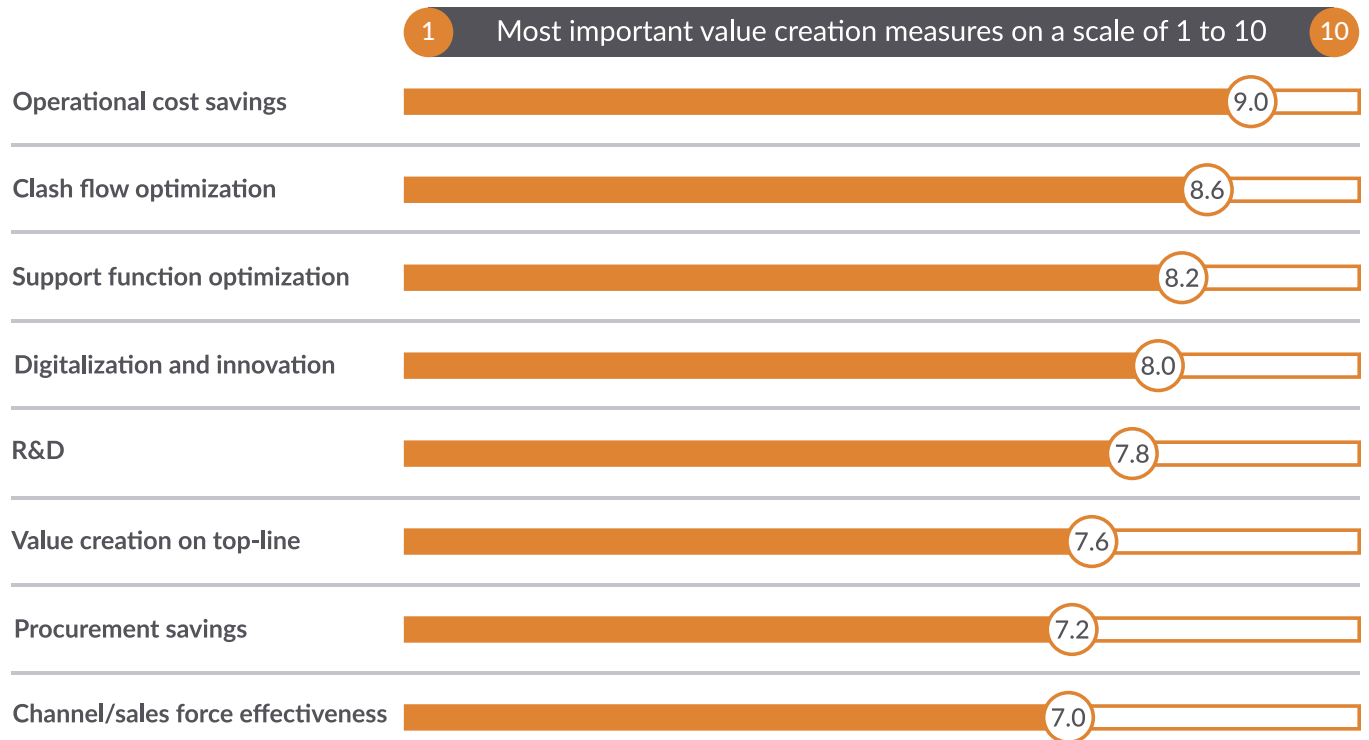
In terms of when during the investment life cycle to engage.

“Generally speaking, CEOs prefer the model of PE firms that advocate for early involvement of the operations team in the due diligence phase, stressing the support the team can provide in helping select the right assets and develop the investment strategy.”

~ **Robert Haas and Roberto Pagani, [Kearney](#)**

In the context of planning a future state ERP environment, including the technology implementation partner in the early stages of planning allows the project to kick-off immediately upon acquisition, which speeds up the time to completion and consequently value realization.

Most Important Value-Creation Measures at Portfolio Companies



Source: EY Analysis

Reference: Ernst & Young, *Creating value throughout the private equity investment lifecycle in the digital era*, p.12





How to maximize technology partner assistance for PortCos

Having a trusted technology partner throughout the PortCo investment life cycle is invaluable as they help mitigate risks associated with new system integration. When seeking a partner, the types of support to seek for your PortCos include:

- 1. Collaboration with your Portco:** During the due diligence phase, the partner should be willing to meet with the PortCo Executives and subject matter experts to learn about their business. This helps determine what technology solutions and applications would be right for the target (ie: NetSuite, OpenAir, Expensify, Avalara, Avidxchange, Floqast, etc.) based on their business processes rather than how their business fits into each solution. In instances where a portfolio company is already using NetSuite, your partner should complete an assessment and build a high-level optimization plan for the existing solution.
- 2. Business mapping and architecture:** During the first 100 days, the partner should architect the specific blueprint for the solution or optimization efforts and map out how they are to be implemented, including process data flows and integrations. If the partner can project manage their own work and oversee third party vendors involved, that's an added value as there's one party managing multiple workstreams.
- 3. Continued support for adoption:** Once the ecosystem is implemented, they should be able to provide future support arrangements whereby they are on call to assist with any on-going system questions and optimization efforts as required.

To illustrate the success of the above approach, let's take a look at how Trajectory worked with West Monroe (management consulting and transaction advisory) on a NetSuite assessment and optimization engagement for a portfolio company, [Corsearch Inc.](#), to help them get their Finance operations back on track.



Corsearch Inc. NetSuite Assessment & Optimization Project

corsearch™

“ Trajectory started our implementation with an assessment of our business processes and systems. They did not treat it as a templated solution that ‘somehow’ fits into the standard ERP platform. They took the time to review our setup, business processes and identified realistic solutions to execute on time, scope, and budget.

~ Satoru Ogawa, Corsearch CFO



A tad about Corsearch Inc.

Corsearch has been in the trademark clearance and protection business since 1949, spanning across 10 locations with 5,000 + customers, served by 350 seasoned account managers and research staff. The main services Corsearch provides include: trademark screening, searching, watching, brand protection and domain name services. [Learn why the best brands rely on Corsearch.](#)

The need for a NetSuite solution partner

Corsearch began their ERP journey with NetSuite in order to have a centralized back-office system to manage business operations. As part of the initial phase of the NetSuite implementation, core NetSuite features were configured and made ready for go-live. However, the end-user team felt that too many manual workarounds were left to later phases, not unifying core business units.





“ Trajectory’s operational improvement practice along with technical expertise allowed our team to deliver a robust solution for Corsearch. The team consisted of Business Analysts, NetSuite Consultants, Developers and Boomi Integration specialists. Corsearch interacted with us as their single point of contact at all times.

~ Alex Olano, Trajectory President, PE Technology Diligence Implementation



To ensure that the project launched with an ERP system that reduced manual business processes, Corsearch and West Monroe Partners engaged with Trajectory to optimize the original configuration. To that end, Trajectory streamlined advanced NetSuite configuration to deliver integrations between the different order management and procurement systems of Corsearch’s unique business units.

Project Highlights

Throughout the project, Trajectory ran several concurrent integration and optimization workstreams while supporting the live Corsearch production environment and ensure smooth business operations throughout. Specific project highlights included:

- 1. Thorough NetSuite Automation and Optimization Approach:** After understanding how Corsearch’s business works, Trajectory developed an approach that incorporated both optimization and automation elements upfront. By optimizing Corsearch’s NetSuite configuration and connecting their various technology solutions Corsearch was able to realize the operational benefits expected from a best-of-breed ERP.

2. Manual Invoicing Automation: Trajectory created robust integrations, removing daily manual time consuming data import processes, which ultimately reduced the workload for key business team members. These integrations ranged from daily invoices creation to synchronization of orders across three order management systems. The Trajectory technical team's ability to quickly review code and provide scalable templates enhanced the speed and accuracy of the development of the various automations.

3. Reliable Analytics Automation: Trajectory created an automated process by which NetSuite reporting was integrated with a third party analytics system delivering critical A/R and A/P information.

4. Scalable Solution for Acquisitions: Since the NetSuite optimization, Corsearch has acquired several companies that, with Trajectory's support, have been easily incorporated into their NetSuite ERP ecosystem.



“ In our experience working on dozens of carveouts each year standing up an independent company requires that foundational technologies - like ERP - are implemented quickly and flawlessly to prevent business disruption. We partnered with Corsearch to understand their needs and identified the best partner, Trajectory, to meet their rapid timeline and customized needs.

~ Keith Campbell, West Monroe Director





The Road Ahead

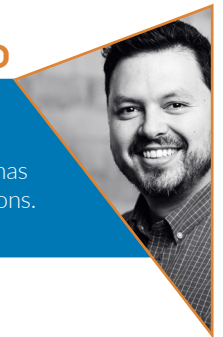
It is clear that technology-focused initiatives are affecting businesses worldwide. Embracing opportunities to optimize business performance via the swift implementation of scalable technology solutions is a trend that is only going to gain momentum.

Particularly for PE firms and their transaction advisory partners, operating in an increasingly competitive environment, the value of having a reliable, experienced technology implementation partner, who can help reduce the risk associated with the implementation and optimization of potentially complex ERP technology ecosystems for their PortCos throughout the entire investment life cycle is immense.

Authors

Alex Olano

Alex is the President and Managing Partner at Trajectory Inc., with the primary focus of growing Trajectory's NetSuite Private Equity practice, to support operating teams in adding value to their portfolio companies. He has more than 25 years of experience in delivering Business Consulting Solutions.



Andrew Andreoli

Andrew oversees the consulting organization within Trajectory and is responsible for customer satisfaction, team development and also takes an active management role within the organization. He began implementing technology in 2000. He is an expert at crafting client-specific solutions that maximize value.



Citations

- Ernst & Young, Creating value throughout the private equity investment lifecycle in the digital
- Haas, R., & Fumo, A. (2020). Read @Kearney: How private equity operations teams create value. Retrieved May 08, 2020, from <https://www.atkearney.com/private-equity/article/?%2Fa%2Fhow-pe-operations-teams-create-value>





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