

CASE STUDY: RSM HELPS FRENCH PHARMA WITH COMPLEX U.S. ACQUISITION INTEGRATION

Team assists through aggressive timeline, compliance concerns and more

Situation

Servier Pharmaceuticals, the newly launched U.S. subsidiary of Servier Group, a France-based, multibillion-dollar global pharmaceutical company, acquired the oncology division of what was formerly Shire Pharmaceuticals prior to the acquisition of Shire by Takeda Pharmaceuticals. In order to put its stake in the U.S. oncology market—and begin to grow its reputation in the United States—Servier needed to move quickly from deal-close to full operation of the acquired entity in anticipation of hundreds of millions of dollars in revenues flowing in immediately after closing. Unfortunately, Servier had limited U.S.-based resources to ensure a smooth and timely transition. This deficiency could have caused delays and resulted in lost revenues for the company. Servier required professional advisors who understood life sciences businesses, their France-based market and the U.S. business environment, as well as the operational challenges companies face during a global acquisition.

Solution

RSM was initially referred to Servier by an outside firm that was working with the company to complete tax planning and due diligence for the \$2.4-billion Shire oncology division acquisition. The RSM team, which included global growth leaders, accounting and finance professionals, France foreign direct investments professionals, and tax and enterprise resource planning (ERP) consultants—many of whom had a deep understanding of the life sciences industry and experience working with French companies entering the U.S. market—met with Servier leaders to understand their needs and challenges.

Initial conversations with the client made it clear their timeline to set up the back-office was extremely ambitious, so the RSM team proposed a phased approach to an ERP implementation to accommodate immediate needs, such as payables processing and inventory management, and then layered in additional phases to achieve a full system implementation to meet

long-term goals. As those discussions played out, however, the close-date of the acquisition was delayed by a month, which provided additional time to finalize a master services agreement with RSM. The client seemed confident with RSM's expertise and approach, but they questioned the scope of service and related costs, as is customary for many French businesses when dealing with providers in their own country. Given the newness of the relationship, RSM had to win Servier's trust and assure them the services were adequately designed and the fees were reasonable.

To help navigate these negotiations, the team enlisted the assistance of RSM's France country desk professionals to address some of the cultural and business practice differences and language barriers that seemed to be stalling next steps. These professionals have direct experience helping French businesses, and understand the nuances and potential conflicts that could occur during a multinational project. In addition, during this time, financial reporting issues also surfaced as Servier is required to ultimately report and consolidate in French generally-accepted accounting principles, while the U.S. entity would apply U.S. International Finance Reporting Standards. The France country desk team was able to provide guidance to address the challenges created by these different accounting frameworks.

After some meaningful discussions with client leaders, a mutual understanding was met; RSM professionals got to work on providing the various services and insights post-deal close with Shire. The team completed all deliverables providing Servier the ability to process revenue, payables, inventory and payroll all on Day One. RSM implemented the ERP system and managed the integration of the finance and accounting outsourcing (FAO) technology stack, including project managing the implementation of a Concur expense report management tool that was outsourced to another provider.

Results

- Because of RSM's extensive life sciences industry knowledge and proficiency in global acquisition needs, timely, optimal services were provided allowing Servier to meet its aggressive acquisition timeline and be ready for Day One with core accounting systems and operations.
- Involvement of France country desk professionals helped to smooth the integration process by removing cultural and language barriers, and as a result, instilling an increased level of mutual trust with the French management and RSM teams.
- A cross-functional team was gathered specifically for Servier's needs; team members worked together to serve as the client's first-choice advisors now and ongoing as challenges, opportunities and scope change.
- Since the acquisition, Servier has named new leadership in the United States. RSM has met and worked with the chief financial officer, controller and others to understand their vision, new strategies and goals, all while providing helpful history, insights and business ideas.
- RSM provided ongoing technical accounting consulting, including assisting with the client's monthly and fiscal year-end closings. The FAO team is fully functional in supporting Servier's ongoing accounting and financial reporting.
- Continued work includes tax compliance services as well as process design and optimization.

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