L
ike parents who allow recent college graduates to live at home before transitioning into the real world, parent companies divesting off a piece of the business often grant the newly created company an adjustment period before it has to stand on its own.

This was the situation that was faced by PeroxyChem, a global manufacturer and supplier of hydrogen peroxide, peracetic acid, persulfates, and adjacent technologies, which was divested from its parent company in February 2014. A transitional service agreement (TSA) stipulated that PeroxyChem could remain on its parent company’s systems landscape for one year before it had to stand up its own infrastructure.

Being put on the clock to migrate and manage its mission-critical business systems on a new platform created

**Goals:** Migrate mission-critical business systems to a new platform and stand up a new systems landscape and IT department within 12 months of a divestiture

**Strategy:** Partnered with IBM to migrate SAP and non-SAP applications to IBM Cloud

**Outcome:** Went live without business disruption in less than five months on a fully managed, end-to-end cloud infrastructure
both challenges and opportunities for the new company. In addition to the time crunch, PeroxyChem needed to develop or hire an IT department; personnel and IT knowledge would not carry over after the TSA. This fledgling IT department, however, would have the rare opportunity to play with a blank canvas for its initial project of standing up a modern infrastructure.

As the project team at PeroxyChem worked through an IT and application assessment to prepare to move to a new platform, its former parent company, which was a full SAP shop, set up a separate SAP ERP instance to host PeroxyChem’s mission-critical business data. This helped PeroxyChem narrow the scope of its request for proposals (RFP), which it broke out into two separate statements of work (SOWs) — one for infrastructure and one for applications. This also helped narrow the search for a systems integration and hosting partner to lead its greenfield implementation and manage the new infrastructure. It became evident that the company would stay with SAP software as its system of record moving forward. In addition, the company decided to stand up a cloud infrastructure due to time and resource constraints as well as a desire to remain agile with a pay-per-use scalable model that minimized capital expenditures. This was an important consideration because the nature of the divestiture, brokered by a private equity partner, meant it was likely that PeroxyChem would encounter additional restructures.

Above all, though, the biggest consideration for the project team was the time crunch. “When I came on, we had 11 months left in the TSA and roughly 20 applications — with SAP software as the core — and one of the goals was to keep everything as close to the previous landscape as possible,” says Jim Curley, CIO at PeroxyChem, who came onboard in March 2014. “We went in knowing we didn’t want to re-implement anything new or change the application landscape, but we did want a cloud infrastructure because we needed transparency on the cost implications for future acquisitions or divestitures.”

According to Curley, the decision to outsource the management of PeroxyChem’s applications to the cloud was motivated, in part, by a desire for the new IT department to add value to the business and avoid the maintenance and provisioning tasks common to supporting a large on-premise infrastructure. “Because we had no IT staff coming over from the parent company, our objective was to have a service provider handle the non-strategic tasks,” he says. “Our target for a barebones IT organization was to devote 40% of its time to keeping the lights on, with the other 60% focused on strategic initiatives. If we were to bring the IT management in-house, we would most likely revert to an 80% lights-on, 20% strategic split.”
A Cloud Partner

PeroxyChem submitted its RFP to approximately seven vendors and prioritized those who could fulfill both the application and infrastructure SOWs. The scope was to host the company’s whole environment, including its SAP and non-SAP applications. While it would migrate its SAP ERP instance from the former parent company’s data center, other SAP applications would need to be configured and installed from the ground up. This environment included SAP ERP 6.0, SAP Process Integration, SAP Enterprise Portal, SAP BusinessObjects Planning and Consolidation, SAP Business Warehouse (SAP BW), and SAP Solution Manager.

Considerations — in addition to cost and ability to meet the deadline — included implementation approach and methodology, training and knowledge transfer, project organization and understanding, risk identification, and SAP experience.

With seven months until the end of the TSA, PeroxyChem winnowed down a list of four finalists and selected IBM as its implementation and hosting partner, signing a contract to move its business systems onto the IBM Cloud infrastructure. IBM ranked high in the scoring matrix in most of the aforementioned categories, according to Curley. “IBM put together good documentation to explain how it would staff the application management support team, which spoke to its knowledge transfer capabilities that were needed for a successful Day 1 cutover,” he says. “From an infrastructure and application standpoint, IBM was very detailed in how it would be ready from Day 1 to support the organization at the level it was used to.” (For more information about IBM’s support, see the sidebar at the end of the article.)

This was important because of the condensed implementation timeline. By the time the SOWs were signed, PeroxyChem had less than six months to stand up a system before the March 2015 deadline. This time limit made IBM’s comprehensive risk mitigation and contingency plans for the cutover and post-go-live key factors in winning the bid. “IBM went to a granular level in terms of looking at risks. One was nailing down a specific date for when the MPLS (Multiprotocol Label Switching) had to be in place in the data centers,” Curley says.

As a hosting partner, IBM Cloud satisfied the company’s needs for a flexible deployment that can scale to support and manage high-growth requirements and workload peaks, as well as service level agreements (SLAs) built for high input/output requirements and standardization to help reduce the complexity of an SAP landscape. These capabilities would allow PeroxyChem to achieve that 60-40 split in favor of strategic initiatives.

“Our operations are 24/7 so IT has to respond to any incident or problem no matter the time of day, and that’s what we needed to achieve from the data center and management perspective,” Curley says of what IBM Cloud brings to the table. “That’s a big reason why, if...
IBM Helps Businesses Become More Agile and Focus on Strategic Initiatives

IBM has been an SAP partner for over 40 years, providing enterprises of all sizes with leading solutions such as IBM Cloud Managed Services for SAP, which delivers to SAP environments a security-rich, cost-effective, and scalable managed cloud infrastructure. With IBM Cloud Managed Services for SAP, IBM’s skilled SAP specialists manage enterprise platforms and databases for businesses — allowing them to avoid hardware costs while gaining the flexibility and scalability of the cloud — so they can focus on innovation.

PeroxyChem, a leading global chemical supplier, chose to partner with IBM over other cloud providers and was able to use IBM technology and expertise to quickly meet its IT goals and deadlines. By working with IBM, PeroxyChem was able to free up resources by moving to the cloud, become more agile, and focus on its strategic initiatives as it continued to grow.

Throughout its longstanding global partnership with SAP, IBM has received the prestigious SAP Pinnacle Award a record 31 times. Such recognition supports the value of the IBM and SAP alliance’s three foundational principles: 1) Help customers innovate their processes and customer interactions. 2) Use applications to gain deeper insights that produce bottom-line results. 3) Simplify the technological operations required for both. For more information, visit www.ibm-sap.com.

you're starting an infrastructure from scratch, the cloud is better to consider than an alternative.”

In addition, the contract with IBM stipulated two data centers, with production running out of Dallas, Texas, and development, testing, and disaster recovery (DR) running out of Ashburn, Virginia. While initially these were reversed (production had been originally slated for Ashburn), IBM discovered during configuration that the Dallas data center had more application bandwidth — hence the switch. Curley cites this as an example of how IBM’s experience with SAP implementations paid off and also of its dedication to looking out for its customers. “IBM did the right thing to make sure we were delivered what was promised,” says Curley.

PeroxyChem intentionally allowed for this kind of variable when it targeted a go-live for roughly 12 weeks before the expiration of the TSA. When the actual go-live took place, it did so with minimal business disruption — and with a few weeks to spare before the TSA was set to expire.

Agile — and Strategic

In the time since, PeroxyChem’s IT department has held fast to the 60-40 guideline for IT to be focused on strategic initiatives. “Certainly, that wouldn’t be the case if we had not gone with the cloud and outsourced what we did,” Curley says. “That has translated to our being able to start up our IT business steering committee and have an average of five business-related projects going on at any given point in time. We are hitting the dates we give for project completions because we are not having to do that production support and maintenance work.”

More than allowing PeroxyChem to free up resources, moving to the cloud also provided the business with the agility it needed as a growing company. “When we needed to create environments, the ability to spin up those environments in IBM Cloud and have them configured and ready in a matter of hours, instead of placing an order and waiting weeks, has helped us stay focused on the business and on being as agile as we can,” Curley says.