

Cendant Rapidly Transforms Corporate IT Function to Support Competitive Divestment Strategy

Keane's Program Management Services Help Cendant Split Into Four Separate Companies in Only Nine Months

Abstract

When Cendant Corporation, one of the world's foremost providers of travel and real estate services, announced in October 2005 that it was divesting into four separate businesses, it began one of the largest, most complex corporate breakups in history. Early on, Cendant brought Keane in to lead the split of Cendant's corporate IT function. Keane's Program Management Office (PMO) services drove this massive

"We hired Keane mindful of the many layers of complexity of this assignment. To say 'they got the job done' wouldn't suffice in describing our relationship. The story is in how they collaborated with key stakeholders whose agendas and priorities were often in conflict... The team's facility at people and process management, their flexibility, and the extraordinary level of professional humility they maintained throughout impressed us."

Lin Coughlin
Cendant CAO

effort, bringing discipline and proven processes to this fast-paced, high-stakes transformation effort. In less than a year, Cendant and Keane put the IT structure in place to spin off the company's real estate and hotel units, Realogy and Wyndham Worldwide, and complete the sale of its Travelport business.

Client

Prior to its corporate divestiture, Cendant Corporation was an \$18 billion global company organized into four main operating segments: real estate, hotels and timeshares, car rentals, and travel distribution. The company's brands included such household names as Avis Rent-a-Car, Orbitz Travel, Wyndham Hotels, Century21 Real Estate, and Coldwell Banker. With the goal of raising shareholder value, the company decided to split into four companies. The resulting companies would be more tightly focused on their respective industries and better equipped to leverage the brand equity in each individual business segment.

Challenge

Cendant clearly understood the complexities and risks involved in such a transformation. The IT complications alone were immense, requiring Cendant to decentralize its corporate systems, untangle networks, replicate information, clone 112 corporate applications, and ensure uncompromised data integrity and security throughout. Adding to the demands of this transformation effort, Cendant had to manage the pressures related to staff changes, vendor contracts, compliance regulations, incredibly tight deadlines, and a watchful investor community.

Solution

Because of the scope, risks, and high visibility of the initiative, Cendant called in Keane, well known for its expertise in large-scale program management,

"Our colleagues from Keane became stewards of the decision-making process. They brought transparency, complete objectivity, a facts-focused orientation, and the required level of inclusiveness to Cendant's course-setting and our most critical decisions."

Lin Coughlin, Cendant CAO

to drive the split of its corporate IT function. Keane assumed responsibility for all of Cendant's IT assets and the complex effort of splitting them into four independent companies. These assets include data centers, hardware, software, networks, telecomm, contracts, people, data, and applications. Keane also was retained to define and organize the residual corporate IT and data functions after the split was complete.

The Keane PMO comprised 15 senior professionals hand-picked from across the firm for their expertise in areas such as IT architecture, infrastructure, telecommunications, global staffing, and project management. The team, which also included Cendant team members from eight different locations in the US, assisted Cendant's senior executives by establishing the structure needed to effectively manage the benefits, investments, milestones, resources, and risks involved in transforming its IT organization.

Keane organized the PMO along core functions, including performance, resource, and delivery management—ensuring that the transformation project would be completed on time, on budget, and according to plan. The PMO also addressed oversight and support for process management, communication management, organizational change management, and large-scale vendor and contract management.

Results

Only nine months after Cendant's announcement to separate into standalone pure-plays, the company completed the simultaneous spin-offs of two of its businesses, Realogy and Wyndham Worldwide (now Fortune 500 companies), ahead of schedule. And just weeks later, it completed the sale of a third business, Travelport. The remaining car rental business became its own organization after stockholder approval to change its name from Cendant to Avis Budget Group. By working with Keane, Cendant was able not only to accelerate the organizational breakup of the company, but also to prepare the four new companies to function successfully and costeffectively on their own. Keane's specific contributions include:

Successful and rapid IT transformation

In addition to splitting the corporate IT

organization to support the four newly independent companies, Keane ensured the new organizational structures were tailored to each business by aligning people, processes, and assets to operate effectively in the new environments.

Creation of governance organizations

Keane led the effort to help the four companies implement separate governance structures, providing each entity with processes for the oversight of its outsourcing contracts. As part of the process, Keane set up organizational structures, helped establish SLAs, defined a communication process, and established governance and escalation structures.

Renegotiation of large-scale third-party contracts

Keane supported Cendant in the split and redistribution of its third-party contracts. These included over 800 telecommunications contracts and 500 IT contracts and license agreements.

Of note, Keane helped renegotiate a \$1.2 billion outsourcing and disaster recovery services contract, which resulted in huge cost savings for Cendant.

Completion of a major, multi-vendor ERP install

As part of the PMO, Keane is overseeing three systems integrators on the installation of four separate instances of

Oracle Financials and Human Resources applications. In addition to its project management and risk mitigation role, Keane provided counsel and technical resources to assist with the conversions.

Future Directions

Keane continues to assist Cendant through the remaining transition activities, which were completed in early 2007. As part of these activities, Keane coordinated cross-company meetings to ensure the four newly independent businesses worked cooperatively to complete residual tasks. Moving forward, Keane will leverage its unique position to advise these enterprises on how to streamline and optimize their current operations.

Keane is a global services firm that specializes in enabling transformation of its clients' business and IT functions.