
JDSU Split – Lumentum & Viavi



MAY 24

InFor500

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INFOR500

The world leader in Test Equipment changed their name and spun-off their Optical Products business unit

The Challenge

In August, 2015, JDSU spun-off their commercial optical products unit, named it Lumentum, while simultaneously changing JDSU's own name to Viavi Solutions for the remaining test equipment company; thereby creating two stand-alone public companies. Capturing, quantifying, and splitting a complex and intertwined contractual footprint shared across the internally-consumed technology environment of both businesses was critically urgent to meet a rapidly approach 'Day-One' ready date. Limiting financial 'dissynergies' to \$1.5M while doing so, was a core goal.

JDSU, a \$2.8B market cap company, lacked a single-source-of-truth contract environment across internal business units, adding complexity to the already formidable challenge. Not having a complete view of their obligations, JDSU knew the dissynergy goal was a placeholder, if not necessarily a challenge to reach, at best.

A document discovery phase was required to help capture and overcome years of contractual obligations, which lead to a confusing and incomplete view on dividing up the liabilities between both companies.

Further lack of clarity on what form of supplier notification is required, how to secure contracts for Lumentum, the new company which as of yet had no ERP system on which to obligate funds, only added to the confusion and timeline.

In order to understand what the future IT infrastructure and applications environments needed to look like, JDSU first had to understand what their contractual obligations were. As 'Day-One' IT environmental readiness was expected to be punctual and flawless, the IT and Procurement organizations struggled to get their arms around the

information and contract gap. Combined with executive and investor visibility of having two fully-prepared IT environments, pushing out dates was clearly not an option.

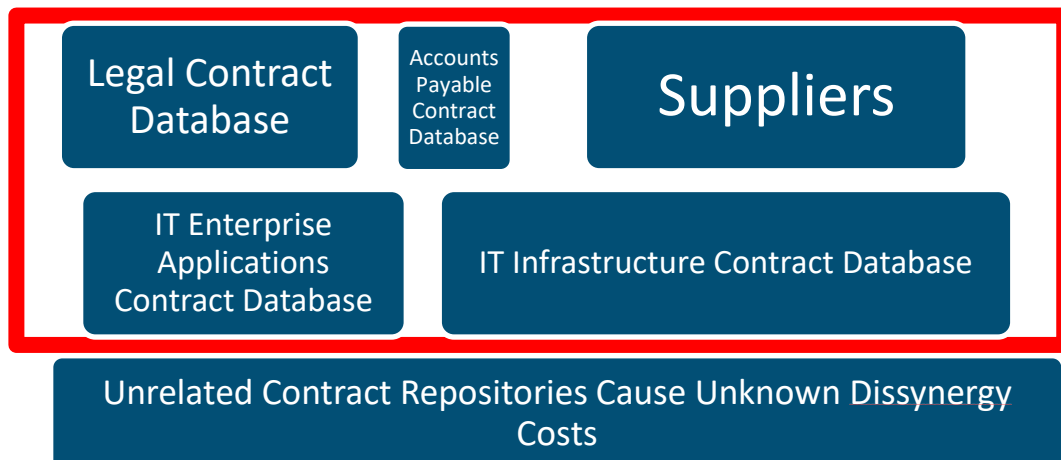
“Successfully splitting the IT contractual infrastructure into two, required speed and awareness; and both were needed.”

Our Approach

InFor500 reviewed multiple contract management systems, both purchased and home-grown. Next step was to secure a complete list of all suppliers from Accounts Payable, and rank order them by spend over the past three fiscal years. Mapping spend to supplier contracts began to provide a holistic view of IT’s commitments and get our arms around the size of the project.

Creating a supplier spend baseline established the starting point for negotiations. InFor500 then mapped all future-state to current baseline, providing a picture of Viavi and Lumentum’s total potential IT dis-synergies would look like.

Next, a supplier contact list was generated, and mapped to the respective internal IT executive, so we had full knowledge of business owners and what suppliers they consumed. This enabled InFor500’s unimpeded access to IT, and created a rapid decision-making environment. In the event one supplier was owned by more than one JDSU internal organization, InFor500 was granted direct access to both parties, thereby removing timeline roadblocks, while adding historical awareness.



“Quantifying contractual risk and summarizing the dis-synergy potential gave the customer comfort they knew the size of their issue.

The Solution

The InFor500 team built out a contract list off all Lumentum’s “to-be” supplier base, and mirror-imaged it in alignment with Viavi’s revised IT footprint.

Building a critical supplier list by top spend, provided direction to executing our strategy. Creating structured legal templates provided the document frameworks worked as an enabler to allow InFor500 to move quickly on the now-defined supplier priority list.

In parallel, the Accounts Payable list allowed us to send out a bulk notification to all of the customer’s contractual providers, fulfilling the customer’s legal obligations of ‘notification’.

We used a protected file share system to upload all historic supplier contracts, and provided appropriate access to Finance, Legal, and IT. Working internally with project stakeholders to communicate technology scope for each of the two companies, the InFor500 team performed proper duplication, assignment, or termination of suppliers as was relevant to both Viavi and Lumentum.

The solution brought order to a chaotic and often misunderstood environment, gaining a cohesive and rapid deployment solution to negotiate, execute, and be ‘Day One’ ready on time.