

The Carve-Out Perimeter: Deciding What Actually Transfers on Day One

An Operability Framework for Assets, Liabilities, People, Contracts, Data and Controls

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Abstract

A carve-out can complete legally while the transferred business remains unable to serve customers, control cash or meet its obligations. The central decision is the perimeter: the assets, liabilities, people, contracts, intellectual property, data, systems, licences, services and controls that transfer, remain or must be temporarily shared. This paper develops an evidence-led method for defining and certifying that perimeter. It begins with a Day-One operating charter and compares share, asset, business-transfer, hybrid and staged structures against operability. Legal-entity, asset, liability, contract, customer, supplier and people maps expose dependencies that organisation charts and ledgers miss. Intellectual property, personal data, applications, identity, cyber monitoring, permits, real estate, working capital, banking, debt, tax, accounting and controls are traced to accountable ownership at completion. Shared services are converted into explicit transition and reverse-transition schedules with scope, volume, standard, security, pricing, change control and exit milestones. Standalone cost and stranded cost are rebuilt independently of historical allocations. Critical consents, Day-One cutover, fallbacks and end-to-end operational traces test whether the business can function under realistic failure scenarios. Perimeter omissions and dependencies feed price, escrow, indemnity and transition terms. A controlled change protocol prevents late discoveries from evolving through informal agreement. The final certificate integrates operational, financial, legal and control completeness before completion. Five figures, five tables, eight frequently asked questions and twenty-six primary or authoritative references support transaction-specific review. Quantified figures are illustrative evidence indices rather than forecasts. The framework does not determine the legal transfer perimeter, confirm employee or data-transfer compliance, establish tax treatment, guarantee Day-One continuity or replace authorised legal, regulatory, tax, accounting, valuation, data-protection, cyber, employment, operational or transaction advice.

JEL Classification: G34, L22, M41, J53, K12

Keywords: carve-out perimeter, divestment, Day One, separation, transition services, stranded cost, data transfer, contract novation

1. Define the Day-One business

State the products, customers, jurisdictions, service levels, licences and control outcomes the buyer must operate at completion.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a Day-One operating charter.

The principal failure occurs when a legal entity is an operating perimeter. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for define the day-one business should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

2. Choose the transaction perimeter

Compare shares, assets, business transfer, hybrid and staged structures against operability and risk.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a perimeter options paper.

The principal failure occurs when structure follows tax alone. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for choose the transaction perimeter should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

3. Map legal entities

Identify ownership, branches, registrations, minority interests and intercompany dependencies.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a legal-entity map.

The principal failure occurs when the organisation chart captures operating reality. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map legal entities should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

4. Map transferred assets

Identify property, plant, inventory, cash, receivables, IP, data, permits and rights required for operation.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is an asset perimeter register.

The principal failure occurs when ledger ownership proves operational sufficiency. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map transferred assets should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

5. Map retained assets

Identify shared, excluded, stranded and replacement assets.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a retained-asset schedule.

The principal failure occurs when retained assets create no buyer dependency. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map retained assets should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

6. Map assumed liabilities

Identify contractual, employee, tax, environmental, product, litigation and contingent obligations.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a liability perimeter register.

The principal failure occurs when purchase-price allocation defines liability transfer. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map assumed liabilities should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

7. Map retained liabilities

Identify seller obligations, indemnity interfaces and operational consequences.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a retained-liability map.

The principal failure occurs when retention removes the liability from Day One. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map retained liabilities should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

8. Map contracts

Classify assignable, novatable, change-of-control, shared, expired and missing agreements.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a contract transfer matrix.

The principal failure occurs when contract lists reveal transferability. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map contracts should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

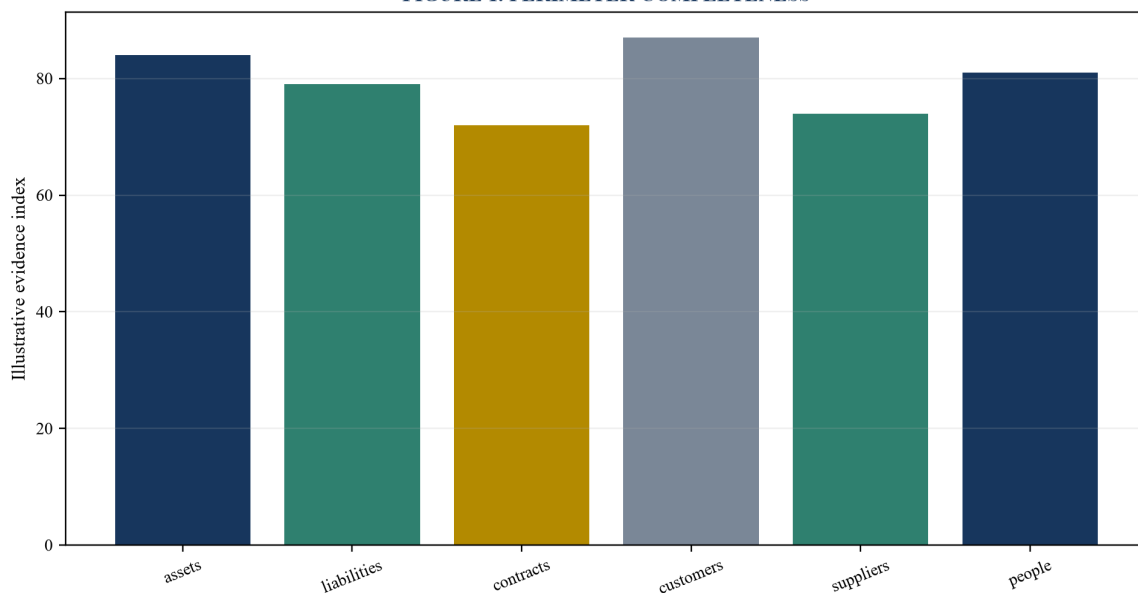
Table 1. Perimeter classes

Class	Decision	Evidence
transferred	buyer control	title and delivery
retained	seller control	exclusion schedule
shared	temporary dependency	service agreement
missing	cure or replace	remediation plan

Illustrative analytical design; company-specific evidence and professional advice govern.

Figure 1. Perimeter completeness

FIGURE 1. PERIMETER COMPLETENESS



Values are illustrative evidence indices and require company-specific support.

9. Map customers

Connect each revenue stream to contract, account team, data, credit, billing and service delivery.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a customer continuity map.

The principal failure occurs when customer revenue transfers with the brand. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map customers should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

10. Map suppliers

Connect critical inputs to contracts, purchase orders, quality, tooling, logistics and payment.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a supplier continuity map.

The principal failure occurs when supplier access follows asset ownership. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map suppliers should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

11. Map people

Identify transferring, retained, shared, agency, contractor and critical personnel.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a people perimeter map.

The principal failure occurs when headcount allocation proves workforce readiness. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map people should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

12. Map employment obligations

Test consultation, information, consent, benefits, pensions, payroll and immigration requirements.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a workforce transfer plan.

The principal failure occurs when employees move automatically on the chosen date. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map employment obligations should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

13. Map intellectual property

Identify ownership, licences, open source, know-how, domains, brands and shared rights.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is an IP chain-of-title map.

The principal failure occurs when registered IP captures the operating stack. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map intellectual property should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

14. Map data

Identify controller roles, purposes, lawful basis, records, retention, transfer and security requirements.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a data perimeter register.

The principal failure occurs when databases are freely transferable assets. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map data should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

15. Map technology

Identify applications, infrastructure, identity, interfaces, environments, licences and support.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a technology dependency map.

The principal failure occurs when application lists establish standalone capability. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map technology should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

16. Map cybersecurity

Identify security tooling, credentials, monitoring, incidents, vulnerabilities and response obligations.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a cyber separation plan.

The principal failure occurs when access can be cloned safely at close. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

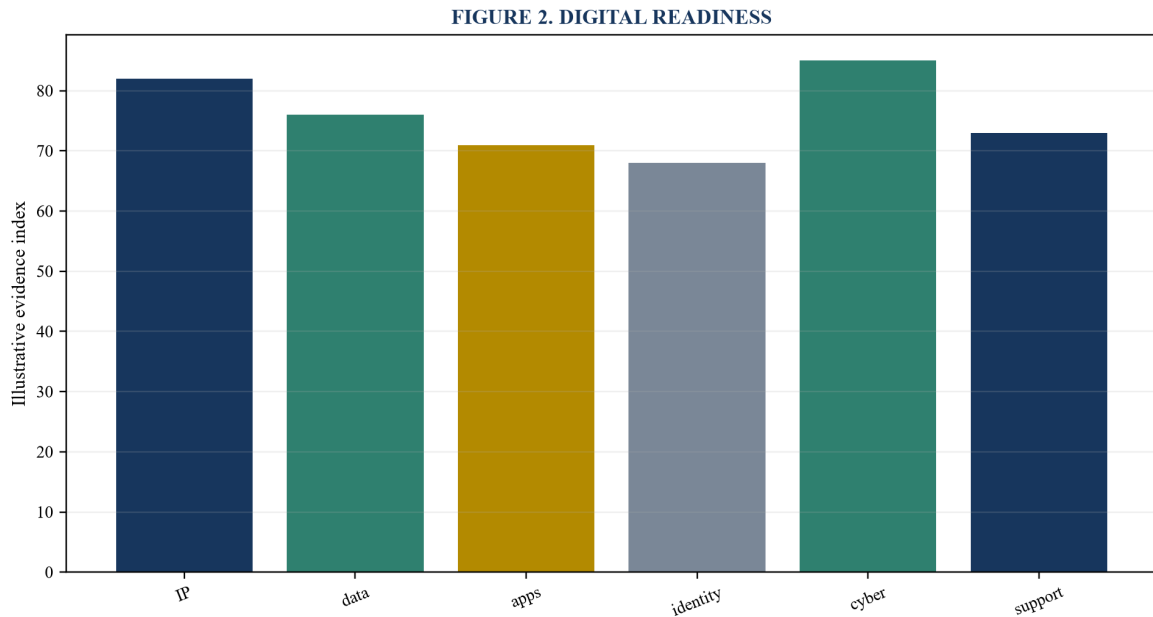
The decision pack for map cybersecurity should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

Table 2. Digital perimeter

Layer	Transfer question	Day-One control
IP	ownership or licence	usage right
data	lawful controller path	secured access
technology	standalone service	identity and support
cyber	monitoring and response	named accountability

Illustrative analytical design; company-specific evidence and professional advice govern.

Figure 2. Digital readiness



Values are illustrative evidence indices and require company-specific support.

17. Map licences and permits

Test holder, site, activity, change of control, transfer, reissue and technical conditions.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a licence continuity register.

The principal failure occurs when permits follow the operating assets. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map licences and permits should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

18. Map real estate

Identify ownership, leases, access, utilities, shared sites and separation rights.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a property perimeter map.

The principal failure occurs when site access is implicit in the asset sale. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map real estate should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

19. Map inventory and working capital

Define owned, consigned, obsolete, in-transit, customer and supplier balances.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a working-capital perimeter.

The principal failure occurs when closing accounts resolve operational availability. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map inventory and working capital should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

20. Map cash and treasury

Define accounts, signatories, guarantees, hedges, cash pools, collections and payment continuity.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a treasury separation map.

The principal failure occurs when the buyer can open replacement banking instantly. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map cash and treasury should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

21. Map debt and security

Identify guarantees, liens, covenants, releases, intercreditor rights and trapped obligations.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a debt release schedule.

The principal failure occurs when repayment automatically releases every security interest. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map debt and security should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

22. Map tax

Identify registrations, attributes, elections, grouping, indirect tax, transfer pricing and separation leakage.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a tax separation map.

The principal failure occurs when tax follows the accounting perimeter. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map tax should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

23. Map accounting

Define ledgers, policies, balances, carve-out statements, controls and opening balance requirements.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is an accounting perimeter file.

The principal failure occurs when historical allocation creates standalone accounting. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map accounting should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

24. Map controls

Identify approvals, reconciliations, access, delegations, compliance and assurance needed at close.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a Day-One controls matrix.

The principal failure occurs when controls can stabilise after operational transfer. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

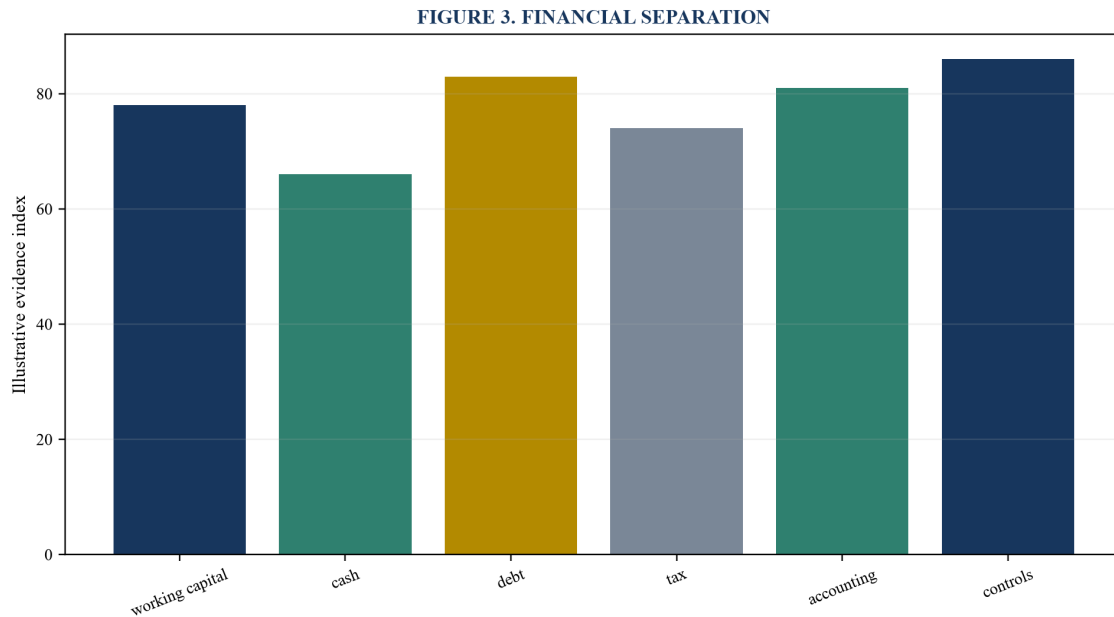
The decision pack for map controls should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

Table 3. Financial perimeter

Domain	Evidence	Reconciliation
working capital	balance ownership	closing mechanism
treasury	account and guarantee	cash control
tax	registration and attribute	separation leakage
accounting	ledger and policy	opening balance

Illustrative analytical design; company-specific evidence and professional advice govern.

Figure 3. Financial separation



Values are illustrative evidence indices and require company-specific support.

25. Map shared services

Identify finance, HR, IT, procurement, legal, facilities, data and operational dependencies.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a shared-service catalogue.

The principal failure occurs when allocated cost identifies the service dependency. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map shared services should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

26. Design transition services

Set service, volume, standard, data, security, price, exit, change and liability terms.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a TSA service schedule.

The principal failure occurs when a TSA is a general commitment to help. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for design transition services should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

27. Design reverse services

Identify buyer services needed by the retained group after close.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a reverse-TSA schedule.

The principal failure occurs when dependency runs only from buyer to seller. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for design reverse services should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

28. Map stranded cost

Identify retained people, contracts, systems, sites and overhead after separation.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a stranded-cost bridge.

The principal failure occurs when allocated cost disappears with the disposal. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map stranded cost should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

29. Build standalone cost

Model direct, replacement, duplicated, dis-synergy and transition costs.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a standalone cost model.

The principal failure occurs when historical segment cost equals buyer run rate. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for build standalone cost should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

30. Map consents

Identify counterparty, regulator, landlord, lender, employee and data approvals.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a consent critical-path.

The principal failure occurs when closing can precede non-critical consent without consequence. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for map consents should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

31. Define Day-One cutover

Sequence legal transfer, access, data, people, banking, systems, controls and communications.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a cutover runbook.

The principal failure occurs when completion mechanics equal operational readiness. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for define day-one cutover should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

32. Define fallback modes

Prepare manual, dual-run, delayed-transfer and temporary-service options.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a fallback operating model.

The principal failure occurs when the primary cutover plan will work as designed. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

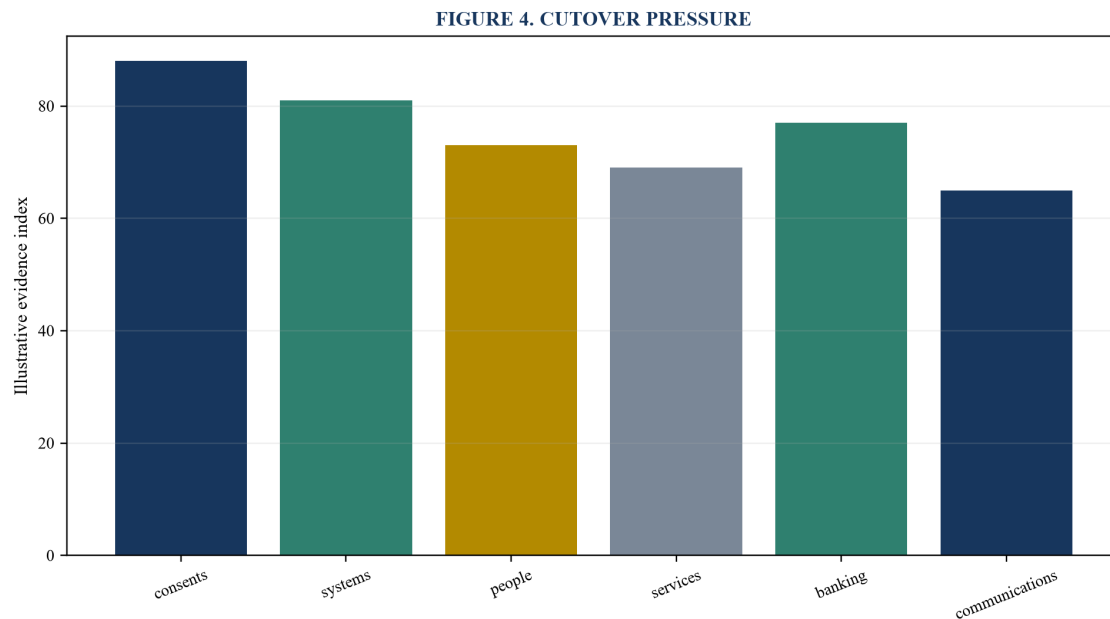
The decision pack for define fallback modes should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

Table 4. Cutover dependencies

Dependency	Primary path	Fallback
consent	pre-close approval	temporary arrangement
system	tested separation	dual run
people	confirmed transfer	surge support
service	standalone capability	bounded TSA

Illustrative analytical design; company-specific evidence and professional advice govern.

Figure 4. Cutover pressure



Values are illustrative evidence indices and require company-specific support.

33. Test operational completeness

Trace every customer promise through people, process, technology, data, contract and control.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is an operability trace.

The principal failure occurs when asset completeness proves service continuity. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for test operational completeness should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

34. Test financial completeness

Reconcile revenue, cost, working capital, cash, tax and opening balances.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a financial perimeter bridge.

The principal failure occurs when headline EBITDA reconciles the perimeter. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for test financial completeness should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

35. Test legal completeness

Reconcile title, authority, contracts, liabilities, permits, consents and remedies.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a legal completeness certificate.

The principal failure occurs when the purchase agreement cures missing rights. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for test legal completeness should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

36. Test control completeness

Validate access, segregation, approvals, monitoring, reporting and escalation.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a control readiness certificate.

The principal failure occurs when temporary processes can remain undocumented. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for test control completeness should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

37. Model perimeter scenarios

Stress delayed consent, missing asset, employee attrition, system failure and TSA extension.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a separation scenario model.

The principal failure occurs when perimeter gaps are independent. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for model perimeter scenarios should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

38. Price perimeter risk

Translate omissions, dependencies, stranded cost and delay into price, escrow, indemnity and TSA terms.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a perimeter value bridge.

The principal failure occurs when perimeter negotiation is separate from valuation. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for price perimeter risk should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

39. Govern changes

Control additions, exclusions, substitutions and discoveries through a single decision log.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a perimeter change protocol.

The principal failure occurs when the perimeter can evolve informally. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

The decision pack for govern changes should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

40. Certify Day One

Proceed only when the transferred business can operate, control cash, serve customers and meet obligations within approved dependencies.

The controlled record should identify the relevant customer, revenue stream, contract, cohort, relationship owner, commercial dependency, evidence source, baseline, trend, scenario, control, exception, accountable executive, deadline and approval. The immediate deliverable is a Day-One perimeter certificate.

The principal failure occurs when legal completion establishes operability. Reviewers should connect the evidence to revenue durability, gross margin, cash conversion, renewal probability, switching behaviour, counterparty credit and transaction value; distinguish contractual protection from observed customer behaviour; and test whether the conclusion survives a downside scenario.

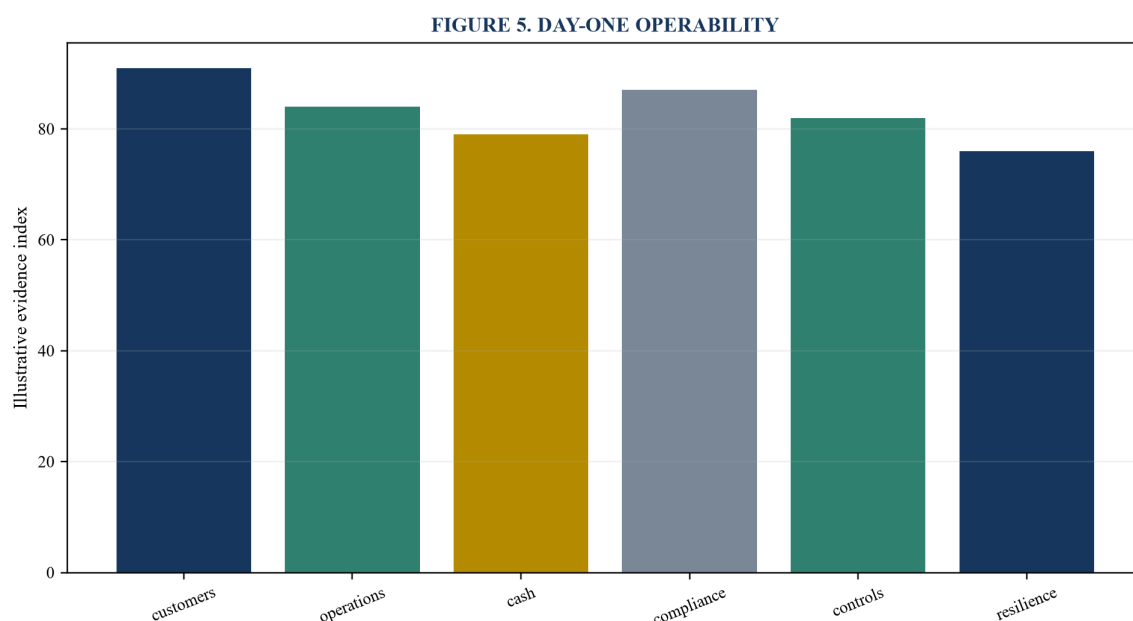
The decision pack for certify day one should state the commercial question, measurement perimeter, historical evidence, customer-specific facts, forecast logic, sensitivity, management action, buyer implication, residual uncertainty and next gate. Material exceptions should flow into the valuation model, quality-of-earnings work, diligence room, sale-process narrative, transaction protections and board reporting.

Table 5. Day-One certificate

Gate	Evidence	Owner
operability	end-to-end trace	business
financial	reconciled perimeter	finance
legal	rights and obligations	legal
control	tested access and reporting	risk

Illustrative analytical design; company-specific evidence and professional advice govern.

Figure 5. Day-One operability



Values are illustrative evidence indices and require company-specific support.

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