Purpose of TSAs

Divested business units often require TSAs in order to ensure business continuity

**Pre-Close (Current)**

- Service relationships exist between corporate functions and business units
- Divested business units must determine whether shared services should be discontinued, outsourced, replicated or transitioned to the buyer

**Post-Close (Divested)**

- TSA must be established whenever a service cannot be discontinued, outsourced, replicated or transitioned to buyer prior to transaction close
- TSAs should not be considered the default mechanism for business continuity
- TSAs should be exited as soon as practical
How are TSAs structured?

A TSA has two primary components – a legal agreement that governs the overall contractual provisions, and schedules outlining the scope, fees, durations, etc. for services.

Legal Agreement

- Legal agreements are written by the legal counsel, but should be reviewed by the support functions and lines of business.
- Legal agreements outline the "rules of the road" and contain information, such as:
  - General Legal Provisions
  - Dispute Resolution Process
  - Indemnification
  - Invoicing and Payment Terms
  - Confidentiality Provisions
  - Legal Obligations and Rights

Schedules

- Schedules are developed by the functions who are the beneficiary of the provided services.
- Schedules are the list of services to be delivered and contain the following information:
  - Service Name and Description
  - Service Provider / Recipient
  - Service Period
  - Service Levels
  - Key Metrics (e.g. hours, licenses, etc.)
  - Pricing of Services
  - Service Managers
  - Third Party Issues
  - Exit Plans (as applicable)