

Mergers & Acquisitions Due Diligence

Rapid Assessment of IT & Operational Risks

Edgewater Technology's Information Technology (IT) and operational due diligence process identifies hidden risks that can impact the valuation process and your ability to achieve the goals of the deal. We also identify opportunities for improvement and optimization initiatives that can accelerate value creation and cost savings after the deal closes.

The Challenges:

During most mergers and acquisitions, the buyer is constrained by:

- Limited time and resources to complete thorough due diligence, including technology and operations analysis;
- Due diligence that focuses on the organization's financial health and that may fail to uncover the hidden risks of:
 - Underlying flaws in the systems and data structure that feed financial reporting;
 - Outdated or under-documented custom technologies;
 - Nearly obsolete IT hardware and orphaned technology releases;
 - Unused capacity in the IT infrastructure (allowing for the possibility of consolidation to reduce costs);
 - Poor data quality;
 - An IT project portfolio that does not align with new goals for the merged organization; and
 - Poorly designed organizations and business processes that increase operating costs.

Our Focus:

- Pinpointing opportunities for savings and revenue growth within the operating infrastructure;
- Creating a unified, agile approach to integrating people + processes + data + technology;
- During due diligence, we add value by:
 - Identifying areas of risk that come off the bottom line of the acquisition price; and
 - Defining business process improvements that can drive value after the deal closes.

The Benefits:

Comprehensive IT and operational due diligence allows you to:

- Uncover key risk areas and quantify their impact on valuation;
- Gain additional leverage and savings from a standard operational infrastructure;
- Create a successful operating model that aligns with the goals of the deal;
- Craft preliminary cost models; and
- Estimate resources for integration and optimization.

Mergers & Acquisitions Services Group



Preliminary Due Diligence:

- Evaluate target organization for alignment with buyer's goals;
- Identify major roadblocks to achieving deal objectives; and
- Build formal due diligence plan.

Formal Due Diligence:

- Prepare detailed assessment;
- Document risk mitigation plan;
- Recommend business process improvements;
- Create a technology roadmap;
- Define integration and optimization strategies; and
- Determine project prioritization.

Business Consulting Services:

- Market Opportunity Assessment
- Organization Assessment
- Program Management Office

Technology Planning:

- Financial Data Quality Assessment
- Financial Dashboard Design
- Telecom Restructuring
- Technology Roadmap

Providing Value through Experience & Expertise

Edgewater's approach to value creation:

- We enable rapid value creation/optimization in our client's portfolio organizations by:
 - Isolating areas of risk before the deal closes through operational and IT due diligence;
 - Financial reporting assessment to validate that systems and data give investors and managers confidence in the financial data;
 - Enabling the biggest bang for the buck within 90 days of the integration;
 - Prioritizing tasks that align with the objectives of the deal;
 - Getting teams up and running, and reviewing organization, process, data, and infrastructure performance before the deal closes;
 - Providing interim Chief Information Officer and Chief Operating Officer services; and
 - Structuring and managing rapid optimization projects.

The Edgewater Advantage:

- We have a field-tested playbook that accelerates results
 - Successful in more than 200 Mergers and Acquisitions (M&A) projects.
- M&A teams with senior business and technology consultants:
 - Broad process and technology experience;
 - Insight into operational risks that can erode the value of a deal;
 - Proven performance under tight M&A timelines; and
 - Extensive experience migrating data and integrating applications, business processes and organizations.
- We find the hidden sources of revenue drag:
 - Have we conducted a sufficiently broad assessment?
 - Have we documented sufficient detail?
 - Have we documented factual evidence to back up our assessments and findings?



Due Diligence Questions to Consider:

- Have we identified and assessed the impact of all technology and operational risks?
- Do we have technology requirements that have not been addressed in the budget?
- Have we documented the details sufficiently?
- Have we conducted a broad assessment sufficiently?
- Have we documented factual evidence to support our assessments and findings?
- Have we clearly communicated expectations and risks?
- Have we considered what we need to sustain our organization?
- Have we created a go-to-market strategy?