



Success Story: Tech Firm Acquisition Due Diligence

Client Classification: Investment Group

Service Category: Business Acquisition, Integration, & Divestiture, Performance Management

Situation:

The client was interested in the purchase of a technology company with headquarters in Europe. This potential acquisition was targeted to be the European hub for the Clients business expansion plans. In addition to the standard financial due diligence required, the client desired an operational and profitability assessment to determine a fair market price.

Recommendations:

In preparation of our assessment, LoBue examined the following areas:

Organization and staffing.

- Staff skills and management process.
- Operations and data center.
- Products and systems.
- Clients and revenues.
- Contracts, licenses, and fee arrangements.
- Services and service level.
- Infrastructure logistics.

LoBue provided extensive business analysis outlining

- Market position and current and future market potential.
- The quality of products and services.
- Assessment of operations and management process.
- Detailed analysis of the sales process and pipeline potential.
- Reliability of the technology platform and enhancement plans.

While not specifically part of the contract focus LoBue uncovered critical Marketing, Sales, and Product deficiencies in the enterprise. Additionally, revenue was centered on 3 clients with no active pipeline for growth. This along with platform and productivity issues raised serious questions about the veracity of the acquisition.

Results:

Based on the LoBue assessment, the acquisition target price was modified to reflect risk in the sales and marketing functions and above average processing costs. Further review

OFFICE LOCATION

6550 SOUTH PECOS ROAD
SUITE 116
LAS VEGAS, NV 89120
UNITED STATES

P: 702.898.6940
F: 702.433.4021
E: INFO@LOBUE.COM

LOBUE.COM



and analysis of the client base and client on-boarding costs by our client caused them to accept our recommendation to abandoned the acquisition.