



Buy – Add - Integrate

CASE STUDY -PEMD2

Service:

Technology Advisory Service performing Independent Verification and Validation (IVV)

Client:

Private Equity Group (PEG)

Requirement:

Provide diligence on target buy-out candidate and review the integration of new product line with an existing portfolio company

Situation:

The client owned an existing entity experiencing declining market appeal for its product line. This was partially due to product capabilities as well as dated technology and deployment conditions. The PEG's strategy was to invest in multiple companies in the same or similar markets then create business combinations as appropriate. Client required technology diligence on the viability of acquiring the target company and establishing a plan to integrate other product lines as well as organizations while maintaining profitability.

Semaphore's Technology Advisory Practice was requested to perform IVV on the people, processes and technology of the currently owned entity, the target entity and make recommendations for a plan to integrate the technologies and organizations should the buy-out be realized.

Scope:

Staffing: 15 person days

Deliverable: A verbal presentation with follow up written findings in document form.

Discovery:

Semaphore began the engagement by reviewing the existing owned entity's product line. Semaphore determined that the existing product line did not have a sufficiently robust architecture to handle product additions to address targeted market needs. The current products were implemented with differing technologies that were loosely integrated. Their existing state did not allow for material improvements in functionality without a major re-architecture, redesign and reimplementation effort.

The product line of the buy-out candidate was then reviewed. This analysis indicated a solid, scalable architecture with consistent implementations and processes utilized. The feature set, although less than appropriate for future market, could be extended within the current framework.

Semaphore proposed that the buy-out candidate's architecture and development processes be the baseline for future product direction. Recommendations were made for the resulting engineering organization. A development plan was outlined that migrated product components and client deployments over an 18 month period, resulting in a feature superset satisfying existing customers and targeted prospects.

Outcome:

1. A buy-out was approved and completed.
2. The technology and organizational migration plan was adopted, augmented and initiated.
3. Follow up oversight was requested to ensure efficient implementation of recommendations contained in the migration plan



4. Semaphore also provided independent review and counsel on the integration activities of the follow-on business combination.