



Will “Peeling the Onion” Make You Cry? The GOOD NEWS...BAD NEWS

CASE STUDY –GEAL1

Service:

Technology Diligence - Limited Independent Verification and Validation

Client:

Well regarded Growth Equity firm

Requirement:

Perform a quick fact based, high-level assessment of the company’s architecture, processes, staffing and ability to support business strategies in the future.

Situation:

The investment firm was considering an investment in a software company that provided enterprise class software to an industrial transaction niche. They wanted a fast (and inexpensive) diligence review before they spent more time and effort on the potential control investment. At Semaphore we call this “Peeling the Onion” and in this case we were hired to unpeel the outer layers.

The application had been developed over 20 years however the number of clients were under 100. Many of the developers had no outside experience and there was little organizational structure. There are scores of modules...some of which have dependencies and some standalone.

Scope:

Staffing: 4 person days

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

Discovery:

Good News: The majority of developers have been with the company for 10 years

indicating a low turnover rate and happiness within the ranks.

Bad News: The concern is the lack of breadth of experience in the development world. The company appears to have grown to rely on the core of old-timers, becoming lax on producing documentation and training materials necessary to bring new personnel and potential customers up to speed on the product.

Good news: The long term familiarity of the product enables certain procedures embraced by development to work.

Bad news: That could be the source of development difficulty when the company begins to scale, as made necessary to justify the investment, and they hire strong outside personnel.

Good news: The database is solid.

Bad news: There is no data base administrator. A DBA will be needed sooner to ensure compatibility with modifications to the database, for performance issues, and to arbitrate how certain things should be done in the database.

Good news: Procedures are in place for gathering requirements from the field, including bugs and modifications. These procedures are supported by the central system.

Bad news: They appear to be reactionary and related short term to the next request or potential sale. There is no product management function that ties together the big picture for subsequent product releases. There is limited product evolution or vision.

Good news: All developers are familiar with the system.



Bad News: There are resource cost and management issues related to having to use development personnel for mods, QA, bug fixes and support.

Good News: The customers are domain experts.

Bad news: A significant amount of product set-up and customization is necessary requiring in efficient and time consuming interface between the internal consultants, subject matter experts and the engineering department.

Good News: They use basic code and have standardized the User Interface by adhering religiously to a common look and feel derived from panes and columns built into the code.

Bad News: The user interface and user experience is difficult to understand and navigate.

Outcome:

1. The deal was consummated.
2. Semaphore provided oversight during the first 100 days to help the organization implement solutions to the deficiencies noted.
3. Semaphore helped vet the hiring process to bring in new skills and management
4. Finally, Semaphore set up the process for evaluating new markets.