

# BEHIND THE SCENES OF A SUCCESSFUL DEAL

LEVERAGING TECHNOLOGY FOR SMOOTH-SAILING DUE DILIGENCE



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# INTRODUCTIONS



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# MEET PETE

- Director of Sales at ansarada
- Pete has advised on hundreds of deals during his career - everything from broad sell-side auction processes to billion dollar public offerings from companies like Google, VMware, Visa, Coca Cola, IBM, Goldman Sachs, Robert W Baird, KPMG, JP Morgan, and William Blair
- He has been in Financial Technology Software Sales for over 7 years
- After graduating from Michigan State's Eli Broad College of Business, Pete lived in South America working at a winery in Chile giving tours in English

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# WHO IS ANSARADA?

- Made by dealmakers, for deal makers
- Fastest growing virtual data room provider in the world
- Made for deals of all sizes — and all industries



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# WHY WE'RE HERE TODAY – TO TALK TECH

Specifically, how to leverage technology to ensure a successful due diligence process

We'll cover:

- The dark ages: How deals used to be done
- How due diligence impacts the outcome of a deal
- How tech can help achieve them
- Barriers to tech
- End result of introducing tech to the due diligence process

# THE DARK AGES: DEALS BEFORE TECH

# DUE DILIGENCE BEFORE TECH

Instead of a Virtual Data Room, due diligence processes took place in physical deal rooms

- All parties hop on a plane & travel to site
- Physical copies of sensitive financial and legal info
- Major time constraints due to onsite-only process

Overall, not a very efficient, cost effective, or secure way to do things

NOW WE HAVE THE  
TECHNOLOGY...  
BUT ARE WE USING IT?



# HOW TECH CAN HELP

Deals are a collection of small moments and details that all lead up to the sale

The right technology helps:

- Foster feelings of security
- Create competitive tension
- Keep Q&A organized and efficient
- Maintain confidentiality
- Confidence & Control



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# BARRIERS TO IMPLEMENTING TECH

- Putting a deal together on a time constraint
- Existing habits are hard to break
- Perception of high workload in establishing new approaches
- Client push-back

Sometimes you have to “pick your battles” with clients. Getting the right tech in place should be one of them.

Here’s why...



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## THE RIGHT TECH HELPS YOU:

- Control Risk
- Create Competitive Tension
- Maintain deal momentum
- Streamline Q&A

## WHICH CAN MEAN THE DIFFERENCE BETWEEN...

- A successful deal and pencils down
- A bidding war and crickets
- Dropping the ball in Q&A or wowing bidders with your lightning-fast responses

“

QUESTION:

How many of you have ever had a horrible  
Due Diligence experience?

What was the worst part about it?

”

# PREPARING FOR THE DEAL

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Deal prep can take up to 15 months or 75% of the total deal timeline. But many companies underestimate the amount of time needed, leading to...

- A disorganized process (Bidders can feel it)
- Draining resources from day-to-day operations (Business suffers)
- Missed opportunities and rough sailing throughout the deal

# LET'S AVOID THAT

WITH SOME DEAL PREP POINTERS



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REMEMBER

HIGH QUALITY DUE DILIGENCE PROCESS



LOWER UNCERTAINTY



HIGHER BIDS



# DEAL PREP MUST #1

Identify all of the right documents & get them to the data room

## COMMON MISTAKE:

Late preparation results in missing or low-quality information

## AVOID IT BY:

Starting early and using a Due Diligence Checklist\* as a guide

\*We can send you one



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# DEAL PREP MUST #2

Make sure the deal's folder structure is easy for bidders to navigate

COMMON MISTAKE:

Setting up a structure that is only familiar to the seller

AVOID IT BY:

Using a common folder structure that bidders will be familiar with



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# DEAL PREP MUST #3

Make sure team members know their Q&A responsibilities

COMMON MISTAKE:

Forget about this until Q&A goes live (and then scramble to not drop the ball)

AVOID IT BY:

Assign roles in advance and conducting test-runs with dummy questions

IF YOU WOULD LIKE A  
SAMPLE CHECK LIST OR  
FOLDER STRUCTURE, PLEASE  
REACH OUT TO MYSELF AFTER  
THE WEBINAR

REMEMBER:

ALL THE TECH IN THE WORLD CAN'T  
HELP YOU IF AREN'T PREPARED TO BEGIN WITH

# CONTROLLING RISK



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# CONTROLLING RISK

Many things can and do go wrong on a deal – a VDR can help mitigate some of that risk

- Always make sure Q&A goes through the data room
  - Email is a liability
- Discuss document security requirements, and use the tools provided by your data room to implement them
- Make sure your security policy travels with documents
  - Example: Ability to destroy documents remotely



# RISK CONTROL CHALLENGE #1

## Information leaking out of the system

- Data rooms are safe by default — their entire purpose is to keep information secure
- Unlike emailing documents or sharing in multi-purpose drop boxes



# RISK CONTROL CHALLENGE #2

## Deal participants leaking information post a deal

- Virtual Data Rooms give documents portable security policies
- Example: Expiring document access to secure even downloaded content post-deal

# RISK CONTROL CHALLENGE #3

Bidders gaining access to commercially sensitive information too early

- Virtual Data Rooms are designed to provide highly tailored document access
- And confidence that bidders can only see stage-appropriate documents

# RISK CONTROL CHALLENGE #4

Process timeline being impacted by security and system access issues

- VDRs have strict protocols for security and recover
- You'll also want to be sure that their support takes your due diligence as seriously as you do, so you're never held up by system access or any other hiccups along the way

# COMPETITIVE TENSION

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It can help:

- Keep deal momentum going
- Keep interest from petering out
- Result in better offers

# COMPETITIVE TENSION

GREATER NUMBER OF PARTIES VIEWING THE DATA ROOM



HIGHER COMPETITIVE TENSION



MORE BIDS & HIGHER BIDS

# COMPETITIVE TENSION – WHAT YOU NEED

Early identification of bidders who are conducting low quality due diligence

Your data room has your back with reporting that gives you real time bidder insight



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# COMPETITIVE TENSION – WHAT YOU NEED

A process that ensures no one gains an unfair advantage over the rest of the field

Your data room has your back by automatically disclosing answers to all bidder groups.



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# COMPETITIVE TENSION – WHAT YOU NEED

To leverage competitive tension to enhance non-price terms

Your data room has your back when you use it to facilitate deal term negotiation before final round bids.

# STREAMLINED Q&A

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Managing Q&A is one of the biggest “missed opportunities” — both for deals using a data room and those without.

Without a data room, Q&A is a tedious process with a high risk for human error:

- Email and Excel to track and submit Q&A
  - Not secure — potential source of liability
  - Hugely time consuming
  - Doesn't contribute to competitive tension

# Q&A CHALLENGE: KEEPING TRACK OF QUESTIONS

## With Excel:

Relies on obsessively checking emails to ensure nothing is missed

## With a Virtual Data Room:

Once the bidder hits SUBMIT on their question, it's automatically logged and nothing can be lost

# Q&A CHALLENGE: REAL TIME REPORTING ON PROGRESS

## With Excel:

Real-time reporting? You can try, but you'll be glued to a spreadsheet until DD is over.

Requires a robust excel report set-up plus manual entry of latest inputs as soon as they come up

## With a Virtual Data Room:

Real-time accurate reporting functionality is automatically built-in

No manual entry, just accurate, real-time reporting

# Q&A CHALLENGE: RESTRICTING QUESTION QUANTITY

## With Excel:

Manually monitor number of questions submitted and actively reply to bidders to inform them if any are rejected

## With a virtual data room:

System can automatically limit the number of questions that each bidder can enter

# RESULTS

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Deals that have successfully Controlled Risk, leveraged Competitive Tension, and conducted an organized, professional Q&A process tend to have:

- Higher Success Rate
- Higher Number of Bids
- Higher Sales Prices

And that's why the right tech is “a battle worth picking”





# QUESTIONS?

# HOW TO REACH PETE

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