

Case Study

M&A IT Due Diligence Empowers a Printing Company to Achieve 30% Faster IT Integration and Reduce Risk by 50%



Customer Overview

Customer

A leading provider of barcode scanning and printing products and solutions

Profile

The client helps customers increase efficiency and reduce costs by implementing fast and accurate electronic information flow solutions

Industry

Scanning and Printing

Services

M&A IT Due Diligence

Business Need

The client was pursuing a strategic acquisition of a supply chain consulting and systems integration firm with approximately 30 employees and \$25 million in revenue. Focused on delivering operational and technical solutions with enterprise services, this consulting company provides Warehouse Consulting, Warehouse Management, and Managed Services to a major third-party logistics firm and its clients. It has 1 primary warehouse/office facility and 1 small satellite office.

To streamline the acquisition, the client was seeking assistance with M&A Due Diligence and Integration Planning. Due to a tight timeframe, the priority was to perform Due Diligence to support proceeding to a Letter of Intent (LOI) with the seller. This needed to include the assembly of required information, development of the risk profile and acquisition readiness, and an integration plan along with requirements for the Transition Services Agreement (TSA) period.

The main objectives of this M&A engagement included:

- Capture identified synergy opportunities between entities.
- Ensure comprehensive and value-added input into contract terms, recommended reps and warranties, and TSA.
- Identify, mitigate, and/or remediate critical security, infrastructure, organizational, and other risks, including the complexity associated with possibly consolidating multiple ERPs into the client's NetSuite ERP system.
- Accelerate time to value realization and creation.

Approach and Solution

Any M&A requires a very thoughtful and pragmatic approach by the buyer to achieve rational and strategic objectives of the transaction and stay protected from unknown risks, issues, and liabilities. Before committing, the client wanted to have clarity on the supply chain organization it was acquiring and the obligations it was assuming, including the nature and extent of the target company's contingent liabilities, problematic contracts, litigation risks, intellectual property issues, and much more.

Initial Assessment

Synoptek took a pragmatic approach to supporting successful M&A activities across the complete lifecycle of the transaction from Due Diligence to Post Merger Integration. Our structured engagement ensures the buyer is well informed and supported with appropriate information to make Go/No-Go decisions and/or negotiate terms, conditions, and transition services.

We spent substantial time understanding the vision, rationale, and strategic objectives of the transaction while identifying specific synergies that will drive subsequent phases of the process. Our approach serves as the foundation for making solid business decisions, creating realistic expectations, and ultimately, developing the plan to drive value realization and creation. Via several video discussions, virtual interviews, and data capture workshops, we conducted a thorough review of the People, Processes, and Technology at the acquired company.

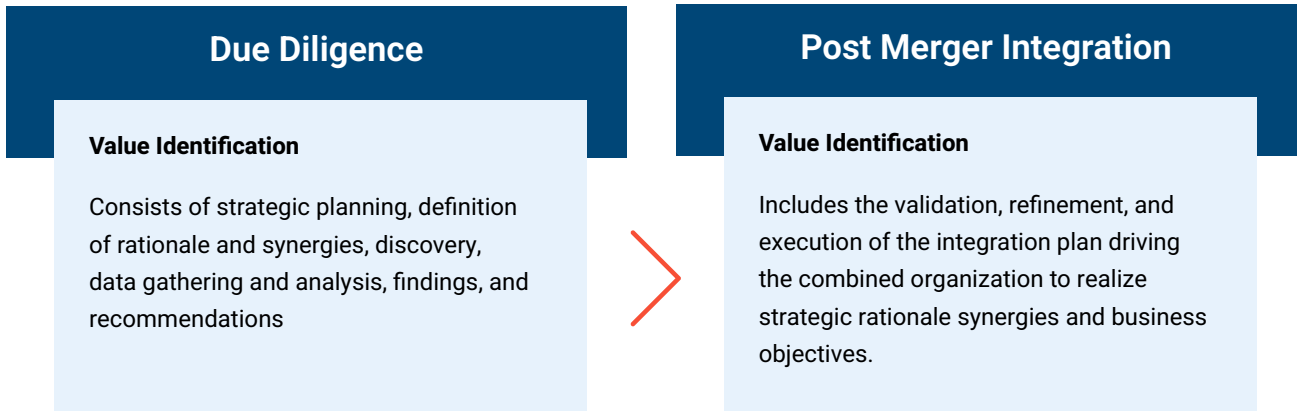
Team Creation

We employed the best and brightest people to serve the client. Using a rigorous recruiting process, we evaluated candidates not only on their technical skills, but also considered their communication skills, interpersonal skills, and ability to manage relationships with the client, so they can offer the highest level of service.

Lead Consultant	Business Analyst(s)	Enterprise Architect
- Provides strategic guidance and direction to the overall M&A due diligence process. - Enables sound governance and program management. - Organizes work plan, resources, and deliverables. - Inputs, reviews, and validates reps and warranties and the Transition Services Agreement.	- Assesses business processes, applications, and IT organization across buyer and target organizations. - Develops future state vision for business applications environment, working closely with the ERP consultant to roadmap key initiatives across the combined business. - Calculates one-time implementation, licensing, and sustainment costs.	- Assesses IT infrastructure systems, network, and security footprint to identify risks, issues, vulnerabilities, opportunities, and synergies. - Develops a future state vision of the IT infrastructure, including options, recommendations, and a roadmap to achieve objectives. - Provides inputs for the development of IT pro forma.

Phased Consulting

Synoptek's due diligence process consists of 2 primary stages: Due Diligence and Post Merger Integration. These stages consist of activities that ensure the original objectives of the acquisition are met and that decisions do not conflict with those objectives during the post-merger integration.



As part of the 6-week M&A Due Diligence engagement, we:

- Conducted a complete review of the current state of IT infrastructure, including applications, systems, network, security, operational support etc.
- Identified gaps and risks in current and future needs and analyzed how the current state maps back to business objectives, acquisition rationale, synergies, and IT best practices.
- Highlighted issues and opportunities during the review process, including material weaknesses in the technical platform.
- Provided recommendations on how to strategically leverage technology going forward and gave special attention to the consolidation of multiple ERPs along with security and risk mitigation.
- Identified and prioritized significant initiatives to further drive towards the vision – to a conceptual future state.
- Developed a post-merger integration plan, with key elements such as a strategic IT roadmap and going forward IT organization and governance model.



Business Benefits

To ensure a material return on investment for M&A-related services, Synoptek relied on a business and operations-driven M&A due diligence and post-merger integration planning methodology that ensured 100% alignment with the strategic rationale, synergies, goals, and objectives of the acquisition. With our due diligence support, the client could:

- Get a solid understanding of the current state of the target business and post-merger integration plan.
- Achieve 30% faster integration of IT operations while reducing integration risk by 50%.
- Successfully identify opportunities for greater success, synergy, and faster time to value while bringing down the cost of technology integration by 20-30%.
- Address primary M&A objectives and realize its vision and goals with a high degree of effectiveness and efficiency.
- Uncover key insights and valuable information for contracts and negotiations, while reducing licensing costs by \$10-20K.
- Get access to a detailed review document of the target organization's existing technology infrastructure, applications, security footprint, and participation in the development of contractual agreements.
- Chart a strategic path that addresses immediate IT gaps and sets a foundation for sustainable growth.
- Receive critical technology recommendations such as establishing IT policies, fortifying cyber defenses, and implementing a formalized disaster recovery plan.
- Improve cybersecurity posture through effective and timely cybersecurity due diligence.



30%

Faster IT operations integration



Reducing risk by almost 50%



20-30%

Cost reduction in technology integration



\$10-20K

Savings in licensing costs for contracts and negotiations

About Synoptek

Synoptek delivers accelerated business results through advisory-led, transformative full-life-cycle systems integration and managed services. We partner with organizations worldwide to help them navigate the ever-changing business and technology landscape, build solid foundations for their business, and achieve their business goals.