



Vendor Due Diligence

Vendor due diligence

Vendor due diligence has become a highly valued component in the M&A process. An in-depth report from an independent and trusted provider can both instil confidence in potential buyers and increase deal value.

- ✓ Maximise transaction value
- ✓ Minimise buyer diligence requests
- ✓ Reduces vendor management efforts
- ✓ Shortens transaction timeframe

Why vendor due diligence?

If you're considering selling or carving out a portion of your business, or you're a private equity firm selling off a portfolio company, the process of setting up an auction and attracting multiple, quality bids can be complex, time consuming and expensive.

In any transaction, due diligence is a must. Yet relying solely on buyer due diligence, and going through an exhaustive meeting and information request process for

perhaps 10 or more different bidders is an exercise in redundancy, using valuable resources and unnecessarily extending the deal timeframe.

Vendor due diligence gives you first knowledge, control of information dissemination and the ability to identify, address and comment on risk areas before a buyer raises them.

Options available

1. Full diligence report and SPA-related advisory services. ✓
2. A detailed Data book (without commentary) buyers need to do their own analysis based on their own transaction goals and requirements. ✓
3. Process support where we help you execute the process, such as managing data and helping respond to bidder requests. ✓



Success Factors

- **Clarity of scoping**
A clearly defined scope that meets requirements of a potential investors.
- **Access to good quality and consistent data**
Good quality and consistent data is essential to the production of a high quality report.
- **Clarity of responsibility**
We will ensure that we make clear to management what is required from them and work closely with them throughout.
- **On-going communication**
On-going and clear communication with management.
- **Early identification of key risk areas**
Ensures the report is fit for purpose, covering all areas of interest.



Pitfalls

- **Inadequate scoping**
A scope that does not meet the needs of prospective purchasers/ investors.
- **Data quality issues**
Information is not sufficiently detailed and inconsistent among companies/business units.
- **Lack of access to management**
Lack of clarity regarding responsibilities and a lack of ownership.
- **Execution slippage**
Unrealistic timeframes and significant execution slippage.
- **Report not fit for purpose**
A VDD report that is purely factual without presenting an informed, independent opinion on key value drivers and investment issues.

Deloitte Financial Advisory can help

By providing prospective buyers with the key financial insights they need, you can vastly reduce the work outlay on your end. Buyers will still conduct their own due diligence, but with a vendor due diligence report from Deloitte Financial Advisory, they can start by leveraging core information from a trusted source. Their own process can then be streamlined to confirming numbers and focusing on information specific to their own business (e.g., funding structure, integration and synergies, etc.)

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