IT Due Diligence & Value Creation Service

Panamoure

Contents

Our Due Diligence & Value Creation Service

Comprehensive IT due diligence work does not just help mitigate risk and address inevitable gaps in value perception between buyers and sellers. It also affords opportunity for private equity investors to identify additional levers to help drive new portfolio company growth that drive 100-day plans and longer term digital value creation initiatives.

Private equity stakeholders and their portfolio management / value creation teams need to further accelerate growth and profitability while navigating the rapid changes in consumer behaviour and disruption to business models initially triggered by the Covid-19 pandemic and further challenged by the current economic environment.

Our private equity expertise alongside our 'digital by default' value creation methodology support the development of accelerators during the due diligence process. This allows the target to embark on the value creation journey through and after the execution of the 100-day plan. We can acquire valuable information assets and prepare the target's senior management team for organisational change; whilst fostering alignment to the private equity investment hypothesis and IM's ambition.

This can be done without overwhelming the target's management team and with the minimal of disruption to the target's business.

Our Due Diligence Scope

PILLAR ONE

THE CURRENT IT STATE

An assessment of the people, processes, systems & technologies being used to support business strategy within the IM

- ✓ **Key Value Chain Systems & Supporting Business Applications**
- ✓ **Technology Layers & Hosted Infrastructure**
- ✓ **IT Organisation / People & Leadership capability**
- ✓ **Key IT Supplier Review**

PILLAR TWO

PLATFORM SCALABILITY

A review of the scalability of the technology platforms and readiness for future busines growth

- ✓ **Growth Scenarios Review (supporting & value chain platforms)**
- ✓ **Scalability / Reliability of the Technology Stack**
- ✓ **Corrective Actions review**
- ✓ **Scalable Platform(s) Development**

PILLAR THREE

PLATFORM RISKS

An understanding of the risks and opportunities for the business in the event of a critical failure.

- ✓ **Disaster recovery planning (value chain systems and supporting platforms)**
- ✓ **Recovery Initiatives**
- ✓ **Risks & Impact Analysis**
- ✓ **Key Personnel / Supplier dependencies**

PILLAR FOUR

PLATFORM COSTS

An assessment cost profile for IT and the business investment (Capex / Opex)

- ✓ **IT Expenditure Review (Capex / Opex)**
- ✓ **Insource / Outsource headcount assessment**
- ✓ **Opportunity for cost saving / revenue enhancement rationalisation**

PILLAR FIVE

COMPLIANCE

A review of IT's compliance to licencing and industry standards (where applicable) ITIL, Development Std's, Certs etc.

- ✓ **Industry Certifications / Licensing**
- ✓ **Industry Standards approach**
- ✓ ***Open-Source review***
- ✓ ***Black Duck Audit***

UPDATED 08-08-23

* Optional items that may incur additional cost

Our Due Diligence Scope

PILLAR SIX	PILLAR SEVEN	PILLAR EIGHT	PILLAR NINE
DIGITAL MARKETING	**DIGITAL CAPABILITY**	**DIGITAL SECURITY**	**VALUE CREATION**

PILLAR SIX — DIGITAL MARKETING

An assessment of the digital tools and strategies the business exploits to grow its business.

✓ **Digital Platforms**

- Mapping the digital channels owned by the business inc. websites, microsites, the use of social media and CRM systems.

- UX/UI review for customer facing systems.

✓ **Digital Marketing**

- Understanding of the ROI and cost effectiveness of the existing marketing strategy and the use of digital.

✓ **Data Strategy**

- The use of data to acquire and retain customers.

- The use of data to measure and manage business KPI's across the digital channels.

PILLAR SEVEN — DIGITAL CAPABILITY

A review of the internal business assets (people, process) available to drive Pillar Six.

✓ **Customer Strategy**

- A review of the customer-facing people, processes and digital systems vs Pillar One ambitions –includes a quality assessment of the digital skillsets of the support systems and supporting 3rd party suppliers.

- A look at B2B and B2C toolsets for customers that enable or promote self-service.

- Review of the customer feedback 'scoring' of the business services.

- Customer support and "excellence" review

✓ **Market Strategy**

- A look at whether the business is a 'leader or follower' in digital services with its market & competitive sector including the use of disruptive technologies

PILLAR EIGHT — DIGITAL SECURITY

A detailed analysis of the digital threat landscape and the levels of protections in place to avoid data and system loss.

✓ **Cyber Security**

- A compliance-based review of the policies, security procedures and systems for PCI, ISO27001, GDPR and Cyber Essentials.

- A look at the individuals and technologies responsible for protecting against data and systems breeches.

- *On request: A full penetration test of the business' technology stack with output- based recommendations.

✓ **Digital Technologies**

- A look at whether the business is a 'leader or follower' in digital services with its market & competitive sector including the use of disruptive technologies – includes a high level product strategy roadmap review.

✓ **Technology Stack**

- Assessing whether the target has a robust and scalable set of technologies, checking obsolete and systems constraints plus security.
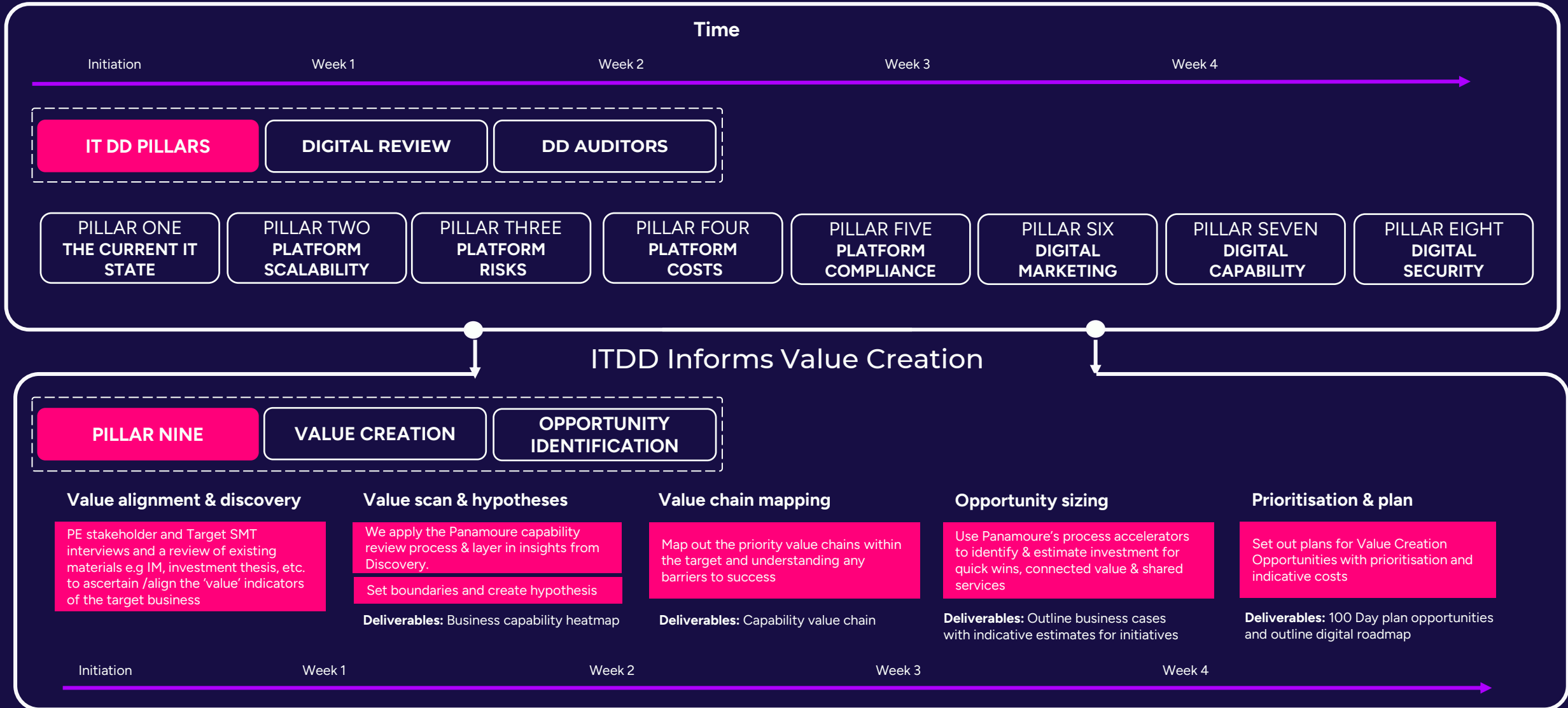
PILLAR NINE — VALUE CREATION

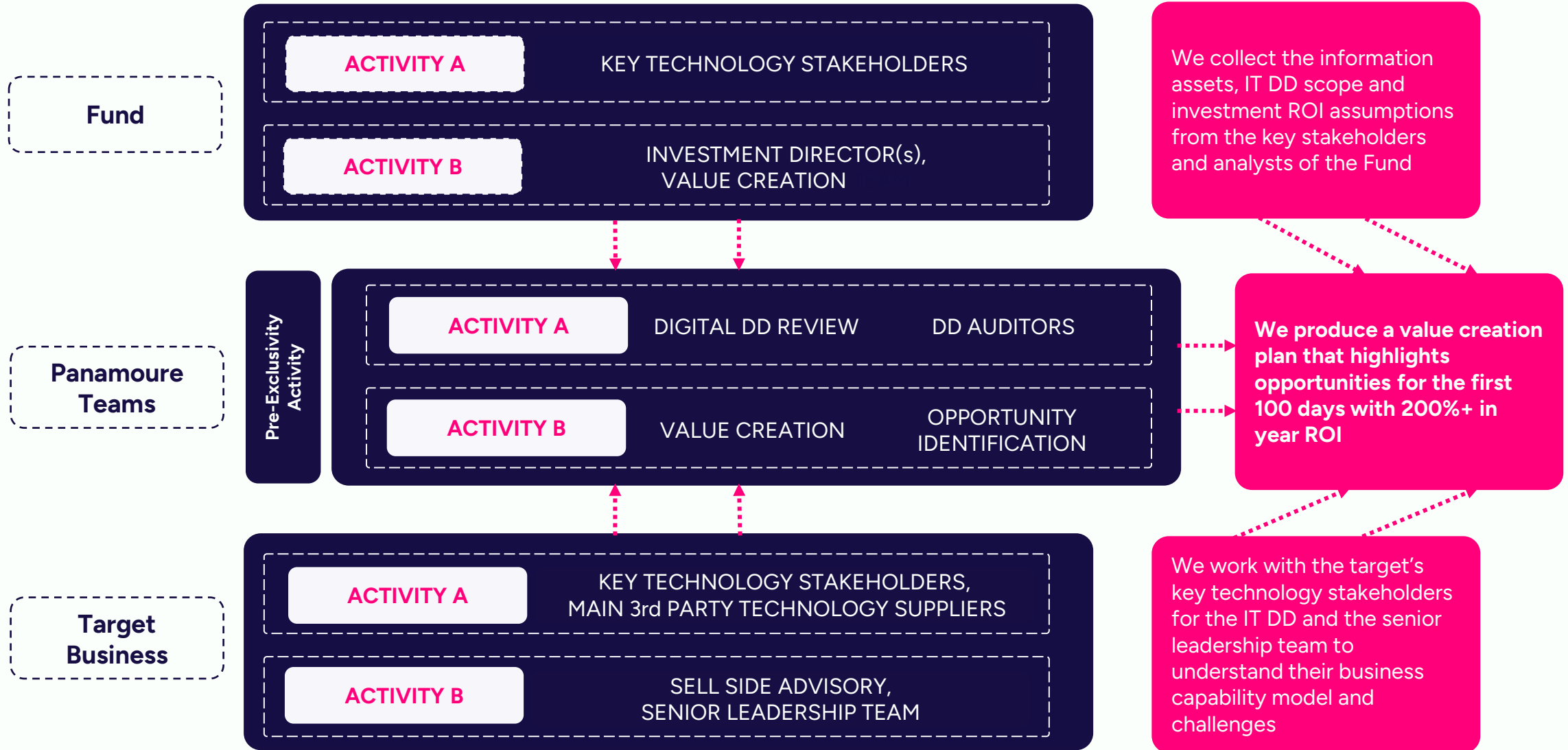*Identifying digital value creation opportunities that align with PE Investment thesis.*

✓ **Value Alignment**

- A review of the IM and PE stakeholder analysis of the growth ambitions of the target

- Aligning the target's business model against established Industry Reference Architectures to identify the gaps in the target's capability model and value chain

✓ **Opportunity Identification**

- Interviews with target stakeholders to assess their digital capabilities set against industry standards & Panamoure's "Digital by Default" framework. This includes identifying opportunities to use AI, Automation or SaaS services for value creation and/or value protection.

✓ **Opportunity Planning (100 Day Plan)**

- Highlighting quick wins for immediate (100 day) value realisation.
Setting out a high level value creation roadmap with indicative investment requirements.

UPDATED 08-08-23

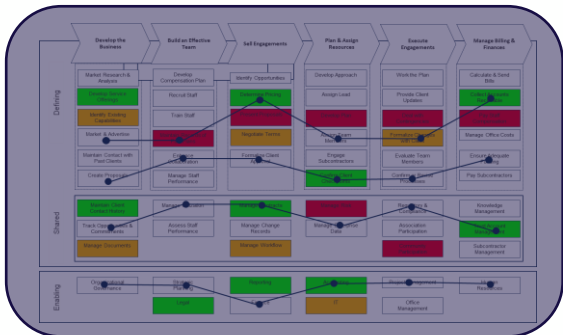# Due Diligence Informing Value Creation

Time

Initiation — Week 1 — Week 2 — Week 3 — Week 4

IT DD PILLARS | **DIGITAL REVIEW** | **DD AUDITORS**

| PILLAR ONE **THE CURRENT IT STATE** | PILLAR TWO **PLATFORM SCALABILITY** | PILLAR THREE **PLATFORM RISKS** | PILLAR FOUR **PLATFORM COSTS** | PILLAR FIVE **PLATFORM COMPLIANCE** | PILLAR SIX **DIGITAL MARKETING** | PILLAR SEVEN **DIGITAL CAPABILITY** | PILLAR EIGHT **DIGITAL SECURITY** |

ITDD Informs Value Creation

PILLAR NINE | **VALUE CREATION** | **OPPORTUNITY IDENTIFICATION**

Value alignment & discovery

PE stakeholder and Target SMT interviews and a review of existing materials e.g IM, investment thesis, etc. to ascertain /align the 'value' indicators of the target business

Value scan & hypotheses

We apply the Panamoure capability review process & layer in insights from Discovery.

Set boundaries and create hypothesis

Deliverables: Business capability heatmap

Value chain mapping

Map out the priority value chains within the target and understanding any barriers to success

Deliverables: Capability value chain

Opportunity sizing

Use Panamoure's process accelerators to identify & estimate investment for quick wins, connected value & shared services

Deliverables: Outline business cases with indicative estimates for initiatives

Prioritisation & plan

Set out plans for Value Creation Opportunities with prioritisation and indicative costs

Deliverables: 100 Day plan opportunities and outline digital roadmap

Initiation — Week 1 — Week 2 — Week 3 — Week 4

Linking Due Diligence and Value Creation

Panamoure

Fund

| ACTIVITY A | KEY TECHNOLOGY STAKEHOLDERS |
| ACTIVITY B | INVESTMENT DIRECTOR(s), VALUE CREATION |

We collect the information assets, IT DD scope and investment ROI assumptions from the key stakeholders and analysts of the Fund

Panamoure Teams

Pre-Exclusivity Activity

| ACTIVITY A | DIGITAL DD REVIEW | DD AUDITORS |
| ACTIVITY B | VALUE CREATION | OPPORTUNITY IDENTIFICATION |

We produce a value creation plan that highlights opportunities for the first 100 days with 200%+ in year ROI

Target Business

| ACTIVITY A | KEY TECHNOLOGY STAKEHOLDERS, MAIN 3rd PARTY TECHNOLOGY SUPPLIERS |
| ACTIVITY B | SELL SIDE ADVISORY, SENIOR LEADERSHIP TEAM |

We work with the target's key technology stakeholders for the IT DD and the senior leadership team to understand their business capability model and challenges

Targeting "Digital by Default" & in year ROI > 200%

The Panamoure method is built on customising our industry standard capability models for each client, identifying the value chains in the business and building the case for change that is bespoke for every firm.

The Panamoure Approach

1. Digital value scan	2. Digital value chains	3. Digital by default roadmap
We heatmap each client's existing capabilities and quickly determine where risk & opportunities lie using our due diligence expertise.	We link capabilities along value chains and/or customer journeys to determine the best digital levers for **VALUE CREATION**	We develop the individual business cases and combined roadmap to target digital by default.
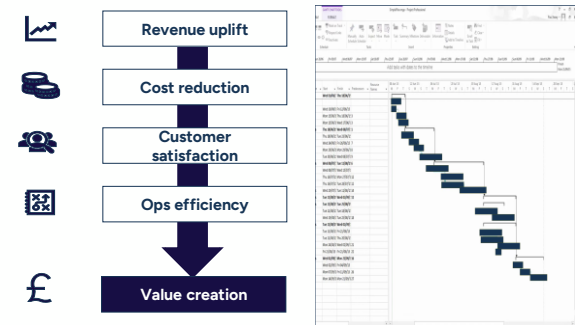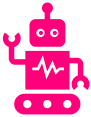
Bring your people on the journey to minimise consulting spend

Thank you!

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