



Forensic Technology

Providing sell-side due diligence for the sale of a technology division



Client challenge

Our client was looking to carve-out and sell a strategic business unit from its defence and security group, which provided technology solutions to global customers, including national and international law enforcement agencies. The client engaged KPMG to perform technology and separation sell-side due diligence to help identify any potential technology gaps or separation dependencies on the wider client group.

Our approach

We worked collaboratively to deliver a suite of finance, tax and technology sell-side due diligence services. Our technology scope covered typical technology due diligence areas, including strategy and roadmap, product development and deployment, operational and back-office systems, people and suppliers, infrastructure and disaster recovery, security, technology costs and the separation dependencies.

As the target entity's technology operations included a product technology team and a corporate technology team (internal IT), we also focused on the software development lifecycle related to the proprietary software solutions supporting the technology.

Our team visited the target entity's head office and manufacturing location for meetings with the product and corporate technology leads to accelerate the discovery process. We also performed detailed documentation reviews and held remote discussions with the CFO, CTO, IT Director and Finance Director to fully understand the agreed scope.

We reviewed the core product ecosystem, including the hardware and software technology, the key features and releases planned for the next three years to analyse the practices followed and assess them against industry best practices.

In addition, we evaluated the target entity's level of dependency on the parent for technology services and the time, effort and cost that would be required to make the target a standalone business.

Benefits for the client

We provided an independent summary and review of the target entity's technology operating model for prospective purchasers across the scope areas, using our technology due diligence expertise and sector knowledge. By performing several rounds of factual accuracy checks, we were able to provide an accurate, balanced and high-quality report for bidders.

Key areas of our report included commentary on the product development roadmap and the migration of the proprietary software to the cloud to drive the scalability of the platform. As part of our assessment of the appropriateness of technology expenditure, we noted that while technology costs were at the upper end of industry benchmarks, this suggested a well-invested IT landscape, as evidenced by recent projects already delivered to modernise and maintain the technology environment.

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