

Case study: Oakley Capital Ltd

Operational, Technical and Market due diligence for a potential acquisition in the Telecoms market

The challenge:

A group of Private Equity investors was considering the acquisition of a Central European network infrastructure provider. The company's network covered a wide area in Central, Eastern and Southern Europe. Clevercoms was asked to carry out operational, technical and market due diligence prior to acquisition.

The process:

The team attempted to establish whether the company was adequately positioned to take advantage of industry trends and keep up with industry developments. Its potential for growth was also evaluated. The following areas were thoroughly examined:

- Network and operations
- The customer list
- Service level agreements and contracts
- Nine of the twelve geographic markets covered by the network.

The Clevercoms approach:

Our aim was to look beyond the historical profit and loss and balance sheet figures and examine the capabilities of the business and assess its ability to create customer value and provide sustainable commercial advantage. Our research comprised:

- A review of specialist research both commercial and academic, competitor information and economic data.
- Discussions with company personnel where possible.
- The company's own records and data sources as available.

Our analysts and technical specialists addressed the following key questions:

Market due diligence

What is the target company's strategy and proposition?

What is its market position and share?

How tough is competition in each of its geographic markets?

How does the company compare with its competitors?

What are the market dynamics, size, trends and structure?

What are the growth opportunities?

How do they differentiate themselves and is it sustainable?

Who are their customers, where are they located and what do they buy?

Operational and technical due diligence

How competitive are the core products and services?

How effective are the core business processes and operations?

What is the network coverage and what does it consist of?

What is the technology used and is it capable of handling the services demanded by the market?

What are the operations and support capability of the network?

Is the network infrastructure capable of supporting new services?

Does the team have adequate technical skills to support growth and development?
What operational and technical improvements are required to ensure competitiveness and growth?
What are the cost implications?
How effective is the management team?

The result:

Based on the results of our investigations, our client was better equipped to determine if the potential acquisition would result in long-term benefits for the investors involved. The assignment was completed within one month of our appointment.

“Finding advisers with a good knowledge of the sector with flexibility and the ability to adhere to our timetable was critical. Clevercoms fitted the bill perfectly.”

Mark Joseph, Partner, Oakley Capital Limited

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