M&A Tech Due Dilligence Report for Widgets Ltd and Acme Inc

Prepared date   2/29/2024

Goals

* G1: Complete integration of the Anvil unit product and customers into Widget's roadrunner business
* G2: Consolidate and reduce operational expenses by 10% over the next 5 years

Criteria

M&A Goals
Culture
Architectural
Intellectual Property
IT Operations
External Factors & Dependencies
Security Risks & Compliance
Projects In-flight

Details

M&A Type	Partial Acquisition
Deal Summary	Acquiring business unit of Acme Inc
Est Announce Date	3/15/2024
Est Close Date	6/30/2024

Identified Risks

Category	Component	Severity	Issue	Impact	Remediation Options	Timeline	Actions	Implications	Estimated Costs
Architectural	Database	High	Current DB implementation cannot scale to include new LOB	* G1: Must incorporate data to fully incorporate business data * G1: Negative customer experience	Keep Anvil data in its own database	Up to 6 months	Migrate data to its own DB, and create service to act as interface for the data	Will require development of new component	Licensing costs and support for DB and ancillary services
					Re-tune database configuration	Several weeks	Tune current Oracle database (and underying system) to support new datadata	Requires specific expertise and possible downtime as DB is reconfigured	External consultant specializing in Oracle DB and support of operations team
External Factors	CRM	Medium	Anvil CRM Licensing does not support interim operation	* G2: Substantial increase in annual fees for new licenses	Utilize Widget's CRM and migrate Anvil data to it	Couple of weeks	Build and migrate data	Complications during development and migration of data	Roughly $100k for migration work
					Pay the license fee	Couple of weeks	Pay the licensing fees	Budget	$3m per year
Cultural	Widgets Ltd. Operations	Low	Staff have a "superhero" culture where select individuals are involved in all phases of a project	Implementation timeframes and incident response (impacting both goals)	Bring in a counterpart from Acme to assist with integration efforts	3 months	Bring in Acme engineer to work with the high performing individuals to cross-train	Cultural mismatch between the organizations	Either loan or hiring a senior engineer from Anvil
					Bring in consulting firm specializing in specific DB and cloud integration issues that fall outside the expertise of the Widget's individual contributors	6 months	Bring in consulting firm to assist with integration and then transition to Widgets Inc.	Improper transition or extension of timeline to compensate for knowledge gap	Roughly $150k for resource from consulting firm for 6 months