

# IT Due Diligence Services

Mergers and acquisitions (M&A) activity in the Asia Pacific region is increasing. However, the risk that deals fail to enhance overall business value remains one of the main concerns for company directors and shareholders.

The M&A environment has changed significantly in recent years. With a more competitive market, higher premiums are being paid, creating additional challenges for CEOs and CFOs in the run-up to deal closure, and having a knock-on effect post-completion. The complex and dynamic nature of integrated (or, indeed, disparate) management information systems creates a significant risk to commercial deals. This risk increases significantly with IT and business process outsourcing, and can impact both deal price and post-deal strategies.

## KPMG services

Our IT and Transaction Services professionals assist organisations in adding value across the transaction life cycle:

- Strategy or deal origination
- Deal execution and assessment
- Implementation
- Post-implementation

## Pre-Deal IT performance improvement

We can assist clients in developing their approach to IT governance and identify IT performance improvement areas prior to transactions to simplify the downstream integration process.

## Synergy or separation assessment

Our professionals can evaluate the time and cost dependency on IT and support the assessment and quantification of IT synergies. Further, we can help identify risks, barriers and enablers including dependency on IT and stand-alone IT separation considerations.

## Deal transition realisation

We can assist clients with their IT integration or separation plans and provide advice to help companies realise the intended benefits.

## IT operational due diligence

Our professionals can help evaluate the alignment of IT strategy and IT environment with clients' strategic and operational plans. We provide an assessment of the commercial implications and risks to deal activity.

## Restructuring and turnaround support

We can support clients in the implementation and assessment of change management initiatives post-transaction.

## Post-Transaction support

We can provide a framework and programme to manage IT activities post-transaction, allowing for a smoother transition into business as usual.

## Deals under the magnifying glass

There is a correlation between companies that experience enhanced value and those that met or exceeded their synergy and performance improvement targets.

A recent survey found that nearly two-thirds of acquirers fail to realise their synergy target, but that, on average, 43 percent of the synergy target was included in the purchase price.

Many companies found they did not start post-deal planning early enough.

It took an average of nine months for companies to feel they had control of the significant issues facing the business post-deal.

...IT can play a vital role in making or breaking a deal.

Source: KPMG Transaction Services Survey 2006: The Morning After – Driving for Post Deal Success

### KPMG Risk Advisory Services

Risk Advisory Services assists clients to focus on fundamental business issues that help increase revenue, control costs, and identify and manage risks, including the risks inherent in the technology systems used to support business objectives. Risk Advisory Services provides clients with information to empower them to meet their strategic and financial goals.

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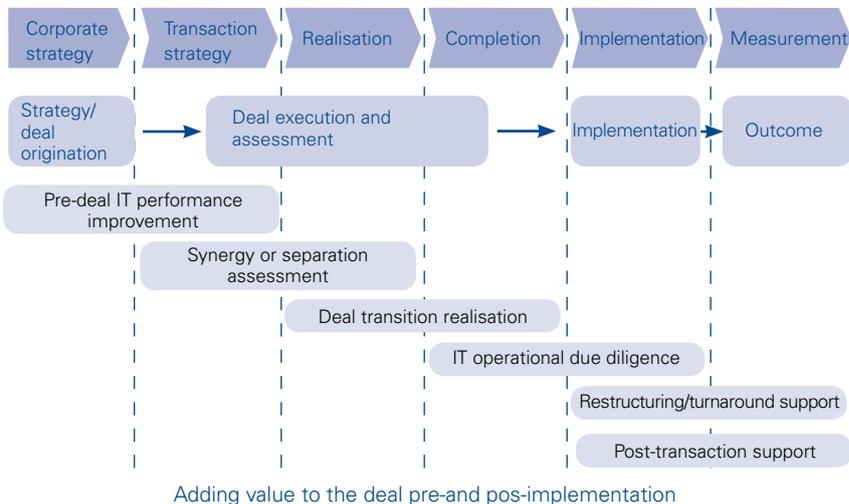
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### Support across the Transaction Value Chain



### Our approach

KPMG's approach is strongly focused on realising benefits across the transaction value chain by:

- Using a multi-disciplinary team, incorporating experienced professionals from Risk Advisory, Tax, Legal or Corporate Finance backgrounds, that can provide independent and objective comments at key points during the transaction process
- Performing investigative analysis of the business in connection with the proposed transaction in relation to IT
- Acting as sounding board to management teams throughout the transaction process
- Using an issues-based approach to investigate potential pitfalls
- Remaining independent whilst fostering and maintaining effective and positive working relationships within the client teams.

### Benefits

KPMG's IT Due Diligence Services seeks to minimise the risk of transactions failing to meet expected benefits by:

- Identifying potential deal makers and breakers to help ensure that you make better informed decisions
- Enabling due diligence findings to be factored into revised valuation and integration/separation plans, helping to provide protection against contingencies
- Focusing on accelerating deal returns by helping clients identify, prioritise and solve implementation issues related to the rationalisation of systems and technology, through the introduction of leading practices
- Supporting realisation of synergies through the alignment of IT Governance structures and IT processes to create a unified IT department with consistent behaviours that can add value post-integration.