


Your **M&A** Guidebook

**What you need to know
to prepare with
confidence.**



If you've waited until
tomorrow, you've
wasted today

**If you were to
sell your company
today, would you
know the show
stoppers?**

You've built a successful business. You know the best opportunities don't wait to be seized.

Picture this... sharp suited bankers and lawyers, carefully rumped private equity partners and people who own a Tesla and a Ferrari are showing up on your door step. Their siren call may include promises of a very large check.



ARE YOU READY?

If you got an offer or interest today, can you describe how you would ensure there's no hidden risks that would cause the deal to fall through?



ARE YOU AWARE?

Do you know what's holding you back from a better valuation?



ARE YOU PREPARED?

Are you prepared for every number you've reported or contract you've signed to be queried?



ARE YOU IN CONTROL?

How do you retain control of your business and the deal during an M&A process?

**Small improvements pay big returns.
Here's a guide on how you can know,
raise and realize your potential.**

Your **M&A** Guidebook

**WHAT YOU NEED TO KNOW
AS YOU PREPARE TO SELL
YOUR BUSINESS.**

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To be prepared and in control of any potential M&A transaction, an internal deal team should be formed within your company.

Your own internal deal team

Potential buyers of your company require an extensive list of documents as they conduct due diligence. Some documents, typically financial, take time to pull together. If you fail to prepare properly by having all the documents a potential buyer may want to view, you risk having potential buyers of your business walk away. So it's a good idea to start getting prepared for the potential sale of your company by organizing an internal deal team. This team can gather all the necessary information any potential acquirer of your company needs.

The internal deal team for a small and medium sized business may be no more than 6 people. They will largely be drawn from the finance team and 1 or 2 critical operating areas of the business. Once individual members of an internal deal team have been identified, each deal team member should be informed of their role with your outside advisors: bankers, lawyers, accountants and others. Your internal deal team and external advisors will need to work very well together to make your deal successful. Choosing the right external advisors is thus very important.

So how do you pick the right advisors?

“Communication is what makes a merger work.”

Tom Nelson
CFO – Racine Federated



M&A Bankers



“Adventure is the life of commerce, but caution is the life of banking.”

Walter Bagehot
Author,
Lombard Street: A Description of the Money Market

Your banker should first understand your strategy

Your M&A banker should become your trusted confidant. They have won your trust by demonstrating their deal experience, understanding, commitment and rapport with you and your company.

M&A bankers typically, but not exclusively, work at investment banks or boutique advisory firms that specialize in advising companies on their acquisition or sales strategy.

So how do you choose an M&A investment banker to be your advisor?

M&A is a tool to implement a strategy, not a strategy in itself. So before you start any formal process of hiring a banker, it is important you are clear in what you want to achieve from the proposed deal.

You can approach investment banks directly with a request they come and speak with you about becoming your M&A advisor on the provision that they sign a non-disclosure agreement.

An invitation to bankers to pitch for M&A business is called a “beauty parade.”

What should your banker possess?

Your banker should have experience doing deals of your size and type. It is important your M&A banker has the right type of deal experience for your business

It is also vital your M&A banker has experience in your business sector. This will enable them to give you a list of potential bidders of your company may be but also the issues any bidder will likely have in acquiring your business.

Any bankers that wish to advise you should be able to provide you with a high-level plan of your proposed transaction when they come to see you to pitch for the right to be hired as your advisors.

The bankers should also be comfortable and confident in their responses to your questions about their plan. Their plan, more importantly, must make you feel comfortable and confident.

That's why you, as a CEO, must develop a rapport with your bankers. This rapport is based on trust.

Trust

Your bankers should not fear vigorous debate surrounding your deal. In fact, they should welcome it so that the quality and honesty of their advice can best be exploited so that you can make good decisions. You must have confidence in the integrity of your M&A bankers.

Your M&A bankers should be able to give you assurances as to who in their deal team will be your day-to-day contact for your transaction.

Will such a banker be a senior or mid-level member of the investment bank? Senior bankers are often spending a lot of their time pitching for new business for their firm. It must be clear how contactable the senior banker is if you have any queries or issues.





The key members of an M&A banking team

THE SENIOR BANKER

Typically a managing director or partner of the firm you employ. They will be your crucial advisor through the deal and will direct a team of junior bankers.

VICE PRESIDENT OR ASSOCIATE

A youngish, mid-level employee who handles the day-to-day running of the deal on behalf of the senior banker and reports directly to them.

Your M&A banker and their team will become crucial in:

- Identifying potential buyers of your company
- Advising on what are the key value drivers of potential buyers
- Advising on the valuation of your business
- Developing an overall M&A project plan including a detailed timetable of the transaction
- Advising on and assisting with key marketing messages to potential bidders
- Communicating the M&A process and timetable with bidders
- Facilitating and administrating the Q&A process with bidders
- Coordinating and facilitating site visits and management presentations
- Facilitating negotiations and potentially acting as a company representative during negotiations, especially during the terms of the deal



3 main aspects of the M&A bankers' advisory role

- 1 Senior advice based on the judgment of a senior banker
- 2 Project management of the M&A process usually done by the mid-level banker who has had some experience
- 3 The grunt work, collating and formatting data and documents to make them deal ready. This work is done by the junior bankers.



Here are some questions to ask your prospective investment banker

1. What do you know of our company?
2. Have you executed relevant deals in the last two years? What were the outcomes?
3. Can you show me deal relevant material?
4. Can you talk about what you learned from your unsuccessful deals?
5. Explain your fee structure.
6. Who will be on your deal team, what role will they play and can I get them 24/7?
7. What makes you different from other investment banks?
8. What is my business worth or how much should I pay for a business?
9. What structure would you use for the sale of my business or for the acquisition of a business?
10. Do you have the courage to advise us not to do the transaction, knowing you will lose your fee?

Lawyers

Lawyers always play a very important role in any M&A transaction. They, like your banker, become one of your closest confidants because of their intimate involvement in helping to structure and advise on your deal.

Depending on their skill sets, your lawyer's relationships with all parties and the nature of the M&A deal itself may mean your lawyer's role could vary considerably.

At the very least, your lawyer will be involved in reviewing a small number of documents, drafting the agreements, and perhaps providing some limited advice on terms.

Your lawyer could also be involved giving tactical legal advice as well as conducting legal due diligence and negotiating on your behalf.

Your lawyer will need to be involved in:

- Preparing and reviewing key internal legal documents in preparation for the deal
- Drafting and negotiating confidentiality agreements
- Advising on what terms are market standard
- Negotiating technical agreement terms
- Drafting sale agreements
- Advising on the setting up of any necessary legal structure to give effect to the transaction
- Potentially preparing a summary report on the legal issues of the business on which the winning bid can rely i.e. legal vendor due diligence

Accountants

Accountants, of course, focus on your financials. But they are semi-independent professionals as they are held accountable for what they take sign off on in terms of your accounts.

While your accountant may provide financial input to your M&A banker, such as historical figures or tax structuring inputs, they're generally not involved in providing valuation guidance to you directly.

So what will accountants in your deal do?

- They will sign off on the historical financials of the business to verify it fairly reflects the true activities of the business and have been prepared in accordance with relevant accounting principles
- Advise on how to adjust the purchase price for changes in the business between the date of signing and the date of execution, i.e. the purchase price adjustment
- Potentially advise on the most appropriate transaction structure from a taxation perspective
- Potentially prepare a summary report on the financials of the business on which the winning bidder can rely.

“The leading rule for the lawyer, as for the man of every calling, is diligence.”

Abraham Lincoln,
former U.S. President

OTHER ADVISORS

Depending on the deal size, its industry and complexity, additional specialist advisors for your M&A deal may be needed.

These could include:

- A commercial advisor that provides market assessment and develops revenue forecasts
- An environmental advisor that assesses environmental risks
- An engineering or technical advisor that assesses physical assets and provides capital expenditure forecasts
- A property advisor that values property and forecasts rental costs or income
- An insurance advisor that assesses the appropriateness of the insurance policies in place

This specific expert advice whenever the transaction demands will also provide guidance to you on how potential bidders analyze your business. These advisors may also provide reports to potential buyers to assist them as they value your company.

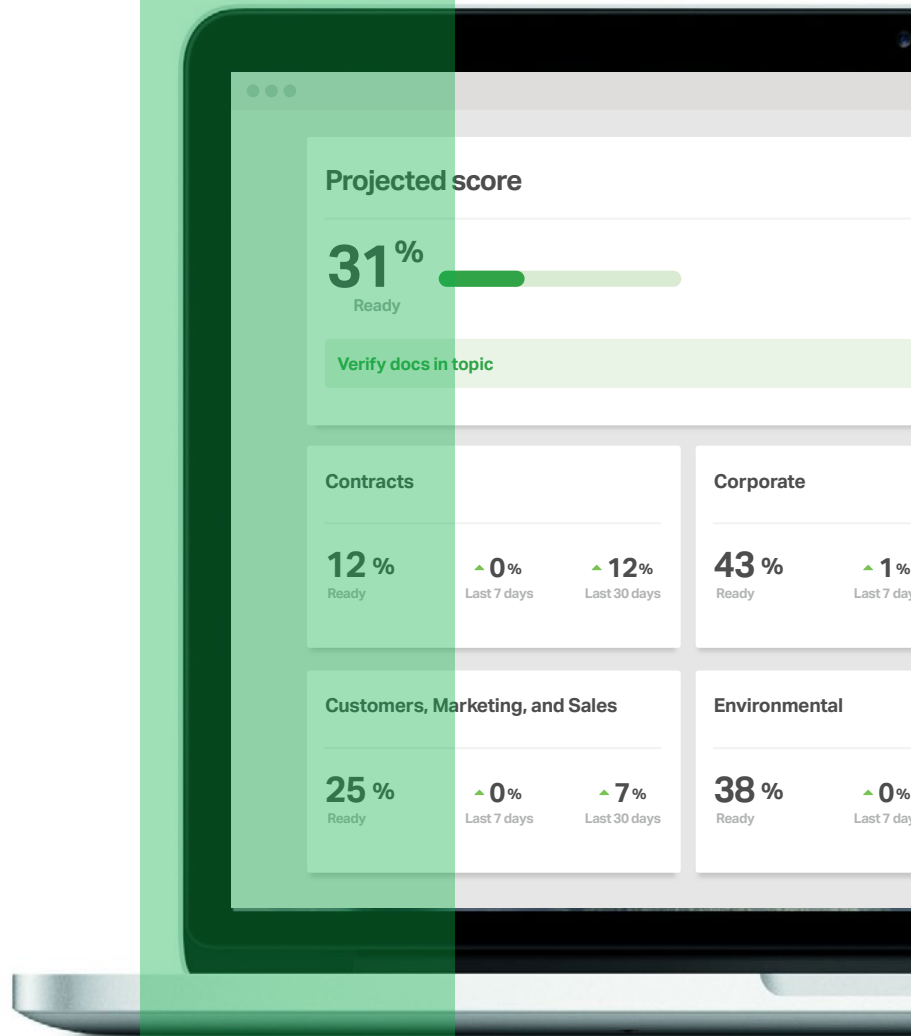
Know your Ansarada Score

Ansarada is an always-on secure platform that centrally manages a company's critical information. It enables organizations to optimize processes, collaborate securely, make better decisions faster, and to prepare for and execute M&A deals and other material events in a fraction of the time.

The platform manages, benchmarks and analyzes a company's critical information based on the insights of over 25,000 deals executed through Ansarada Data Rooms.

It allows you to assess risks and opportunities in your business in as little as fifteen minutes, giving you critical visibility on how ready you are for an M&A deal, as well as what areas you need to prioritize to ensure a successful outcome.

Once all your documents are safely housed in Ansarada, your scorecard will give you strong understanding of the current state of your business, help you hone your strategy accordingly, and prepare to move into deal execution.



How to get a high performance deal outcome

When it's deal time, you need total control and visibility

Data Rooms are where you, your advisors, your potential bidders and their advisors can access documents securely and safely, via the internet, from anywhere in the world.

To ensure a high performance deal outcome make sure you choose a data room that removes friction, increases agility, impresses your buyers and is backed by world class governance, risk and security controls.

You also need to ensure that your data room provider gives you total assurance on costs. Some data room providers force you to presume variables for your deal that you cannot predict - for example how much data you need to store your critical information or how long your deal will go for. To remove the guess work, choose a provider with a subscription that allows you to prepare for your deal and unlimited data.





**“Risk comes from not knowing
what you’re doing.”**

**Warren Buffett, CEO
Berkshire Hathaway Inc**

Data Rooms reduce your risk

Data rooms reduce your risk in the following ways by:

- A “secure by default” function that makes the accidental disclosure of information to the wrong people almost impossible
- Allowing you to control the printing and saving of documents so that there is a physical barrier to information leaking outside authorized deal participants
- Reducing your exposure to litigation after a deal by providing full audit trail and disclosure record.
- Cutting the risk of missing the “hot” bidder with intelligent reporting that directs you to those who are really interested in buying your company
- Eliminating your risk of bidders finding out about each other or receiving the wrong email by running deal correspondence through the Q&A system of the data room
- Protecting you against human error or deal team inexperience with 24/7 support from deal experts who can guide you through the transaction.

AI tools you need to always know your next move

Here's what AI tools help you do:

- By tracking bidder searches so you can anticipate bidder questions or issues and strategize on how to meet them
- By following bidder activity so you can find out who is really interested in buying your business as opposed to the “bidder” who is simply curious
- By enabling you to do due diligence on potential bidders, allowing you to make the best decision on who is the best buyer or partner for your company.

Protect your reputation and your deal

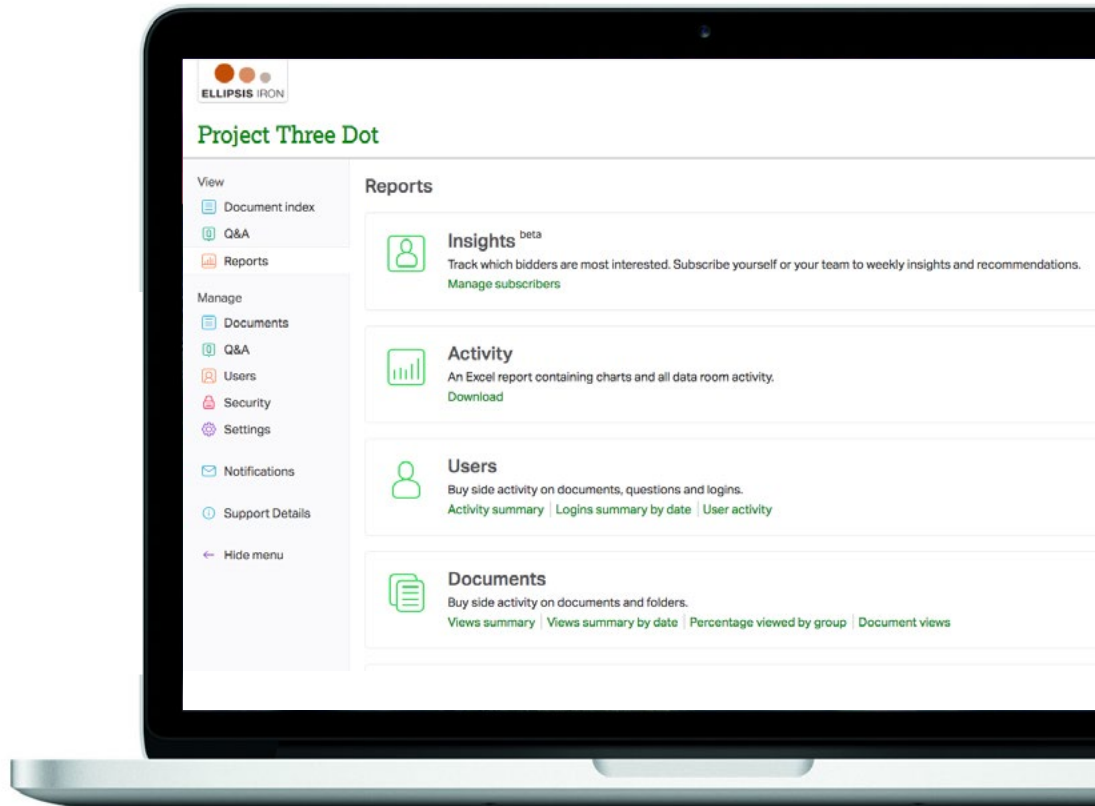
Getting a good deal platform is important. But using the platform efficiently is even more critical in an M&A deal.

Here are a couple of high-level tips on deal platform use.

Insurance against worst case scenarios

In a friendly transaction where document security may seem unnecessary, applying an expiry date to documents at a minimum allows you to withdraw your documents if something goes wrong.

Furthermore it enables tracking of documents, enhancing your intelligence in guiding you to areas of most interest to your bidders.



Empower your team to hit your deadlines

Make sure you run your Q&A through the deal platform so you can make sure that the hundreds, potentially thousands of questions submitted by bidders, can be tracked and managed so that nothing is lost.

This method to manage the Q&A of your deal prevents duplication and speeds up the deal process. It also helps protect you in the case of litigation by keeping all questions and answers in one central, audited depository.

Optimize deal execution with AI tools

Ansarada's high performance deal platform uses cutting edge artificial intelligence and machine learning to automate and streamline processes for maximum efficiency.

They can also reveal insights and trends to influence your deal strategy for the better.

The Deal Team

You have gathered all your advisors together and your deal team is complete.

Now, they need to prepare for your transaction, which is where Ansarada is an essential tool.

“By failing to prepare, you are preparing to fail.”

Benjamin Franklin
Former U.S. statesman

How long will that take?

The minimum preparation period for an M&A transaction is 2 to 3 months if there are no substantial changes to your business or its reporting structure.

But if there are changes to your business and its reporting structure, your advisors, both internal and external, may need 6 months or longer to deal preparation time.

What do they need to do?

Your deal team needs to identify and assess all material risks and issues an interested buyer of your business may find during your sale process. The deal team's first step is to prepare a brand new assessment of your market.

Potential buyers of your business may be unfamiliar with your market. They need help to understand your business and its position in the market.

The second step your deal team needs to undertake is a strategic assessment of your business. You will need to be able to present a convincing management plan to potential buyers of your company on how you will achieve your business objectives.



The third step your deal team needs to take is to ensure that you have audited historic financial reports available for examination by potential buyers and their representatives.

Potential buyers of your company and their advisors will also want to see financial forecasts. With the Material Information Platform, you'll be able to garner insights based on the data-driven experience of more than 20,000 deals, enabling you to forecast with accuracy. Based on past and future financial models, your deal team should be able to provide a valuation of your company. Such a valuation can give clarity and confidence for your internal deal team. It can also act as your own marketing tool to potential buyers.

Your deal team also needs to prepare sales flyers of your business. This will initially be a teaser; a short summary of your business. A teaser will just be a couple of pages designed to arouse bidder interest in your business. It will highlight the success of the company and invite those interested in exploring a potential bid for it to get in contact with you.

Your deal team will also need to get together an information memorandum: a far more detailed document on your business that will summarize your company's financial and business position plus its key selling messages. A management presentation of your company is typically included along with the information memorandum. The deal team will also need to prepare a draft letter for bidders that receive your company's information memorandum. This letter will explain key dates and other critical issues about your company's sale process.

This letter, sometimes called a process letter, should ensure all bidders are very clear on requirements and due date of the bid. The process letter will state the terms of gaining data room access and the logistics of site visits and management presentation.

**Get ahead
with your
M&A deal**

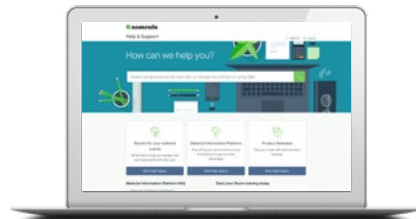
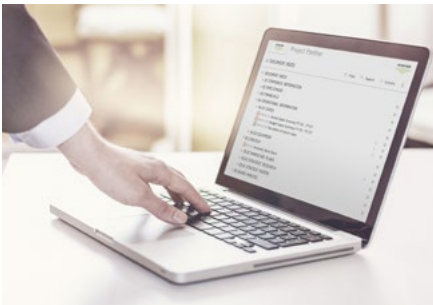
“The deal process is a workflow. Dealing with a deal, with documents and communications and security, it’s important to have that unified into a single spot rather than locked up in file systems and on emails, which just becomes a nightmare to manage.”

Keith Lubell
Chief Technology Officer,
Berkery Noyes & Co, New York

To avoid M&A pitfalls as a CEO, ensure you have the following:

- ✓ An internal deal team
- ✓ M&A bankers
- ✓ Lawyers
- ✓ Accountants
- ✓ An intelligent information management platform for high performance deals
- ✓ A deal team
- ✓ Other advisors when needed for commercial, environmental, engineering or technical, property or insurance advice.

Learn more





99% of Ansarada clients wait less than 25 seconds for customer help, 24/7

**"Ansarada Q&A saved us 3 weeks on our last deal"
- Kintyre Investments**

100% pass rate for ISO 27001 security and penetration tests

 Tech, Media & Telcos



Acquisition of Airwatch LLC by VMware Inc

USD \$1.55 billion

UNDISCLOSED
Buy Side Financial Advisors
MORRISON & FOERSTER LLP
Buy Side Legal Advisors



 Tech, Media & Telcos



Acquisition of Solair Srl by Microsoft Corporation

Undisclosed value

NEEDHAM & COMPANY LLC
Sell Side Financial Advisors
UNDISCLOSED
Sell Side Legal Advisors



 Tech, Media & Telcos



Acquisitions of Timeful Inc, Anvato Inc, Orbitera Inc and Launchpad Toys Inc by Google Inc

Undisclosed values

UNDISCLOSED
Sell Side Financial Advisors
UNDISCLOSED
Sell Side Legal Advisors



What makes Ansarada different

Ansarada is driven by the data of more than 25,000 deals worth over \$1 trillion globally. It's powered by purpose-built AI deal tools that reduce the risk of human error and save you significant time by automating and simplifying the due diligence process.

- The [AiQ Bidder Engagement Score](#) can determine which of your bidders is interested, which isn't and why so you can prioritize your efforts accordingly
- Got a pressing deal question? Ask the [Ansarada Intelligent Data Assistant \(AiDA\)](#) and get an instant response – without the need to run or analyze reports
- AiQ SmartSort automatically sorts your files based on a specific format to simplify indexing and accelerate preparation
- With enhanced Q&A workflow, you get the efficiency of online Q&A while also enabling clients to work in their preferred way: email. While it feels like using email as usual, everything is clearly tracked at the back end for a clear audit trail.


GETTING COMPANIES READY FOR WHAT'S NEXT

A business is in its best shape when it's in the advanced stages of deal execution.

Ansarada, the 'always on' Intelligent Information Platform gives, companies and their advisors the ability to accelerate deals, automate tasks, unlock value, reduce risk, and make decisions with confidence on crucial material events, including M&A, IPO, capital raising, tenders and fundraising.

The AI-powered platform links seamlessly with our market leading Data Room to deliver a next generation dealmaking experience.

To learn more or book a demo, [get in touch with our Sales team](#).



Turn your opportunities into outcomes. Faster, with certainty.

Who we are

We are big thinkers, with a big vision for a world where every business, during every critical decision, is always ready to act. It's born out of an absolute belief in companies and the people who found, run and advise them. We are on a mission to achieve this with our SaaS platform and world class team who are based in five main hubs: Sydney, Ho Chi Minh City, Chicago, New York and London.

Through supporting companies to execute more than 25,000 critical business transactions since 2005, we've learned what good looks like. Ansarada has leveraged this data and experience to enable companies to get to great sooner and identify ways to improve their operational excellence, and prepare for their most important business transactions. We give companies confidence for those big moments, including capital raises, IPOs, M&A deals and more. We like to remain on the forefront and constantly seek ways to make our clients lives easier which has led to the development of AI and machine learning tools that automate tasks, identify opportunities, and remove unnecessary risk.

Our team is really the core of who we are though and we are proud to have made the list of Australia's Best Places to Work for the last seven years and AFR's Top 100 most innovative companies.

ansarada.com

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