



Burnt Oak Partners

Burnt Oak Partners introduces IT Due Diligence Services for Mergers & Acquisitions



Amsterdam, May 23rd 2018 – IT Sourcing Consultancy Burnt Oak Partners launches MAITA Services (M&A IT Assessments). Objective of this service is to improve the quality and effectiveness of M&A transactions for both buyers and sellers. The maturity and quality of the Information Technology has a significant impact on the success of mergers and acquisitions. However IT often gets little attention or is even completely overlooked in the process.

“Most M&A transactions focus on financial and legal aspects. Much attention is paid to revenues, commercial contracts, costs, liabilities etcetera. Although it is of vital importance for most companies Information Technology gets little attention or is considered too late in the process. Legacy systems, poor maintenance or non-matching IT systems can be real showstoppers for a transaction” states Peter Overakker, partner at Burnt Oak Partners Benelux.

Burnt Oak Partners has in-depth Industry knowledge, a long track record in conducting IT Due Diligence and the ability to link Business and IT. Recently the company was involved in the successful acquisition of the Dutch company Vanderlande Industries – worldwide known for their advanced baggage handling systems – by Japanese Toyota Industries Corporation. Burnt Oak Partners also helped several IT companies select acquisition targets in Benelux and Scandinavia, and was closely involved in selling and carving out non-strategic IT parts for clients.

Rene Baas, one of the other partners, stresses the importance of a professional and early IT assessment “IT is crucial for the integration of business processes of merging companies. An early assessment of the IT environments allows the parties to plan the carve-out and integration more accurately, which has a direct impact on achieving the expected business benefits of a transaction. It also helps identify and mitigate IT-related risks and avoid unforeseen costs.”

What is the focus of Burnt Oak Partners during IT Due Diligence? Jan Bouman – the third Benelux partner – states: “In a structured way we investigate all aspects determining the quality of IT. This includes the maturity of the IT organization, the way IT supports the business, the stability and sustainability of the IT landscape and the cost of IT. Specific attention is paid to software licenses, outsourcing contracts, security and compliance, but also disaster recovery and IT governance are covered. In short, our DD approach covers all aspects with a potential impact on the transaction, the risks involved and the planned disentanglement and post-transaction integration. Preferably we conduct a high-level IT assessment in an early phase followed by a comprehensive DD before the transaction is closed. This 2-step approach enables better scoping and planning and helps identify the business critical IT elements in an early stage.”

The introduction of this service by Burnt Oak Partners is well timed. Not only is IT considered critical for a successful transaction, but also the increasing strategic importance of Information Technology drives more and more M&A transactions. A study of Ernst & Young revealed that almost 50% of the interviewed 220 senior corporate and private equity executives across Europe say in retrospect that more detailed IT due diligence could have prevented value erosion. In the same study EY states that “All of the strategic initiatives behind a transaction rely on IT. Businesses can no longer ignore IT or view it as a back-office function if they want to achieve maximum value.” (Source: Ernst & Young, IT as a driver of M&A success).

Also the IT market itself is changing rapidly. Many new players – large and small – enter this market and change the playing field. One of the results is a wave of acquisitions in the IT market often involving private equity firms. In this specific market Burnt Oak Partners also delivers value added services. “We provide industry insight to Private Equity and M&A advisors and help buyers with the selection of acquisition targets in specific segments of the IT industry. We possess an excellent network in this market, but are always interested to expand our connections.” says Peter Overakker.

About Burnt Oak Partners

Burnt Oak Partners is a boutique consulting firm delivering professional and independent advice in the areas of IT sourcing strategy, outsourcing contracts and IT related advice for M&A.

Burnt Oak Partners operates in the Benelux, Nordics and UK. The organisation works with partners and associates covering specific aspects. Burnt Oak Partners is active in various markets such as ICT, Manufacturing, Services and Finance.

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