Commercial Due Diligence

Assessing a Company’s Commercial Attractiveness
Background

Acquiring or divesting a business in general is complex and entails numerous challenges. Identifying the potential risks involved is a crucial success factor. In order to make a sound investment decision, it is essential to have a clear understanding of all external (market environment, trends and forecasts, etc.) and internal (organizational structure, product portfolio, etc.) factors, and dynamics influencing and shaping the business context, in which the potential target operates.

Capgemini’s Commercial Due Diligence aims to analyze the attractiveness and sustainability of the target’s business model, evaluate the future cash flows and financial forecasts and indicate the potential risks by reducing the often inherent information asymmetries. Ultimately, we thereby help our clients to increase the success rate of the future merger or integration process.

Proven holistic approach

Capgemini Consulting has developed a proven holistic approach. Together with the client team our global experts and other advisors are involved in our Commercial Due Diligence process which reviews the industrial and commercial capabilities of the potential target. Our evaluations are based on the upfront defined strategy and performance goals of our clients. Having ready-to-use, state-of-art analytical tools and methodologies, we focus on the value enhancing aspect of the potential deal. This results in a better understanding of the additional value the transaction could deliver, reducing the risk of overpaying for the target or underestimating post-deal efforts. Based on our in-depth project expertise, our consultants know how to address typical challenges like complexity, limited available data, scarce availability of key experts and stakeholders and last but not least a tight schedule.

Figure 1: Commercial Due Diligence objectives

- A Commercial Due Diligence usually takes place in the strategic valuation phase prior to the actual deal
- A CDD is conducted after the short-listing of potential acquisition targets

The Commercial Due Diligence does not aim at identifying improvement potentials but seeks to analyze the target company’s business model and provides a report of its attractiveness.
Comprehensive and clear results

Capgemini Consulting's Commercial Due Diligence results in a compact and structured written report. We will be able to assess the projected future cash flows and earnings by understanding and analyzing all underlying internal business and external market factors. Our consultants take a three step approach to deliver the final report: planning and conceptual design, research and analysis, validation and finalization. The report includes all major areas such as market environment, competitive landscape, sales and customers, production, purchasing and suppliers as well as organization and personnel. In addition, we are flexible to cover extended financial components like analyses on accounting and controlling, cash flow, balance sheet, profit & loss as well as budgeting and planning.

Capgemini Consulting – your ideal partner

Capgemini Consulting is known for its delivery excellence in the arena of transaction services. We can draw on broad experience and references in a national and international context for corporate and private equity clients. We understand key levers and typical challenges of a Commercial Due Diligence project. Our professionals work with proven, standardized and state-of-the-art methodologies and analysis tools delivering insightful and targeted results. Furthermore, Capgemini Consulting is able to leverage an international network of sector specific and functional experts. We have access to a multitude of exclusive data sources with a huge number of data, documents and information. All these factors enable us to deliver results that add value to your initiative.
About Capgemini Consulting

Capgemini Consulting is the global strategy and transformation consulting organization of the Capgemini Group, specializing in advising and supporting enterprises in significant transformation, from innovative strategy to execution and with an unstinting focus on results. With the new digital economy creating significant disruptions and opportunities, our global team of over 3,600 talented individuals work with leading companies and governments to master Digital Transformation, drawing on our understanding of the digital economy and our leadership in business transformation and organizational change.

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With almost 180,000 people in over 40 countries, Capgemini is one of the world’s foremost providers of consulting, technology and outsourcing services. The Group reported 2015 global revenues of EUR 11.9 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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