

Commercial Due Diligence.

Commercial or Market Due Diligence represents an important supplement to classical Financial/Tax Due Diligence. This permits the purely internal analysis of balance and financial factors, based on the past, to be supplemented by considerations directed towards the future. As a result, the investor obtains well-founded information on the competitive situation of the target concern and with respect to the future potentialities of the branch and the market.

Objective

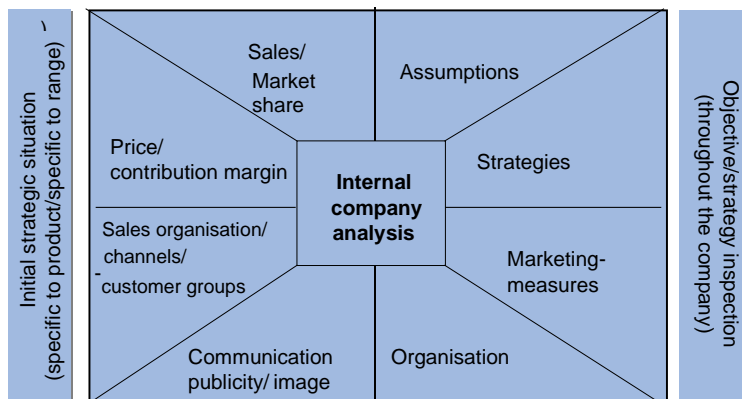
- Is the planned extent of the turnover growth and results of the concern considered realistic?
- Will the evolution of demand be to the extent assumed?

Commercial Due Diligence provides answers to such questions with a future orientation. By means of an internal and external analysis of the concern, Commercial Due Diligence associates the perspective of customers with that of the concern by investigating internally available information, with a focus on areas relevant to marketing, and balancing this information against the market demands (customer requirements, competitive activities). Customer estimates are considered and analyzed, as part of the external analysis of the concern, in order to evaluate the competitive position and market opportunities of the concern from them.

Analysis areas

Internal analysis of the concern

The fields for the internal company analysis are



ANZ

In the inspection of the initial strategic situation of the areas relevant to marketing, we investigate the evolution during the last five to ten years in terms of market volume, market share, sales channels, etc. In the objective/strategy investigation, the assumptions on which the concern planning is based are investigated, strategy formulations are checked and planned measures evaluated in terms of the effect to be expected.

External analysis of the concern

The internal analysis of the business environment, which is mainly based on the evaluation and interpretation of internal data, is supplemented by an analysis of the general business field of the concern. The analysis of the external business environment is subdivided into two areas:

- ⇒ Analysis of the critical success factors
- ⇒ Feasibility inspection

Comparison between the results of the internal analysis of the concern and the critical success factors (e.g. market trends, economies of scale) shows up the concern's optimization potential against the background of the market requirements. The feasibility inspection is directed towards an external validation of potential competitive advantages of the concern. An important factor in this case is the comparison with the competition, i.e. the concern must offer significant performance features which will also be perceived as such by the customer. The results are summarized in a competitive advantage matrix which supplies the investor with initial indications of adjustment tools for improving the competitive capability. Another important constituent of the external analysis of the concern is the recording of market stability/perspectives; this includes statements with respect to market development and the size of the market.

Orientation to the future

Commercial Due Diligence is a tool which is directed towards the future and supplements the previous Due Diligence areas (which are mainly oriented to the past) by information on customer requirements, distinctive competitive features and market developments. These are essential for decisions on investment and also indicate the important optimization potentials within the concern.

Contract

Prices and further information may be obtained on request from:

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