

TRANSACTION SUPPORT

Supporting Every Stage
of the Transaction Cycle

About TechCXO

TechCXO is an executive professional services firm that addresses our clients' most critical functional and strategic issues in obtaining capital, entering new markets, increasing revenue and improving margins.

Our team of experienced partners has significant public accounting, hands-on operating, and transaction experience. We have worked with hundreds of venture/PE backed companies through the full transaction lifecycle, including M&A readiness, execution and integration. Our Partner-led/Hands-on approach enables us to add value across the full spectrum of the transaction cycle, extending our services way beyond typical due diligence.

TechCXO was founded in 2003 and has served

more than 600 clients. We have participated in more than \$3 billion of debt and equity raises, recapitalizations and mergers for our clients and their investors, and have helped many of those clients achieve scale and achieve higher revenue goals.

Since 2008, TechCXO has appeared on INC's 500/5000 Fastest-Growing Private Companies list.

www.TechCXO.com

Summary of Services

SUPPORTING EVERY STAGE OF THE TRANSACTION LIFECYCLE

Pre-Phase >> Execution >> Post-Phase



Pre-Phase Readiness

- Strategy & Structuring Support
 - Structured Diagnostic Process
 - Financial Assessment of Target Company (Buy-side)
 - Confidential Memo & Pitch Review and Input
 - Valuation Analysis – Business Perspective
 - Negotiation Support
 - Data Room & PBC Preparation and Organization
- Clean-up / Pre Diligence:**
- Cash to GAAP Conversions
 - Revenue Recognition and Restatements
 - Departmental Margins
 - Developing Forecasts

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- Financial Due Diligence
- Core Analysis/Adjustments:
 - Quality of Earnings
 - Revenue Recognition
 - Cash Proof/Free Cash Flow
 - Cash Free, Debt Free Issues
 - Working Capital PEG
- Contract Reviews
- Technical & Operational Due Diligence
- Product Roadmap Review and Rationalization
- Sales and Customer Diligence
- Analysis of Financial Forecasts
- Develop Post Acquisition Integration Plan
- Agreed Upon Procedures

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Post-Phase Integration

- Day one and 100 day plans
- Operational Integration Support
- Interim Management/Hands-on Performance Improvement
- Closing vs. Opening Balance Sheet Development
- Purchase Price Allocations and Booking
- Customer, Channel and Product Strategies
- Finance and Admin Transition
- Pro forma historical and segment financials
- Post-closing Purchase Price Adjustments

We Solve Problems in These Areas:

TECH-SECTOR & COMPLEX GAAP

- Software Revenue Recognition
- Software vs. SaaS Accounting
- Multi Element Arrangements
- Deferred Revenue Accounting
- First Time Audits
- Pre Diligence Clean up
- Working Capital Analysis
- Capitalized Software
- Accounting for mixed Debt & Equity Financings
- Preferred Stock Accounting
- Services/Time Tracking/ % Completion
- Stock Option & Profits Interest
- Cap Table and Liquidation Waterfalls
- Purchase Accounting
- Foreign Currency
- Consolidations
- Carve-outs

WORKING CAPITAL ISSUES

- Negotiating the LOI & SPA Terms
- Excluded Assets and Liabilities
 - Cash?
 - Aged A/R?
 - Employee Notes?
 - Deferred Revenue?
 - Lines of Credit?
- Treatment of Identified EBITDA Adjustments
- Quality of the GAAP applied in Monthly Financials
- Seasonality Issues
- Deferred Revenue
 - What is the True Monetary Performance Obligation?
 - Customer Deposit vs. Deferred Revenue
- Growth Rate – Expected Changes in WC
- Adequacy of Reserves (Bad Debt and Liabilities)
- Estimating Closing Balance Sheet
- Modelling Working Capital PEG

We Solve Problems in These Areas:

QUALITY OF EARNING ISSUES

- Determine, Normalized, Sustainable, Run-Rate Profitability
- Non-Recurring Items:
 - Gains/Losses on Assets Sales
 - Large, One-time Sales
 - Transaction Costs
 - Large Legal Fees or Settlements
 - Start-up/Shut-down Costs
 - Turnaround Costs/Severances
- Normalizing/Run-rate Items:
 - Investigate Spikes + and -
 - Pricing Changes/Staggered Pricing
 - Raises or Anticipated New Hires
 - Renegotiated Contract Terms
- Non-Cash Items:
 - FAS 123R Expense
 - Allowances/Warrant Reserves
- Out of Period Timing Items:
 - Reversal of Accruals
 - Cut-off issues
 - Warranty Reserves
- Pro Forma Adjustments
- Any Concentration Risks the Buyer may want to Reserve for ...
- Drop-in CXO:
 - Interim Management
 - Drop-in CFOs
 - Fractional and Project Engagements

TechCXO®
experience › acceleration

www.techcxo.com