CROSSLAKE™

Exit prep and sell–side diligence

Ensuring the tech narrative aligns to the equity story

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Today’s presenters

Tom Shelford

MANAGING DIRECTOR

Experienced software industry executive with 25 years in entrepreneurship, product engineering, project management and UX design. Tom has led the technical diligence of over 375 M&A transactions.

Steve White

DIRECTOR

Proven technology and business leader with practical, enterprise-level proficiency through roles in numerous multi-national organizations. Steve’s strategic mindfulness and delivery focus are coupled with a hands-on leadership approach.

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What do potential buyers care about?

Architecture

- Overall layout and capabilities of the software (e.g., scalability, performance, security and maintainability)
- Integration capabilities, technical debt, third-party software and any significant transformations or change

FLAGS

- Large or unknown technical debt
- Monolithic architecture – hard to maintain
- Outdated technologies
- Poorly written code
- Logic in stored procedures; limited isolation of concerns
- Limited encryption or protection of privacy
- Over investment in building internal components (authorization, issue tracking, etc.) that could have been bought

Security

- Policies, procedures and technical controls to protect data and prevent breaches such as ransomware attacks
- Ability to meet the requirements of Reps and Warranties and cyber insurance policies

FLAGS

- Inability to meet compliance standards of the acquirer (PCI, CCPA, GDPR, HIPAA, SOC2)
- Lack of security leadership role
- Immature access and role-based authentication to critical internal systems (shared passwords, no 2FA)
- Informal or undocumented policies and procedures
- Lack of monitoring tools to identify a breach
- Poor backup/disaster recovery capabilities to protect against ransomware attacks

Organization

- The size, structure and nature of the technology organization together with any outsourcing or off-shoring capabilities
- Practices in place to manage skill availability, growth, attrition, training and people development

FLAGS

- Key risks, folks wearing too many hats
- High attrition, toxic culture
- High R&D costs
- Bloated management
- Unclear roles
- No onboarding training
- Recruiting challenges

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What do potential buyers care about?

Infrastructure

- Capabilities of the hardware or cloud solutions used to run the products, plus maintenance and monitoring practices
- Resilience (e.g., disaster recovery), cost management, growth needs and deployment capabilities

FLAGS

- Multiple hosting experiences without strategy
- No disaster recovery or inefficient backups
- Unreasonable costs
- Capacity not well understood
- No automated deployments; elastic scaling
- No understanding of performance baselines

End-to-end SDLC

- Product and change management processes, practices (e.g., Scrum) and tooling
- Development execution practices (e.g., CI/CD pipeline, automated testing), tooling and observability

FLAGS

- Disparate tool sets
- No automated builds
- Inconsistent delivery – not meeting dates
- No quality practices; lack of code coverage, unit tests
- Lack of documentation
- No separate environments for dev, test & production
- No usability testing

What do potential buyers care about?

Product strategy

- Formulation of the strategy and roadmap, strategic / tactical inputs used and processes for prioritizing
- Product management team, practices (e.g., ROI and UX) and tooling used to execute and manage the roadmap

Support and services

- Practices for client onboarding and product delivery including customization / configuration, integrations and upgrades
- Team and service quality management including issue tracking, metrics, SLAs and capacity management

FLAGS

- No formalized and documented roadmap; lack of tooling
- Not driven by ROI or business impact
- Inability to deliver on the roadmap
- Products and resource allocation unknown
- Strategy unclear
- No integration plan for M&A
- Lack of cadence for releases
- Too much churn on the roadmap
- Limited input from customers or customer advisory board

FLAGS

- Too many versions
- Customizations not configurations
- Limited or no upgrade path
- Inability to mirror customer environments
- Too many quality issues
- Unknown release frequency
- Lack of internal escalation procedures (engineering randomization)
- No knowledge base or self help
- Long or time-intensive onboarding

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Common remediation activities

Planning

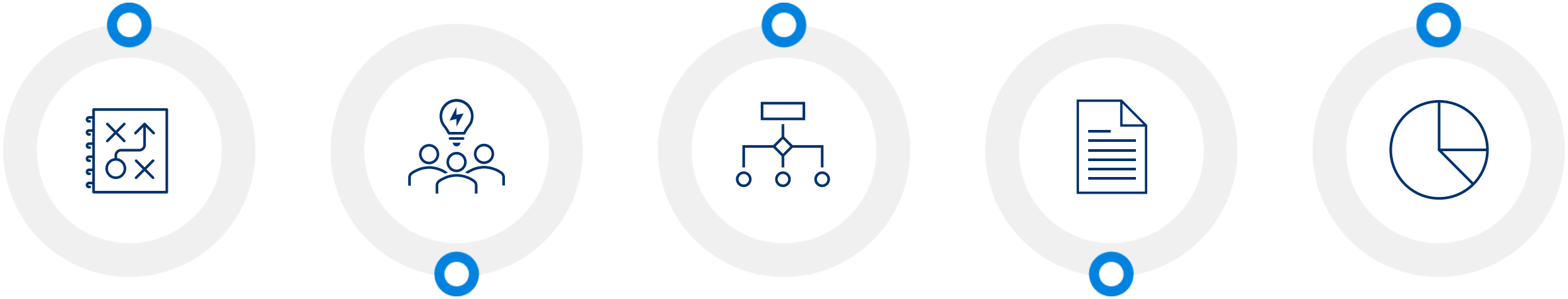
- **Infrastructure strategy:** move to cloud
- **Architecture refactor:** incremental approach
- **M&A:** standardization

Process improvement

- **Product management:** tech debt vs. features
- **Security and license management:** OSS
- **BCP/DR design and testing:** RTO and RPO

Metrics

- **Support:** MTTR
- **SDLC:** defect escape rate, velocity
- **Organizational:** QA to dev, attrition
- **Technology:** uptime and costs



Organizational changes

- **Reorganization:** role allocation
- **Recruitment:** vacancies and onboarding
- **Training and performance:** security

Artifacts

- **Architecture documents:** reference arch
- **Policies:** OSS
- **SDLC:** DoD

Scan for common security challenges

OPEN-SOURCE ASSESSMENT

CODE QUALITY ASSESSMENT

ATTACK SURFACE PENETRATION TEST

DATA THEFT RISK ASSESSMENT

WEB APPLICATION / API PENETRATION TEST

STATIC APPLICATION SECURITY TEST

Software Quality		Company Security		Software Security	
Risks due to public, third-party code	Code quality and maintainability risks	Cyberattack weaknesses on the company perimeter	Data that is exposed or on the dark web	Cyberattack weaknesses in SaaS applications	Security weaknesses (CWEs) in code

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