Integrated Desktop and Data Delivered in the Cloud Transforms a Tech Company's M&A Practices

THE CLIENT:

A U.S.-based technology company

USERS:

The M&A team

Buoyed by record spending by every type of shopper, the value of technology deals announced around the world in 2021 topped the $1 trillion-dollar threshold for the first time in history, according to 451 Research's M&A KnowledgeBase.[1] Hitting that previously unimaginable level required acquirers to look through the still-lingering pandemic and pay rich valuations. Tech M&A dropped sharply in late 2022, however, but dealmakers see business picking back up this year.[2] To pull that off, they are going to need acquisition prices to come back down and industry growth to go back up.

The M&A team at a U.S.-based technology company is tasked with identifying acquisition candidates that meet a specific set of criteria. Given the anticipated uptake in deals during a time of extreme market volatility, team members wanted to adopt a data-driven strategy to accelerate their approach for creating and vetting lists of target companies. This quest for digital transformation is a current trend seen across similar industries and functions. According to a survey by S&P Global Market Intelligence ("Market Intelligence") of 30 senior executives from U.S. PE firms with at least $2bn in assets under management,[3] there is a newly sharpened focus on leveraging data and technology to create an edge in deal sourcing and due diligence.

[1] 451 Research is a unit of S&P Global Market Intelligence.
[2] "Tech M&A Outlook: Back on track in 2023?", S&P Global Market Intelligence, January 16, 2023, www.spglobal.com/marketintelligence/en/news-insights/blog/tech-ma-outlook-back-on-track-in-2023
[3] The survey was conducted in 2022 by Mergermarket on behalf of Market Intelligence with results described at www.spglobal.com/marketintelligence/en/mi/research-analysis/better-data-holds-the-key-to-new-opportunities-in-private-mark.html.

Pain Points

Members of the M&A team researched companies one at a time and manually pulled financial statements. This was not only time-consuming, but they were missing significant opportunities by getting to market later than others who had more automated processes. The team was also responsible for briefing executives on developments at competitive firms, detailing their financial performance and transaction activity. This was only done quarterly given the work effort, leaving the executives anxious for more up-to-date information. The team members wanted to elevate their workflows with access to:

— **A wide range of financial data** that was standardized to easily make comparisons across companies and geographies.

— **A robust screening capability** to easily zero in on acquisition targets that meet certain criteria.

— **Financial forecasting measures,** such as upgrades/downgrades, target price revisions and market-moving news.

— **Insights on transactions**, including M&A, venture capital deals, spin-offs, and bankruptcies.

— **A powerful desktop platform, plus the ability to take advantage of cloud computing** to retrieve large amounts of data more efficiently.

The firm reached out to Market Intelligence to learn more about its offering.

The Solution

Market Intelligence specialists first described the powerful S&P **Capital IQ Pro platform** that brings together an unrivaled breadth and depth of data, news and research, combined with tech-forward productivity tools. They then described **S&P Global Data via Snowflake**, a fully managed cloud solution that won the Waters 2022 award for "Best Cloud-Based Application Provider". These solutions would provide access to extensive financial information for both public and private companies around the world, as well as the needed financial forecasting measures and transaction details, enabling members of the M&A team to:

Anticipated deal growth coupled with volatile market conditions is challenging M&A teams and requiring access to deep data and robust technology tools to maximize productivity and stay ahead of the competition.

Leverage unique, differentiated data to uncover M&A insights	**Premium Financials** provides standardized data for 5,000+ financial, supplemental and industry-specific data items for 150,000+ companies globally, including 95,000+ active and inactive companies across multiple industries.[4] Data is available at numerous frequencies and point-in-time representations of a financial period include press releases, original filings and restatements. **Private Company** data covers 50 million private companies around the globe, 10 million with financial statements, and

[4] All data as of December 2022.

500,000+ early-stage companies supported by data from Crunchbase.

Estimates provides standardized global, real-time financial forecasting measures, such as upgrades/downgrades, target price revisions and market-moving news. It includes estimates based on projections, models, analysis and research from analysts, brokers and companies themselves. Annual, quarterly and semiannual time periods for 18,000+ companies span history from 1996 for international companies and 1999 for North American companies.

Transactions provides profiles of approximately 2 million deals captured across the globe. This includes M&A, private placement, venture capital, PIPE, spin-off, bankruptcy, share buyback and equity/debt public offerings. Each transaction has a synopsis and lists deal size, company participants, advisor coverage and associated filings with up to 10 years of history.

Professionals includes 3.2+ million profiles with biographies, contact data, education, compensation, affiliations and corporate board memberships, each linked to a unique person ID.

Utilize a wide range of productivity-enhancing tools to drive deal flow

A smart screener on S&P Capital IQ Pro enables users to instantly find information across companies, news, documents, research, transcripts and investor presentations to identify potential acquisition targets that meet their criteria. A document viewer incorporates AI-based searches to speed up the discovery process for text-based insights across filings and transcripts.

An Excel Plug-in and suite of office tools seamlessly powers proprietary models and streamlines presentations. Users can access a library of hundreds of ready-to-use models and templates, or partner with Market Intelligence's support analysts to build their own. It is possible to easily integrate data from Excel to PowerPoint or Word and refresh formulas in Excel with just one click.

Alerts help users stay on top of breaking news for companies of interest.

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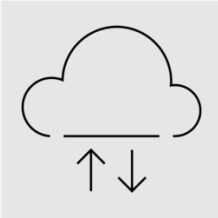
Transform the buiness with efficient cloud-based access

Snowflake's Cloud Data Platform is a Software as a Service (SaaS), so there is no need to select, install and manage hardware and software. Snowflake enables users to obtain live, ready-to-query datasets that are always up-to-date and don't require any transformation. Users can quickly join external and internal datasets, as well as integrate data into existing views and workflows, with access to over 100 third-party vendors, such as Tableau and Alteryx, enabling faster and better business decision making. Snowflake's database architecture, which separates storage and computing, results in queries being more efficient.

Cloud delivery eliminates the data ingestion process and significantly improves productivity and efficiency, by streamlining both data and delivery needs. Getting access to data faster enables users to speed up data analysis and reduce time to insight.

Key Benefits

Members of the M&A team saw how this solution, paired with a variety of trusted S&P datasets, could significantly increase efficiencies and provide a competitive edge. They subscribed to the offerings and are now using S&P Capital IQ Pro for screening and due diligence and the cloud environment to access extensive information on peer groups and transactions for more frequent executive reporting.

The desktop is enabling the team to:

— **Quickly access comprehensive financial information** to identify acquisition targets that meet certain criteria.
— **Identify a universe of trading comps** using "Peer Comps" to better describe peer performance during executive briefings.
— **Use an extensive selection of prebuilt model templates,** including trading, deal and credit comps, plus us an Excel Plug-in for their own modeling efforts.
— **Monitor companies and markets** with dashboards and alerts and navigate data with savvy visualization tools.
— **Obtain profiles of professionals** at seller companies to be prepared for meetings.

The cloud is enabling the team to:

— **Leverage a scalable, secure and cost-effective environment** to access ready-to-query data on public company financials and transactions to support internal reporting applications for peer reviews. This takes their dealmaking capabilities to new heights with the flexibility and analytical power they need, which helps drive competitiveness.

Click here **to explore some of the solutions mentioned in this case study.**

S&P Global
Market Intelligence

Contact Us

Asia-Pacific
+852-2533-3565

Europe, Middle East & Africa
+44-207-176-1234

The Americas
+1 877 863 1306