

# CUSTOMER DUE DILIGENCE

ACCELERATE VALUE CREATION, MANAGE RISKS DURING YOUR NEXT STRATEGIC ACQUISITION

## CUSTOMER DUE DILIGENCE AND PLANNING DRIVES BETTER DECISIONS

Our process, delivered within a deal-sensitive timeframe, helps provide additional, objective information for the acquiring company's management team. Our consultants are well-positioned to highlight the value of the customer base and short- and long-term customer strategies.

This process will help the company take its due diligence efforts a step further by understanding not just historical trends but also what should be expected from the target company's customer base going forward and how the acquirer can accelerate accretion.

- **Due Diligence** - As the deal is being negotiated, we help you understand the target company's customer relationships and market position and how that plays into the company's value.
- **Post-deal Integration** - We collaborate with the operating unit to identify and develop specific strategies for growth within the customer base.
- **Ongoing Intelligence** - By monitoring and leveraging customer relationships, companies can optimize their return on investment.



## PROTECT YOUR INVESTMENT BEFORE YOU MAKE IT

Even though customers are a company's most valuable asset, rarely does an acquiring company fully invest in understanding the risks inherent in the customer base prior to closing. And it is even more rare to find an acquiring company that develops the necessary strategies and tactics after closing to fully integrate, protect and grow its newly acquired customers.

During these preliminary stages, companies pay financial, legal, and engineering experts to crunch the numbers, finalize contracts, and validate intellectual property. But who is assessing the most critical asset being acquired - the customer base?

Before finalizing a deal - and under a confidentiality pact with the target company to ensure no signals are released to its customers or the market - we arm an acquiring company with critical insights about the target's customers, including:

- **Opportunity** - Is the customer base primed for growth?
- **Risk** - How much revenue and how many customers are at risk of leaving?
- **Stability** - How loyal are customers to the target company?
- **Stickiness** - What are the customers loyal to - products, intellectual property, board, management, account team, etc.?
- **Position** - How do customers view the target vis-à-vis its competition?
- **Actions** - What steps should be taken to optimize the value and stability of the customer base?

## MAXIMIZE YOUR INVESTMENT AFTER YOU CLOSE IT

After finalizing a deal, we help the acquiring company collect and analyze customer information to address its newest business challenges. The company can discover effective ways to connect with their just-acquired customers. Understanding your customers to create competitive advantages begins before and culminates after the successful acquisition.

It's important to know which customers need immediate attention, which are ripe for growth or cross-selling opportunities, and how the acquisition is impacting their experience and commitment to your company. Managing your new customer portfolio with an experience that creates a strong emotional and business attachment to the acquiring company will, in turn, help the company grow and consistently outperform the competition in terms of growth, profitability and value creation.

## GROW WITH THE MOST VALUABLE ASSET THE CUSTOMERS

M&A deals can become more accretive through a better understanding of the value of a company's customer base. After all, companies with more loyal customers demand higher valuations, grow more quickly, are more profitable, and have greater operating leverage.

In today's marketplace, the need for understanding and mitigating significant risks prior to the completion of any transaction is becoming increasingly important. Informed acquiring companies develop more accurate revenue and cost-saving projections and execute more customer-focused integration plans.



## ABOUT WALKER

Walker Information, Inc. is a privately held consulting firm that specializes in customer loyalty and related customer strategies, including innovative approaches to accelerate growth. The firm provides tailored, comprehensive solutions to help companies obtain, segment, value, serve, and retain customers.



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## THE WALKER INDEX



MAY 31, 2012			
	Close	CAGR	
		5 year	10 year
Walker Index	2,385	4.31% ▲	13.05% ▲
NASDAQ	2,827	1.66% ▲	5.76% ▲
S&P 500	1,310	3.06% ▼	2.07% ▲
Dow Jones Ind	12,393	1.88% ▼	2.25% ▲

WALKER INDEX	
Upside Capture	95.06%
Downside Capture	59.81%
Performance in up and down months relative to the NASDAQ over the lifetime of the index	

Walker helps companies of all sizes (from Global 2000 to entrepreneurial ventures) leverage customer perspectives to protect and grow their businesses. The Walker Index offers more proof that focus on customer loyalty, especially at the account level, has a bottom-line impact.



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