



Liberty Technology Advisors, Inc.

Transaction Advisory Services

Who We Are

- **Liberty Technology Advisors (LTA) is a Management Consulting and IT Service Provider**
- **LTA was founded in 1995 and is based in Northbrook, IL**
- **LTA has Senior IT and M&A professionals with extensive business experience in various industries**
- **LTA provides services in the areas of:**
 - Mergers & Acquisitions technology due diligence, carve-out, and post integration services
 - IT strategy and alignment of IT to business goals and objectives
 - Business Process Re-Engineering and Corporate Performance Management
 - Forensic Technology Services
 - Program / Project Management
 - ERP Selection and Implementation Services

Value Proposition

- LTA provides objective advice before and after close and is not restricted by the SEC/ AICPA regulations
- LTA professionals have successfully executed many engagements in the United States and overseas and have experience in business process and technology in most industries
- As a trusted advisor, LTA will immediately report issues, concerns, and opportunities that may affect the transaction

LTA's Professionals History

- **John Berglind**

- Twenty years of cross-industry experience made him an expert in the areas of information and process reengineering. John has significant experience in mergers, carve-outs and business startups. His extensive corporate and consulting experience leading practices within SBI, Enteris and Ernst & Young have further broadened his background and given John the insight required to contribute significantly to the rapidly growing area of the transaction space and Corporate Performance Management (CPM) solutions.

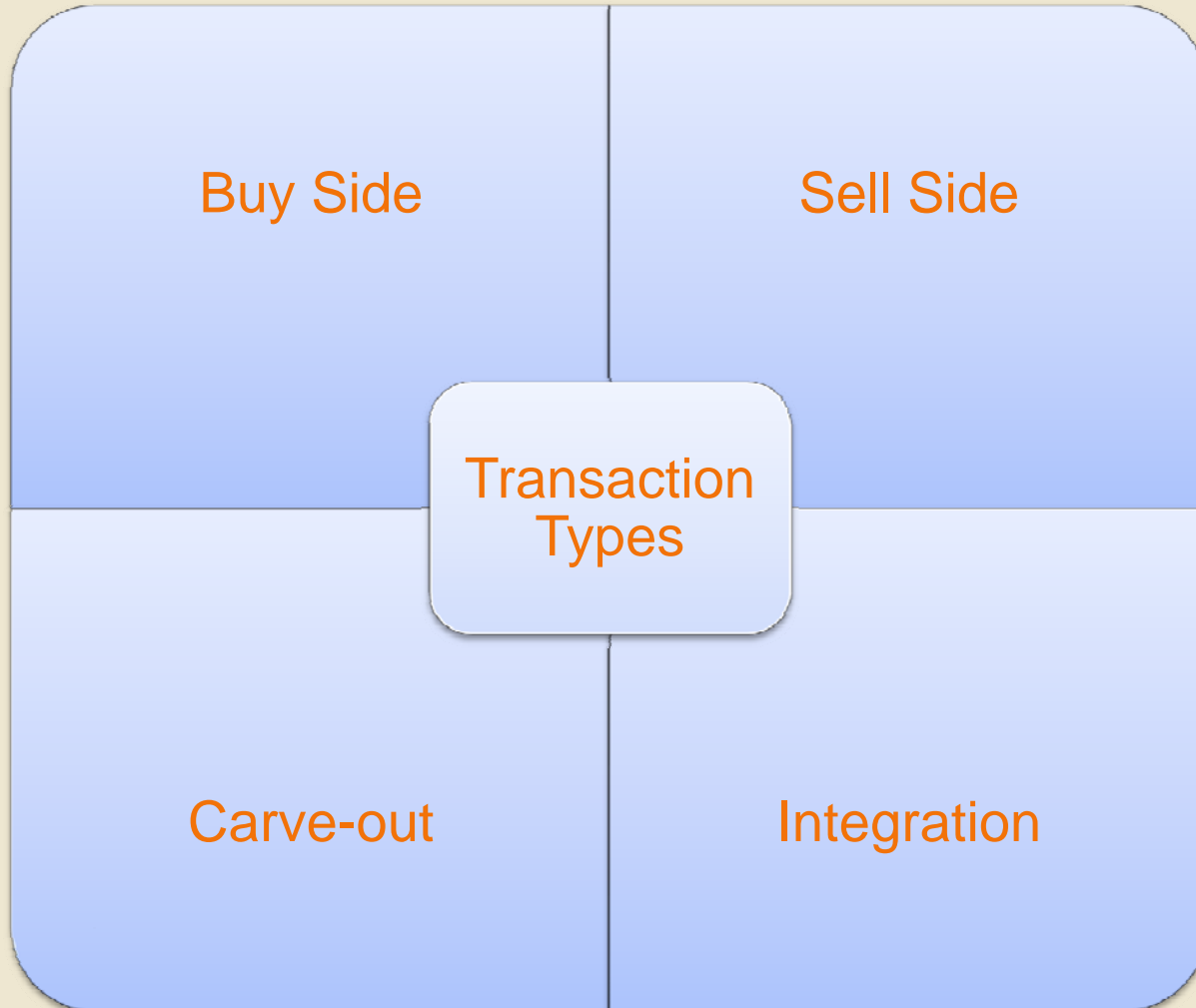
- **Joel Schneider**

- Joel has over 25 years of experience as a management consultant with a specialty in information systems and operations management. Joel has extensive experience in strategic systems planning, identifying needs and implementing systems that achieve his clients' objectives. Joel's has extensive experience with IT re-engineering and multi company integration programs. Joel has also participated in multiple startups and company valuation reviews.

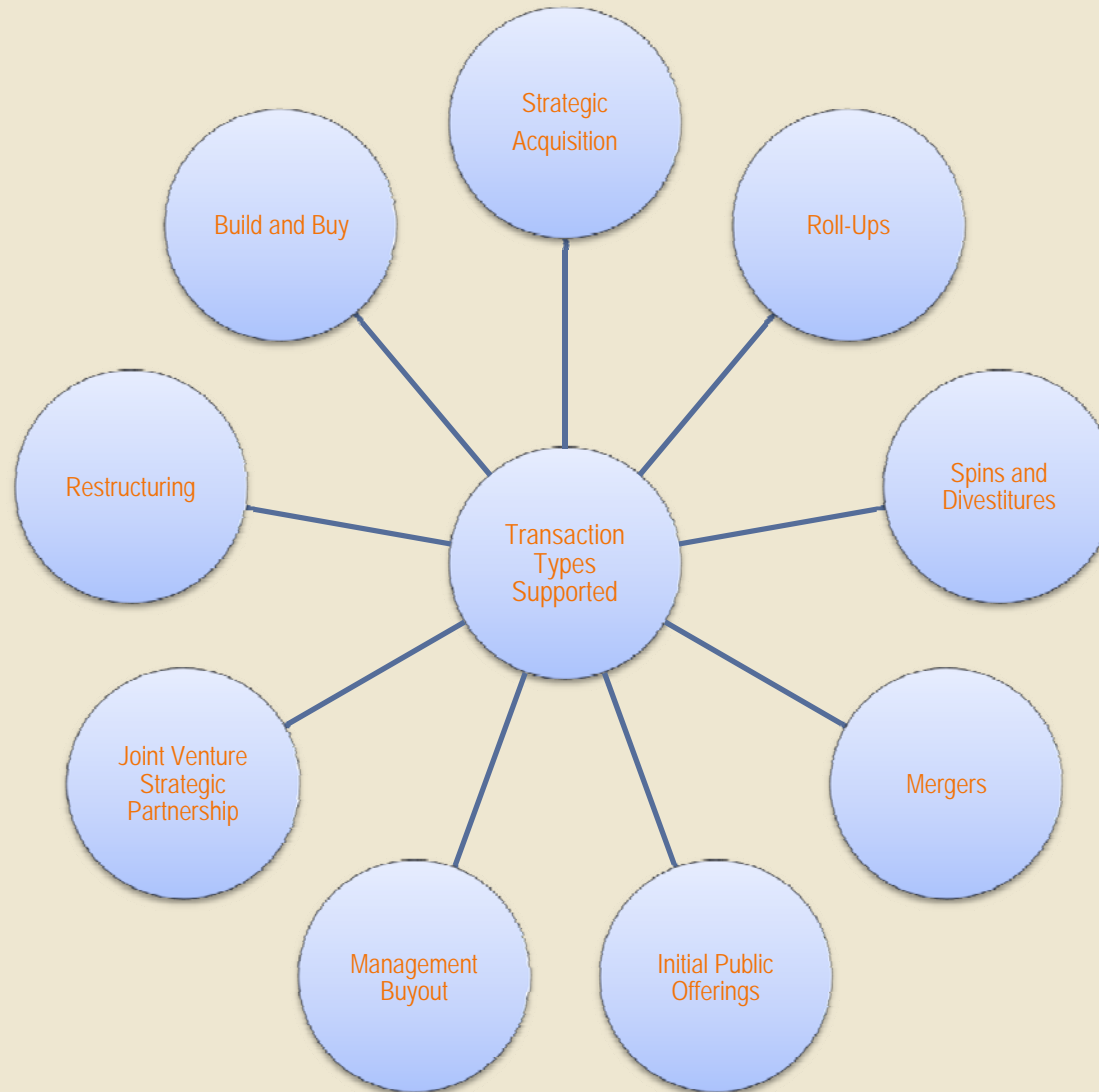
- **Jim Serafin**

- Jim was an executive of SBI Holdings ("SBI"), specifically as CEO and President of the performance management and information technology division (SBI Enteris). During his time as an executive with SBI (2001- 2006), Jim was instrumental in evaluating acquisition candidates as well as leading integration activities for the acquired entities into SBI. During Jim's tenure, the company partnered with its primary investor, Cerberus Capital Management, to acquire in excess of 20 public and private companies from 2002 through 2004 in order to grow four areas of information technology services. After all acquisitions and organic growth were realized, the entities comprised over \$400MM in revenues, had operations across the US, Europe and Japan, and serviced many Fortune 1000 clients including Kraft, Dell, Carnival Cruise Lines, Delta Airlines, DHL, Nike and Washington Mutual among others. The 4 SBI operating entities were subsequently sold to various public and private buyers during 2005 and 2006 realizing gains for the primary investors.

Basic Transaction Types



Types of Buyer Transactions



Buy Side

Type of Buyer Transaction

Buy and Build
Strategic Acquisitions
Roll-Ups
Spins and Divestitures
Mergers
IPOs
MBOs
JV and Strategic Partnerships
Restructuring

Technology Focus

Scalability of systems and integrity
Ability to integrate and system capacity
Compatibility of systems and operations
Systems and operations interdependence
Capability of systems for rapid growth
Capability of systems for short-long term
IT organization assessment

Impact Exposure

- Needs higher investments (↑ **CAPEX**)
- Requires system upgrades (↑ **CAPEX**)
- Requires new ERP system (↑ **CAPEX**)
- Requires more IT personnel (↑ **OPEX**)
- More expensive to maintain (↑ **OPEX**)
- Lack of reliability (↑ **OPEX** ↑ **CAPEX**)
- Requires infrastructure refresh (↑ **CAPEX**)
- Higher labor costs (↑ **OPEX**)
- Business disruption (↓ **Sales** ↓ **Profit**)
- Unsupported key business processes

Sell Side

- Identify areas of deficiencies and risk for the buyers
- Recommend action items that can address deficiencies and remediate risks
- Minimize doubt on potential buyers that could impact valuation and thus a lower offer
- Recommend information to be provided to buyers
- Assist in creating the Data Room and managing access
- Play the seller's advocate on the Technology side

Carve-Out

- Identify business unit / division use of technology
- Identify type of transaction (asset or stock, as it may impact software licensing)
- Understand any shared services provided by Parent that need to be replaced
- Understand service provider contract implications and potential penalties
- Estimate systems, infrastructure, and IT staff needed for standalone operation
- Estimate one-time and recurring expenses for standalone operation
- Develop a Transition Services Agreement (TSA) and estimate transition costs
- Develop a Supporting Transition Project Plan

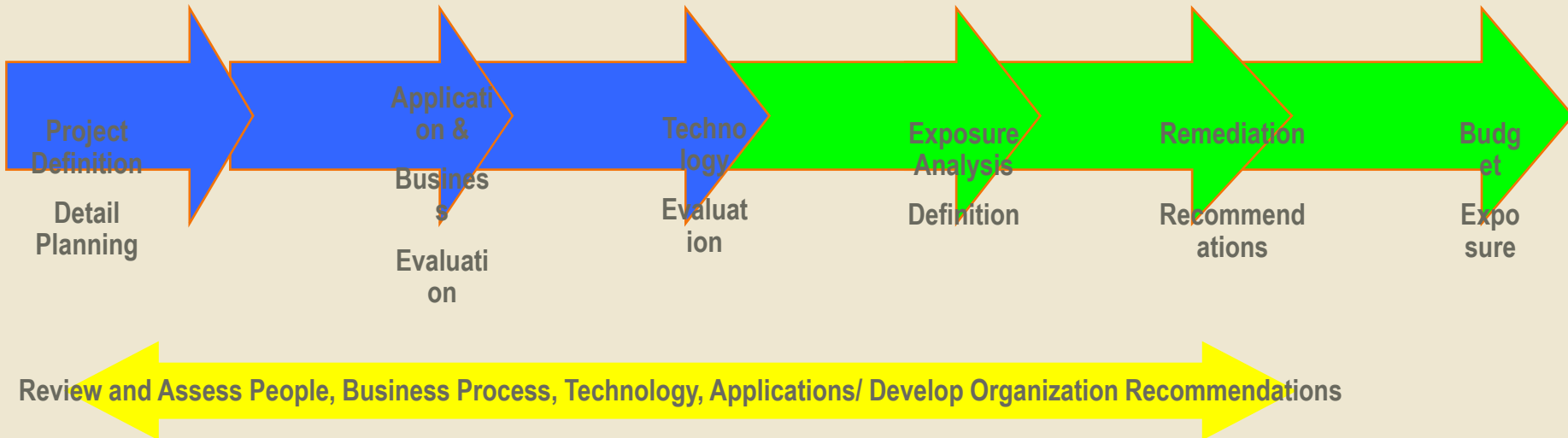
Integration

- Identify technology to support synergies between two entities
- Identify technology needs for the two entities
- Identify skills set of two IT organizations
- Recommend best technology strategy for combined entity
- Recommend IT organization staffing for combined entity
- Estimate one-time and recurring costs for combined entity
- Develop a detailed project plan to manage the integration process
- Manage the entire integration process

LTA Due Diligence Methodology

Current State Evaluation

Remediation Issues



Sections recorded in a typical due diligence report

Introduction

Key Findings

Summary Table with One-Time and Recurring Expenses needed

High-level Overview of Business Processes

Business Systems

- ERP and Financial Reporting
- Supply Chain
- Asset Management
- CRM
- Other Key Systems

Infrastructure

- Servers, PCs, networks, communications
- Data Center
- Security
- Voice and Data Communications

IT Organization

- Governance
- Project Management
- Internal Controls and Procedures
- Staffing levels and skills set

System Availability

- Disaster Recovery and Business Continuity Planning
- Hardware and communication contingencies

High-level remediation work plan

Next Steps

- Prior to Signing
- Prior to Closing
- Post Closing

Summary of Due Diligence Procedures



Provide a Project Completion Summary of IT Ability to Support the Change of Ownership Transaction

Technology Due Diligence Steps

Analyze preliminary Target information

- Offering Memorandum
- Management Presentation

Agree on scope and fee estimate

Understand Client plan for the acquisition and timing for exit strategy

Send an Information Request List to Target Management

Perform site visit

- Interview Management
- Facility assessment (data center, etc.)

Provide continuous Client feedback, including immediate contact if a red flag is found

Perform analysis of information collected

Write report and present to Client

Why Hire LTA

- Results Achieved
 - Reduced CAPEX / OPEX \$
 - Reduced investment risk
 - Reduced Target price (valuation)
- We understand your business
- We recommend alternatives to mitigate risks and reduce surprises after close
- IT expertise on both sides of desk
- Typically, a buy-side engagement would take 2-3 weeks with one to two M&A professionals
- Project updates can be daily, bi-daily, or weekly
- In carve-outs, we estimate:
 - One-time expenditures and recurring expenses to operate Target after close
 - IT staffing needed and replacement of shared services provided by the Parent
- In integration, we can manage the process
- In sell side, we advise strategies to reduce buyer doubt and consequently lower offer
- Senior professionals on all engagements
- Experience in 100's of engagements
- International experience
- Interactive process

LTA brings a proven process to achieve success

LTA Contact Information

John Berglind

Office: 847.509.9140

Cell: 773.491.9823

John.berglind@LTAdvisors.com

Joel Schneider

Office: 847.509.9140

Cell: 847.274.1427

Joel.schneider@LTAdvisors.com

Liberty Technology Advisors, Inc.

350 Pfingsten Road, Suite 109

Northbrook, Illinois 60062

www.LTAdvisors.com