

EY Executes More Objective Technology Due Diligence for M&A using CAST

CASE STUDY

Partner / Client Profile

EY is a global leader in assurance, tax, transaction and advisory services with over 280,000 employees at over 700 office locations in over 150 countries.

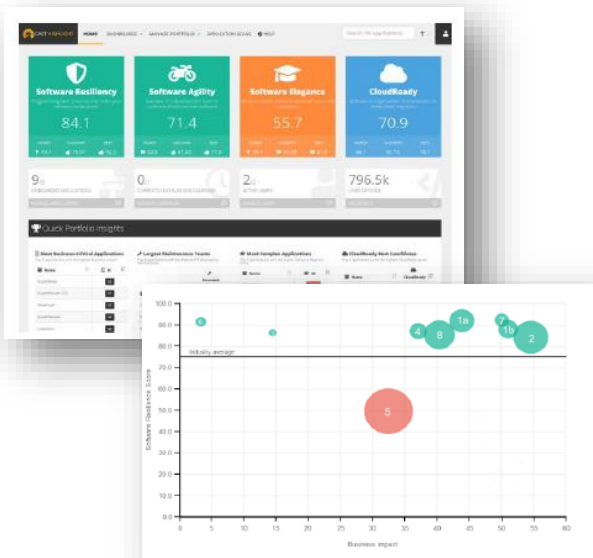
Business Challenge

EY was engaged to perform due diligence for a PE firm that was considering investing in a software technology company. In addition to the commercial due diligence EY performed, they needed to deliver a technology due diligence on the target firm's software products. Historically, this was a manual assessment process that required software code reviews that were time intensive and sometimes inaccurate. EY needed a more objective method to rapidly assess the quality, risk, and cloud readiness of the firm's software assets.

The Solution

EY utilized CAST to rapidly assess the firm's portfolio of software products that comprised of 2,600 files and over 1.2 million lines of code. ***A source code analysis was completed in less than a week compared to several weeks in the past using the manual approach.***

Software Intelligence metrics such as Resiliency, Agility, and Elegance along with Software Composition Analysis (SCA) to identify potential open source software risks enabled EY to incorporate greater objectivity into its due diligence process.



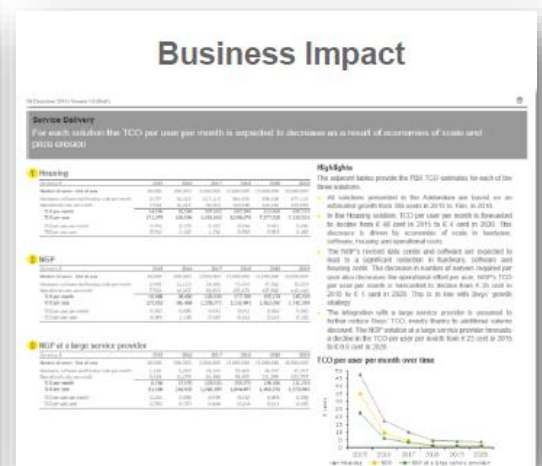
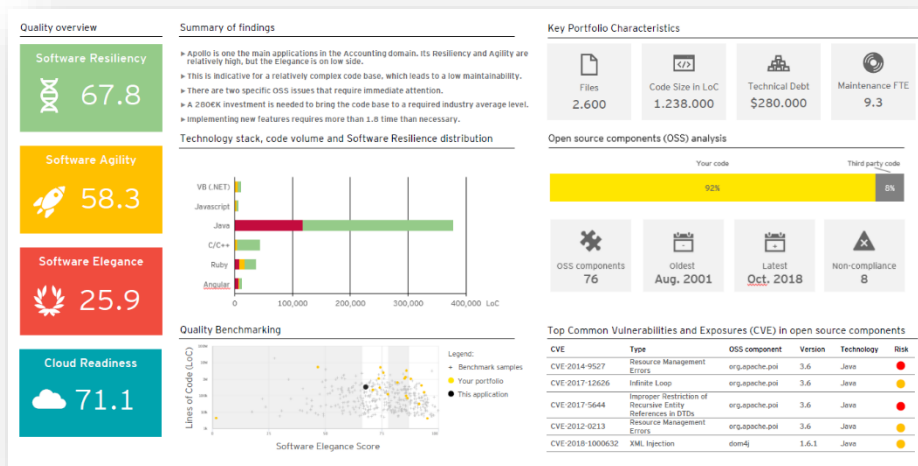
The Outcome: A More Accurate Valuation and Lower Risk Investment

EY was able to uncover several important risks in the target firm's software that needed to be addressed before the investment or considered as part of the investment valuation.

First, CAST identified serious IP licensing risks related to eight open source components with GPL licenses in use in the software products. This type of open source license could require a product using such a component to be shared as open source. EY recommended immediately replacing the eight components at a cost of \$70K USD or address this in the sale and purchase agreement.

Second, CAST demonstrated that three software applications in which were important to the business had seriously low Resiliency scores making these applications prone to production issues and/or outages. EY advised that these three applications be refactored to improve the Resiliency at an estimated cost of \$465K USD.

Ultimately, the PE firm was able to make a more informed decision with a more accurate valuation of the target company's software products based on greater objectivity provided by CAST.



CAST DealInsight develops objective metrics based on source code analysis to help make more informed decisions about software application investments.

About CAST

CAST is the pioneer and category leader in Software Intelligence, providing insight into the structural condition of software assets. CAST technology is renowned as the most accurate "MRI for Software", which delivers actionable insights into software composition, architectures, database structures, critical flaws, quality grades, cloud readiness levels and work effort metrics. It is used globally by thousands of forward-looking digital leaders to make objective decisions, accelerate modernization and raise the security and resiliency of mission critical software. Visit castsoftware.com.