

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

CASE STUDY

Partner / Client Profile

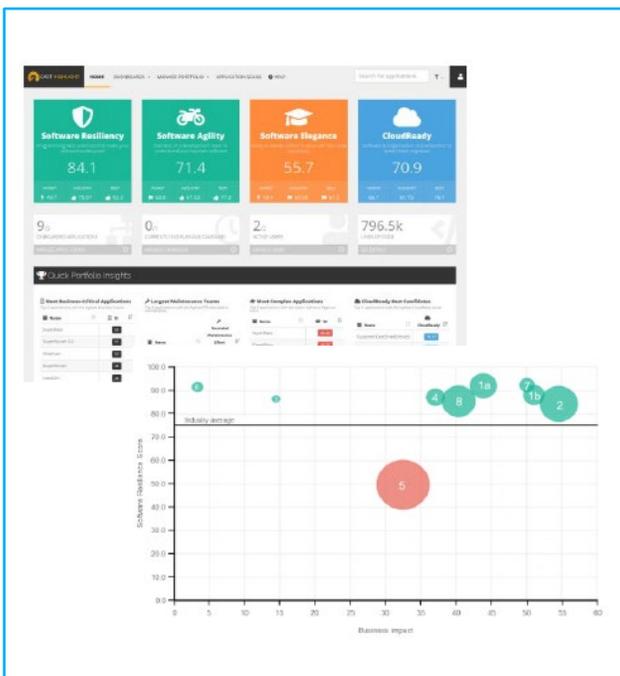
EY is a global leader in assurance, tax, transaction and advisory services with over 280,000 employees at over 700 office locations in over 150 countries.

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 Highlight 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 combined with surveys to capture qualitative business metrics 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.



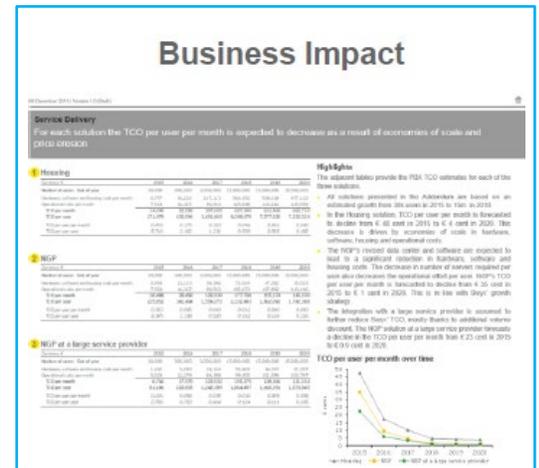
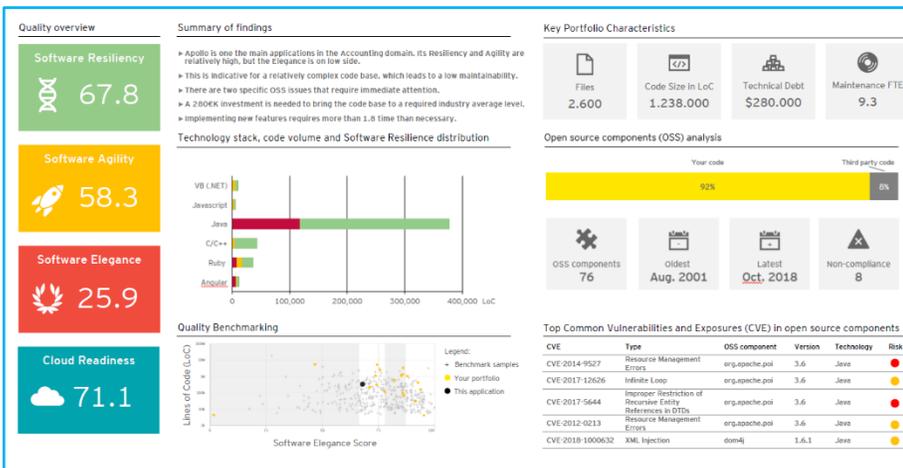
The Outcome: A More Accurate Valuation and Lower Risk Investment

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, the CAST Highlight SCA 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 Highlight demonstrated that three software applications in the portfolio 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 Highlight.



CAST Highlight combines objective metrics based on source code analysis along with qualitative business context to make more informed decisions about application portfolios.

About CAST

CAST is the software intelligence category leader. CAST technology can see inside custom applications with MRI-like precision, automatically generating intelligence about their inner workings - composition, architecture, transaction flows, cloud readiness, structural flaws, legal and security risks. It's becoming essential for faster modernization for cloud, raising the speed and efficiency of Software Engineering, better open source risk control, and accurate technical due diligence. CAST operates globally with offices in North America, Europe, India, China. Visit castsoftware.com.