

Due Diligence Leads to the Best Decision

Synopsis: Manufacturing company Epsilon requested DuckerFrontier's help in acquiring another company. We conducted commercial due diligence as part of a buy-side transaction, presenting Epsilon with key information about its target company.

The challenge: Epsilon, a leading manufacturer of building products based in Europe, was considering acquiring a North American company. The target company was active in Western Europe, North America, and Asia in three very distinct, separate markets. Epsilon asked DuckerFrontier to leverage its global footprint to conduct commercial due diligence as part of its analysis of the target company's final valuation.

DuckerFrontier's approach: With our deep product knowledge in the construction materials industry, DuckerFrontier was ready to help. We used primary research and modeling, leveraging our extensive network of industry experts and value chain participants, including DIY installers; related data sets; and market expertise to provide the information Epsilon needed. Our analysts:

- **Developed a detailed market assessment**, including market size and segmentation by technology, the competitive environment and competitor profiles, and manufacturer price levels
- **Assessed the target company's competitive position**, including its strengths and weaknesses, unique value propositions, technologies, the defensibility of those technologies, threats of share loss to new entrants, and barriers to entry
- **Analyzed the ability to leverage Epsilon's organization and drive growth in each region and each market**, looking at competitors' share of the market and defining characteristics, key success factors and barriers, and the potential impact of the target company in new regions

Client results: Using the commercial due diligence and conclusions from DuckerFrontier, Epsilon decided that the target company's technologies had only limited adaptability to other geographical regions, and that the synergies with its own business were insufficient. Ultimately, Epsilon discontinued the acquisition process, avoiding a potentially costly mistake.