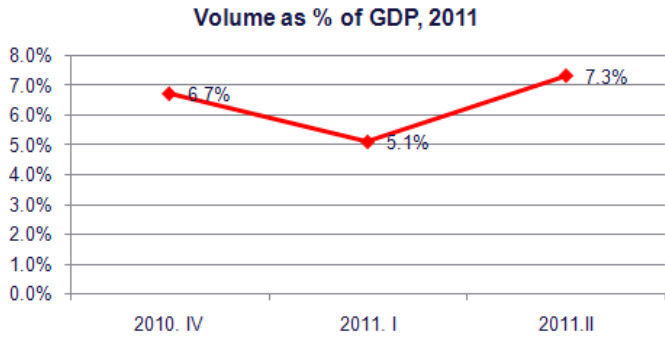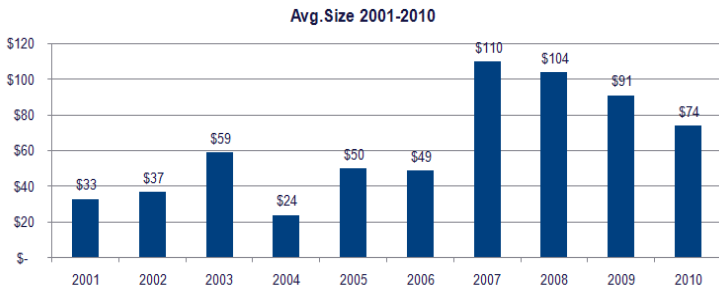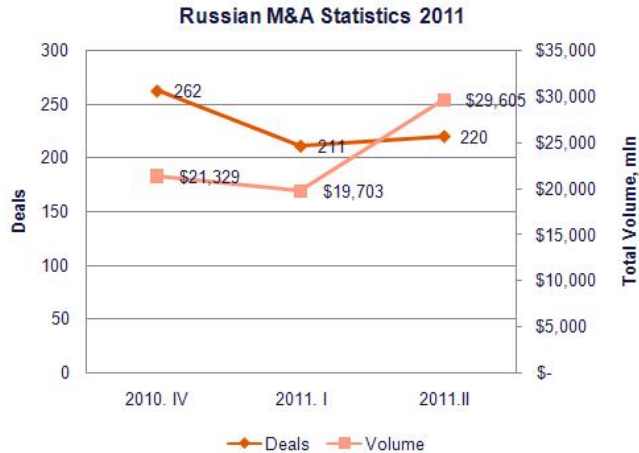# Luxoft Financial Services

Virtual Data Room — Technology behind M&A transactions in financial industry

M&A Market in Russia

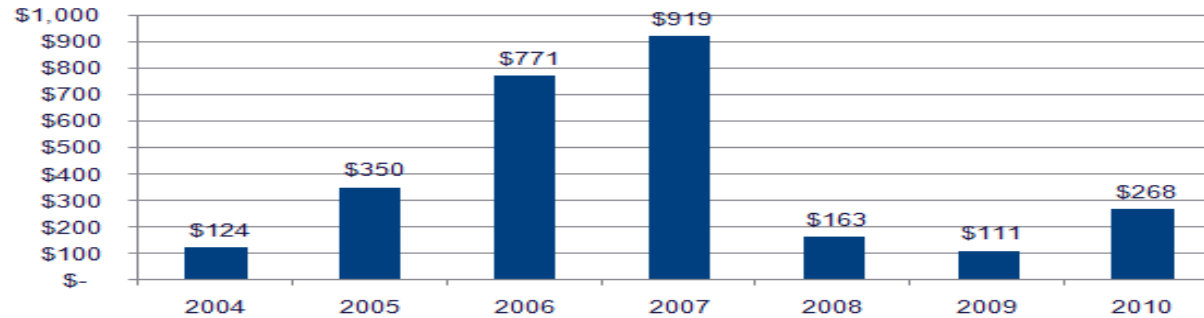### Russian M&A Statistics 2001-2010
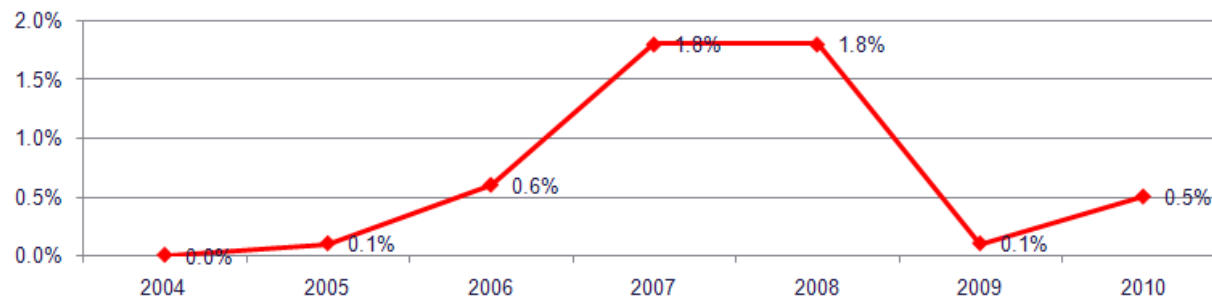

Avg.Size 2001-2010

Volume as % of GDP, 2001-2010

Russian M&A Statistics 2011

Volume as % of GDP, 2011

Source: http://www.mergers.ru

IPO Market in Russia

Russian IPO Statistics

Avg.Size

Volume as % of GDP

Source: http://www.offerings.ru

Due-Diligence in M&A Process

Define the Purpose

Image the Process

Validate Strategy	Assess Options		Negotiate & Close	Integrate

• Understand deal specific objectives and screening criteria
• Evaluate market dynamics, value chain and competitive environment to identify potential higher growth /margin opportunities
	• Deal structure:
	  - Mergers and acquisitions
	  - Alliances
	  - Minority investments
	  - Corporate and specialty finance transactions
	• Accounting
	• Structure
		■■■■	• Complete the terms in the stock purchase agreement potential
			• Transition support needs based upon diligence completed
			• Post-closing purchase price adjustments
			• Determine integration priorities, Day 1 and 100-day plan Understand on the terms and financial implications of key employee agreements
			• Complete regulatory requirements
				• Advise on Day 1 readiness
				• Synergy analysis and tracking
				• People integration and workforce optimization
				• Communications and change management
				• Functional integration support and tactical implementation
				• Operating improvements & cost reduction planning

Source: PwC

Types of Due-Diligence

- Commercial
- Operational
- IT
- Environmental
- HR
- Legal
- Tax
- Financial
  - Historic performance
  - Projections

Due diligence
the process through which a potential acquirer evaluates a target company for acquisition
(Wikipedia)

System Users

- **Bidder side**
  - Lawyer and Bankers advising one of the Bidder companies
  - Middle Management Bankers, Analysts and Financial Advisers
  - Senior Partners of Law Firm, Company Board Members, Senior Executives

- **Sell Side – Deal Admin**
  - Lawyers and Paralegals
  - Senior Legal and Financial Advisers, and client company executives

- **VDR Platform Staff**
  - VDR Sales
  - VDR User Support
  - VDR Admins

Index
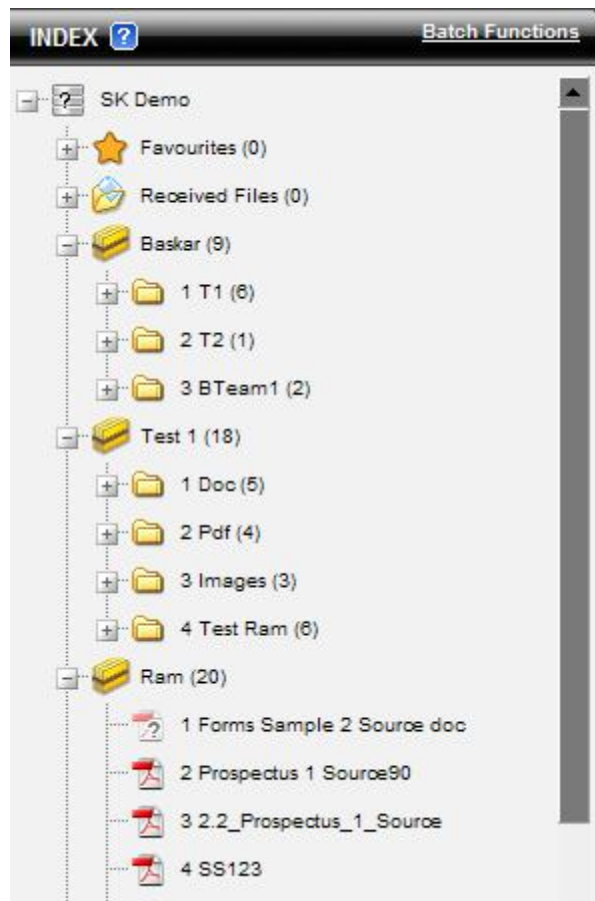
- Structured collection of documents and relevant materials (including pictures, scans, videos and sound clips)
- Structured to serve Due-Diligence purposes: separate financial, legal, historical, marketing, etc. groups of documents
- Specifically numbered for convenience purposes

Index Preparation
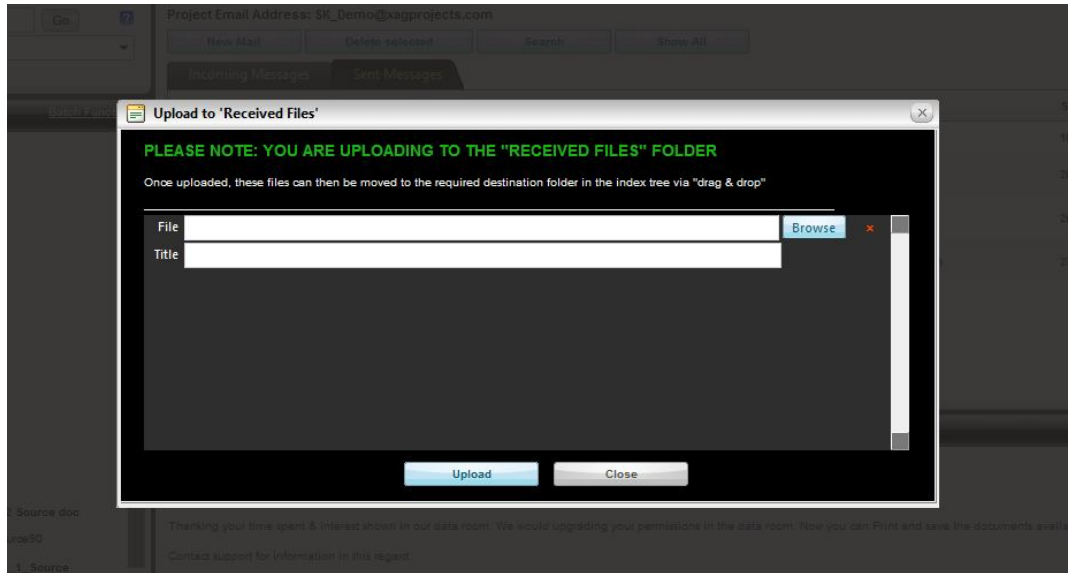
- One-by-one upload

- Batch loading

Automatically installed browser plug-in for batch operations:

- Initial structure creation

- Structure update (document movements)

Document Permissions
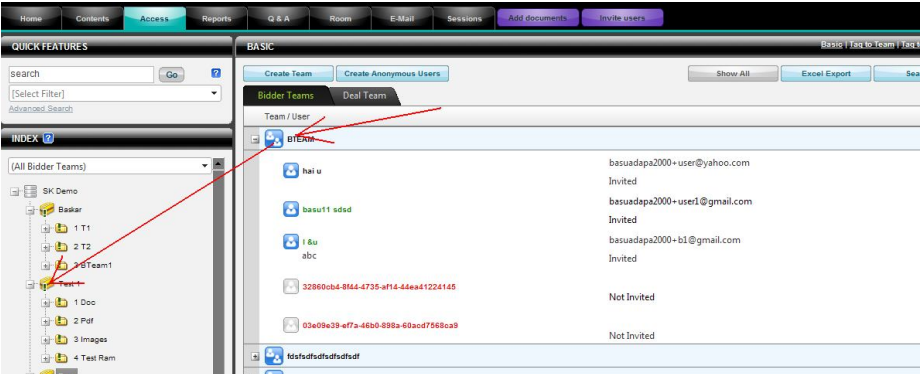
Drag-and-drop Bidder or

Seller Teams
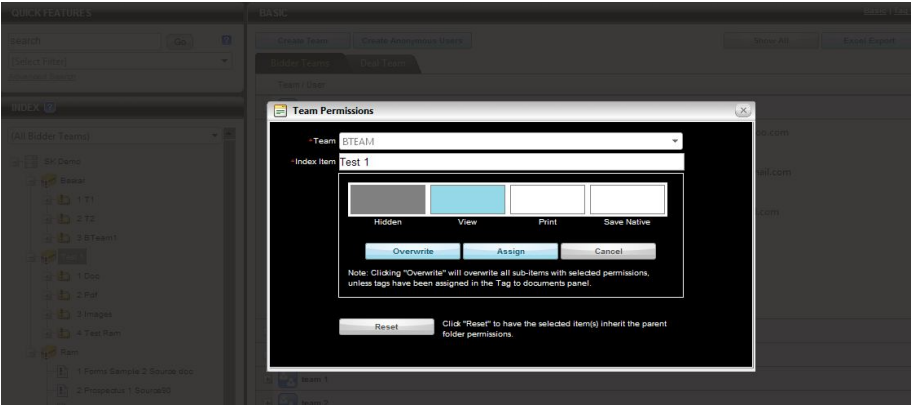
Permissions:

- Hide

- View

- Print

- View Native

Complex inheritable permissions, including negative permissions.
Special database logic to handle permissions calculation.

Full Text Search
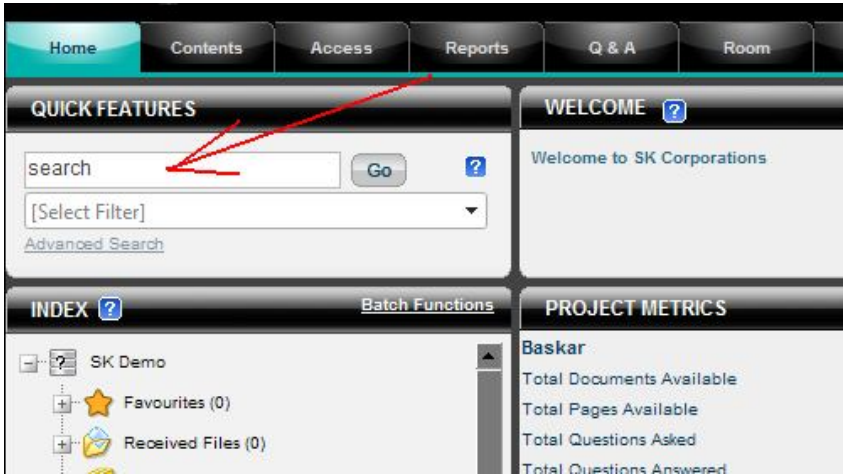
Uses MS SQL Full Text Search

Searches in all document types, including PDFs
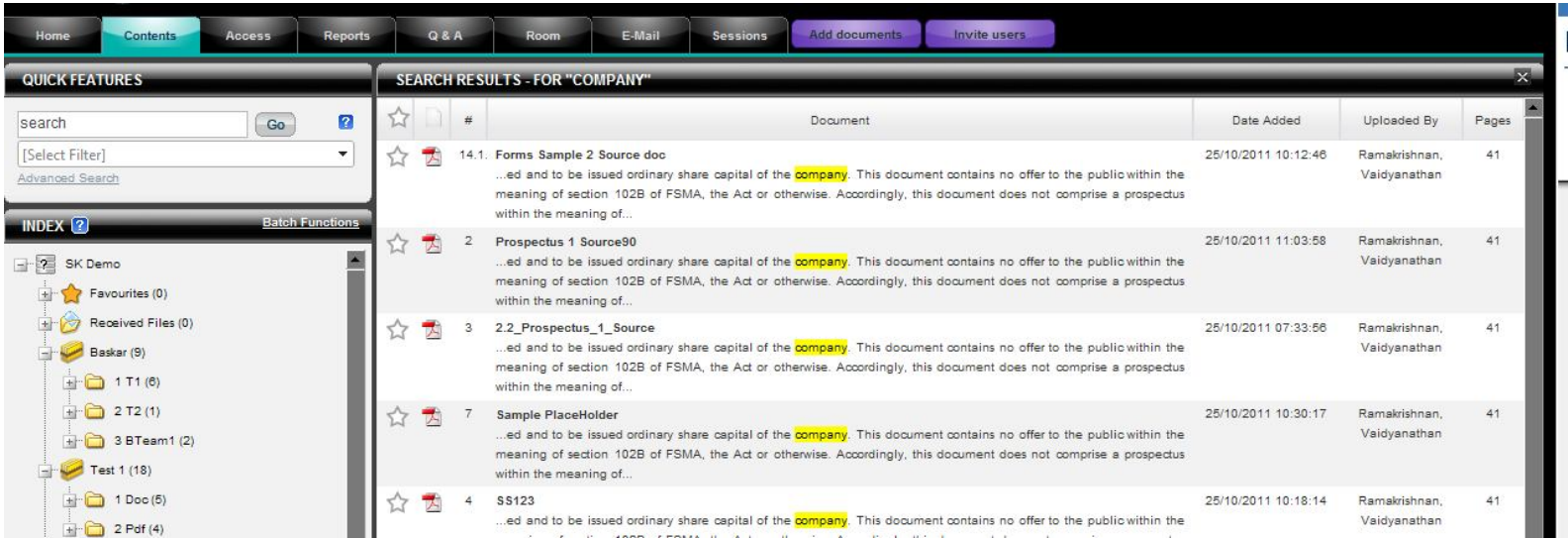
Reporting
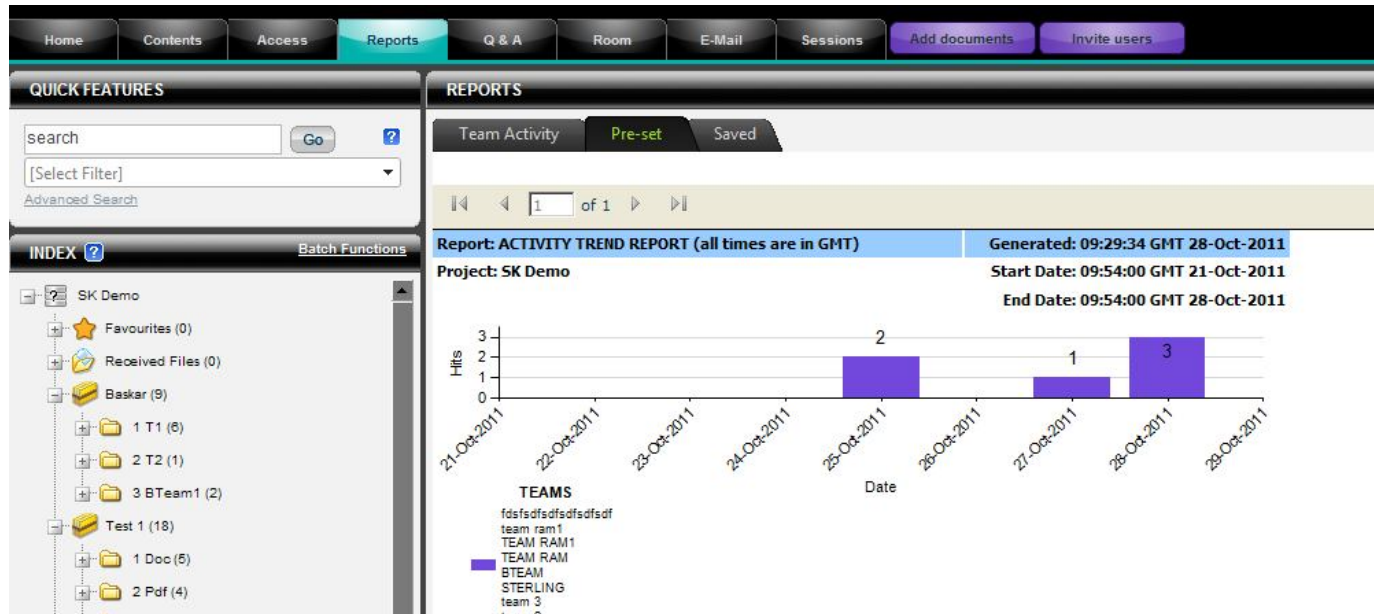
MS Reporting Services

Preset and Customized Reports

- Track the Due-Diligence progress

- Track the per team and per document activities

Dashboard

- At a glance Due-Diligence project overview

- Available for every Deal participant with appropriate permissions

- Customizable per user and per project

Q&A

- Per any Index Item

- Thread-like Structure

- Can contain attachments and links to other documents

Emaling

Secure and consolidated Due-Diligence project related emailing

User Profile Maintenance
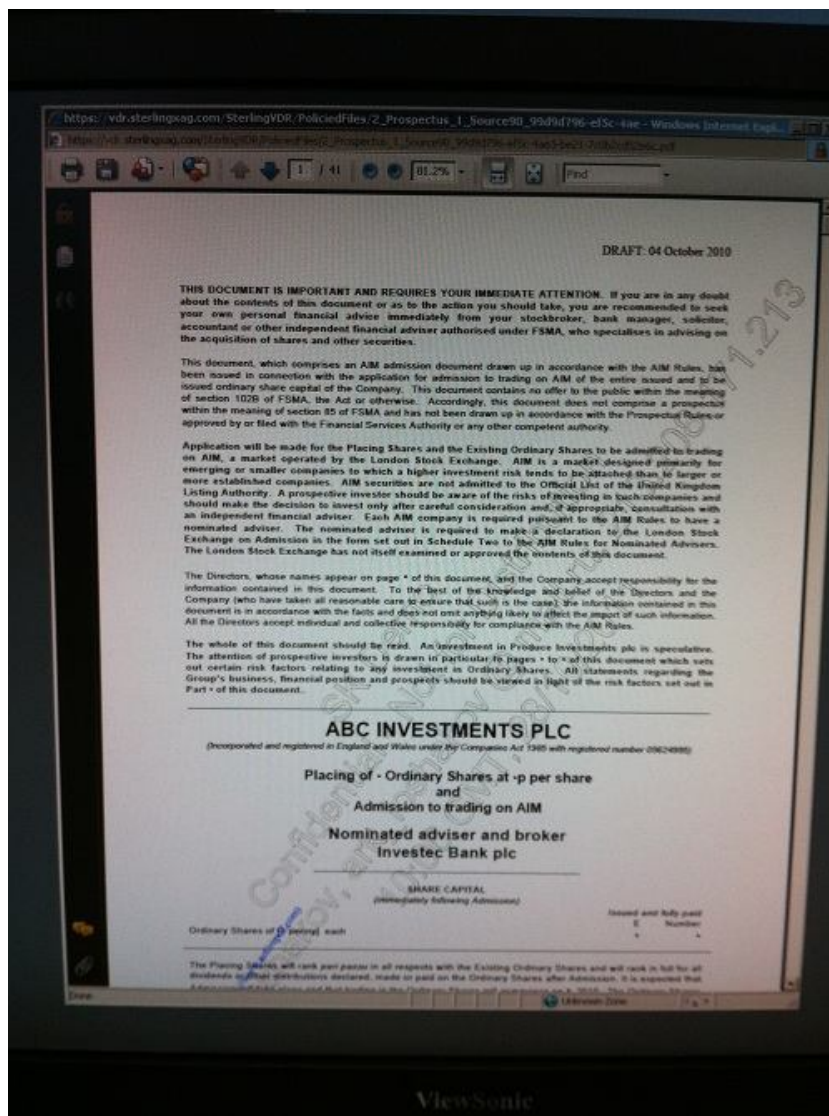

- General user information maintenance

- Dashboard settings

- Global and per Project

Index Browsing

- Tree-like Index
  structure browsing

- Instant Document
  Preview feature

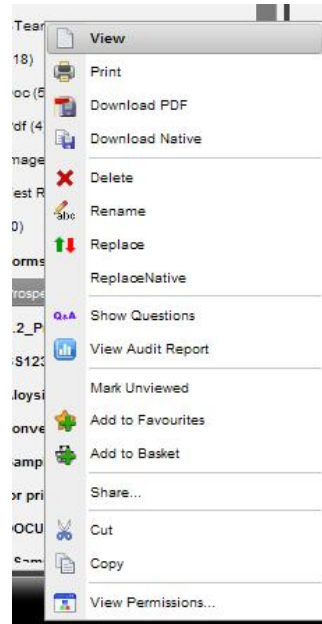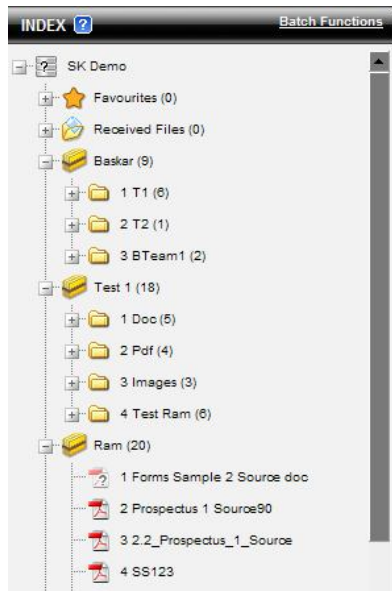- Document
  Annotations

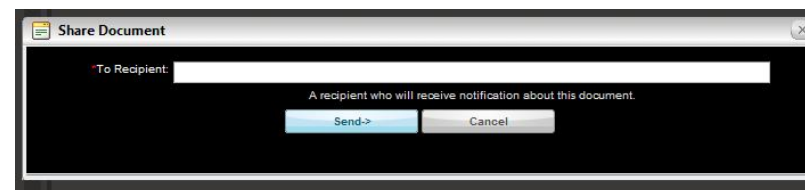Preview 'Save Image' protection

Secure Document View

- No Extra Plug-In necessary (uses PDF Acrobat Reader)

- Secure Watermark with current user and IP adress

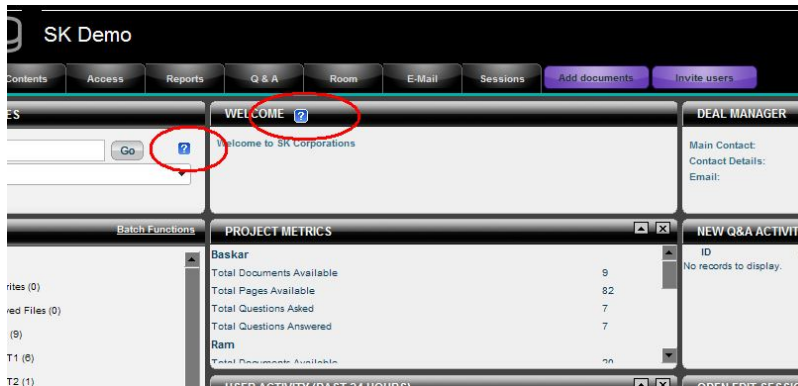- No ability to save or print

- No ability to screen-shot
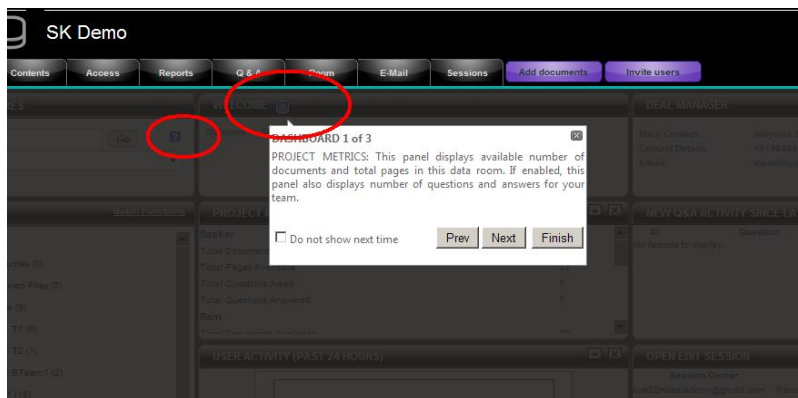
Working with Index Items

- Secure View

- Print or Download

- Download Native

- Q&A Integration

- Bulk operations (Basket)

- Secure Sharing

Online Help

- Comprehensive set of tooltips

- Can be turned on/off

Deal Room Features Management

Billing types:
- Per Document
- Per Size
- Per Users

- Additional SMS Authentication
- DRM On/Off
- Watermark
- Extended Printing
- PDF Conversion
- OCR Conversion
- Quick Preview
- Documents Mail-In
- Q&A
- Advanced Search
- Size and Documents limits

Deal Room Maintenance

- Archiving

- Event Scheduling:

  - Auto invitation send

  - Deal expiration

Index Modification Transaction Support

- Ability to prepare Index modification first (no-one else sees the modifications before Session commit)

- Ability to double check and review changes before commit

- Atomic Session commit

- Changes Rollback support

Deal Participants Invitation

- User receives an automatic email with a link to a Data Room

- System tracks those invitations sent and subsequent user registrations and logins

- Support for anonymous users (only email, can also be public email)

- Scheduled/Delayed invitation support

Bulk Operations Support

LUXOFT
Engineering Business Performance
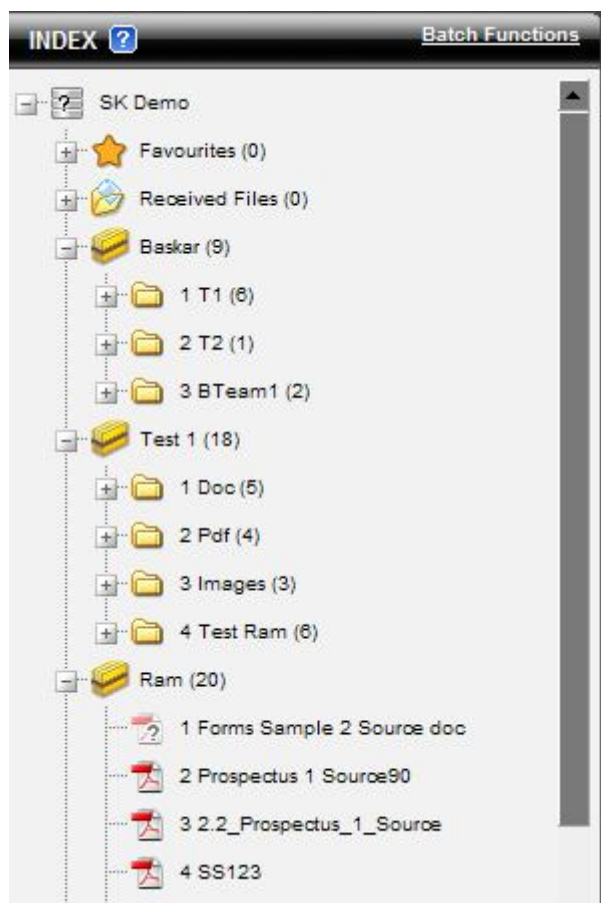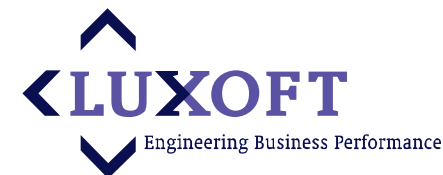
- Initial Index Preparation

- Index Modifications (including atomic commits)

- Document Printing

- Bulk Download

Uses Installable Plug-In (SSO supported)
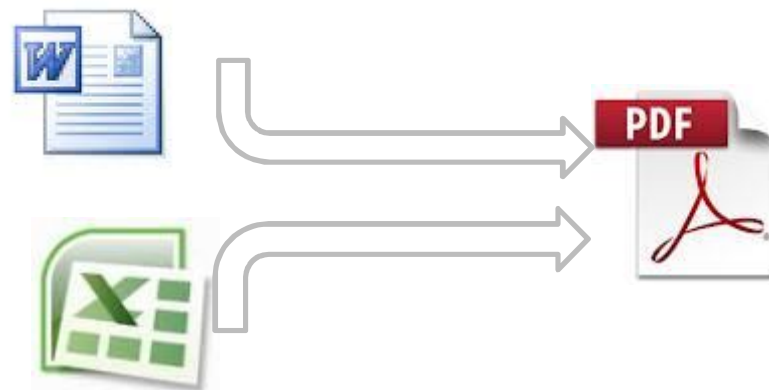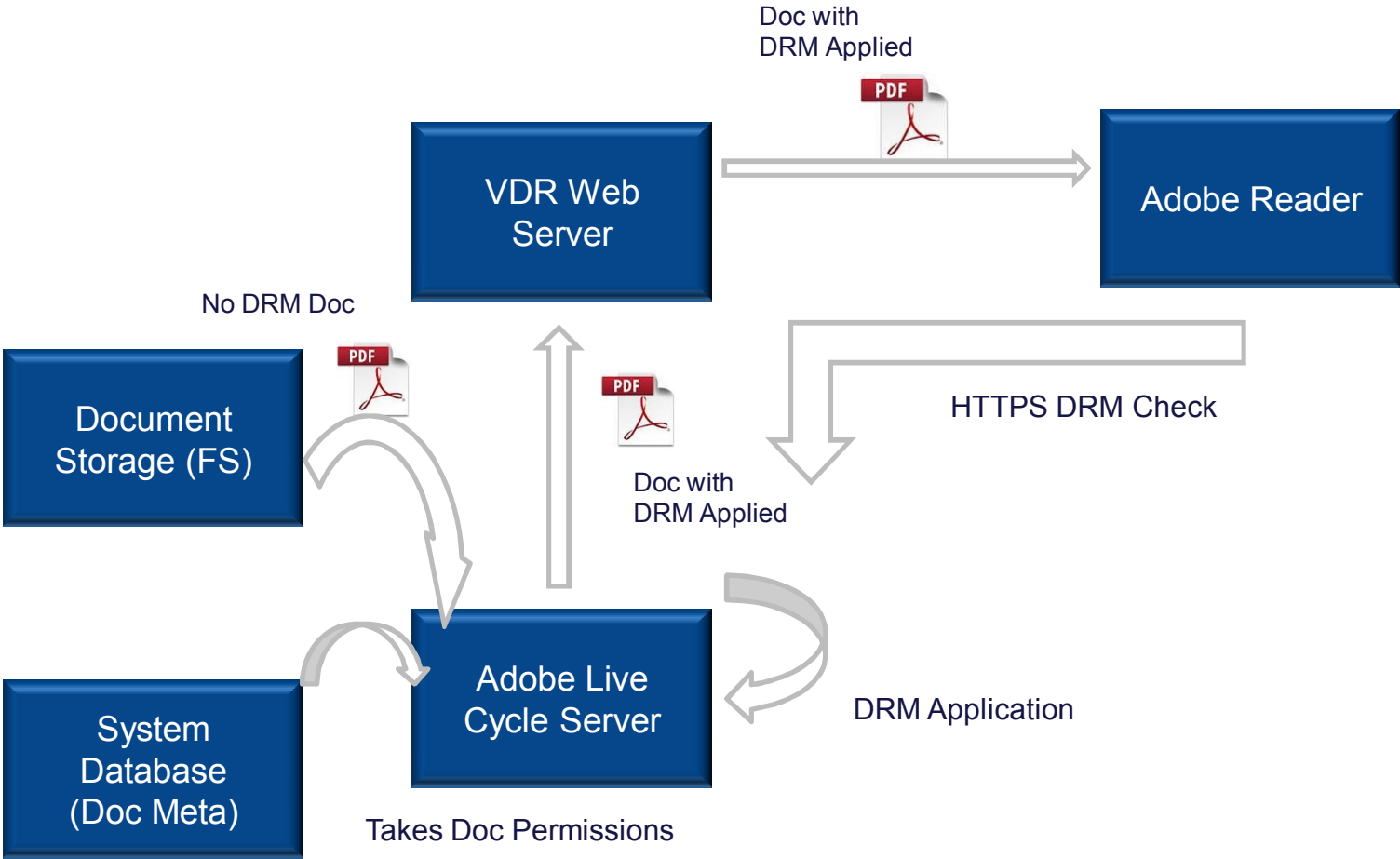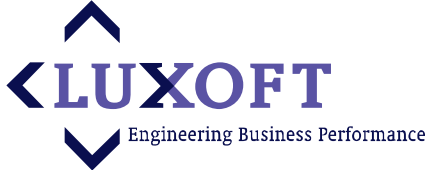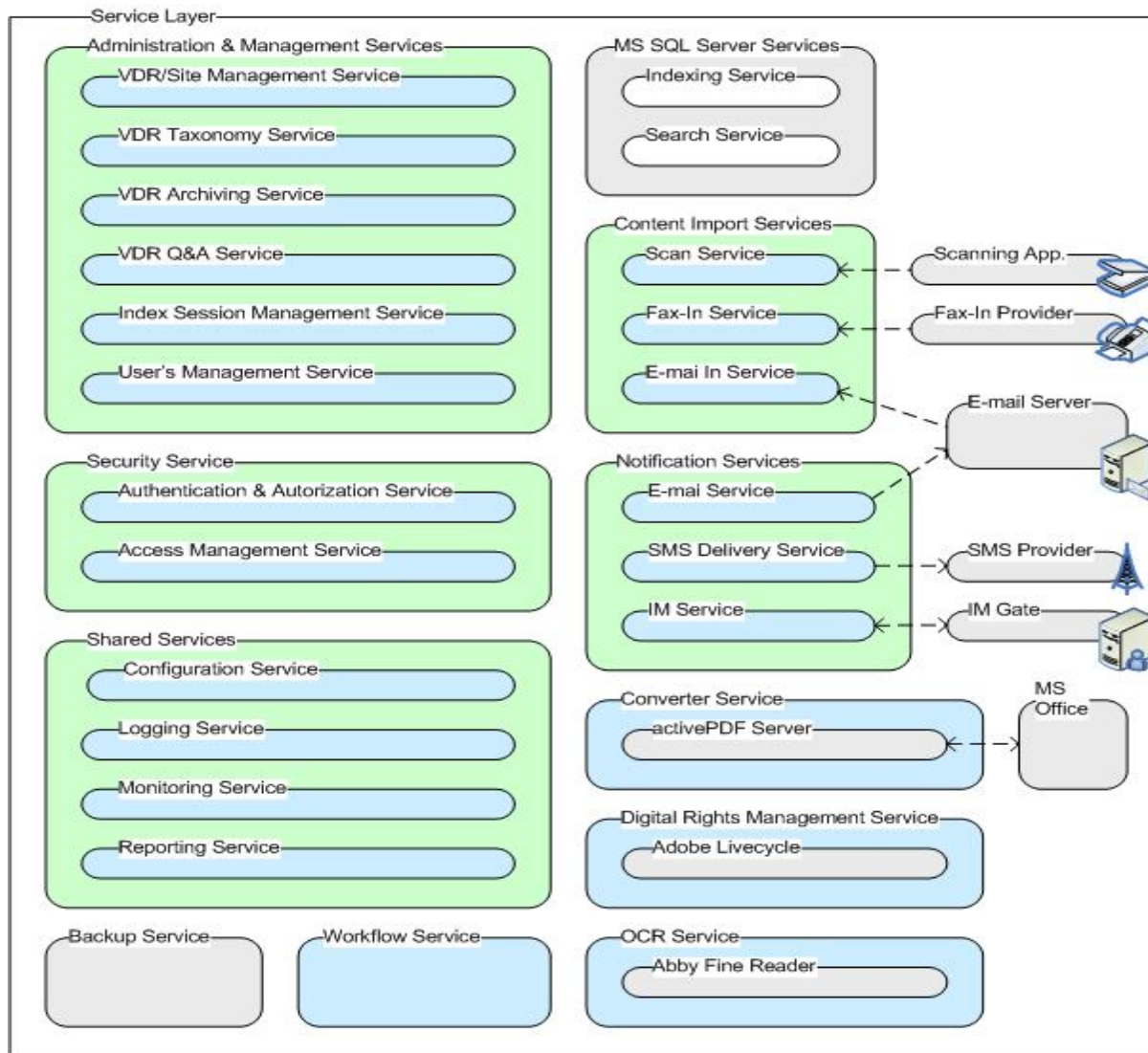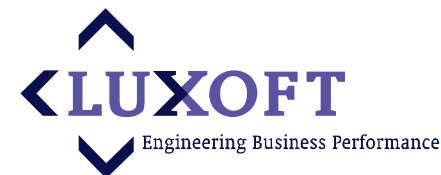
Document Conversion

- Only PDF format is supported by Adobe Reader (to apply Watermarks and DRM)

- Hence all documents should be converted to PDF (Excel, Word, JPG, PNG, etc.)

- OCR is used to provide Full-Text search feature for Scanned Documents and PDFs

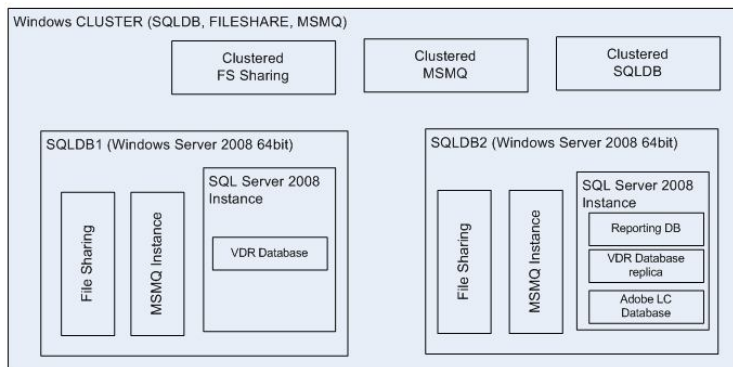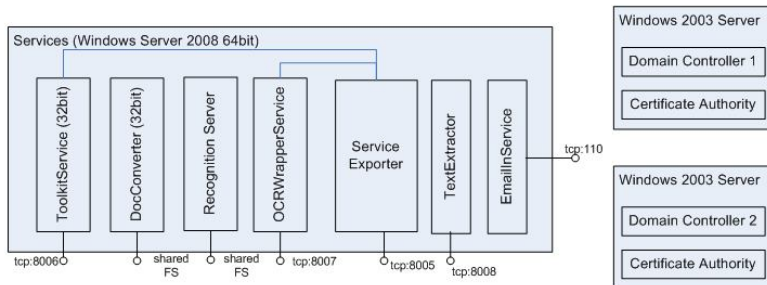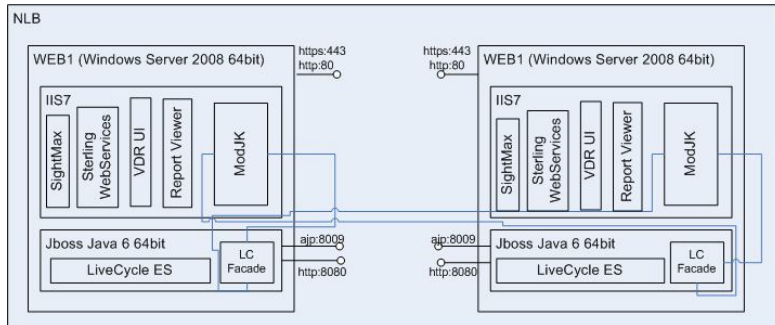# DRM Application

VDR Web Server

Adobe Reader

Doc with DRM Applied

No DRM Doc

Document Storage (FS)

Doc with DRM Applied

HTTPS DRM Check

System Database (Doc Meta)

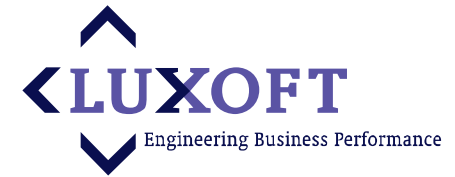Adobe Live Cycle Server

DRM Application

Takes Doc Permissions

VDR Services

Logical System Deployment

- Windows 2008 Server
- Adobe LiveCycle ES running on Tomcat and Java
- Network Load Balancing Service
- Dedicated Services Box
- MS SQL 2008 Database Cluster
- Dedicated Reporting Database
- Clustered MSMQ

Project Facts

- 26,000 Man-hours to build

- 27 People at Peak

- Distributed cross location team (Moscow, London, Omsk, Vietnam)

- Duration 8 months

- Live in Prod since Oct 2009

- Over 500 users

- 24x7 System availability and support

Thank You!