

# Five Ways Cyber and Technology Due Diligence Create Value for Your Business

By Thomas J. DeMayo, Partner

Almost all companies today are reliant on information technology in some way. Technology typically touches every facet of a business from calculating financials, supporting operations and facilitating manufacturing to creating consumer products. While overall, technology helps drive efficiencies, increase productivity and reduce costs, it can also introduce new vulnerabilities and risks to a business.

Traditionally, due diligence has been closely associated with identifying and mitigating risks before a merger, acquisition or investment. Focusing solely on risk management, however, detracts from the fact that the due diligence process itself is a significant value creator. Strategic, thoughtful cyber and technology due diligence can protect a business and, even further, unlock opportunities for growth, innovation and competitive advantage.

Consider the following five key value propositions that strategic due diligence can provide.

## Uncover Hidden Technological Assets

Inherent to the process, cyber and technology due diligence provide a platform to review a company's detailed technical infrastructure, software, intellectual property (IP) and data assets. Locked within this information may be hidden gems gone unnoticed. For instance, your company may have proprietary software, special technological architecture or data sources that have not yet been fully explored for their use or monetary value. These assets can become a source of innovation for your competitive advantage. The due diligence process can help you identify where these assets might be incorporated, enhanced or otherwise used to add long-term value to your business.

## Enhance Operational Efficiency

Through due diligence, your company can identify inefficiencies and decide how to modernize your infrastructure, enhance operations and automate processes. A byproduct of the due diligence process can be the development of the technology strategic roadmap for your organization, with a goal of enhanced profitability, increased margins and faster scale.

## Drive Innovation and Digital Transformation

Digital transformation has become, in many ways, the name of the game for organizations to survive. The assessment of your company's technology infrastructure, software stack and cybersecurity posture may result in discovering ways to implement cloud computing, integrate artificial intelligence (AI) or apply machine learning (ML). These new technologies are all known to improve operations and enhance decision-making processes and products. By implementing them, you can discover new revenue streams, enhance your products and services and emerge as a leader in your industry.

## Protect Brand Reputation and Customer Trust

A thoughtful and strategic cybersecurity posture is necessary to ensure brand reputation and trust. While a breach in security may have tangible financial implications, the loss of trust by your customers who are dependent on your products or services can cause immeasurable damage. With increasingly stringent data privacy laws all over the world, companies that don't embrace cybersecurity are not only facing operational challenges but also legal consequences. Identifying cybersecurity and privacy risks during the due diligence process — and addressing them early — protects the image of both target companies and acquirers or investors.

## Support Strategic Growth and Mergers & Acquisitions

Assuming the merger and acquisition (M&A) isn't intended to create a standalone portfolio company, one of the most difficult and essential aspects of an M&A is the integration of technology. Many M&A deals fail or succeed depending on how well the acquiring company can leverage the target company's technology to increase market share, enhance products or access new customer bases. Cyber and technology due diligence help ensure that the technology infrastructures of both companies are compatible, secure and scalable — thus reducing the risk of post-acquisition issues. It also reveals possible synergies between the two companies, which allows the acquirer to create an integration plan designed to optimize the value of the combined entity.

## Proactively Find Value through Strategic Technology Due Diligence

As technology advances and integrates into most industries, it's important to realize that your cybersecurity and technology strategies are critical — not only to protect your business from risk but to capitalize on the full value your company can bring to your clients. Your strategic use of cyber and technology due diligence could be the very key to sustainable growth, improved profitability and enhanced competitive position. Strategic due diligence can turn what is typically viewed as a defensive necessity into a proactive, value-generating tool.

## Contact Us

PKF O'Connor Davies has a skilled team of [Cybersecurity and IT Privacy](#) professionals ready to help unlock hidden value during your next acquisition through our comprehensive cybersecurity and technology due diligence process. If you have any questions, contact your client service team or:

[Thomas J. DeMayo](#), CISSP, CISA, CIPP/US, CRISC, CEH, CHFI, CCFE

Partner

Cybersecurity and Privacy Advisory

[tdemayo@pkfod.com](mailto:tdemayo@pkfod.com) | 646.449.6353

[Jonathan Moore](#), CPA, CM&AA

Partner

[jmoore@pkfod.com](mailto:jmoore@pkfod.com) | 201.639.5746

PKF O'Connor Davies provides the information in this e-newsletter for general guidance only and it does not constitute the provision of legal advice, tax advice, accounting services, or professional consulting of any kind.