



# Vetting Potential: How Due Diligence Secured a \$5 Million Investment

## Background:

A venture capital (VC) firm, with a hefty \$25 million war chest earmarked for software and software-enabled businesses, was ready to deploy capital. But before they could write a hefty check, they needed to be certain of their target's potential. Their sights were set on a promising startup, but a crucial step remained: a buy-side due diligence assessment. This meticulous evaluation of the startup's internal finance structure would be the linchpin in their decision-making process.

## Challenges



The VC firm needed to assess if the target company's finance team could handle the complexities of rapid growth due to a VC investment.



They needed to know if the finance team had the experience and manpower to adapt to potential changes in financial processes.



A thorough review of the startup's accounting practices, including revenue recognition, accrual methods, and audit readiness, was crucial.

## The Solution:

### 1 IMC for expertise

The VC firm, facing risks in evaluating a startup, sought the help of IMC, a trusted advisor known for their buy-side M&A (Mergers and Acquisitions) expertise.

### 2 Industry Expertise

Leveraged their knowledge of the software sector to match the VC firm with an expert who could assess the startup's financial practices within the context of their market.

### 3 Financial preparedness assessment

IMC's role is to assess the startup's financial health to mitigate risks and provide a clear picture for the VC firm's investment decision.

## Benefits:

IMC's thorough examination of the startup's financial health alleviated the VC firm's anxieties. They evaluated the finance team's adaptability to evolving revenue models, ensuring their expertise could handle future growth. Additionally, IMC verified strong financial practices and robust internal controls, providing peace of mind regarding the startup's overall financial strength. This comprehensive assessment, brimming with valuable insights, instilled confidence in the VC firm, ultimately leading to a substantial \$5 million investment. This investment served as a significant boost, fueling the startup's potential for future success.

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## Your Partner in Growth

Due diligence is a critical process undertaken by companies to thoroughly investigate and evaluate a business or investment before proceeding with a transaction. This meticulous analysis is essential for identifying and assessing the financial, legal, and operational risks associated with a potential investment. In the context of increasing complexity and regulatory requirements, due diligence has become more integral than ever. It involves detailed scrutiny of the target company's records and business practices to ensure that all facts align with the expectations set during the preliminary phases of a deal.

IMC Group stands out as a leader in providing due diligence services, leveraging the expertise of seasoned professionals with global experience. They offer a comprehensive approach that includes reviewing relevant documents, evaluating sources of advertising and recruitment for potential participants, and assessing the study design and eligibility criteria. This thorough evaluation process helps in shaping a clear pathway for client investments and ensuring optimal recruitment strategies. IMC's commitment to maintaining clear objectives, applying scientific methods, upholding objectivity, and safeguarding client confidentiality underpins their due diligence services. These principles ensure that clients receive a fact-based, unambiguous analysis that aids in making informed decisions regarding their investments.