



**PE Consulting: Optimizing IT
With Blaine Clark of RSM**

How can you optimize IT in a portfolio company?

Blaine Clark, RSM:

Well IT is complex in any environment. And I think in the private equity environment, it's even more difficult given the compressed time frame for the return on the investment. The extreme focus on cash conservation, it's difficult to sometimes make the investment required for IT. Having said that though, if a proper assessment is done prior to the investment, usually some low-hanging fruit is identified to really accelerate the value-creation model.

The most difficult, I think, situation for IT is when there's a carve out or a merger because you're either standing up a completely new company. So you've got a new IT system. Or maybe you're trying to merge two different IT systems into one. And the complexities there are great.

In an IT due diligence engagement that we work on, we're typically looking for several things. What is the application platform that the company is running on and how does that look? Is it a platform for growth, or does it need to be replaced? We also look, in certain situations, as to how the new company is going to look after the investment by the private equity firm. And that allows us to identify investments that are going to be required in IT, and how they're going to help the growth pattern going forward.