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Executing Quickly Is More Important Than Ever

Private equity professionals are always looking for ways to further advance and streamline the deal execution process. On the back of a record-breaking 2015 in terms of deal volume, strategics are coming into deals hot and heavy. Strategics are disciplined in industry knowledge, they have defined and well-thought-out acquisition lists, and they're ready for rapid execution. These strategics are facing increased pressure for revenue growth and are being as aggressive as ever to win deals that create value and fit with their strategy.

In order to maintain competitiveness in the midst of this backdrop, financial sponsors need to leverage every asset at their disposal. Especially when sponsors compete with strategics for deals, strategics generally come in willing to pay more money in advance, as their investment outlook is generally longer-term than sponsors. The ability to make faster, more informed decisions and act upon the findings is a crucial driver to deal success—to commit to the deal faster or walk away from the deal faster.



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Information Drives Everything, From Acquisition to Exit

The need for sophistication extends well beyond the deal process, both in communications with investors and with portfolio companies.

LPs increasingly demand greater transparency and consistency in reporting and information flow, and with the trend toward co-investing, they're increasingly taking part in the diligence process and helping define strategy. Likewise, much of the information flowing from your portfolio companies is used not only for management and reporting but as the foundation for due diligence when it's time to exit. Adopting a disciplined and operationalized system for information flow throughout an investment cycle is critical to minimizing gaps when a deal moves to market.

Having a single system to manage diligence, reporting, and ongoing data needs throughout a deal life cycle makes the process easier for parties.

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More Eyes on a Deal Means More Need for Centralized Data

Streamlining both buy-side and sell-side processes can prove extremely beneficial to getting deals done quicker. Most acquirers have attorneys and bankers on standby, ready to take a deal to market or assess an acquisition at a moment's notice. That same practice should be adopted with any technology services used for deal execution. Having a standardized pool of tools used for transaction management, including sourcing counterparty opportunities, managing transaction pipeline, and executing diligence and closing, can help any deal team immediately pivot on a market opportunity. Standardizing and centralizing these processes also provides deal teams with centralized dynamic data that provides a competitive edge.

The 4 Big Reasons Private Equity Needs 'Better' Data

There are ways that the industry can streamline its dealmaking process, writes Matthew Porzio of Intralinks

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Deal Sourcing Is Moving to the Next Level

Financial sponsors who are not leveraging technology to source additional deal flow are potentially missing the opportunity to greatly scale business-development efforts. You don't want to be the team keeping track of everything on spreadsheets or, worse yet, be like a firm I visited recently that had a big whiteboard with a note: "Do Not Erase."

Platforms like Intralinks Dealnexus provide curated deal flow from counterparties around the globe. It puts the world of deals in plain sight, with prospects raising their hand and saying, "I want investment. I need investment. I need to sell."

There's really no better or no purer form of deal sourcing than that, right? ■

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