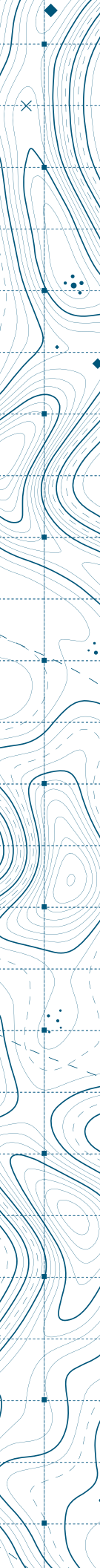




Mergers & Acquisitions: A Service-Centric Approach to Due Diligence With a Four-Stage Maturity Model and Improvement Strategies



Introduction

Traditional mergers and acquisitions (M&A) due diligence often overlooks a critical success factor: service excellence. This white paper introduces a service-centric approach to M&A due diligence, leveraging a four-stage Maturity Model to assess the target company's capabilities across sales, go-to-market (GTM), delivery, operations, and portfolio management. We'll also explore improvement strategies to unlock synergies and maximize post-merger value.

What is the service-centric approach?

Service-centric due diligence recognizes the role of services in accelerating business growth. It prioritizes the organization's ability to build, sell, deliver, and manage a portfolio of services that meet the end-customer's needs effectively and with exceptional performance. A targeted focus on business growth through services offers the organization several key benefits:

- **Expanded market share and accelerated revenue growth:** A strategically aligned services portfolio can help the business drive exponential growth across its offerings.
- **Aligned interorganizational priorities:** With priorities unified across all groups within the organization, services benefit from the full power of the organization's vision to drive that growth.
- **Evolved customer relationships:** Well-sold services sell more product, sell more services, ad infinitum. A service-centric approach makes your business sticky.

The service-centric advantage in M&A

By integrating a service-centric approach into due diligence, organizations gain a deeper understanding of both companies' client needs, operations, and culture. Some questions this strategy helps answer include:

- **Customer focus:** How well does the target company prioritize customer needs throughout the service lifecycle?
- **Process optimization:** Are there opportunities to streamline service delivery and improve efficiency?
- **Cultural alignment:** How compatible are the companies' service cultures for successful integration?



The four-stage service design and execution Maturity Model

This model evaluates the target company's service capabilities across four key areas:

- **Sales and GTM:** How effectively are customer needs identified and translated into service offerings?
- **Delivery:** Does the target possess the resources and processes to deliver services consistently and meet client expectations?
- **Operations:** Are there strong operational practices in place to support service delivery excellence?
- **Portfolio management:** How well does the target company manage its service portfolio to maximize value for customers?

Maturity stage characteristics and improvement strategies

When you work with Teton Cloud Consulting, we help you develop your maturity over time based on four key stages tailored to your goals.

Maturing your growth mindset: M&A strategy

STAGE 4

Transforming

The organization has established sustainable operating processes with a strong focus on continuous improvement.

The integration of the PS solution with the team's CRM and finance systems enables accurate forecasting of revenue based on delivery, providing visibility and control over key metrics to drive growth.

STAGE 3

Maturing

Clear processes and structures have been established to facilitate collaboration and coordination with the sales team. This has been accomplished by a defined vision and strategy for services offered by the team.

STAGE 2

Building

Processes are in place for managing resources and projects, and the team has the first iteration of services methodology.

This allows the team to begin delivering services in a more consistent and coordinated manner, laying the foundation for future growth and success.

STAGE 1

Creating

The team relies on individual expertise rather than proven methods and lacks a clear strategy. They spend too much time firefighting.

The team's processes and tools are ad hoc and cobbled together.



	STAGE 1	STAGE 2	STAGE 3	STAGE 4
	Creating	Building	Maturing	Transforming
Characteristics				
Sales	Ad hoc process, limited CRM, random outreach, basic sales process	Defined sales process with some CRM use, improved qualification	Formal sales methodology with qualified leads, targeted marketing, client needs focus	Strategic sales planning, long-term client relationships, data-driven approach
Delivery	Reactive, limited project management; individual-driven projects; limited process	Inconsistent project management practices, defined processes, improved communication	Standardized project management with metrics, performance measurement, proactive client engagement	Proactive project management, best practices, continuous improvement, client co-creation
Go-to-market (GTM)	Relies on personal networks, basic marketing, reactive sales	Standardized marketing materials, industry events, industry focus, lead generation campaigns	Targeted marketing & thought leadership, client journey focus, sales & marketing alignment	Integrated marketing & sales, strong brand, data-driven approach, client co-creation
Operations	Basic structure; reactive problem-solving; reactive, project-specific operations	Centralized functions, limited automation, defined processes, improved efficiency	Defined processes with some automation, performance measurement, proactive improvement	Automated operations with continuous improvement, automation, data-driven decision-making
Portfolio/Practice	Limited knowledge-sharing, basic skills & tools, individual contributors	Knowledge-sharing begins within practice, standardized processes, team collaboration	Active knowledge-sharing, communities of practice, performance improvement, client-centric approach	Collaborative knowledge-sharing across practices, strong learning culture, continuous learning, specialization, innovation
Action summary				
Sales	Develop a basic sales process, implement a CRM, train on consultative selling.	Define sales qualification criteria, standard presentations, sales coaching; analyze sales data for improvement.	Implement KPIs for sales performance, sales forecasting, client needs analysis for customized solutions.	Establish sales automation tools, continuous improvement based on data, data-driven approach to client value proposition.
Delivery	Grow basic project management framework, track tasks & timelines, implement initial client satisfaction surveys.	Establish standard operating procedures (SOPs) for core activities, project templates & checklists, basic risk management; analyze client feedback.	Implement KPIs for project success, project reviews, client onboarding/offboarding processes, advanced project management training.	Implement project management automation, data-driven continuous improvement, co-creation with clients, specialized consulting teams, data analytics for project planning.
Go-to-market (GTM)	Build basic services catalog, establish web presence, participate in industry events, capture & manage leads.	Target client segments & industry verticals, create lead generation campaigns & content marketing for thought leadership; refine sales messaging.	Integrate sales, marketing & marketing automation; measure campaign effectiveness; develop partner relationships.	Build data-driven marketing optimization, strategic client partnerships, innovative marketing strategies (e.g., account-based marketing).
Operations	Establish basic project management system, standardized administrative processes, communication protocols, resource management practices, initial project post-mortems.	Document SOPs for core operations, project templates, basic risk management for operations; project data analysis for efficiency.	Develop KPIs for operational efficiency, operational reviews, quality management system, technology tools for streamlining, continuous improvement culture.	Develop predictive analytics for operational challenges, business intelligence for resource allocation, scalable operational framework.
Portfolio/Practice	Focus on establishing core consulting skills training, basic project management tools, knowledge base creation, internal alignment.	Build standardized practices for consulting activities & mentorship programs; analyze client feedback to improve delivery.	Establish performance improvement based on data, training on advanced methodologies, client-centric approach, industry expertise development.	Focus on knowledge management practices, professional certifications, specialized consulting teams, culture of innovation, data analytics for client needs.

Beyond the model: Functional area considerations

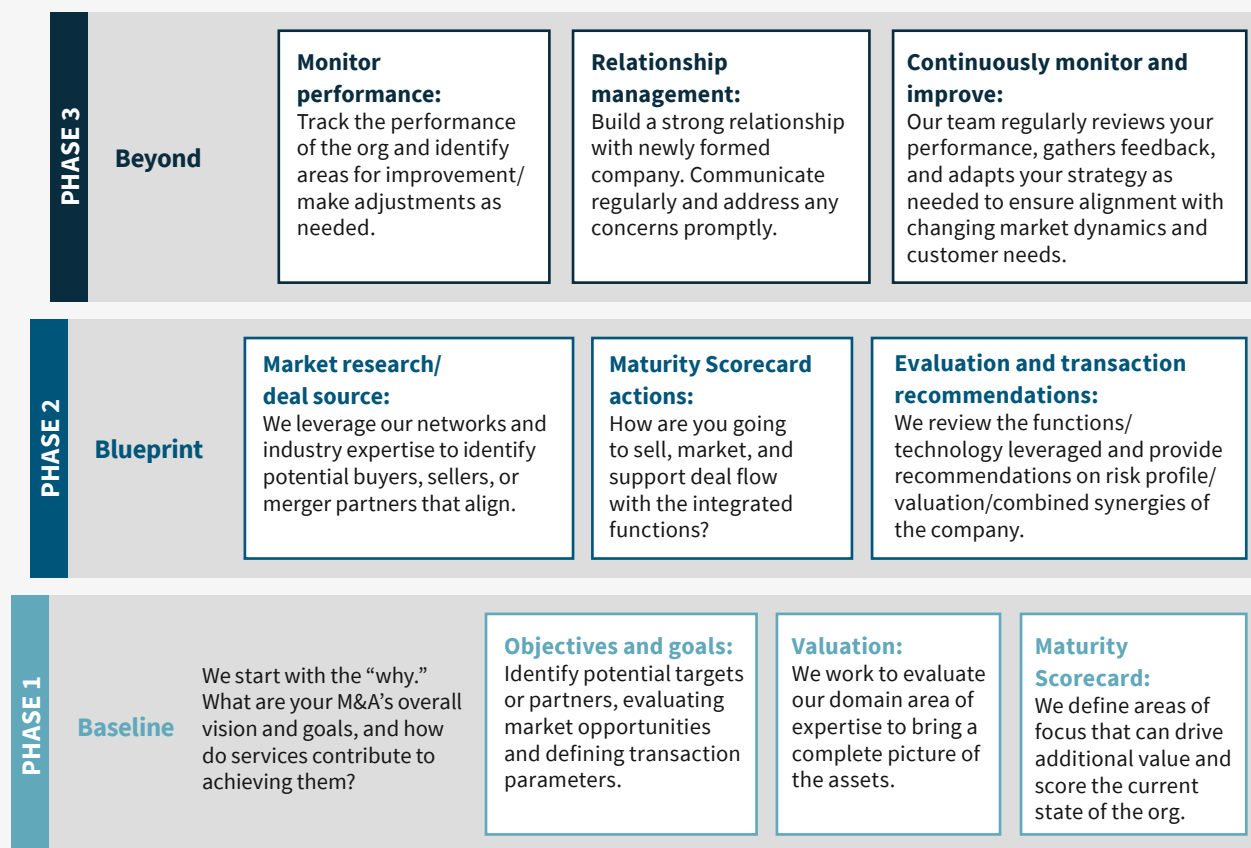
While the four-stage model provides a foundational framework, additional considerations for specific functional areas are crucial. Next steps include:

- **Sales and GTM:** Assess the target company's sales methodology and its alignment with customer needs. Evaluate the effectiveness of their win rate and customer lifetime value metrics.
- **Delivery:** Analyze the target company's project management capabilities and resource allocation strategies. Review their approach to quality control and post-delivery support.
- **Operations:** Evaluate the target company's service infrastructure, technology stack, and data management practices. Assess their ability to scale service delivery efficiently.
- **Portfolio management:** Analyze the target company's service portfolio for profitability, customer fit, and alignment with overall strategic objectives. Identify opportunities for rationalization or expansion.

Working with Teton Cloud Consulting

Partnering with experienced consultants at Teton Cloud Consulting lets you identify your current maturity level and accelerate along the path to maturation by aligning the three phases of our consulting engagement to your capabilities and goals. Our approach ensures you have the support and strategic guidance you need for every step to accelerate growth.

Building your success mindset: Our approach





Success in motion: Private equity client success

Our help empowered a midsize private equity firm to evaluate multiple companies with annual revenues valued at more than \$300 million.

Looking to acquire capabilities and market share around cloud, security, endpoint, and infrastructure, our client, a midsize private equity firm, enlisted our help to conduct due diligence. We worked with several bankers within the company to evaluate the prospective organizations' GTM strategies, sales organizations, technology motions, services functions, and back-office operations.

We supported more than a dozen transactions, one of which went to close. Our role was pivotal in evaluating key functions and identifying growth opportunities and risk. We continue to work closely with the client, conducting ongoing tasks including management and board work.

Benefits

- Cost **synergies**
- **Improved** resources
- Risk **diversification**

Conclusion

A service-centric approach to M&A due diligence, empowered by the four-stage Maturity Model, equips leaders to make informed decisions and unlock the full potential of the merger. By proactively identifying and addressing service-related strengths and weaknesses, you can navigate the integration process more effectively, achieve faster time to value, and ultimately drive superior post-merger performance.



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