

Report from Donnelley Financial Solutions and Mergermarket Finds Companies Who Choose to Conduct Sell-Side Due Diligence Have a Clear Advantage

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NEW YORK--(BUSINESS WIRE)-- Companies who undertake sell-side due diligence reviews before going to market have a much better chance of impressing buyers, increasing their sale price and reducing the potential for delays or incidents during transactions according to a new report, *Due Diligence Roadmap: Excelling on the Sell Side*. This report, conducted by **Donnelley Financial Solutions** in conjunction with **Mergermarket**, is based on a survey of 50 senior global executives, from corporates to financial advisors.

Sell-side due diligence, which involves a seller reviewing their business' financial, organizational, and tax position, provides potential buyers with more detailed information about the company and its accounting and business practices, while at the same time providing the seller with insight into any value-critical issues that may arise. The final product is a high-quality report that lends credibility to the sell-side process.

Conducting sell-side due diligence is also cited as a way to attract a greater range of buyers and increase competition for the asset, which enhances valuation. According to a Director of Strategy at a European insurance company that made a US\$1bn+ divestiture last year, "It is both easier to approach different buyers and buyers show more interest when this process has been carried out."

While the process of sell-side due diligence is widespread, it turns out that it is far from universal, with about 37% of those surveyed not utilizing this procedure in every sales process. This may be due to the size of the asset being sold relative to the cost. However, for those who do choose to conduct sell-side diligence, the advantage is clear.

Key findings of this report include:

- 72% of companies indicated that their decision to conduct sell-side diligence began as early as when the decision to sell was made or when the Confidential Information Memorandum was being drafted.
- Sell-side due diligence was conducted in roughly 63% of all sale processes. Respondents believe the resulting high-quality sell-side review decreases errors and notes potential risks that could affect valuation and a deal's path to completion.
- Respondents cited the top benefits for sell-side diligence as the improved accuracy of historical and projected financial information (34%) and that risks and potential surprises are addressed early on in the deal (28%).

The complete report is available for download [here](#).

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