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MobileSolve Group, Inc. is a boutique investment bank providing M&A, Capital Raising and Financial Advisory services to technology emerging and growth companies.* This newsletter presents short articles on industry or transaction topics of current interest, and a summary of recent notable transactions.

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BUILDING THE DEAL TEAM

Once a company decides to embark on an extraordinary transaction such as an equity financing or a M&A, its executives begin to consider the experts they will need to gather to complete a deal. Some obvious ones stand out, like banker and lawyer, but others are less obvious, and only in the past few years have taken on larger roles in the transaction process.

The following is a run-down of the deal professionals that may or should be involved in a transaction, the roles they play and the expertise they bring.

Bankers

Investment bankers often lead the deal process where no one from the company assumes that role. They can help build the team itself through their professional network as well as fulfill their specific functions. Those functions generally fall into two groups; the banker's role as an intermediary in making a market, and her role as an expert in "processing" transactions.

As an intermediary, the banker brings together a seller with several potential buyers or vice versa. In doing so, she advises on the valuation range at which the transaction should take place. Estimating valuation is a complex science and art combination involving reviews and weighing of such factors as intrinsic economic value, recent past similar transactions and supply and demand factors.

Transaction expertise involves structuring the deal using knowledge of corporate and securities law, accounting, tax law and regulations and other disciplines. Here the banker may rely on the expertise of other members of the deal team as well as her own knowledge and experience. She attempts to find solutions acceptable to both parties that are optimal under the circumstances for her client.

Lawyers

Lawyers play a key role in structuring the transaction, conducting due diligence and preparing the sale and purchase agreement ("SPA"). As noted above, several areas of the law govern proper deal structuring, including corporate, tax, employment and securities laws. Often more than one attorney should be involved for at least a short period of time to get the best expertise in each area.

The drafting of agreements comes into play in at least two points; preparation of the Letter of Intent and Term Sheet to memorialize an agreement on key terms, and of the

SPA together with related ancillary agreements, which may include employment, escrow, contingent payments and other agreements.

The SPA contains critical provisions that allocate costs, risks and potential losses. Particular care must be given to certain sections such as the indemnification and representations and warranties provisions, and how disputes are handled.

During due diligence the attorney will review the seller's documentation including charter, bylaws, Board minutes, etc. to spot potential missing items or problems, and extraordinary matters like ongoing or threatened litigation and the risks they present.

Accountants

Accountants also have a large role in deals, whether directly working on the transaction process, or before in their preparation of financial statements. Much of the scope of their work during a transaction depends on the quality of the financial statements of the seller.

Where statements are neither audited nor reviewed by an independent accountant, nor conform to a major accounting standard such as GAAP or IFRS, the buyer would do well to engage an accounting team to evaluate and possibly to adjust the financial statements as part of the due diligence. While it is an expense that the sellers should have borne in properly preparing its accounting statements in a manner that third parties could rely on, the potential costs of an undisclosed financial problem are too high for the buyer to ignore in due diligence.

Accountants can also assist with devising an optimal deal structure by opining on the tax implications of a stock vs. assets sale, a lump sum vs. installment payments, and similar structuring alternatives. They can also provide valuable tax guidance to the sellers so they understand how their personal finances will be affected by the transaction, though lately this function is taken on by wealth managers.

Wealth Managers

Wealth managers are a relative newcomer to the M&A scene. While they do not work directly on the transaction, their guidance to the sellers can be a useful input to the M&A team. For example, if the sellers do not require all of the purchase price be paid as cash upfront upon the closing of the transaction, the M&A team will have more flexibility to structure delayed and alternative forms of payment that ultimately minimize the sellers' taxes. Apart from the transaction itself, the wealth manager can provide the sellers with plans to allocate the consideration as soon as it is received.

Due Diligence Specialists

Other potential members of a M&A team are "due diligence specialists" who are brought in to address specific issues. Employee relations and benefits issues have grown complex and a company's policies and history in this area might require a review by a specialist. A transaction in a regulated industry such as telecom or banking often involves a lawyer or consultant who can provide advice on dealing with regulatory issues and filings. An industrial company might call in an expert on environmental regulations to determine past compliance.

Whether on the buy or the sell side in a M&A, building a complete team of deal professionals with the right expertise will enhance the probability of completing an optimally structured and priced transaction. While the cost may appear prohibitive, the cost of not having a deal team appropriate to the task may be much higher.

[Steve Gaynor will appear on a Japanese Business TV Program](#)

"Gaia" is a popular business themed TV show produced by TV Tokyo ([TV-Tokyo: Gaia](#)) that airs at night. The December 26 showing will include a segment on Masahiro Origuchi, a well-known Japanese entrepreneur. Steve will appear with Masa and his associates evaluating a potential new venture in Japan. You may want to catch it if you're in Japan that day! cheers

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Transactions

The following are notable M&A Transactions and Capital Financings announced or completed in the last month.

Notable M&A Transactions

[Apple](#) acquires Vrvana, a reality headset startup for \$30M. [See details here ...](#)

[Cloudflare](#) acquires Neumob, a mobile app which reduces errors, speeds up app performance and boosts conversions. [See details here ...](#)

[DMM](#) acquires Cash, a pawn shop app that automatically appraises an item's value based on user photos, and offers a cash advance with it as collateral for \$62.2 million. [See details here ...](#)

[Lyft](#) acquires Kamcord, a social media platform allowing its users to post and interact through video content. [See details here ...](#)

[Omantel](#) acquires Zain Group, a mobile and data services operator in Middle East and Africa for \$2 billion. [See details here ...](#)

[Zynga](#) acquires Peak Games - Card Game Studio, a developer of mobile card games for \$100 million. [See details here ...](#)

Notable Capital Financings

[Anam Technologies](#), a mobile messaging infrastructure technologies provider that helps mobile network operators worldwide, has raised recent funding in the form of debt financing from BMS Finance. [See details here ...](#)

[AppLovin](#), a mobile marketing platform, has raised \$841 million in debt financing. [See details here ...](#)

[Lyft](#), a peer-to-peer transportation platform that connects passengers with cars, has raised \$500 million. [See details here ...](#)

[PocketZoom](#), a mobile app that speeds up removing performance roadblocks in WiFi and cellular networks, has raised \$5M. [See details here ...](#)

[Rapido](#), a bike taxi operator, has raised \$329K. The round was led by US-based Skycatcher Fund and UK-based Thompson Taraz Managers. [See details here ...](#)

[Shopper](#), a behaviour and facial analytics application on the Android platform, has raised £300,000. [See details here ...](#)

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