

M&A · 14

Investment Thesis Fit

An add-on earns its multiple only when it expands total customer value without diluting the core.

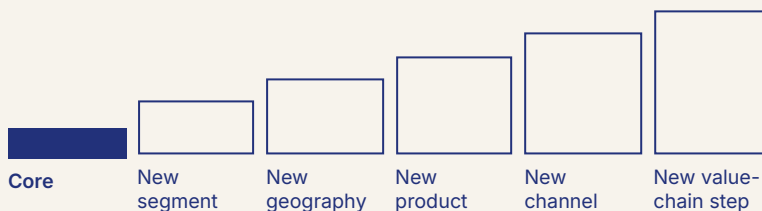
THE QUESTION IT ANSWERS

Does this target fit the thesis we underwrote, or does it make the buy-and-build story harder to tell?

THE METHOD

Distance from the core

Risk and resources required →



Each step from the core needs more resources and carries more risk. Good add-ons capture synergies, lift positioning and raise total customer value. Bad ones overstate synergies and feel clunky to buyers.

WHAT WE DO

Classify the add-on by how far it sits from the core

Test it against the thesis: same buyers, higher customer value, sharper position

Check for the signals of a bad expansion: clunky fit, overstated synergy

Re-tell the buy-and-build story with this asset in it

WHAT YOU RECEIVE

Fit verdict against the original thesis

Adjacency classification with resource and risk profile

Equity story impact note: stronger, neutral or weaker

Conditions that would make the fit work

METRICS MOVED → ENTERPRISE VALUE

Total customer value: more to sell to the same buyers

Multiple: each add-on makes the platform claim more credible

Capital: fewer add-ons bought for EBITDA and integrated for nothing

TYPICAL TIMELINE

1-2 weeks, alongside add-on diligence

PROOF

Danelec: hardware, performance analytics and an AI platform were bridged into one agnostic platform, making the software story credible.

Let's talk about your commercial foundation.

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