



# A&M GLOBAL CYBER RISK SERVICES

## Cyber Due Diligence



### MERGERS & ACQUISITIONS

Cyber risks pose short- and long-term issues that affect a deal's value and return on investment. Companies that are involved in transactions such as mergers and acquisitions (M&A) often overlook the risks posed by cyber threats. Traditional due diligence (e.g., operational and financial) is a defensive strategy that provides a broad overview of the involved parties; it does not usually include cyber due diligence, and when it does, the scope is often limited.

### CYBER DUE DILIGENCE

M&A-related cyber risks can begin years or months before an official offer or merger announcement is released. While an organization may have an established cyber security program, the process and tools deployed may be poorly implemented or lack the maturity necessary to identify and prevent cyber incidents. Including a cyber review as part of your overall due diligence fills the void and improves the identification of risks associated with the cyber posture of your organization. This approach can move due diligence to a proactive strategy that ensures the parties involved are addressing the proper estimate of organizational worth.

During each phase of the transaction process, an organization should prepare for undiscovered cyber risks, as there are parties that are actively looking for hints or signs that a company is considering a merger, acquisition, or divestiture. Management should understand the cyber risks including malicious activities as they relate to their target company and determine the impact on compliance, revenue forecasts, and potential valuations.

Short- and long-term risks include:

- Deep and dark web digital asset exposure;
- Availability of operations as a result of malware or ransomware;
- Vulnerable periods during the transaction in which threats may not have been identified;
- Insider theft of information like valuations, bids, etc.;
- Exposure of risk from regulatory and other lawsuits;
- Loss of customers and associated impacts to sales or profits; and
- Reputational damage.

Incorporating cyber due diligence into an overall due diligence strategy allows for the identification of significant issues and may call for negotiations in purchase price to cover the costs of necessary remediation. The board, depending on the severity, may want to defer approving the transaction or decide to leave the deal. Upon completion of the transition, management will want to continue to monitor cyber risks and evaluate the maturity of the merged or acquired entity by performing a benchmark assessment, just as they would with the core business.

## THE SOLUTION

Alvarez & Marsal's (A&M) Global Cyber Risk Services (GCRS™) team provides cyber due diligence that assists buyers and sellers with understanding their cyber risks prior to, during, and after their transactions. These actions can provide benefits that could influence the overall value of a deal. Additionally, using the GCRS Cyber Operational Risk Management assessment, entities can benchmark their post-merger or acquisition transaction, identifying immature cyber capabilities that could ultimately affect revenue, growth, and brand reputation.

The GCRS team, working in collaboration with an organization's management, will assist in identifying short- and long-term cyber risks through the transactional phases, including the following.

### PRE-TRANSACTION

- Conducting surface web, social media, deep web, public records, dark web, and peer-to-peer data assessments alerting you to potential threats, instances of sensitive data loss, or compromised brand integrity
- Reviewing historical financial impacts of publicly disclosed cyber events

## DUE DILIGENCE AND EXECUTION

- Evaluating the cyber security strategy and operating model to identify any deficiencies including insufficient investments in infrastructure, staff, policies, etc.
- Conducting oversight review of third-party contracts to determine the inclusion of cyber and privacy related terms and conditions
- Determining an organization's compliance and regulatory preparedness through the review of regulatory requirements, regulatory findings, and past audits
- Assessing cyber incidents and crisis management including the identification of current and historical events and incidents
- Conducting organization vulnerability and patch management oversight assessment

### POST-TRANSACTION

- Conducting continued cyber operational maturity assessments of both organizations to identify gaps utilizing the strengths and weaknesses of both organizations

## CONTACT US

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A&M brings a deep operational heritage and hands-on approach to delivering cybersecurity solutions that create sustainable operational, regulatory and financial results. The A&M GCRS team has extensive experience in designing, developing, and implementing effective and sustainable programs founded on industry and regulatory experience. Our team has decades of government and private sector experience, which includes defending individuals, companies, and nations against the most sophisticated cyber adversaries. We work as advisers, interim leaders, and partners who will not only tell you what you need to know, but will work side by side with you to achieve your objectives.

When action matters, find us at:  
[www.alvarezandmarsal.com](http://www.alvarezandmarsal.com)

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## ABOUT ALVAREZ & MARSAL

Companies, investors, and government entities around the world turn to A&M when conventional approaches are not enough to activate change and achieve results.

Privately held since 1983, A&M is a leading global professional services firm that delivers performance improvement, turnaround management, and business advisory services to organizations seeking to transform operations, catapult growth, and accelerate results through decisive action. Our senior professionals are experienced operators, world-class consultants, and industry veterans who draw upon the firm's restructuring heritage to help leaders turn change into a strategic business asset, manage risk, and unlock value at every stage.