



# LUMERIC™ Project Summaries

**Project Type:**

Commercial Due Diligence

**Sector:** B2B Data Services

**Company Size:** \$4B+

**Company Position:**

Market Challenger

**Client Level:**

President, Divisional

**The Critical Decision:**

Is the addressable market for this relatively new data service offered by the target large enough to support forecast growth expectations provided by management?

**The Answer:**

No. Although the addressable market was relatively large, the target had far deeper penetration with the potential customer base than expected and emerging competition was capturing a greater share of growth than anticipated.

**The Discussion:**

The client was a major, global B2B data services firm with a well established platform in a specific market segment. The target was an early stage company offering a new and unique data set and analytical tools which complemented the client's platform. Even though the potential acquisition represented a significant new stream of revenue for their platform, the client was concerned that real addressable market may not justify target management's valuation expectations.

Through an in-depth series of interviews with current and prospective customers of the target, Lumeric sized the addressable market, determined the realistic five-year after acquisition penetration rate and modeled in the impact of emerging competition not disclosed by target's management team. Overall, Lumeric determined that realistic growth expectations were about half of management's forecast and that emerging competition can be expected to capture, at minimum, 25% of this growth. The client used these findings to reduce their offer for the company to a level that would provide a justifiable return. 