



Pressrelease

VIRTUAL DATAROOMS PROVIDE SUPPORT FOR ALL STAGES IN THE M&A PROCESS

NEW RESEARCH PREDICTS VIRTUAL DATAROOMS TO BECOME STANDARD TOOL FOR M&A TRANSACTIONS

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The number of mergers and acquisitions is growing year-on-year with an average annual increase 37%. The driving factors behind the increase in M&A activity are the number of cross-border deals as well as private equity leveraged buyouts. As a result of this trend, the virtual data room (VDR) has emerged as a standard technology, particularly for the due diligence phase in the M&A process. Each deal is based on the detailed analysis of strengths and weaknesses of the target company, which is summarized under the term "due diligence".

A recent study entitled "Do virtual data rooms add value to the mergers and acquisitions process?" by Dr. Christopher Kummer, of the MANDA Institute in Vienna, describes the due diligence stage as the heart of every M&A transaction and one of the most crucial factors in its success. Standardization and systematic improvements in the due diligence process contribute to higher success rates and involves the use of virtual data rooms. During the due diligence phase, a potential buyer evaluates the risk and value involved in a transaction. The study divides the M&A process into 5 key phases: Preparation, Pre-Due Diligence, Due Diligence, Negotiation, Closing and the beginning of post merger integration. Oliver Gajek, CEO of Brainloop AG comments, "Based on our experience, the usage of a VDR can help tremendously in the earlier stages of the M&A process, when strategies are defined and information is assembled. Contract negotiation and post-merger integration also benefit significantly from the advanced document management and secure collaboration features offered by the latest VDR technology."

In a virtual data room (VDR) documents are presented more efficiently and effectively in digital format, in contrast with physical documents in the physical data room (PDR). The PDR is a physical location, information concerning the target company is only available for a specific number of hours a day, and for a limited period of time. Access to the PDR is typically sequential. In contrast, access to the VDR is parallel, allowing multiple buyer teams



access to required data simultaneously from around the globe, with no time constraints. The study examines in detail the main advantages of the VDR to both buyer and seller - the most significant and measurable being cost and time savings. This is particularly significant with cross-border transactions and a large number of potential buyers.

Typical features of VDRs such as audit trail functions, data room indexing and search functions, increase the transparency and efficiency of the process dramatically. However, security is the VDR's greatest strength. In comparison with the PDR, the leading edge technology of the VDR - watermark, encryption and authentication - provide a totally secure method of exchanging sensitive documents between buyer, seller, lawyers and other parties across the extended enterprise.

Other theoretical benefits of VDRs, like higher final price and longer inspection period resulting in a more complete due diligence assessing the risk for the buyer, are not easy to measure. Dr. Kummer illustrates, "Aside from the obvious time and cost saving advantages using a VDR versus a PDR, a VDR improves process quality, from which a 'better' outcome - the final price - is likely to arise as well as a reduced risk for the potential buyer. This benefit results directly from increased transparency, document search capabilities and a longer inspection time." Dr. Kummer sums up "VDRs are becoming the de facto standard tool for the due diligence stage in M&A transactions."

ABOUT BRAINLOOP AG

Brainloop AG is the leading provider of infrastructure and solutions for managing confidential documents. Brainloop's customers achieve important risk-management and compliance objectives by deploying Brainloop Secure Dataroom for boardroom communications, financial reporting, strategic projects and all situations where confidential documents need to be available to authorized users inside and outside the firewall yet protected from unauthorized access. The service is available both On-Demand as well as On-Premise.

Brainloop's Secure Dataroom is used around the world in hundreds of leading organizations, including BMW, Deutsche Telekom, Eurocopter, Galileo Industries and ThyssenKrupp. Leading legal and financial services companies deploy the Brainloop solution throughout the complete M&A lifecycle. Strategic Partners include HP, IZB, Microsoft and T-Systems Business Services. Brainloop has offices in Boston, MA and Munich, Germany. <http://www.brainloop.com>



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