



Technology Drives M&A Value

Transportation giant XPO recently promoted the company's Chief Information Officer to CEO. This strategic move highlights the importance of a company's tech capabilities in today's digital economy. **In the M&A world, companies that continually invest in their digital capabilities are at a competitive advantage. This often translates to higher purchase prices when they are sold.** Buyers pay a premium for companies with tech platforms that provide true, competitive advantages.

No matter the industry, the tech platforms that buyers value the most are:

- 1. Proprietary.** Buyers look favorably on and will pay higher multiples for technology that provides a unique, competitive edge to the business, whether it enhances the customer purchase experience or improves product tracking and delivery.
- 2. Scalable.** Can your current technology accommodate a doubling of revenue? If your technology platform barely handles your business' current operations, the buyer will have to make significant investments to accommodate the company's future revenue growth. A needed investment to update your company's technology could result in a buyer discounting the purchase price.



- 3. Secure.** Sixty percent of businesses have experienced data loss due to cyber vulnerability. Buyers reward companies that have strong cyber defense programs that continually assess, defend, and enhance your company's cyber resiliency.

Does your technology meet all three of these criteria?

Confer with your team and scrutinize your tech platform as if you were a buyer. If it lacks in uniqueness, scalability, or security, can you make improvements? Update code, create redundancies, hire IT staff?

In a sale, any shortfall in a technology's capabilities tends to mean cash left on the table.

We're happy to help with this analysis. Incidentally, a recent client of Aethlon's is the perfect example of technology driving value. The client provided freight brokerage services, but their proprietary technology platform, offered at no charge to their customers, provided customer-specific, real-time carrier pricing and cost analysis that really set them apart from their competitors. We highlighted this during the sale process, and ultimately had a very successful outcome.

If you'd like our opinion on how the market might value your company, please feel free to reach out. We'd love to connect.



**Trusted advisors for
selling your company.**

ABOUT AETHLON CAPITAL

Aethlon Capital, LLC is a Minneapolis-based investment bank that specializes in mergers and acquisitions and raising capital for public and private companies. Aethlon's clients are industry innovators who engage the firm to advise and represent them in the sale or financing of their business. For more information, visit: www.Aethlon.com.