

Sample Software Company Acquisition Due Diligence List
from CharlesMillsConsulting.com

- 1) Financial
 - a) Most current three years of audited financial statements (for all entities if applicable)
 - b) Most current three years of combined financial statements
 - c) Monthly financial statements for current year
 - d) Projected financial statements for next five years
 - e) Most current three years of federal, state and international tax returns
 - f) Copies of operating and capital budgets
 - g) Current business plan
 - h) List of all entities in which company has any direct or indirect interest, investment or participation
 - i) Copies of incorporation documents (certificate or articles of incorporation, bylaws, charter, annual reports)
 - j) Minutebook
 - k) Any plans, arrangement or commitments involving or affecting the capital stock of the corporation
 - l) List of states and jurisdictions (US & international) in which the company is qualified to transact business and a list of any states or jurisdictions in which the company maintains an office or carries on business
 - m) List of states and jurisdictions (US & international) in which the company pays sales, excise or intangible property taxes
 - n) List of company's customers and the nature of the business transacted with these customers
 - o) Detailed analysis of maintenance revenue including description of services provided
 - p) Copies of all financing, security, etc., agreements
 - q) Copies of agreements restricting the transfer, sale or exchange of any assets
 - r) Fixed assets detail with accumulated depreciation and amortization
 - s) List of all banks with account numbers and/or loan numbers
 - t) Detail of all debts, long-term and current
 - u) Any other commitments
- 2) Technology
 - a) An executive summary and a business summary
 - b) A business description
 - c) A marketing description
 - d) A description of all of the products
 - e) Copies of all product manuals and reference guides
 - f) Copies of all products to install at [acquirer]
 - g) Description of all of the platforms the products operate on
- 3) Research and Development
 - a) Detailed breakdown of research and development costs for the last two years
 - b) List of all new products currently being developed
 - c) Description of all research and development activities for the last two years
- 4) Intellectual Property
 - a) All issued or pending patents, copyrights and trademarks
 - b) List of all developers past and present who have worked on the product and any and all agreements between any and all developers and the target company
 - c) All records documenting the development, authorship or

Sample Software Company Acquisition Due Diligence List
from CharlesMillsConsulting.com

- ownership of the products and related technology
- d) A description of any instances where the source code for the product has been disclosed to third parties
- e) Any agreements, options or other commitments giving any third party and right, title and interest in the target company and/or products
- f) A list of all licenses, franchises, royalty agreements, or similar arrangements related to the target company and/or products
- g) A summary of all past, threatened, or potential claims against the target company or its predecessors in title related to the target company and/or products
- 5) Material Agreements
 - a) All joint venture and joint development agreements
 - b) All distributorship or OEM agreements
 - c) All customer contract files (to be reviewed at target company site)
 - d) Copy of all warranty policies
 - e) Copies of all insurance contracts
 - f) Copies of all lease agreements
- 6) Assets/Liens
 - a) A list of all tangible and intangible assets
 - b) List of any and all liens and encumbrances against company and any and all of its assets. Including any judgments against company
 - c) All documents related to any type of indebtedness of any kind
 - d) Any agreements, instruments or documents which restrict the transfer, sale, exchange or any other disposition of any assets of target company
- 7) Employment-related Matters
 - a) Organizational chart, head count and corresponding compensation levels
 - b) Copies of all benefit plans including stock option plans, profit-sharing plans, pension plans and employee stock purchase plans
 - c) Copies of all employment contracts and offers of employment including any agreements regarding severance packages
 - d) List of all former employees for the last five years along with their job descriptions
- 8) Corporate Issues
 - a) Bylaws, certificate of incorporation and minute books
 - b) Any and all shareholder agreements
 - c) List of all shareholders or any persons or entities which have an ownership interest in the target company
 - d) Copies of any director and officer liability insurance policies
- 9) Licensing and Litigation
 - a) Description of any and all past, present, threatened and/or possible litigation or claims involving the target company and/or products
 - b) Copies of any and all letters of counsel in response to auditors' request
 - c) List of all licenses, permits or authorizations granted by government authority
 - d) All documents related to any governmental investigation
 - e) All documents which could materially adversely affect the present or future value of the target company or products