

EY reduces M&A due diligence assessment time by more than 75% with CAST Highlight

EY is a global leader in assurance, tax, transaction, and advisory services with over 280,000 employees at more than 700 office locations in 150-plus countries.



+75%

reduction in tech due diligence assessment time



1.2 million

lines of code analyzed across **2,600** files

<1 week

to undertake source code analysis

CAST Highlight automatically reads application source code to understand open source risks due to security vulnerabilities, IP / legal exposures, and obsolescence.

Challenge

EY was engaged to perform due diligence for a private equity (PE) firm that was considering investing in a software technology company. In addition to the commercial due diligence EY performed, they needed to deliver a technology due diligence assessment of the target firm's software products.

Historically, this was a manual process that required software code reviews that were long and sometimes inaccurate. EY needed a more objective method to rapidly assess the quality, risk, and cloud readiness of the firm's software assets.

Solution

EY utilized CAST Highlight to rapidly assess the firm's portfolio of software products that comprised of 2,600 files and over 1.2 million lines of code.

A source code analysis combined with surveys to capture qualitative business metrics was completed in less than a week compared to several weeks in the past using the manual approach.

Software intelligence metrics such as Resiliency, Agility, and Elegance, along with Software Composition Analysis (SCA) to identify potential open-source software risks enabled EY to incorporate greater objectivity into its due diligence process.

Results

EY uncovered several important risks in the firm's software that needed to be addressed before the investment could be considered as part of the investment valuation.

CAST Highlight identified serious IP licensing risks related to eight open-source components with GPL licenses in use in the software products.

It then showed that three business-critical software apps had seriously low resiliency scores, making them prone to production issues and/or outages.

Ultimately, the PE firm was able to make a more informed decision with a more accurate valuation of the target company's software products based on greater objectivity provided by CAST Highlight's software intelligence.