
5 Steps to Successful Network Due Diligence



Due Diligence

If network acquisition is in your future, how can you be sure you know the best alternatives to bring it up to speed in order to efficiently provide the revenue-driving services intended?

Executing due diligence work will provide you the information you need to make an informed business decision- one that lets you weigh the complete investment cost and ROI.

This eBook explains 5 due diligence steps you need to perform to make sure you know what you are really purchasing and its economical upgrade alternatives before its too late.



Do Your Homework

Due diligence work, or doing your homework ahead of time, ensures network acquisitions empower your network and not hinder it with hidden costs.

Benefits of due diligence work:

- 1.) Know the cost of the needed upgrade within 5 to 10 percent
- 2.) Gain specific up-to-date, detailed information on the network
- 3.) Understand upgrade options for economic upgrades
- 4.) Get reliable information to determine investment vs. ROI to build a better business model



5 Steps to an Informed Decision

While plant information is provided to you from the seller, performing due diligence work on your part will ensure you know exactly what you are purchasing and a clear picture of the amount of capital you will need to invest.

Due Diligence steps include:

1. Analyze the network cosmetically
2. Analyze the network technically
3. Match real assets with seller-supplied information
4. Document work complete for reporting
5. Conclude upgrade options



Cosmetic and Technical Values

Analyze Network Aesthetics

What is seen to the common eye, can tell a lot about the perspective network. This step is as simple as viewing the network and taking account the condition of various parts. Are the cables in good condition? What percentage would need to be replaced? What shape are the poles in?

Analyze Network Technologies

Digging a little deeper, make sure the network is performing correctly by testing bandwidth. Spot checking parts of the network will suffice.

Document what electronics are being used and if the electronics are hitting intended performance levels.



Match Your Findings With Seller Stats

During an acquisition, the seller typically provides:

- The number of plant miles
- The number of homes and businesses passed
- Downstream and upstream bandwidth estimates
- Electronics used throughout the plant
- How much fiber is in the plant

Taking the seller at their word without verifying for yourself is a huge mistake; perhaps the seller is using dated information about the plant. Imagine the excess cost you would have to pay for the upgrade if the seller provided fewer number of plant miles than what actually existed in the plant.

Verifying information will protect you from making a bad purchase and also provide you with the current status of a newly acquired asset you wouldn't have had otherwise.



Document all Findings

To have a clear picture of what to expect with the network, make sure to take photos, create 3,000-foot-view maps and video record all problem areas for future reference.

A network acquisition can take several months or years, make sure the status of the network can be reviewed on demand.



Determine Upgrade Options

Most of the networks out there to purchase need to be updated to provide the revenue-driving services planned for the network. Due diligence work can predict upgrade costs within 5 to 10 percent of the actual upgrade cost.

A thorough evaluation of the network's aesthetics, technologies and geographical layout will determine several economical upgrade options that utilize as much of the current infrastructure as possible.

Planning for an upgrade before purchasing the network will provide you with the opportunity to balance investment costs and returns to make an informed business decision.



Determine Upgrade Options: Integrating Multiple Networks

Integrating multiple acquired networks also plays into upgrading. In some cases, the means to link two separate networks to provide consistent communication far out weighs the return.

Due Diligence work will determine future investment costs, so you know what to expect and can build a better business model.



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