

The Company

J.W. Childs Associates, L.P. (“JWC”) is a private equity firm based in Boston, Massachusetts. With a focus on building businesses, JWC seeks companies with sufficient equity to support growth, and specializes in leveraged buyouts and recapitalizations of middle-market growth companies.

Since 1995, JWC has invested in companies with a total transaction value of over \$8 billion. The firm currently invests through J.W. Childs Equity Partners III, L.P., an investment fund with total committed capital from financial institutions, pension funds, insurance companies and university endowments of \$1.75 billion.

The Challenge

In 2004, J.W. Childs had the opportunity to acquire the Sunny Delight Beverage Co. (SDBC) through a unique carve-out of brands by Procter & Gamble. The deal was further complicated by the fact that the global marketer of juice-based drinks would emerge from P&G without any IT infrastructure of its own, only a costly transition services agreement from its former owners. An accurate and in-depth assessment of the infrastructure required to support SunnyD’s business going forward would be absolutely essential to Childs’ decision to purchase the company.

“J.W. Childs has traditionally looked at complicated deals as a way to differentiate ourselves in the market,” said JWC Vice President Jeffrey J. Teschke. “Naturally, these types of deals require more firms like OneNeck with which to partner.”

Teschke said the firm had worked with several large consulting firms for this sort of outsourced due diligence in the past. And while the large firms executed macro assessments that provided a decent look at the business, their findings dealt mostly in big numbers.

Added Teschke, “Since we neither have the in-house expertise nor the time to do this kind of analysis, we chose to work with OneNeck rather than the larger firms with which we had traditionally worked.”

For JWC, working with a firm such as OneNeck proved valuable in two key areas. First, OneNeck provided the kind of highly detailed IT and ERP analysis needed for the SunnyD assessment. Second, the private equity firm gained the benefit of working with an outsourcing partner who could also deliver the required services indicated through the due diligence effort, making for faster ramp-up and implementation once the deal was completed.

IT Due Diligence

Partnering with Private Equity
Before and After the Sale

A ONENECK IT SERVICES CASE STUDY



On the contrary, for the IT due diligence phase of the SunnyD carve out, Teschke and others at JWC were looking to find the big trouble areas or potential problems that might arise out of SunnyD's need to deploy its own IT platform and complex ERP system in approximately one year.

The OneNeck Solution

OneNeck offered JWC two areas of core capabilities that they believed would be essential to an accurate IT assessment of SunnyD. First, because OneNeck comes from a background of running these environments, not merely assessing them, they're capable of understanding complex ERP environments and their relevance to overall company performance. This high level of business acumen enabled OneNeck to not only assess the technological aspects of continuing the P&G transition services, but to also look at SunnyD's total IT needs and advise JWC on post-purchase solutions.

Second, OneNeck was unique among the firms under consideration by JWC in that they have the capabilities to provide IT outsourcing — on any scale — for every application needed by SunnyD. Additionally, OneNeck's services are delivered through a customer intimate model that emphasizes close working relationships with the customer. This was an important factor to J.W. Childs, given the almost-impossible deadlines for implementation facing the management at SunnyD.

As a result of the ideal fit between J.W. Childs' needs and OneNeck's capabilities, the private equity firm engaged OneNeck to perform an Information Technology Due Diligence and Strategy Assessment of SunnyD, with a specific focus on the IT requirements to support the company once it separated from P&G.

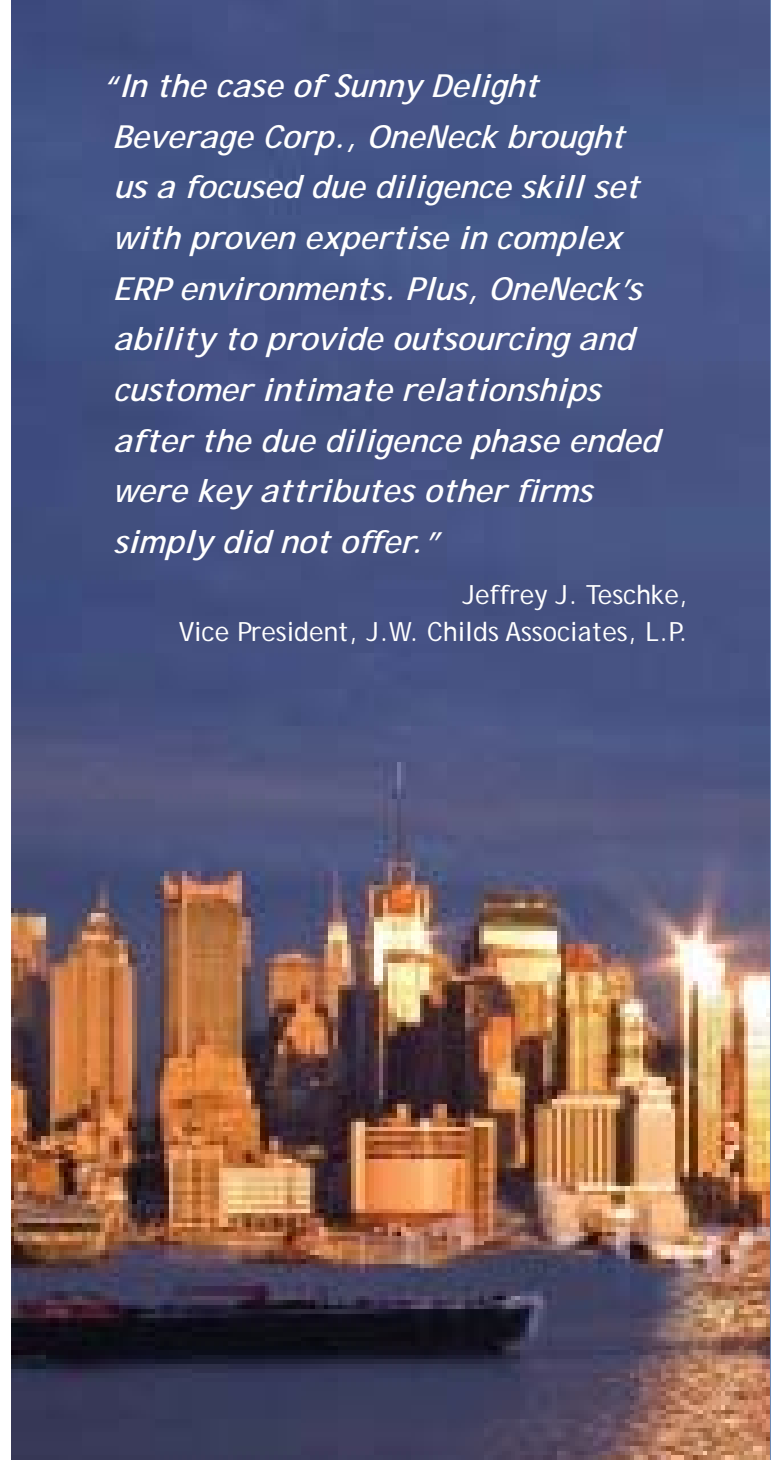
The Benefits

According to JWC's Teschke, "We needed a partner who could sit across the table with us and help out, even before we owned the business. That's what we found in OneNeck." He added that the due diligence process held to its time table, and as a result of the excellent working relationships that were formed, OneNeck was awarded the outsourcing contract for SunnyD. SunnyD and OneNeck now share the responsibility for running the IT infrastructure.

"Despite the fact that our experience in the area of IT due diligence had been with larger firms, OneNeck had all the right criteria for us. We decided to take a leap of faith and went with the smaller firm and it worked out perfectly," Teschke says. "They understand our business, the client's business, and the long-term goals of everybody involved in the private equity deal."

"In the case of Sunny Delight Beverage Corp., OneNeck brought us a focused due diligence skill set with proven expertise in complex ERP environments. Plus, OneNeck's ability to provide outsourcing and customer intimate relationships after the due diligence phase ended were key attributes other firms simply did not offer."

Jeffrey J. Teschke,
Vice President, J.W. Childs Associates, L.P.



For more information, contact:

OneNeck IT Services Corporation
5301 North Pima Road, Suite 100
Scottsdale, Arizona 85250 USA
Phone: +1-480-315-3000 Fax: +1-480-609-4308
info@oneneck.com | www.oneneck.com

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