|  |  |  |
| --- | --- | --- |
| **Scope Area** | **Scope Focus** | **Expected hours** |
| **IT Strategy** | **Overview of the target IT Strategy:**   * Understand key historical IT milestones and current IT strategy and roadmap for IT | **4** |
| **IT Strategy** | **Overview of all target (short and long term) IT plans and roadmaps (strategic and tactical):**   * Understand general strategic IT principles (e.g. Use and adoption of cloud infrastructure) * Alignment of the current portfolio of business critical systems to support and enable the current business environment. | **6** |
| **IT Applications** | **Assess application landscape and fit for current and future business requirements:**   * A summary of main software and systems used by the target. * In-house developed vs. package vs cloud * Business processes that are not automated (manual or Excel based) and known system gaps. * Overview of the scalability and resilience projections for the key systems, covering for example capacity, ability to support the future business. | **12** |
| **IT Applications** | **Assess potential cself-developed applications** | **4** |
| **IT Applications** | **Assess application integration to support data flow and reporting**   * Summary of Management information, business intelligence and reporting capabilities | **4** |
| **IT Infrastructure** | **Assess IT Infrastructure environment and respective operations:**   * IT architecture overview diagram of target. * Overview of the target hardware infrastructure landscape * List of all infrastructure IT services and the infrastructure provider(s) that support the target. * Overview of the use of data centre facilities and cloud usage (target) * fit for current and future business requirements in the areas data center and hosting, end user computing, networks and telephony | **12** |
| **IT Infrastructure** | **Analysis of backup procedure and disaster recovery plans**   * An overview of Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP). * An overview of any internal or industry standards followed by the IT organization. * A review of the data centre and disaster recovery processes against the DR processes and policy documentation and any performed tests | **8** |
| **IT Organisation** | **Analyze the IT Organization in terms of size and skills as well as potential external dependencies (key men dependency risk)**   * Key group IT personnel and contacts * Overview of the current level of IT staffing and staff retention levels. | **4** |
| **IT Organisation** | **Overview of the target IT governance and oversight arrangements:**   * reporting lines, steering committees, meetings, approvals, deliverables, annual planning cycle, use of external standards, IT policies   **An overview of the extent to which IT governance processes and procedures been formally documented and are appropriately governed including:**   * Overview and copies of the main group IT policies * Summary of information security policies, practices including vulnerability management, patch management, user access management, antivirus procedures, and cyber risk management. | **12** |
| **IT Organisation** | **Understand the IT operating model (e.g. Group IT shared services):**   * Use of shared services arrangements * Staffing and organisation of the IT department supporting the relevant business applications | **2** |
| **IT Financials and Contracts** | **Assess historical and planned (Budget) IT spend (capex and opex) incl. breakdown on the last three IT budgets vs actual expenditure**   * Current IT budget including staff, application, infrastructure, services. * Planned capital investments for relevant business applications, systems, support staff and infrastructure. | **8** |
| **IT Financials and Contracts** | **Evaluate IT spend based on available Industry benchmarks** | **4** |
| **IT Financials and Contracts** | **Evaluate degree of outsourcing and key IT suppliers**   * An overview of significant third party and suppliers. | **2** |
| **IT Financials and Contracts** | **Assess steering of IT suppliers and level of satisfaction:**   * Main vendors and outsource partners. Review existing ICT third party agreements to understand the ICT services procured, associated service level agreements; service timelines and associated costs (up to a maximum of 5 contracts). | **8** |
| **IT Projects** | **Analyze IT Project Portfolio and alignment with business strategy** | **2** |
| **IT Projects** | **Understand focus on IT projects (innovation vs. IT renewal)** | **2** |
| **IT Projects** | **Understand major IT projects and initiatives:**   * (e.g. ERP implementation) * Future CAPEX requirements and transition costs will include potential IT capex costs based on planned projects over next 3 years but exclude any detailed analysis or verification of figures provided. | **8** |
| **IT Security** | **Review current technical and organizational measures for cyber security and data privacy**   * List of cyber security tools and arrangements for target * Information security standard compliance | **4** |
| **IT Security** | **Analysis of any internal / external performed IT audits and penetration tests and respective results and mitigations undertaken**   * Major IT incidents (business continuity outages, cyber security, privacy) experienced during the last year. | **2** |
| **Digitisation Capabilities** | **Assess current initiatives towards digitization of internal processes, digital services and new digital products**   * Overview of the major digital initiatives. | **8** |
| **Digitisation Capabilities** | **Evaluate current digital capabilities to support digital journey of the company**   * Overview of the digital strategy | **4** |
| **Synergy identification** | Identifying potential synergies with the target which may exist | **4** |

**In total: Spend 200 hours to gather insights, draft reporting and finalizing report (150 hours estimate for SME) –** focused on group / HQ.

Key issues to clear:

* Are there other entities in the scope? Local and international.
  + Mostly driven through SA Ops. Offshore investment only, no Ops.
* Who do we present to?
  + Client
* Input into budget: try to aim for R950k, with lots of time on SMEs.
* 4 critical areas for IT DD focus areas (IT Apps, Infrastructure, Security and financials)

***Exclusions (Deep Dives in the following areas):***   
   
Please note: Based on the IT risks identified during the due diligence, we may investigate key risks in further detail.  These investigations will be agreed with the client upfront as well as additional fees required.

* Offshore investment is assumed to be an equity investment, and the offshore group operating companies are outside the scope of KP operations.
* No offshore entities will be assessed as part of this scope of work. Should the need arise, we will agree a scope and free upfront, prior to any additional scope items being executed

**The proposed transaction**

**Royalty Int’l – 19% equity in Offshore group.**

**Asset = equity (therefore no Ops to consider)**

**Royalty Int’l**

**Royalty**

**Democracy**

Example of an integration timeline.

