The 12 Essentials of Technical Due Diligence

A FRAMEWORK WITH A PRE-DEFINED STAKEHOLDER MANDATE FOR REASSURANCE AND VALUE CREATION

Create Sustainable Investments at Scale for Accelerated Growth and Impressive Exits

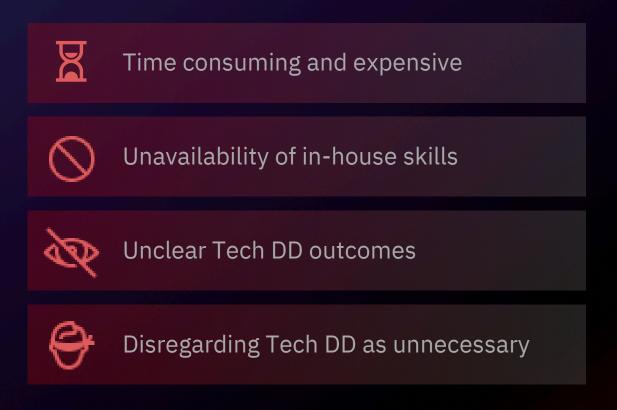
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Do You Know What Is "Under-The-Bonnet" of Your Tech Investment?

While Legal Due Diligence and Financial Due Diligence tend to be standard practices for any Investment or M&A activity, in todays digital economy, Technical Due Diligence is just as essential... since it is directly associated with ROI expectations of shareholders, especially in tech investments.

Investor Challenges That Compromise Conducting Tech DD:





Knowing what is under-the-bonnet is the obvious prerequisite for tech investing.

BSTRACT TRANSFORM PROVEN ASSESSMENT FRAMEWORK

Tech stack
Architecture
Team Know-how
Software processes
Solution stability
Security aspects
Scalability
Documentation
Third-party dependency
Intellectual property
Road map/Vision
Team Potential

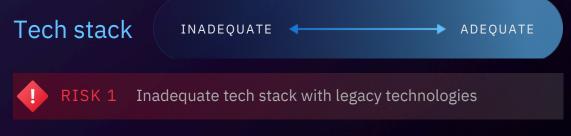


Tech stack

The Foundation of Due Diligence

The tech stack is the foundation of any technology-based company.

It includes all the technology services used to build and run an application or project, including programming languages, frameworks, libraries, patterns, servers, UI/UX solutions, and tools. Evaluating the tech stack is crucial because it directly impacts the product's scalability, maintainability, and future development. A comprehensive assessment should consider the modernity, flexibility, and industry alignment of the technologies in use.



Architecture

Blueprints of Success

The architecture defines the structural design of the system, ensuring that it meets both current and future business requirements. It's essential to evaluate whether the architecture follows best practices, supports scalability, and integrates seamlessly with other systems.

Key architectural considerations include modularity, service-oriented architecture (SOA), microservices, and cloud readiness. An efficient architecture can significantly reduce technical debt and improve system reliability.

MODERN

Architecture

RISK 2 Architecture isn't scalable for future growth

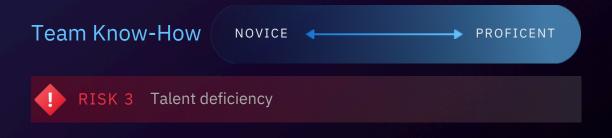
LEGACY

Team Know-How

Human Capital and Expertise

The technical expertise and experience of the team are critical factors in the success of a technology venture. This assessment includes evaluating the team's skills, past project experience, and ability to keep up with technological advancements. It's also essential to consider team dynamics, communication skills, and their problem-solving capabilities.

A highly skilled and cohesive team can drive innovation and adapt to challenges effectively.



Software Processes

Efficiency and Quality in Development

Software processes encompass the methodologies and practices used in software development and deployment. This includes Agile, Scrum, DevOps practices, Continuous Integration/Continuous Deployment (CI/CD), and quality assurance processes. Evaluating these processes helps in understanding the efficiency, speed, and quality of software development, ensuring that the product can be delivered on time and within budget while maintaining high standards.



Solution Stability

Ensuring Robustness and Reliability

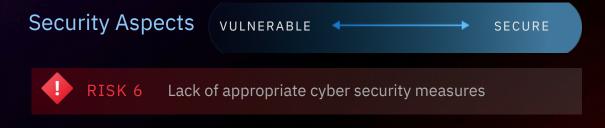
Solution stability refers to the robustness and reliability of the product or service. This involves assessing the system's ability to perform consistently under expected and peak loads, its fault tolerance, and its disaster recovery capabilities. Stability is critical to maintaining user trust and ensuring continuous business operations. Technical due diligence can include stress testing, load testing, and reviewing historical performance data.



Security Aspects

Protecting Assets and Data

Security is paramount. This includes assessing the company's security policies, practices, and technologies in place to protect against threats. Key areas include network security, application security, data protection, encryption standards, and compliance with regulations like GDPR. A thorough security assessment ensures that sensitive data is protected, and the company is not vulnerable to breaches or cyber-attacks.



Scalability

Growth Without Constraints

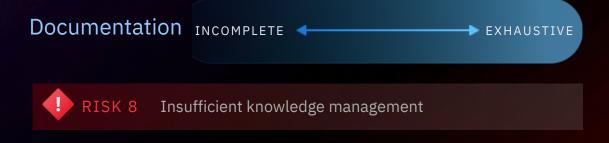
Scalability refers to the system's ability to handle increased loads without compromising performance. This is crucial for companies looking to grow rapidly. Evaluating scalability involves examining the system architecture, database design, network infrastructure, and cloud strategy. It's important to ensure that the system can scale horizontally and vertically and that there are clear strategies for load balancing and resource management.

Scalability	CHALLENGING READY
RISK 7	Architecture isn't scalable for future growth

Documentation

Clarity and Continuity

Comprehensive documentation is essential for maintaining continuity, especially during transitions and scaling. This includes technical documentation, user manuals, API documentation, and development guidelines. Proper documentation ensures that new team members can quickly get up to speed, and it supports ongoing development and maintenance efforts. Assessing documentation quality helps in understanding how well the knowledge is captured and shared within the organisation.



Third-Party Dependency

Risks and Reliance

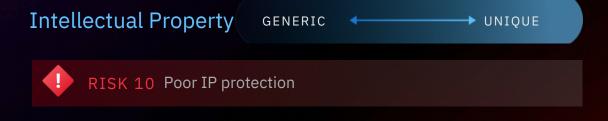
Dependency on third-party services, libraries, and tools can introduce risks and dependencies that need careful evaluation. This includes examining the reliability, security, and support of third-party providers, as well as the potential impact on the business if these services are disrupted. Understanding thirdparty dependencies helps in identifying potential vulnerabilities and planning for mitigation strategies.

RISK 9 Support, reliability and security out of your control

Intellectual Property

Ownership & Rights

Intellectual property (IP) assessment involves verifying the ownership and rights associated with the technology, including patents, trademarks, copyrights, and trade secrets. It's crucial to ensure that the company owns or has clear rights to the technology it uses and that there are no infringements or legal disputes. Proper IP management protects the company's innovations and competitive edge.



Road Map / Vision

Strategic Direction and Future Growth

The product roadmap and vision provide insight into the company's strategic direction and long-term goals. This involves evaluating the clarity, feasibility, and alignment of the roadmap with market needs and trends. A well-defined roadmap indicates a clear path for future development, innovation, and market expansion, which is critical for attracting investment and ensuring sustainable growth.

Roadmap Vision	UNDEFINED	DEFINED
RISK 11 Lack	of sustainable growth	

Team Potential

Future-Proofing with Talent

Assessing team potential involves looking beyond current capabilities to evaluate the potential for growth, learning, and adaptation. This includes examining the team's ability to innovate, embrace new technologies, and drive the company forward. Potential is also reflected in leadership qualities, the ability to attract and retain top talent, and the overall culture of continuous improvement and learning.

Team Potential	FOR NOW	•	FOR FUTURE
RISK 12 Te	am growth pote	ntial	



Every interaction matters



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