

# Industrial Heating Products Buy-Side Diligence Case Study



Leading manufacturer of electric heating & ventilation solutions evaluates potential acquisition to meet revenue objectives

## Background and Objectives

A leading manufacturer of heating solutions was seeking to analyze an acquisition target that provides commercial & industrial process heating equipment. While the client had a solid understanding of the commercial market segment, it required outside assistance in assessing the industrial market opportunity. The client engaged BCE to assess the industrial process heating market, evaluate the attractiveness of the identified acquisition target, and determine the viability of establishing a scalable process heating platform.

## Approach

BCE completed the engagement objectives through a three-phased process.

The initial phase of the engagement centered on a market diligence effort, through which BCE sized & segmented the industrial process heating market, assessed market demand drivers, and identified customer & competitive dynamics. In its customer analysis, BCE defined the core customers of process heating equipment, identified customer unmet needs & purchasing criteria, and determined the most frequently employed sales channels. BCE's research on competitive dynamics focused on identifying top competitors, their strengths & weaknesses, and estimating market share for each. To develop market insights, BCE spoke with analysts, customers, competitor employees and ex-employees, and other market stakeholders.

The second phase of the engagement included an evaluation of the acquisition target, with BCE focusing on developing a better understanding of the target's market share, points of competitive differentiation, and product alignment with identified demand drivers. Over the course of phase two, BCE engaged with nearly 100 market stakeholders to catalogue how the target was perceived by customers and competitors.

The final phase consisted of developing strategies that the client could employ to build a scalable process heating platform capable of achieving revenue growth objectives. BCE compiled market insights to develop complementary strategies the client could employ, in addition to acquiring the target, that would support the client's strategic goals. BCE's platform development strategies consisted of both organic & inorganic actions.

## Recommendations

BCE recommended the client move forward with the acquisition of the process heating target. In addition to recommending the acquisition, BCE crafted four complementary strategies to develop a scalable process heating platform, including:

- Develop channel relationships to access high-margin end markets
- Expand portfolio to grow addressable market
- Penetrate large, high-value end markets by developing specific product offerings
- Acquire additional heating technologies to expand platform presence

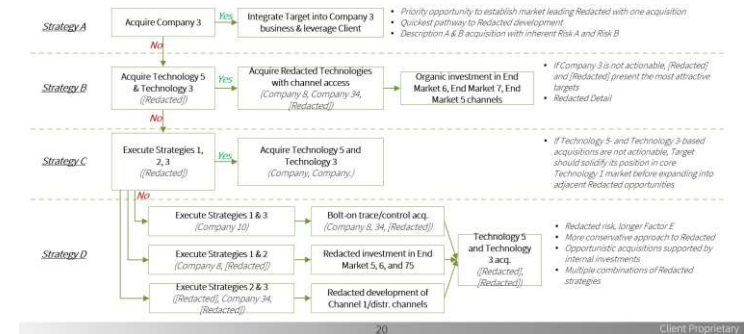
1. BCE estimates that Target's addressable segment of the ~\$XXB U.S. market for Technology 2 for industrial use will grow at a XX% CAGR from ~\$YYM in 2019 to \$ZZB in 2024



\*See the Market Forecast deliverable for the full list of supporting sources

Client Proprietary

Client/Target has multiple REDACTED to developing a platform base upon Factor A requirements, Factor B, and Factor C



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