

Cold Chain Target Diligence Case Study



PE firm conducts diligence on acquisition target in cold chain shipping and logistics market

Background and Objectives

A middle market fund within BCE's Private Equity practice asked BCE to conduct rapid diligence on a potential acquisition target in the cold chain shipping and logistics market. The fund needed to better understand the size and growth dynamics of the cold chain market, competitive activity, and voice of customer among existing target accounts. These insights would inform the client's perspective on the deal thesis and the valuation of the target.

Approach

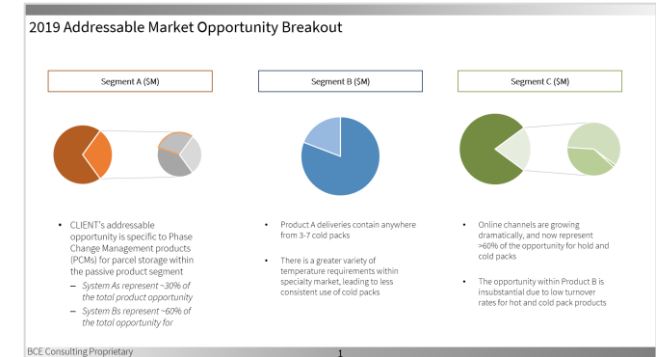
BCE executed a three-phased approach for this diligence exercise, beginning with open-source and primary data collection to build a market forecast tool for the cold chain shipping and logistics market. BCE leveraged publicly available 10K/10Q filings and analyst reports to understand size and growth inputs for this market, and finished building a proprietary model by collecting primary data from over 50 market participants.

As part of these primary research conversations, BCE also called into existing customers and other relevant market stakeholders to understand perceptions of the target. BCE collected feedback around strength of the value proposition, elements of differentiation relative to the competition, and overall service/ease of doing business with the target.

BCE rounded out its analysis by conducting calls directly with target competitors to understand strength of offerings and overall market position relative to the target. Calls among competitors, combined with other customer and stakeholder feedback, allowed BCE to assess brand reputation and strengths and weaknesses of the target in context with key competitors.

Recommendations

As a result of the combined analysis, BCE identified a series of mid- to long-term opportunities to grow the target's top line, as well as potential customer and market risks of which to be aware and monitor. BCE's assessment validated many aspects of the client's original deal thesis, but offered specific implications in terms of marketing and distribution. BCE also recommended several workstreams to further focus the business to achieve hold period growth objectives.



CLIENT is best suited to the Segment A market, though there is likely significant upside across end markets

	Segment A	Segment B	Segment C
Price	✓	Product Availability ✓	Product Availability X
Sustainability	X	Brand Recognition X	Brand Recognition X
Adjacent Products/ Services	✓	Adjacent Products/ Services X	Price ✓
Product Availability	✓	Temperature Maintenance ✓	Temperature Maintenance ✓
Temperature Maintenance	✓	Product Durability ✓	Product Durability ✓
Product Durability	✓	Price ✓	Adjacent Products/ Services ✓
Brand Recognition	X	Sustainability X	Sustainability N/A
Share	~5%	Share ~3%	Share ~1%

Opportunity to increase penetration of Meal Kit competitors through aggressive marketing.

Must improve brand recognition in the near-term and close adjacent product/service gaps in the long term.

Requires a deeper understanding of price position and customer prioritization.

CLIENT would likely require a broader portfolio of advanced System A and potentially qualification/verification services to be competitive in Segment B.

CLIENT can expand access to the total Segment C opportunity by prioritizing strategic channels (e.g. Customer As and Customer Bs).

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