

CASE STUDY: Trusted Counsel Assists Technology Client in Selling Critical Software Assets to a Large Insurance Company Buyer



Trusted Counsel
ASHLEY LLC

Challenge:

The Trusted Counsel client was a technology company that provided a popular CRM software tool to the insurance industry. A Fortune 500 insurance company wanted to bring the software “in house” as a competitive advantage, and was willing to acquire the software for a substantial amount. The client desired to sell the software via an asset sale transaction, and retain the remainder of its intellectual property and products for continuing operations. Trusted Counsel was engaged at the time of the sale transaction. Prior to that date, the client had no legal representation.

Solution:

The Trusted Counsel team met with the client to set forth the goals for the transaction, which included:

- Limit disclosure of potentially sensitive information that was not related to the software;
- Perform legal “clean up” of the business for presentation to the acquirer;
- Minimize disruption to client’s existing business; and
- Limit the post-closing liability of the client.

Trusted Counsel worked quickly over the course of the next few months to perform the following:

- Prepare a letter of intent for the sale of the business;
- Obtain all necessary intellectual property assignments for the acquired software;
- Provide requested diligence documents to the acquirer;
- Draft and negotiate the asset purchase, escrow, reverse services, and transition services agreements;
- Draft a multi-year Software-as-a Service (SaaS) agreement with the acquirer for ancillary software of the client not being purchased; and
- Negotiate “above market” terms for the client’s indemnification and post-closing liability.

Results:

Trusted Counsel successfully prepared the client’s management for the extensive diligence process, including identifying and minimizing items that would otherwise be a potential “red flag” for an acquirer. As a result, the software acquisition was successfully and timely completed without issue. The client received a substantial amount of cash up front in the deal, with limited amounts put into escrow. In addition, the client was extremely satisfied with its limited post-closing liability because it significantly limited the acquirer’s ability to “claw back” any purchase money, and allowed the seller to have closure with respect to the transaction. The client continued successful operation of its remaining business after the software sale.



About Us:

Trusted Counsel is a unique and refreshing kind of legal partner. We provide seasoned, business anchored legal advice in a highly personalized way. We don’t wait to be asked – we anticipate your needs, respond quickly and always in your best interest.

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