



# **Value of Good Information**

**How Better Information Leads to Higher Sale Prices**

## Overview

Systems are more than just a tool to do a job. The true value of systems is derived by what they provide the business enterprise - which is **Information**.

Information is not data. Data is raw numbers which have little meaning. Data properly organized and with good reporting tools becomes Information. Information is what allows good companies to act faster than less advanced companies and thereby prosper.

Good Information also makes buyers more comfortable that their bid is appropriate. With only incomplete or questionable information, most bidders will include a 'fudge factor' or penalty for the unknown. On the other hand, if investors know what they are getting – they will bid much closer to the true value for the asset.

### Example - A Distressed Portfolio Sale:

Rockport has been approach by many firms which are looking to sell assets into the market to raise capital. These assets are being purchased by firms which have a great deal of supply to choose from and therefore can afford to be picky. These purchasers need to make sure they can do sufficient due diligence and analysis before they purchase and in order to perform this, they need information.

Without this information they need to trim their bid price in order to hedge against undisclosed issues which were hidden as a result of poor information. From speaking with investment bankers the consensus that we reached is that this could lead to a 15% premium if they were given the information in a top notch analytic and reporting platform (ie Rockport).

**The increased in sale price is estimated below for a hypothetical portfolio sale:**

| Portfolio Sale       |               |               |               |                      |                 |
|----------------------|---------------|---------------|---------------|----------------------|-----------------|
| Base Price of Assets | \$100,000,000 | \$250,000,000 | \$500,000,000 | \$1,000,000,000      | \$2,000,000,000 |
| Increased by 10%     | \$10,000,000  | \$25,000,000  | \$50,000,000  | \$100,000,000        | \$200,000,000   |
| Increased by 15%     | \$15,000,000  | \$37,500,000  | \$75,000,000  | <b>\$150,000,000</b> | \$300,000,000   |
| Increased by 20%     | \$20,000,000  | \$50,000,000  | \$100,000,000 | \$200,000,000        | \$400,000,000   |

This would mean that if a firm was looking to sell a portfolio which they would have sold at ~\$1 Billion, that good information could make a \$150,000,000 difference!!

***With this kind of money at stake it makes absolutely no sense for a firm to use anything less than the best product available.***