SYNOPSYS®

CASE STUDY

Making Tech Investments With Confidence: Tech Due Diligence With Black Duck Audits

Company overview

Based in Birmingham, Leeds and Manchester, U.K., NorthEdge Capital manages £650 million of private equity funds aimed at lower midmarket buyout and development capital transactions in the North of England and the Midlands. Its portfolio consists of a wide range of sectors from waste management and luxury travel to advanced technology.

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NorthEdge Capital manages £650 million of private equity funds aimed at lower midmarket buyout and development capital transactions in the North of England and the Midlands. "Our portfolio consists of a wide range of sectors from waste management, luxury travel, to the other end of the spectrum of advanced technology such as Cubic Motion," says Greg Holmes, an investment executive in the NorthEdge New Business team.

"Cubic Motion is an award-winning creator of advanced computer vision technology where the software code is fundamental to the core business," Holmes continues. "We are backing both the high calibre team and the industry-leading software that they have created. From our point of view, we wanted to understand that code better, how robust it was and if there were any potential issues, especially the open source nature of some of the code, whether there were any licensing issues, and identifying any of those issues up front to work through them."

Code audits for investments and exits

NorthEdge had used Black Duck audit services earlier in the year to perform an open source audit to identify any potential issues that might impact the planned exit of Utiligroup. "It was a successful exit for us, and the Black Duck audit group was highly rated both by the team at NorthEdge and the management team of our portfolio company as well," notes Holmes. "We recognized the need for the same tech due diligence when it came to our investment in Cubic Motion, and put in the call to the audit team.

"The audit process went very quickly, a week from the initial call to getting feedback from Black Duck audit services," Holmes says. "That was another massive plus. When we're working the diligence process, we're obviously working to a tight time scale. The fact that we were able to get a precise and well-written report from the audit team in a short time scale was extremely useful."

The value of an open source audit

How did NorthEdge use the Black Duck audit report? "It was a very useful tool from our perspective in terms of driving best practice on open source and the general code for that matter," replies Holmes. "Cubic Motion is now doing regular reviews of their open source code to ensure license compliance and that the open source components are up to date.

"We go to experts like the Black Duck audit team to verify that there are no issues within the software asset. And that's the value of Black Duck audits—that at day's end we have assurance that there's no red flags or potential issues, or conversely if there had been issues to have them brought out before the deal was completed.

"With two successful transactions completed, Synopsys will be one of our first calls when we come across another investment opportunity that requires tech due diligence."

The Synopsys difference

Synopsys helps development teams build secure, high-quality software, minimizing risks while maximizing speed and productivity. Synopsys, a recognized leader in application security, provides static analysis, software composition analysis, and dynamic analysis solutions that enable teams to quickly find and fix vulnerabilities and defects in proprietary code, open source components, and application behavior. With a combination of industry-leading tools, services, and expertise, only Synopsys helps organizations optimize security and quality in DevSecOps and throughout the software development life cycle.

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