

## Case Study - Intrepid Energy



### Summary of Benefits Delivered

- ❖ Substantial reduction in deal cycle time
- ❖ Imputed benefits in excess of \$10 million
- ❖ Outsourced solution leaving management time to focus on deal
- ❖ Complete confidentiality and security of documentation
- ❖ Parallel due diligence (Up to 18 concurrent users)
- ❖ Reduced legal / professional fees
- ❖ Reduced reprographic costs

### Background

In 2004 Intrepid Energy & Co, an investment vehicle for US institutional funds in the UK Oil & Gas sector, divested of their share of a number of producing, development and exploration assets in the form of 4 structured packages. The total value of the packages amounted to in excess of \$1.2 billion. The divestment process, managed by JP Morgan and Leboeuf, Lamb Greene & MacRae LLP, resulted in over 20 potential buyers visiting one of two datarooms and involved over 280 oil & gas professionals and their advisors.

Virtual Archive was approached to provide a scanning and Electronic Data Room solution to facilitate the asset valuation and due diligence phases of the divestment.

### The Challenge

Given the complexity of the Intrepid corporate and package structure, it was determined that 4 simultaneous datarooms would be required; 2 live datarooms for buyers and 1 each for Intrepid and Virtual Archive. A prerequisite of this approach was that all datarooms would need to be synchronised.

The configuration of the datarooms were a secure network, with all PC client ports disabled and no internet, remote or print access permitted. This was to preserve the confidentiality of the data and maintain “a level playing field” for all buyers. Dataroom uptime was critical and Virtual Archive was required to provide a reliable server solution to maximise uptime.

Given that this was essentially a corporate, rather than an asset divestment, a mindset of “full disclosure” was established early on in the process. This meant that over 13,000 records were included in the dataroom throughout its duration, with a large number being added during the divestment process. It was imperative that buyers were given access to data added after their particular dataroom visit.

It was anticipated that there would be a large number of questions, both of a generic nature and those specific to a certain document or type of data. Functionality was required to facilitate the asking and answering of these questions.

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### The Solution

The solution involved the supply of Virtual Archive's own Proximity Electronic Data Room software solution that was configured to represent the world of Intrepid Energy.

Virtual Archive's production team, comprising project management, scanning and indexing resources, based themselves within the offices of Intrepid and undertook the scanning, indexing and integration of documents into the Proximity system. A key challenge was ensuring the annexes connected to the appropriate host document. This on-site process ensured complete confidentiality, security of business critical documentation and most importantly enabled Intrepid managers continued access to the documentation.

Regarding the Dataroom live time, a comprehensive update and support procedure was established that had a rigorous document and records audit process built in, thereby ensuring synchronisation across all servers. High specification, dual processor fast servers were utilised in the datarooms to ensure optimum application performance, and there were always 2 similar specification back up servers, fully loaded and ready to run located in the Virtual Archive facility in the event of server downtime. We estimated that the Dataroom would be live again within 1 hour in the event of server failure. This assumption was not tested as all primary servers experienced zero downtime.

To facilitate efficient use of the buyer resources deployed in the Dataroom, 3 primary areas were created; 1 each for technical, legal and corporate. Each had a fit for purpose structure and set of metadata for the underlying records. This approach provided individual buyer representatives a more focussed area to examine, and enabled the question answering process to be more efficiently managed.

During the process, VA produced from the Proximity application a series of CD extracts of the dataroom that allowed potential buyers access to data added after their visit. The application functionality created a static, self-launching browser application that could be burnt to CD or DVD. Proximity allowed us complete control over what data was included in the extract and proved to be an efficient method of distributing additional data to buyers via the deal managers.

In total over 280 people visited the Data Rooms over a 7 week period. The user experience feedback was very positive and Intrepid Energy commented that the use of the Electronic Data Room was a key factor in reducing the time to completion by as much as 10 weeks.

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