

**CASE STUDY**

# M&A Targets: A Solid Security Program Can Shorten Your Due Diligence

**How SecurityProgram.io Helped A Leading  
EdTech Startup Pass Security Muster**

Many fast-growing companies focus primarily on meeting immediate customer needs and growing the business, often through a mix of well-designed systems and some urgent, scrappy fixes. While security is a concern, it is easy to de-prioritize security assessment and documentation with so many other urgent needs.

Yet lack of a security program—an operational risk on its own—is often a lurking gremlin that can squash an M&A deal. Acquiring companies don't want to discover they've purchased a host of security liabilities that will put their networks and reputation at risk.

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**Private equity and other corporate buyers are making security a larger part of their due diligence. When an acquisition target can't confidently and thoroughly respond to a due diligence security review with a detailed, documented security program, the transaction may be delayed or even cancelled altogether.**

## Ellevation Needed a Security Program to Speed Its Growth—and Then Some

Ellevation was not contemplating a sale of the company when it sought to establish a more robust security program. The EdTech platform was initially motivated to raise its level of security maturity because school districts began adding security questionnaires and data privacy agreements to their vendor contracting process. Ellevation's early products were used by school administrators and teachers, but it was about to launch a new product to be used by students. A student-facing product created a heightened security need the company had to address.

Contracting school districts were asking pointed security questions, and without a documented security program and plan showing the state of the company's security posture—not to mention how it would continue to improve—answering security questionnaires was time consuming and difficult.

To address its need to improve its security posture and ease the contracting process, Ellevation began working with Jemurai and its SecurityProgram.io (SPIO) platform. However, it later found another unexpected benefit. The company was approached about a potential acquisition by a larger firm sooner than it had expected, and this overture kicked-off a full strategic process involving multiple parties. Having a thoughtfully developed and documented security program eased the suitors' due diligence process—thereby enabling a smooth, rapid process with no surprises.

## From Unfocused Security to Concrete, Contextual Guidance

The Jemurai/SPIO team began by conducting an audit and risk assessment to help Ellevation baseline its existing security posture and clarify its threat model. The cloud-based Ellevation platform collects student data which must also be handled in compliance with FERPA security requirements. Such data could make the company and its platform attractive targets for cybercriminals that focus their efforts on K-12 schools.

With the assessment and audit done, Ellevation charted a path to address the company's individualized risks and threats profile, allowing it consistent forward motion instead of reacting to each and every partner request.

“The SPIO team helped us navigate this landscape,” says Ellevation CTO Dan Milstein, “moving from a reactive mode of ‘Partners want this, is this what we need to prioritize?’ to a more nuanced conversation about the most thoughtful way to approach our security enhancements.”

Ellevation uses the SPIO platform to set its security task lists and document the progress.

Because the SPIO platform aligns tasks with common security standards, the Ellevation team's work not only improved its security posture but also streamlined its ability to respond to partner security questionnaires.

“I originally thought SPIO was just a project tracker,” Milstein explained, “but it links our work to the security standards we want to live up to. So instead of having to do this huge amount of work to respond to each new contract, we can provide up-to-date responses and documentation, including standard compliance.”

A robust security documentation library demonstrates more than an ability to address specific risks. It encourages confidence that the company is in control of its security posture.

“By linking up the assessment, progress tracking, and security standard compliance, the SPIO platform allows us to show partners how we continually identify and address risks—and that created value in that moment beyond the executional value,” said Milstein.

### **A Documented Security Program Facilitates Due Diligence During Acquisition**

The value of having a solid security program also manifested during the due diligence process taken by a potential buyer of Ellevation. As a venture capital backed company, a strategic exit was always a possibility for the company, but it attracted attention from buyers sooner than expected.

Reputational damage due to a data breach or ransomware attack on school and student data can be an explosive problem. No company wants to take on that sort of risk as part of an acquisition. Fortunately, the security documentation and process SPIO created to facilitate Ellevation’s contracting process also set the company up for a smooth due diligence process with its eventual buyer, Curriculum Associates.

“We showed them the security assessment done with Jemurai and the SPIO platform,” said Dennis Morgan, the CFO at Ellevation. “We were able to show that we had things buttoned up. Being able to present that was very productive during the due diligence process.”

A target company without a detailed security program and plan forward can raise red flags during due diligence by its acquiring company, resulting in:

- *Hesitation to complete the transaction until the target company can demonstrate improvement;*
- *A decision that the target company carries too much risk to move forward; or*
- *Lowering the buy price to reflect the higher risk and potential liability that the buying company would assume.*

“Nobody gets a pat on the back during due diligence,” Morgan said. “Either it’s a problem or they don’t say anything. When they didn’t raise concerns about our security or business in general, we knew we were in great shape.”



## Moving Past Security Hesitancy Enables Focus on Business Growth

An effective security program must reflect a company's specific risk profile, and it must be tracked and constantly re-assessed. Comprehensive documentation of security policies and outcomes helps protect against cyber threats. It's also how a company can communicate to potential buyers and partners that it has a thoughtful, proactive security approach.

Too often, smaller or startup companies overlook the value of having a deliberate, documented security program. "There's often security hesitancy, to push it off for more immediately pressing matters," said Morgan. "But the SPIO team made it very easy for us to attend to our pressing business matters while still making significant progress on our security infrastructure."

Working with SPIO, Ellevation moved past that hesitation and established a documented security program that improved its growth through faster, smoother contractual process and set the company up for an early, successful acquisition.

**Without the ability to demonstrate its sustained improvement in security, the due diligence process may have been a rough ride with a different outcome. Any company that wants to seize unexpected opportunities, whether in growth or as an acquisition target, needs to conduct an internal due diligence review of its security posture if it wants to measure up under the scrutiny of third-party examination.**

Contact [SecurityProgram.io](https://securityprogram.io) to learn more about how to create a successful security program.