


An ancillary benefit of this simple tool is the court's viewpoint: the judge now no longer has to listen to verbal arguments about "did/did not" produce. Rather, the court can readily discern to what extent production has/has not occurred.

Further, when attention is focused on disputed documents the court's and parties' efforts can be directed towards resolving what is "meant" by the descriptor. For example, when a Tax Return was produced, was it in fact entirely produced if it does not include supporting "Statements" in the latter part of the return?

Conclusion

Sometimes, "simpler" is indeed "better," as illustrated by the Document Map. 

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BOOK REVIEW

The Comprehensive Guide to the Use and Application of the Transaction Databases

by Nancy Fannon

Reviewed by Kelly N. Curtin, CFA



When applying the market approach, specifically the Guideline Transaction Approach, one of the biggest areas of controversy is argued to be the selection of the guideline companies. There are cases where the court has rejected the market approach, even when both sides used it, because the court felt that the guideline companies were not adequately comparable. However, just because certain transactions may appear to not be adequately comparable after a quick search does not mean that an analyst should automatically reject the market approach. Given the thousands of transactions in the transaction databases, it is more likely than not that comparable transactions exist if searched for and adjusted properly. In her book, *(The Comprehensive Guide to the Use and Application of the Transaction Databases)*, Nancy Fannon provides clear guidance on the use and application of four of the most commonly used private transaction databases for the valuation of private companies, pointing out proper use (and common misuse) of the data to ensure proper application.

The four databases discussed in detail in this Guide are Pratt's Stats, BIZCOMPS, DoneDeals, and FactSet Mergerstat. Throughout the Guide, each database is organized in a consistent format to facilitate comparison from one database to another, as follows:

1. Overview of the Database
2. Sample Transaction Report
3. Where to Find Information and Get Help
4. What is Included in Price and Earnings
5. Assets and Liabilities Included in the Multiple
6. Special Issues Regarding the Use of the Data
7. Step by Step Suggestions for the Use of the Data
8. Gathering Transaction Data for a Valuation Assignment

In addition to a discussion of these four databases, additional topics covered include: defining market multiples, useful statistics, market data studies, and common errors. Importantly, Fannon alerts the reader to some of the most common uses of the transaction multiples such as key concepts in applying valuation multiples, most

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notably invested capital versus equity (and related pricing multiples) and how each of the databases handles liabilities.

The reader should note that while this Guide focuses on the proper use of the transaction databases, it does not address market data methodology and in particular the application in the current economy. Proper application of transaction multiples to a company's performance became more arduous over the past year, specifically, determining sustainable performance to which analysts apply the multiples. Given the economy last year, analysts are faced with difficulty of determining how the subject company's performance last year relates to its sustainable level. Thus, as valuation professionals we've had to be careful to also consider both longer-term historical and future performance when selecting sustainable levels.

This Guide provides detailed and clear guidance to navigate through the transaction databases and select proper multiples, and I believe most valuation analysts would find it to be a valuable resource.



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TECH TIPS

Tech View: The Microsoft Windows 7 Journey

by Joseph W. Henderson

In the fast-paced field of information technology, Microsoft's Windows operating systems have reigned supreme for years. More than likely, you use it at work and at your home on a daily basis. This article will provide a brief overview of the current state of Microsoft's three latest operating systems and ultimately assist with your decision on upgrading to Windows 7.

WINDOWS XP

In 2001, Microsoft introduced the Windows XP operating system that would eventually become the most popular of all operating systems worldwide. Many new features were advertised for Windows XP, including improved security, reliability, and productivity over its Windows 95/97/2000 predecessors. There are many reasons why Windows XP manages to stick around in business and consumer markets to this day, but only the following two will be mentioned in this article:

Low System Resource Usage—When compared to Windows Vista or Windows 7, the official system requirements for Windows XP are almost laughably miniscule. Many comput-

ers in use today by small and medium-sized companies were originally purchased with hardware designed to run Windows XP. Disregarding for a moment possible hardware incompatibilities, installing and using Windows Vista or Windows 7 on these computers would likely result in drastically decreased system performance. Companies in this situation would not only have to purchase the appropriate amount of licenses for the new operating system, but also new computers with powerful hardware to properly utilize it.

Comfort Level & Routine—Using Windows XP has become routine for many end users over the last nine years. Generally, these users are comfortable with the Windows XP interface and can navigate it easily. The Windows Vista and Windows 7 interface, however, is much different than previous operating systems. Having to relearn how to use an operating system did not appeal to many end users and resulted in a resistance against upgrading beyond Windows XP.

As of this writing, extended support for Windows XP is

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