

Extreme Makeover: IBA Market Database gets an Overdue Face Lift

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The IBA market database is nothing new to those of us who have been doing business valuation but it certainly has come a long way since the first time I used it. Most business valuers have at one point or another relied on the IBA market database to obtain the necessary comparables needed to produce a market approach value. If not IBA, BizComps, or Pratt Stat's; all recognized and generally accepted sources of market data.

Ten years ago a market data request for a particular SIC code by email would have provided a list of sales information in a simple excel worksheet. It was left to the valuator to do any type of analysis needed from the list of comparables provided. This process alone could be very time consuming in the process of completing a market approach to business valuation. Today the data analysis needed can be obtained with a few mouse clicks.

Key Value Data is now providing a new form of the IBA market data that is not just impressive but quite easy to use.

Below is the search bar that provides the user with options for refining the search results provided by supplying an SIC Code.

The screenshot shows a search interface with the following sections:

- Search:** Includes a 'Clear Search Fields' button and a '*Required Fields' label.
- A. Industry:** 'ENTER 1 - 3 SIC CODES' with three input boxes and 'ENTER DESCRIPTION KEYWORDS' with one input box.
- B. Location:** 'STATE OR REGION' with a dropdown menu set to 'All Locations' and a 'Select on Map' link.
- C. Financial Criteria:** 'SALES (\$000)', 'DE (\$000)', and 'PRICE (\$000)' with 'LOW' and 'HIGH' columns and input boxes.
- D. Date of Sale:** 'START DATE (MM/YY)' and 'END DATE' with input boxes.
- E. Search:** A 'Search' button.

The software enables the user to search by inputting one to three SIC codes at one time. However, the user must know the SIC code of the relevant industry they are searching for. The software does not provide a drop down list of SIC codes with descriptions to choose from nor does it allow you to search for an SIC code by keyword. The user must also enter at least one complete SIC code, a partial SIC code returns no results. So searching for the general 'Eating and Drinking Places' SIC code of 58 or 5800 will return no results.

Once the relevant SIC code has been determined and entered, the search button is pressed to request the database to provide all sales records that exactly match the SIC code(s) provided by the user. Upon entering the SIC code 5812 (Eating Places), the following results are returned in the Review Records portion of the screen. From here the user can see that there are 4,974 records under the 5812 SIC code.

If the user has determined that they only need to view the sales records for pizza companies, the user may use a keyword to refine the returned results.

The screenshot shows the 'Review Records (4974)' section with a table of results. The table has the following columns: SIC, Description, Sales, Discretionary Earnings (DE), Price, Price / Sales, Price / DE, State, and Date of Sale.

SIC	Description	Sales	Discretionary Earnings (DE)	Price	Price / Sales	Price / DE	State	Date of Sale
5812	Restaurants/Coffee Shop/House	150	25	20	0.13	0.57	FL	03/01/2002
5812	Restaurants/Pizza Shop	260	92	75	0.29	0.62	FL	12/30/2004
5812	Restaurants/Coffee Shop/House	174	74	65	0.37	0.88	FL	03/15/2002
5812	Restaurants/Fast Food Franchise	856	160	375	0.44	2.34	FL	09/30/2002
5812	Restaurants/Fast Food Mall	324	120	175	0.54	1.46	FL	10/22/2004
5812	Restaurants/Coffee Shop/House	146	52	65	0.45	1.25	FL	03/22/2002
5812	Restaurants/Coffee Shop/House	192	88	54	0.28	0.61	FL	07/16/2002
5812	Restaurants/Breakfast Lunch	240	37	50	0.21	1.35	FL	06/20/2002
5812	Restaurants/Catering	647	160	240	0.37	1.31	FL	05/13/2004
5812	Restaurants/Pizza Shop	468	103	120	0.26	1.17	FL	01/06/2004
5812	Restaurants/Sandwich Shop	200	40	115	0.58	2.68	FL	07/25/2004

At the bottom of the table, there are buttons for 'Export Records', 'Data Only', 'Direct Market Data Method Report', and 'Transactions Analysis'. A 'Downloads remaining: unlimited' indicator is also present.

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By typing “pizza” in the keyword box and pressing the search button, any sales records without “pizza” in the description field is removed from the results.

The user may wish to further refine the record results and can do so based on location, reported sales, reported discretionary earnings, sales price, start date of the sale, and the end date of the sale. All of these search options are found on the search bar at the top of the screen.

The third section of the new IBA market database offers three different export options to export your search results into an excel workbook. The first option, Data Only, exports a spreadsheet of the sales records along with any income or balance sheet information that may have been provided to IBA along with the sales information. The IBA market database refers to this as extended data and asking for this information along with the sales information is a new procedure. Therefore there may not be enough extended data for an analysis to be performed.

The second export option, Direct Market Data Method Report, exports the data records, the extended data, worksheets, and charts that are particularly helpful when performing the Direct Market Data Method. This includes price to sales ranges, price to discretionary earnings ranges, statistical analysis, price to sales charts, and price to discretionary earnings charts. This option also provides the user with interactive tools that assist the user with necessary analysis. Below is an example of price to sales and price to discretionary earnings limits of selected sales transactions.

Price / Sales		Price / DE	
Descending	Ascending	Descending	Ascending
0.5762	0.0558	8.1898	0.1149
0.5793	0.0667	4.1810	0.1786
0.5863	0.1697	2.5955	2.0000
0.4886	0.1810	2.1385	2.3688
0.4347	0.2533	2.0388	2.5337
0.4347	0.2548	1.9586	2.6667
0.4294	0.2684	1.8991	2.7857
0.3684	0.4294	1.7857	2.8991
0.2548	0.6347	1.6667	2.9586
0.2533	0.4347	1.5337	2.0388
0.1810	0.4886	1.2000	2.1786
0.1697	0.5793	1.0000	2.5955
0.0667	0.5762	0.1786	4.1810
0.0558	0.5863	0.1149	8.1898

Number of Transactions		Ratio Limits		Chart Data	
Total	10% Rounded to Integer	10% Upper Limit	10% Lower Limit	Low	High
14	1	0.5762	0.0558	75	1,149
4	4	0.0558	0.1697	43	642
		0.4886	0.1810	4	64
		0.4347	0.2533	37	581
		0.4347	0.2548	14	268

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The third export option, Transaction Analysis, is much like the Direct Market Data Method export option, and provides the same statistical analysis tools. It also provides histogram data, transaction by sales graph, transaction by discretionary earnings graph, price to discretionary earnings over discretionary earnings graph, transactions by price to sales graph and transactions by price to discretionary earnings graph in addition to the some of the same graphs provided in the Direct Market Data Method export option. Below is an example of the histogram data of the selected transactions.

	Sales		DE		Price		Price / Sales		Price / DE		
	Bin	Frequency	Bin	Frequency	Bin	Frequency	Bin	Frequency	Bin	Frequency	Percentile
1	20.85	= Bin Increment	3.13	= Bin Increment	6.64	= Bin Increment	0.01	= Bin Increment	0.08	= Bin Increment	
2	16	= Lookup Index	13	= Lookup Index	30	= Lookup Index	7	= Lookup Index	4	= Lookup Index	
3	666	= Mean	128	= Mean	260	= Mean	0.34	= Mean	2.17	= Mean	
4	96%	= Mean %	33%	= Mean %	40%	= Mean %	96%	= Mean %	27%	= Mean %	
5	75.00	1	28.00	1	5.00	1	0.06	1	0.11	1	0%
6	85.85	0	31.13	1	11.64	1	0.06	0	0.39	1	2%
7	96.70	1	34.26	0	18.27	0	0.07	0	0.28	0	3%
8	107.55	0	37.39	0	24.91	0	0.07	1	0.36	0	4%
9	118.39	0	40.53	0	31.55	0	0.08	0	0.44	0	5%
10	129.24	0	43.66	0	38.18	1	0.08	0	0.52	0	6%
11	140.09	0	46.79	0	44.82	0	0.09	0	0.61	0	7%

Both the Direct Market Data Method export option and the Transaction analysis export option allows the user to further narrow down the selected transactions by selecting them individually or using the Tools tab to select transactions based on certain criteria. The following is a depiction of what the Tools tab offers the user to perform further analysis on all or a selected few of the transactions.

Overall this new way KeyValuedata has presented the IBA Market Database has made it a much easier and faster way to access and analyze IBA market data transactions.

KeyValuedata also offers other very user friendly applications that can be accessed through their website with a subscription. In particular, I have found the IRS Corporate Ratios application as well as the Guideline Company application to be particularly useful. The IRS Corporate Ratios application provides the user with a ratio analysis of tax returns based on the user's chosen industry. The Guideline Company application is very useful not only in finding comparable companies based on industry, location, or financial criteria but also provides financial data and financial analysis of the selected comparable guidelines companies chosen by the user.

The screenshot shows the 'Tools' tab with several panels:

- Ratio Validation:** Check the ratio fields for data. The tools on this sheet will only select transactions with data for these ratios:
 - Price / Sales
 - Price / DE
 PLEASE NOTE: When ratio validation is turned off, you may see errors in the charts. Apply now to the selected transactions: **Right-Click Here**
- Select by Criteria:** Select transactions that meet the following criteria. Blank criteria are ignored.

	Min	Max
Sales		
DE		
Price		
Price / Sales		
Price / DE		
Sale Date		
SIC		
State		
Description		

Right-Click Here
- Select Worksheets and Charts:** Choose the worksheets and charts to display. If you export transactions, only the displayed charts are included in the new workbook. **Right-Click Here**
- Export Selected Transactions:** Copy the selected transactions and the displayed charts to a new workbook. **Right-Click Here**
- Sort Transactions:** Sort the transaction data on all worksheets by these criteria:
 - Sort by (1) _____
 - Then by (2) _____
 - Then by (3) _____
 - Order (1) _____
 - Order (2) _____
 - Order (3) _____**Right-Click Here**
- Select All:** Select all of the transactions. **Right-Click Here**
- Deselect All:** Deselect all of the transactions. **Right-Click Here**

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TECH TIPS

Email Tracing: the Hunt for Truth

By Joseph W. Henderson

Have you ever wondered if it were possible to determine the true sender of a suspicious email? Countless legal professionals are in the same position and do not know how to go about finding a solution to this legitimate concern. The reason for this bewilderment normally stems from a lack of technical ability or shortage of time to devote to the task. This article is meant to address the issue by providing a compilation of the most efficient and direct methods to identify the true source of any email.

THE BASICS

Every email message can be dissected into two segments—a body and header. The email body contains the message itself, including text, additional multimedia, and a digital signature. Data, pertaining to the email, in structured fields such as *From*, *To*, *Subject*, and *Date* are collectively part of the email header. A header is automatically generated by the email client, such as Microsoft Office Outlook or Yahoo! webmail that initially sends the email. The process of tracing the source of an email typically relies entirely upon analysis of the header of an email.

So, exactly what type of information can be obtained from header analysis? Typically, you should be able to obtain email header fields including, but not limited to, the email address and internet protocol (hereinafter IP) address used by the sender, the series of mail servers the email followed to reach its destination, and a timestamp regarding the sending of the email from the source. The steps necessary to display the entirety of a header vary between email clients, some of which are displayed in the following Table 1A and 1B:

TABLE 1A

Email Client (Local Application)	Instructions
Google Gmail (http://mail.google.com)	Locate and select, or open, the email in question. Select the drop-down arrow immediately to the right of the <i>Reply</i> button positioned at the top-right of the message pane. Select <i>Show Original</i> within the drop-down list. The entirety of the email header will be displayed in a new window.
Windows Live Hotmail (http://mail.live.com)	Right-click on the message in your inbox and choose <i>View Message Source</i> . The entirety of the email header will be displayed in a new window.
Yahoo! Mail (http://mail.yahoo.com)	Right-click on the message in your inbox and select <i>View Full Headers</i> . The entirety of the email header will be displayed in a new window.

TABLE 1B

Email Client (Local Application)	Instructions
Outlook Express Windows Mail Windows Live Mail	Select and open the email of interest. Click on <i>File</i> , located on the menu bar, and select <i>Properties</i> . Click on the <i>Details</i> tab to display the entirety of the email header.
Microsoft Office Outlook 2007	Select and open the email of interest. Within the <i>Options</i> group, click the dialog box launcher (small square with an arrow). The entirety of the email header will be displayed in a new window under the <i>Internet Headers</i> section.
Microsoft Office Outlook 2010	Select and open the email of interest. Click on <i>File</i> , located within the menu, and select <i>Properties</i> . The entirety of the email header will be displayed in a new window under the <i>Internet Headers</i> section.

IN-DEPTH ANALYSIS

The reader should be aware that email header fields may vary considerably from one email to the next, depending on the email client used, email client version, and other factors. A sample email header, copied from an email message sent from a Yahoo! email account and received by a Hotmail email account, can be seen on the next page:

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