

Due Diligence Checklist

Basic

- Verify ownership of the business
- Check domain history
 - Check domain age
 - Check history in archive.org
 - Check the historical content type and niche
 - Any problems with the site in the past?
 - Was the site in a different language or did it host adult content at any point?
- Check domain metrics
 - DA & DR
 - PA & UR
- Is the URL brandable?
- Are any other top level TLDs being used?
- Any expired/aged domain redirects pointing to the site?
- Find out more about top competitor sites

Tech Stack

- Check hosting provider
- Find out on which platform is the site built
- Find out which theme and plugins are being used

SEO

Traffic

- Ask for access to Google Analytics to analyze:
 - Type of traffic - organic, direct, paid...
 - Traffic by geo location
 - Unique users
 - Sessions
 - Pageviews
 - Top pages

- Bounce rate
- Which direction is the traffic trending over the last 3, 6, 12 months?
 - Stable, Upwards, or Downwards? Use Google Analytics and third-party tools like Ahrefs or SEMRush to verify.
 - Is there seasonality?
- What is the primary traffic source?
- How is traffic distributed across channels?
- Is the traffic from high-value channels?
- Is the traffic sustainable?
- What is the traffic diversification?
- What is the geographical distribution of traffic?
- Has the site been impacted by Google updates in the recent past?
- Has the site been impacted by Google penalties?

Content

- Find out who writes the content
- Find out if there is a content plan in place
- Make sure to check how optimized the content is
- Check if the content is up to date
- Check any potential warnings or penalties in the past
- Analyze the workload. How many hours a week should be spent preparing the content?
- How many articles are there on the site?
- How many words/articles on average?
- What types of content does the website have?
- Is the content evergreen?
- Is the content high-quality?
- Was the content written by native English writers?
- Is the content duplicated elsewhere? Check using <https://www.copyscape.com/>.
- How does the EAT measure up?
- Will writers in this niche be affordable? How much did the buyer spend on writers? Are any of the writers willing to continue with the new buyer?
- Does the current owner have the permission to continue using personalities, author names, profile photos and so on, and will this be transferred to the new owner? Ask for confirmation in writing.
- Is there any intellectual property? Are the ownership rights of the IP transferrable?

Technical SEO

- Are meta tags set up correctly for all pages?
- Are canonicals set up correctly?
- Does the URL structure and hierarchy make sense?
- Is there duplicate content?
- Are there lots of internal link redirects?
- Is the sitemap registered in Google Search Console? Review the sitemap to make sure there are no errors and it's up-to-date.
- Check the crawl coverage in Google Search Console to see if there are any crawlability issues.
- Does the website serve different content to users vs. search engines? This may be a red flag if so.
- Are there many broken links on the site? Broken internal links are especially bad.
- Are there pages with high click depth (more than 3)?
- Are there any orphan pages (pages with no internal links)?
- What is the site speed of the most popular pages? Are they up to par? Does the website pass the core web vitals tests?
- Is the site using https? Is it using any of the old SSL or TLS protocols?
- Is there any mixed content (assets served with both http and https)?
- Are there any subdomains in use?
- Is the robots.txt file setup correctly?
- If there is structured data, is it setup correctly as per the specs?
- If the site is multilingual, have the hreflang tags been set up correctly?
- Are images being served optimally and do they all have alt text?
- Is the site mobile-friendly?

Backlinks

- See the overall number of backlinks
- Analyze the sources - are they varied and verifiable?
- Make sure the backlinks are related to the niche
- Check if there are any spammy backlinks
 - Any easy to spot toxic links?
 - Any Private Blog Network (PBN) links?
 - Review anchor text of incoming links
 - Review backlink strategy

Keywords

- How many keywords does the site rank for?
- What are the main keywords and their difficulty?
- How hard would it be for a competitor to overtake the site on the top keywords?
- Is the site overly dependent on any of these keywords?
- Review the SERP results by clicking on the SERP dropdown for each keyword.

Digital Marketing

- Ask for a list of all social media accounts. For each channel:
 - What are the follower counts?
 - How many impressions do the posts get?
 - What is the post reach?
 - What are the engagement stats? (clicks, likes, shares, mentions, comments)
 - How much traffic does the channel bring in?
- Analyze the email marketing strategy.
 - How many subscribers?
 - Which email service provider?
 - How often are emails sent?
 - What % of Emails are opened?
 - What is the click rate?
 - What is the conversion rate?
- Check all user data available
- Digital assets
 - Are there any digital assets, such as e-books, courses, etc., included with the sale?

Operations

Niche

- Is the niche interesting?
- Is this a niche that you will enjoy operating?

Growth

- Analyze the site to discover how you can grow it further. Are there any easy wins?

- Ask the seller about any growth opportunities they'd recommend
- Can you identify any strategies for growth?
- Are there many keywords to target for additional growth?
- Evaluate the costs of all the activities you have planned for the site.

Risks

- Analyze all the potential risks and their impact if they happen.
- Are there any business model risks?
- Are all business processes documented?
- For the identified risks, are there ways to mitigate them?

Personnel

- Are there any key personnel required to operate the site? Are they willing to continue working on the site after acquisition?
- How much time will be required to operate the site?

Competitor Analysis

- Who are the major competitors?
- Which areas do they compete in?
- Are you going to be able to continue to compete with them or surpass them?

Financial

Business Model

- What is the business model? How is the site monetized?
- Is it sustainable?
 - If it's an Amazon Associates site, make sure they are not on a unique commission structure.
 - For display ad networks, make sure the site still meets their minimum pageview requirements. Ask the seller to double-check with the ad networks that a transfer to you will be allowed.
 - Is the site heavily dependent on a few articles for its revenue? If so, what is the risk that these articles take a hit, and what would that mean for revenue?

Earnings

- Get access to the P&L
- Check net profit
 - For last 3 months
 - For last 6 months
 - For last 12 months
- Check gross revenue
 - For last 3 months
 - For last 6 months
 - For last 12 months
- Check expenses
 - For last 3 months
 - For last 6 months
 - For last 12 months
- Find all monetization methods and sources of revenue (affiliate marketing, display, advertising, guest posting, sponsored content, lead generation etc.)
- Review earnings history to check for any debts or liabilities
- Are there any add backs?
- Does the revenue trendline match the traffic trendline?
- Are there any recurring revenue streams?

Costs

- How much will this site cost to operate?
- What are the recurring costs associated with the site?
- Are there any significant operational costs to consider?

SaaS Business Metrics

For SaaS business acquisitions, obtain and evaluate the following metrics.

Metrics

- What is the Customer Churn?
- What is the Customer Churn Rate?
- What is the Customer Acquisition Cost?
- What is the Customer Lifetime Value (CLTV)?
- What is the pricing model?

- What is the MRR (Monthly Recurring Revenue)?
- What is the ARR (Annual Recurring Revenue)?
- What is the Revenue Churn?
- What is the Cost of Goods Sold (COGS)?
- How many Marketing Qualified Leads (MQLs) are generated monthly?
- How many Sales Qualified Leads (SQLs) are generated monthly?
- What is the Average Selling Price (ASP)?
- What is the Average Revenue Per Account (ARPA)?
- What is the Net Promoter Score (NPS)?
- How many users are Daily Active Users (DAU)?
- How many users are Monthly Active Users (MAU)?

Source code.

- Is the code well-documented, annotated and tested source code?

Customer Support

- Check average response time
- Check resolution rates
- Check customer satisfaction rates
- Is there documentation for FAQs?
- Do customer queries require expert knowledge to answer?

Intellectual Property Review

- Securing IP is a must.

Ecommerce Business Metrics

Orders

- Total number of transactions
- Total transactions per day
- Number of items sent per order
- Average order value
- Conversion rate

Products

- How many SKUs does the catalog have?
- How many products were sold last year?
- How is the catalog being managed? (by hand or by a *Product Information Management (PIM)*)?
- What is the product spread per average value?
- Which products generate more revenue?

Clients

- What is the traffic audience made of?
- Where are the traffic sources?
- Is there a CRM and what data can you extract from it about clients?
- Behavior: how many visits per page, and what are the bounce and exit rates?
- Internal research: were there internal researches? What were their results? Is the conversion rate proportional?
- Engagement: what is the ratio between new and returning visitors?
- Loyalty: what is the current mechanism to guarantee client loyalty?

Costs

- What is the COGS - marketing, advertising, marketplace fees, transaction costs, customer service, logistics, administration, and any others?

Sales & Marketing Metrics

- Review these metrics including historic data for each.
 - What is the Customer Acquisition Cost?
 - What is the Customer Lifetime Value (CLTV)?
 - What is the Gross Profit Margin and Net Profit Margin?
 - What is the Cost per Lead (CPL)?
 - What is the Cost per Action (CPA)?
 - What is the Return on Investment (ROI)?
 - What is the Conversion Rate? Is Conversion Rate Optimization (CRO) being carried out?
 - What does the sales funnel look like? What is the customer retention at each stage?
 - What is the customer retention rate after sales?

- How are churned customers marketed to, to try and bring them back?
- Organization
 - What are the current digital resources in place (profiles, skills, roles, responsibility, etc.)?
 - What are the internal processes like for management of ordering, fulfillment, returns, customer support, and inventory?
 - **Conduct an Intellectual Property Review** Legal due diligence should confirm that the target has valid and properly registered IP rights (trademarks, patents, code), agreements with third parties and employees, as well as ownership over its digital assets. Any identified issues ideally should be resolved before entering into the deal.
- Compare to other channels if there are offline sales
 - Are online sales higher?
 - Are online sales growing faster?
 - Are the online sales overwhelming for other channels?
 - Are omni-channel profit margins increasing?
 - Are omni-channel clients satisfied and is client value increasing?
 - What is the proportion of global sales revenue in digital sales?
 - How are these revenues generated?

Legal

- Check for trademarks and copyright issues
- Check for licenses needed to continue the business
- Find all there is to know about applicable taxes

Overall View

- List all the red flags. Are any of them dealbreakers?
- List all the green flags. Are any of them strong enough to compensate for the red flags?