

CORUM

USA Switzerland Germany France United Kingdom Canada Norway Brazil

M&A Monthly – August 2011

Deal Disaster vs. Optimal Outcome

Thursday, August 4, 2011
10:00 am PT

Introduction



Ward Carter
Chairman
Corum Group Ltd.

Corum's former President and now Chairman, Ward Carter's technology background includes a variety of management positions with the Burroughs Corporation (later Unisys). Then, as vice president of a Wall Street investment firm and as principal in a regional venture firm, he raised capital for ventures in computer hardware, software, and biotechnology. As an executive for a Seattle-based archival storage software company, he attracted venture capital and assisted with the eventual acquisition of the company by a larger competitor. As president of InfoMatrix, and later Discovery Sales + Marketing, Ward provided strategic consulting support to emerging software companies.

He joined Corum in 1997, has successfully managed numerous software company mergers and acquisitions worldwide, was appointed President in 2006 and Chairman in 2010. He graduated with Honors from Seattle University with a B.A. in Business.

Agenda

- Market Overview
- Langara Update
- Casual Games Report
- Deal Disasters
- Research: Corum Index
- Top 10 Deal Killers
- Optimal Outcome
- Guest Speakers
- Q&A

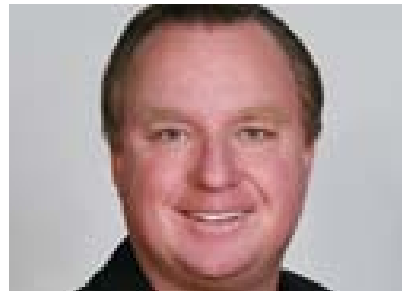
Presenters



Michael Dalesandro
CEO
Where I've Been
Acquired by Trip Advisor



Mario Vassaux
CEO
Up & Atom



Jim Perkins
CEO
Radar Group



Logistics

- Ask questions for Q&A session
 - Use Q&A window on right side
 - Submit to queue at any time
 - Ask “all panelists” – see “ask” option above text-entry box
- This event is being recorded
 - Rebroadcast August 11, 12:30am PT, and 8:00am PT
 - See “Conferences and Events” at MergersAndAcquisitions.webex.com
- If any audio problems today
 - Dial +1.408.792.6300
 - Enter meeting event number: 934 613 277

>> For today's presentation or more information, contact Pat Sultan
(pats@corumgroup.com, +1 425-455-8281 ext. 248)

Market Update



Bruce Milne
CEO
Corum Group Ltd.

A leader in the software industry, Bruce has founded or owned four software companies, including the largest vertical market software company, AMI, an Inc. 500 firm rated by IDC as the fastest growing computer-related company in the world.

He has served on advisory boards for Microsoft, IBM, DEC, Comdex and Apple, and as board member/founding investor in some of the most innovative firms in their field, including Blue Coat, Bright Star and Sabaki. Past advisor to two governors and a senator, a board member of the Washington Technology Center, and founder of the WTIA, the nation's most active regional technology trade association.

He worked with the Canadian government to found SoftWorld, and he was recently chosen as one of the 200 most influential individuals in the IT community in Europe. He was also the only American juror for the recent Tornado 100 Awards given to Europe's top technology firms

A graduate with Distinction from Harvard Business School, Bruce has written three books on business models for success, including *Power Planning*. He is a frequent lecturer and author.

Asia

- Asian Currencies Strengthen on Rising Rates
- Chinese Industrial Companies' Profit Advances 28.7 Percent in First Half
- China to Intensify Housing Curbs in Smaller Cities as Price Gains Quicken

Europe / International

- Franc Rises to Record as U.S. Budget Impasse, Europe Debt Spur Refuge Bid
- U.K. Manufacturing Increased at Fastest Pace Since March 2010 During May
- U.K. Economic Outlook Cut by Ernst & Young
- Spain in 'Danger Zone' on Europe Crisis: IMF
- Worst European Earnings Hitting Industrial Stocks as Stoxx 600 Falls 8.9%
- Gold Coins Selling Out in Lisbon on Big Bets
- MSCI World Equities Index 10% Off May High
- German Factory Orders in Surprise June Uptick

United States

- Orders for U.S. Durable Goods Fell in June
- U.S. Consumer Spending Fell in June
- U.S. Economy Vulnerable, Short of Pre-Recession Peak
- Wholesale Prices in U.S. Fell 0.4% in June
- U.S. Auto Sales Stall, Casting Doubt on Rebound

United States

- Jobless Claims in U.S. Fall to 3-Month Low
- AMEX Boosts Net Income on Record Card Spending
- Container-Ship Plunge Signals U.S. Slowdown
- State, Local Cutbacks Slow U.S. Growth for a Record 4 Quarters in Row
- Manufacturing Index Falls to 2-Year Low

Finance / Real Estate / Commodities

- U.S. May Lose AAA Rating Even with a Debt Deal
- Bank Delays Push 1 Million U.S. Foreclosures into 2012 in 'Ominous Shadow'
- Existing Home Sales in U.S. Rose 2.4% in June
- Foreclosure Filings Decline in 84% of U.S. Cities after Paperwork Backups

Finance / Real Estate / Commodities

- S&P 500 Posts Biggest Drop Since July 2010
- Gold Hits Record as 'Go-to Asset'
- Gold Rallies to Record in Best Run Since 1980
- North Sea Oil Drilling Falls to 9-Year Low Amid Tax Rise

Patents / Mobile

- Apple Overtakes Nokia as Biggest Smartphone Maker with 18.5% Market Share
- Google Acquires Inventions from IBM as It Faces Mounting Patent Litigation
- Nokia Debt Cut to Two Grades above Junk by Moody's with Negative Outlook

Patents / Mobile

- Google Lawyer Says Patents Are 'Gumming Up' Innovation
- HTC Shares Fall after ITC Ruling on Apple Patents
- Apple Patent Suit Puts Samsung on Hold in Australia

Technology

- Amazon Challenges Netflix, Hulu with Film Deal
- Amazon Boosts Netflix, Hulu Rivalry with CBS Deal
- Kodak Explores Options for Imaging Patent Portfolio
- Intel Sees Quarterly Sales Beating Estimates on Company Computer Upgrades
- Apple, Google, Samsung Are Said to be Among Companies Sizing Up InterDigital Offers

Langara Report



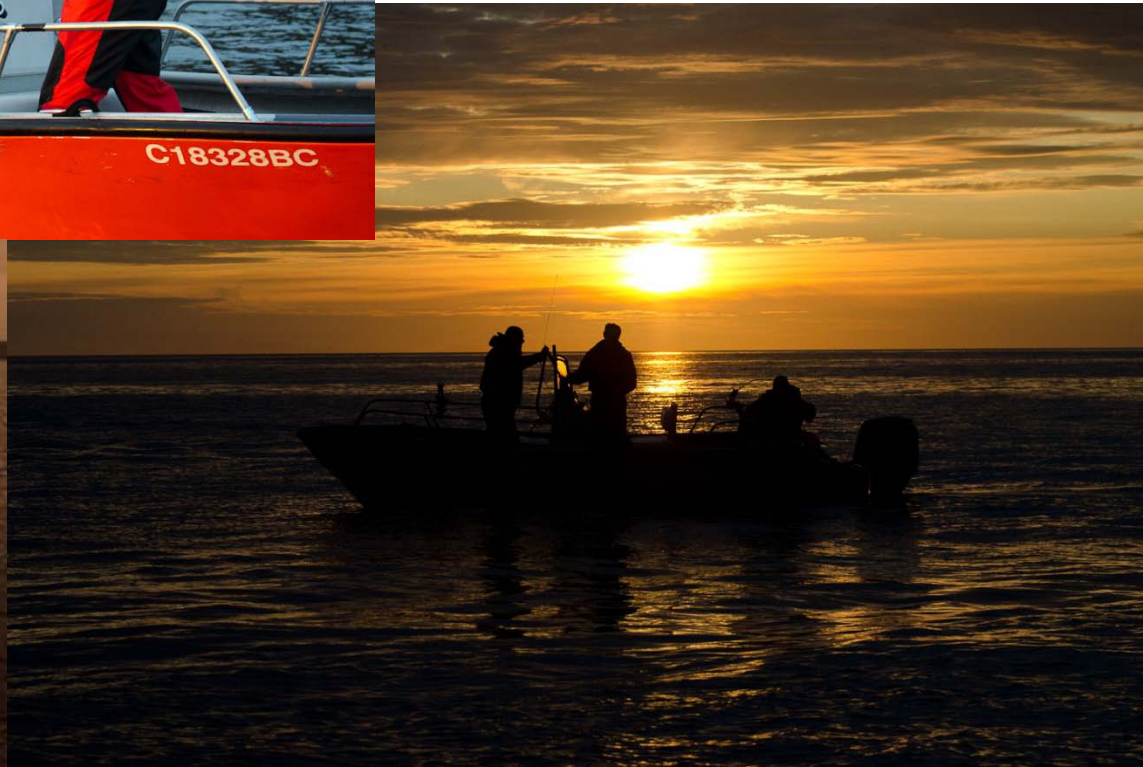
Nat Burgess
President
Corum Group Ltd.

Nat joined Corum in 1996 and brings a diverse background in technology M&A and law. While with the Enforcement Division of the U.S. Securities and Exchange Commission, Nat helped identify and build cases against securities fraud schemes. With the Strategic Development Division of Morgan Stanley's M&A group, Nat worked on cross-border acquisitions of U.S. and European companies by Japanese firms, and on financings by large Japanese public companies. Nat moved to Morgan Stanley's Tokyo office, where he reported directly to the President of Morgan Stanley, Japan Ltd. and focused exclusively on cross-border M&A.

After Morgan Stanley, Nat co-founded Postcard Software, a creator of advertiser-driven bilingual (English and Japanese) Internet content. At Activision, Nat led the company's on-line business development.

Nat earned an undergraduate degree in Japanese literature from Yale College and a law degree from UCLA. While in law school, Nat wrote articles for the International Forum at Yale, Tokyo Journal.

Langara



Langara



Langara



Langara



Casual Connect Report



Mario Vassaux
CEO
Up & Atom



Mario E. Vassaux is Chief Executive Officer of Up&Atom! Digital, a publisher of digitally distributed video games and apps for mobile, online and social networking. Mario has extensive video game industry experience and was a principal of FormGen, the publisher of hit games including Duke Nukem 3d. FormGen was sold to GT Interactive. Mario is an avid entrepreneur and technology innovator.



Field Report – Deal Disasters



Frank Berger
Regional Director
Corum Group International S.à.r.l.

Frank Berger, Regional Director for Corum Group International S.à.r.l., is located in Munich, Germany. Frank has more than 30 years experience in leading positions in the IT industry – as Development Manager Systems Software with Nixdorf Computer AG, Manager Germany of Software Services, Marketing, Sales and Managing Director Germany with Digital Equipment Corporation, CEO at Electronic 2000 AG, and Managing Director Sequent Computer Systems.

In 1989, Frank founded his own company, IQproducts GmbH, and successfully sold it in 2000 with the support and expertise of the Corum Group.

Frank holds a Masters degree in Mathematics from the Technical University in Berlin. He participated in the Stanford SEP Program and is an alumnus of Stanford GSB.

Field Report – Deal Disasters



John Melotte
Regional Director
Corum Group International S.à.r.l.

John joined Corum in 2008 as Regional Director based out of London, having previously worked with Corum both as a buyer and a seller of companies.

John started in IT and software services in the late '70s at Oxford University, where he was awarded an MA in Mathematics. John gained a solid foundation in large project software development with the UK's leading IT services company Logica, working on a number of UK defence contracts for the Army, Navy and Air Force and for the European Space Agency in Germany.

In the mid '80s John joined Process Computing Limited (PCL). John sold PCL (including a successfully completed earn out) to the LSE listed mid-market ERP company, Kewill Systems plc. As Group Technology Development Manager, John was closely involved as Kewill acquired a number of Logistics software companies in Europe and the U.S.

In the late '90s John became a Partner at MTI, one of the UK's leading early-stage technology VCs with over £150m of active investments.

Field Report – Deal Disasters



Miro Parizek
Managing Director
Corum Group International S.à.r.l.

Miro joined Corum in 1998 and has since advised clients in over a dozen countries on three continents. He was appointed Managing Director of Corum Group International S.à.r.l. at the end of 2005 and is responsible for Corum's international business.

Miro has 25 years of experience in the software and IT industry, and prior to Corum had founded and ran three software and IT related firms in the '80s and '90s, including a leading software distributor, North American Software. He was a founding member of the German Software Association (VSI), since merged with the local Multi-Media Association (dmmv) to form the National Association for Digital Economy (BVDW), where he had served as a board member for over a decade.

Miro is a graduate of the University of Pennsylvania's Management and Technology Dual Degree Program, with degrees in International Finance from the Wharton School and Computer Science from the Moore School of Engineering.

Field Report – Deal Disasters



Bruce Lazenby
Regional Director
Corum Group Ltd.

Bruce joined Corum in 2007 and serves as Regional Vice President of Canadian Operations. Prior to Corum, he spent six years as CEO of FreeBalance, an enterprise software company, where he raised millions of dollars in venture capital and debt financing and grew the company by 300%, adding major new business opportunities on four continents. In 2004, Bruce engineered the acquisition and integration of Influatec Systems which gave FreeBalance critical new software capabilities. Prior to this he spent several years in senior software sales and marketing roles.

Bruce also served in the Canadian Navy where he held several CFO positions in numerous locations and managed the Financial Management and Accounting systems for the Department of National Defense worldwide. This was, and still is, the largest such system in Canada. Before that, Bruce was a Logistics Officer and Navy Diver. He served at sea in United Nations' Peacekeeping Missions and the Canadian Arctic – a total of 33 address changes in 20 years.

Bruce graduated from the Royal Military College of Canada in 1976 with a degree in Economics and Commerce. He is also a graduate of the Canadian Forces Command and Staff College (1989).

Field Report – Deal Disasters



Jeff Brown
Regional Director
Corum Group Ltd.

Jeff joined Corum in 2007 as Regional Director in Houston, Texas. He has over 25 years of entrepreneurial and consulting experience building software and business services companies. He specializes in information technology for engineering, scientific and business applications. He also understands the energy industry and multinational operations.

Jeff helped form and was President of Severn Trent Worksuite, a FTSE 100 subsidiary, which became the leading provider of enterprise and wireless workflow management software. Jeff was Vice President at IntelliGIS, a pioneer in geographic information systems and wireless computing. Additionally, he launched Western Hemisphere operations for Simon Petroleum Technology, a provider of petroleum reservoir management software, and was a member of the initial management team at GeoQuest Systems, which became the leader in petroleum decision support systems.

Jeff began his career on the research staff at Columbia University and is a published author. He holds a degree in Geology from the State University of NY.

Field Report – Deal Disasters



Bill Montgomery
Senior Vice President
Corum Group Ltd.

Bill joined Corum in 1985, assisting clients in a variety of technical, marketing and strategic roles. These include development and execution of marketing and sales plans, operational and strategic audits on behalf of investors and company boards, strategic alliances, sale of companies and product divestitures.

Bill held executive positions in software development and marketing before joining Corum, including National Marketing Manager for Accountant's Microsystems, Inc. (AMI), the nation's largest supplier of vertical market software to professional accountants, and Vice President of R&D for Alpine Datasystems, a large Digital Equipment VAR.

In 1990, Bill co-founded Pacific Software Group, a business to business software telemarketing company, and shortly thereafter founded Northwest Construction Software, a developer of estimating and marketing for remodeling contractors. Bill was also President of Firefly Software Systems, developers of EDOS, one of PC Magazine's Top Five Windows add-ons for 1993. Prior to rejoining Corum in April of 1997, Bill was Vice President of Product Development for Informedics, a public company offering software applications to physicians' offices, clinical laboratories and a FDA regulated, medical device software application for hospital blood banks. Bill is located in Portland, OR and has a degree in Sociology from Portland State University.

Field Report – Deal Disasters



Ward Carter
Chairman
Corum Group Ltd.

Corum's former President and now Chairman, Ward Carter's technology background includes a variety of management positions with the Burroughs Corporation (later Unisys). Then, as vice president of a Wall Street investment firm and as principal in a regional venture firm, he raised capital for ventures in computer hardware, software, and biotechnology. As an executive for a Seattle-based archival storage software company, he attracted venture capital and assisted with the eventual acquisition of the company by a larger competitor. As president of InfoMatrix, and later Discovery Sales + Marketing, Ward provided strategic consulting support to emerging software companies.

He joined Corum in 1997, has successfully managed numerous software company mergers and acquisitions worldwide, was appointed President in 2006 and Chairman in 2010. He graduated with Honors from Seattle University with a B.A. in Business.

Field Report – Deal Disasters



Elon Gasper
Director of Advisory Board
Corum Group Ltd.

Elon Gasper founded pioneering animation and speech software company Bright Star Technology in the 1980s. With Corum's assistance he closed venture funding, expanded and then sold Bright Star to a public company in the early 90s. He holds 9 patents for his software innovations and was a finalist for the Fleugelman, the only personal achievement award given by the Software Publishers Association. He has also won a Traditional Game of the Year, a Best Practices for Product Innovation, a COMDEX Envision and a Codie, the retail software 'Oscar'.

Elon also chairs the World Technology Council, whose members include a number of former Corum clients who enjoy continued participation with the firm, ranging from taking a leadership role in transactions in their areas of expertise to rendering business, technical and other advice and assistance. Elon earned his MS in Computer Science and BS in Biochemistry from Michigan State University.

Field Report – Deal Disasters



Jon Scott
Vice President
Corum Group Ltd.

Jon joined Corum in 2010 out of their Seattle headquarters. He has close to 30 years experience serving high technology companies with the last 20 mainly in chief operating and chief executive roles. During this time Jon has become known for his ability to successfully integrate strategies and tactics into well executed operating plans, building strong teams and achieving excellent results.

Jon has served as President and CEO of The PowerTech Group, a security and compliance software company sold to Help/Systems in 2008, and Microserv Technology Services, a nationwide tech services company which was acquired by Halifax Corporation in 2003. Earlier he served as President and COO of Traveling Software, a leading developer of communications software in Seattle. Prior to his operating roles Jon held vice president roles in sales, marketing and business development for technology companies.

Jon has taught in the software product management program at the University of Washington and holds a business administration degree from San Francisco.

Field Report – Deal Disasters



Nat Burgess
President
Corum Group Ltd.

Nat joined Corum in 1996 and brings a diverse background in technology M&A and law. While with the Enforcement Division of the U.S. Securities and Exchange Commission, Nat helped identify and build cases against securities fraud schemes. With the Strategic Development Division of Morgan Stanley's M&A group, Nat worked on cross-border acquisitions of U.S. and European companies by Japanese firms, and on financings by large Japanese public companies. Nat moved to Morgan Stanley's Tokyo office, where he reported directly to the President of Morgan Stanley, Japan Ltd. and focused exclusively on cross-border M&A.

After Morgan Stanley, Nat co-founded Postcard Software, a creator of advertiser-driven bilingual (English and Japanese) Internet content. At Activision, Nat led the company's on-line business development.




Nat earned an undergraduate degree in Japanese literature from Yale College and a law degree from UCLA. While in law school, Nat wrote articles for the International Forum at Yale, Tokyo Journal.

Corum M&A Update



Dougan Milne
VP of Research
Corum Group Ltd.

Contact:

-  [in/douganmilne](https://www.linkedin.com/in/douganmilne)
-  [@dougan](https://twitter.com/dougan)
-  douganm@corumgroup.com

Before returning to the States in 2009 to assume the role of Director for Corum's Research Department, Dougan was previously a Research Analyst working with Corum's international group headquartered in Zürich, Switzerland. Prior to joining Corum's team in 2005, Dougan spent three years working in the banking industry with Bank of America, and Citigroup's Private Wealth business unit. Before entering finance and investment banking, Dougan founded the successful garment distribution business, Billions Apparel. Dougan has a Bachelors degree in Business Economics from the University of San Diego.



Amber Stoner
Sr. Analyst
Corum Group Ltd.

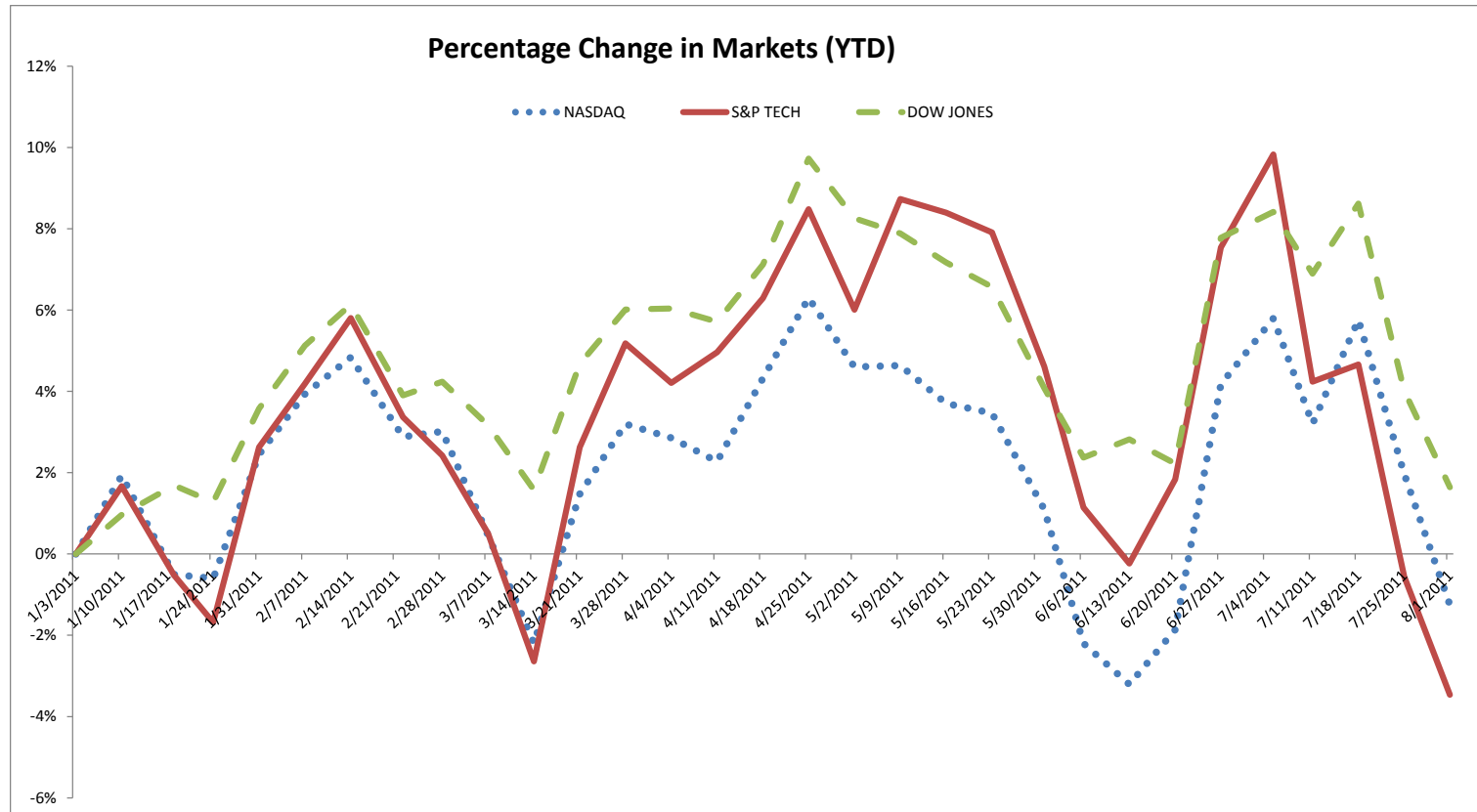
Contact:

-  [in/amber-stoner](https://www.linkedin.com/in/amber-stoner)
-  ambers@corumgroup.com

Amber joined Corum in 2005 and serves as one of Corum's Research Analysts. She is primarily focused on building target buyer lists for clients, both domestic and international.

Prior to joining Corum, Amber was an Assistant Manager of a regional sales office for a direct sales company. She also worked in the research department of the Evergreen Aviation Museum in McMinnville, OR while attending Linfield College where she earned a B.A. in History.

Public Market Performance



Corum Index

Corum Index

	July 2010	July 2011
# of Transactions	257	314
# of Mega Deals	4	4
Largest Deal	\$3,171	\$1,640
% Sub-\$100m	64%	53%
Private Equity Deals	9	16
Private Equity Value	\$4,526	\$2,229
# VC backed Exits	36	57
All Cash (announced)	54%	59%
% Targets were Public	11%	8%
% Public Buyers	52%	53%

*\$ values in millions

Buyer	Seller	Price
Providence Equity	Blackboard	\$1.6b
DISH Network	TerreStar Networks	\$1.4b
NCR Corp.	Radiant Systems	\$1.2b
Western Union	Travelex	\$1.0b

Horizontal Application Software Market

Public Valuations



Horizontal Application Software

	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
EV/EBITDA	11.95 x	10.49 x	9.27 x	10.74 x	11.89 x	12.41 x	17.17 x	17.60 x	19.14 x	16.37 x	17.11 x	19.28 x	17.91 x
EV/S	2.23 x	2.49 x	2.69 x	2.94 x	3.07 x	2.99 x	3.37 x	3.34 x	3.38 x	3.47 x	3.51 x	3.33 x	3.40 x

Deal Spotlight:

Sector: Horizontal ECM
Target: Global360
Buyer: OpenText
Transaction Value: \$260m
Structure: Cash

Comments:

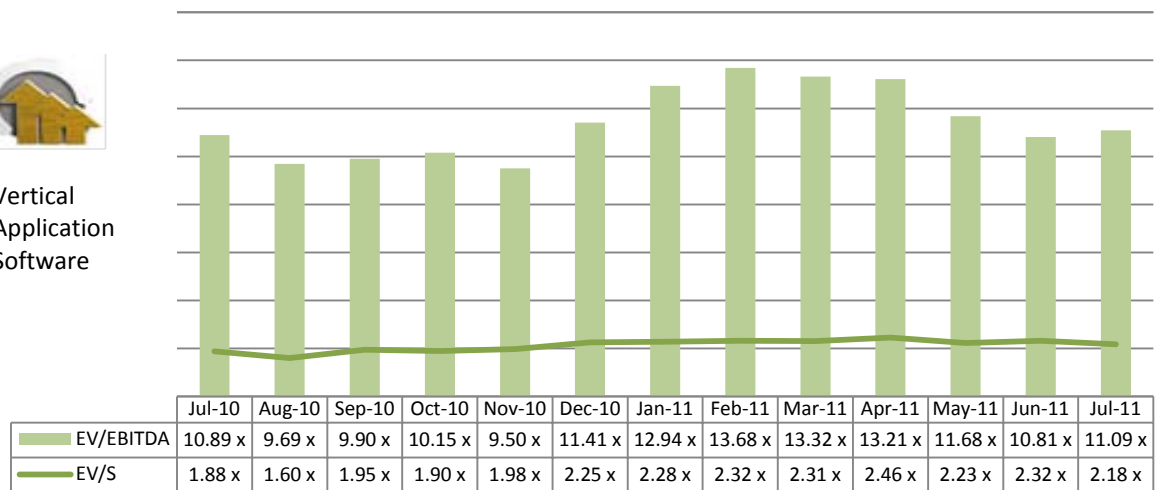
- Creates complete spectrum of solutions as customers connect ECM and BPM under single strategy

Vertical Application Software Market

Public Valuations



Vertical Application Software



Deal Spotlight:

Sector: Healthcare

Target: M*Modal

Buyer: MedQuist

Transaction Value: \$130m

Structure: Cash plus stock

Comments:

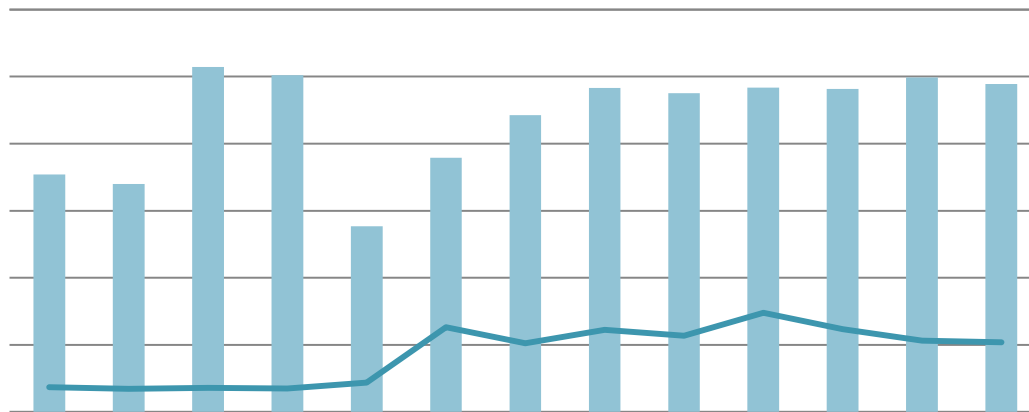
- Gives MedQuist a cloud-based SaaS product

Consumer Application Software Market

Public Valuations



Consumer Application Software



	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
EV/EBITDA	7.08 x	6.80 x	10.29 x	10.04 x	5.54 x	7.58 x	8.85 x	9.66 x	9.50 x	9.67 x	9.63 x	9.97 x	9.78 x
EV/S	0.74 x	0.69 x	0.72 x	0.70 x	0.87 x	2.53 x	2.05 x	2.45 x	2.27 x	2.95 x	2.47 x	2.12 x	2.08 x

Deal Spotlight:

Sector: Games

Target: PopCap

Buyer: Electronic Arts

Transaction Value: \$750m

Structure: Cash+Stock+Earnout

Comments:

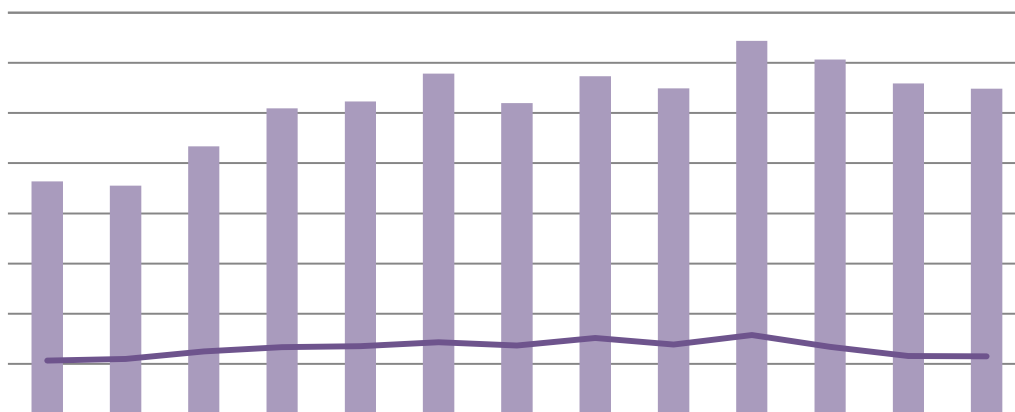
- Momentum of \$1bn for EA
- EA searching for a casual/social strategy

Infrastructure Market

Public Valuations



Infrastructure Software



	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
EV/EBITDA	9.27 x	9.11 x	10.67 x	12.18 x	12.46 x	13.57 x	12.40 x	13.46 x	12.98 x	14.87 x	14.13 x	13.18 x	12.97 x
EV/S	2.14 x	2.20 x	2.50 x	2.67 x	2.71 x	2.87 x	2.74 x	3.03 x	2.78 x	3.16 x	2.68 x	2.32 x	2.31 x

Deal Spotlight:

Sector: Load Balancing
Target: Zeus Technology
Buyer: Riverbed Technology
Transaction Value: \$110m
Revenues: \$12m
Multiple: 9.2x

Comments:

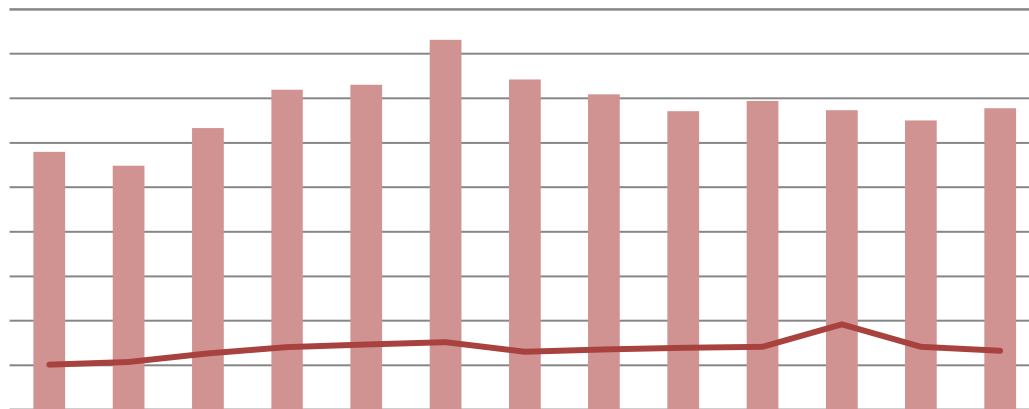
- Continuation of strategic plan
- Focused portfolio

Internet Market

Public Valuations



Internet



	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
EV/EBITDA	11.60 x	10.97 x	12.66 x	14.38 x	14.61 x	16.63 x	14.85 x	14.18 x	13.42 x	13.87 x	13.46 x	13.00 x	13.55 x
EV/S	2.02 x	2.14 x	2.53 x	2.82 x	2.94 x	3.04 x	2.60 x	2.71 x	2.78 x	2.84 x	3.84 x	2.83 x	2.65 x

Deal Spotlight:

Sector: Social Networking

Target: Insider Guides
(dba myYearbook.com)

Buyer: Quepasa.com

Transaction Value: \$100m

Structure: Cash plus stock

Comments:

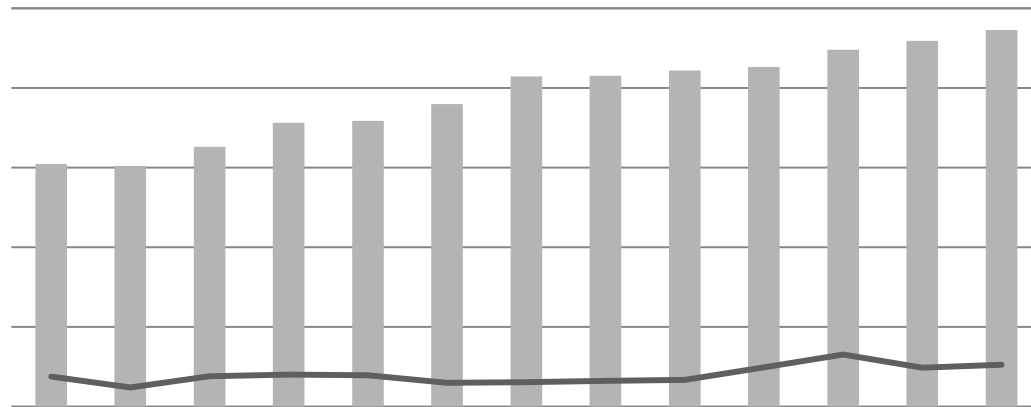
- Doubles Quepasa's existing user base
- New company positioned for higher growth in mobile and social games

IT Services Market

Public Valuations



IT Services



	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
EV/EBITDA	6.09 x	6.04 x	6.52 x	7.12 x	7.17 x	7.59 x	8.29 x	8.30 x	8.44 x	8.53 x	8.96 x	9.18 x	9.45 x
EV/S	0.75 x	0.48 x	0.76 x	0.80 x	0.78 x	0.59 x	0.61 x	0.64 x	0.67 x	0.98 x	1.30 x	0.97 x	1.05 x

Deal Spotlight:

Sector: IT Services

Target: Damax AG

Buyer: Computacenter PLC

Transaction Value: \$8.75m

Structure: Cash

Comments:

- Already a significant subcontractor to Computacenter
- 80% Equity – remaining 20% by 2015

Top 10 Deal Killers



Bruce Milne
CEO
Corum Group Ltd.

A leader in the software industry, Bruce has founded or owned four software companies, including the largest vertical market software company, AMI, an Inc. 500 firm rated by IDC as the fastest growing computer-related company in the world.

He has served on advisory boards for Microsoft, IBM, DEC, Comdex and Apple, and as board member/founding investor in some of the most innovative firms in their field, including Blue Coat, Bright Star and Sabaki. Past advisor to two governors and a senator, a board member of the Washington Technology Center, and founder of the WTIA, the nation's most active regional technology trade association.

He worked with the Canadian government to found SoftWorld, and he was recently chosen as one of the 200 most influential individuals in the IT community in Europe. He was also the only American juror for the recent Tornado 100 Awards given to Europe's top technology firms

A graduate with Distinction from Harvard Business School, Bruce has written three books on business models for success, including *Power Planning*. He is a frequent lecturer and author.

Deal Disasters - Warning!

If done improperly, the process of targeting and contacting partners can be a wealth-destroying experience!

How your business can suffer:

- Confidentiality externally
- Internal confidentiality
- Theft of technology
- Loss of staff (non-solicitation)
- Wear on management
- Business drop-off due to lack of focus

A Professionally Executed M&A Transaction Will Include the Following (on average)*:

700 to 1,000

communications of various kinds
(email, voicemail, letters, conference calls, etc.)

10 to 30

expressions of interest

5 to 15

NDA's

3 to 6

qualified parties

1 to 2+

offers

**Based on a global search*

Some Stats You Should Know...

- Only 15% of firms that go to market on their own actually sell (all markets)
- Only 30% of LOI's executed without a professional process lead to a transaction
- Versus 75% of professionally done LOI's succeed due to leverage from multiple buyer discussions
- Most firms are approached by some buyer; if the company is professionally marketed in a global search, only 25% of the time will that first bidder be the final purchaser
- If 1st bidder is an eventual buyer in such a professional process, then the deal is improved by an average of 48% liquidity due to the leverage of other offers

10 Deal Killers

- **Misalignment**
Shareholders & Management
- **Dealing with only one buyer**
No leverage in negotiation
- **Contact at wrong level, wrong person**
Not knowing the buyer well enough
- **Improper research of potential buyers**
“A,” “B,” financial, international
- **Not understanding buyer’s process/ models**
Timeline, decision-makers
- **Unable to portray value properly**
Credibility in valuation is imperative
- **Improper due diligence preparation**
This will prolong the process
- **Not qualifying buyer properly**
Ability, interest, etc.
- **Not orchestrating all buyers properly**
This is the tough part!
- **Ego / Greed / Arrogance**
You need experience during negotiations

Insight from over 260 M&A Transactions

If you do a professional global search you will benefit in five ways.

- Model – You will develop a better model from the process
- Research – You learn a great deal from the research process
- Market Feedback – You gain immeasurably from buyer feedback
- Relationships – Not everyone is a buyer, but you open many doors
- Sale of your company, or a significant recapitalization

Optimal Outcome



Nat Burgess
President
Corum Group Ltd.

Nat joined Corum in 1996 and brings a diverse background in technology M&A and law. While with the Enforcement Division of the U.S. Securities and Exchange Commission, Nat helped identify and build cases against securities fraud schemes. With the Strategic Development Division of Morgan Stanley's M&A group, Nat worked on cross-border acquisitions of U.S. and European companies by Japanese firms, and on financings by large Japanese public companies. Nat moved to Morgan Stanley's Tokyo office, where he reported directly to the President of Morgan Stanley, Japan Ltd. and focused exclusively on cross-border M&A.

After Morgan Stanley, Nat co-founded Postcard Software, a creator of advertiser-driven bilingual (English and Japanese) Internet content. At Activision, Nat led the company's on-line business development.

Nat earned an undergraduate degree in Japanese literature from Yale College and a law degree from UCLA. While in law school, Nat wrote articles for the International Forum at Yale, Tokyo Journal.

Optimal Outcome – 10 Steps to Success

Chances are, your buyer has a lot of experience buying companies. Make sure you put experience on your side as well.

- **TIMING:** Don't act until you have access to deep knowledge and experience on "market" terms. The number one reason why buyers abandon deals early is because sellers propose terms and schedules that are unrealistic.
- **CONSENSUS:** Get consensus among management and shareholders before moving forward.
- **BUYER SEARCH:** A full search should involve international buyers, financial partners, and even non-tech firms if appropriate.

Optimal Outcome – 10 Steps to Success

- **POSITIONING:** Learn how to position your company for maximum value – different for each class of buyer - very different from marketing your product.
- **PROPOSAL:** Know when to make the first proposal, and when to wait for the buyer to go first (9 times out of 10, you and your advisors should move first).
- **VALUATION:** Understand your value using third-party analysis and metrics – you must lead on the valuation issue.
- **AUCTION:** Orchestrate your buyers. Bring them all to the negotiating level at the same time – don't leave money and opportunity on the table.

Optimal Outcome – 10 Steps to Success

- **CONTROL:** Don't let management and board run away with your process. Know when to walk away, otherwise negotiations will last until the deal dies.
- **NEGOTIATING:** Bring creative strategies to bear to solve negotiating logjams. Confronting the position head-on is never the best approach – but experienced deal makers can find alternate ways to satisfy buyers' concerns, while protecting the seller's interest.
- **CONTRACTS:** Make sure your legal counsel is experienced and successful in doing deals. Lots of lawyers work on lots of deals. Very few have a reputation for being closers.

Special Guest



Michael Dalesandro
CEO
Where I've Been
Acquired by Trip Advisor



Michael was the co-founder and CEO the social travel site Where I've Been. Founded in 2007, Michael successfully navigated and negotiated the sale of Where I've Been to Expedia (EXPE) in July 2011.

Michael's many responsibilities as CEO of Where I've Been include leading the strategic direction, positioning, finances and business development of the company. Because of his obsessive bidding at a charity auction, Michael purchased a trip around the world and hasn't stopped traveling since. His favorite travel destinations include Istanbul, Florence & Bali.

Michael is a career long entrepreneur who started in the financial & derivative space. He has funded & managed various companies including DRO|WST Trading, Victory Networks, M&R executions, The Point Derivative Fund & Blueye.com.

Special Guest



Jim Perkins
CEO
Radar Group



Jim Perkins is a well-known video game industry entrepreneur and senior executive with an 18-year track record of publishing best selling hit games. Prior to jumping into the video game industry in 1989, he spent seven years at IBM in sales, marketing and competitive analysis. Jim co-founded and grew two highly successful video game publishing companies, FormGen and World Entertainment Broadcasting (Arush), from start-ups to multi-million dollar enterprises. He is credited with publishing such hit franchises as Duke Nukem, Wolfenstein, Doom, Driver, Unreal, Powerslide, Hunting Unlimited, and Playboy, among many others.

Perkins has appeared on CNN, CNBC, Fox, and in other media showcasing his companies and products. This success has earned him a high level of respect and integrity with top level industry executives, console manufacturers and technology companies. Jim has strong working relationships with the world's largest video game publishers and most experienced and successful game development studios. His leadership qualities and business experience are well suited to the success of Radar and its unique breakthrough approach to the video game industry.

Upcoming Corum Events

Aug. 11: **Webinar Rebroadcast for Europe and Asia**

Aug. 24: **Los Angeles** – MB

Aug. 25: **Palo Alto** – SUSO

Aug. 25: **Portland, Oregon** – MB

Aug. 30: **Austin, Texas** – SUSO

Aug. 31: **Calgary, Alberta** – SUSO

Sept. 1: **Tech M&A Monthly Webinar**

Sept. 8: **Webinar Rebroadcast for Europe and Asia**

Sept. 13: **Edinburgh, Scotland** – MB

Sept. 21: **Warsaw, Poland** – MB

Merge Briefing (MB)

Regional update and overview of tech M&A

Selling Up Selling Out (SUSO)

The definitive educational conference on how to prepare, position, research, value and negotiate for the sale or merger of your company

www.CorumGroup.com/Events.aspx

September 1 – Tech M&A Monthly

- Market Update
- Deal Drilldown: Corum Field Report
- Corum Index
- India vs. China, Face-off
- Sellers Panel
- Q&A

www.CorumGroup.com/Webinar-Signup.aspx