

CORUM


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M&A Monthly – April 2011

Thursday, April 7, 2011
10:00 am PT

www.corumgroup.com

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.

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Agenda

- Market Overview
- Hyper Values
- Australia – “Opportunity Down Under”
- Corum Index – Quarterly Report
- Oracle – “Acquisitions & Domination”
- Dominic O’Hanlon -- Ruleburst / Oracle
- Keynote: Bob Faulkner of UBS
- Q&A

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Presenters

				
Ward Carter Chairman Corum Group Ltd.	Bruce Milne CEO Corum Group Ltd.	Frank Berger Director – Munich Office Corum Group Intl	Bruce Lazenby Vice President, Canada Corum Group Ltd.	Jon Scott Vice President Corum Group Ltd.
				
Dougan Milne Vice President of Research Corum Group Ltd.	Tomoki Yasuda Senior Analyst Corum Group Ltd.	Alina Soltys Analyst Corum Group Ltd.	Bob Faulkner Equity Sector Analyst UBS	Dominic O’Hanlon President & CEO RuleBurst

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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 April 14, 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: 669 419 978

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



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Market Overview



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.



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International

- Japan Yen Hits Highest since WWII
- IMF: Signs of Overheating in Emerging Markets
- Asia Beats West with 7 of 10 Biggest IPOs
- China's 10% Growth Threatens Inflation of 10%
- China Raises Interest Rates to Counter Inflation Pressure
- Australia Adds More Jobs, Sending Currency to Record High

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Europe

- European Factory Growth Slows as Global Economy's Momentum Relies on China
- European Inflation Unexpectedly Accelerates to Fastest Since October 2008
- France's Finances Are 'No Better' Than Spain's, O'Neill Says
- U.K. Jobless Claims Unexpectedly Fall as Economy Recovers from Cold Winter

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Europe

- European February Inflation Quickens, Pressure on ECB to Raise Rate
- Moody's Downgrade Tips Greece Closer to Brink
- German Business Confidence Unexpectedly Falls
- Euro Has Best First Quarter as Trichet Transforms into Hawk
- Portugal Makes Request for Assistance from EU, Socrates Says
- Euro Reaches 14-Month High on Rate Bets; Stocks Rise

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United States

- Jobless Rate Unexpectedly Drops to Two-Year Low
- Manufacturing in U.S. Expands at Close to Seven-Year High
- U.S. Consumer Spending Increases More Than Forecast
- Business Activity in U.S. Expanded Faster Than Forecast in March
- Confidence at U.S. Small Companies Climbs to Three-Year High
- Worker Confidence on Having Enough Money for Retirement Hits 20-Year Low

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Real Estate

- Housing Starts See Biggest Drop since 1984
- New-home Sales Plunged in February to Record Low
- Pending Sales of U.S. Existing Homes Unexpectedly Climbed 2.1% in February

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Oil and Commodities

- Gold Advances to Record for Second Day; Silver at 31-Year High
- Roubini Sees Double Dip for Advanced States If Oil Hits \$140
- U.S. Auto Sales to Post First Drop in Seven Months on Gas Costs
- Europe Retail Sales Unexpectedly Fall as Energy Costs Soar

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Finance

- Buffett: Avoid Long-Term Bonds Tied to Eroding Dollar
- Gross Echoes Buffett Saying Treasuries Have 'Little Value'
- Geithner Debt Solution: Raise more Debt
- Fed's Parkinson Says 30% of Banks' Ratings Unsatisfactory
- Consumer Credit in U.S. Increased by \$5.01 Billion in 4th Monthly Gain
- BoA Dividend Raise Squashed by Feds

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Technology

- HP Trailing in Cloud Leads to Lowest Tech Valuation
- eBay Agrees to Acquire GSI Commerce for about \$2.4 Billion
- AT&T's \$39 Billion Acquisition of T-Mobile May Hurt Startups
- Cisco Systems Declares First-Ever Quarterly Cash Payout

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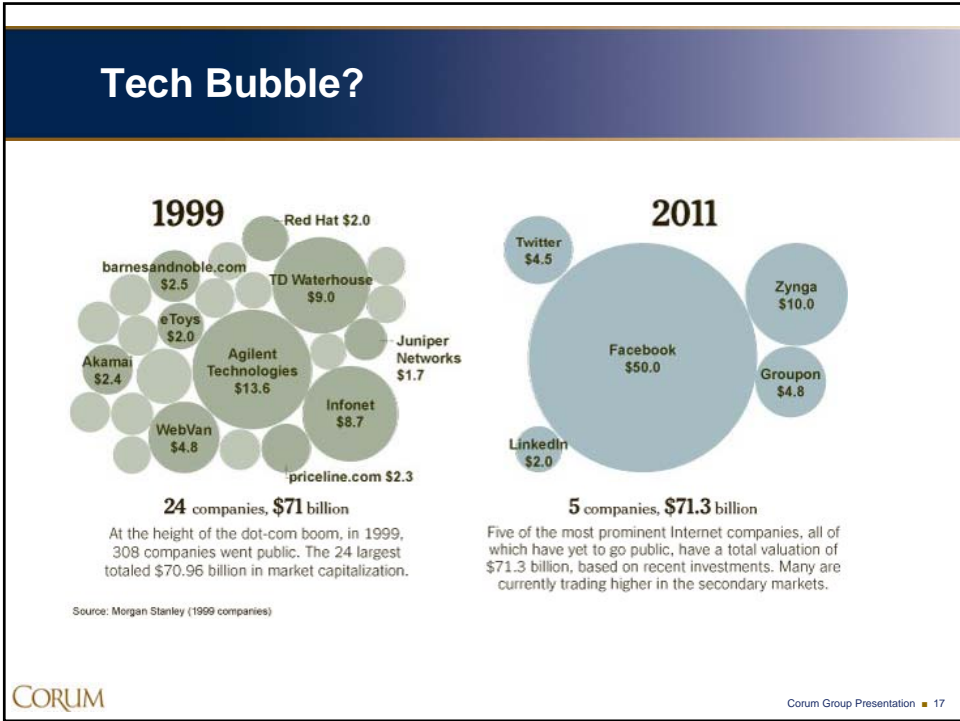
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Technology


- Google Said to Be Possible Target of U.S. FTC Antitrust Probe
- Apax Partners to Buy U.S. Software Makers Epicor, Activant for \$2 Billion
- Oracle Tops Estimates as Companies Buy Databases in Cloud Push
- Microsoft to Spend 90% of R&D Budget on 'Cloud' Technology

Social Networking

- Facebook Valuation Now at \$55 Billion
- LinkedIn Valued at over \$2 Billion
- Zynga Value up to \$7.5 Billion
- Groupon IPO Valuation Could Hit \$25 Billion
- Zillow.com Said to Hire Citigroup to Manage Its IPO
- Buffett: Social Networking Sites Overpriced Ahead of IPO



Hyper Values




Frank Berger
 Director – Munich Office
 Corum Group International

- "Enhance social collab platform Chatter by real-time comm's technologies"
- "Mirror proven Facebook model of combining Collab & Comm's" (Cloud 2)
- "Create the Facebook for the Enterprise" (Marc Benioff, CEO of Salesforce)

Salesforce acquires DimDim US-based Indian Supplier of Web Conferencing Software	
Revenues	\$2m
Deal Value	\$31m
EV/Sales	15.5x
Users [8/2010]	6m
VC Funding	\$8.6m
Manymoon 2/11 & Radian6 3/11 shows serious intent for Cloud	


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Hyper Values




Bruce Lazenby
Regional Vice President
Corum Group Ltd.

Motricity acquires Adenyo <i>Mobile Advertising Software Provider</i>	
Revenues	\$20m
Deal Value	\$100m
EV/Sales	5.0x




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Hyper Values



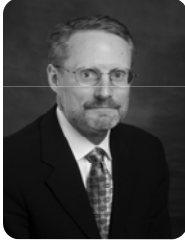
Jon Scott
Vice President
Corum Group Ltd.

Juniper acquires Altor Networks <i>US-based Virtualization Security Provider</i>	
Revenues	\$3.5m
Deal Value	\$95m
EV/Sales	21.0x
VC Funding	\$17m
5 th Deal of 2010: \$410m Total Spent	
Rumored to be Preemptive Move	



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International Update – Australia



Jon Scott
Vice President
Corum Group Ltd.



- Economy
- State of the VC & PE community
- M&A environment
- What's ahead for technology
- Innovation Down Under – ATP Innovations

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International Update – Australia



Tim Moore
Director - Dorado Fund
Serial Entrepreneur / Investor
World Technology Council Member



2006 – Gemcom acquires Surpac Minex,
Later Acquired by Carlyle Group

2009 – SAI Global acquires Cintellate

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Corum M&A Update



Alina Soltys
Analyst
Corum Group Ltd.

Contact:
[in](#) in/soltysa
[alina.soltys](mailto:alina.soltys@corumgroup.com)
alinas@corumgroup.com

Alina joined Corum Group in 2010, located out of their Seattle headquarters. Prior to this, she worked as an Acquisitions Specialist at a real estate development firm specializing in acquiring multi-family properties. Alina analyzed specific target markets for opportunities, valued apartment buildings, presented offers to owners, participated throughout the negotiations as well as analyzed current and pro-forma figures. She also served as an intern at the newly formed Mergers and Acquisitions Group within Colliers International where she contributed in marketing, finance as well as strategic growth and positioning.

Alina graduated with Honors from the Foster School of Business at the University of Washington, specializing in Finance and Entrepreneurship.



Tomoki Yasuda
Sr. Analyst
Corum Group Ltd.

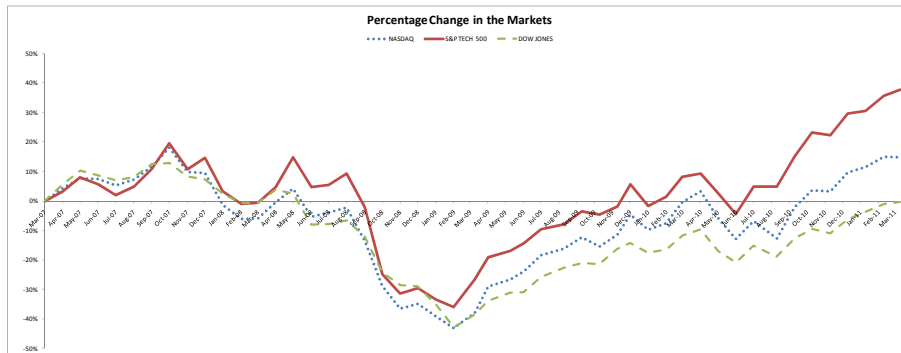
Contact:
[in](#) in/tomoki-yasuda
[tomoki.yasuda](mailto:tomoki.yasuda@corumgroup.com)
tomoki@corumgroup.com

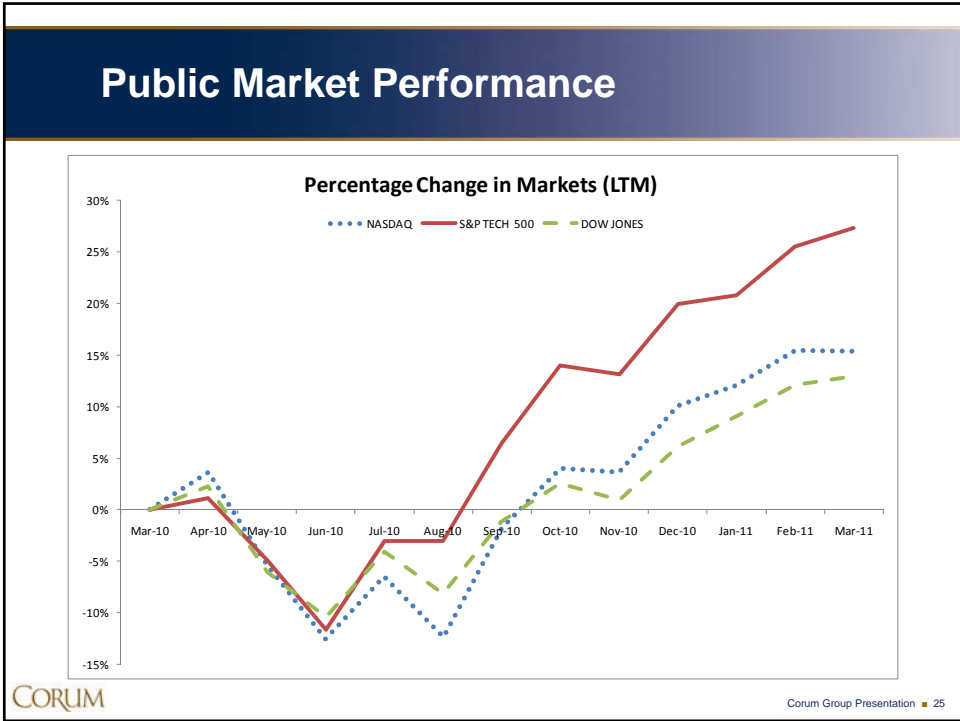
Tomoki joined Corum Group in 2008, operating out of the Research Department at its Seattle area headquarters. Prior to this, he served in Business Development at CTED of Washington State where he monitored US and Japanese business trends, handled document translation and market research. He specialized in connecting Japanese businesses to Washington State companies in fields such as biotechnology, medical devices and related scientific products.

Tomoki earned his B.A. with a double major in International Studies and Economics from the University of Washington.



Public Market Performance





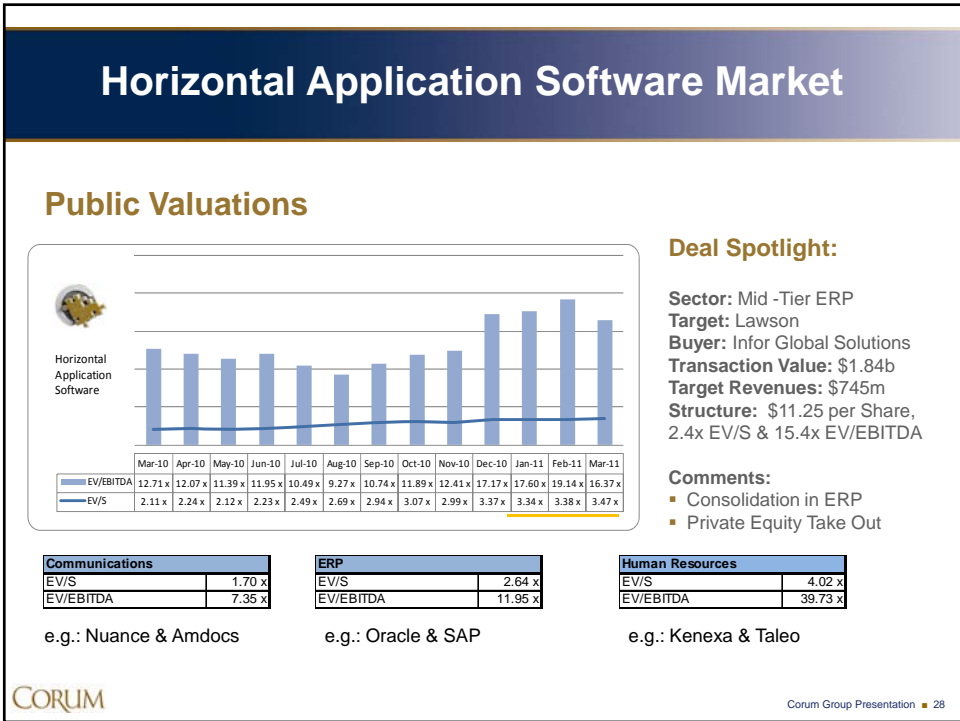
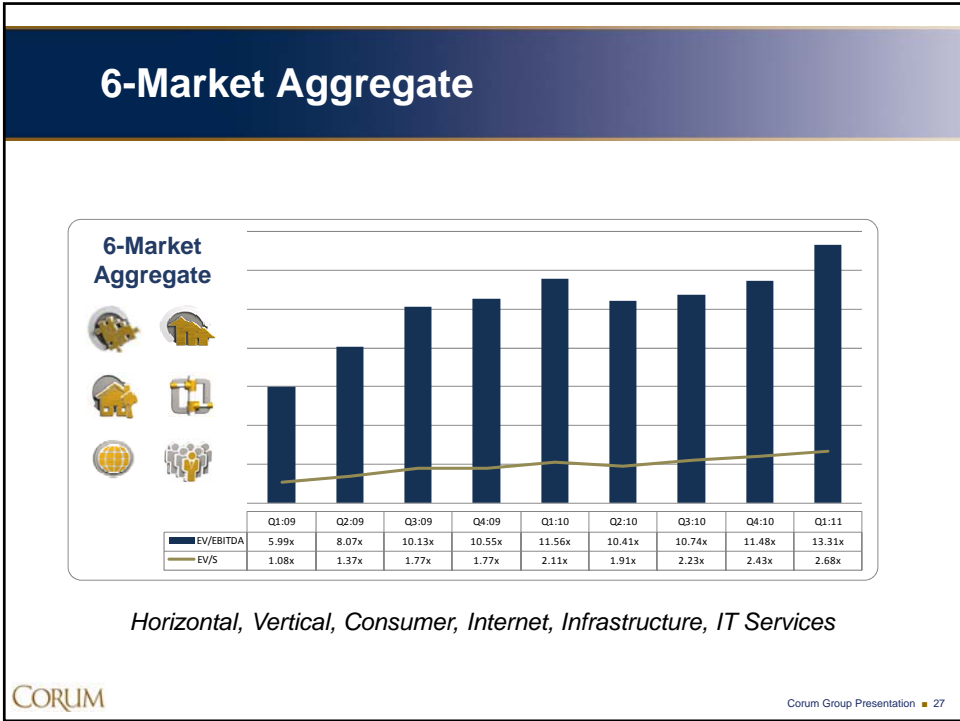
Corum Index

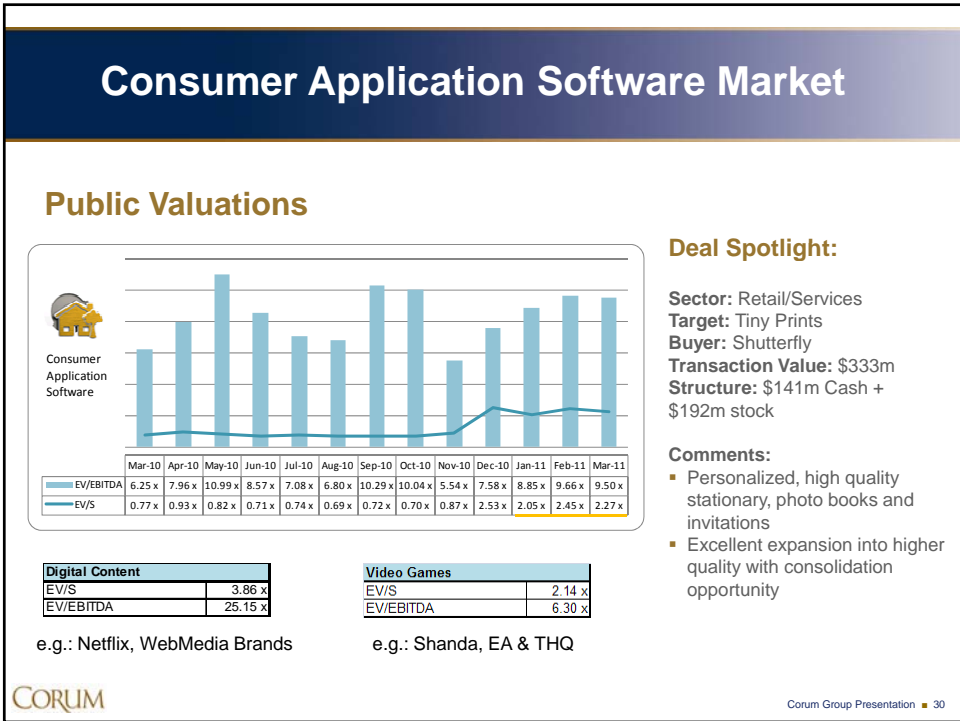
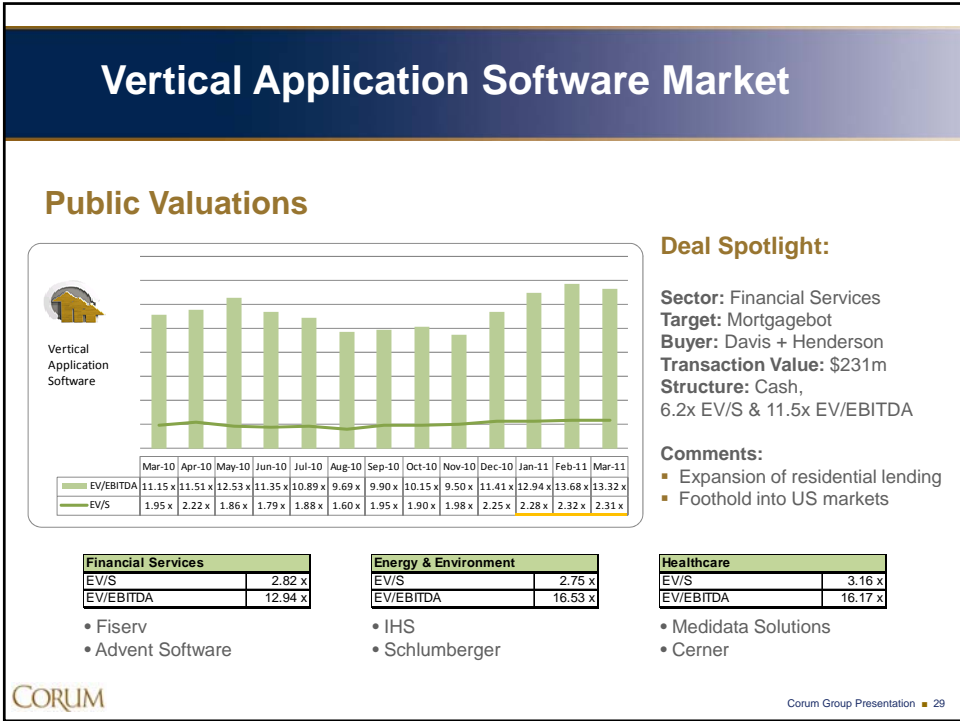
	Q1 - 2010	Q1 - 2011
Corum Index		
# of Transactions	858	890
# of Mega Deals	6	15
Largest Deal	\$9,000	\$39,000
% Sub-\$100m	69%	63%
Private Equity Deals	28	31
Private Equity Value	\$2,282	\$2,468
# VC backed Exits	110	179
All Cash (announced)	56%	54%
% Targets were Public	12%	12%
% Public Buyers	48%	48%

*\$ values in millions

Buyer	Seller	Price
Western Digital	Hitachi Storage	\$4.2b
Qualcomm	Atheros Comm.	\$3.1b
eBay	GSI	\$2.1b
Infor	Lawson	\$1.8b
Carl Icahn	Mentor Graphics	\$1.5b
Verizon	Terremark Worldwide	\$1.4b
iGate Global	Patni	\$1.2b
Charles Schwab	options Xpress	\$1.0b

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Infrastructure Market

Public Valuations

	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
EV/EBITDA	10.33 x	11.02 x	10.47 x	9.62 x	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
EV/S	2.39 x	2.57 x	2.21 x	2.16 x	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

Deal Spotlight:

Sector: Hosted Infrastructure
Target: Terremark Worldwide
Buyer: Verizon
Transaction Value: \$1.4b
Structure: Cash, 5.8x EV/S & 24.7x EV/EBITDA

Comments:

- Build vs. Buy
- Value from cloud portfolio
- Largest pairing between colocation and telco

Security	
EV/S	6.09 x
EV/EBITDA	17.28 x

Network Mgmt.	
EV/S	2.56 x
EV/EBITDA	11.75 x

Virtualization	
EV/S	7.07 x
EV/EBITDA	36.02 x

- Symantec
- Sourcefire

- Cisco
- SolarWinds

- Citrix
- VMware

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Internet Market

Public Valuations

	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
EV/EBITDA	15.25 x	15.89 x	15.82 x	13.31 x	11.29 x	11.60 x	10.97 x	12.66 x	14.38 x	14.61 x	16.63 x	14.85 x	14.18 x
EV/S	2.54 x	2.74 x	2.42 x	2.14 x	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

Deal Spotlight:

Sector: eCommerce
Target: Drugstore.com
Buyer: Walgreens
Transaction Value: \$429m
EV/Sales: 0.9x
EV/EBITDA: 20.5x

Comments:

- 3.9m online customers
- Brick and mortar evolving

Internet Infrastructure	
EV/S	2.73 x
EV/EBITDA	19.27 x

Internet Pure Play	
EV/S	2.84 x
EV/EBITDA	12.56 x

e.g.: Akamai & Citrix

e.g.: Priceline.com & Amazon

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IT Services Market

Public Valuations

	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
EV/EBITDA	6.97 x	7.33 x	6.49 x	6.41 x	6.09 x	6.04 x	6.52 x	7.12 x	7.17 x	8.50 x	8.33 x	8.42 x	8.51 x
EV/S	0.83 x	0.85 x	0.74 x	0.73 x	0.75 x	0.48 x	0.76 x	0.80 x	0.78 x	1.32 x	0.91 x	1.16 x	0.96 x

Deal Spotlight:

Sector: BPO
Target: GSI Commerce
Buyer: eBay
Transaction Value: \$2.4b
Structure: Cash, 2.2x EV/S & 33.0x EV/EBITDA

Comments:

- Aim for big retail brands
- Head-to-head with Amazon and Oracle/ATG

IT Services & BPO	
EV/S	1.60 x
EV/EBITDA	18.02 x

- Accenture
- CACI International

China & India IT Services	
EV/EBITDA	EV/S
22.22x	4.75x

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Oracle: “Acquisitions and Domination”

Dougan Milne
Vice President of Research
Corum Group Ltd.

Dougan is Vice President of Research at Corum Group, Ltd in Seattle, WA. Previously, he spent three years based out of Corum's European headquarters 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. In 2006, he started a vertical advertising company serving the motorcycle industry, Modo Marketing. Dougan has a Bachelors degree in Business Economics from the University of San Diego (USA).

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Recent Oracle Transactions

Date	Target	Deal Amount	Value/Rev.	Target Rev.
Nov. 2010	Art Technology Group	\$1b	4.4x	\$193.89m
Oct. 2010	Passlogix	*\$42m	1.6x	*\$27m
May 2010	Market2Lead	--	--	--
April 2010	Phase Forward	\$785m	3.5x	\$213.25m
Feb. 2010	AmberPoint	*\$50m	2.6x	*\$19m
Jan. 2010	Silver Creek	*\$40m	8.0x	*\$5m
Sept. 2009	HyperRoll	--	--	--
July 2009	GoldenGate	--	--	\$105m
May 2009	Virtual Iron	*\$30m	--	--
April 2009	Sun Microsystems	\$7.4b	0.6x	\$13.26b

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*estimates

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Ellison: “10-Point Plan for World Domination”

- 1) The Exadata Phenomenon: The power of optimized systems.
- 2) Game-Changing Technologies – Oracle is pumping them out.
- 3) Becoming #1 in OLTP and Data Warehousing.
- 4) Oracle-Sun Hardware Revenue Is Rising: The vision pays off.
- 5) Growth Fuels Margins, and Margins Fuel R&D: Oracle's building for the future.
- 6) Cross-Selling and Up-Selling: Oracle leverages its huge customer base.
- 7) The Power of Integrated Suites: Does Fusion have an advantage?
- 8) Applications Business Grew 20% – And new Fusion apps are coming.
- 9) Competing Against IBM And HP: Ellison says only one can keep up.
- 10) Sailing and Software: All that success encourages a bit of humor.

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Oracle Acquisition



Dominic O'Hanlon

2006-2009: President & CEO
Haley Limited & RuleBurst

*Currently: Chief Strategy Officer
MYOB*

As CEO and Director of Haley & RuleBurst, I was responsible for building and executing against a new business strategy for aggressive international expansion. This resulted in very strong partnerships with SAP, Oracle, IBM and others with an 8 times increase in license and maintenance revenues over a 2 year period. I then designed Haley's exit campaign and led the sale of Haley to Oracle for a record revenue multiple (Oracle's first complete acquisition of an Asia Pacific-based company).

Following the acquisition of Haley I worked directly for Oracle's President Charles Phillips as Senior Vice President of Oracle's newly formed Global Business Unit.


Upon completing these tasks, I took a 6 month "holiday" with my family whilst still mentoring and advising the CEO's of other Australian I.T. companies.

In January 2010, I agreed to join MYOB in the exciting role of Chief Strategy Officer (CSO).



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Oracle Domination Strategy



Bob Faulkner
Equity Sector Analyst
UBS

Industry

Focus

Education


Technology


Software, Hardware, Semiconductor

Bob earned an M.B.A. in 1981 from Seton Hall University; and a B.S. in business administration from Waynesburg College in 1972.

Bob joined UBS Wealth Management Research as a technology analyst in July 2010. He began his investment career as a sell-side software analyst at Wood Gundy and later with Alex. Brown & Sons. From there, he transitioned to the buy-side at Merrill Lynch Asset Management expanding his coverage to the entire technology sector with worldwide responsibility. Bob moved on to become the technology sector portfolio manager at 1838 Investment Advisors in 2000. In addition, Bob has written for various financial publications including TheStreet.com.









Prior to entering the investment business, Bob was a computer systems analyst with American Hoechst.






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Oracle Key Acquisitions

	→		\$495m
	→		\$3.3b
	→		\$10.4b
	→		\$5.85b
	→		\$220m
	→		\$8.5b
	→		\$7.4b


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Oracle Key Statistics

Approximate Revenue Acquired: \$15b

	FY05*	TTM 2011*
ORCL Revenue	\$12b	\$25b
ORCL Cash	\$6b	\$24b
ORCL Debt	\$0.5b	\$1.5b
ORCL Market Cap	\$67b	\$166b

*Not Exact Figures

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Upcoming Corum Events

Apr. 14: Webinar Rebroadcast	May 25: New York – SUSO
Apr. 29: Denver – SUSO	May 26: Boston – SUSO
Paris – SUSO	May 31: Dublin – MB
May 5: Webinar	June 1: Montreal – SUSO
May 10: Toronto – SUSO	June 2: Edinburgh – SUSO
Webinar Rebroadcast	Austin - SUSO

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

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MAY - M&A Monthly

- Market Update
- “Social Wars”
- Cloudscape
- Corum Index
- Facebook
- Q&A

www.CorumGroup.com/Webinar-Signup.aspx

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