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LEADERS

TECH MARKET SPOTLIGHTS



TECH MARKET SPOTLIGHTS

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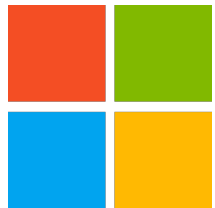


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Growth and Exit Strategies for Software and IT Companies



Growth and Exit Strategies

for Software and IT Companies

Upcoming

CITY	DATE
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Speakers from Tech & Finance



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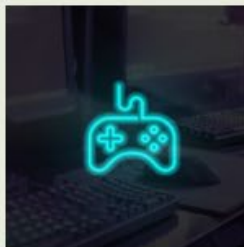
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Growth & Exit Strategies for
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TECH MARKET SPOTLIGHTS

Security – Agenda

1 Security Landscape

Dave Levine – *SVP, Corum Group*

2 M&A Research Report

Matt Haberlach - *Research Analyst, Corum Group*

3 Spotlight Interview

Brian Balow – *Senior Counsel, Dykema*

Manoj Vittal – *VP, Corp. & Bus. Development, Fortinet*

Hongwen Zhang – *Co-founder, CEO, CTO, Wedge Networks*

4 10 Tips for a Maximal Valuation



CORUM
MERGERS & ACQUISITIONS

Moderator

David Levine *Senior Vice President*

Dave joined Corum in 2015 and has a diverse background in technology and life sciences. As an executive and entrepreneur, Dave has been operating and investing in companies sitting at the convergence of commerce and eCommerce as well as innovative life science businesses for over 25 years. Recently, Dave was CEO North America for Gaxsys, an eCommerce and logistics company that is a leader in last mile logistics and fulfillment for eCommerce marketplaces.

Dave has been on both sides of the mergers and acquisitions table, having sold a life science technology company, facilitated sell side and buy side technology transactions and has also scaled multiple technology companies globally in the eCommerce, life sciences and innovation intelligence markets.

Dave sits on boards of numerous public and private companies, including one that recently filed for an IPO.

Security Landscape

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Security Landscape

- ❑ *All companies are becoming digital and attack surfaces are growing*
- ❑ *A hyper-connected world means, no organization is immune to a global crisis*
- ❑ *Attacks can be on a small or large scale and involve anything from finances to sensitive data*
- ❑ *Cyberattacks can be undiscovered and unaddressed without proper attention*



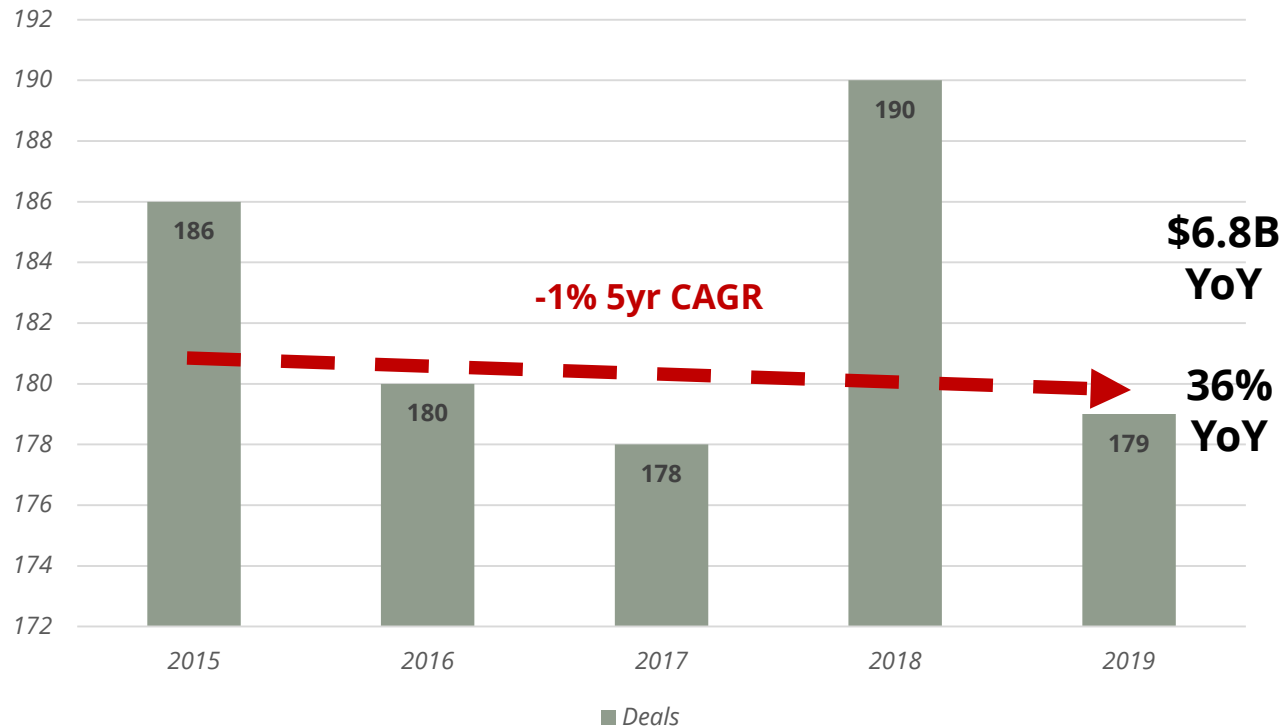
Research

Matt Haberlach

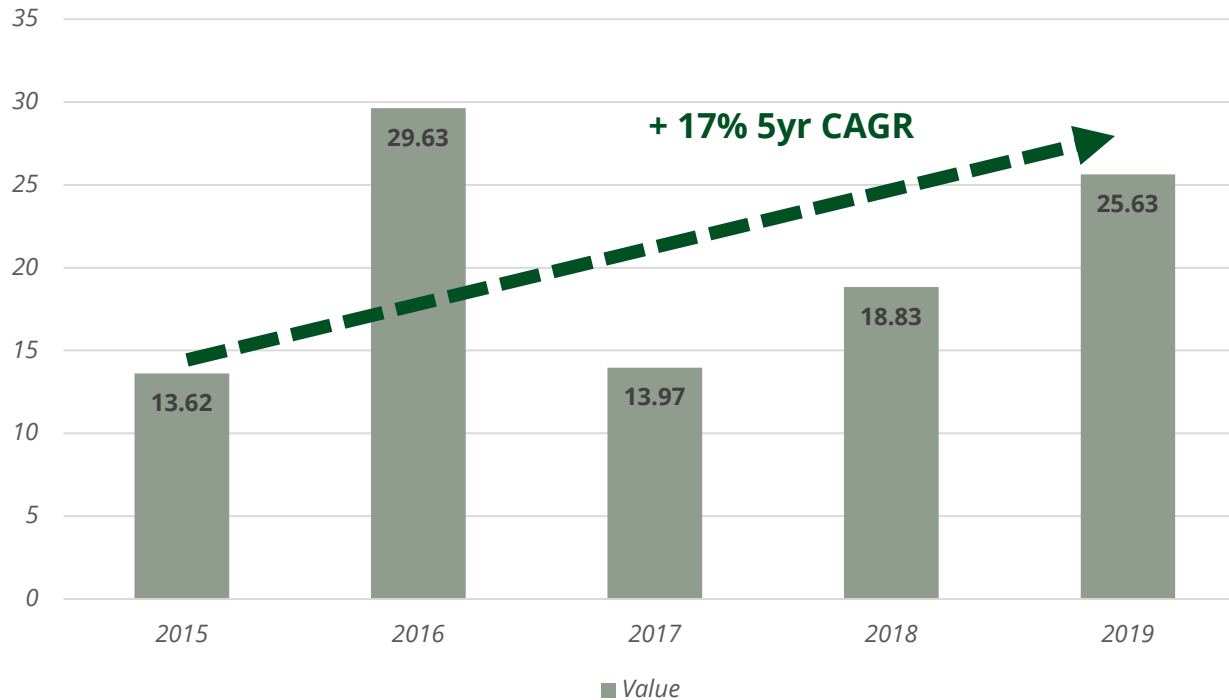
*Corum Research Analyst
WFS Research Correspondent*

CORUM
MERGERS & ACQUISITIONS

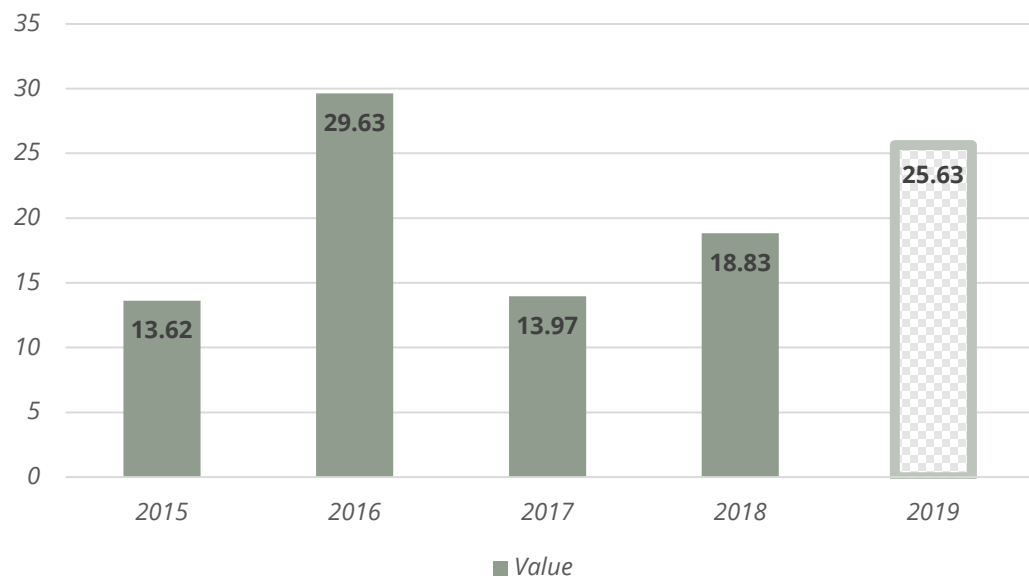
Security M&A Volume (2015-2019)




Security M&A Disclosed Value, Billions (2015-2019)




Security M&A Disclosed Value, Billions (2015-2019)





Symantec
Enterprise security assets

Provides security software, SaaS and services for businesses globally.

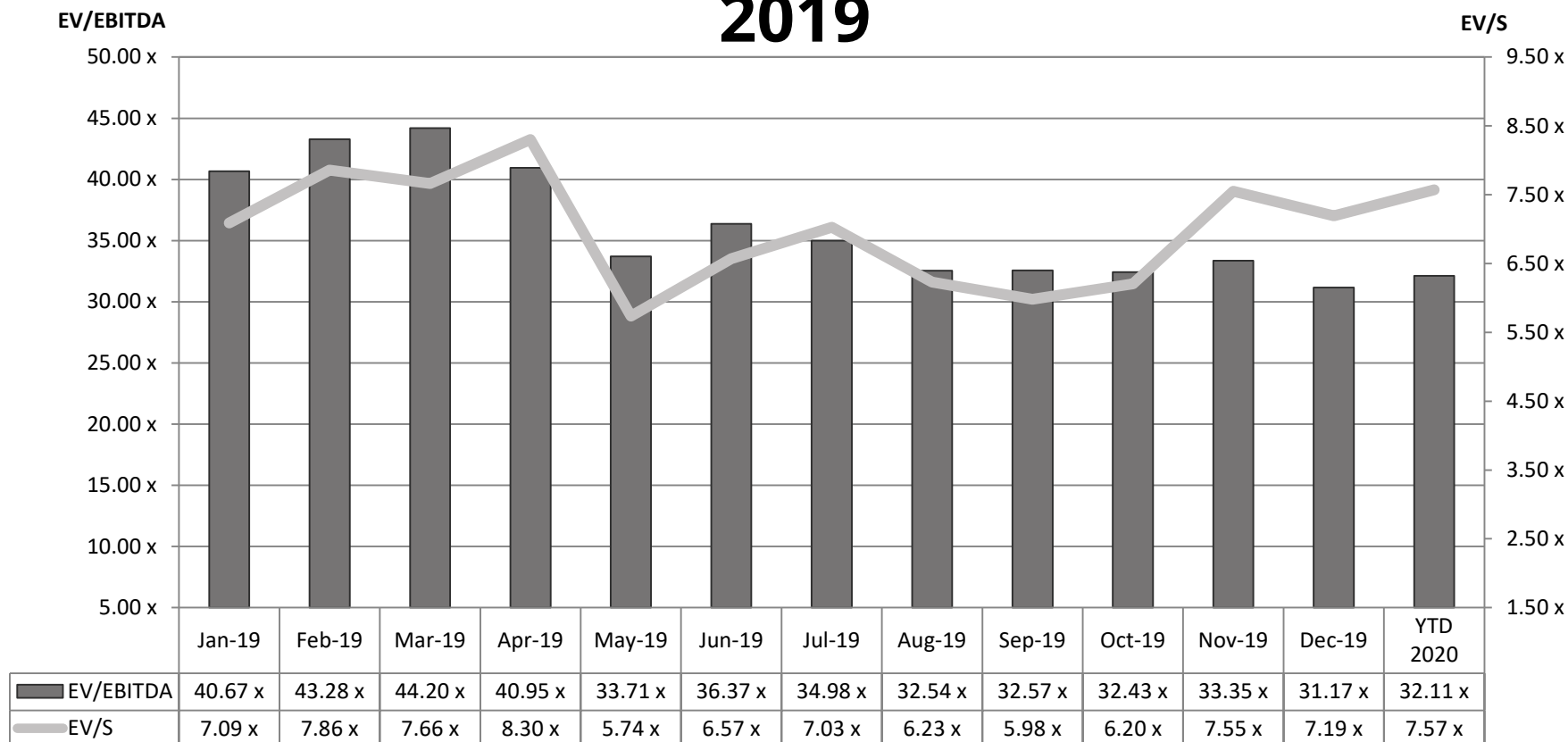


BROADCOM

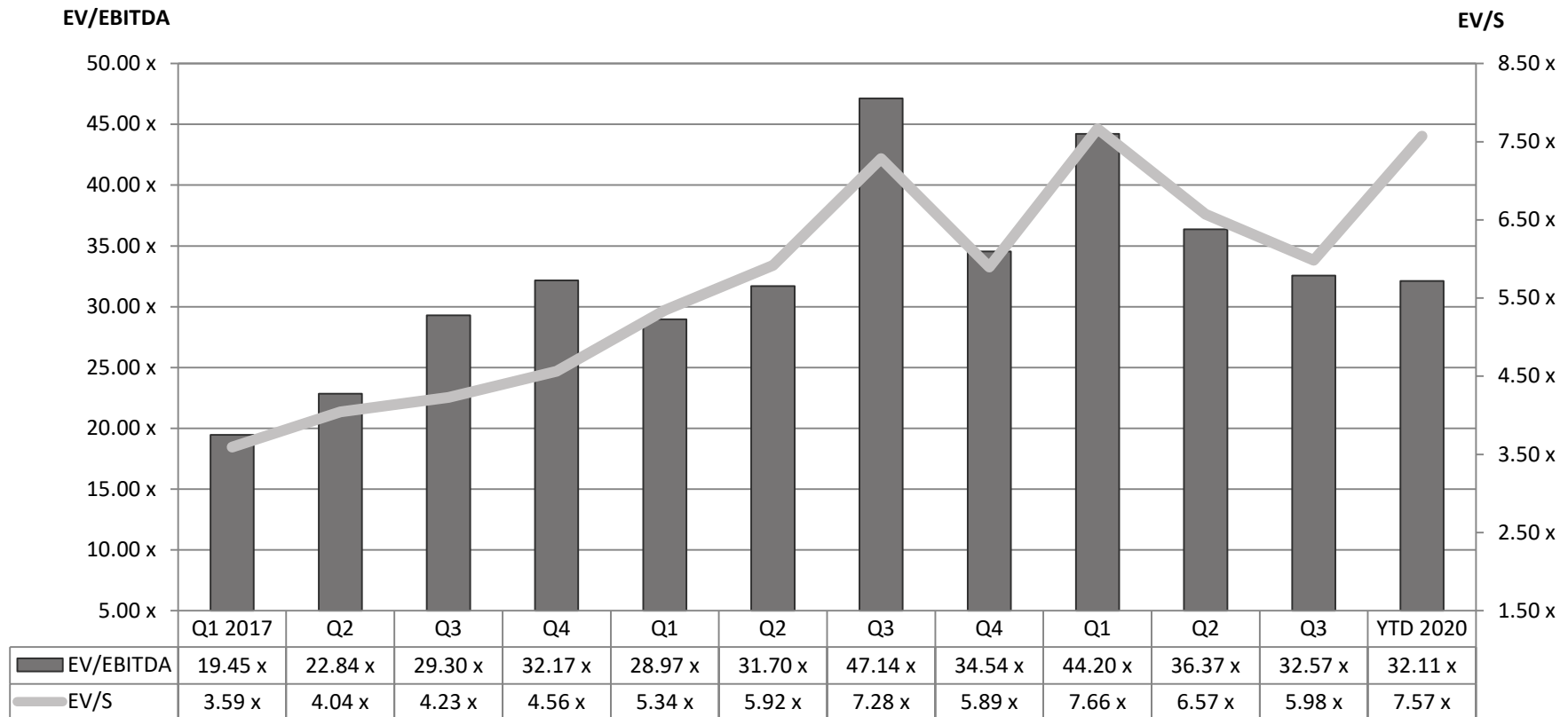
Transaction Value: \$10.7B & 4.5x Revenue

\$10.7B

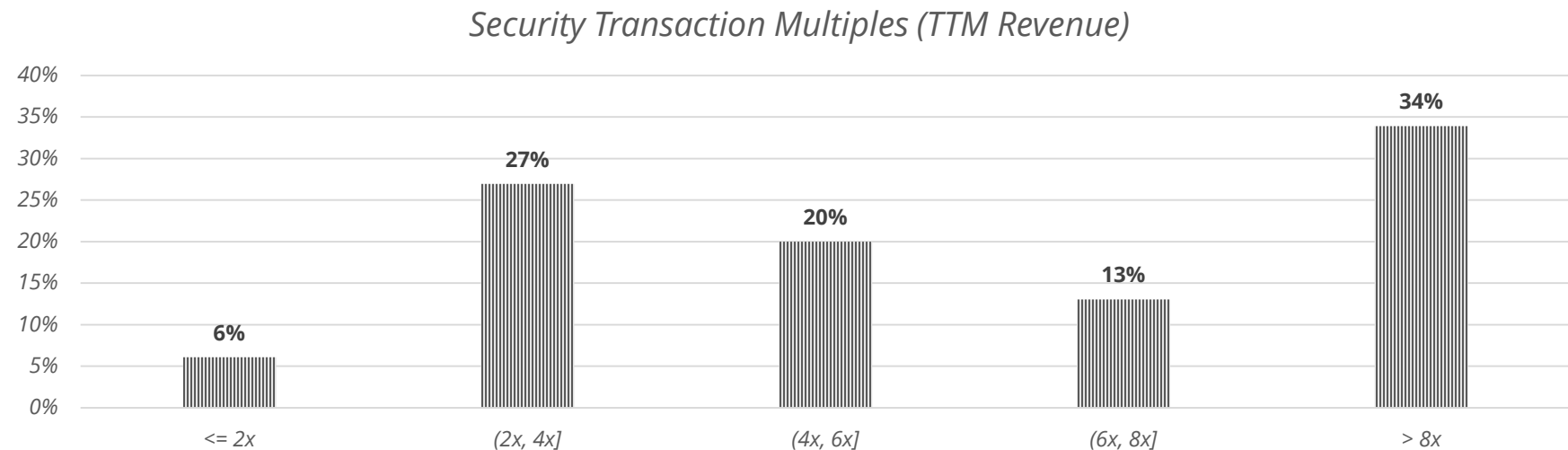
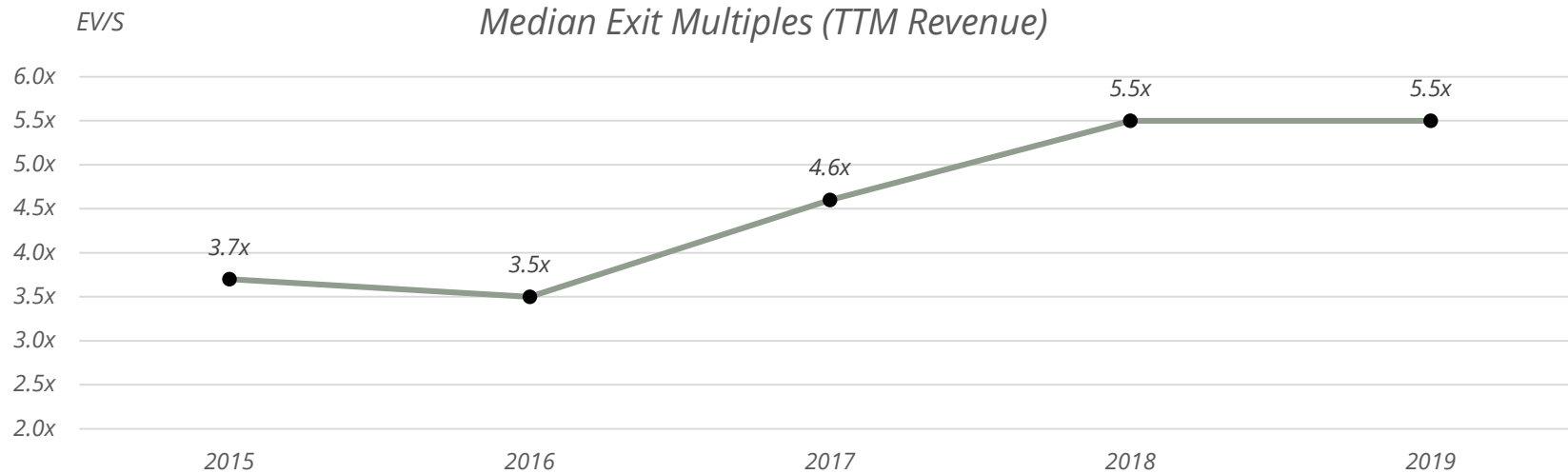
Public Valuation Multiples 2019



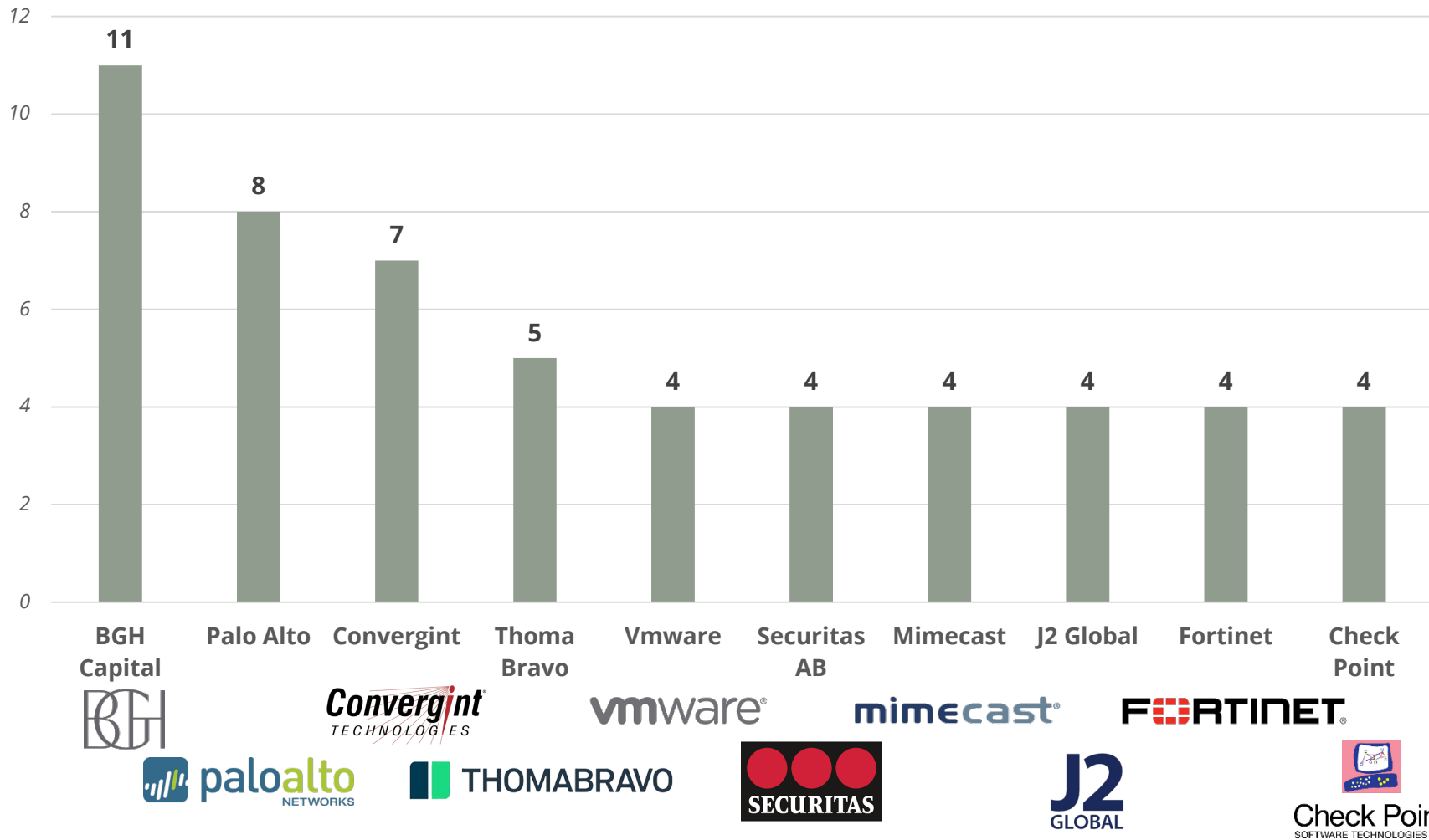
Public Valuation Multiples 3yr Trend



Security M&A Exit Values (2015-2019)



Top Security Buyers (2018- Present)



Source: 451 Research & Corum Group

Mega Deals – Security (2019 – Present)



Provides security software, SaaS and services for businesses globally.



Transaction Value: \$10.7B & 4.5x Revenue



Offers simplified products to combat known and unknown IT security threats.



Transaction Value: \$3.82B & 5.5x Revenue



Security platform capturing, recording, and analyzing unfiltered endpoint data.



Transaction Value: \$2.1B & 8.9x Revenue



Provides an agentless approach to network security to address the growth of mobile computing, IoT and cloud computing.



Transaction Value: 1.9B & 5.5x Revenue



Developer of an agentless IoT security platform for enterprises intended to identify unmanaged devices and networks.



Transaction Value: 1.1B & Undisclosed



Developer of enterprise-based application security technology designed to defend the web and mobile applications and APIs



Transaction Value: \$1.0B & 17x Revenue

Representative Transactions



Seller: Zingbox



Buyer: Palo Alto Networks

Announced Date:

September 2019

Transaction Value:

\$75M & 15x Revenue

Seller Description:

Zingbox specializes in cloud-based IoT security solutions, looking to solve concerns of visibility, onboarding, vulnerability, service disruptions, business impact, ongoing management, compliance, and more.

Rationale:

Palo Alto's acquisition of Zingbox represents the company's move into the emerging IoT security space. The acquisition also increases the solutions Palo Alto offers, to include visibility and control over IoT and unmanaged devices.

Representative Transactions



Seller: InterSet



Buyer: Micro Focus

Announced Date:

February 2019

Transaction Value:

\$100M & 14x Revenue

Seller Description:

\$7M in Revenue. InterSet is a SaaS-based ML learning endpoint security analytics company whose software provides features for detecting unusual login patterns, file or system activity, processes or user impersonation and identity authentication.

Rationale:

The acquisition brings the power of user and entity behavioral analytics (UEBA) and machine learning, and "adds depth to Micro Focus' Security, Risk & Governance portfolio."

Representative Transactions



Seller: SecureLink Group



Buyer: Orange SA

Announced Date:

May 2019

Transaction Value:

\$577M & 2.1x Revenue

Seller Description:

\$278M TTM Revenue. Secure Link provides cyber security infrastructure and managed services for businesses in Europe, including “security consulting, managed security services, and the sale and support of hardware and software products”.

Rationale:

With the acquisition, Orange greatly strengthens their positions in the European security infrastructure markets.

Representative Transactions



Seller: Bromium



Buyer: Hewlett-Packard

Announced Date:

September 2019

Transaction Value:

\$45M & 2.3x Revenue

Seller Description:

\$20M TTM Revenue. Bromium is a B2B SaaS endpoint security provider enabling “the security of enterprise IT systems by using virtualization to isolate browser-based attacks, malicious downloads and attachments, and other applications in hardware-enforced micro-virtual machines.”

Rationale:

According to Andy Rhodes, GM and Global Head of Commercial Systems at HP, “Security is a key competitive differentiator...” in the PC and printer market. “The acquisition of Bromium extends our...focus in the space and securing end point devices that are on the front lines of defense against cyber security attacks.”

Takeaways

- 1. M&A deal volume in the Security technology market has remained relatively flat the past 5 years. However, aggregate value has risen significantly, supported by an increase in exit multiples and public trading multiples**

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1. M&A deal volume in the Security technology market has remained relatively flat the past 5 years. However, aggregate value has risen significantly, supported by an increase in exit multiples and public trading multiples
2. **Unsurprisingly, security companies offering solutions in emerging markets such as IoT, cloud, and machine learning are fetching higher relative prices than companies offering more traditional solutions**

Takeaways

1. M&A deal volume in the Security technology market has remained relatively flat the past 5 years. However, aggregate value has risen significantly, supported by an increase in exit multiples and public trading multiples
2. Unsurprisingly, security companies offering solutions in emerging markets such as IoT, cloud, and machine learning are fetching higher relative prices than companies offering more traditional solutions
3. **Of all Security company acquirers since 2018, approximately 70% were strategics, and the rest PEs. Of those strategics, 50% were not from the “traditional” security sector, meaning many security companies are being acquired by non-security buyers**



Research

Matt Haberlach

*Corum Research Analyst
WFS Research Correspondent*

CORUM
MERGERS & ACQUISITIONS

Security Spotlight Panel

Dave Levine



SVP

CORUM
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Manoj Vittal



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and Business
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**Co-founder,
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wedge
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securing the cloud connected world



**VP Corporate
and Business
Development**

FORTINET®

Manoj Vittal **Fortinet**

- *Manoj Vittal has over 13 years of experience managing a wide range of corporate and business development matters for technology companies. At Fortinet, Manoj leads mergers and acquisitions (including post-merger integration), investments, partnerships and spearheads cross-functional business operations related to the acquired companies. Prior to Fortinet,*
- *Manoj held similar leadership positions at Oracle and Informatica, and before that was an Investment Banker at Merrill Lynch.*
- *Early in his professional career, Manoj was a Lead Design Engineer for over 5 years in the American automotive industry.*
- *Manoj holds a B.Eng. degree in Mechanical Engineering from University of Madras (India), an M.S. in Industrial and Systems Engineering from Ohio State University, Columbus, and an M.B.A. from Haas School of Business (University of California, Berkeley)*



Senior Counsel

DyKEMA

Brian Balow Dykema

- *Brian Balow is Senior Counsel with Dykema Gossett PLLC. His practice is in commercial and business law, including M&A, with a heavy technology and intellectual property focus.*
- *For nearly 20 years he represented a Fortune 50 manufacturing company on a wide range of technology transactions, including licenses, joint development agreements, strategic alliances, joint ventures, and outsourcing deals. Brian has also handled domestic and international trademark licensing matters for clients with well-known brand identities.*
- *Since the early 2000s Brian has undertaken substantial work in the cyberlaw/cybersecurity areas (privacy and data security), with emphasis on health information technology and telemedicine legal and regulatory issues, as well as cybersecurity issues pertinent to manufacturers (particularly IoT issues) and to publicly-traded companies (SEC compliance).*
- *Brian has written extensively and given presentations across the U.S. on privacy and data security laws and regulations. Brian has direct work experience on health information exchange matters, assisting on HIPAA/HITECH compliance matters, analysis of regulatory requirements for mobile medical devices, analysis of NHTSA FAV Policy, analysis of the EU GDPR, and data breach response and recovery in a variety of industries.*



**Co-founder, CEO,
CTO**



Hongwen Zhang Wedge Networks

- *Co-founder of Wedge Networks, Inc., Dr. Zhang previously co-founded the 24C Group Inc., which pioneered the first digital receipts infrastructure for secure electronic commerce, and was a principal of Servidium Inc., a global leader in agile development methodology.*
- *Ph.D. in Computer Science and a M.Sc. in Computer Engineering.*
- *Throughout his 25+ years career and leadership in the enterprise software industry, Dr. Zhang has been instrumental in launching several commercially successful cyber security and safety products into the global market resulting in many billions of dollars of ROI for shareholders; from his involvement in the Digital Receipt Infrastructure (with the 24C Group, and later AxWay), through his work with companies such as Valmet/Telvent (now Schneider), and Servidium (acquired by Thought Works Inc.).*
- *Served as the Chair of the Metro Ethernet Forum's (MEF) Security-as-a-Service working group, which defined the practices of Managed Security Service Providers (MSSPs) for many of the largest telecom service providers in the world.*
- *He is a well-respected speaker and writer in the areas of security and cloud computing. As a co-founder of Wedge Networks, Dr. Zhang has led the design, implementation, and launch of the firm's patented, award-winning Deep Content Inspection and Security Services Orchestration platform.*

Security Spotlight Panel

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networks
securing the cloud connected world

10 Tips to get Maximal Valuation for your Company

#1: Only Engage with Tech-specific Advisors

#2: Understand the Underlying Value Components

#3: It's About the Story

#4: Valuation Methods for Traditional Companies Don't Apply

#5: Give Serious Attention to Pro Formas

#6: Start with Analysis of a Public Peer Group

#7: Comparative Analysis Is Popular, but Perishable

#8: Discounted Cash Flow Is the Most Commonly Used Method Across Sectors

#9: Build vs. Buy Is the Foundation of Replacement Cost Valuations

#10: Weighted Averages Should Support Strategy & Market Dynamics

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