



# Tech M&A Monthly

## 12 Negotiation Tips from the Pros

August 11, 2016

# Welcome



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.

# Agenda

- Welcome
- Market Overview
- August 2016 Research Report
- 12 Tips for M&A Negotiation
- Q&A

# 6 Reasons Tech M&A Will Remain Strong

1. Disruptive trends – Strategic imperative to buy
2. Cash – Strategic & financial buyers
3. Low cost debt for leveraged buyouts
4. Many new buyers (IPOs, non-tech)
5. Strong financial markets
6. Megadeals disruption

# Record Unsolicited Interest

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- Second tier strategics
- Tertiary PE firms
- Bottom feeders
- Preemptive buyers

# **Seller's biggest single mistake...**

## **...dealing with only one buyer**

- They are trying to lock you up
- Often demand exclusive negotiations
- Don't want you talking to others
- Want to pay less than true value
- Remember your fiduciary obligation!

# Tech M&A Guideline Percentages

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- **75%** - How often another firm is willing to pay more than initial bidder
- **80%** - Failure rate on “self-managed” tech M&A transactions

# Tech M&A Guideline Percentages

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- **48%** - Average improvement from first offer with an auction process
- **75%** - How often another firm is willing to pay more than initial bidder
- **80%** - Failure rate on “self-managed” tech M&A transactions
- **100%** - Deals that are suboptimal due to lack of other bidders

# Selling your tech company

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- This is the most important transaction of your life
- The bulk of your family/partner wealth is involved
- It deserves the same diligence you put into building
- Never just respond to the first interest – leverage it
- Achieve an **optimal outcome** with global partner search

# Upcoming Tech M&A Events

## Events within 90 days:

San Diego	Nashville	Detroit	Munich
London	Cincinnati	Dublin	Stockholm
Amsterdam	Salt Lake City	Seattle	Chicago
Los Angeles	Princeton	Cleveland	Dayton
San Francisco	Wilmington	Austin	Dallas
Calgary	Phoenix	Houston	Reston
Edmonton	Denver	Sacramento	Toronto
Atlanta	Berlin	Ottawa	Montreal

[www.CorumGroup.com/Events](http://www.CorumGroup.com/Events)

CORUM

# Corum Research Report



**Elon Gasper**  
Vice President,  
Director of Research



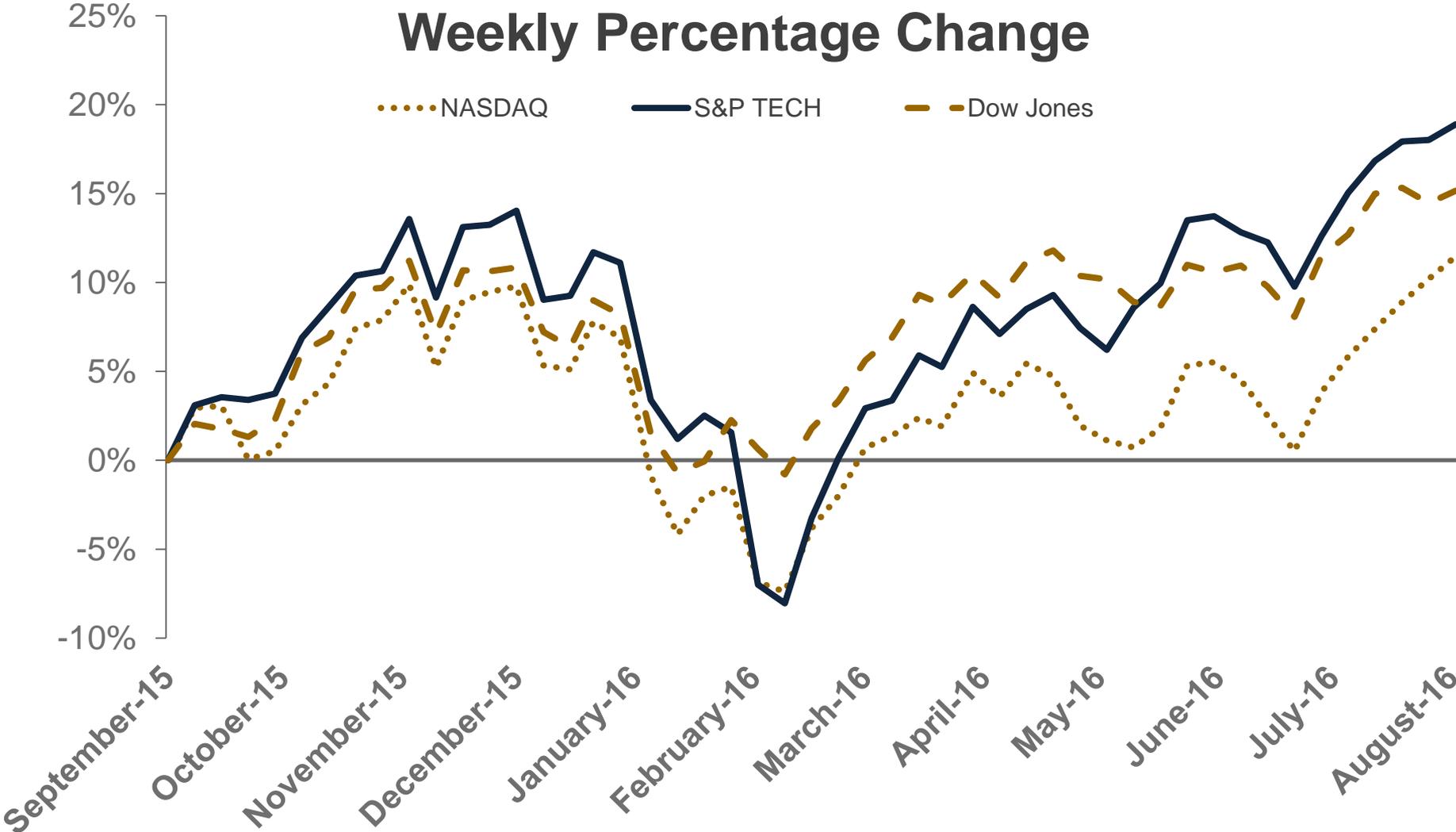
**Yasmin Khodamoradi**  
Analyst



**Thomas Wright**  
Analyst

# Public Markets

## Weekly Percentage Change



# Macro view: 4 Longest\* Bull Market Runs

	Start	End	Years
Dotcom Bubble	Oct. 11, 1990	Mar. 24, 2000	9.5
<b>Current</b>	<b>Mar. 9, 2009</b>	<b>?</b>	<b>7.4</b>
Postwar Boom	Jun. 13, 1949	Aug. 2, 1956	7.1
That 70s Inflation	Oct. 3, 1974	Nov. 28, 1980	6.2



\*Since the Great Depression. Source: S&P Capital IQ, The Associated Press

# Corum Index

## Market

Transactions

July 2015

420

July 2016

315

25%

Mega Deals

5

13

160%

Largest Deal

\$5.1B

\$32B

527%

## Pipeline

Private Equity Deals

July 2015

21

July 2016

21

VC Backed Exits

63

54

14%

## Attributes

Cross Border Transactions

July 2015

39%

July 2016

40%

3%

Start-Up Acquisitions

13%

10%

23%

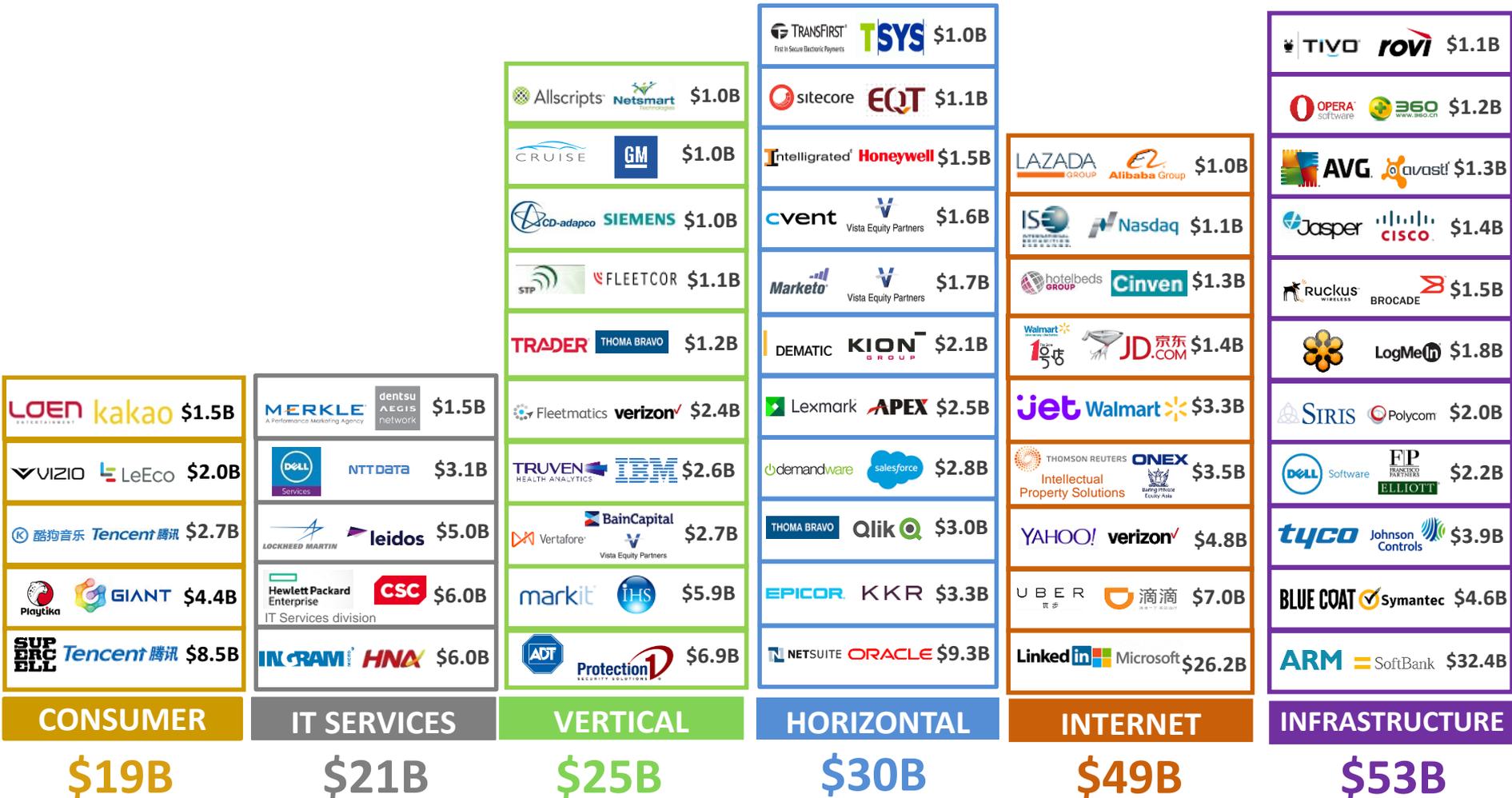
Average Life of Target

15 yrs

15 yrs

CORUM

# Mega Deals - 2016 YTD



# Mega Deals - 2016 YTD

# ARM



# SoftBank

Target: ARM Holdings [UK]  
 Acquirer: SoftBank Corp. [Japan]  
 Transaction Value: \$32.4B (20.9x EV/S and 46.2x EBITDA)

<b>LOEN</b> <b>kakao</b> \$1.5B
<b>VIZIO</b> <b>LeEco</b> \$2.0B
<b>酷狗音乐</b> <b>Tencent</b> 腾讯 \$2.7B
<b>Playtika</b> <b>GIANT</b> \$4.4B
<b>SUPERCCELL</b> <b>Tencent</b> 腾讯 \$8.5B

<b>MERKLE</b> <b>dentsu</b> <b>AEGIS</b> <b>network</b> \$1.5B
<b>DELL</b> <b>NTT DATA</b> \$3.1B
<b>LOCKHEED MARTIN</b> <b>leidos</b> \$5.0B
<b>Hewlett Packard Enterprise</b> <b>CSC</b> \$6.0B IT Services division
<b>INGRAM</b> <b>HNA</b> \$6.0B

<b>TRADER</b> <b>THOMA BRAVO</b> \$1.2B
<b>Fleetmatics</b> <b>verizon</b> \$2.4B
<b>TRUVEN</b> <b>HEALTH ANALYTICS</b> <b>IBM</b> \$2.6B
<b>BainCapital</b> <b>Vertafore</b> \$2.7B Vista Equity Partners
<b>markit</b> <b>IHS</b> \$5.9B
<b>ADT</b> <b>Protection1</b> \$6.9B

<b>Marketo</b> <b>Vista Equity Partners</b> \$1.7B
<b>DEMATIC</b> <b>KION</b> <b>GROUP</b> \$2.1B
<b>Lexmark</b> <b>APEX</b> \$2.5B
<b>demandware</b> <b>salesforce</b> \$2.8B
<b>THOMA BRAVO</b> <b>Qlik</b> \$3.0B
<b>EPICOR</b> <b>KKR</b> \$3.3B
<b>NETSUITE</b> <b>ORACLE</b> \$9.3B

<b>Walmart</b> <b>19</b> <b>JD</b> <b>京东</b> <b>COM</b> \$1.4B
<b>jet</b> <b>Walmart</b> \$3.3B
<b>THOMSON REUTERS</b> <b>ONEX</b> <b>Intellectual Property Solutions</b> <b>Bain Capital</b> <b>Equity Asia</b> \$3.5B
<b>YAHOO!</b> <b>verizon</b> \$4.8B
<b>UBER</b> <b>滴滴</b> \$7.0B
<b>LinkedIn</b> <b>Microsoft</b> \$26.2B

<b>TIVO</b> <b>rovi</b> \$1.1B
<b>OPERA</b> <b>software</b> <b>360</b> <b>www.360.cn</b> \$1.2B
<b>AVG</b> <b>avast!</b> \$1.3B
<b>Jasper</b> <b>CISCO</b> \$1.4B
<b>Ruckus</b> <b>BROCADE</b> \$1.5B
<b>LogMeIn</b> \$1.8B
<b>SIRIS</b> <b>Polycom</b> \$2.0B
<b>DELL</b> <b>Software</b> <b>FIP</b> <b>FRANKLIN</b> <b>ELLIOTT</b> \$2.2B
<b>tyco</b> <b>Johnson Controls</b> \$3.9B
<b>BLUE COAT</b> <b>Symantec</b> \$4.6B
<b>ARM</b> = SoftBank \$32.4B

**CONSUMER**  
\$19B

**IT SERVICES**  
\$21B

**VERTICAL**  
\$25B

**HORIZONTAL**  
\$30B

**INTERNET**  
\$49B

**INFRASTRUCTURE**  
\$53B

# Mega Deals - 2016 YTD



**NETSUITE** Sold to **ORACLE**

Target: NetSuite Inc. [USA]  
 Acquirer: Oracle Corporation [USA]  
 Transaction Value: \$9.3B (10.8x EV/S)

<b>LOEN</b> <b>kakao</b> \$1.5B <b>VIZIO</b> <b>LeEco</b> \$2.0B <b>酷狗音乐</b> <b>Tencent</b> <b>腾讯</b> \$2.7B <b>Playtika</b> <b>GIANT</b> \$4.4B <b>SUPERCCELL</b> <b>Tencent</b> <b>腾讯</b> \$8.5B	<b>MERKLE</b> <b>dentsu</b> <b>AEGIS</b> <b>network</b> \$1.5B <b>DELL</b> <b>NTT DATA</b> \$3.1B <b>LOCKHEED MARTIN</b> <b>leidos</b> \$5.0B <b>Hewlett Packard Enterprise</b> <b>CSC</b> \$6.0B <b>IT Services division</b> <b>INGRAM</b> <b>HNA</b> \$6.0B	<b>FLEETCOR</b> \$1.1B <b>TRADER</b> <b>THOMA BRAVO</b> \$1.2B <b>Fleetmatics</b> <b>verizon</b> \$2.4B <b>TRUVEN</b> <b>HEALTH ANALYTICS</b> <b>IBM</b> \$2.6B <b>BainCapital</b> <b>Vertafore</b> \$2.7B <b>markit</b> <b>IHS</b> \$5.9B <b>ADT</b> <b>Protection1</b> \$6.9B	<b>Marketo</b> <b>Vista Equity Partners</b> \$1.7B <b>DEMATIC</b> <b>KION</b> <b>GROUP</b> \$2.1B <b>Lexmark</b> <b>APEX</b> \$2.5B <b>demandware</b> <b>salesforce</b> \$2.8B <b>THOMA BRAVO</b> <b>Qlik</b> \$3.0B <b>EPICOR</b> <b>KKR</b> \$3.3B <b>NETSUITE</b> <b>ORACLE</b> \$9.3B	<b>hotelbeds</b> <b>GROUP</b> <b>Cinven</b> \$1.3B <b>Walmart</b> <b>JD</b> <b>京东</b> \$1.4B <b>THOMSON REUTERS</b> <b>ONEX</b> <b>Intellectual Property Solutions</b> <b>Bain Capital Equity Asia</b> \$3.5B <b>YAHOO!</b> <b>verizon</b> \$4.8B <b>UBER</b> <b>滴滴</b> \$7.0B <b>LinkedIn</b> <b>Microsoft</b> \$26.2B	<b>TIVO</b> <b>rovi</b> \$1.1B <b>OPERA</b> <b>software</b> <b>360</b> <b>www.360.cn</b> \$1.2B <b>AVG</b> <b>avast!</b> \$1.3B <b>Jasper</b> <b>CISCO</b> \$1.4B <b>Ruckus</b> <b>BROCADE</b> \$1.5B <b>LogMeIn</b> \$1.8B <b>SIRIS</b> <b>Polycom</b> \$2.0B <b>DELL</b> <b>Software</b> <b>FIP</b> <b>FRANKS</b> <b>ELLIOTT</b> \$2.2B <b>tyco</b> <b>Johnson Controls</b> \$3.9B <b>BLUE COAT</b> <b>Symantec</b> \$4.6B <b>ARM</b> <b>SoftBank</b> \$32.4B
<b>CONSUMER</b>	<b>IT SERVICES</b>	<b>VERTICAL</b>	<b>HORIZONTAL</b>	<b>INTERNET</b>	<b>INFRASTRUCTURE</b>
<b>\$19B</b>	<b>\$21B</b>	<b>\$25B</b>	<b>\$30B</b>	<b>\$49B</b>	<b>\$53B</b>

# Mega Deals - 2016 YTD

**jet**



**Walmart**

Target: Jet.com Inc. [USA]  
Acquirer: Walmart [USA]  
Transaction Value: \$3.3B

<b>LOEN</b> <b>kakao</b> \$1.5B
<b>VIZIO</b> <b>LeEco</b> \$2.0B
<b>酷狗音乐</b> <b>Tencent</b> 腾讯 \$2.7B
<b>Playtika</b> <b>GIANT</b> \$4.4B
<b>SUPERCCELL</b> <b>Tencent</b> 腾讯 \$8.5B

<b>MERKLE</b> <b>dentsu</b> <b>AEGIS</b> <b>network</b> \$1.5B
<b>DELL</b> <b>NTT DATA</b> \$3.1B
<b>LOCKHEED MARTIN</b> <b>leidos</b> \$5.0B
<b>Hewlett Packard Enterprise</b> <b>CSC</b> \$6.0B IT Services division
<b>INCRAM</b> <b>HNA</b> \$6.0B

<b>FLEETCOR</b> \$1.1B
<b>TRADER</b> <b>THOMA BRAVO</b> \$1.2B
<b>Fleetmatics</b> <b>verizon</b> \$2.4B
<b>TRUVEN</b> <b>HEALTH ANALYTICS</b> <b>IBM</b> \$2.6B
<b>Verifone</b> <b>BainCapital</b> \$2.7B Vista Equity Partners
<b>markit</b> <b>IHS</b> \$5.9B
<b>ADT</b> <b>Protection1</b> \$6.9B

<b>Marketo</b> <b>Vista Equity Partners</b> \$1.7B
<b>DEMATIC</b> <b>KION</b> <b>GROUP</b> \$2.1B
<b>Lexmark</b> <b>APEX</b> \$2.5B
<b>demandware</b> <b>salesforce</b> \$2.8B
<b>THOMA BRAVO</b> <b>Qlik</b> \$3.0B
<b>EPICOR</b> <b>KKR</b> \$3.3B
<b>NETSUITE</b> <b>ORACLE</b> \$9.3B

<b>hotelbeds</b> <b>GROUP</b> <b>Cinven</b> \$1.3B
<b>Walmart</b> <b>JD</b> <b>京东</b> \$1.4B
<b>jet</b> <b>Walmart</b> \$3.3B
<b>THOMSON REUTERS</b> <b>ONEX</b> \$3.5B Intellectual Property Solutions
<b>YAHOO!</b> <b>verizon</b> \$4.8B
<b>UBER</b> <b>滴滴</b> \$7.0B
<b>LinkedIn</b> <b>Microsoft</b> \$26.2B

<b>TIVO</b> <b>rovi</b> \$1.1B
<b>OPERA</b> <b>software</b> <b>360</b> <b>www.360.cn</b> \$1.2B
<b>AVG</b> <b>avast!</b> \$1.3B
<b>Jasper</b> <b>CISCO</b> \$1.4B
<b>Ruckus</b> <b>BROCADE</b> \$1.5B
<b>LogMeIn</b> \$1.8B
<b>SIRIS</b> <b>Polycom</b> \$2.0B
<b>DELL</b> <b>Software</b> <b>FIP</b> <b>ELLIOTT</b> \$2.2B
<b>tyco</b> <b>Johnson Controls</b> \$3.9B
<b>BLUE COAT</b> <b>Symantec</b> \$4.6B
<b>ARM</b> <b>SoftBank</b> \$32.4B

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\$53B

# Mega Deals - 2016 YTD

**LogMeIn**



**CITRIX**

Target: LogMeIn Inc. [USA]  
 Acquirer: Citrix Systems Inc. (GoTo business) [USA]  
 Transaction Value: \$1.8B (5.2x EV/S and 45.5x EBITDA)

<b>LOEN</b> <b>kakao</b> \$1.5B
<b>VIZIO</b> <b>LeEco</b> \$2.0B
<b>酷狗音乐</b> <b>Tencent</b> 腾讯 \$2.7B
<b>Playtika</b> <b>GIANT</b> \$4.4B
<b>SUPERCCELL</b> <b>Tencent</b> 腾讯 \$8.5B

<b>MERKLE</b> <b>dentsu</b> <b>AEGIS</b> <b>network</b> \$1.5B
<b>DELL</b> <b>NTT DATA</b> \$3.1B
<b>LOCKHEED MARTIN</b> <b>leidos</b> \$5.0B
<b>Hewlett Packard Enterprise</b> <b>CSC</b> \$6.0B IT Services division
<b>INGRAM</b> <b>HNA</b> \$6.0B

<b>STP</b> <b>FLEETCOR</b> \$1.1B
<b>TRADER</b> <b>THOMA BRAVO</b> \$1.2B
<b>Fleetmatics</b> <b>verizon</b> \$2.4B
<b>TRUVEN</b> <b>HEALTH ANALYTICS</b> <b>IBM</b> \$2.6B
<b>Verifone</b> <b>BainCapital</b> \$2.7B Vista Equity Partners
<b>markit</b> <b>IHS</b> \$5.9B
<b>ADT</b> <b>Protection1</b> \$6.9B

<b>Marketo</b> <b>Vista Equity Partners</b> \$1.7B
<b>DEMATIC</b> <b>KION</b> \$2.1B
<b>Lexmark</b> <b>APEX</b> \$2.5B
<b>demandware</b> <b>salesforce</b> \$2.8B
<b>THOMA BRAVO</b> <b>Qlik</b> \$3.0B
<b>EPICOR</b> <b>KKR</b> \$3.3B
<b>NETSUITE</b> <b>ORACLE</b> \$9.3B

<b>hotelbeds GROUP</b> <b>Cinven</b> \$1.3B
<b>Walmart</b> <b>JD</b> 京东 \$1.4B
<b>Jet</b> <b>Walmart</b> \$3.3B
<b>THOMSON REUTERS</b> <b>ONEX</b> \$3.5B Intellectual Property Solutions
<b>YAHOO!</b> <b>verizon</b> \$4.8B
<b>UBER</b> <b>滴滴</b> \$7.0B
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<b>TIVO</b> <b>rovi</b> \$1.1B
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<b>Jasper</b> <b>CISCO</b> \$1.4B
<b>Ruckus</b> <b>BROCADE</b> \$1.5B
<b>LogMeIn</b> \$1.8B
<b>SIRIS</b> <b>Polycom</b> \$2.0B
<b>DELL</b> <b>Software</b> <b>FIP</b> <b>ELLIOTT</b> \$2.2B
<b>tyco</b> <b>Johnson Controls</b> \$3.9B
<b>BLUE COAT</b> <b>Symantec</b> \$4.6B
<b>ARM</b> <b>SoftBank</b> \$32.4B

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# Mega Deals - 2016 YTD

**VIZIO** Sold to **LeEco**

Target: VIZIO [USA]  
 Acquirer: LeEco [China]  
 Transaction Value: \$2.0B

**LOEN** **kakao** \$1.5B

**VIZIO** **LeEco** \$2.0B

**酷狗音乐** **Tencent** **腾讯** \$2.7B

**Playtika** **GIANT** \$4.4B

**SUPERCCELL** **Tencent** **腾讯** \$8.5B

**MERKLE** **dentsu** **AEGIS** **network** \$1.5B

**DELL** **NTT DATA** \$3.1B

**LOCKHEED MARTIN** **leidos** \$5.0B

**Hewlett Packard Enterprise** **CSC** \$6.0B  
 IT Services division

**INGRAM** **HNA** \$6.0B

**FLEETCOR** \$1.1B

**TRADER** **THOMA BRAVO** \$1.2B

**Fleetmatics** **verizon** \$2.4B

**TRUVEN** **HEALTH ANALYTICS** **IBM** \$2.6B

**BainCapital** **Vertafore** \$2.7B  
 Vista Equity Partners

**markit** **IHS** \$5.9B

**ADT** **Protection1** \$6.9B

**Marketo** **Vista Equity Partners** \$1.7B

**DEMATIC** **KION** **GROUP** \$2.1B

**Lexmark** **APEX** \$2.5B

**demandware** **salesforce** \$2.8B

**THOMA BRAVO** **Qlik** \$3.0B

**EPICOR** **KKR** \$3.3B

**NETSUITE** **ORACLE** \$9.3B

**hotelbeds GROUP** **Cinven** \$1.3B

**Walmart** **JD** **京东** \$1.4B

**jet** **Walmart** \$3.3B

**THOMSON REUTERS** **ONEX** **Intellectual Property Solutions** **Bain Capital** **Equity Asia** \$3.5B

**YAHOO!** **verizon** \$4.8B

**UBER** **滴滴** \$7.0B

**LinkedIn** **Microsoft** \$26.2B

**TIVO** **rovi** \$1.1B

**OPERA** **software** **360** **www.360.cn** \$1.2B

**AVG** **avast!** \$1.3B

**Jasper** **CISCO** \$1.4B

**Ruckus** **BROCADE** \$1.5B

**LogMeIn** \$1.8B

**SIRIS** **Polycom** \$2.0B

**DELL** **Software** **FIP** **FRANKLIN** **ELLIOTT** \$2.2B

**tyco** **Johnson Controls** \$3.9B

**BLUE COAT** **Symantec** \$4.6B

**ARM** **SoftBank** \$32.4B

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# Mega Deals - 2016 YTD

**YAHOO!**

Sold to

**verizon**

Target: Yahoo! [USA]  
 Acquirer: Verizon [USA]  
 Transaction Value: \$4.8B (1.0x EV/S)

<b>LOEN</b> <b>kakao</b> \$1.5B
<b>VIZIO</b> <b>LeEco</b> \$2.0B
<b>酷狗音乐</b> <b>Tencent</b> 腾讯 \$2.7B
<b>Playtika</b> <b>GIANT</b> \$4.4B
<b>SUPERCCELL</b> <b>Tencent</b> 腾讯 \$8.5B

<b>MERKLE</b> <b>dentsu</b> <b>AEGIS</b> <b>network</b> \$1.5B
<b>DELL</b> <b>NTT DATA</b> \$3.1B
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<b>Hewlett Packard Enterprise</b> <b>CSC</b> \$6.0B IT Services division
<b>INGRAM</b> <b>HNA</b> \$6.0B

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<b>TRADER</b> <b>THOMA BRAVO</b> \$1.2B
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<b>Verifone</b> <b>BainCapital</b> \$2.7B Vista Equity Partners
<b>markit</b> <b>IHS</b> \$5.9B
<b>ADT</b> <b>Protection1</b> \$6.9B

<b>Marketo</b> <b>Vista Equity Partners</b> \$1.7B
<b>DEMATIC</b> <b>KION</b> \$2.1B
<b>Lexmark</b> <b>APEX</b> \$2.5B
<b>demandware</b> <b>salesforce</b> \$2.8B
<b>THOMA BRAVO</b> <b>Qlik</b> \$3.0B
<b>EPICOR</b> <b>KKR</b> \$3.3B
<b>NETSUITE</b> <b>ORACLE</b> \$9.3B

<b>hotelbeds GROUP</b> <b>Cinven</b> \$1.3B
<b>Walmart</b> <b>JD</b> 京东 \$1.4B
<b>Jet</b> <b>Walmart</b> \$3.3B
<b>THOMSON REUTERS</b> <b>ONEX</b> \$3.5B Intellectual Property Solutions
<b>YAHOO!</b> <b>verizon</b> \$4.8B
<b>UBER</b> <b>滴滴</b> \$7.0B
<b>LinkedIn</b> <b>Microsoft</b> \$26.2B

<b>TIVO</b> <b>rovi</b> \$1.1B
<b>OPERA</b> <b>360</b> \$1.2B software www.360.cn
<b>AVG</b> <b>avast!</b> \$1.3B
<b>Jasper</b> <b>CISCO</b> \$1.4B
<b>Ruckus</b> <b>BROCADE</b> \$1.5B
<b>LogMeIn</b> \$1.8B
<b>SIRIS</b> <b>Polycom</b> \$2.0B
<b>DELL</b> <b>Software</b> <b>FIP</b> <b>ELLIOTT</b> \$2.2B
<b>tyco</b> <b>Johnson Controls</b> \$3.9B
<b>BLUE COAT</b> <b>Symantec</b> \$4.6B
<b>ARM</b> <b>SoftBank</b> \$32.4B

**CONSUMER**  
\$19B

**IT SERVICES**  
\$21B

**VERTICAL**  
\$25B

**HORIZONTAL**  
\$30B

**INTERNET**  
\$49B

**INFRASTRUCTURE**  
\$53B

# Mega Deals - 2016 YTD


**Fleetmatics**
Sold to


**Target:** Fleetmatics [Ireland]  
**Acquirer:** Verizon [USA]  
**Transaction Value:** \$2.4B (7.5x EV/S and 32x EBITDA)

<b>LOEN</b> <b>kakao</b> \$1.5B <b>VIZIO</b> <b>LeEco</b> \$2.0B <b>酷狗音乐</b> <b>Tencent</b> 腾讯 \$2.7B <b>Playtika</b> <b>GIANT</b> \$4.4B <b>SUPERCCELL</b> <b>Tencent</b> 腾讯 \$8.5B	<b>MERKLE</b> <b>dentsu</b> <b>AEGIS</b> <b>network</b> \$1.5B <b>DELL</b> <b>NTT DATA</b> \$3.1B <b>LOCKHEED MARTIN</b> <b>leidos</b> \$5.0B <b>Hewlett Packard Enterprise</b> <b>CSC</b> \$6.0B <b>IT Services division</b> <b>INGRAM</b> <b>HNA</b> \$6.0B	<b>FLETCOR</b> \$1.1B <b>TRADER</b> <b>THOMA BRAVO</b> \$1.2B <b>Fleetmatics</b> <b>verizon</b> \$2.4B <b>TRUVEN</b> <b>HEALTH ANALYTICS</b> <b>IBM</b> \$2.6B <b>BainCapital</b> <b>Vertafore</b> \$2.7B <b>markit</b> <b>IHS</b> \$5.9B <b>ADT</b> <b>Protection 1</b> \$6.9B	<b>Marketo</b> <b>Vista Equity Partners</b> \$1.7B <b>DEMATIC</b> <b>KION</b> \$2.1B <b>Lexmark</b> <b>APEX</b> \$2.5B <b>demandware</b> <b>salesforce</b> \$2.8B <b>THOMA BRAVO</b> <b>Qlik</b> \$3.0B <b>EPICOR</b> <b>KKR</b> \$3.3B <b>NETSUITE</b> <b>ORACLE</b> \$9.3B	<b>hotelbeds GROUP</b> <b>Cinven</b> \$1.3B <b>Walmart</b> <b>19</b> <b>JD</b> 京东 \$1.4B <b>jet</b> <b>Walmart</b> \$3.3B <b>THOMSON REUTERS</b> <b>ONEX</b> <b>Intellectual Property Solutions</b> <b>Bain Capital Equity Asia</b> \$3.5B <b>YAHOO!</b> <b>verizon</b> \$4.8B <b>UBER</b> <b>滴滴</b> \$7.0B <b>LinkedIn</b> <b>Microsoft</b> \$26.2B	<b>TIVO</b> <b>rovi</b> \$1.1B <b>OPERA</b> <b>software</b> <b>360</b> <b>www.360.cn</b> \$1.2B <b>AVG</b> <b>avast!</b> \$1.3B <b>Jasper</b> <b>CISCO</b> \$1.4B <b>Ruckus</b> <b>BROCADE</b> \$1.5B <b>LogMeIn</b> \$1.8B <b>SIRIS</b> <b>Polycom</b> \$2.0B <b>DELL</b> <b>Software</b> <b>FIP</b> <b>ELLIOTT</b> \$2.2B <b>tyco</b> <b>Johnson Controls</b> \$3.9B <b>BLUE COAT</b> <b>Symantec</b> \$4.6B <b>ARM</b> <b>SoftBank</b> \$32.4B
<b>CONSUMER</b>	<b>IT SERVICES</b>	<b>VERTICAL</b>	<b>HORIZONTAL</b>	<b>INTERNET</b>	<b>INFRASTRUCTURE</b>
<b>\$19B</b>	<b>\$21B</b>	<b>\$25B</b>	<b>\$30B</b>	<b>\$49B</b>	<b>\$53B</b>



# Vertical Market

## Public Valuation Multiples

Since Q2

July 2016

Corum Analysis



**4.7x**

*Rising to record levels as the SaaS steamroller continues...*



**18.4x**

*...also driving EBITDA ratios to record highs*



# Vertical Market

## Deal Spotlight: Healthcare

Since Q2

July 2016

Corum Analysis

EV

 **imprivata™**

Sold to

**THOMA BRAVO**

**Target:** Imprivata [USA]

**Acquirer:** Thoma Bravo [USA]

**Transaction Value:** \$544M (4.4x EV/Sales)

- Single sign-on (SSO) and password management software for healthcare providers
- Helps Imprivata elaborate more on its products for the largest hospitals
- Expands Thoma Bravo's stack of healthcare IT investments

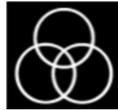
EV

E



# Vertical Market

## Deal Spotlights: Healthcare



Sold to



**Target:** Performance Management Services Inc. [USA]  
**Acquirer:** HealthStream Inc. [USA]  
**Transaction Value:** \$4M

- Web-based performance assessment SaaS in the nursing industry

EV

M·O·R·R·I·S·E·Y

Sold to



**Target:** Morrisey Associates. [USA]  
**Acquirer:** Echo Inc (HealthStream Inc.) [USA]  
**Transaction Value:** \$48M

- Credentialing and privileging solutions for healthcare professionals

EV

wellcentive

Sold to

PHILIPS

**Target:** Wellcentive Inc. [USA]  
**Acquirer:** Philips [Netherlands]

- Population health management and related data analytics SaaS
- Cloud-based systems for aggregating and analyzing healthcare claims and financial data

s  
d levels

to



# Vertical Market

## Deal Spotlights: Healthcare

**Dedalus**  
SOFTWARE FOR HEALTHCARE

Sold to

**ARDIAN**

**Target:** Dedalus S.p.A. [Italy]

**Acquirer:** Ardian [France]

- Healthcare clinical management software and SaaS
- Highlights the growing interest of PEs in the healthtech market

EV

Sa

levels

 **open objects**

Sold to

**idox** 

**Target:** Open Objects Software [UK]

**Acquirer:** Idox [UK]

**Transaction Value:** \$4.7M (1.1x EV/Sales and 5.2x EBITDA)

- Medical and social care SaaS

EV

EB



# Vertical Market

## Deal Spotlights: Education



Sold to



EV

Sa

**Target:** CyberHound [Australia]  
**Acquirer:** BigAir Group [Australia]  
**Transaction Value:** \$5.1M

- Student well-being predictive analytics and social media analysis and monitoring software and managed services

levels



Sold to



Riverside

EV

EB

**Target:** n2y [USA]  
**Acquirer:** The Riverside Company [USA]

- Special-needs student educational materials and teacher curricula SaaS



# Vertical Market

## Deal Spotlights: Education



Sold to



EV

S

**Target:** The Alpha School System [aka TASS] [Australia]  
**Acquirer:** Volaris Group Inc. [Constellation Software] [Canada]

- School administration, information systems and learning management SaaS

levels



Sold to



EV

EB

**Target:** Guangdong Header Information Technology [dba Header] [China]  
**Acquirer:** Beijing IRtouch Systems [dba IRtouch Systems] [China]  
**Transaction Value:** \$120M (reported)

- Educational software and SaaS for Chinese institutions



# Vertical Market

## Deal Spotlight: Education

QuickEdmin

Sold to

Ray  
biztech

**Target:** LastMile IT Systems [dba QuickEdmin] [India]

**Acquirer:** Ray Business Technologies [dba Raybiztech] [India]

- College ERP SaaS for higher educational institutions
- Brings Raybiztech more competence in digital ERP for education
- Balances Raybiztech's reach towards India and gets it tuned for more acquisitions in the enterprise domain.



# IT Services Software Market

## Public Valuation Multiples

Since Q2

July 2016

Corum Analysis

EV  
Sales



1.1x

*Steady after an increase in the first half of the year with...*

EV  
EBITDA



10.7x

*...EBITDA multiple climbing back near historic highs.*



# IT Services Software Market

## Deal Spotlights: Call Center Services

minacs

Sold to



**Target:** Minacs [CX Partners/Capital Square Partners] [Canada]

**Acquirer:** SYNNEX Corporation [USA]

**Transaction Value:** \$420M (1.1x EV/Sales)

- BPO services, with an emphasis on customer care

EV

S

rst

[buw]

Sold to



**Target:** buw Unternehmensgruppe [aka buw Group] [Germany]

**Acquirer:** Convergys Corporation [USA]

**Transaction Value:** \$136.9M (0.8x EV/Sales)

- Outsourced inbound and outbound customer care and call center services

EV

E

le  
ar



# IT Services Software Market

## Deal Spotlights: System Integrators



Sold to



**Target:** Capscient Corporation [USA]  
**Acquirer:** PCB Apps [USA]

- On-premise Oracle/JD Edwards EnterpriseOne, E1, World ERP and BI systems integration

EV

Sa



Sold to



**Target:** Virtuoso [USA]  
**Acquirer:** AMERI Holdings Inc [dba Ameri100] [USA]

- SAP Business Suite systems optimization and systems integration services

EV

EB



Sold to



**Target:** Complete Business Systems [dba CBS] [UK]  
**Acquirer:** APH Computers [dba APH] [UK]

- SAP Business One ERP systems integration and relate software development services



# IT Services Software Market

## Deal Spotlights: System Integrators



EV  
S

**Target:** BPR Solutions [Australia]  
**Acquirer:** Fusion5 [Australia]

- NetSuite implementation and systems integration services

st



EV  
EE

**Target:** Sixtree [Australia]  
**Acquirer:** Deloitte Australia [Deloitte] [Australia]

- Cloud systems and network integration services, including legacy and cloud migration

le  
ar



# Internet Market

## Public Valuation Multiples

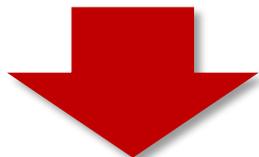
Since Q2

July 2016

Corum Analysis



*Surging to a 12-month high amid high-profile megadeals...*



*...while high EBITDA ratios dip only slightly*

# Mega Deals - 2016 YTD

**UBER**   **滴滴**  
 优步 滴滴一下 美好出行

**Target:** Uber China [Uber] [USA]  
**Acquirer:** Didi Chuxing [China]  
**Transaction Value:** \$7.0B (reported)

	\$1.5B
	\$2.0B
	\$2.7B
	\$4.4B
	\$8.5B

	\$1.5B
	\$3.1B
	\$5.0B
	\$6.0B
	\$6.0B

	\$1.1B
	\$1.2B
	\$2.4B
	\$2.6B
	\$2.7B
	\$5.9B
	\$6.9B

	\$1.7B
	\$2.1B
	\$2.5B
	\$2.8B
	\$3.0B
	\$3.3B
	\$9.3B

	\$1.0B
	\$1.1B
	\$1.3B
	\$1.4B
	\$3.3B
	\$3.5B
	\$4.8B
	\$7.0B
	\$26.2B

	\$1.1B
	\$1.2B
	\$1.3B
	\$1.4B
	\$1.5B
	\$1.8B
	\$2.0B
	\$2.2B
	\$3.9B
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\$53B



# Internet Market

## Deal Spotlights: Ticketing



**Target:** Yatra Online [dba Yatra.com] [India]  
**Acquirer:** Terrapin 3 Acquisition Corporation [USA]  
**Transaction Value:** \$218M (3.5x EV/Sales)

- Indian online travel reservations services

EV

Sales

month profile



**Target:** Tripcombi UG [fka tripdelta] [Germany]  
**Acquirer:** Fareportal Inc. [USA]

- Online flights aggregation search service

EV

EB

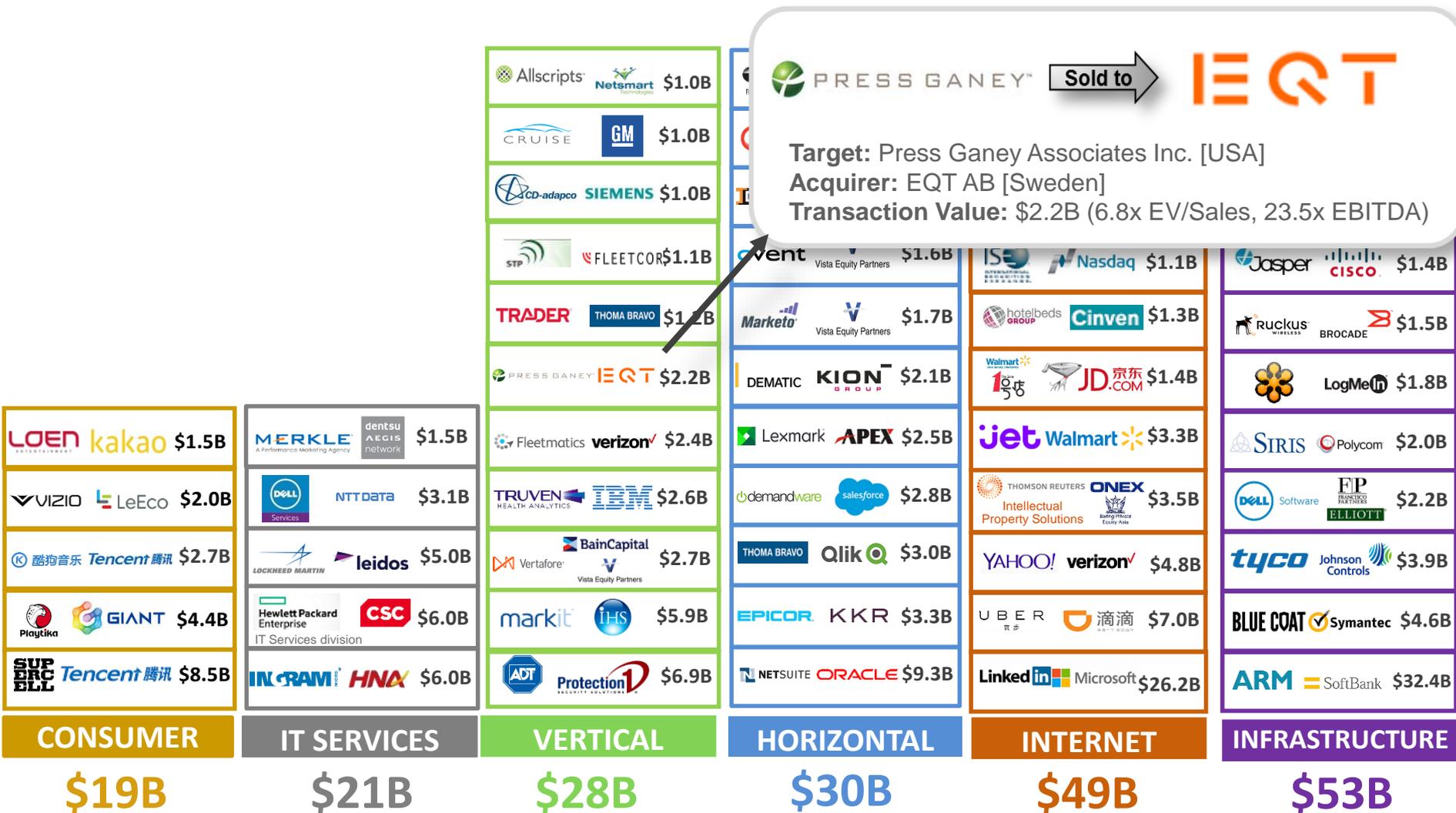


**Target:** Charged.fm [USA]  
**Acquirer:** Vendini [USA]

- Event ticketing marketplace



# Mega Deals - 2016 YTD



# Corum Research Report



**Elon Gasper**  
Vice President,  
Director of Research



**Yasmin Khodamoradi**  
Analyst



**Thomas Wright**  
Analyst

# 12 Tips for M&A Negotiation



# 1. Determine your own position before beginning



**Peri Pierone**  
Vice President  
Corum Group Ltd.

Peri Pierone has spent the last 25 years creating value in the B2B software marketplace. He has held numerous strategic roles with large global firms like SAP, Business Objects and Fiserv where he was part of several key acquisitions and was responsible for introducing a variety of new applications to market. Peri has also held leading roles in several small privately held software companies that eventually sold to large private equity firms or to other strategic buyers. Through the years he has been intimately involved as an insider on numerous transactions as the acquirer and as the one positioning itself to be acquired.

Most recently he was CEO of Axiom EPM, where he led the company's transformation from a traditional enterprise license business to a true SaaS offering. He was instrumental in driving the sale of the company in 2014 to strategic buyer, Kaufman Hall.

He received his bachelor's degree in business from the University of Washington and his M.B.A from Keller Graduate School.

## 2. Reveal problems early while leverage is highest



**Peter Prince**  
Vice President  
Corum Group Ltd.

Peter Prince has spent the last 27 years involved in starting and growing software companies or large divisions of international software companies. As well as following his entrepreneurial spirit he has held a number of senior roles for both privately held and public companies. He was part of several key acquisitions such as Software Artistry to IBM, Infinium to SSA GT and SSA Global to Golden Gate (Infor).

He was President of SSA Global EMEA prior to its sale and then CEO of Cogniti.

Peter has a diverse background within the software industry spanning Operations, Sales, Mergers and Acquisitions and Integration. He's been retained by some of the largest Private Equity firms in an advisory capacity.

Peter has also focused on investing both time and funding into start-up and young companies over the recent years in a diverse range of sectors.

He attended Chiltern University attaining a business degree and later attended Harvard Business School successfully completing an executive course, Launching New Ventures.

## 3. Tackle the most difficult issues first



Steve Jones  
Vice President  
Corum Group Ltd.

Steve joined Corum after 25 years of executive experience in various high-tech industries with both public and private venture-backed startups. He has extensive global experience, opening international markets and growing sales from zero to tens of million in revenue. He has been on the forefront of selling several companies and spinning off software divisions, highlighted by the sale of GetFon to Alestra (AT&T Mexico). He is fluent in Spanish.

Steve was the founding CEO of Solera Networks, a real-time intrusion detection security company. He also co-founded Auction Trust Network, an eCommerce company for online exchanges; which he sold to MediaForge (Rakuten Marketing).

Steve is a board member of several software companies and has industry expertise in several areas: enterprise apps and infrastructure, security, mobile and wireless, media & entertainment, supply chain, and embedded devices/systems (IoT).

## 4. Make use of “straw men”



Jon Scott  
Managing Director  
Corum Group  
International

Jon joined Corum in 2010 out of their Seattle headquarters and is now based in Amsterdam. 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 State University.

## 5. Don't let the buyer “serially negotiate”



**Jim Perkins**  
Executive Vice President  
Corum Group, Ltd.

Entertainment software entrepreneur Jim Perkins is directly responsible for publishing some of the industry's biggest franchises, including Unreal, Duke Nukem, Wolfenstein, Doom, Hunting Unlimited, and Driver. A well-known senior executive with a 22-year track record of publishing such bestselling hits, he founded and grew two highly successful software publishing companies (FormGen and ARUSH) from start-ups to multi-million dollar enterprises.

Jim also launched Radar Group, the first Transmedia Incubation Company to monetize entertainment franchises across all media, including film and television. His success and extensive experience in software production, marketing and public relations, packaging, online and retail distribution and software M&A, uniquely qualify him as an expert in building value and realizing wealth. Jim joined Corum Group, the world's leading software M&A firm, with a specific focus on educating and helping prospective sellers maximize the value of their digital media companies.

## 6. Don't imply by words or body language you accept buyer positions



Rob Schram  
Senior Vice President  
Corum Group Ltd.

Rob has over 30 years of executive and entrepreneurial experience in multiple technologies: Integrated circuit testing, industrial process automation and control, communications software, security software, and energy software and services.

Rob has founded and sold several companies and engaged in two IPOs. He was most recently CEO of Evergreen Fuel Technologies, Inc. in the energy sector. Rob is a broadly skilled strategic development professional with a proven reputation for targeting, negotiating and developing profitable ventures and a demonstrated ability to successfully analyze an organization's critical business requirements, identify deficiencies and opportunities, and develop innovative and cost-effective solutions for enhancing competitiveness, increasing revenues, and improving customer relationships.

## 7. Don't let them get the milk without buying the cow



Allan Wilson  
Vice President  
Corum Group Ltd.

Allan has over 30 years of executive and entrepreneurial experience and has built and sold several software companies in sectors including, manufacturing, supply chain, big data, predictive analytics and social networks. He has deep understanding of Aerospace, Automotive, High Tech, Healthcare, Consumer Products and Military Contracting operating models.

Allan has extensive international experience and lived in Germany for a time working for SAP, following the sale of his company to them in 2009.

## 8. Don't get emotional – use intermediaries to take the heat



Steve Hassett  
Vice President  
Corum Group Ltd.

Steve was previously a corporate development executive with Verint Systems, Sage Group plc, and ran a new ventures group for The Weather Channel. Prior to that he was CEO of iTendant, a SaaS and mobile software company he co-founded in 2000. He is the author of the "The Risk Premium Factor: A New Model for Understanding the Volatile Forces that Drive Stock Prices" (Wiley 2011) and has also published in the Journal of Applied Corporate Finance, Ad Age, CNBC.com and is a regular contributing author for the Seeking Alpha investment website. Steve is also inventor of U.S. Patent 9,378,515, which deals with the availability of mobile content based on a user's location and the time of transmission.

He holds an MBA from the Darden School of Business at the University of Virginia and a B.S. from Rensselaer Polytechnic Institute.

## 9. Ensure rapid document turnaround



Rob Griggs  
Vice President  
Corum Group Ltd.

As a serial entrepreneur and investment banker, Rob Griggs has had a successful 35+ year career in the high technology arena. Early in his career he was a top performer at Apple before starting his first software company in the mid-1980's. As a founder of Authorware / MacroMedia, NetRadio, Wit Capital, and many other companies, Rob's sales, marketing, business development and capital raising skills have been honed over supporting hundreds of company financial transactions during his career.

His success and extensive experience in software M&A uniquely qualify him as an expert in building value and realizing wealth. Rob joined Corum Group, the world's leading software M&A firm, with a specific focus on educating and helping prospective sellers maximize the value of their technology companies.

## 10. Get an experienced attorney



Ivan Ruzic  
Vice President  
Corum Group Ltd.

Ivan Ruzic has had a successful 30+ year career in the software business that has included virtually every senior executive role. His resume spans marquee companies such as BEA systems, Novell and Borland as well as multiple startups including his own. His international experience is extensive and in addition to the United States has been involved in mergers and acquisitions in Europe, Africa and Asia.

His success and extensive experience qualify him as an expert in building value and realizing wealth. Ivan joined Corum Group, the world's leading software M&A firm, with a specific focus on educating and helping prospective sellers maximize the value of their technology companies.

# 11. Get alignment between ownership, advisor & attorney



David Levine  
Vice President  
Corum Group Ltd.

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 twenty-five 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 public and private companies including one company that recently filed for an IPO.

Dave holds a business degree from the Indiana University, Kelley School of Business.

## 12. Get everyone on the phone together



Daniel Bernstein  
Vice President  
Corum Group Ltd.

Daniel Bernstein has worked in a number of roles over a twenty year career in high technology, most recently as the founder and CEO of Sandlot Games Corporation, a leading casual games publisher and developer. Having sold Sandlot Games to Digital Chocolate in 2011, Daniel started a small games studio and a consulting practice where he advises larger companies such as RealNetworks and smaller high growth businesses on product development, strategic initiatives, and M&A opportunities.

Prior to Sandlot Games, Daniel Bernstein held director level positions in companies such as Wild Tangent and Monolith. An accomplished composer, Daniel also writes music for most of the games he works on.

Daniel holds a BS in Computer Science and an MA in Music Composition from the University of Virginia.

# Upcoming Conference Schedule

**Selling Up Selling Out (SUSO)** - Ready to go to market? During this half-day workshop, learn to prepare, position, research, value, negotiate, and execute due diligence for maximum price and structure. This is the most attended Tech M&A event ever – participants have done over \$1 trillion in transaction value.

**Merge Briefing (MB)** - The Merge Briefing is a 90-minute executive briefing providing a current M&A market update (trends, valuations, etc.), as well as a brief overview of the Tech M&A process: “8 Steps To An Optimal Outcome.”

Aug. 23: **London** – MB

Sep 16.: **Cincinnati** – MB

Aug. 23: **San Diego** – MB

Sep. 20: **Salt Lake City** – SUSO

Aug. 24: **Amsterdam** – SUSO

Sep. 22: **Wilmington** – MB

Aug. 24: **Los Angeles** – MB

Sep. 27: **Barcelona** – MB

Aug. 25: **San Francisco** - SUSO

Sep. 27: **Denver** – SUSO

Sep. 14: **Atlanta** – SUSO

Sep. 28: **Phoenix** – SUSO

Sep. 15: **Nashville** – MB

Sep. 29: **Berlin** – SUSO

[www.CorumGroup.com/Events](http://www.CorumGroup.com/Events)

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[www.corumgroup.com](http://www.corumgroup.com)