TECH M&A MONTHLY

August 2012- Sellers Panel

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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 August 16, 12:30am PT, and 8:00am PT
  - See “Conferences and Events” at MergersAndAcquisitions.webex.com

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Moderator

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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Agenda

- Welcome
- Field Reports
  - Deals in Europe
  - Casual Connect Report
  - Upcoming Market Spotlight
- Corum Index
- Sellers Panel
- Q&A

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Field Report – Europe

Miro Parizek
Managing Director
Corum Group International

Miro has 25 years of experience in the software and IT industry. He joined Corum in 1998 and has since advised clients in over a dozen countries on three continents. Miro was appointed Managing Director of Corum Group International at the end of 2005 and is responsible for Corum's European business.

Miro has managed over $1 billion in M&A transactions. He has advised publicly traded buyers and privately held sellers ranging in size from 50 to over 1300 employees in sectors as diverse as BPM, compiler software, e-commerce, ESM, HR, IT services, LMS, MRP, outsourcing, SAN, SCM, TMS, unified communications, vertical software applications, video editing and WCM. Prior to Corum, Miro founded and ran three software and IT related firms in the '80s and '90s, including a leading software republisher, North American Software.

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.

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Gaming Conference Report

Jim Perkins
Regional Director, Digital Media Specialist
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 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.

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Casual Connect Report

- 2500+ Attendees
- Big Fish Unlimited Announced
  - "Gaming-as-a-Service"
- Buyer & Seller Panels
- Casual Gaming Market Spotlight: August 28

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Upcoming Market Spotlight

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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Where is Everywhere: M&A in Geospatial & Location-based technology

- Panelists & Speakers include:
  - Josh Knauer, CEO, Rhiza Labs
  - Allan Pym, COO, APOS Systems, Inc.
  - Rob Gorrie, Founder, Adcentricity
  - Steve Coast, Principal Architect, Bing Mobile/Microsoft and Founder, OpenStreetMap
  - Elon Gasper, VP & Director of Research, Corum Group
  - David Sonnen, Analyst, IDC
  - Ward Carter, Chairman, Corum Group

WORLD FINANCIAL SYMPOSIUMS

- August 14, 2012
- 1 PM (NY Time)
- **wfs.webex.com**

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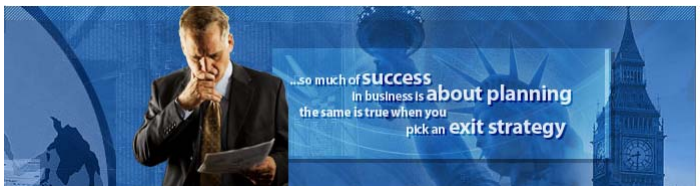
World Financial Symposiums

- Market Spotlight Webcasts
- "Growth & Exit Strategies" London, New York, Palo Alto, Shanghai, Seattle, India

EDUCATING TECHNOLOGY LEADERS



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Corum Research Report

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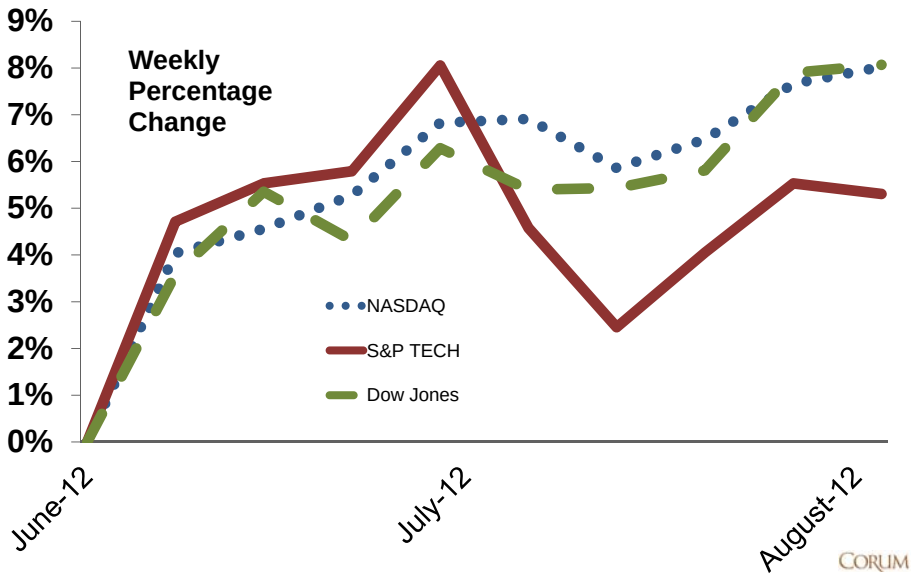
CORUM

Public Markets



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Corum Index

Corum Index

	July 2011	July 2012
# of Transactions	**326**	**326**
# of Mega Deals	4	5
Largest Deal	$1.6B	$2.6B
% Sub-$100m	71%	63%
Private Equity Deals	17	19
Private Equity Value	$2.2B	$3.8B
# VC backed Exits	71	74
All Cash (announced)	63%	45%
% Targets were Public	9%	13%
% Public Buyers	54%	49%

**$ values in millions*

Buyer	Seller	Price
Dell	**Quest Software**	**$2.6b**
Micron Technology	Elpida Memory	$2.5b
BC Partners	Cequel Comm.	$2.5b
Roper Industries	Sunquest Info Systems	$1.4b
VMWare	**Nicira**	**$1.2b**

CORUM

Corum Index

Buyer	Seller	Price
Dell	Quest Software	$2.6b
Micron	Elpida	$2.5b
		$2.5b
		$1.4b
		$1.2b

nicira **Sold to** vmware

Target: Nicira
Acquirer: VMware
Transaction Value: $ 1.26 billion

- Pre-revenue company that has raised more than $40 million
- Allows companies to create a virtual network infrastructure where they can deploy virtual services as well as networks

**$ values in millions*

CORUM

Corum Index

Corum Index

	July 2011	July 2012
# of Transactions	326	326
# of Mega Deals	4	5
Largest Deal	$1,640	$2,559
% Sub-$100m	71%	63%
Private Equity Deals	**17**	**19**
Private Equity Value	**$2,229**	**$3,835**
# VC backed Exits	71	74
All Cash (announced)	63%	45%
% Targets were Public	9%	13%
% Public Buyers	54%	49%

**$ values in millions*

Buyer	Seller	Price
Dell	Quest Software	$2.6b
Micron Technology	Elpida Memory	$2.5b
BC Partners	Cequel Comm.	$2.5b
Roper Industries	Sunquest Info Systems	$1.4b
VMWare	Nicira	$1.2b

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Horizontal Application Software Market

Public Valuation Multiples

	Since Q2	July 2012	Corum Analysis
EV / Sales	—	2.5x	*Decline continues from peak of **3.2**x and **20**x in July 2011 a year ago.*
EV / EBITDA	▼	12.7x	*Ongoing theme is **Social Media**.*

***Salesforce** bought **BuddyMedia** in June, **Google** picks up **Wildfire** in July, while traditional media cower, hoping for no further change…*

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Horizontal Application Software Market

Deal Spotlight

Sold to

Google

Sector: Social Media
Target: Wildfire Interactive
Acquirer: Google
Transaction Value: $350M + $100M earnout, estimated

- A social presence will complement all marketing campaigns
- Creating new opportunities for clients to engage with people across all social services

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Vertical Application Software Market

Public Valuation Multiples

	Since Q2	July 2012	Corum Analysis
EV / Sales	—	2.0x	*Starting the quarter with steady valuations.*
EV / EBITDA	—	9.5x	*Many notable healthcare software acquisitions.*

Preliminary transaction count by sector:

14 Financial Services
13 Healthcare
6 Energy/Enviro.
5 Government
3 A/E/C

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Vertical Application Software Market

Deal Spotlights

sunquest Sold to ROPER

- Provides hospital laboratory and diagnostic information management software

mModal Sold to One Equity Partners

- Provides **speech recognition** software and **SaaS** for clinical documentation and medical transcription

EV / EBITDA

CureTogether Open Source Health Research Sold to 23andMe

- 23andMe's first acquisition, an **online community** that enables users to share and rate treatments
- Backed by **Google**, 23andMe provides online **DNA testing** and analysis service

inary transaction by sector:

ancial Services
althcare
ergy/Enviro.
vernment
E/C

CORUM

Consumer Application Software Market

Public Valuation Multiples

	Since Q2	July 2012	Corum Analysis
EV / Sales	—	1.0x	*High volatility continues along with wave after wave of sector consolidations.*
EV / EBITDA	▼	7.7x	*Game companies and other buyers forced to continue acquisition binges as stable tech and growth prove elusive in shockingly difficult environment for most large companies.*

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Infrastructure Software Market

Public Valuation Multiples

	Since Q2	July 2012	Corum Analysis
EV / Sales	↓	2.1x	*Highly active M&A market amid tech change crossfire of cloud and mobile support requirements.*
EV / EBITDA	—	10.6x	*Emerging SaaS models in some segments in response see good liquidity prospects.*

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Infrastructure Software Market

Deal Spotlight

Web Help Desk
Powerful Software for Technical Support

Sold to

solarwinds

Sector: Systems Management
Target: Web Help Desk
Acquirer: SolarWinds, Inc.
Transaction Value: $20 million in cash

- Will expand the number of IT management problems SolarWinds solves
- 9th acquisition since 2007

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Internet Market

Public Valuation Multiples

	Since Q2	July 2012	Corum Analysis
EV / Sales	↑	2.2x	*Only market in the six to show significant gain last month for both measures of valuation.*
EV / EBITDA	↑	11.2x	*Consolidations of seven regional and retail site operators, plus dozens of other varied content and commerce plays.*

*Social news pioneer **Digg** sold for parts.*

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Internet Market

Deal Spotlight

digg **Sold to** betaworks, LinkedIn, The Washington Post

Sector: Digital Content
Target: Digg
Acquirer: Betaworks, LinkedIn, Washington Post
Transaction Value: Reportedly ~$16 million between cash and equity

- Digg raised over $45 million from investors since its launch
- Rumored to have turned down $200 million offer from Google in 2008

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Internet Market

Deal Spotlights

Sold to

The Weather Channel

Sector: Weather Prediction
Target: Weather Underground
Acquirer: The Weather Channel Companies
Transaction Value: Undisclosed

- Has about 11 million unique visitors a month
- Weather Channel backed by NBC Universal, Bain Capital, others
- Improves forecasts by adding thousands of crowdsourced reports from amateur meteorologists

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IT Services Market

Public Valuation Multiples

	Since Q2	July 2012	Corum Analysis
EV / Sales	—	0.5x	*Does not include Asian IT Services, which continue to command significantly higher valuations, though down from peak difference. Buyers will eventually need to address this disparity through more aggressive acquisition or sourcing policies.*
EV / EBITDA	—	7.5x	

***SAIC** buys **MaxIT**.*

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Sellers Panel – Moderator

Miro Parizek
Managing Director
Corum Group International

Miro has 25 years of experience in the software and IT industry. He joined Corum in 1998 and has since advised clients in over a dozen countries on three continents. Miro was appointed Managing Director of Corum Group International at the end of 2005 and is responsible for Corum's European business.

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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.

CORUM

Special Guest

Torben Majgaard
Ciklum
Minority Stake to Horizon Capital

CIKLUM
EMPOWERING COLLABORATION

Ciklum is a Danish IT outsourcing services provider specialized in nearshore software development in Eastern Europe. Rather than the traditional IT outsourcing model of project-based services, Ciklum establishes services dedicated IT departments – "Client Own Development Teams"– in one of their seven nearshore development centers in Ukraine or Belarus. This is equivalent to having own in-house IT specialists, but for a significantly lower cost and with less administrative nuisances.

Established in 2002, Ciklum employs 2,000+ IT specialists with more than 165 global clients' own software development teams. Ciklum is recognized as CeBIT 2010 Top 20 innovative company delivering services/products for small and medium sized companies, and named the 2010 and 2011 Top 100 Global Services provider.

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Special Guest

Thomas Berglund
Edvantage Group
Acquired by Lumesse

Thomas Berglund is CEO and founder of Edvantage Group, now a part of Lumesse. Under his leadership, the company has become one of the fastest growing e-learning companies in EMEA, ranked among the winners of the Deloitte Fast 500 (2007, 2008).

Prior to Edvantage Group, Thomas held management positions in Delphi, Telia, Nokia and ICL. He is also active as Board Member and Chairman in several start-up companies. A fan of life-long learning Thomas has taken multiple degrees in Management schools such as IHM, IHM Executive, BI-Master of Management and Henley Management College.

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Special Guest

Robert Tietjen
PolicyTech
Now a part of NavEx Global

Rob Tietjen received a Masters in Communications from Idaho State University. Prior to starting PolicyTech he served as the Education Director as well as the Chairman of the Performance Improvement Committee at Madison Memorial Hospital, helping them to achieve the Northwest Quality Award. Before that, he received a great passion for teaching while instructing on both the High School and University levels. He is a believer in community volunteer work, serving as president for several community councils & committees. He has also been requested as a speaker on many occasions for organizations such as the American Society for Quality, the Idaho Hospital Association, Health Care Compliance Association (HCCA), and various other volunteer organizations.

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Q&A

- We welcome your questions!
  - Use Q&A window on right side
  - Submit to queue at any time
  - Ask “all panelists” – see “ask” option above text-entry box

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Questions? Suggestions?

- Please send them to **info@corumgroup.com**
- Rebroadcasts August 16
- For further education, please attend Corum’s Merge Briefings and “Selling Up, Selling Out”

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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. 15 : **Silicon Valley** – SUSO

Aug. 16: **Denver** – SUSO

Aug. 23: **Salt Lake City** – SUSO

Aug. 28: **Columbus** – MB

Aug. 29: **St. Louis** – MB

Aug. 30 : **Omaha** – MB

Sep. 11 : **Portland** – MB

Sep. 12 : **Montreal** – MB

Sep. 18: **Paris** – SUSO

Sep. 19 : **Calgary** – MB

Sep. 19 : **Edmonton** – MB

Sep. 20: **Copenhagen** – MB

Sep. 25 : **Reading** – MB

Sep. 26 : **Edinburgh** – MB

Sep. 27: **Manchester** – MB

Sep. 27 : **San Diego** – MB

Sep. 28 : **Lyon** – MB

Oct. 1: **Chicago** – SUSO

Oct. 2: **Dallas** – SUSO

Oct. 2: **Detroit** – SUSO

www.CorumGroup.com/Events.aspx

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