

# CORUM

USA Switzerland Germany France United Kingdom Canada Norway Brazil

## **M&A Monthly Report – March 2010**

### **Private Equity – The Biggest Buyer of All!**

Thursday, March 4, 2010  
10:00 am PT

# Presenters



Mark Reed  
Executive Vice President  
Corum Group Ltd.



Ward Carter  
Chairman  
Corum Group Ltd.



Tomoki Yasuda  
Analyst  
Corum Group Ltd.

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

# Agenda

- Overview of Current Global Market
- Market and Valuation Analysis
- Private Equity Panel
- Closing Comments - Q&A

# US Economy

- Business Activity Expanded – GDP Topped Estimates
- Consumers Outlays, Manufacturing Start 2010 on Positive Note
- Fed Stresses Need for Continued Low Rates
- Senate Approves Job-Creation Bill
- Factories Set to Rehire
- Mortgage Delinquencies Edge Down
- Lending Falls at Epic Pace
- Fear Over... Obama's New Investment Tax

# Euro Zone

- Greek Protesters Assail Plan to Trim Deficit
- The Euro's Next battlefield: Spain
- Germans Consider Bank Rescue for Greece
- Europe, Asia Markets Rally on Greece Bailout Plan
- UK Sees Stalled Euro-Zone Recovery
- Debt Deals Haunt Europe

# Asia/Middle East/ROW

- Recall Dims Japan's Export Outlook
- Are Cracks Forming in BRICs?
- Debt Threat to Kuwait Investment Houses

# Technology

- Novell Soars after Elliot Makes \$2 Billion Offer
- Mergers, Acquisitions Seen Gaining Steam
- Cash Rich Firms Snare Rivals in Flurry of Deals
- Tech Earnings Reports are Up
- Can Anyone Rescue Palm from Its Death Spiral?
- Strategic Deals to Drive M&A in 2010
- Return of the IPO Market?
- Continued Strong Cross-Border Activity

# Technology & Private Equity

- Intel Forms Funding Alliance
- Total PE Deal Flow 2009 Down Dramatically
- More Focus on Add-Ons as Private Equity Steps Up Pace
- Anemic Outlook for PE Fundraising in 2010
- Recovery of Debt Markets Has Been Slow
- Expect More IPOs of Portfolio Companies
- Strong Competition among Funds for Fresh Capital



# Private Equity for Your Exit Strategy

- Technology Executives Must Consider PE
- Pool of Equity for Growth Investments, Recapitalizations, and Buyouts
- Portfolios Rich in Complementary Technology
- Tech is Still Ripe for Private Equity Funds Searching for High Returns

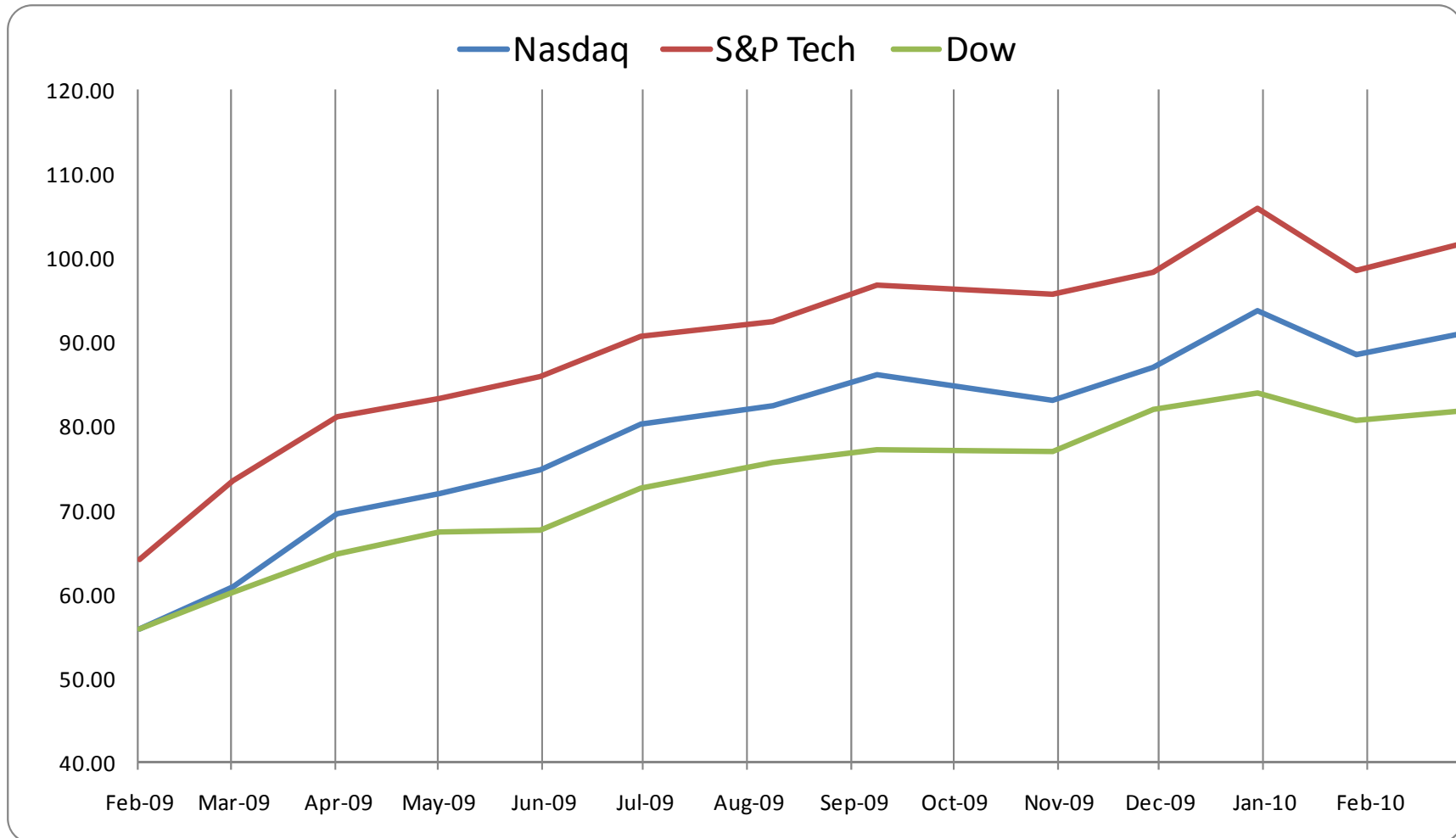
# Market and Valuation Analysis



Tomoki Yasuda  
Analyst  
Corum Group Ltd.

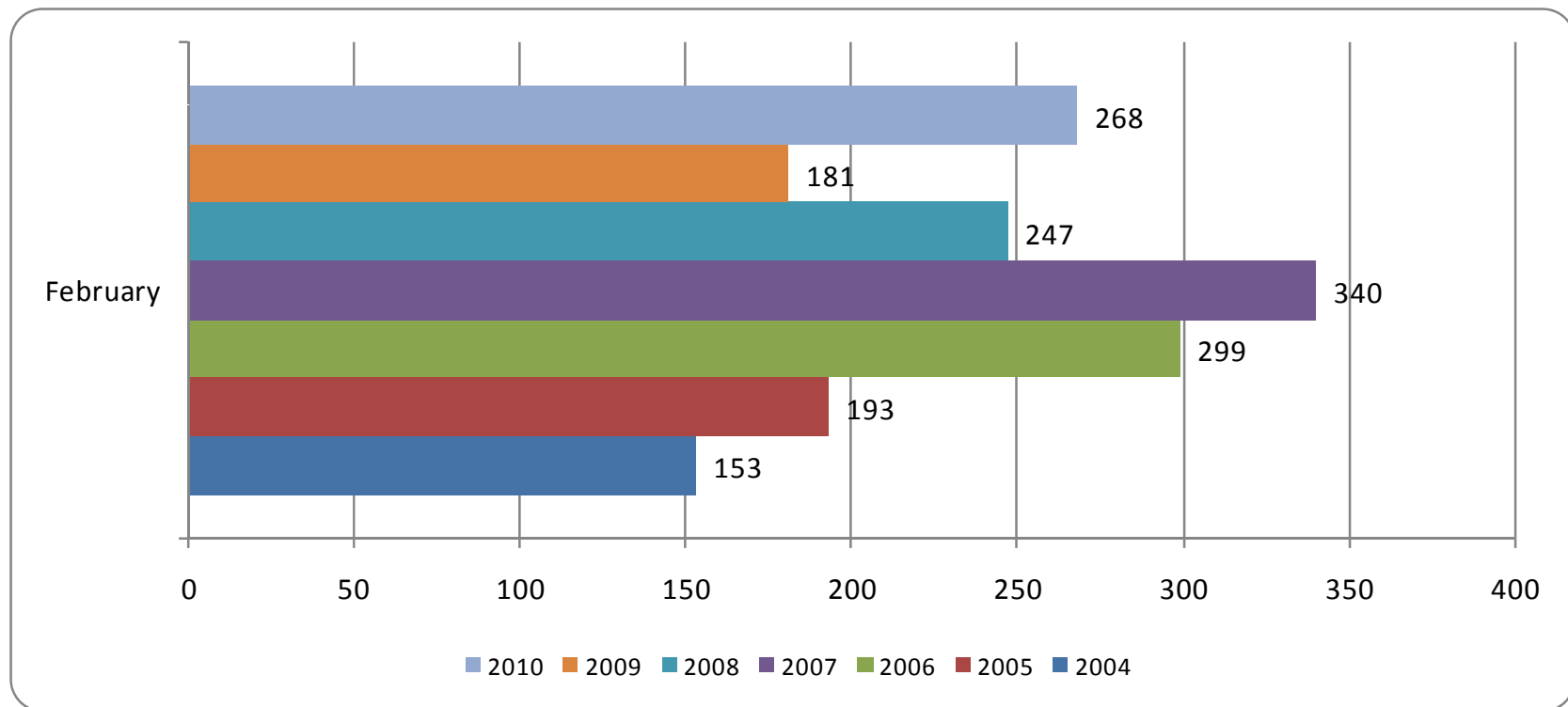
Tomoki is currently an analyst working at Corum's headquarters in Bothell, WA. At Corum, he is responsible for conducting research and market analysis on companies, the economy, and valuations. He has a dual degree in Economics and International Studies from the University of Washington and is a contributor to Corum's monthly webinars.

# Public Markets



# M&A Activity – February

## Number of Software and IT M&A Transactions



# Corum Index – M&A Statistics

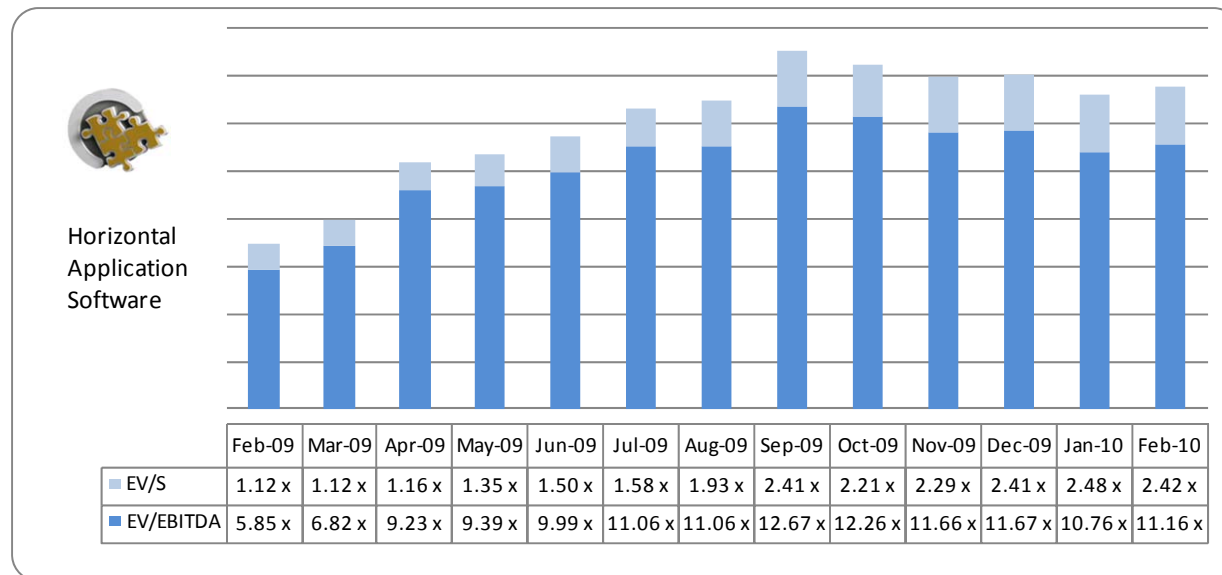
## Corum Index

	Feb-09	Feb-10
# of Transactions	181	268
# of Mega Deals	0	3
Largest Deal	\$488	\$2,300
Average Deal Size	\$41	\$150
Median Seller Size	\$25	\$16
# VC backed Exits	22	35
% Terms Undisclosed	74%	81%
All Cash (announced)	55%	72%
% Targets were Public	20%	10%
% Public Buyers	48%	49%

\*\$ values in millions

# Horizontal Application Software Market

## Public Valuations



## Deal Spotlight:

**Sector:** Content Management

**Target:** Nstein Technologies

**Buyer:** OpenText

**Transaction Value:**

\$33.5 million

1.5x revenues

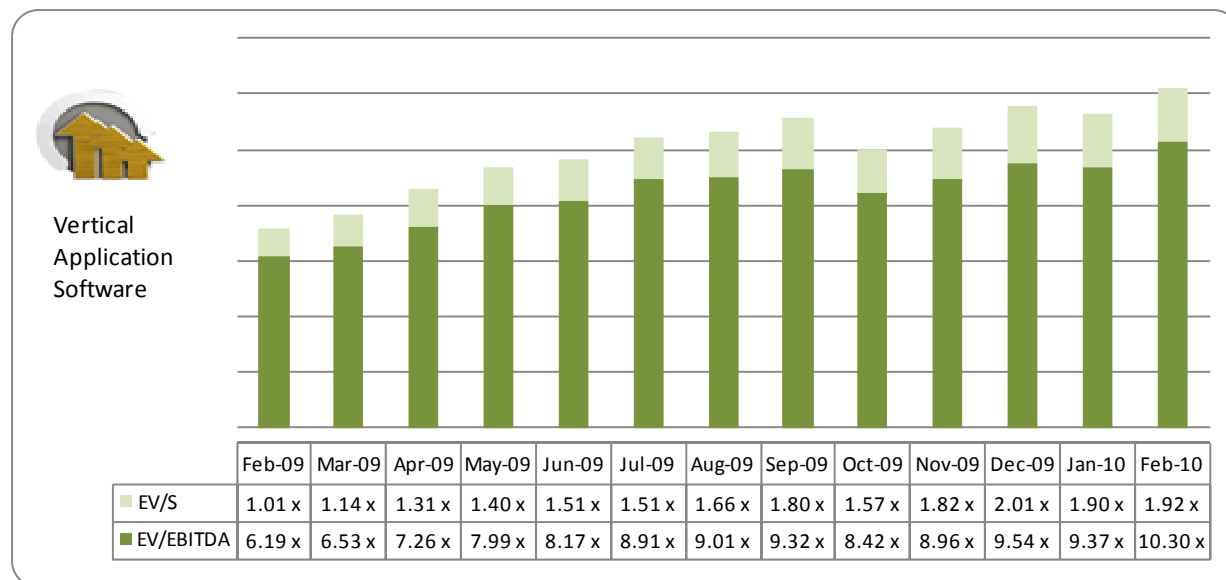
**Structure:** Cash

## Comments:

- Text Mining Engine
- Financial Terms
- Expanded WCM Portfolio

# Vertical Application Software Market

## Public Valuations



## Deal Spotlight:

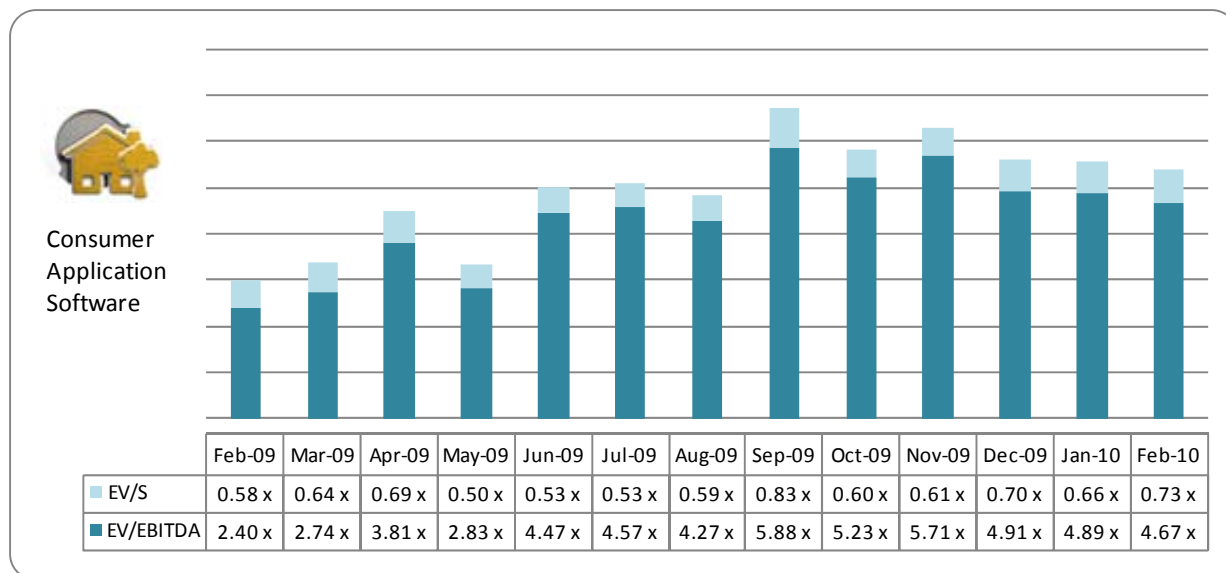
**Sector:** Data Management  
**Target:** Initiate Systems, Inc.  
**Buyer:** IBM Corp.  
**Transaction Value:**  
 \$425 million  
 4.7x revenues  
**Structure:** Cash

## Comments:

- Vertical Targeting
- Defensive Deal?
- M&A Wave

# Consumer Application Software Market

## Public Valuations



## Deal Spotlight:

**Sector:** Mobility  
**Target:** reMail  
**Buyer:** Google, Inc.  
**Transaction Value:** Undisclosed  
**Structure:** N/A

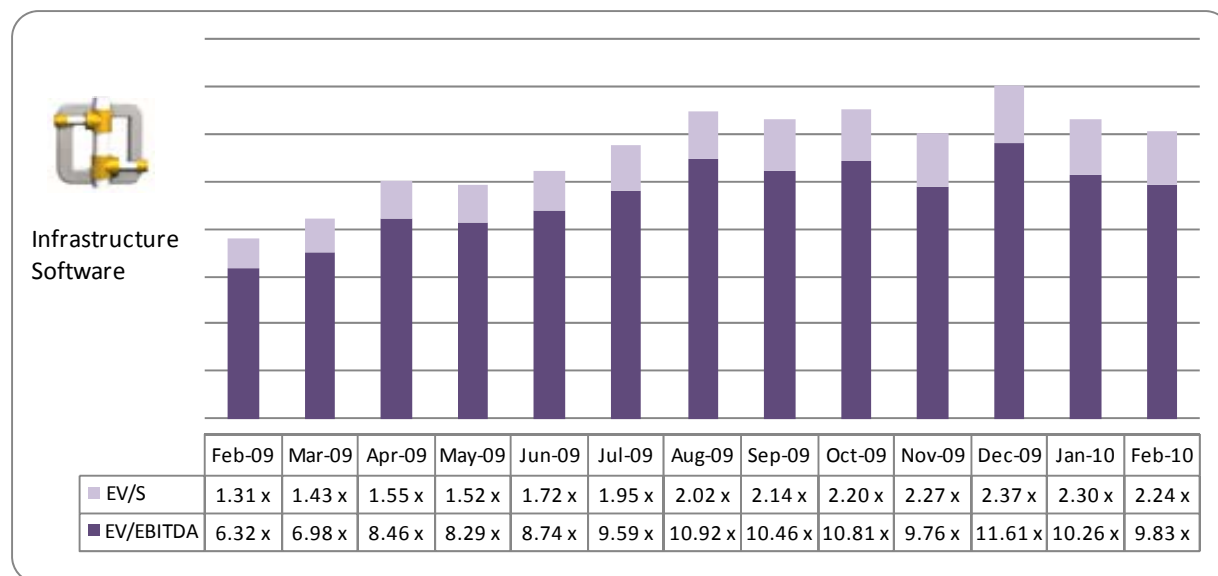
### Comments:

- Apple – Google Cold War
- Companies Aligning Themselves
- Opportunity for Innovation



# Infrastructure Market

## Public Valuations



## Deal Spotlight:

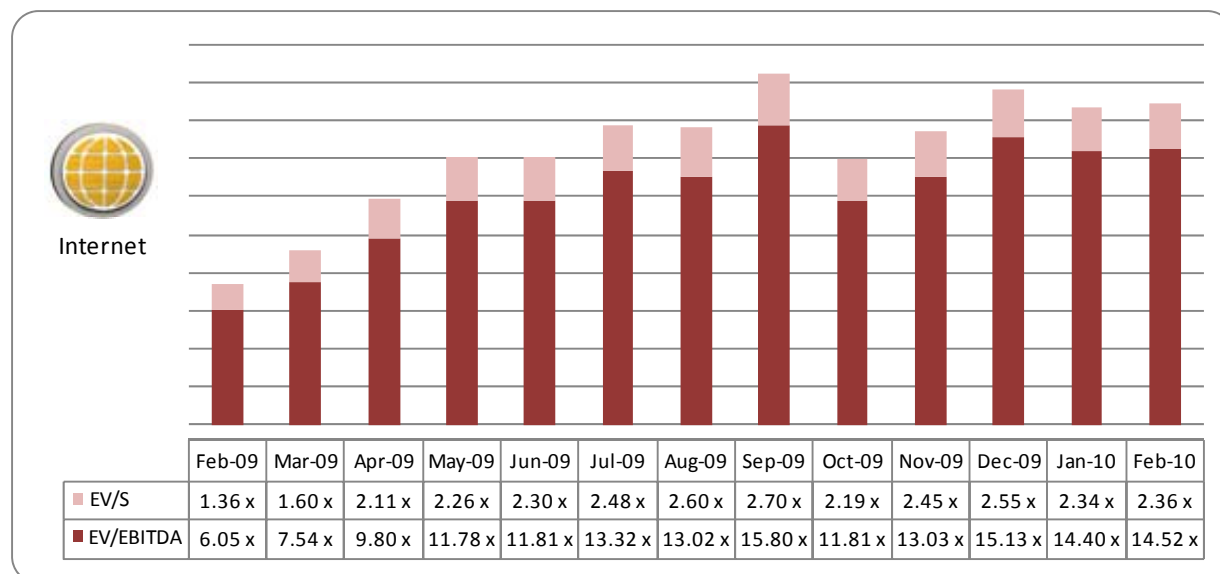
**Sector:** Storage  
**Target:** Mimosa Systems, Inc.  
**Buyer:** Iron Mountain, Inc.  
**Transaction Value:**  
 \$112 million  
 5.1x Revenues  
**Structure:** Cash

### Comments:

- On-Premise/Hosted Difference
- Data Archiving Expanding

# Internet Market

## Public Valuations



## Deal Spotlight:

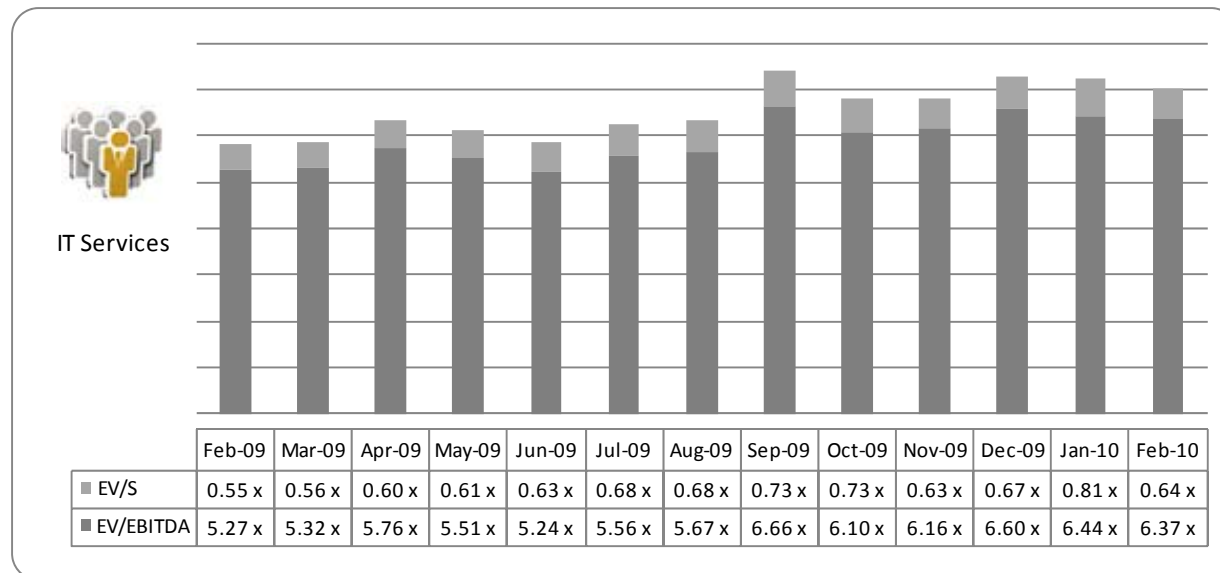
**Sector:** Pure Play  
**Target:** Yahoo! (HotJobs Assets)  
**Buyer:** Monster Worldwide  
**Transaction Value:**  
 \$225 million  
**Structure:** Cash

### Comments:

- Divestiture
- Monster Slump

# IT Services Market

## Public Valuations



## Deal Spotlight:

**Sector:** IT Services

**Target:** Unisys (Assets)

**Buyer:** Marlin Equity Partners

**Transaction Value:** Undisclosed

**Structure:** N/A

### Comments:

- Acquires Payment Systems Assets
- Return of Burroughs Name
- Brand Recognition

# Private Equity Panelists



Michael Wand  
Carlyle Europe  
Technology Partners



David Golob  
Francisco Partners



David Reuter  
LLR Partners

# Carlyle



## Michael Wand Managing Director, Co-head Carlyle Europe Technology Partners

Michael Wand is a Managing Director and Co-head of Carlyle Europe Technology Partners, a team of dedicated investment professionals who focus on European growth capital and buyout opportunities in a variety of sectors including media, software, telecom, aerospace and defense, healthcare and technology. He is based in London.

Prior to joining Carlyle in 2001, Mr. Wand worked for approximately 10 years in investment banking, the last seven years in the technology sector. As a Managing Director, he was responsible for the European software and internet research team at Deutsche Bank in London. Prior to that, he worked as a European Software Analyst for Paribas in London and BHF-Bank in Frankfurt, Germany. During his banking career, Mr. Wand was the underwriting analyst for technology innovators such as SAP, Autonomy, SurfControl, Utimaco and nCipher.

Mr. Wand received his M.B.A. from Mannheim University in Germany and the University of Texas at Austin. He holds a B.A. degree in economics and business administration from Mannheim University in Germany. He has been registered with FSA from 2001 to the present.

Mr. Wand is currently a member of the Board of Directors of FRS Global, KCS.net Holding AG and UC4 GmbH, and is Chairman of the Supervisory Board for Personal & Informatik AG. His previous investments include Apama, Inc. (now part of Progress Software) and SmartTrust AB.

# Francisco Partners



David Golob  
Partner  
Francisco Partners

Mr. Golob has been a Partner with Francisco Partners since joining the firm in September 2001. From 1998 to 2000, Mr. Golob was a Managing Director with Tiger Management, where he was co-head of the global technology group and focused on the software industry. Prior to Tiger, Mr. Golob spent several years as a private equity investor focused on the software industry at General Atlantic Partners and Sutter Hill Ventures. Earlier in his career, Mr. Golob was a management consultant with McKinsey & Company and a Product Manager with Newport Systems Solutions, Inc. (acquired by Cisco).

Mr. Golob serves on the board of directors of Attachmate, Barracuda Networks, City Index, Foundation 9 Entertainment, GXS, and RedPrairie, and previously served on the boards of ADERANT (sold to a financial buyer), Office Tiger (sold to RR Donnelly), and Primavera (sold to Oracle). Mr. Golob holds an A.B. in chemistry from Harvard College, summa cum laude, and a M.B.A. from the Stanford Graduate School of Business.

# LLR Partners



David Reuter  
Partner  
LLR Partners

David Reuter is a Partner with LLR Partners Inc., a private equity firm with over \$1.4 billion under management. LLR Partners helps talented entrepreneurs grow their businesses by providing capital, strategic counsel, and access to the Mid-Atlantic region's most extensive business network. LLR Partners invests in a broad range of growth industries, with a focus on expansion capital, buyouts, and negotiated investments in public companies. Mr. Reuter manages LLR Partners' software and financial services investments.

Prior to LLR, Mr. Reuter held various positions in the Growth Company Practice of Arthur Andersen LLP, which provided accounting and consulting services for the leading growth companies in the Greater Philadelphia region. He provided management consulting services including financial analysis, market research, merger and acquisition transaction support, due diligence, and business valuation as well as audit and accounting services across a broad range of industries. Prior to Arthur Andersen, Mr. Reuter provided consulting in sales, marketing, and strategy to middle market enterprises.

Mr. Reuter holds a B.S. in Business and Economics from Lehigh University, where he graduated with honors. He serves on the Board of Directors of the Greater Philadelphia Venture Group and Urban Blazers Foundation. He is a Certified Public Accountant and a member of the AICPA and PICPA.

# Private Equity Panelists



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Carlyle Europe  
Technology Partners



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