

CORUM

USA Switzerland Germany France United Kingdom Canada Norway Brazil

M&A Monthly – August 2010

“SOLD!” – Sellers’ Panel

Thursday, August 5, 2010
10:00 am PT

Agenda

- Market Overview
- Corum M&A Metrics
- Reports: SaaS, Casual Gaming, China Update
- “SOLD!” - Sellers’ Panel
- Closing Comments - Q&A

Presenters



Bruce Milne
CEO
Corum Group Ltd.



Tomoki Yasuda
Senior Analyst
Corum Group Ltd.



Ward Carter
Chairman
Corum Group Ltd.



Dougan Milne
Vice President of Research
Corum Group Ltd.



Yuan Cecilia Yuan 袁媛
Research Analyst, China
Corum Group Ltd.



Jon Scott
Vice President
Corum Group Ltd.

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 12, 12:30am PT, or 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: 664 460 677

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

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.

International

- Japan Growth to Slow as Unemployment Rises, Production Drops
- Euro Tops \$1.32 as Dollar Slips
- Banks on Europe's Edge Face \$122 Billion Refinancing
- Europe Economic Confidence Rises as Exports Improve
- Euro Advances to Two-Month High on Bets Europe Recovering Faster Than U.S.
- Time to Buy Dollars As Euro Economies Reach Limits of Austerity

United States

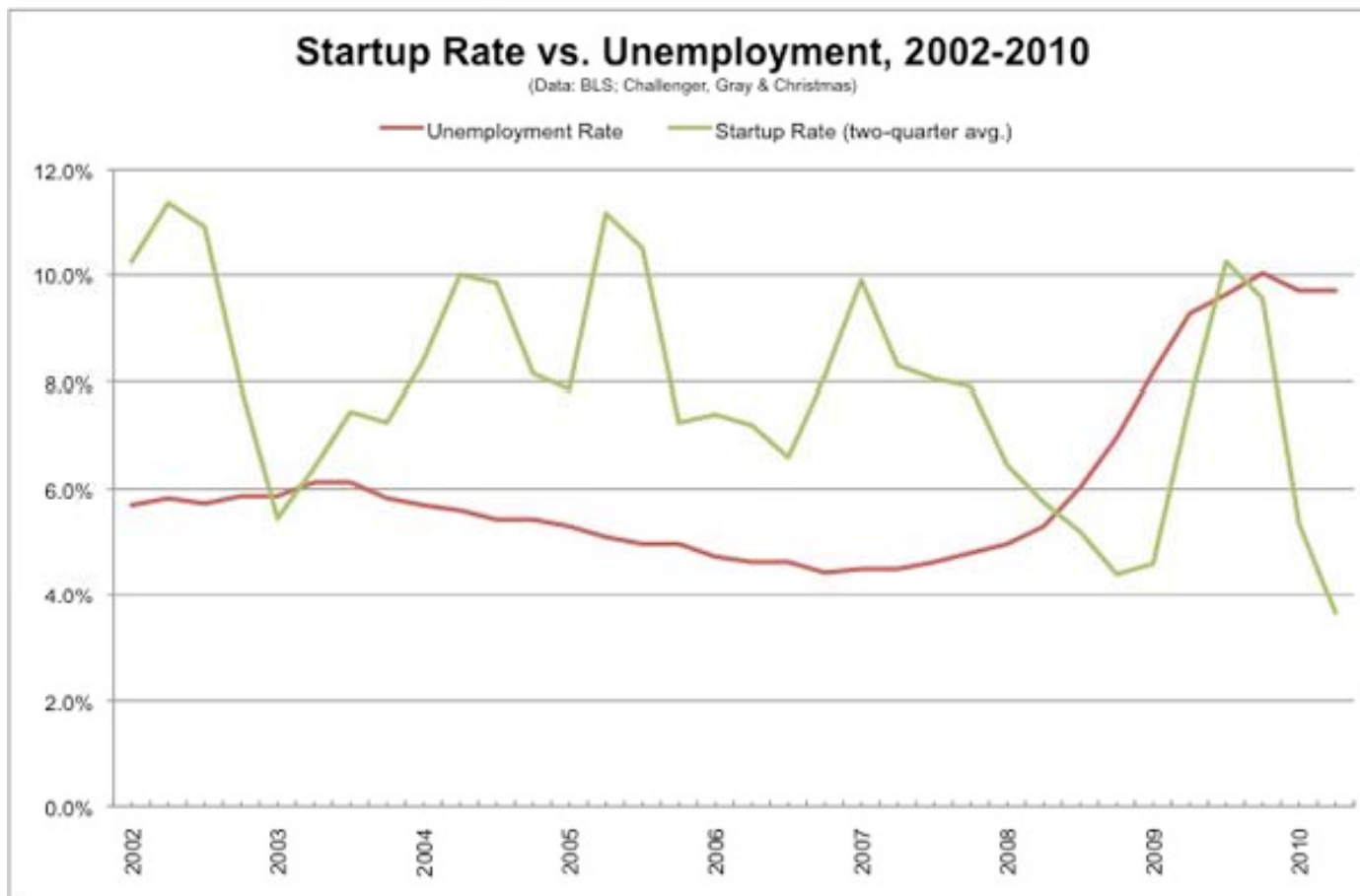
- Manufacturing Slows in July for 3rd Month
- Service Companies Expanded Faster in July (ISM)
- Housing Prices in Most Cities Still Falling
- Fed Chief Sees Long Road Back to Economic Health
- New Home Sales Drive Market, but Housing Still Weak
- ADP Estimates Companies in U.S. Added 42,000 Jobs

United States

- Foreclosure Filings Rise in 75% of U.S. Cities on Unemployment
- Consumer Sentiment Sags to Lowest Since November
- Treasuries Gain as Growth Slows, Pushing 2-Year Notes Yields to Record Low
- JPMorgan Cuts Forecasts on 2010, 2011 New York Oil Prices as Demand Slows
- U.S. Economy Grew 2.4% in Second Quarter, Below Forecast
- Consumer Bankruptcies May Exceed 1.6 Million

United States

Startup Activity at Record Low: Challenger



Technology

- IBM Plans to Issue Three-Year Notes in Benchmark Offering
- EU Initiates Anti-Trust Action Against IBM
- RIM Said to Plan Tablet for November to Take on Apple's iPad
- Saudi Ban Rains on RIM's Party
- Americans Buy iPads While Broke in New Abnormal Economy
- Google Ripe for a Stock Buyback or Dividend

Merger Mania!

- Corporate Liquidity up 26% over Prior Year
- Takeover Spree May Point to Second-Half Pickup as Volume Tops \$1 Trillion

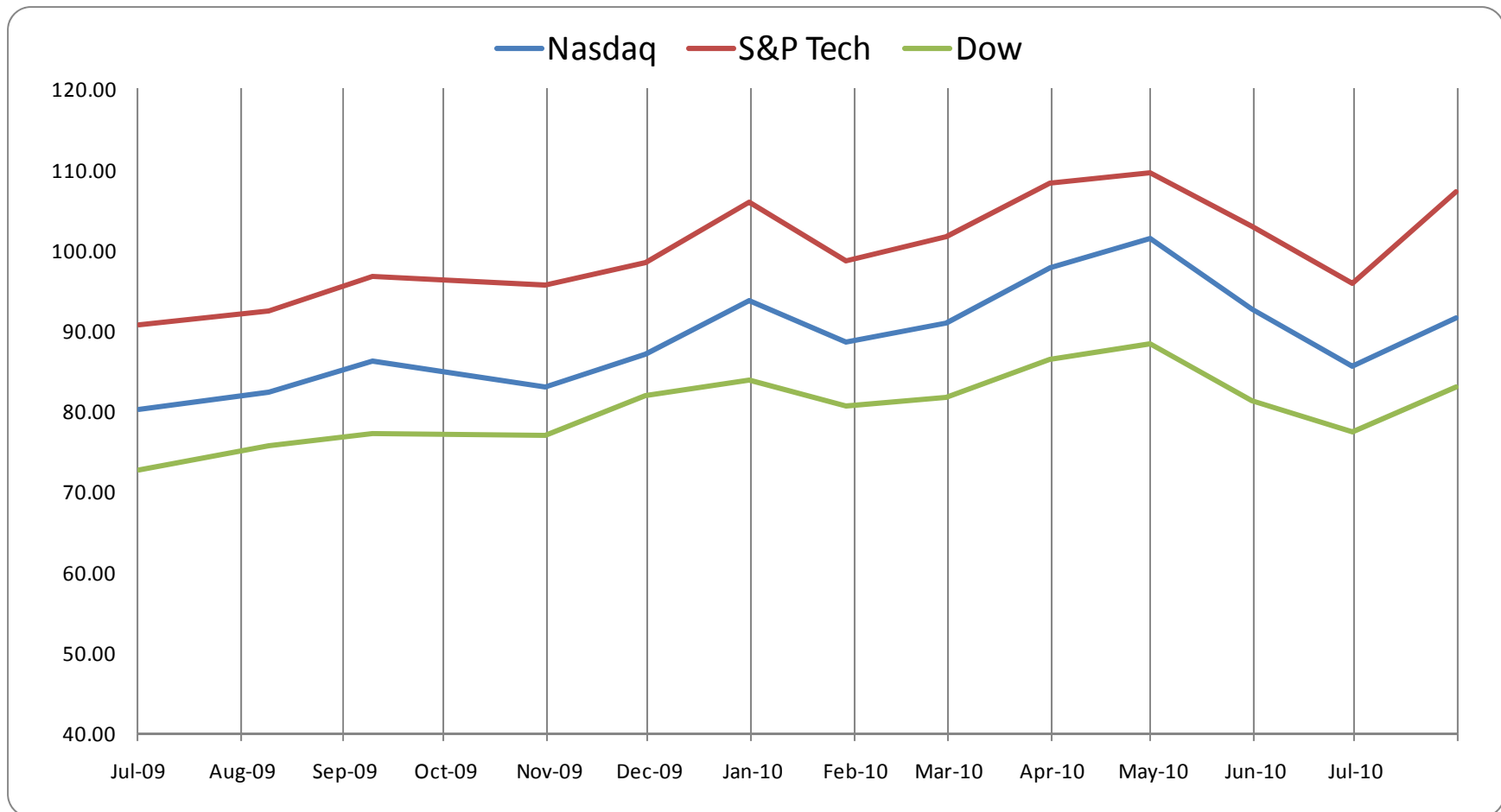
Corum M&A Update



Tomoki Yasuda
Senior Analyst
Corum Group Ltd.

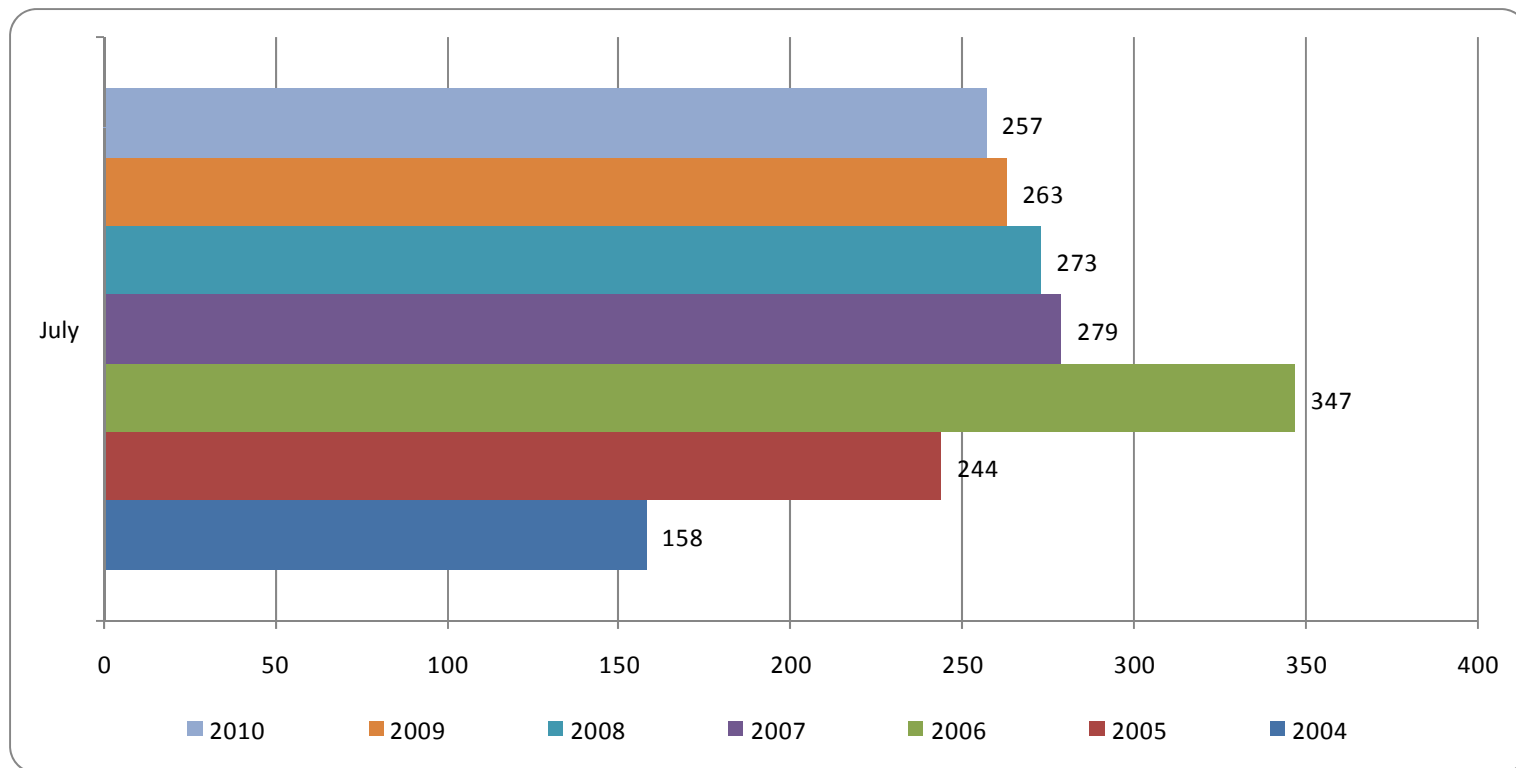
Tomoki is currently a senior analyst working at Corum's headquarters in Bothell, WA. At Corum, he is responsible for conducting research and financial analysis on companies, the economy, and valuations. He has a dual degree in Economics and International Studies from the University of Washington and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

Public Markets



M&A Activity – July

Number of Software and IT M&A Transactions



Corum Index – M&A Statistics

Corum Index

	July 2009	July 2010
# of Transactions	263	257
# of Mega Deals	2	4
Largest Deal	\$1,170	\$3,171
Average Deal Size	\$121	\$287
Median Seller Size	\$19	\$71
# VC backed Exits	31	36
% Terms Undisclosed	73%	81%
All Cash (announced)	55%	54%
% Targets were Public	16%	11%
% Public Buyers	48%	52%

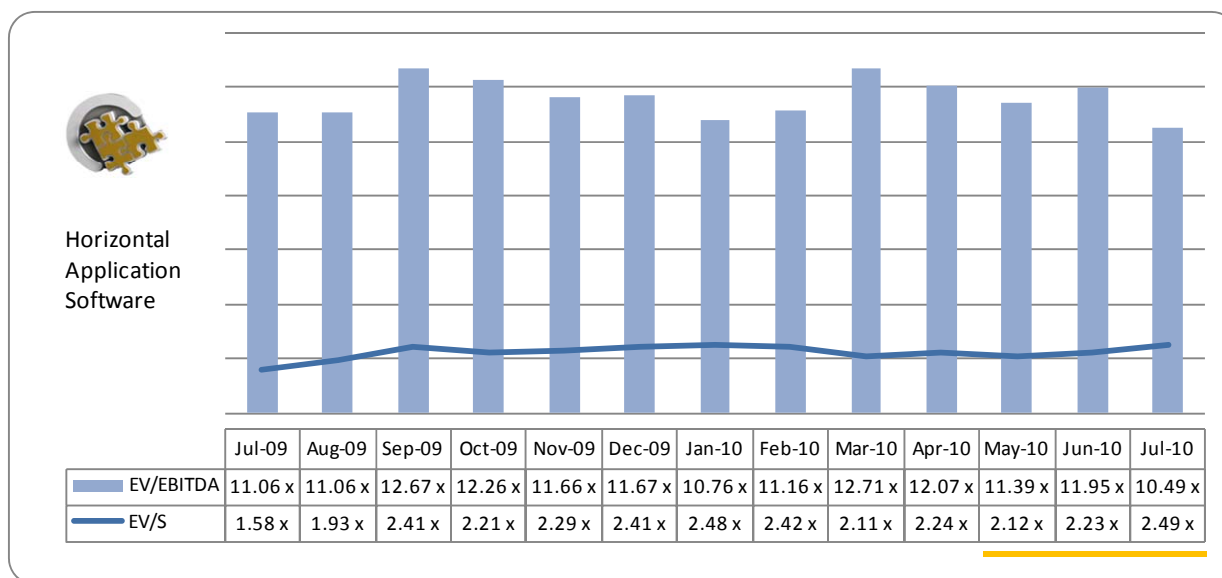
*\$ values in millions

Buyer	Seller	Price
NTT	Dimension Data	\$3.1bn
Hexagon	Intergraph Corp.	\$2.1bn
Tyco	ADC	\$1.2bn
Nokia	Motorola (Assets)	\$1.2bn

- Mega-deals up
- Average and median seller size up
- Increase in the number of public buyers

Horizontal Application Software Market

Public Valuations



Deal Spotlight:

Sector: Web Content Mgmt

Target: Day Software

Buyer: Adobe Systems, Inc.

Transaction Value: \$242m

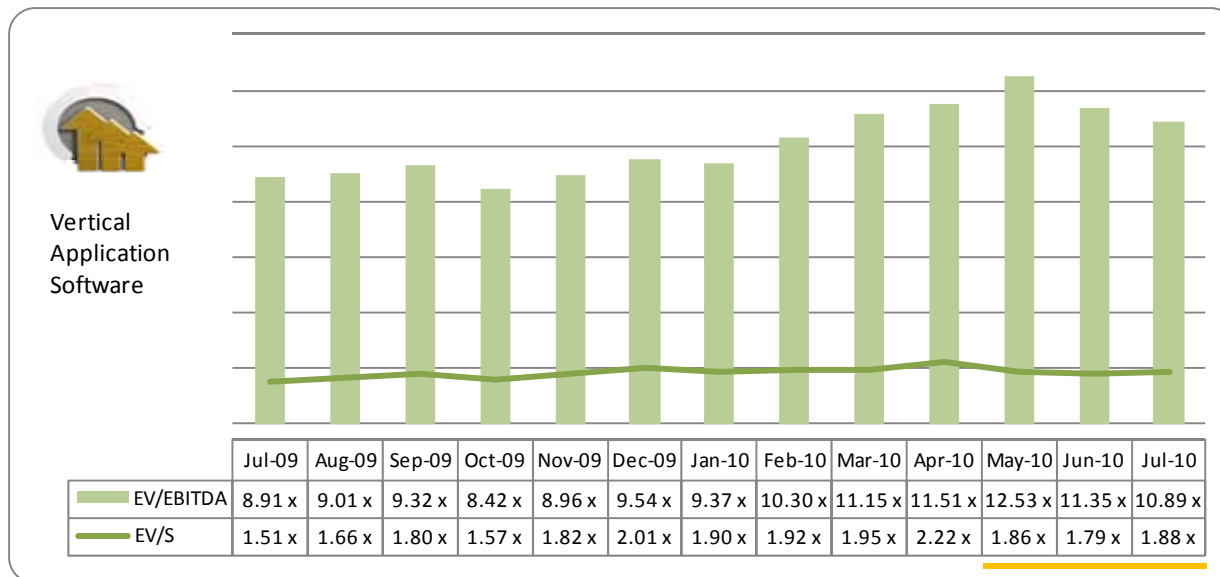
Structure: Cash, 5.3x EV/S

Comments:

- Filling strategic gap
- Consolidation of sector

Vertical Application Software Market

Public Valuations



Deal Spotlight:

Sector: Travel

Target: ITA Software

Buyer: Google, Inc.

Transaction Value: \$700m

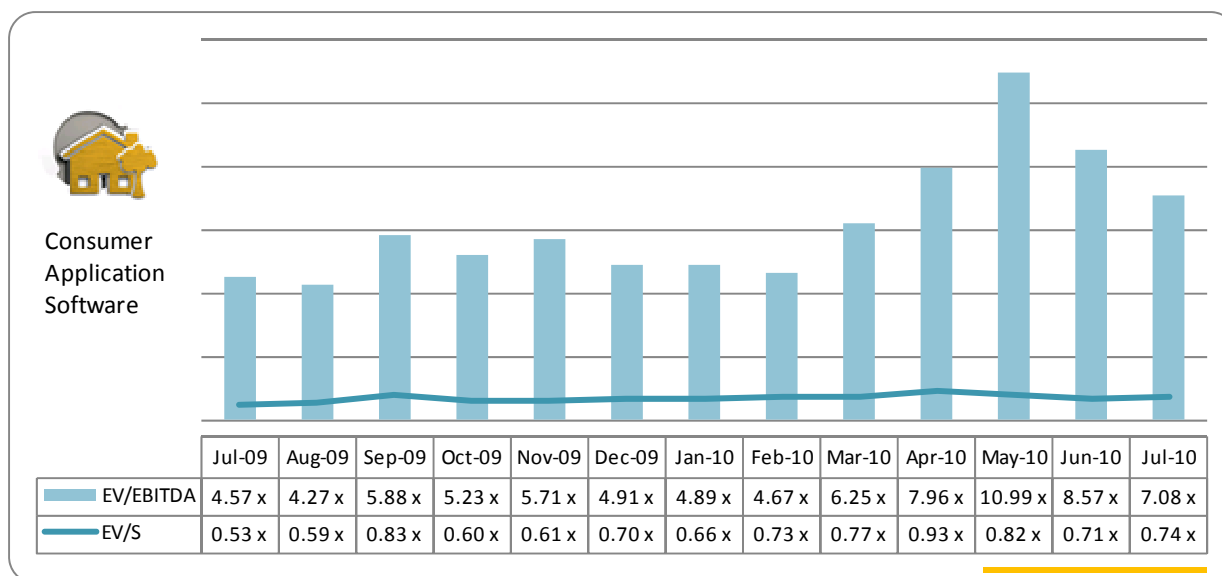
Structure: Cash

Comments:

- Talent & Technology
- New flight search tools
- Expanding to new verticals

Consumer Application Software Market

Public Valuations



Deal Spotlight:

Sector: Casual Games

Target: Playdom, Inc.

Buyer: Walt Disney Company

Transaction Value: \$563m

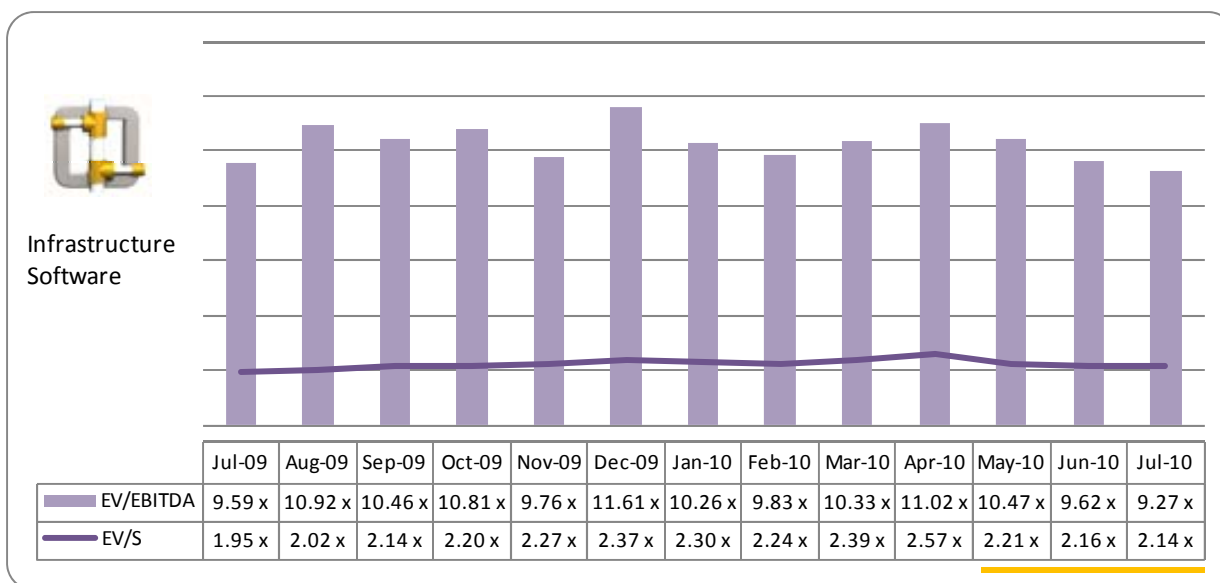
Structure: Cash, plus an earnout of up to \$200m.

Comments:

- Technology Portfolio
- Market-Share

Infrastructure Market

Public Valuations



Deal Spotlight:

Sector: Storage

Target: Greenplum

Buyer: EMC Corporation

Transaction Value: \$400m

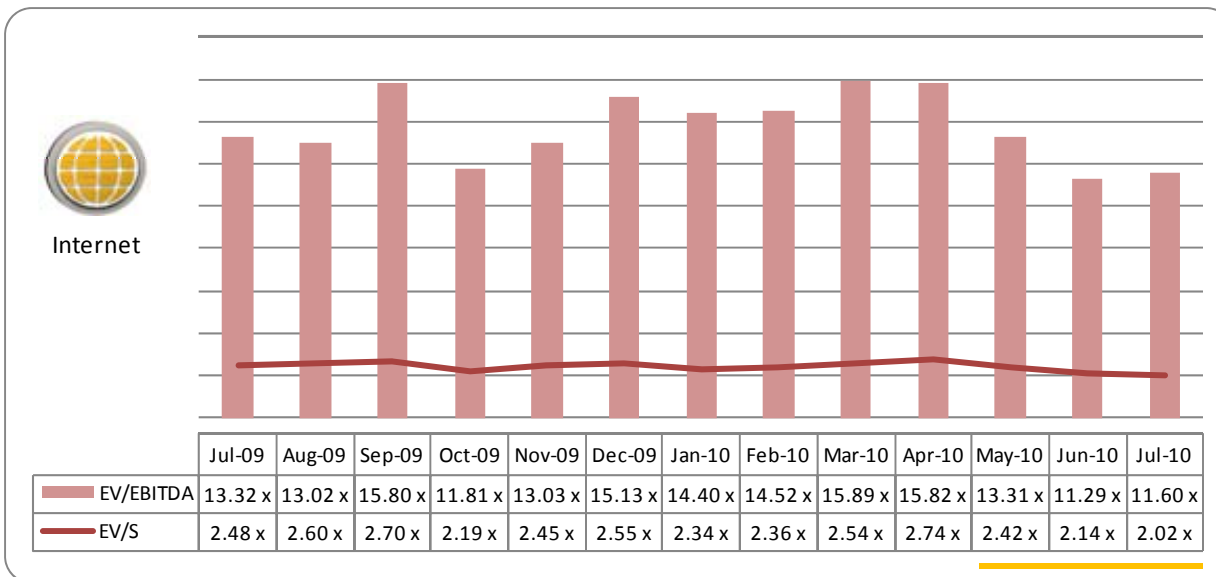
Structure: Cash, 13.8x EV/S.

Comments:

- Expanding Technologies
- 'Big Data' Analytics
- Combination with Virtualization

Internet Market

Public Valuations



Deal Spotlight:

Sector: Collaboration

Targets: Nextstop/Hot Potato

Buyer: Facebook

Transaction Value: N/A

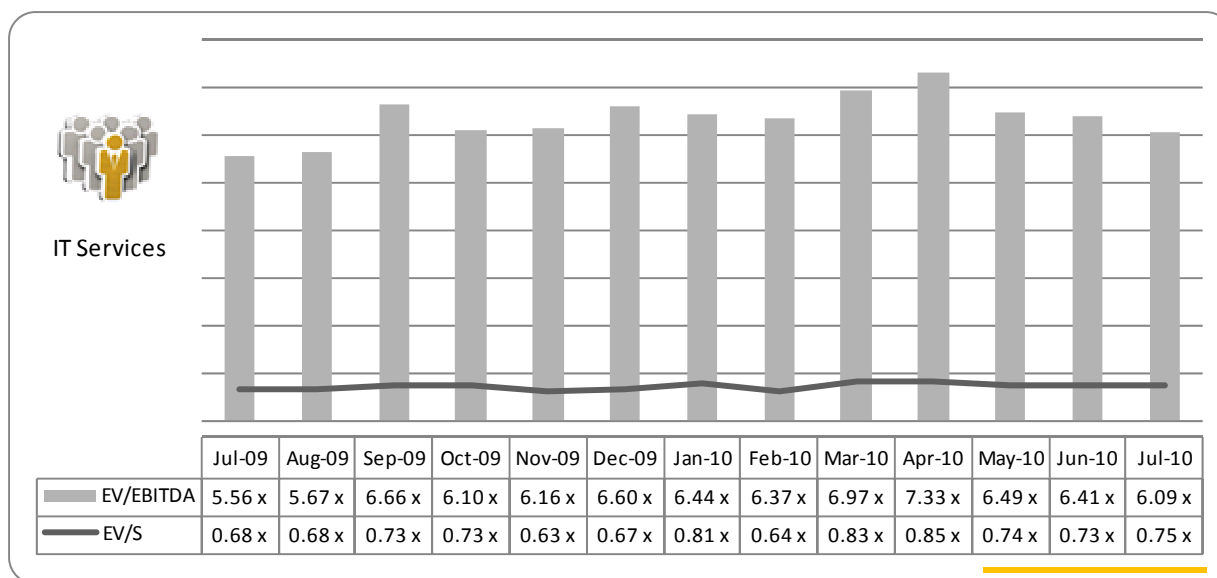
Structure: N/A

Comments:

- Talent Acquisition
- Fifth deal in last six months

IT Services Market

Public Valuations



Deal Spotlight:

Sector: IT Services

Target: NTT Corporation

Buyer: Dimension Data Holdings

Transaction Value: \$3.1bn

Structure: Cash

Comments:

- Change in focus
- Geographical expansion

SaaS Update



Ward Carter
Chairman
Corum Group Ltd.

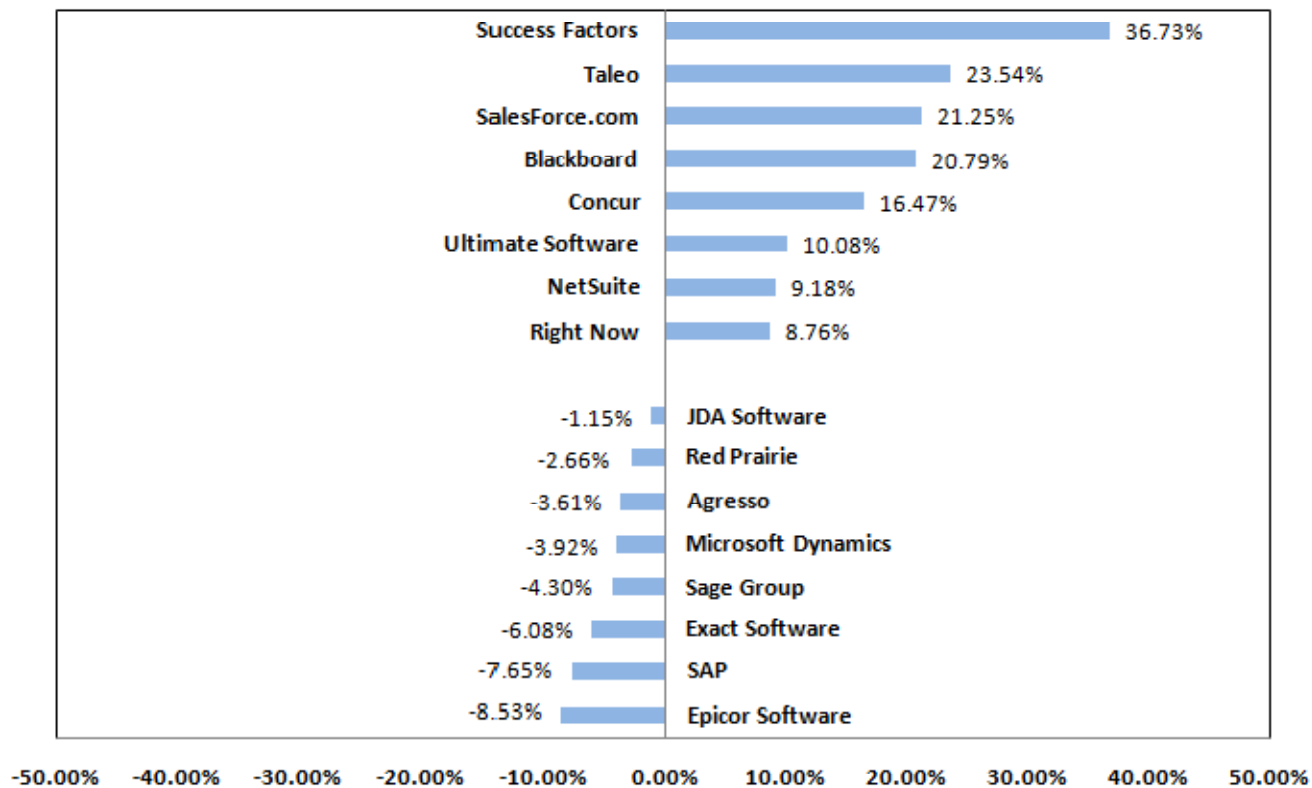
Ward's technology background includes a variety of management positions with the Burroughs Corporation (later Unisys). Then, as vice president of a Wall Street investment firm and as principal in a regional venture firm, he raised capital for ventures in computer hardware, software, and biotechnology. 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, and was appointed President in 2006, and Chairman in 2010. He graduated with Honors from Seattle University with a B.A. in Business.

SaaS – Where the growth is!

Enterprise Application Vendors

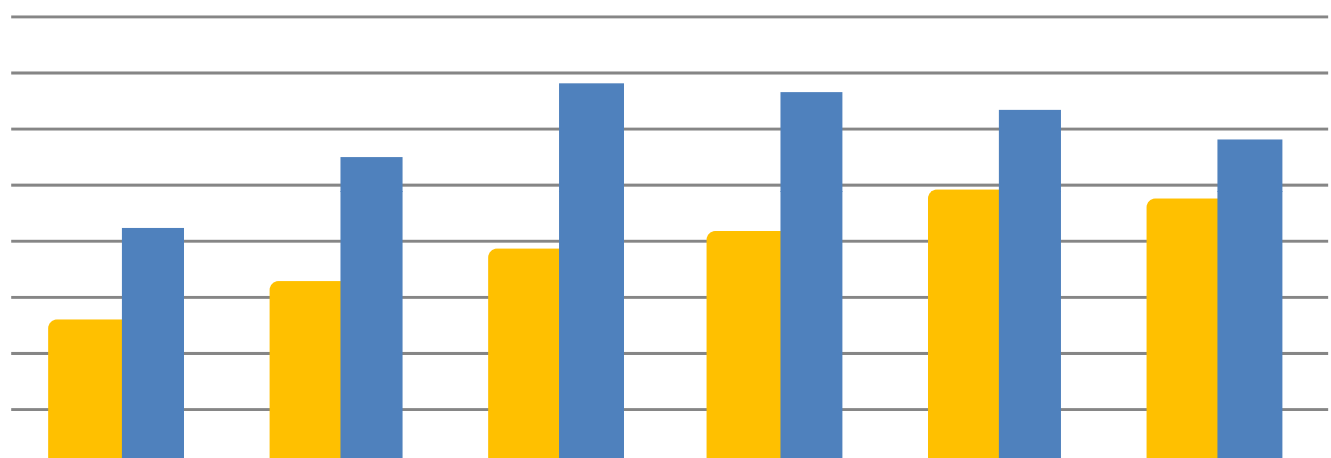
2009 Year over Year Change in Revenue



*Source: Software Insider Index

The “SaaS Factor”

EV/Sales



	Q1:09	Q2:09	Q3:09	Q4:09	Q1:10	Jun-10
■ Cross Industry	1.23 x	1.58 x	1.87 x	2.02 x	2.39 x	2.32 x
■ SaaS	2.13 x	2.75 x	3.43 x	3.33 x	3.19 x	2.91 x

SaaS Infrastructure – High Multiples



CA, Inc. acquires Nimsoft, Inc. (March 2010)

- CA provides a wide range of software and systems management applications for businesses.
- Nimsoft provides IT performance and availability monitoring solutions for cloud and SaaS environments.
- The acquisition will aid CA's presence in growing markets, where the company expects cloud computing and SaaS will play a central role in business development.

- Transaction valued at \$350 million (Cash)
- Value/Rev. valued at 10.9x



IBM Corporation acquires Cast Iron Systems, Inc. (May 2010)

- IBM provides a wide range of computing services, software and hardware to businesses.
- Cast Iron provides cloud-based and SaaS integration software for enterprises.
- The acquisition advances IBM's capabilities with a fast and flexible SaaS application integration. IBM will also be able to offer a complete platform to integrate SaaS applications from leading providers with on-premise solutions.

- Transaction valued at \$200 million (Cash)
- Value/Rev. valued at 6.7x

Gaming M&A Snapshot



Dougan Milne
VP of Research
Corum Group Ltd.

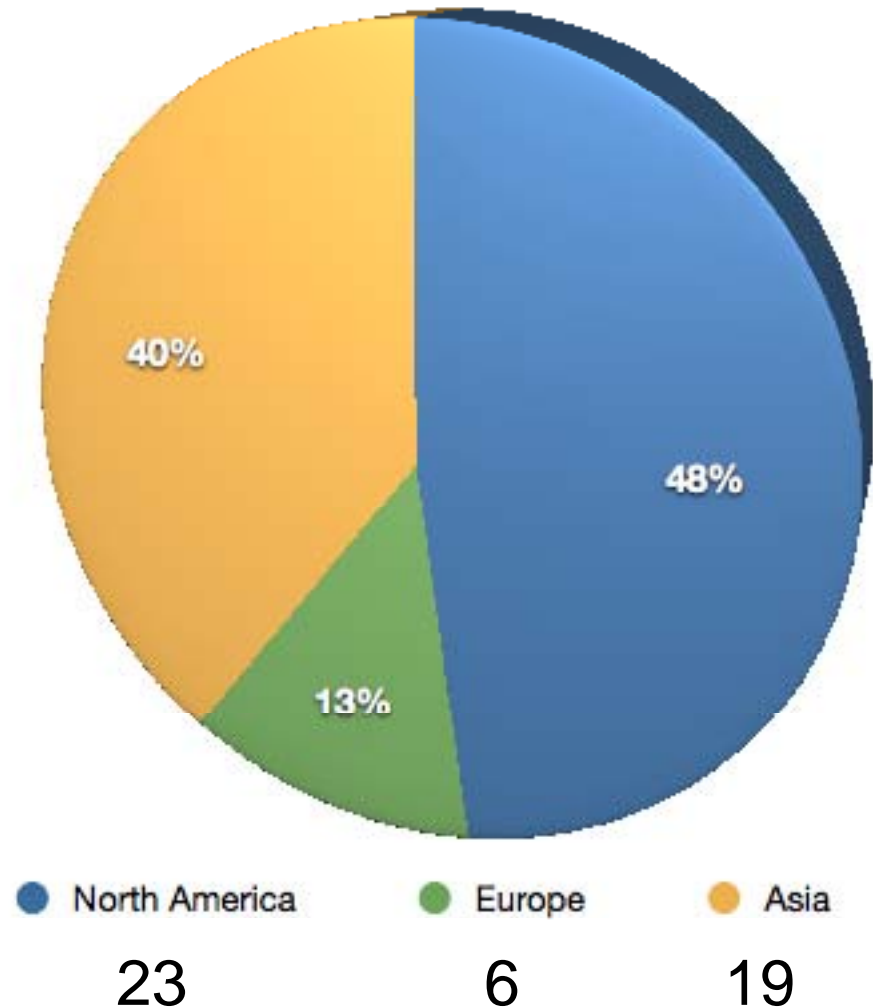
Dougan is Vice President of Research at the Corum Group, Ltd in Seattle, WA. Previously, he spent 3 years based out of Corum's European headquarters in Zürich, Switzerland. Prior to joining Corum's team in 2005, Dougan spent 3 years working in the banking industry with Bank of America, and Citigroup's 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).

M&A Gaming Volumes, H1: 2010

Where Are The Buyers From?






- Growth in Asia, Buyer & Sellers
- US still dominates
- Europe falling



Recent Transactions



Who's Top Dog in Acquisitions?

	Total	Since 2009
	8	8
	6	5
	11	5
	11	0
	16	3

China Update



Yuan Cecilia Yuan
袁媛
Research Analyst, China
Corum Group Ltd.

Cecilia Yuan is a research analyst at the Corum Group. Ltd. Prior to this, she worked as a consulting manager for Frost & Sullivan, Greater China, managing competitive bidding, recruiting new analysts, monitoring project quality, and working directly with clients.

Before that, Cecilia was a chief analyst and project manager in the strategy development department of Tele Atlas - the global map provider of Google Maps. She has also spent time working in investment banking with Shanghai International Trust Co., Ltd.

Cecilia is currently an MBA Candidate for the class of 2011 at the Simon Graduate School of Business, University of Rochester.

China Software industry highlight

- China software revenue increased about 30% (Jan - May, 2010).
- UFIDA acquired Shanghai Infoservice Technology, the highest price for Chinese management software space.
- Companies have high possibility to be acquired:
 - Focus on a specific industry
 - Have unique technology in software niche market
 - IT service provider



**Source: Ministry of Industry and Information Technology of China*

China gaming industry highlight

- 2010 China online games revenue is forecast to grow about 30
- China has more than 400 million web users.
- For years, Perfect World Co., Ltd. games export is the No.1 in China, it has already reached more than 60 countries globally.



The Eighth China Digital Entertainment Expo - Shanghai
(July 29 to August 1, 2010)

**Source: General Administration of Press and Publication of China*

“SOLD!” – Sellers’ Panel



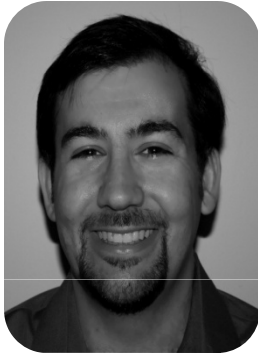
Jon Scott
Vice President
Corum Group Ltd.

Jon joined Corum in 2010 out of their Seattle headquarters. 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.

“SOLD!” – Sellers’ Panel



Andy Milford
Dorian Software
Creation, Inc.



Bruce Ringrose
Summit Software,
Inc.



Dave Gorman
ClearView Staffing
Software, Inc.



Jon Scott
PowerTech Group,
Inc.

“SOLD!” – Sellers’ Panel



IPSWITCH

has acquired

 **DORIAN**[®]
www.doriansoftware.com

Corum Group acted as an advisor to Dorian

CORUM
MERGERS & ACQUISITIONS

“SOLD!” – Sellers’ Panel



Andy Milford
Dorian Software
Creation, Inc.

- Seller: Dorian Software Creations, Inc.
- Buyer: Ipswitch, Inc.
- Technology: Security Event Management

“SOLD!” – Sellers’ Panel



“SOLD!” – Sellers’ Panel



Bruce Ringrose
Summit Software,
Inc.

- Seller: Summit Software, Inc.
- Buyer: iRely
- Technology: Accounting & Inventory Management Solutions

“SOLD!” – Sellers’ Panel



has acquired



We acted as exclusive M&A advisor to Clearview Staffing



“SOLD!” – Sellers’ Panel



Dave Gorman
ClearView Staffing
Software, Inc.

- Seller: ClearView Staffing Software, Inc.
- Buyer: API Healthcare Corp.
- Technology: Healthcare Staffing Software

“SOLD!” – Sellers’ Panel

has acquired



Corum acted as exclusive M&A advisor to PowerTech

CORUM
MERGERS & ACQUISITIONS

“SOLD!” – Sellers’ Panel



Jon Scott
PowerTech Group,
Inc.

- Seller: The PowerTech Group, Inc.
- Buyer: Help/Systems, Inc. [Audax Group]
- Technology: Security & Compliance Software

Upcoming Corum Events

- | | | | |
|----------|--|-----------|---|
| Aug. 12: | Seattle - Selling Up Selling Out | Sept. 14: | Stockholm – Selling Up Selling Out |
| Aug. 12: | M&A Update Webinar
Rebroadcast | Sept. 16: | Calgary – Merge Briefing |
| Sept. 2: | M&A Update Webinar | Sept. 16: | Palo Alto – Merge Briefing |
| Sept. 9: | M&A Update Webinar
Rebroadcast | Sept. 21: | Portland – Merge Briefing |
| Sept. 9: | LA/LAX – Selling Up Selling Out | Sept. 21: | Wichita – Merge Briefing |
| | | Sept. 23: | Oklahoma – Merge Briefing |

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

Upcoming Corum Events

August 28-31: Langara Fishing Retreat

