

CORUM

USA Switzerland Germany France United Kingdom Canada Norway Brazil

M&A Monthly – February 2011

Thursday, February 3, 2010
10:00 am PT

Introduction



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.

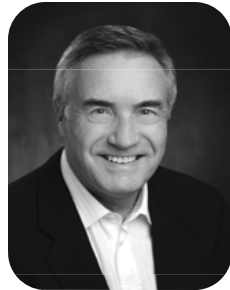
Agenda

- Market Overview
- Mini Mergers
- China Update
- Corum Index – M&A Metrics
- Sellers Panel
 - David Geller, Mike Taylor, Rui Domingos, & Laurent Othac  h  
- Closing Comments – Q&A

Presenters



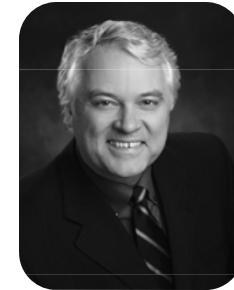
Ward Carter
Chairman
Corum Group Ltd.



Bruce Milne
CEO
Corum Group Ltd.



John Melotte
Regional Director
Corum Group International



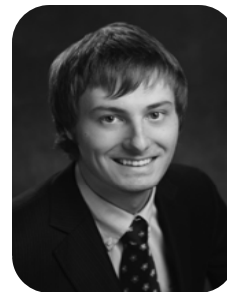
Bruce Lazenby
Regional Vice President
Corum Group Ltd.



Jeff Brown
Vice President
Corum Group Ltd.



Tomoki Yasuda
Sr. Analyst
Corum Group Ltd.



Dougan Milne
Vice President of Research
Corum Group Ltd.



Nat Burgess
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 February 10, 12:30am PT, and 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: 666 705 369

>> 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 Growth

- Europe Manufacturing Growth Quickens to 9-Month High
- German Unemployment Falls to Lowest Since 1992 – 7.4%
- UK Production Numbers Come in Lower than Forecast
- CEOs in Davos Meeting-Marathon – Deal Making Returns
- Davos – Super-Cycle Leaves No Economy Behind
- Lonely Analyst Warns of 2015 Bank Crisis Amid ‘Upbeat’ Davos

United States

- Consumer / Business Confidence Highest in Three Years
- US Manufacturing Up by Most Since 2004
- Jobless Claims Unexpectedly Decline to 21-Month Low
- Union Membership Slumps to Record Low 6.9%
- Moody's Says Time Running Out for U.S. as S&P Cuts Japan
- Geithner Says Growth Still Too Weak to Cut Unemployment

Finance / Real Estate

- Bank Valuations Stuck at 2009 Lows Showing No Crisis Recovery
- BofA Putbacks May Cost \$8.5 Billion as Lawyers 'Smell Blood'
- Obama Taps GE's Immelt to Head Economic Advisor Panel
- Home Prices in U.S. Declined 1.6% from Year Earlier
- Home Sales, Leading Index Show Recovery Widening
- Construction Spending in U.S. Unexpectedly Fell to Decade Low

Technology

- EMC Q4 Profit Rises 61% on Storage-Computer Demand
- Intel Will Add \$10 Billion to Its Stock-Repurchase Program
- Twitter's Advertising Revenue May Triple to \$150 Million
- Google's Larry Page to Step Up Attack on Facebook, Apple
- Lenovo Takes on Apple With LePad, LePhone
- IBM Earnings, Apple iPad Sales Point to Tech Spending Boom

Telecom

- Apple Plans Service That Lets iPhone Users Pay With Handsets
- Android Loosens iPad Market Grip
- Nokia Falls Most in 7 Months – Elop Signals ‘Significant Challenges’
- Motorola Mobility Tumbles as CEO Sees ‘Slowdown’ iPhone
- Cisco Says Smartphones to Boost Mobile Web Use 26-Fold by 2015

Mini Mergers



John Melotte
Regional Director
Corum Group International

RightNow Technologies Buys Q-go.com SaaS Customer Service Automation Software

Revenues	\$8m
Transaction Value	\$34m
Revenue Multiple	4.3x

Mini Mergers



Bruce Lazenby
Regional Vice President
Corum Group Ltd.

Google Buys Zetawire Near Field Communications - Mobile Payment

Revenues	0
Websites	0
Issued Patents	~1
PhD's	2
Hot Space?	Very
Secret?	Very

Mini Mergers



Jeff Brown
Vice President
Corum Group Ltd.

EnerNOC Buys M2M Communications Remote Energy Monitoring & Control

Revenues	\$10m
Transaction Value	\$33.3m
Revenue Multiple	3.3x

CHINA UPDATE

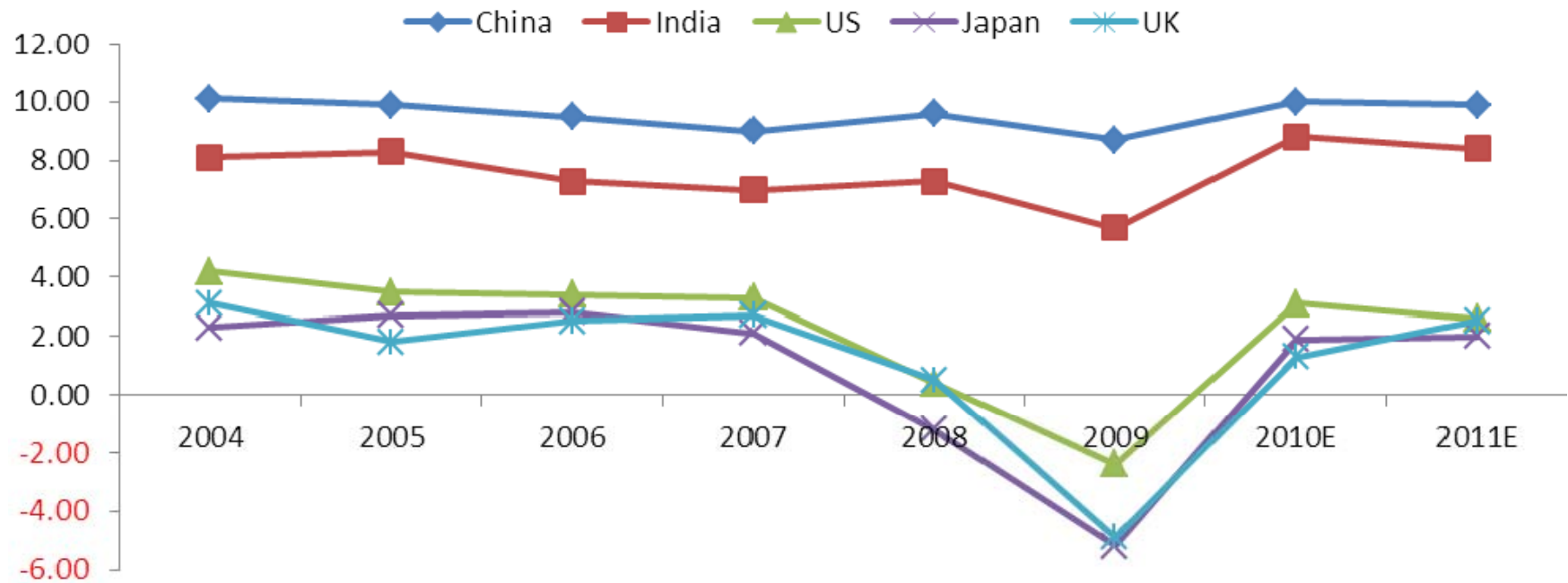


Dougan Milne
Vice President of Research
Corum Group Ltd.

Dougan is Director 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 an advertising company serving the motorcycle industry, Modo Marketing. Dougan has a Bachelors degree in Business Economics from the University of San Diego (USA).

CHINA – OVERALL GDP GROWTH



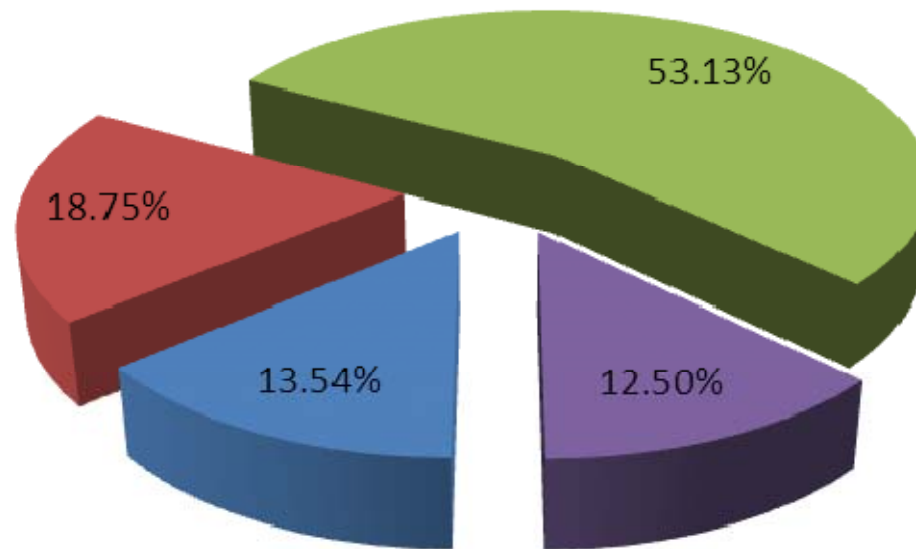
Real GDP growth of the world's major financial powers

CHINA – TECH GROWTH EVEN FASTER

- Last year software industry revenues grew at a blistering 30% to over \$182 Billion, fastest growth of any major economy.
- Total amount of money raised through China's IPO markets last year is larger than the total amount raised by all stock markets in the rest of world.
- Nearly 300 M&A transactions were done in the Chinese software industry over the last 5 years – pace is accelerating.

CHINA – TECH TRANSACTIONS BY SECTOR

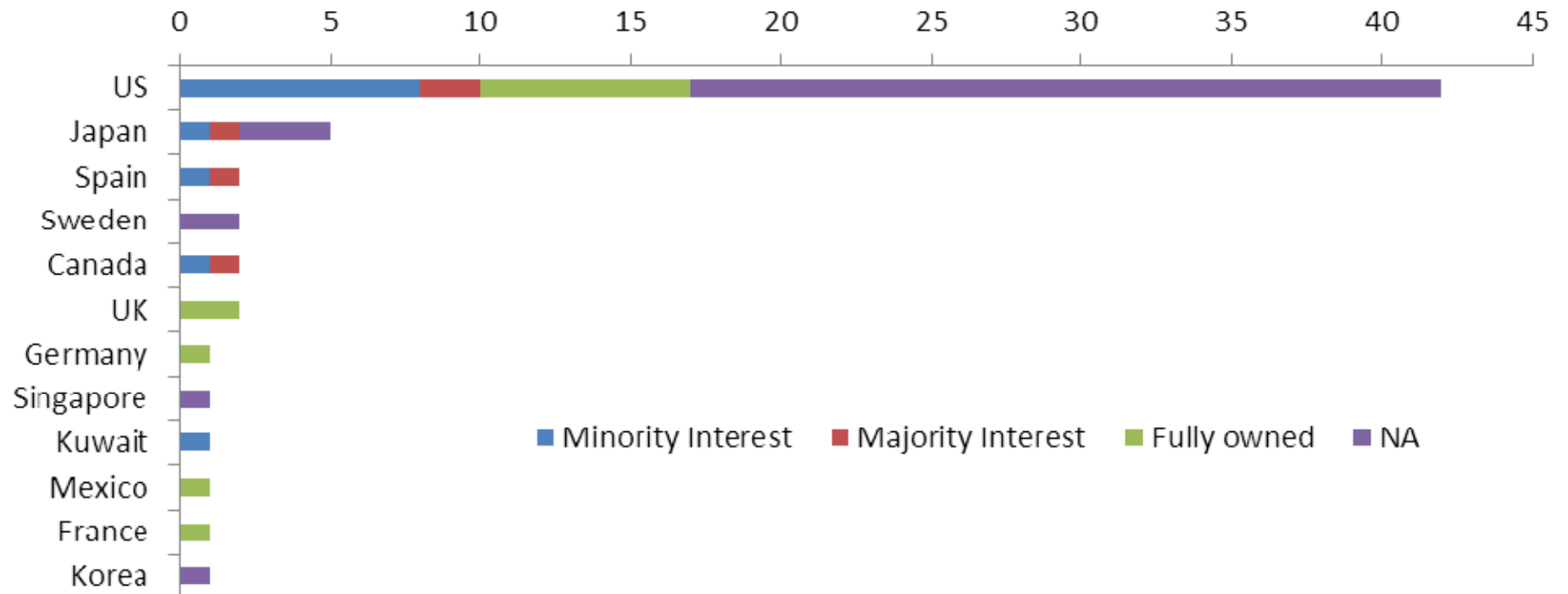
■ IT services ■ Outsourcing / Offshoring ■ Software & Solutions ■ Telecom Services & Solutions



REASONS FOR BUYING INTO CHINA

- Participation in superior economic growth vs. slower growing West
- Largest consumer market in the world
- Access to low cost off-shore production
- Increased exit strategy options with active IPO market
- Additional viable targets once inside China

U.S. DOMINATES FOREIGN BUYERS - 70%



Inbound M&A activity in China by acquiring country

MAJOR CHINESE BUYERS

Huawei Tech Company, LTD – the 2nd largest maker of phone equipment in the world

Kingdee International Software Group, LTD – a leading software company in enterprise management software, middleware, online management, and ebusiness solutions throughout Asia-Pacific – over 500,000 customers.

Shanda Interactive Entertainment Limited – game publisher with over 800 million registered users! Gaming is a major growth area for China

VancelInfo – an IT consulting and solutions provider – fastest growing NYSE firm

– Many not well known in the West

FOREIGN ACQUISITION ADVANTAGES

[For Chinese Buyers]

- Strong foreign currency reserves for investment
- Government tax breaks and out-going business subsidies
- Acquisition of brand image assets
- Access to new technologies
- Foreign assets can be managed with more flexibility

FOREIGN ACQUISITIONS

[By Chinese Buyers]

Ascend Technologies, a US-based provider of IT and business consulting services to banking and financial companies, acquired by iSoftStone Information Service Corporation.

Telefonica 02 Germany Gmbh & Co.OHG, Field Service, a German mobile services and communications company that maintains German infrastructures, acquired by Huawei.

Mochi Media, a videogame API developer from San Francisco, acquired for \$80 million by Shanda Interactive Entertainment Limited.

Vendio, a B2C platform based in Silicon Valley, acquired by Alibaba.

3LeafSystems, a San Francisco server link company, acquired by Huawei Tech Company.

– U.S. is a Big Winner

Corum M&A Update



Tomoki Yasuda
Sr. Analyst
Corum Group Ltd.

Tomoki helps clients realize their liquidity objectives through financial memorandum preparation, buyer database research and monthly Market Update presentations at Corum's Software M&A Webinar. His specialties also include expertise in the consumer software and mobility space, international economics, valuation research, and the science software market.

Tomoki joined Corum Group in 2008, operating out of the Research Department at its Seattle area headquarters. Prior to this, he served in Business Development at CTED (Community, Trade and Economic Development) of Washington State where he studied US and Japanese business trends, handled document translation and performed other market research. He specialized in life sciences industry exports, connecting Japanese businesses to Washington State companies in fields such as biotechnology, medical devices and related scientific products.

Tomoki earned his B.A. with a double major in International Studies and Economics from the University of Washington.

Corum Index

Corum Index

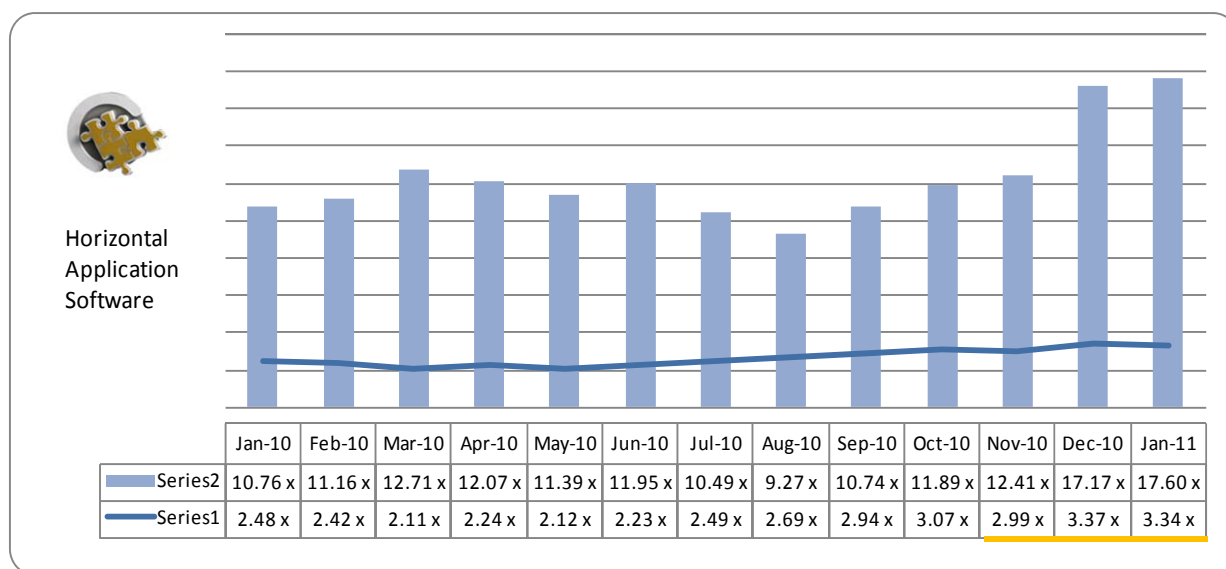
	Dec-10	Jan-11
# of Transactions	271	310
# of Mega Deals	3	3
Largest Deal	\$1,925	\$3,575
% Sub-\$100m	64%	75%
Private Equity Deals	9	15
Private Equity Value	\$575	\$558
# VC backed Exits	64	56
All Cash (announced)	53%	51%
% Targets were Public	12%	11%
% Public Buyers	58%	41%

Buyer	Seller	Price
Qualcomm	Atheros	\$3.5b
Verizon	Terremark	\$2.2b
iGate	Patni	\$1.2b

*\$ values in millions

Horizontal Application Software Market

Public Valuations



Deal Spotlight:

Sector: Human Resources

Target: GeoLearning, Inc.

Buyer: SumTotal Systems

Transaction Value: \$150m

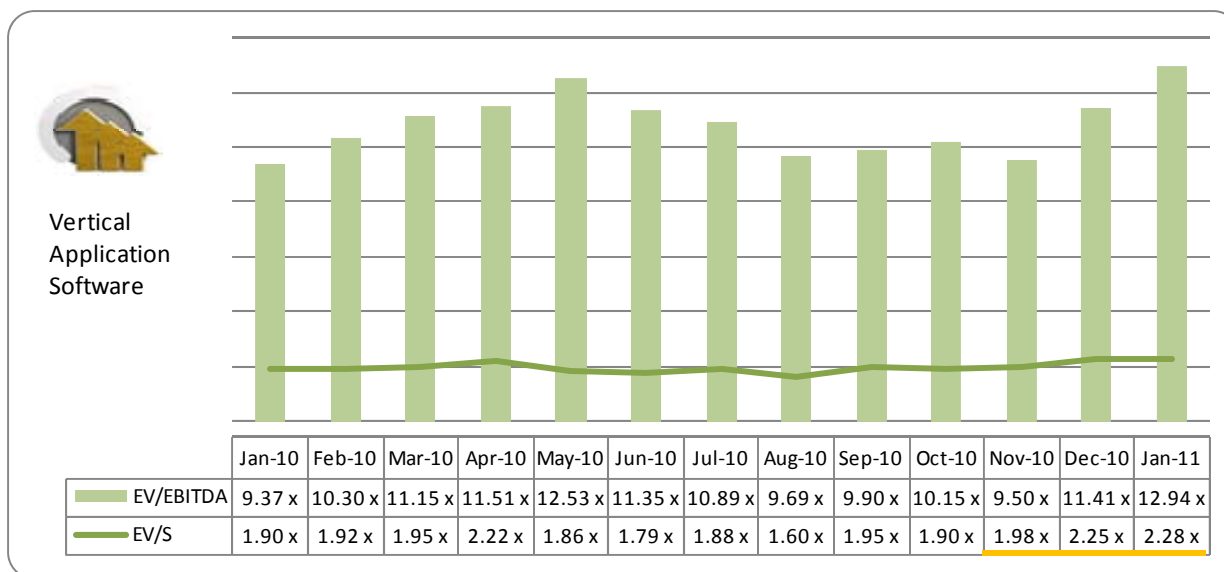
Structure: Cash, 3.8x EV/S

Comments:

- Gain in SMB market share
- International expansion
- Adding more product suites

Vertical Application Software Market

Public Valuations



Deal Spotlight:

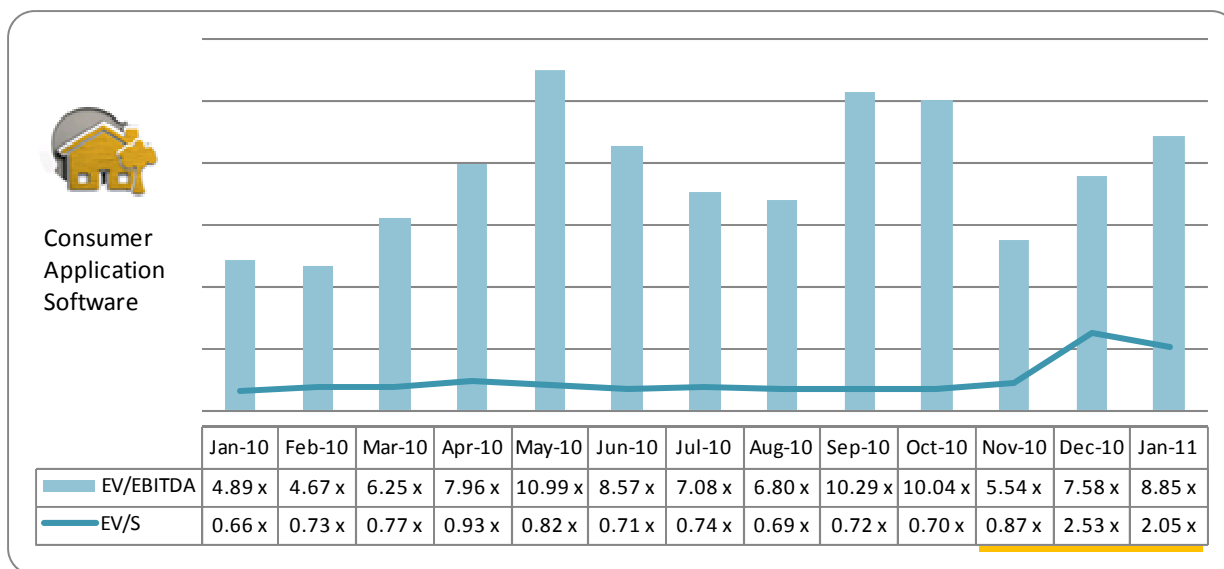
Sector: Energy
Target: SmartSignal Corp.
Buyer: GE Intelligent Platforms
Transaction Value: N/A
Structure: N/A

Comments:

- Diagnostics for energy sector
- Expansion of Operational Intelligence platform
- Where is GE going with tech?

Consumer Application Software Market

Public Valuations



Deal Spotlight:

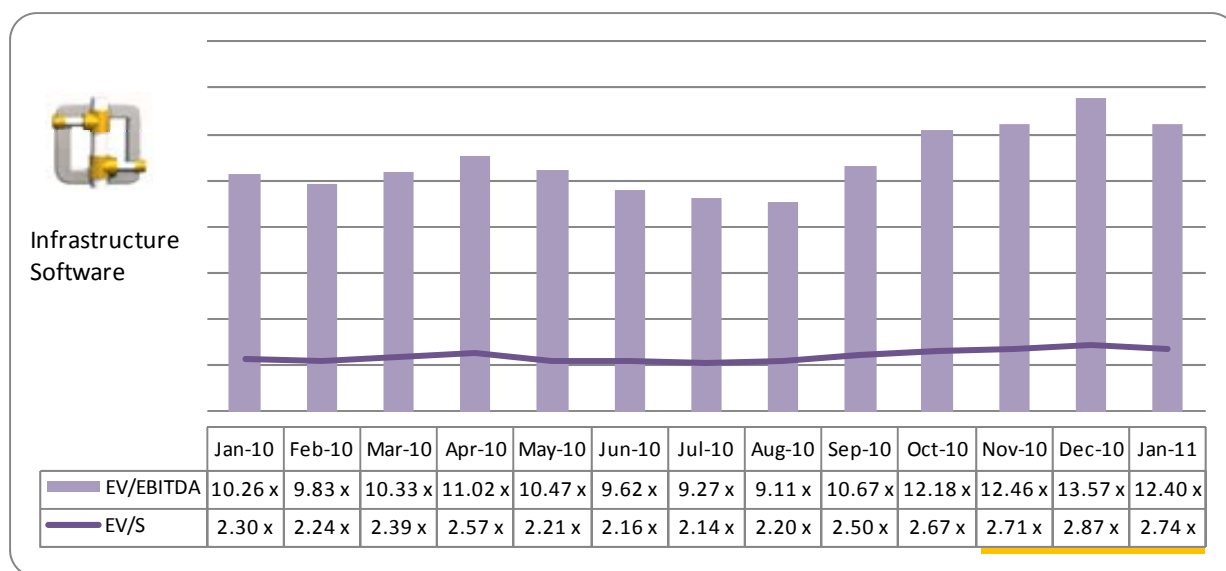
Sector: Mobile
Target: Qik, Inc
Buyer: Skype
Transaction Value: N/A
Structure: N/A

Comments:

- Skype's first acquisition
- Mobile video streaming
- Skype – largest social network

Infrastructure Market

Public Valuations



Deal Spotlight:

Sector: Security

Target: SecureWorks, Inc.

Buyer: Dell, Inc.

Transaction Value: \$525m

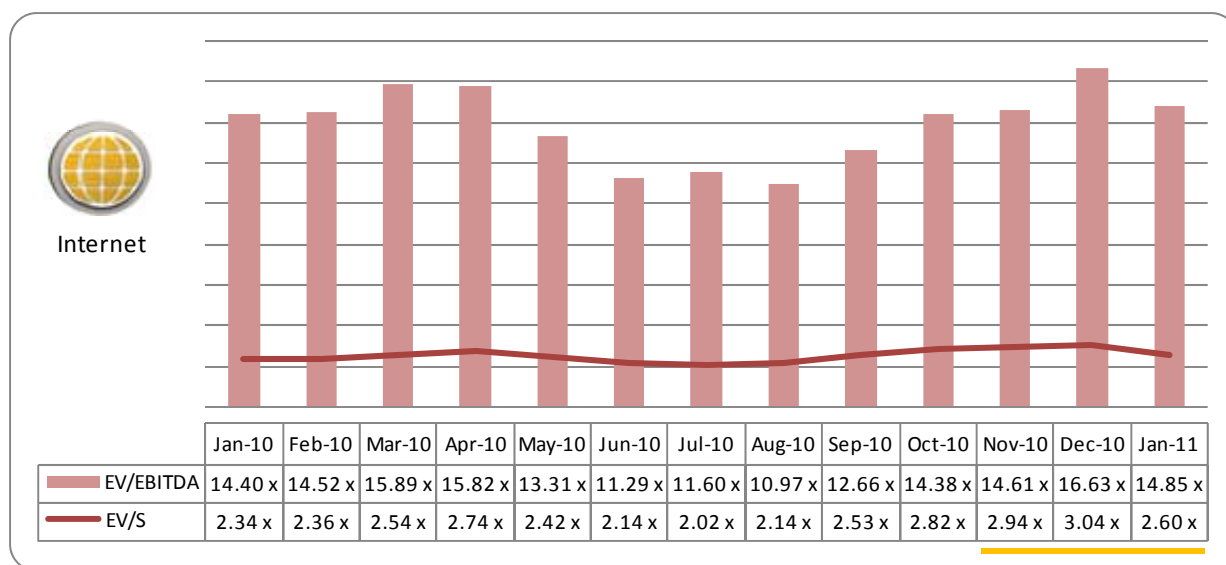
Structure: Cash, 4.4x EV/S

Comments:

- Managed Security Services
- To be offered in combination with cloud services
- Next step for Dell: MSSP?

Internet Market

Public Valuations



Deal Spotlight:

Sector: Collaboration

Targets: LinkedIn Corp.

Buyer: CardMunch, Inc.

Transaction Value: \$2.3m

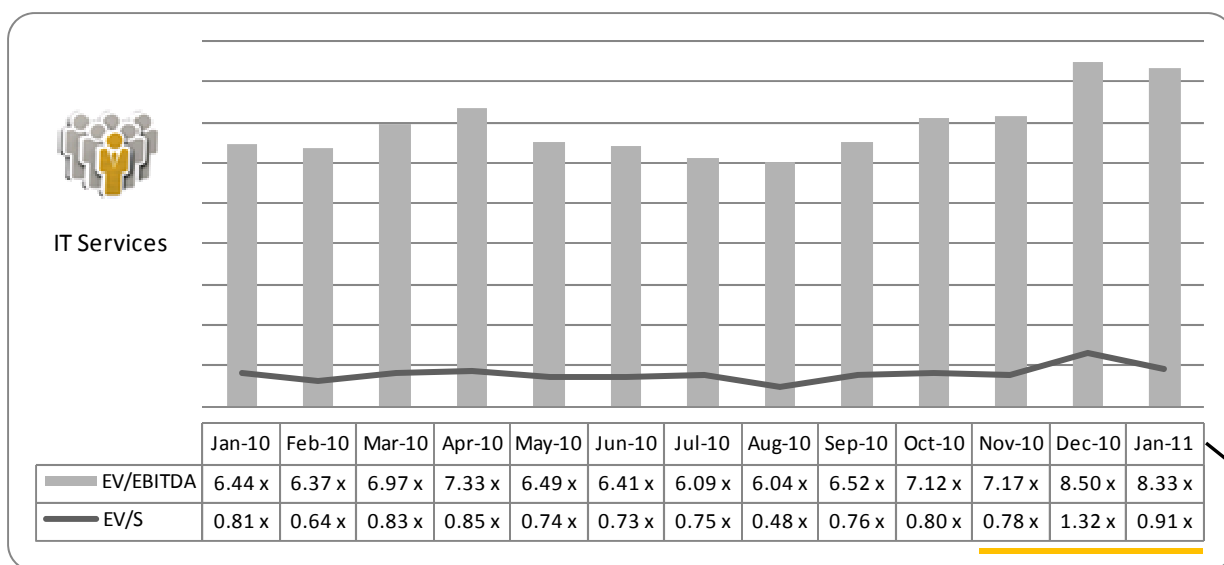
Structure: N/A

Comments:

- Mobile business card transcription
- LinkedIn IPO

IT Services Market

Public Valuations



Deal Spotlight:

Sector: IT Services
Target: Presidium, Inc.
Buyer: Blackboard, Inc.
Transaction Value: \$53m
Structure: N/A

Comments:

- Outsourced call-center
- SaaS & IT Services mix

Chinese IT Firms (Jan – 11)

EV/EBITDA	EV/S
38.53x	5.53x

Sellers' Panel



Nat Burgess
President
Corum Group Ltd.

Nat joined Corum in 1996 and brings a diverse background in technology M&A and law. While with the Enforcement Division of the U.S. Securities and Exchange Commission, Nat helped identify and build cases against securities fraud schemes. With the Strategic Development Division of Morgan Stanley's M&A group, Nat worked on cross-border acquisitions of U.S. and European companies by Japanese firms, and on financings by large Japanese public companies. Nat moved to Morgan Stanley's Tokyo office, where he reported directly to the President of Morgan Stanley, Japan Ltd. and focused exclusively on cross-border M&A.

After Morgan Stanley, Nat co-founded Postcard Software, a creator of advertiser-driven bilingual (English and Japanese) Internet content. At Activision, Nat led the company's on-line business development.

Nat earned an undergraduate degree in Japanese literature from Yale College and a law degree from UCLA. While in law school, Nat wrote articles for the International Forum at Yale, Tokyo Journal.

As Corum's President and also the Chairman of World Financial Symposiums, Nat is frequently quoted in industry publications and in other technology business news.

Presenters



Mike Taylor
CEO & Co-Founder
Instantiations
Sold to Google

Java & Ajax development
tools for Google Web
Toolkit



David Geller
CEO & Co-Founder
WhatCounts
Sold to Mansell Group

SaaS-based email
campaign management



Laurent Othac  
CEO
360 Scheduling
Sold to IFS

Mobile Workforce
Optimization for field service
industry



Rui Domingos
Investment Manager
Olmea – Shareholder
Altitude sold to Investing
Profit Wisely & BBVA

Contact center vendor for
unified communications

Upcoming Corum Events

Feb 9: **Ottawa** – SUSO

Feb 22: **Zurich** – Merge Briefing

Feb 23: **Madrid** – Merge Briefing

Feb 24: **Lisbon** – Merge Briefing

Mar 1: **Dallas** – SUSO

London – SUSO

Mar 3: **Austin** – SUSO

Webinar – March M&A Update

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

Texas Tour

Selling Up Selling Out

- Dallas March 1
1 PM – Plano Marriott at Legacy Town Center
- Austin March 3
12 PM - Omni Downtown

MARCH - M&A Monthly

- Market Update
- “Mega Mergers”
- “SaaS Valuation Premium”
- Corum Index
- Private Equity Panel
 - The Big Dogs are back!
- Q&A