

CORUM

USA Switzerland Germany France United Kingdom Canada Norway Brazil

M&A Monthly – June 2011

Social War + Social Sellers, Alternative Exits

Thursday, June 2, 2011
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
- Global Field Report
- Wild Exits
- Corum Index
- Social Wars
- Robert Scoble: Rapid Evolution
- Sellers Panel
 - Dan Shapiro – Sparkbuy (acquired by Google)
 - Peter Wilson – Rel8tion (acquired by facebook)
- Q&A

Presenters



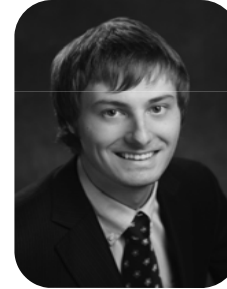
Ward Carter
Chairman
Corum Group Ltd.



Nat Burgess
President
Corum Group Ltd.



Jon Scott
Vice President
Corum Group Ltd.



Dougan Milne
Vice President of Research
Corum Group Ltd.



Robert Scoble
Rackspace




Tomoki Yasuda
Sr. Analyst
Corum Group Ltd.



Alina Soltys
Analyst
Corum Group Ltd.



Bill Cavanaugh
CEO
OnPoint Medical



Dan Shapiro
Founder & CEO
Sparkbuy



Peter Wilson
Founder / CEO
Rel8tion



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 June 9, 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: 669 419 978

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

Market Overview



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.

Old Economy in Trouble

- Goldman downgrades U.S. growth again
 - **How tepid is the U.S. economy?** So lukewarm that economists at Goldman Sachs last week cut their economic growth forecast for the second time in a month, only to warn a few days later that "we already see downside risk to that estimate."
- US manufacturing loses steam in May
 - Sharp drop in private sector hiring adds to growth fears
- US Housing Glut and Weak Demand Hit Prices
- Stocks: Worst day of the year for Dow, S&P 500

Global Slowdown

- Japan's problems go beyond the nuclear crisis, they have been slowing for awhile.
- China is slowing due to rates, related inflation, and end of consumer incentives such as for car purchases.
- European attitude is down a bit, though business hums along.
- The EU sovereign debt crisis is not going away, and they just added Italy to the watch list, creating wild currency swings.
- Chinese stocks have not been doing so well – accounting problems in the U.S. and more rationalization of multiples

Global Happiness Index

Happiest places on earth:

- 1) China
- 2) North Korea
- 3) Cuba
- 4) Iran
- 5) Venezuela

... 203) United States

Source: Chosun Central Television, North Korea

Tech Turmoil

- Tech generally doing OK, but activist shareholder seek change
 - Ballmer being the #1 target
 - Verisign dividend
- Like last month's report on Amazon's problems, Sony has their own with the hackers

Social Explosion

- Smartphone tweets drive Twitter surge
 - Some age groups' use doubles in six months
- Cisco Sees Web Traffic Up 4x By 2015 To Almost A Zettabyte
- Cloud Music Death Match: Amazon Versus Google
- Apple reveals iCloud service and appearance of Steve Jobs
- Louvre-inspired Apple Store is most photographed attraction in NYC
 - Rockefeller Center and Times Square trail behind Apple's flagship store in numbers of pictures uploaded to Flickr.

Social Opportunities

- Bill Gates 10 years ago: Single biggest mistake was missing the Internet wave.
- Eric Schmidt last week: Biggest single mistake was missing the social trend.
- Lots of new IPO's, especially in the Social Networking sector, which is the theme of this month's webcast.
- And, these newly minted companies will be buying like no one else – more on that later.

LinkedIn Paves the Way



June 1, 2011: P/E 1,556
 Market Cap 7.3 billion

“Wild Exits”



William T. Cavanaugh
President & CEO
OnPoint Medical Diagnostics



William Cavanaugh joined OnPoint in February 2010 as its President. In September 2010, Mr. Cavanaugh assumed the role of President and Chief Executive Officer and was granted a seat on the Board. Between November 2007 and January 2010, Mr. Cavanaugh was the director of global sales operations and professional services for Vital Images, a publicly held provider of advanced visualization and analysis software for medical imaging. From September 2005 to November 2007, he was a director of development and operations at UnitedHealth Group. Prior to UnitedHealth Group, Mr. Cavanaugh was CEO of Solonis, which he founded and grew as a software and professional services business from an initial capital investment of \$3 hundred to over \$12 million in revenues, delivering 11 consecutive years of profitability and growth.

Mr. Cavanaugh has a computer science degree from the University of St. Thomas and an MBA from the Kellogg School of Management at Northwestern University.

“Wild Exits”

- **OnPoint Medical Diagnostics** (OTCQB: ONMDD)
- **Product:** Enterprise quality assurance and accreditation solutions for medical imaging, deployed in the cloud and delivered in a SaaS framework
- **Business:** Development stage company (pre-revenue) seeking \$5 million in operating capital to execute business plan and get to cash flow break-even
- **Funding Strategy:** Alternative public offering
 - Reverse merger into a public shell
 - Private Investment in a Public Entity (PIPE)
- **2011 Milestones:**
 - Jan 8 – letter of intent signed with Public Shell
 - Feb 1 – definitive merger agreement signed
 - Mar 2 – Bridge round closed at \$1.3M and \$5 PIPE commenced
 - Apr 15 – OnPoint closes merger and becomes a public company
- **Lessons Learned**

Field Report – Recent Corum Deals



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.

Recent Corum Deals

PlumChoice[®]
Reinventing Technology Care™

has acquired

 **tific**

Corum acted as exclusive M&A advisor to Tific

CORUM
MERGERS & ACQUISITIONS

FORTINET[®]

acquired all the assets of

 **talkswitch**[®]
ANSWERS WITH INTELLIGENCE
*The makers of owner friendly phone systems
for small business and multi locations*

Corum was the sole advisor to TalkSwitch

CORUM
MERGERS & ACQUISITIONS

PubMatic

has acquired

 **ReviNet**[™]
Maximize Every Impression

Corum acted as exclusive M&A advisor

CORUM
MERGERS & ACQUISITIONS

Corum M&A Update



Alina Soltys
Analyst
Corum Group Ltd.

Contact:



in/soltysa



alina.soltys



alinas@corumgroup.com

Alina joined Corum Group in 2010, located out of their Seattle headquarters. Prior to this, she worked as an Acquisitions Specialist at a real estate development firm specializing in acquiring multi-family properties. Alina analyzed specific target markets for opportunities, valued apartment buildings, presented offers to owners, participated throughout the negotiations as well as analyzed current and pro-forma figures. She also served as an intern at the newly formed Mergers and Acquisitions Group within Colliers International where she contributed in marketing, finance as well as strategic growth and positioning.

Alina graduated with Honors from the Foster School of Business at the University of Washington, specializing in Finance and Entrepreneurship.



Tomoki Yasuda
Sr. Analyst
Corum Group Ltd.

Contact:



in/tomoki-yasuda



tomoki.yasuda

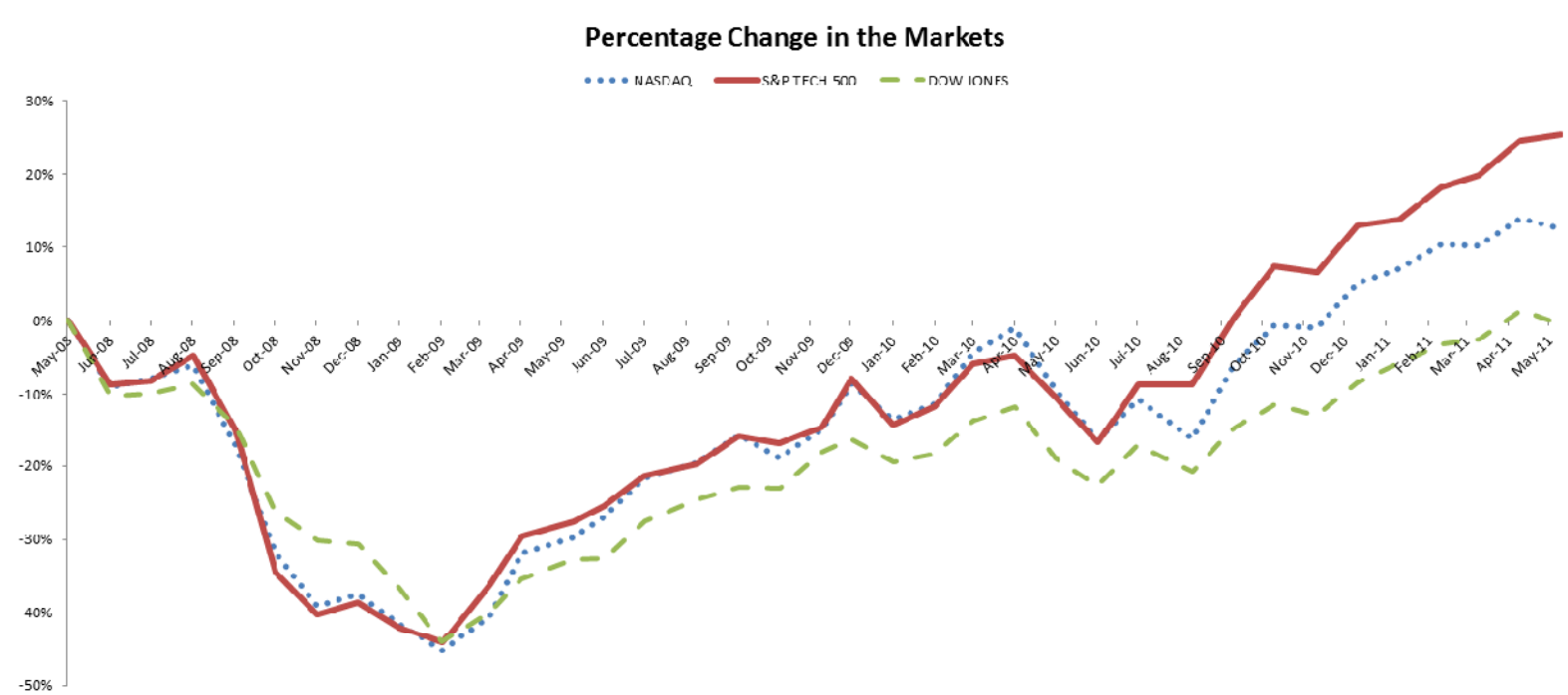


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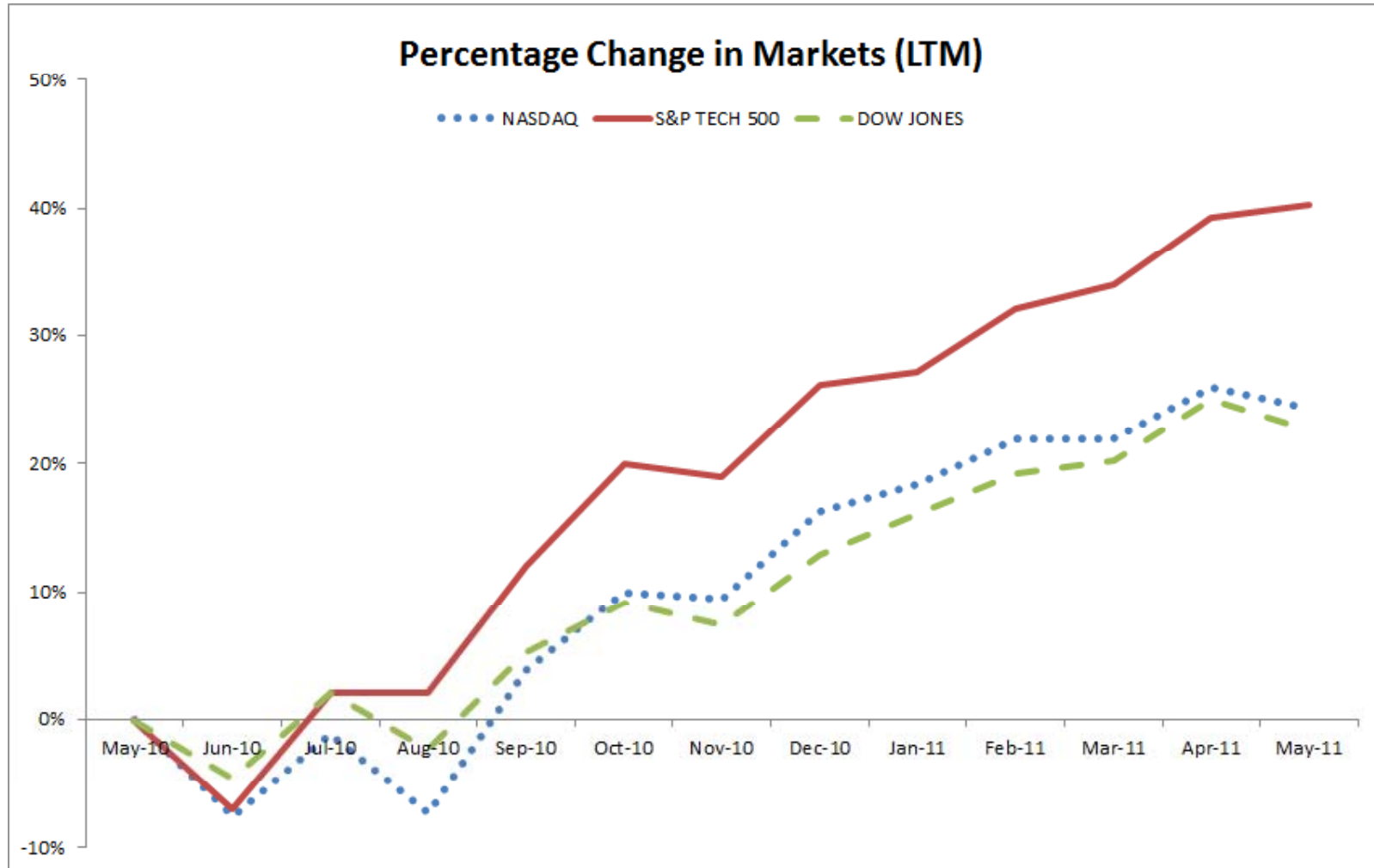
Tomoki joined Corum Group in 2008, operating out of the Research Department at its Seattle area headquarters. Prior to this, he served in Business Development at CTED of Washington State where he monitored US and Japanese business trends, handled document translation and market research. He specialized in 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.

Public Market Performance



Public Market Performance



M&A Table (January – May 2011)

2011 M&A activity, monthly

Period	Deal volume	Deal value, \$bn
Jan.	322	\$12bn
Feb.	285	\$10bn
March	301	\$64bn
April	283	\$26bn
May	310	\$25bn

Source: [The 451 M&A KnowledgeBase](#)

Corum Index

Corum Index

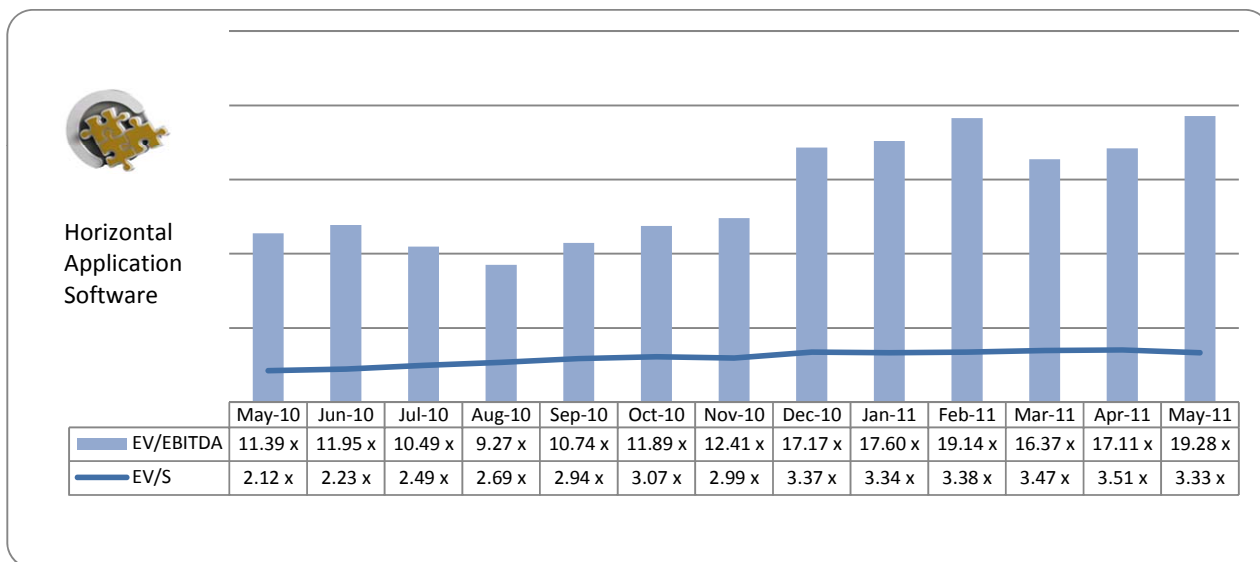
	May 2010	May 2011
# of Transactions	282	309
# of Mega Deals	6	4
Largest Deal	\$6,100	\$8,500
% Sub-\$100m	67%	67%
Private Equity Deals	9	14
Private Equity Value	\$4,526	\$785
# VC backed Exits	31	57
All Cash (announced)	51%	52%
% Targets were Public	19%	11%
% Public Buyers	45%	48%

*\$ values in millions

Buyer	Seller	Price
Microsoft	Skype	\$8.5b
Applied Materials	Varian	\$4.9b
Toshiba	Landis+Gyr	\$2.3b
FOXTEL	AUSTAR	\$2.0b

Horizontal Application Software Market

Public Valuations



Deal Spotlight:

Sector: Horizontal Other

Target: OffiSync

Buyer: Jive Software

Transaction Value: Undisclosed

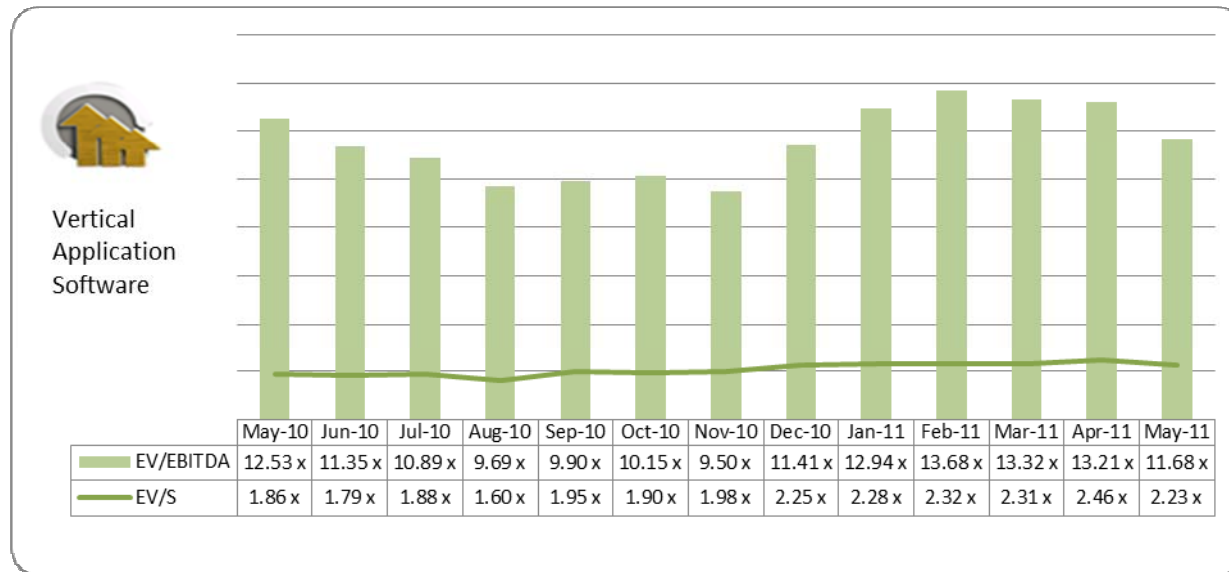
Structure: N/A

Comments:

- Integration between traditional apps and web-based apps
- Transformation in the way people work.

Vertical Application Software Market

Public Valuations



Deal Spotlight:

Sector: A/E/C

Target: AWR + Phase Matrix

Buyer: National Instruments

Transaction Value: \$58m +\$38m

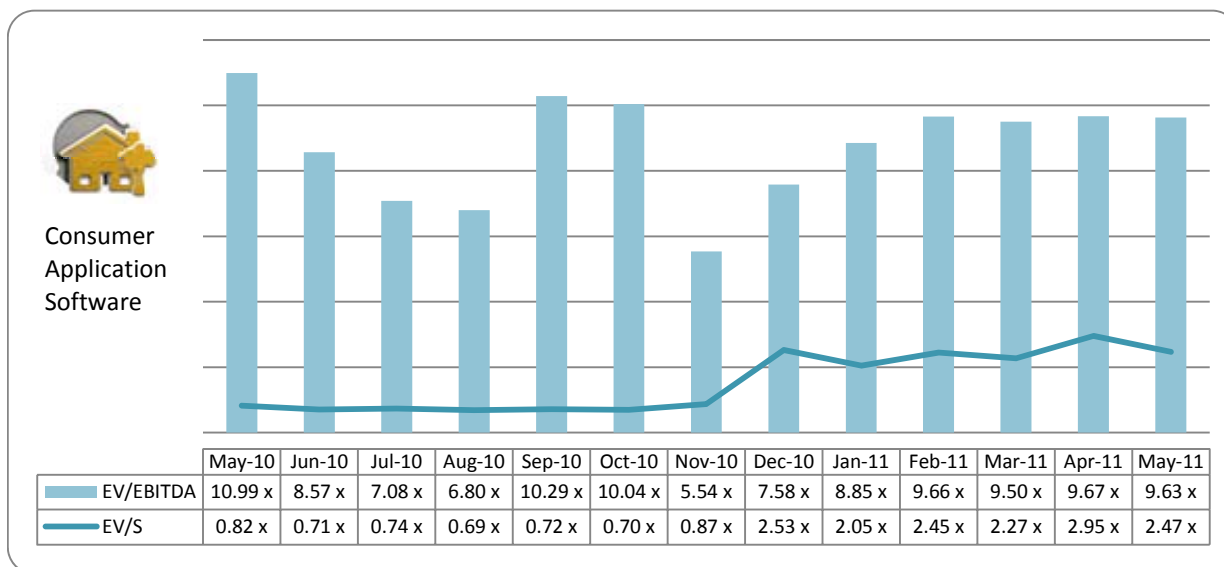
Structure: Cash plus 3 yr earnout

Comments:

- Building out new focus – RF Space
- 2 Deals announced in 1 day

Consumer Application Software Market

Public Valuations



Deal Spotlight:

Sector: Social Networking

Target: AdGrok

Buyer: Twitter

Transaction Value: Undisclosed

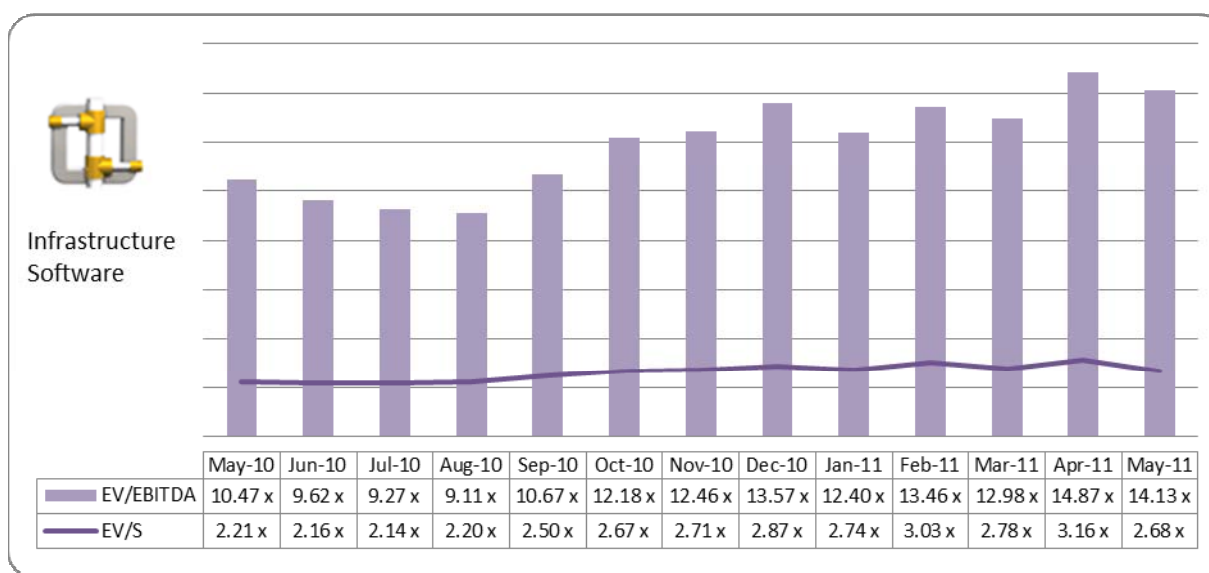
Structure: N/A

Comments:

- Twitter ad monetization strategy
- Acqui-hire of talent
- Long-term business focus

Infrastructure Market

Public Valuations



Deal Spotlight:

Sector: Storage

Target: Autonomy

Buyer: Iron Mountain [Digital archiving, eDiscovery and online backup assets]

Transaction Value: \$380m

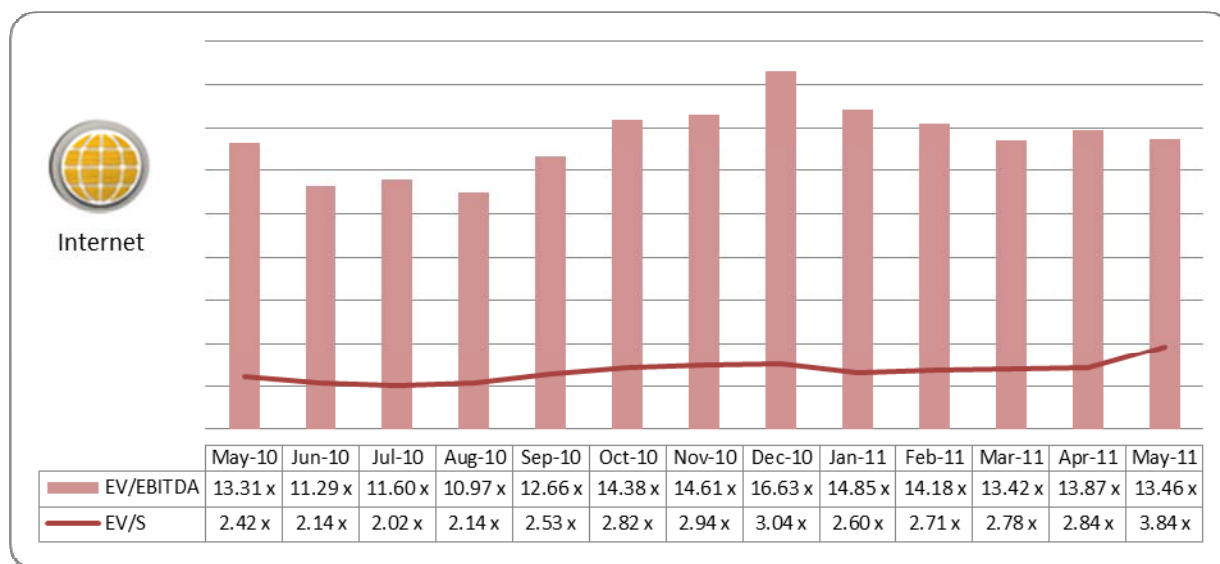
EV/S Multiple: 2.8x

Comments:

- Part of 3 year Strategic Plan
- Cloud grows to 25 Petabytes of customer information

Internet Market

Public Valuations



Deal Spotlight:

Sector: Online Advertising

Target: 5to1.com LLC

Buyer: Yahoo! Inc

Transaction Value: \$28m

EV/Sales: 33.8x

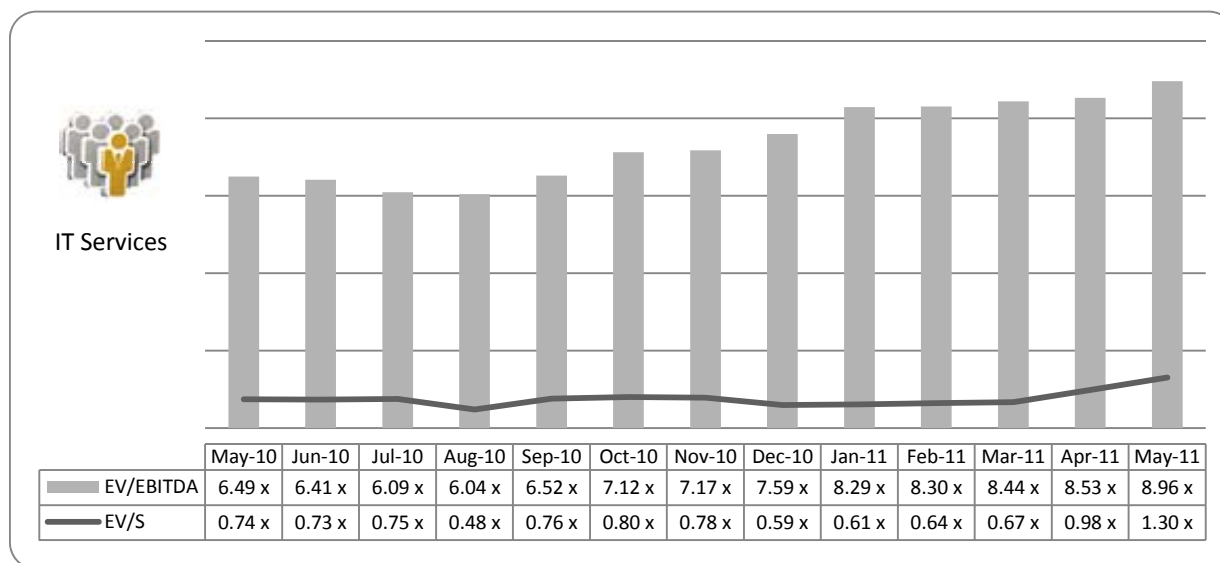
TTM EBITDA: \$-6.37m

Comments:

- Proprietary Publisher-controlled platform
- Focused on Premium Inventory

IT Services Market

Public Valuations



Deal Spotlight:

Sector: IT Services

Target: Rosetta

Buyer: Publicis Groupe

Transaction Value: \$575m

Structure: Cash

Comments:

- Web/email marketing
- Plans to have more than 1/3 of company revenues driven from digital marketing

Social Wars



Dougan Milne
Vice President of Research
Corum Group Ltd.

Dougan is Vice President of Research at Corum Group, Ltd in Seattle, WA. Previously, he spent three years based out of Corum's European headquarters in Zürich, Switzerland. Prior to joining Corum's team in 2005, Dougan spent three 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).

Social War

- 2 Wars
 - Consumer
 - Social
- 4 Primary Battle Grounds
 - Music
 - Video
 - Photo
 - Networking

Battle: Music



Battle: Video



NETFLIX



amazon video
on demand



iTunes



YouTube
Broadcast Yourself



vudu™



hulu™

Battle: Photo

shutterfly

twitpic

facebook

flickr



snapfish
by hp

SmugMug

Picasa

photobucket

Battle: Networking

facebook

Linked in

bebo

hi5



myspace.com



twitter

skype™

Google™

Special Guest



Robert Scoble
Blogger/Technical Evangelist



Robert Scoble is an American blogger, technical evangelist, and author. Scoble is best known for his blog, Scobleizer, which came to prominence during his tenure as a technology evangelist at Microsoft.

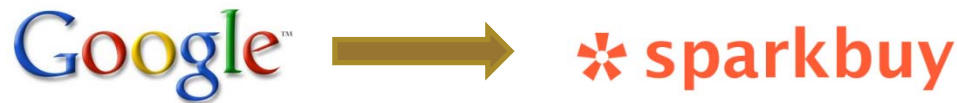
He currently works for Rackspace and the Rackspace sponsored community site Building 43. He previously worked for Fast Company as a video blogger.

He is also the co-author of *Naked Conversations: How Blogs are Changing the Way Businesses Talk with Customers* with Shel Israel.

Special Guest



Dan Shapiro
Founder and CEO
Sparkbuy, Inc.
Acquired by Google



Dan Shapiro is the Founder and CEO of Sparkbuy Inc, the comparison shopping website that was recently acquired by Google. Previously, Shapiro was founder and CEO of Ontela, a pioneering mobile imaging company, where he was named CEO of the Year by MobileBeat. Ontela was frequently recognized including the Dow Jones Top 10 in Wireless list, receiving the CTIA award for Best Social Networking Application, and being named Breakthrough Startup of the Year by the WTIA. Ontela merged with Photobucket in December of 2009 where Shapiro now holds a seat on the Board of Directors.

Shapiro's articles have been published in the Washington Post, Wireless Week, and the Seattle PI, and he is a frequent speaker at conferences and events. He serves on the board of Bonanzle, an ecommerce company backed by Ignition, Matrix, and Voyager, and on the board of the nonprofit Washington Technology Industry Association. He is a mentor for both the Founder's Institute and Techstars. He has been awarded five US patents, and received his B.S. in Engineering from Harvey Mudd College.

Special Guest



Peter Wilson
CEO & Co-Founder
rel8tion
Acquired by Facebook



Peter Wilson is CEO & Co_Foudner of rel8tion, which was acquired by Facebook earlier this year. Prior to rel8tion, Peter was Engineering Director at Google and a director at Microsoft for a decade before that.

Peter holds a Computer Science degree from the Imperial College London.

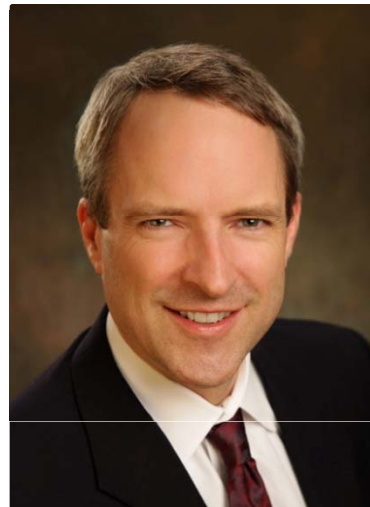
Sellers Panel



Peter Wilson
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Upcoming Corum Events

June 09: **Vancouver, B.C.** – SUSO
**+Webinar Rebroadcast for
Europe and Asia**

June 14: **Austin, Texas** – SUSO

June 15: **Montreal, Quebec** – SUSO

June 16: **Dublin, Ireland** – SUSO

June 23: **Atlanta, Georgia** – SUSO

June 29: **Stockholm, Sweden** – SUSO

June 30: **Oslo, Norway** – SUSO

July 07: **Webinar – Semi-annual
Global Tech M&A Report +
“Deal Disasters”**

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

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JULY 7 – M&A Monthly

- Market Update
- Deal Disasters
- Mid-Year M&A Update
- Stages to Success: M&A Process
- Q&A

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