



# Tech M&A Monthly

## Forecast 2016: Part 2

### Private Equity

11 February 2016



# TECH M&A MONTHLY

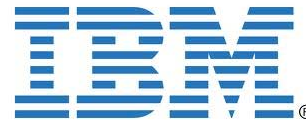
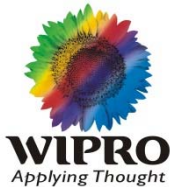
....starts in 2 minutes



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## Past Attendees Include:



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## Past Conferences & Reports

- Private Equity Panel
- 10 Key Terms in an M&A Contract
- Google Acquisition Strategy
- Deal Structures Today
- Disruptive Tech Trend Reports: IoT Software, Majority Mobilization, Sports & Gaming, etc.
- Special Reports: Patents, New Buyers, M&A Process, Increasing Deal Value...



# TECH M&A MONTHLY

....starts in 1 minute

# Merge Briefing

- 90 Minutes
- Industry Update
- Overview of the M&A Process
- Upcoming events in:
  - Paris
  - Amsterdam
  - Austin
  - Dublin
  - Warsaw
  - Krakow
  - Dallas
  - Houston



MERGE BRIEFING

# Selling Up, Selling Out

- Half-Day
- Tech M&A Bootcamp
- The most attended tech executive conference in history
- Upcoming events in:
  - Costa Mesa
  - Los Angeles
  - London
  - Montreal
  - Toronto





# 8 Stages for an Optimal Outcome

1



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## Typical Negotiation Flow





AVOIDING THE  
**DEAL DISASTERS**

# 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.”

Feb. 11: **Orlando** – MB

Mar. 23: **Warsaw** – MB

Feb. 16: **Paris** – MB

Mar. 24: **Krakow** – MB

Feb. 17: **Amsterdam** – MB

Mar. 29: **Houston** – MB

Feb. 24: **Los Angeles** – SUSO

Mar. 30: **Dallas** – MB

Feb. 25: **Costa Mesa** – SUSO

Mar. 30: **Montreal** – SUSO

Feb. 25: **Austin** – MB

Mar. 31: **Ottawa** – SUSO

Mar. 8: **London** – SUSO

Apr. 1: **Toronto** – SUSO

Mar. 9: **Dublin** – MB

Apr. 5: **Reston** – MB

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# Logistics

- Ask questions any time
  - Use Q&A tab on bottom of screen
  - Click “Refresh Now” to view responses
- This event is being recorded
  - European broadcast December 11, 1 PM Berlin Time
  - On demand webcast will be available at [www.corumgroup.com](http://www.corumgroup.com)



# Tech M&A Monthly

## Forecast 2016: Part 2

### Private Equity

11 February 2016

# Welcome



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.

# Agenda

- Welcome
- Market Spotlight Previews
- 2015 Private Equity Tech M&A Report
- January 2016 Research Report
- Private Equity Roundtable
  - Joe Manning, Riverside
  - Peter Freeland, BuildGroup
  - Rob Palumbo, Accel-KKR
  - Geoff Baird, Tailwind Capital
- Q&A



# Upcoming Market Spotlight Webcasts



**Connected Cars & Auto Tech**  
**February 23**



**Tech Patents & Exit Strategies**  
**March 1**



**Media Technology**  
**March 16**



**Data Security Technology**  
**March 23**

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# Corum Research Reports



**Elon Gasper**  
Vice President,  
Director of Research

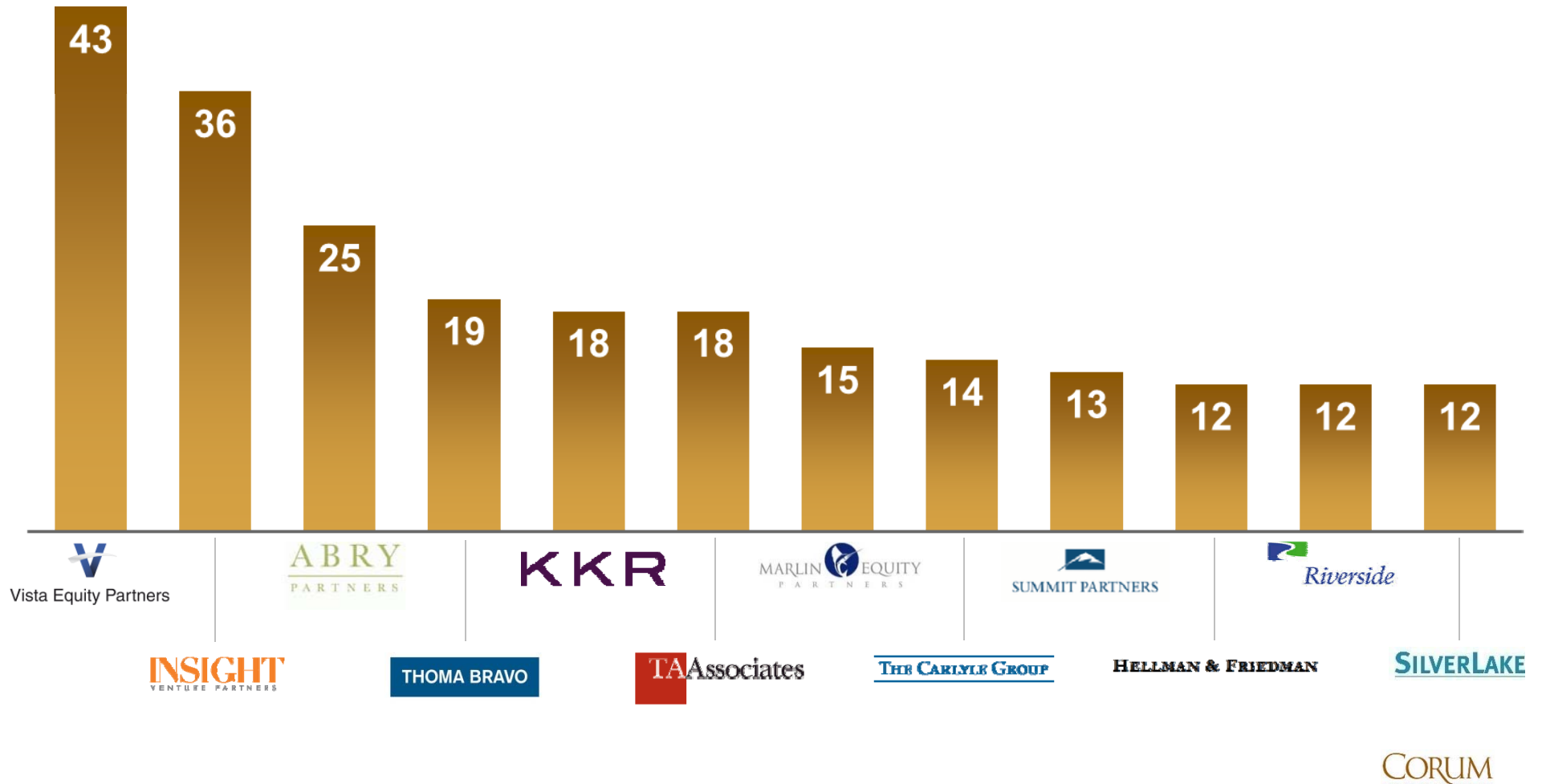


**Yasmin Khodamoradi**  
Analyst

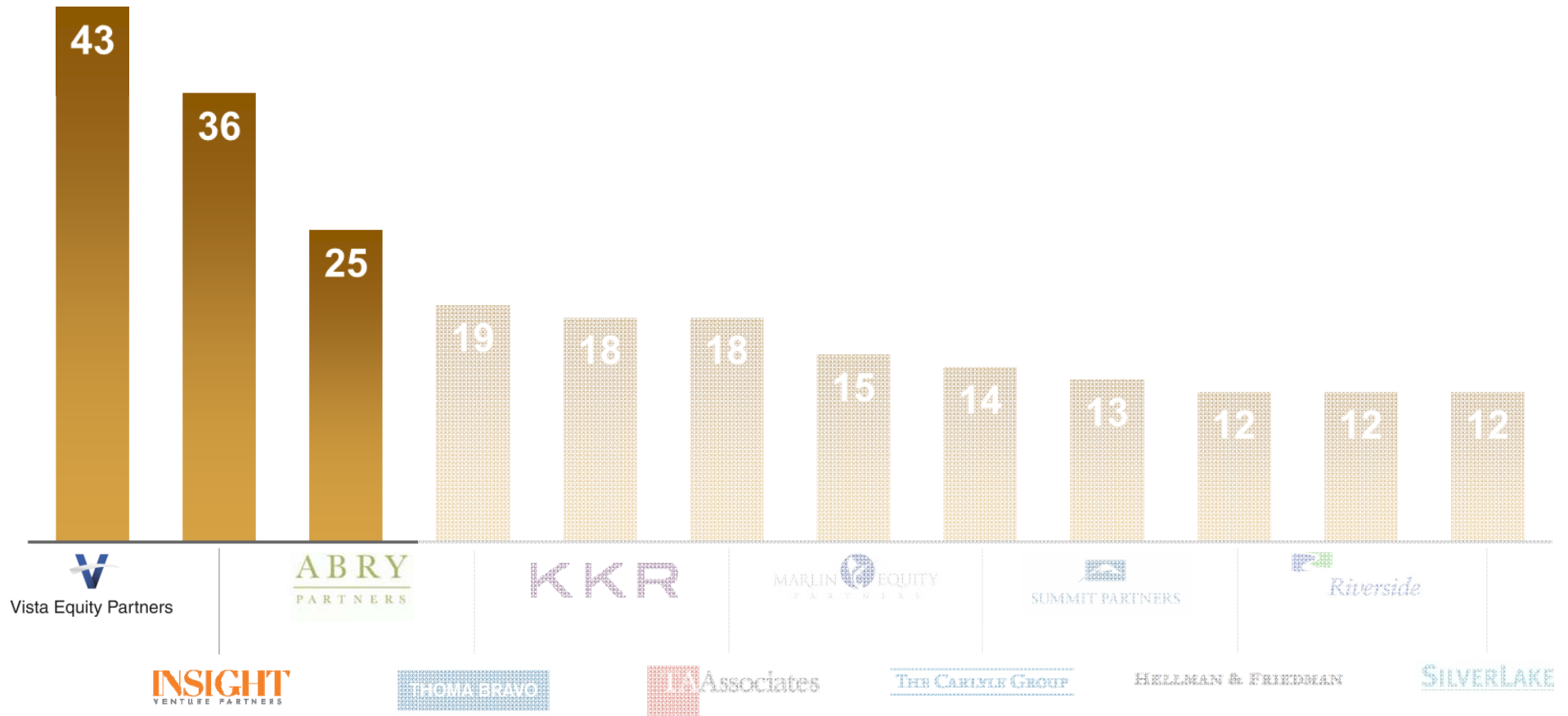


**Artem Mamaiev**  
Analyst

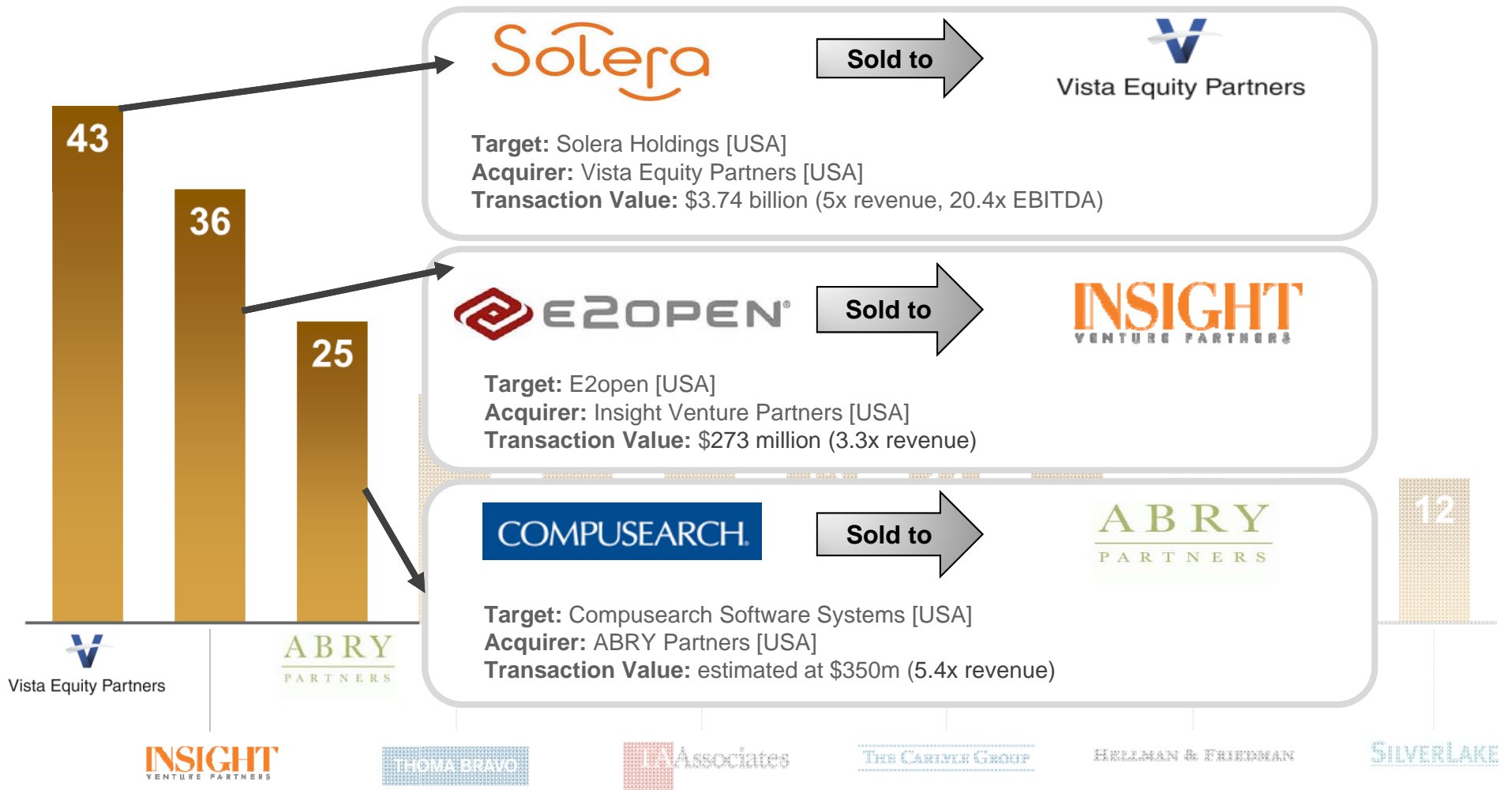
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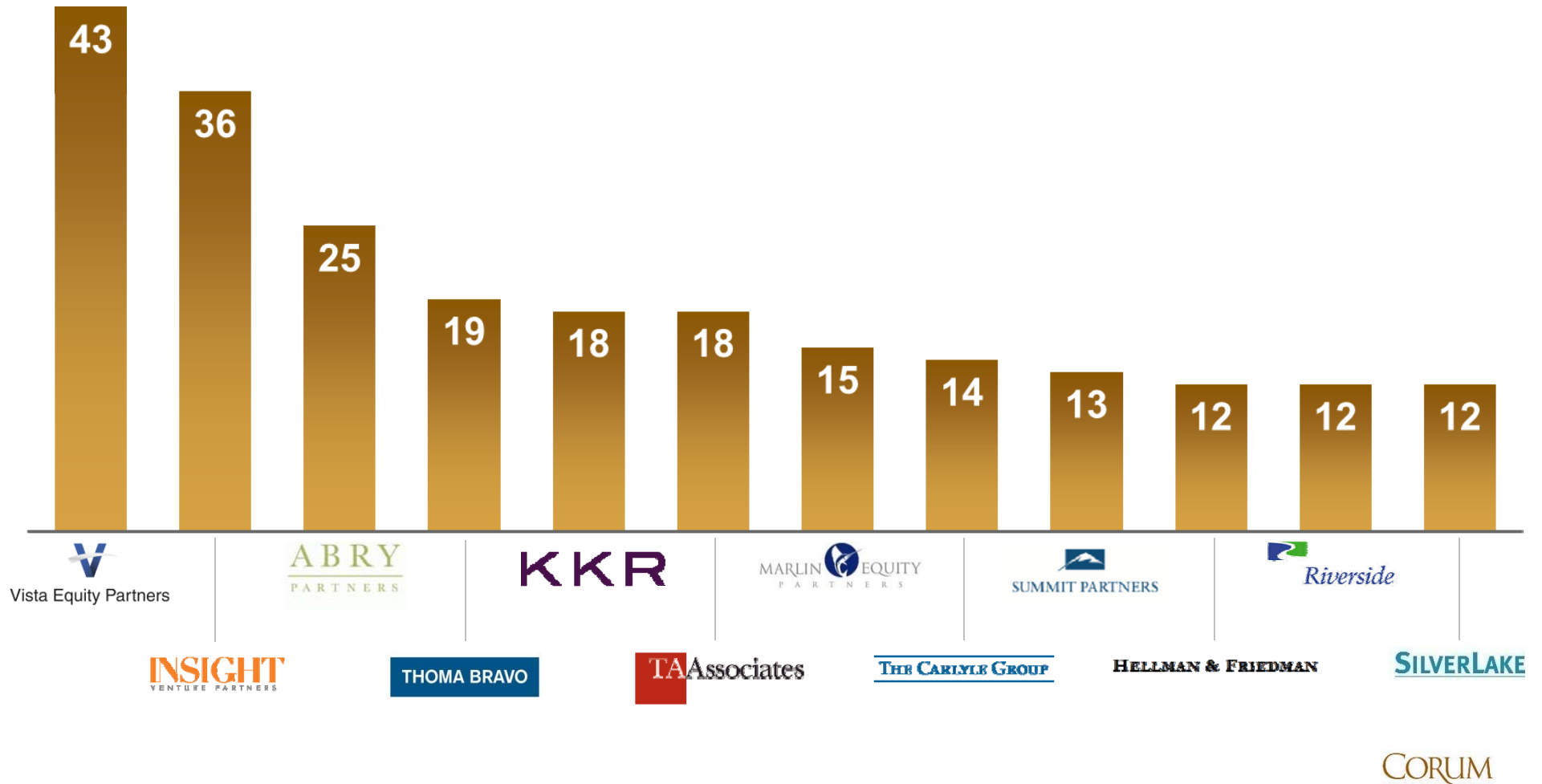
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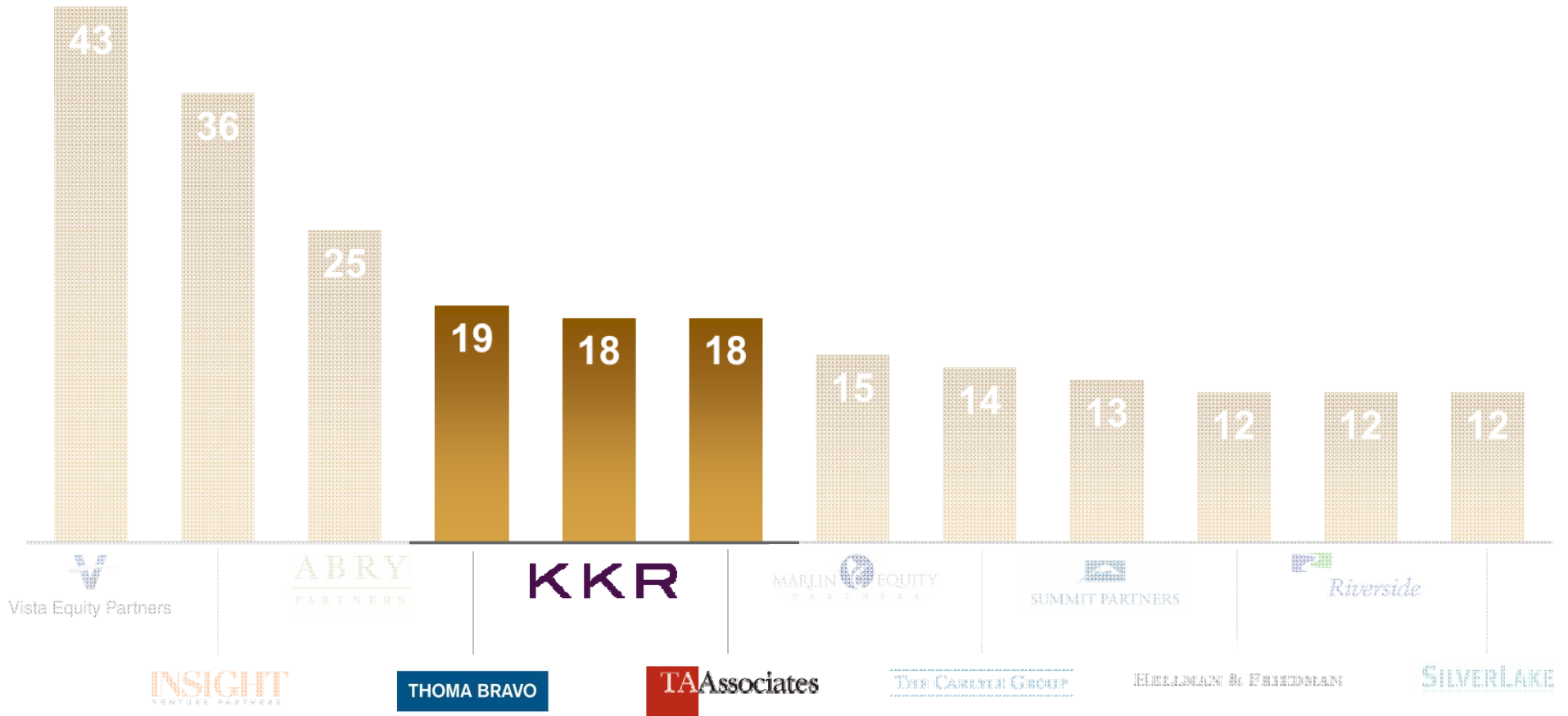
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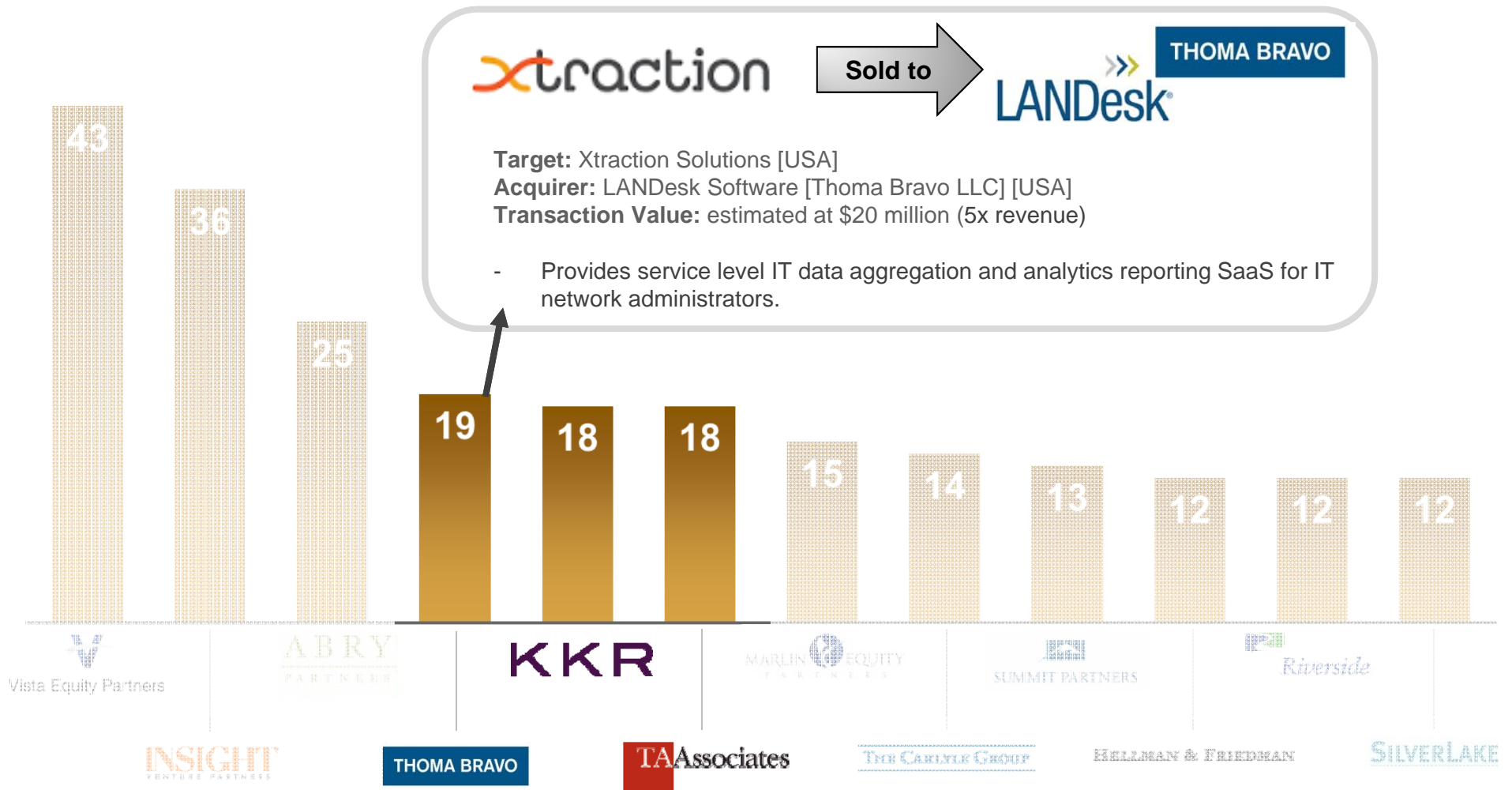
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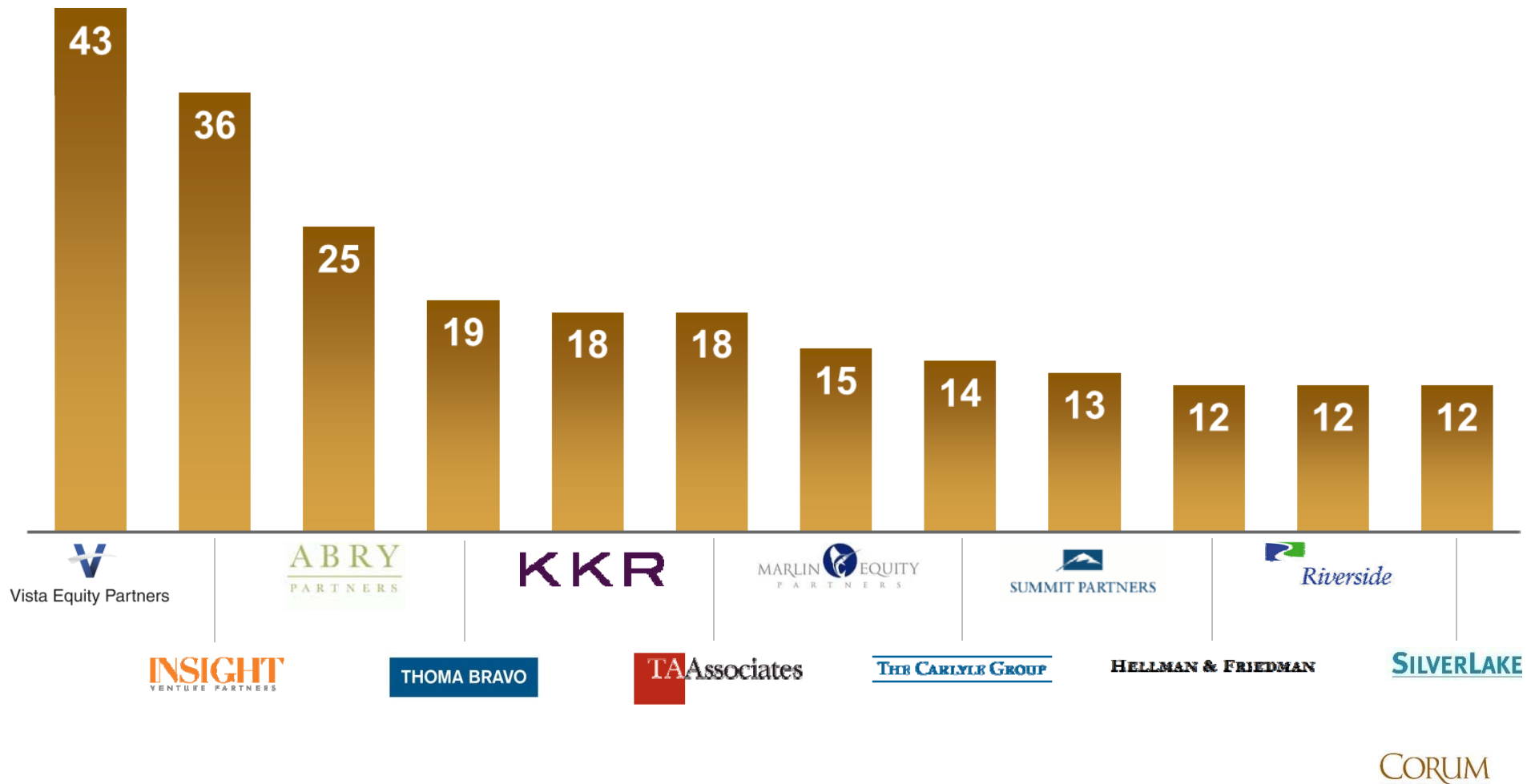


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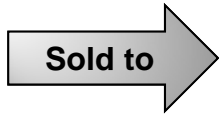




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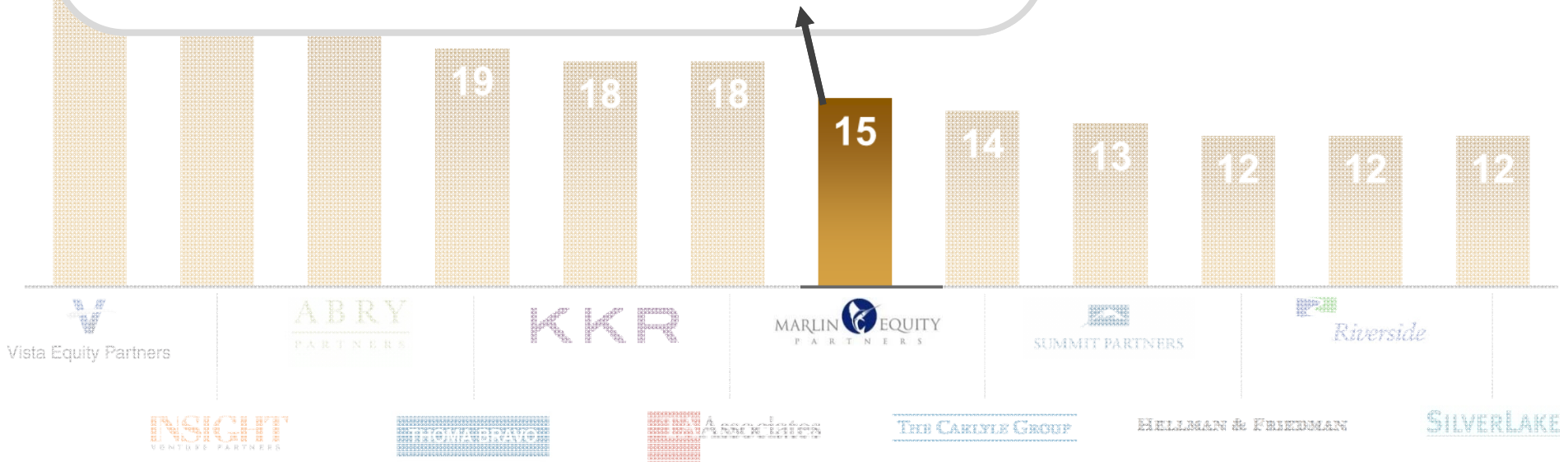
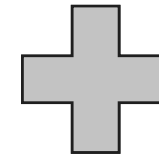


# Top Private Equity Acquirers – 2015



**Target:** Asentinel [USA]  
**Acquirer:** Marlin Equity Partners [USA]  
**Transaction Value:** Undisclosed

- Telecom service-focused expense management (TEM) SaaS

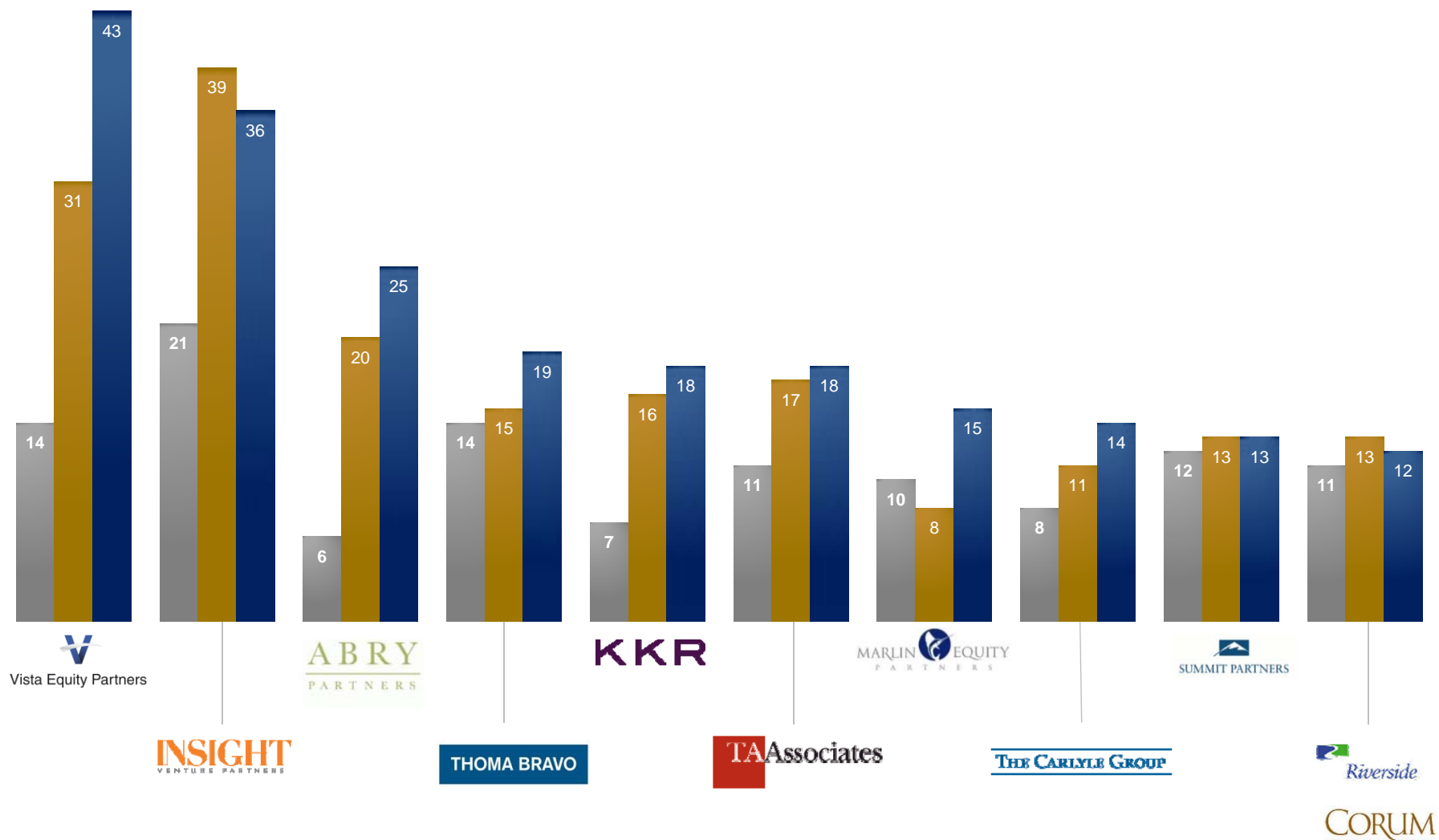


# PE Leaderboard Rotation 2014 - 2015

Change		2014	2015
87% ↑	Marlin Equity Partners	8	15
38% ↑	Vista Equity Partners	31	43
27% ↑	The Carlyle Group	11	14
26% ↑	Thoma Bravo	15	19
25% ↑	ABRY Partners	20	25
12% ↑	KKR	16	18
5% ↑	TA Associates	17	18
0% —	Summit Partners	13	13
7% ↓	Insight Venture Partners	39	36
7% ↓	Riverside	13	12

Source: 451Research  
Transactions include portfolio company acquisitions

# Private Equity Acquirers 2013 – 2015



# 2015 Tech Megadeals powered by PE

EMC <sup>2</sup> DELL \$63.1B	AMSO \$37.0B	ATERA intel \$16.7B	NOIDA \$16.5B Alcatel-Lucent	Aol. verizon \$4.4B
freescale NP \$11.8B	KLARNSER LAM \$10.6B	VERITAS CARLYLE GROUP \$8.0B CIC	360 MBO \$7.7B www.360.cn	HomeAway Expedia \$3.9B
EXELIS \$4.8B	solarwinds SILVERLAKE \$4.5B THOMA BRAVO	inotera micron \$4.1B memories	TE COMMSCOPE \$3.0B	The Weather Company \$2.5B
ARUBA hp \$3.0B	AXIS Canon \$2.8B	PMC Microsemi \$2.5B PMC-SIERRA	BLUE COAT BainCapital \$2.4B	veda EQUIFAX \$1.8B
Interactive Data ice \$5.2B	Omnivision 华创投资 \$1.9B HUA CAPITAL	welocalize Raytheon \$1.9B	virtustream EMC <sup>2</sup> \$1.2B	lynda.com LinkedIn \$1.5B
SUNGARD FIS \$5.1B	elster Honeywell \$5.1B	dt COX \$4.0B INTERNATIONAL	FIPS \$3.8B	O2 \$3.8B
Solera Vista Equity Partners \$3.7B	Wood Mackenzie Venisk Analytics \$2.8B	DAIMLER \$2.7B Audi	ADVENT ss&c \$2.5B	SHANDA GAMES MBO \$1.9B
SNL MCGRAW HILL FINANCIAL \$2.2B	Pace ARRIS \$2.1B	MedAssets RAMPLONA \$1.9B	WINCOR NIXDORF DEBOLD \$1.8B	FUNPLUS \$1.1B
DOMINO brother \$1.6B	EFS \$1.5B	FUNtech D+H \$1.3B	XOOM PayPal \$1.1B	informatica PERMIRA \$5.3B
telx DIGITAL REALTY \$1.9B	H3C UNIS \$2.3B	TechnologyGroup EQUINIX \$3.6B	IGATE Ciperemini \$4.0B	Constant Contact ENDURANCE \$1.1B Intelliscan Group
				IFS EQT \$1.0B
				KOFAX LEXMARK \$1.0B

# Growth in PE Buyouts by Sector



Media Technology  
Security  
IT Services  
HR & HCM  
ERP  
Internet Content & Commerce  
CRM



↑ Content Creation  
**moovly** → PANTHEON

↑ Content Management  
**MASSTECH** → COVINGTON  
Capital Corporation

↑ Content Delivery  
**ATX** → **H. I. G.**  
CAPITAL

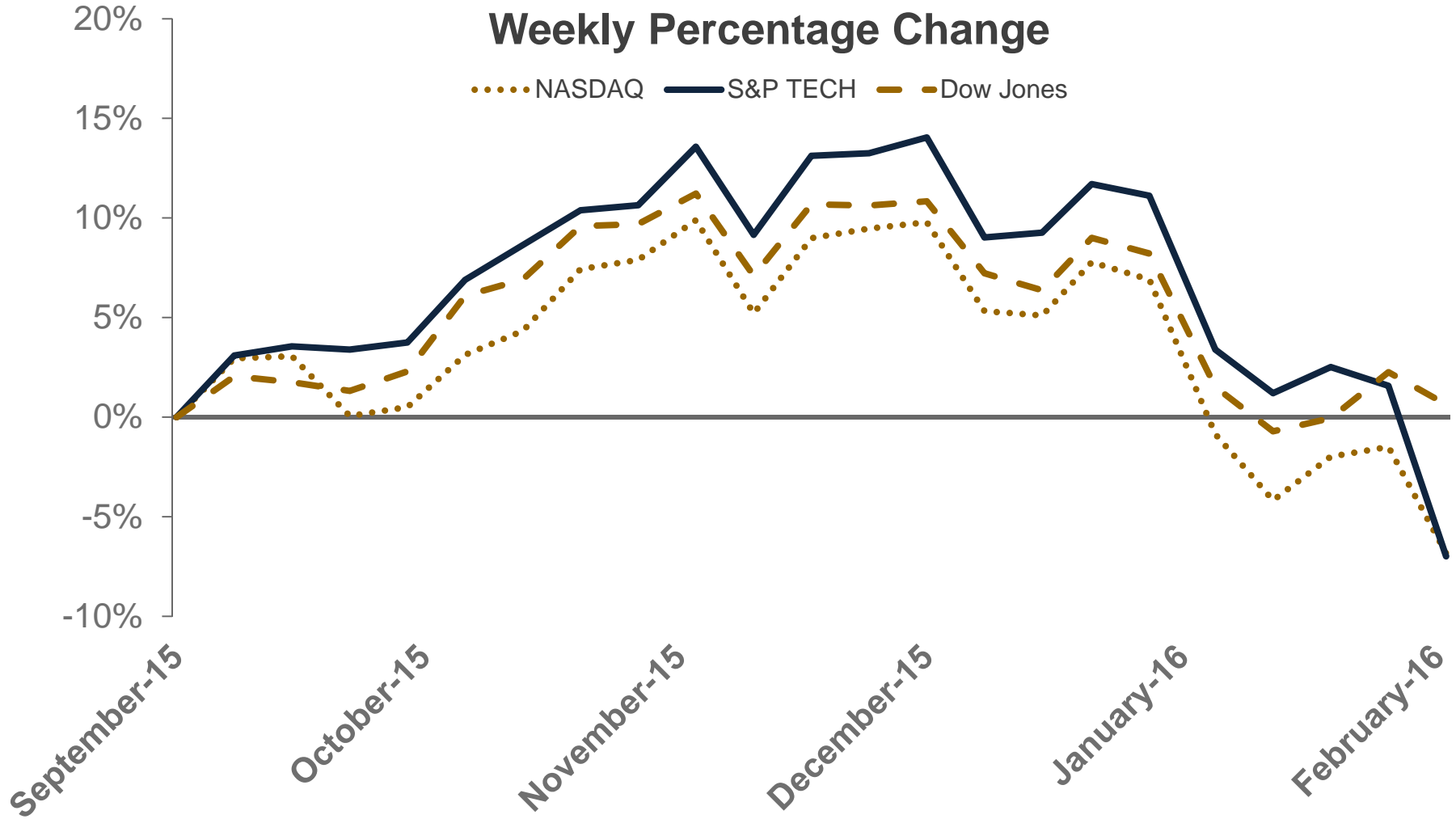
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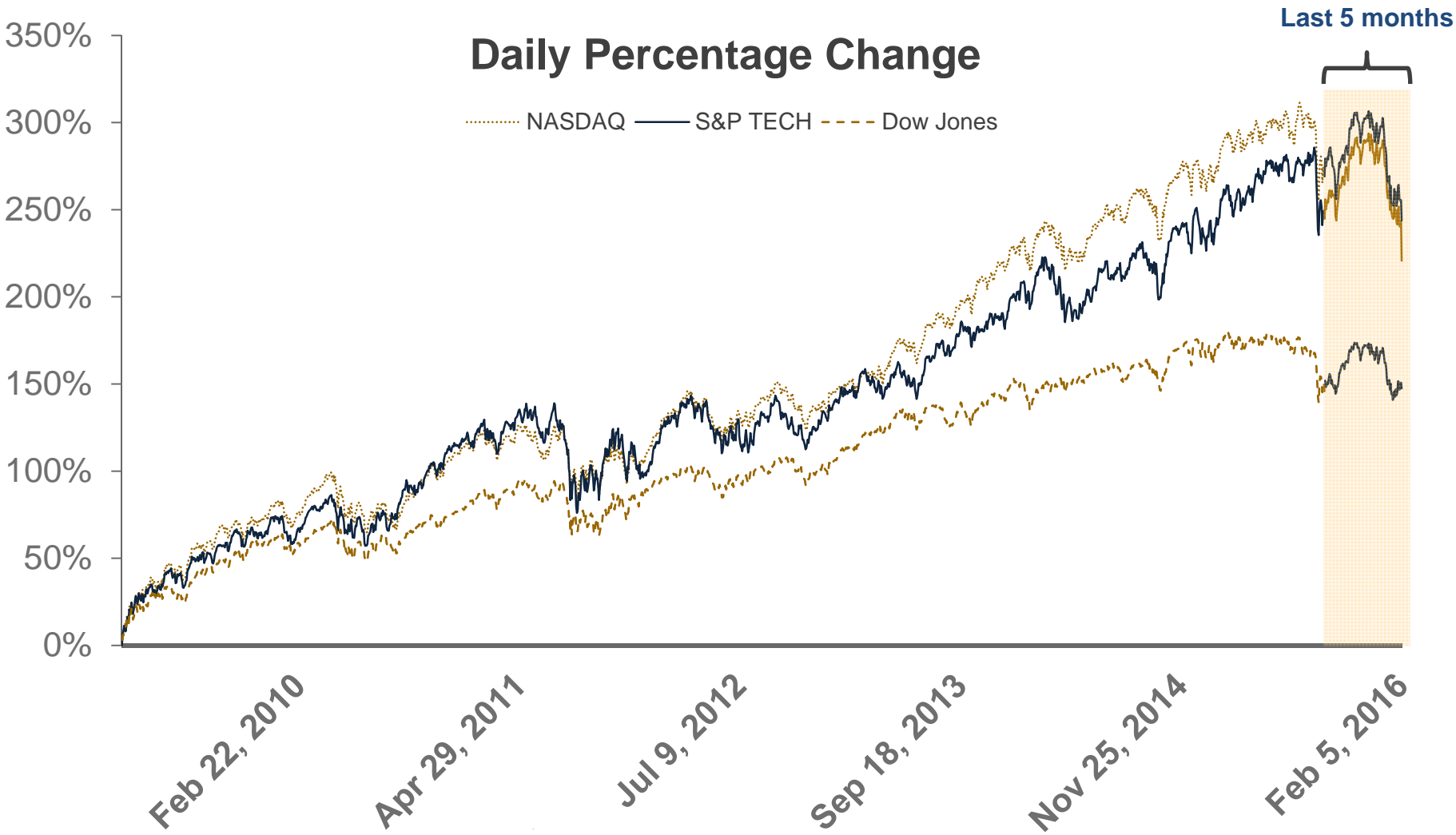


# Public Markets Q4 2015-Present





# Public Markets 2009-Present



## 5 Reasons Tech M&A Will Continue

1. Record cash – strategic & financial buyers
2. Strategic imperative – acquire or perish
3. Solid growth markets
4. More global buyers than ever
5. Inexpensive debt (PE buyouts)

# Corum Index

## Market

Transactions

Jan 2015

357

Jan 2016

367

3%

Mega Deals

1

5

400%

Largest Deal

\$3B

\$5B

67%

## Pipeline

Private Equity Deals

Jan 2015

16

Jan 2016

29

81%

VC Backed Exits

38

57

50%

## Attributes

Cross Border Transactions

Jan 2015

31%

Jan 2016

33%

6.5%

Start-Up Acquisitions

9%

8%

11%

Average Life of Target

15 yrs

16 yrs

6.7%

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# IT Services Software Market

## Public Valuation Multiples

Since Q4

Jan. 2016

Corum Analysis

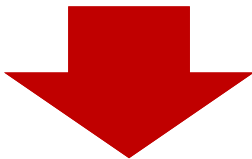
EV  
Sales



**0.90x**

*Retains historic highs even in face of downward market pressure*

EV  
EBITDA



**10.3x**

*Small decrease of under 5%, remaining near historic highs*



# IT Services – Developed Markets

## Deal Spotlight: North America



Government IT Services business unit



**Target:** Lockheed Martin Corporation (Government IT Services unit) [USA]

**Acquirer:** Leidos Holdings Inc. [USA]

**Transaction Value:** \$5B (0.9x revenue)

- Increases Leidos' scale and strengthens its position in the transportation market
- Executed through arcane tax-efficient trust mechanism



HORIZONTAL

\$1.0B



VERTICAL

\$1.0B



CONSUMER

\$1.5B



IT SERVICES

\$5.0B



INFRASTRUCTURE

\$5.3B



# IT Services – Developed Markets

## Deal Spotlight: Colocation services

EV/F

**CITY** *lifeline*

Sold to



**Target:** City Lifeline Limited [UK]  
**Acquirer:** Redcentric plc [UK]  
**Transaction Value:** \$6.9M (1.3x revenue, 7.7x EBITDA)

- Colocation & hosted services based in London's "Tech City"

EV/S

90 x

40 x

90 x

40 x

1.90 x

11.00 x

**ANCAR** **B**  
TECHNOLOGIES

Sold to



**Target:** Ancar B Technologies [UK]  
**Acquirer:** Pinnacle Technology Group plc [UK]  
**Transaction Value:** \$5M (1.4x revenue, 5.5 EBITDA)

- Cloud application virtualization and hosted services  
- Pinnacle also acquired nearby competitor Weston Group

40 x

90 x

40 x

EV

EV



# IT Services – Developed Markets

## Deal Spotlight: Insurance IT services





# Vertical Market

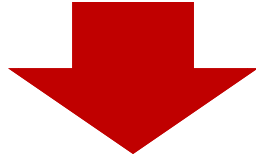
## Public Valuation Multiples

Since Q4

Jan. 2016

Corum Analysis

EV  
Sales



4.1x

*Decline in value to November 2015 levels driven by general pressure in the public markets...*

EV  
EBITDA



15.9x

*...but supported by continued strength in Automotive and Real Estate subsectors.*





# Vertical Application Software Market

## Deal Spotlight: Vertical Other



Sold to



EV

**Target:** Orange Legal Technologies [USA]  
**Acquirer:** Xact Data Discovery [Clearview Capital] [USA]

- E-discovery software and litigation, audit, and investigation services for law firms and corporations



Sold to

THE CARLYLE GROUP



EV

**Target:** LDiscovery [WestView Capital Partners] [USA]  
**Acquirer:** Carlyle Group, The/Revolution Growth [USA]

- Outsourced computer forensics and e-discovery for businesses and law firms in the US



# Vertical Application Software Market

## Deal Spotlight: Automotive



Sold to



EV

**Target:** Interactive DMS [aka Wilson Software Corp.] [USA]

**Acquirer:** Valsoft Corporation [Canada]

- Business management, order, inventory and document management, and customer service automation SaaS for automotive dealers

ck to



Sold to



EV

**Target:** LoJack Corporation [USA]

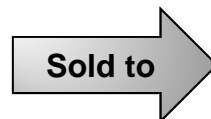
**Acquirer:** CalAmp Corp. [USA]

**Transaction Value:** \$134M (1.0x revenue and 26.8x EBITDA)

- On-board GPS vehicle tracking, recovery and telematics systems for consumers, businesses and law enforcement

d  
ers  
ESS

# Mega Deals - 2016 YTD



**SIEMENS**

**Target:** CD-adapco [USA]  
**Acquirer:** Siemens AG [Germany]  
**Transaction Value:** ~\$1.0B (4.9x revenue)

- Automotive engine simulation software, as well as other industrial simulation tools using its fluid dynamics modelling platform



**HORIZONTAL**

**\$1.0B**



**VERTICAL**

**\$1.0B**



**CONSUMER**

**\$1.5B**



**IT SERVICES**

**\$5.0B**



**INFRASTRUCTURE**

**\$5.3B**



# Vertical Application Software Market

## Deal Spotlight: Energy & Environment

Since Q4

Jan. 2016

Corum Analysis

EV



Sold to



**Target:** KBC Advanced Technologies plc [United Kingdom]

**Acquirer:** Aspen Technology Inc. [USA]

**Transaction Value:** \$230M

- Reactor models and refinery simulation software, and management consulting services for the energy sector

- Adds additional technologies to AspenTech's process simulation portfolio

EV

E



# Internet Market

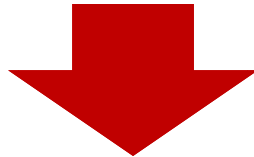
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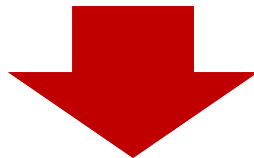
EV  
Sales



3.6x

*Leading the market lower as growth forecasts become less certain*

EV  
EBITDA



20.2x

*EBITDA ratio continues to be the highest among our six markets*



# Internet Market

## Deal Spotlight

**LegalWeek**

Sold to



**Target:** Legal Week [UK]

**Acquirer:** ALM Media (fka American Law Media) [USA]

- News and analysis website for legal professionals
- Digital content with a customer base in European markets



# Internet Market

## Deal Spotlight

**Credit***flux*

Sold to

 **MERGERMARKET**

**Target:** Creditflux [UK]

**Acquirer:** Mergermarket Group [UK]

- News, analysis and database of the global credit trading and investment sectors
- Will be integrated into Mergermarket's global fixed income division
- Follows the purchase of C6 Intelligence that joined grow risk & compliance division



# Internet Market

## Deal Spotlight



**CoinDesk**

Sold to



**Target:** CoinDesk [UK]

**Acquirer:** Digital Currency Group [USA]

- Bitcoin, blockchain and digital currency news, research and analysis website
- CoinDesk intends to leverage DCG's resources and marketing expertise while scaling its own services development



# Corum Research Reports



**Elon Gasper**  
Vice President,  
Director of Research



**Yasmin Khodamoradi**  
Analyst



**Artem Mamaiev**  
Analyst



# Connectifier - LinkedIn

## Deal Spotlight: AI Enablement

**Connectifier**

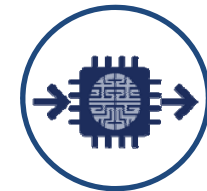
Sold to

**LinkedIn**

**Target:** Connectifier [USA]

**Acquirer:** LinkedIn [USA]

- Machine learning-based job candidate recruitment platform
- Database of 400M+ potential job candidates
- Founders formerly with Google Analytics and Google Sheets



AI Enablement

# Private Equity Roundtable



Joe Manning  
The Riverside Company  
Principal



Rob Palumbo  
Accel-KKR  
Managing Director



Peter Freeland  
BuildGroup  
Co-Founder &  
Managing Partner



Geoffrey Baird  
Tailwind Capital  
Operating Executive

# Special Guest



Joe Manning  
The Riverside Company  
Principal



Joe Manning is a transactor out of Riverside's Cleveland office, where he has served since 2011, following a stint as an associate from 2006-2009. Joe has led numerous deals in his time at Riverside, and he serves on the board of a number of companies, including YourMembership.com, Greenphire, Arcos and Eemax

Joe holds an MBA from the Kellogg School of Management at Northwestern University.

# Special Guest



Rob Palumbo  
Accel-KKR  
Managing Director



Prior to joining Accel-KKR, Rob co-headed the software investment banking practice at Thomas Weisel Partners in San Francisco. Prior to Thomas Weisel, he spent three years at Deutsche Bank where he built the technology investment banking practice in the southeastern U.S. and later headed the software practice in Silicon Valley. Prior to Deutsche Bank, Rob spent five years at Stephens, Inc. where he directed the firm's information technology banking practice. As part of that effort, Rob originated and executed direct private equity investments on behalf of Stephens Group, the private equity investment arm of the firm. Rob started his career as a mergers and acquisitions analyst at Alex. Brown & Sons in Baltimore, MD in 1990.

Rob is a Director of Cielo, EA Holdings, Inc., Infinisource, North Plains, and Paymentus. Rob's former selected directorships include Applied Predictive Technologies (sold to MasterCard for \$600 million in 2015), On Center Software (sold to Roper Industries in 2015), Datapipe, Intrinsic Research (sold to AmerisourceBergen Holding Corporation in 2011), Saber (sold to EDS in 2007 for \$460 million) and Systems & Software.

Rob holds an A.B. from Princeton University.

CORUM

# Special Guest



Peter Freeland  
BuildGroup  
Co-Founder &  
Managing Partner



Pete Freeland is a Co-Founder and Managing Partner of BuildGroup, an Austin-based investment firm launched in 2015 by a group of serial entrepreneurs and experienced technology investors. Mr. Freeland's focus is enterprise software with a particular interest in vertically focused applications, infrastructure, big data analytics, and sales and marketing automation. He currently sits on the board of Maintenance Assistant and his prior investments include Axium Software, Clarabridge, Datto, Continuum Analytics, Latisys, and D&B Credibility.

Prior to founding BuildGroup, Mr. Freeland worked for General Catalyst Partners where he led the firm's enterprise software investment practice for growth-stage companies. Mr. Freeland also worked for Great Hill Partners and TA Associates. He started his career working for JPMorgan.

Mr. Freeland graduated from Middlebury College and received his MBA from Columbia University.

# Special Guest



Geoffrey Baird  
Tailwind Capital  
Operating Executive



Geoffrey Baird assists Tailwind in sourcing, evaluating and performing due diligence on business services opportunities with a particular focus on technology services. He has over 25 years of experience in the high-tech industry, having driven growth and product strategies for start-ups and Fortune 500 companies.

He is a high tech veteran with experience leading businesses in the mobile, Internet of Things (IoT) and communications sectors. Most recently, Geoffrey served as President of the Product & Technology Group at AGT International, an innovator in the IoT, having started with AGT as CEO of 3i-MIND, a data science company. Prior to his time at AGT, Geoffrey worked at Avaya, serving as Vice President and General Manager of the Small Medium Business Unit and the Communications Appliances Business Unit, responsible for \$1 billion in revenues and 600 global employees. Previously, Geoffrey has served as CEO of mobile technology firms Commtag and Xtempus and as COO of Psion Computing, a pioneer in the personal mobile computing space, in the United Kingdom.

Geoffrey currently serves as a director of iJET International and Lemonfish Technologies. He began his career in the mid-market technology space in the United Kingdom, before moving to the United States in 2004. Geoffrey received his MBA with distinction from the London Business School and a BSc in Cybernetics and Mathematics from the University of Reading, UK.

# Private Equity Roundtable



Joe Manning  
The Riverside Company  
Principal



Rob Palumbo  
Accel-KKR  
Managing Director



Peter Freeland  
BuildGroup  
Co-Founder &  
Managing Partner



Geoffrey Baird  
Tailwind Capital  
Operating Executive



# Q&A

- We welcome your questions!
  - Use Q&A tab at the bottom of screen
  - Submit to queue at any time

# Upcoming Conference Schedule

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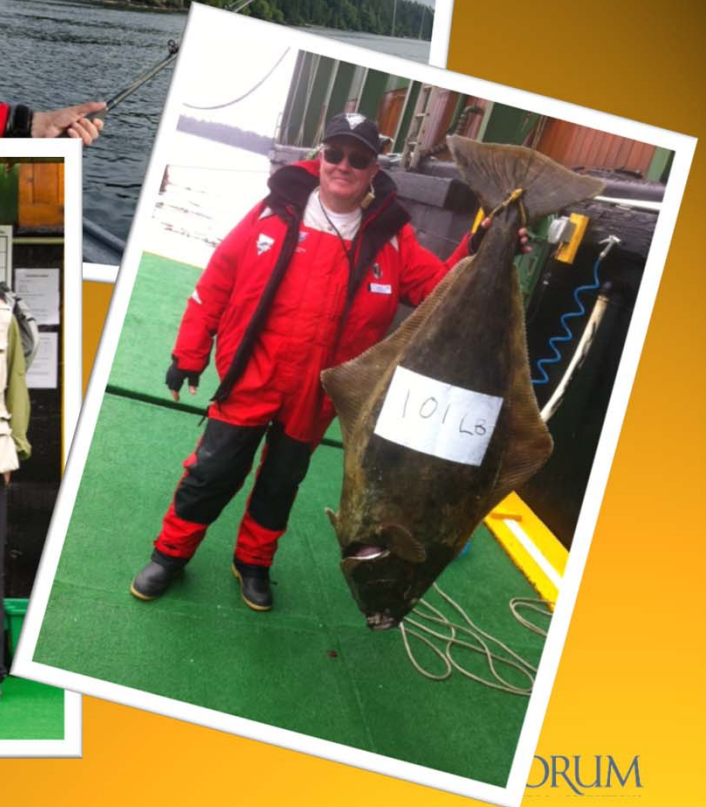
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# After the Deal – Celebration





[www.corumgroup.com](http://www.corumgroup.com)