Global Tech M&A Monthly

10 Ways to Increase Value

11 December 2014

CORUM

Moderator

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.

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Agenda

- Welcome

- Field Reports

  - Solution Q – acquired by Upland Software

  - Filemobile – being acquired by Newzulu

  - Paytrail – acquired by Nets Holding A/S

- Conference Reports – Singapore, Europe, & Hong Kong

- Research Report

- 10 Ways to Increase Value

- Q&A

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Field Report: Canada

Peter Andrews
Regional Director
Corum Group, Ltd.

Peter Andrews has over 25 years of senior executive strategic, operational, financial and transitional management experience in the technology and enterprise software sectors. Peter was the founder, CEO and Chairman of In-Touch Survey Systems, a software/hardware technology company and the first market research company to develop and use kiosks for data collection. After growing In-Touch from startup to IPO, Peter was engaged by venture capital investors to turn around, grow and sell Grantium, Inc., an international enterprise software company; the market leader in Enterprise Grants Management software.

Subsequently, Peter made the decision to focus his knowledge and experience into helping other business leaders find success. In addition to his work as a Corum Regional Director, he serves as a chair for TEC Canada, the preeminent peer-to-peer leadership development program for Canadian business leaders.

He has been directly engaged in the negotiation of company financing, acquisitions and divestitures and delivers pragmatic, results-based management to his engagements. Peter holds an MBA from the Ivey School of Business and serves on the boards of several business and not for profit organizations. He is president of Epilepsy Ottawa Carleton and Director of Canadian Advanced Technology Alliance.

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Digital Currency Flow – Field Report

Mark Johnson
Vice President
Corum Group International, Ltd.

Mark's professional experience is as an M&A advisor, CEO of an IT company, Venture Capitalist, IT Management Consultant and Naval Officer. The thread throughout his career has been Information Technology, its commercialization, and its applications towards improving business effectiveness. His undergraduate education is from the U.S. Naval Academy in Annapolis, MD, where he received a degree in Systems Engineering.

In 2006 he spent one year at the Stockholm School of Economics attaining an MBA. Additionally, he was a semi-professional road cyclist and was ranked 1st in the U.S. Mid-Atlantic. He enjoys the challenges and dynamism involved with identifying new technology innovations with strong commercialization applications, particularly in an international setting where he has had the opportunity to work in numerous countries throughout Asia, the Middle East, Europe, and Africa.

Serving as a Naval Officer provided an exceptional leadership opportunity in a challenging and diverse environment.

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Digital Currency Flow

Decreasing Friction in Payments & Exchange

- Currency flow has moving towards fewer barriers and less friction on transactions.

- Examples include digital currencies, mobile wallets, crowdfunding, lightweight payment systems, online game and social network currencies & more

- Software & systems that improve upon or harness this flow have significant potential

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Nets Acquires Paytrail

Transaction Value: $3.14 billion

European Conference Report

Jon Scott
Senior Vice President
Corum Group Ltd.

Jon joined Corum in 2010 out of their Seattle headquarters and is now based in Amsterdam. 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.

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Hong Kong Conference Report

Jim Perkins
Regional Director, Digital Media Specialist
Corum Group, Ltd.

Entertainment software entrepreneur Jim Perkins is directly responsible for publishing some of the industry's biggest franchises, including Unreal, Duke Nukem, Wolfenstein, Doom, Hunting Unlimited, and Driver. A well-known senior executive with a 22-year track record of publishing such bestselling hits, he founded and grew two highly successful software publishing companies (FormGen and ARUSH) from start-ups to multi-million dollar enterprises.

Jim also launched Radar Group, the first Transmedia Incubation Company to monetize entertainment franchises across all media, including film and television. His success and extensive experience in software production, marketing and public relations, packaging, online and retail distribution and software M&A, uniquely qualify him as an expert in building value and realizing wealth. Jim joined Corum Group, the world's leading software M&A firm, with a specific focus on educating and helping prospective sellers maximize the value of their digital media companies.

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Singapore M&A Conference Report

Dougan Milne
VP, International Business Development
Corum Group Ltd.

Dougan is currently Vice President of International Business Development, based in Barcelona, with the Corum Group International. Previously, he spent 3 years working out of Corum's European headquarters in Zürich, Switzerland and 3 years running Corum's research division from their Global HQ in Seattle. Prior to joining Corum's team in 2005, Dougan spent 3 years in the banking industry with Bank of America, and Citigroup's Private Wealth business unit.

Before entering finance and investment banking, Dougan successfully founded two companies, Billions and Modo Marketing. He earned his advanced degree – Diplôme de Métiers du Vin et Management – in 2013 (France), and holds a BA in Business Economics from the University of San Diego.

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Corum Research Report

Elon Gasper
Vice President,
Director of Research
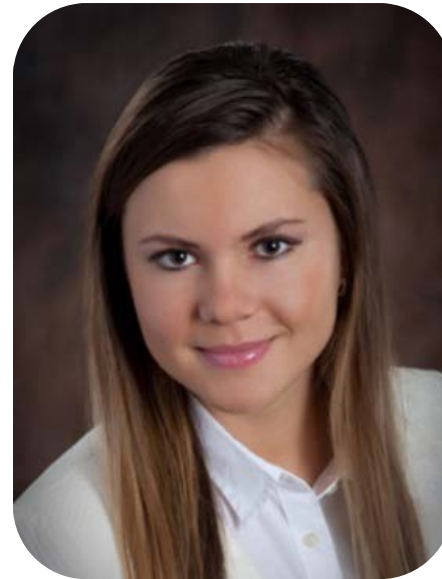
Alina Soltys
Associate

Public Markets

Weekly Percentage Change

········ NASDAQ ——— S&P TECH — — Dow Jones
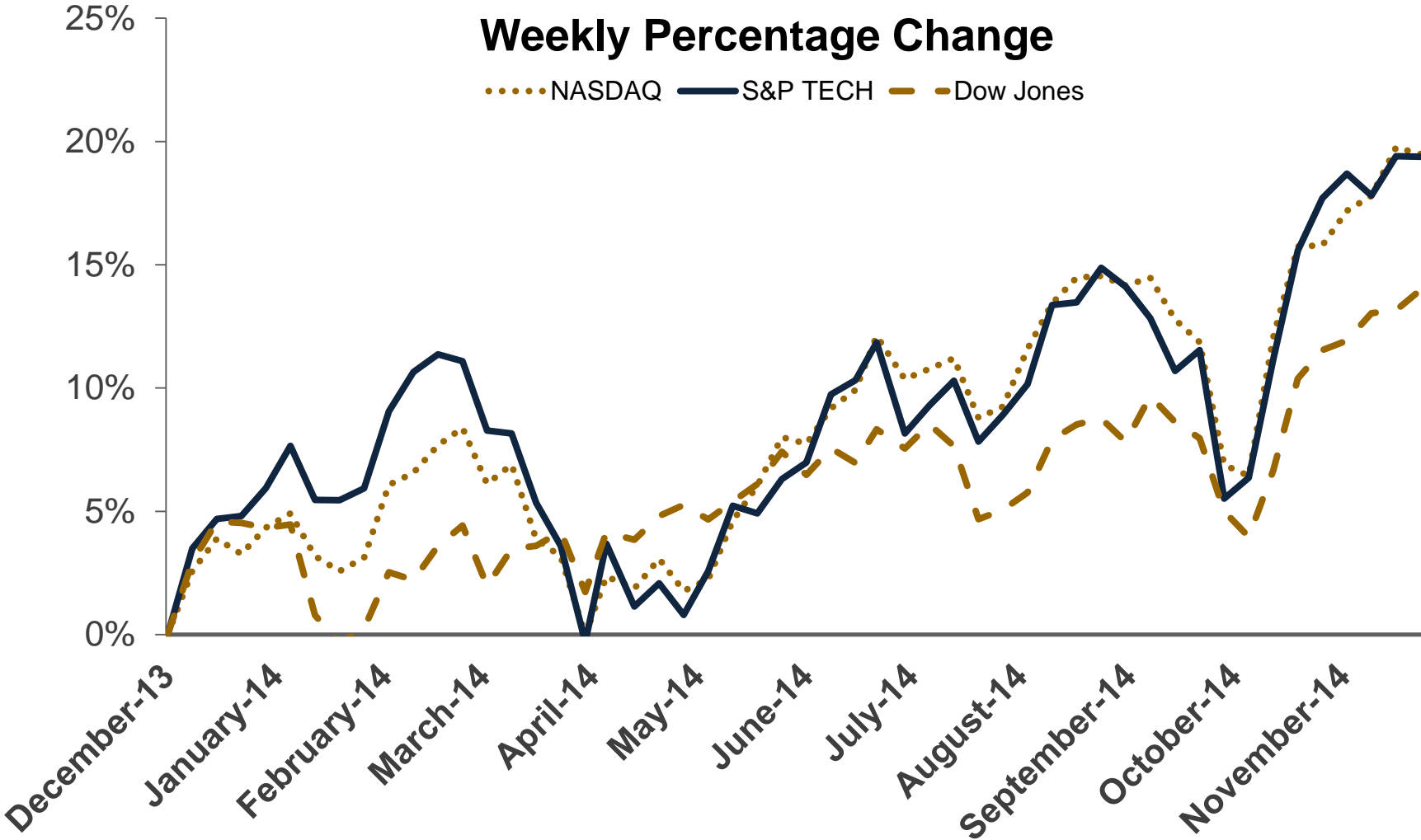
Corum Index

	Nov. 2013	Nov. 2014
# of Transactions	236	292
# of Mega Deals	4	2
Largest Deal	$2.0B	$3.7B
Private Equity Deals	15	20
# VC backed Exits	36	46
% Cross Border Transactions	37%	34%
% of Startup Acquisitions	15%	15%
Average Life of Target	15	14

Buyer	Seller	Price
Publicis Groupe	Sapient Corporation	$3.7B
Vista Equity Partners	Advanced Computer Software Group	$1.1B

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Corum Index

Buyer	Seller	Price
Publicis	Sapient Corporation	$3.7B
		$1.1B
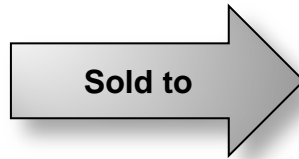
Sector: Marketing
Target: Sapient Corporation
Acquirer: Publicis Groupe [France]
Transaction Value: $3.7 billion

- Services company focused on marketing, omni-channel commerce and consulting.

- Will create new platform Publicis-Sapient focused on digital transformation.

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Corum Index

Buyer	Seller	Price
Publicis ~~Corporation~~	Sapient ~~Corporation~~	$3.7B
		$1.1B

Sold to

Sector: ERP
Target: Advanced Computer Software Group [UK]
Acquirer: Vista Equity Partners
Transaction Value: $1.1 billion

- HR & payroll management, procurement, BI and SCM software.

- The 3.3x revenue multiple is higher than other PE firms have paid for European ERP shops this year.

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Internet Market

Public Valuation Multiples
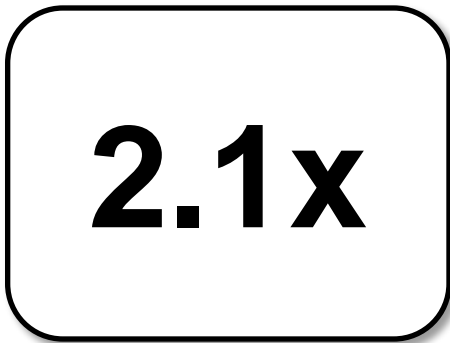
	Since Q3	Nov. 2014	Corum Analysis
EV / Sales	—	**2.1x**	*Stable value metric, essentially unchanged since April 2014.*
EV / EBITDA	—	**16.0x**	*Maintaining highs first reached in July .*

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Internet Market

Deal Spotlight

BrightRoll → **Sold to** → **YAHOO!**

Sector: Advertising
Target: BrightRoll
Acquirer: Yahoo!
Transaction Value: $640 million

- Web, mobile and connected TV digital video advertising network and targeted analytics SaaS.

- Will add scale to video inventory increasing its value.

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Internet Market

Deal Spotlights

cooliris → **Sold to** → **YAHOO!**

Sector: Mobile
Target: Cooliris
Acquirer: Yahoo!
Transaction Value: Undisclosed

- Yahoo continues M&A acquisitions in mobile with Cooliris, a mobile photo browsing app.

MessageMe → **Sold to** → **YAHOO!**

Sector: Mobile
Target: Littleinc Labs
Acquirer: Yahoo!
Transaction Value: Undisclosed

- Free mobile instant messaging application for texts, audio clips, images and photos.

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Internet Market

Deal Spotlight

Sector: Online Recruitment
Target: Internships.com
Acquirer: Chegg
Transaction Value: $11 million

- Internship marketplace bringing students, employers and higher education institutions together in a centralized location.

- Chegg's third deal of the year aimed at increasing digital revenue.

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Internet Market

Deal Spotlights: Student Marketplace

CAMPUS $PECIAL.COM → **Sold to** → **Chegg**

Target: Campus Special
Acquirer: Chegg
Transaction Value: $16 million

- Online food ordering and discounted deals discovery service for college students.
- Campus Special was advised by Corum Group on sale to Chegg.

InstaEDU → **Sold to** → **Chegg**

Target: InstaEDU, Inc.
Acquirer: Chegg
Transaction Value: $30 million

- Online video tutoring destination for high school, college and standardized test prep.

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Internet Market

Deal Spotlights

hh.ru HeadHunter — **Sold to** → ELBRUS CAPITAL
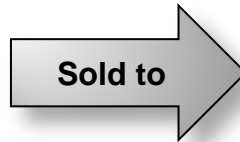
Sector: Online Recruitment
Target: Headhunter [Russia]
Acquirer: Elbrus Capital [Russia]
Transaction Value: $212 million

- Job Classifieds and recruitment website
- Headhunter grew its monthly unique user base from 4 to 14M over the past six years
- Divestiture from Mail.ru.

MapsWithMe — **Sold to** → @mail.ru
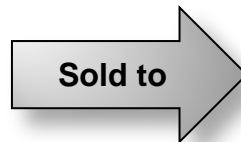
Sector: Mobile
Target: MapsWithMe [Switzerland & Belarus]
Acquirer: Mail.Ru [Russia] via My.com subsidiary [U.S.]
Transaction Value: Undisclosed

- Mobile maps app to download maps for offline use.

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Consumer Application Software Market

Public Valuation Multiples

	Since Q3	Nov. 2014	Corum Analysis

EV / Sales ⬇️ **1.8x** — *Slides back to early 2014 levels as markets confront the challenges of predicting consumer behavior…*

EV / EBITDA ⬆️ **12.7x** — *…shifting value emphasis to companies' profitability and reaching new historic highs*

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Consumer Application Software Market

Deal Spotlight

Sold to

Sector: Video Games
Target: Big Fish Games Inc.
Acquirer: Churchill Downs Inc.
Transaction Value: $485M + $350M earnout

- Online, social media, mobile, and downloadable Mac and PC videogames and casino-style games .

- Valued for scale, gaming expertise, distribution scope and marketing experience.

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Consumer Application Software Market

Deal Spotlight

Sector: Video Games
Target: Waplesoft Corp [South Korea]
Acquirer: Gamevil [South Korea]
Transaction Value: Undisclosed

- Mobile videogames, role-playing games and social networking games.

- Deal resulted in a new hybrid mobile game *Elune Saga* launched in several Asian territories.

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Consumer Application Software Market

Deal Spotlight

Sold to

Sector: Video Games
Target: Score Value Ltd. [China]
Acquirer: AGTech Holdings Ltd. [Hong Kong]
Transaction Value: $63 million (total potential with earn out)

- Mobile gaming and lottery applications and handheld lottery POS systems.

- Significantly diversifies product range as they become an immediate supplier of handheld lottery sales equipment.

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IT Services Market

Public Valuation Multiples
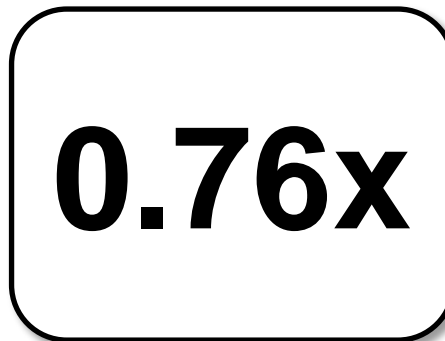
	Since Q3	Nov. 2014	Corum Analysis
EV / Sales	—	**0.76x**	*Holds steady near two-year highs.*
EV / EBITDA	⬆	**9.7x**	*Strong increase, recaptures levels last seen in Q1.*

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IT Services Market

Deal Spotlights

Sector: IT consulting
Target: 5one Marketing [UK]
Acquirer: MasterCard
Transaction Value: Undisclosed

- Adds retail global consultancy providing services, analysis, and software

- Helps retailers transform their business to be more customer-centric with omni-channel marketing

- Addresses initial roadmap design through execution

- Becomes part of MasterCard Advisors, the company's professional services arm

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IT Services Market

Deal Spotlight

Sector: Security
Target: FishNet Security
Acquirer: Blackstone Group
Transaction Value: $350 million

- Information security solutions that combine technology, services, support and training.

- Follows the acquisition of FishNet's smaller rival, Accuvant.

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IT Services Market

Deal Spotlights

Target: P3 consulting [Germany]
Acquirer: KPMG
Transaction Value: Undisclosed

- Risk management, security assessment and network protection services.

Target: Qubera Solutions
Acquirer: KPMG
Transaction Value: Undisclosed

- Identity and access management services assets.

EV

EV

Sold to

Sold to

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Corum Research Report

Elon Gasper
Vice President,
Director of Research

Alina Soltys
Associate

CORUM

10 WAYS TO INCREASE THE VALUE OF YOUR COMPANY

CORUM

Value Enhancer #1 - Begin with the End in Mind

Jon Scott
Senior Vice President
Corum Group Ltd.

Jon joined Corum in 2010 out of their Seattle headquarters and is now based in Amsterdam. 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.

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Value Enhancer #2 - Move from Traditional to SaaS

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.

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Value Enhancer #3 – Hire Quality Management Team

Jim Perkins
Vice President
Corum Group, Ltd.

Entertainment software entrepreneur Jim Perkins is directly responsible for publishing some of the industry's biggest franchises, including Unreal, Duke Nukem, Wolfenstein, Doom, Hunting Unlimited, and Driver. A well-known senior executive with a 22-year track record of publishing such bestselling hits, he founded and grew two highly successful software publishing companies (FormGen and ARUSH) from start-ups to multi-million dollar enterprises.

Jim also launched Radar Group, the first Transmedia Incubation Company to monetize entertainment franchises across all media, including film and television. His success and extensive experience in software production, marketing and public relations, packaging, online and retail distribution and software M&A, uniquely qualify him as an expert in building value and realizing wealth. Jim joined Corum Group, the world's leading software M&A firm, with a specific focus on educating and helping prospective sellers maximize the value of their digital media companies.

Value Enhancer #4 – Lower Customer Churn

Mark Johnson
Vice President
Corum Group International, Ltd.

Mark's professional experience is as an M&A advisor, CEO of an IT company, Venture Capitalist, IT Management Consultant and Naval Officer. The thread throughout his career has been Information Technology, its commercialization, and its applications towards improving business effectiveness. His undergraduate education is from the U.S. Naval Academy in Annapolis, MD, where he received a degree in Systems Engineering.

In 2006 he spent one year at the Stockholm School of Economics attaining an MBA. Additionally, he was a semi-professional road cyclist and was ranked 1st in the U.S. Mid-Atlantic. He enjoys the challenges and dynamism involved with identifying new technology innovations with strong commercialization applications, particularly in an international setting where he has had the opportunity to work in numerous countries throughout Asia, the Middle East, Europe, and Africa.

Serving as a Naval Officer provided an exceptional leadership opportunity in a challenging and diverse environment.

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Value Enhancer #5 – Compelling Development Roadmap

Ed Ossie
Vice President
Corum Group

Ed has over 30 years of international experience serving high-growth technology companies and has spent the last 20 years in chief operating and chief executive roles. During this time, Ed has become known for his ability to design, build and execute multi-year growth strategies with a highly engaged team.

Ed served as President of Innovation Group PLC, and prior to that led the sale of MTW Corporation to Innovation Group as MTW CEO. Both companies are in the insurance software and business process services segments. Prior to that he was Division Manager and Vice President for the Texas Instruments Software Group, which grew from startup to 1300 people in 5 years.

Ed graduated with a Bachelor of Science degree from Missouri State University and attended select Executive Programs at Stanford Graduate School of Business.

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Value Enhancer #6 – Diversify Customer Base

John Simpson
Vice President
Corum Group Ltd.

Prior to joining Corum's team, for 12 years John ran a leading boutique M&A firm in Silicon Valley specializing in technology-based transactions that included company sales and acquisitions, asset divestitures, management buyouts and capital raises.

Previously John spent more than 20 years in the enterprise software arena, including C-level executive roles with BMC Software Inc. Ingres Corporation, and DEC. During these assignments he managed product lines located across the USA and Europe, and drove multimillion $$ strategic alliances and OEM sales channels. John also participated in several software startups in Silicon Valley during the 1980's, including founding Analytica, one of the industry's first ever software firms to be venture-capital funded.

John has been a presenter and panelist at many technology and business conferences in the USA and Europe. He is a past member of Microsoft's Advisory Board for Application Development. He has published numerous articles on Growth & Exit planning, and has taught M&A basics to burgeoning capitalists in Shanghai, China.

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Value Enhancer #7 – Improving Free Cash Flow

Russ Riggins
Senior Director
Corum Group Ltd.

Russ joined Corum in 2013 and is located in the Seattle headquarters where he assists clients with financial deal structuring and due diligence. He has over 30 years of varied business experience in a variety of industry sectors. Russ started his business career with KPMG Peat Marwick. He was with KPMG for over 21 years and a partner for 11 years. He was responsible for the Pacific Northwest High Technology industry practice, focusing on early stage companies. Additionally, he assisted with a number of initial public offerings. Russ, along with Corum founder and CEO Bruce Milne, founded the Washington Software Association. Russ became known for his entrepreneurial skills and the ability to formulate successful business strategies for early stage technology companies. Subsequent to KPMG, Russ started a marketing and business strategy consulting firm, ParaMarketing, with a client from his KPMG days that developed Go-to-Market strategies for large multi-national technology firms. Clients included Cisco, Hitachi Data Systems, IBM, Adobe, Docent, Seagate and Adaptec.

The past 8 years Russ has been CEO and President of several early stage companies, successfully growing the companies and raising capital. Russ has a degree in Business Administrations, with an emphasis in accounting from the University of Washington.

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Value Enhancer #8 – Build Alliances & Partnerships

Jeff Brown
Vice President
Corum Group Ltd.

Jeff joined Corum in 2007 as Regional Director in Houston, Texas. He has over 25 years of entrepreneurial and consulting experience building software and business services companies. He specializes in information technology for engineering, scientific and business applications. He also understands the energy industry and multinational operations.

Jeff helped form and was President of Severn Trent Worksuite, a FTSE 100 subsidiary, which became the leading provider of enterprise and wireless workflow management software. Jeff was Vice President at IntelliGIS, a pioneer in geographic information systems and wireless computing. Additionally, he launched Western Hemisphere operations for Simon Petroleum Technology, a provider of petroleum reservoir management software, and was a member of the initial management team at GeoQuest Systems, which became the leader in petroleum decision support systems.

Jeff began his career on the research staff at Columbia University and is a published author. He holds a degree in Geology from the State University of NY.

Value Enhancer #9 – Emphasize YoY Growth

Rob Schram
Senior Vice President
Corum Group Ltd.

Rob has over 30 years of executive and entrepreneurial experience in multiple technologies: Integrated circuit testing, industrial process automation and control, communications software, security software, and energy software and services.

Rob has founded and sold several companies and engaged in two IPOs. He was most recently CEO of Evergreen Fuel Technologies, Inc. in the energy sector. Rob is a broadly skilled strategic development professional with a proven reputation for targeting, negotiating and developing profitable ventures and a demonstrated ability to successfully analyze an organization's critical business requirements, identify deficiencies and opportunities, and develop innovative and cost-effective solutions for enhancing competitiveness, increasing revenues, and improving customer relationships.

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Value Enhancer #10 – Timing Your Sale

Daniel Bernstein
Vice President
Corum Group Ltd.

Daniel Bernstein has worked in a number of roles over a twenty year career in high technology, most recently as the founder and CEO of Sandlot Games Corporation, a leading casual games publisher and developer. Having sold Sandlot Games to Digital Chocolate in 2011, Daniel started a small games studio and a consulting practice where he advises larger companies such as RealNetworks and smaller high growth businesses on product development, strategic initiatives, and M&A opportunities.

Prior to Sandlot Games, Daniel Bernstein held director level positions in companies such as Wild Tangent and Monolith. An accomplished composer, Daniel also writes music for most of the games he works on.

Daniel holds a BS in Computer Science and an MA in Music Composition from the University of Virginia.

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Q&A

- We welcome your questions!
    - Use Q&A window on right side
    - Submit to queue at any time
    - Ask "all panelists" – see "ask" option above text-entry box

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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."

January 2015 Conferences

Jan. 12: **Detroit** – SUSO

Jan. 13: **Chicago** – MB

Jan. 15: **Cleveland** – MB

Jan. 16: **Indianapolis** – MB

February 2015 Conferences

Feb. 10: **Tel Aviv** – SUSO

Feb. 12: **New York** – SUSO

www.CorumGroup.com/Events

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After the Deal – Celebration