



# Tech M&A Monthly



# TECH M&A MONTHLY

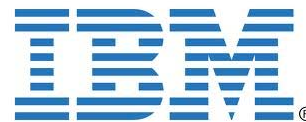
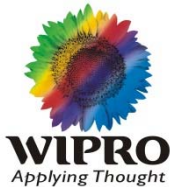
....starts in 2 minutes



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

CORUM

## Past Attendees Include:



CORUM

## 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:
  - Baltimore
  - Las Vegas
  - Buffalo
  - Syracuse
  - Sacramento
  - New York City
  - Portland
  - Indianapolis
  - Cincinnati



MERGE BRIEFING

# Selling Up, Selling Out

- Half-Day
- Tech M&A Bootcamp
- The most attended tech executive conference in history
- Upcoming events in:
  - Austin
  - Dallas
  - Seattle
  - Houston
  - Boston
  - Pittsburgh





# 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.”

**Baltimore**

**Seattle**

**Las Vegas**

**Pittsburgh**

**New York**

**Portland**

**Birmingham**

**Sacramento**

**Cincinnati**

**New York City**

**Dallas**

**Boston**

[www.CorumGroup.com/Events](http://www.CorumGroup.com/Events)

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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 9, 1 PM Berlin Time
  - On demand webcast will be available at [www.corumgroup.com](http://www.corumgroup.com)

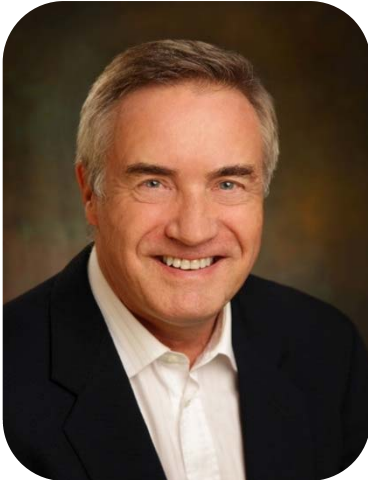


# Tech M&A Monthly

## When You Are Approached: 12 Tips to Ensure Deal Success

December 8, 2016

# Welcome



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.

# Agenda

- Welcome
- WFS London Report
- End of Year Tax Planning
- December 2016 Research Report
- 12 Tips for When You Are Approached
- Q&A



# WFS London Report



**Peter Prince**  
Vice President  
Corum Group International

Peter Prince has spent the last 27 years involved in starting and growing software companies or large divisions of international software companies. As well as following his entrepreneurial spirit he has held a number of senior roles for both privately held and public companies. He was part of several key acquisitions such as Software Artistry to IBM, Infinium to SSA GT and SSA Global to Golden Gate (Infor). He was President of SSA Global EMEA prior to its sale and then CEO of Cogniti.

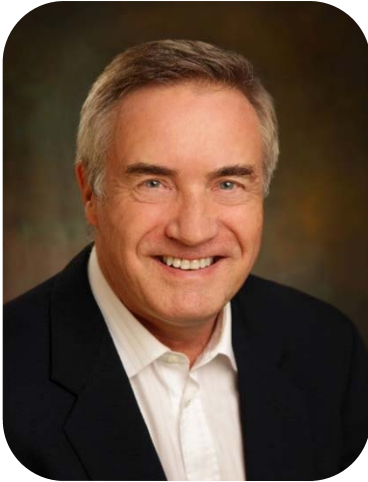
Peter has a diverse background within the software industry spanning Operations, Sales, Mergers and Acquisitions and Integration. He's been retained by some of the largest Private Equity firms in an advisory capacity. Peter has also focused on investing both time and funding into start-ups and young companies over recent years in a diverse range of sectors.

He attended Chiltern University attaining a business degree and later attended Harvard Business School successfully completing an executive course, Launching New Ventures.

# WFS London Report



# End of Year Tax Planning



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CEO  
Corum Group Ltd.

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# Corum Research Report



**Amber Stoner**  
Director of Research

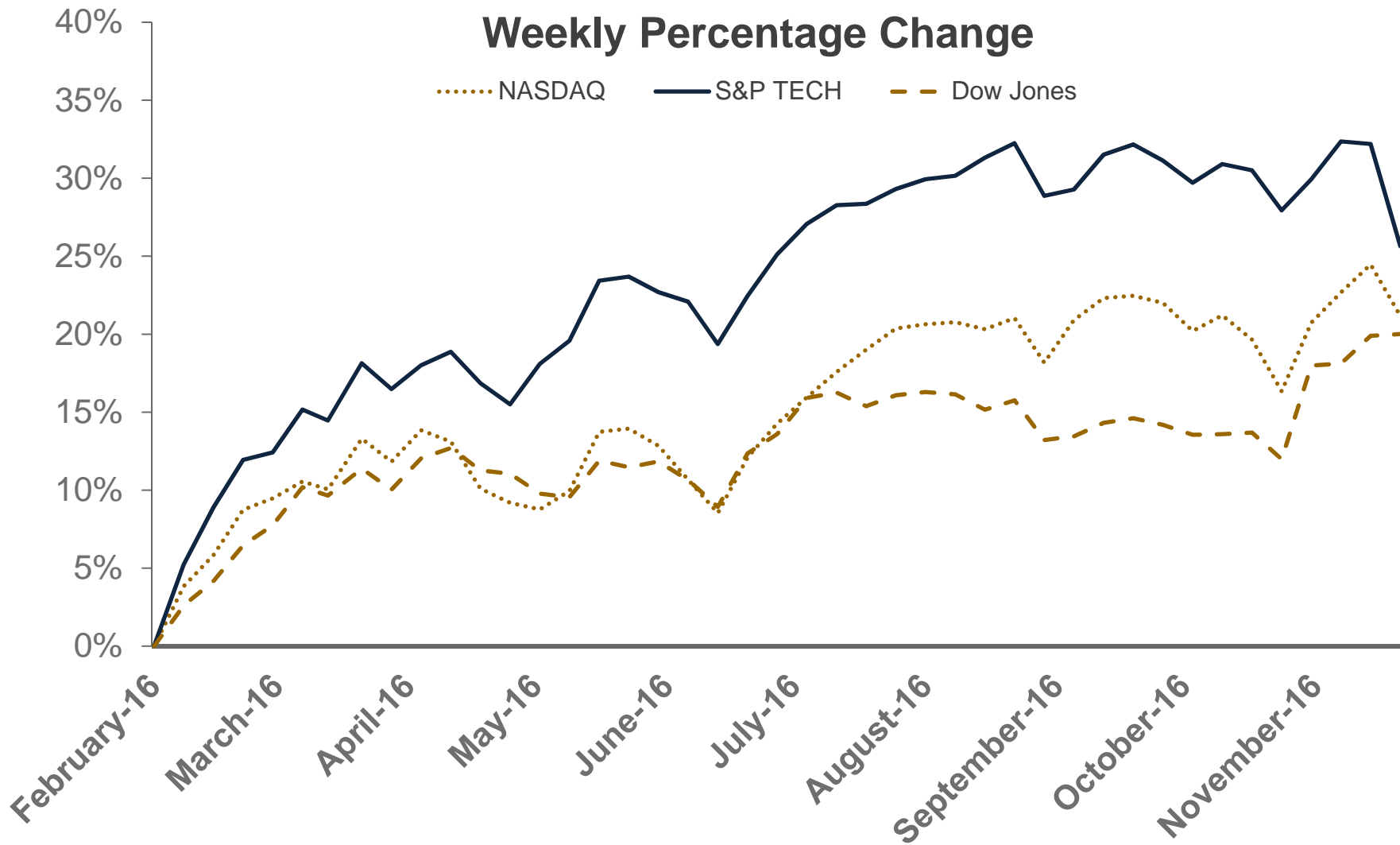


**Amanda Tallman**  
Senior Analyst



**Thomas Wright**  
Analyst

# Public Markets



# Macro view: 4 Longest\* Bull Market Runs

	Start	End	Years
Dotcom Bubble	Oct. 11, 1990	Mar. 24, 2000	9.5
<b>Current</b>	<b>Mar. 9, 2009</b>	<b>?</b>	<b>7.8</b>
Postwar Boom	Jun. 13, 1949	Aug. 2, 1956	7.1
That 70s Inflation	Oct. 3, 1974	Nov. 28, 1980	6.2



\*Since the Great Depression. Source: S&P Capital IQ, The Associated Press

CORUM



# Corum Index

## Market

Transactions

Nov. 2015

322

Nov. 2016

246

24%

Mega Deals

8

8

Largest Deal

\$5.9B

\$8.0B

36%

## Pipeline

Private Equity Deals

Nov. 2015

18

Nov. 2016

23

28%

VC Backed Exits

48

61

27%

## Attributes

Cross Border Transactions

Nov. 2015

36%

Nov. 2016

37%

3%

Start-Up Acquisitions

16%

13%

19%

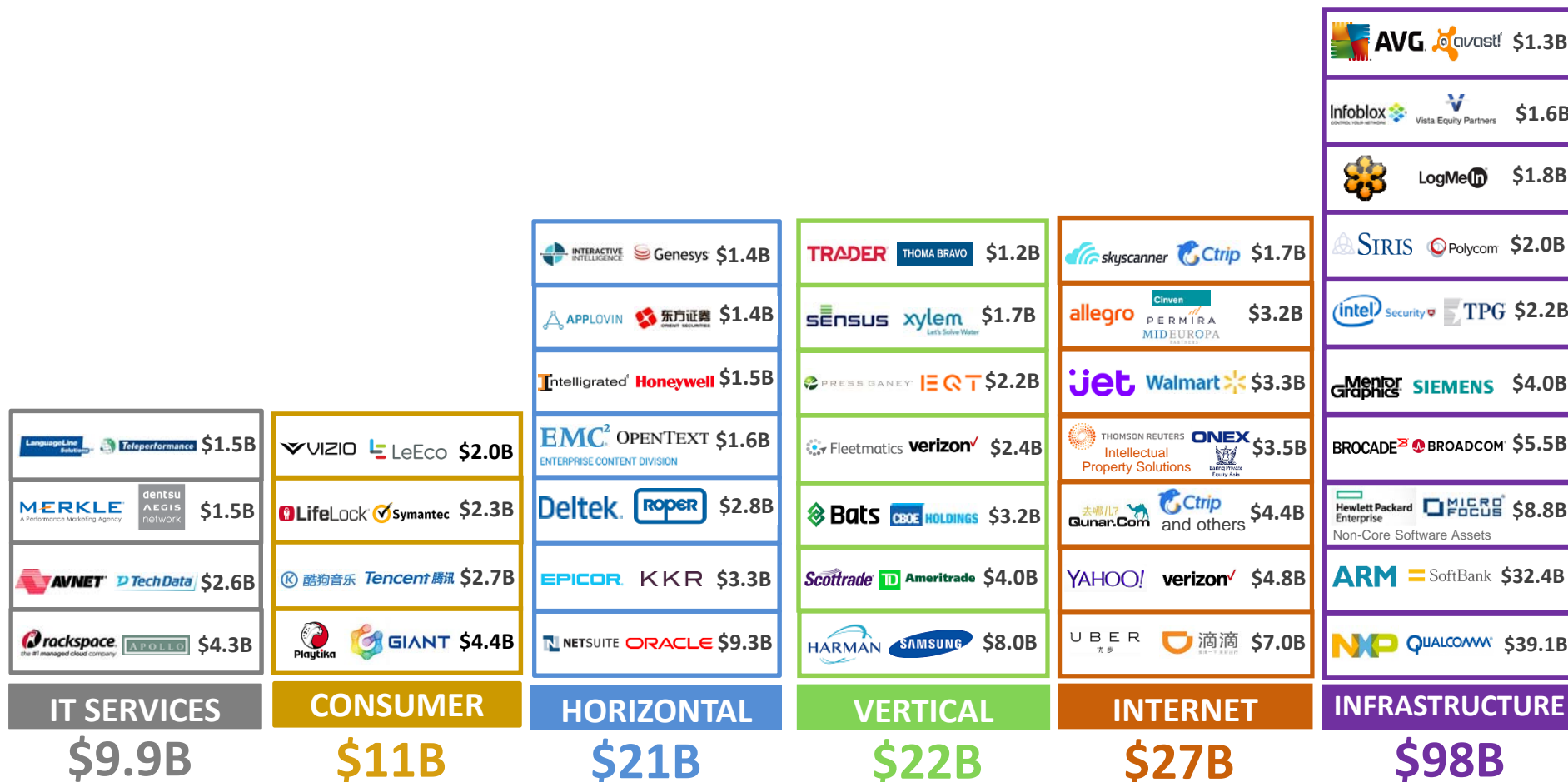
Average Life of Target

16 yrs

16 yrs

CORUM

# Mega Deals - H2 2016 YTD





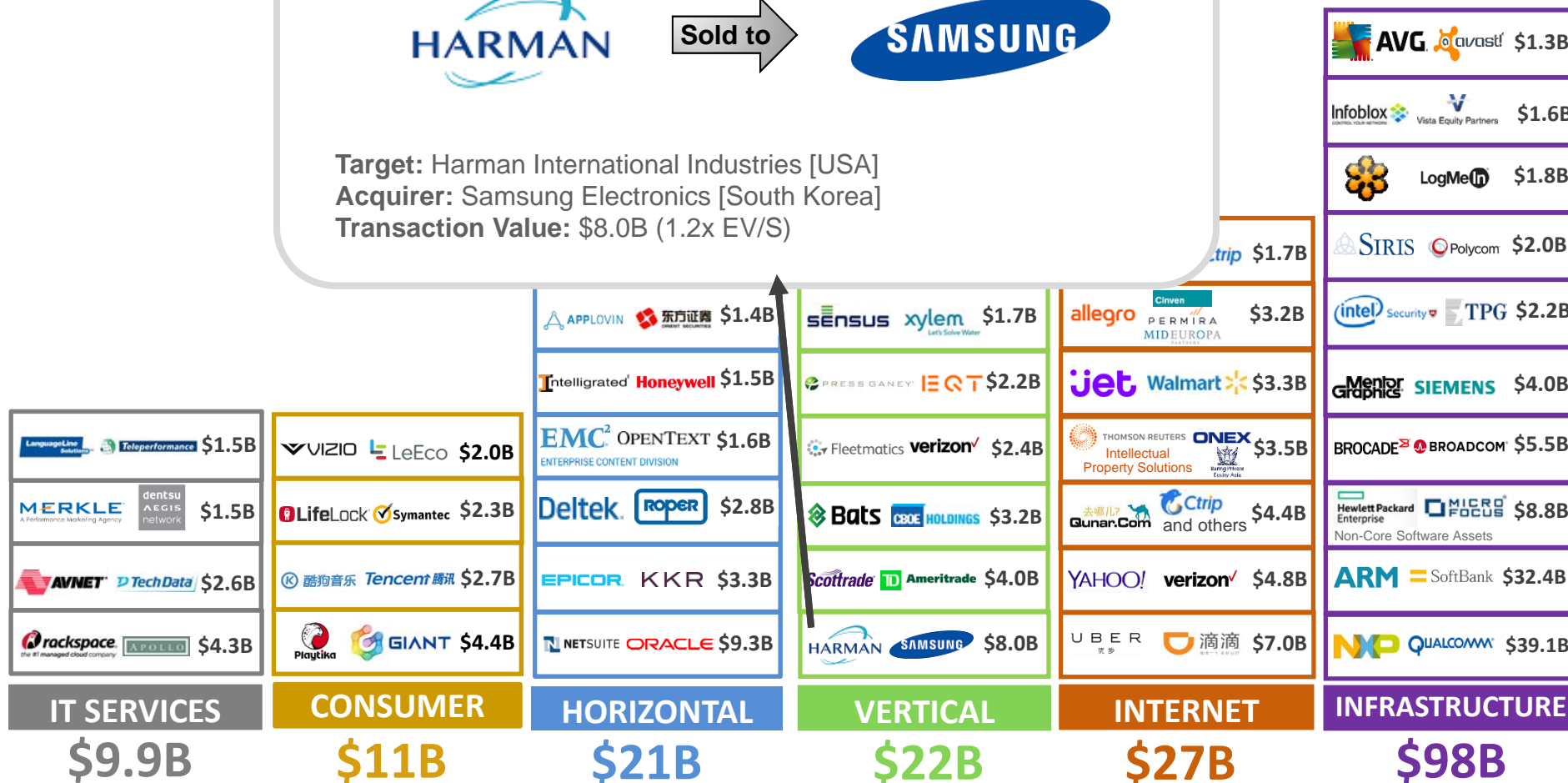
# Mega Deals - H2 2016 YTD



Sold to



Target: Harman International Industries [USA]  
 Acquirer: Samsung Electronics [South Korea]  
 Transaction Value: \$8.0B (1.2x EV/S)



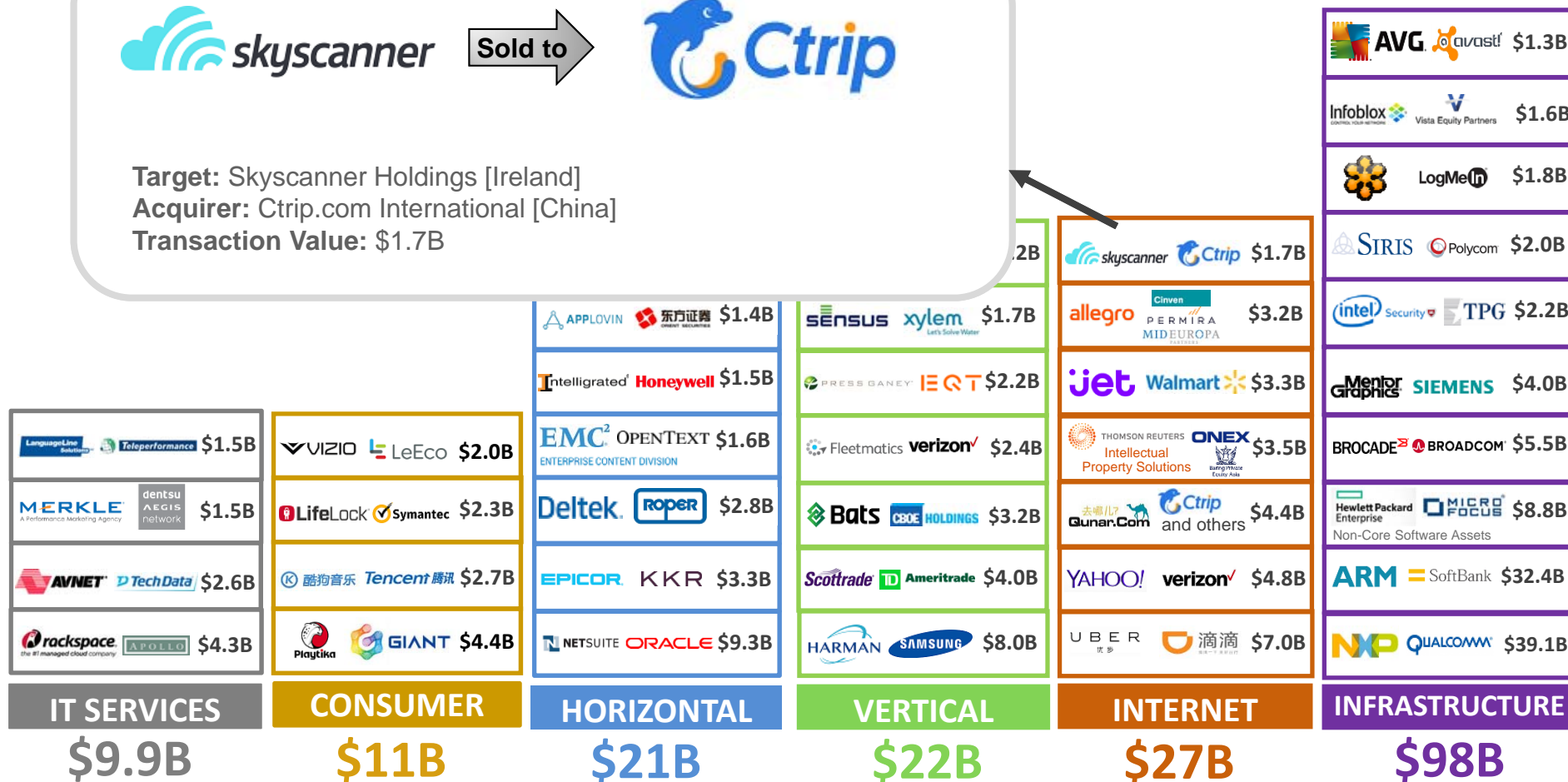
# Mega Deals - H2 2016 YTD



Sold to



Target: Skyscanner Holdings [Ireland]  
Acquirer: Ctrip.com International [China]  
Transaction Value: \$1.7B



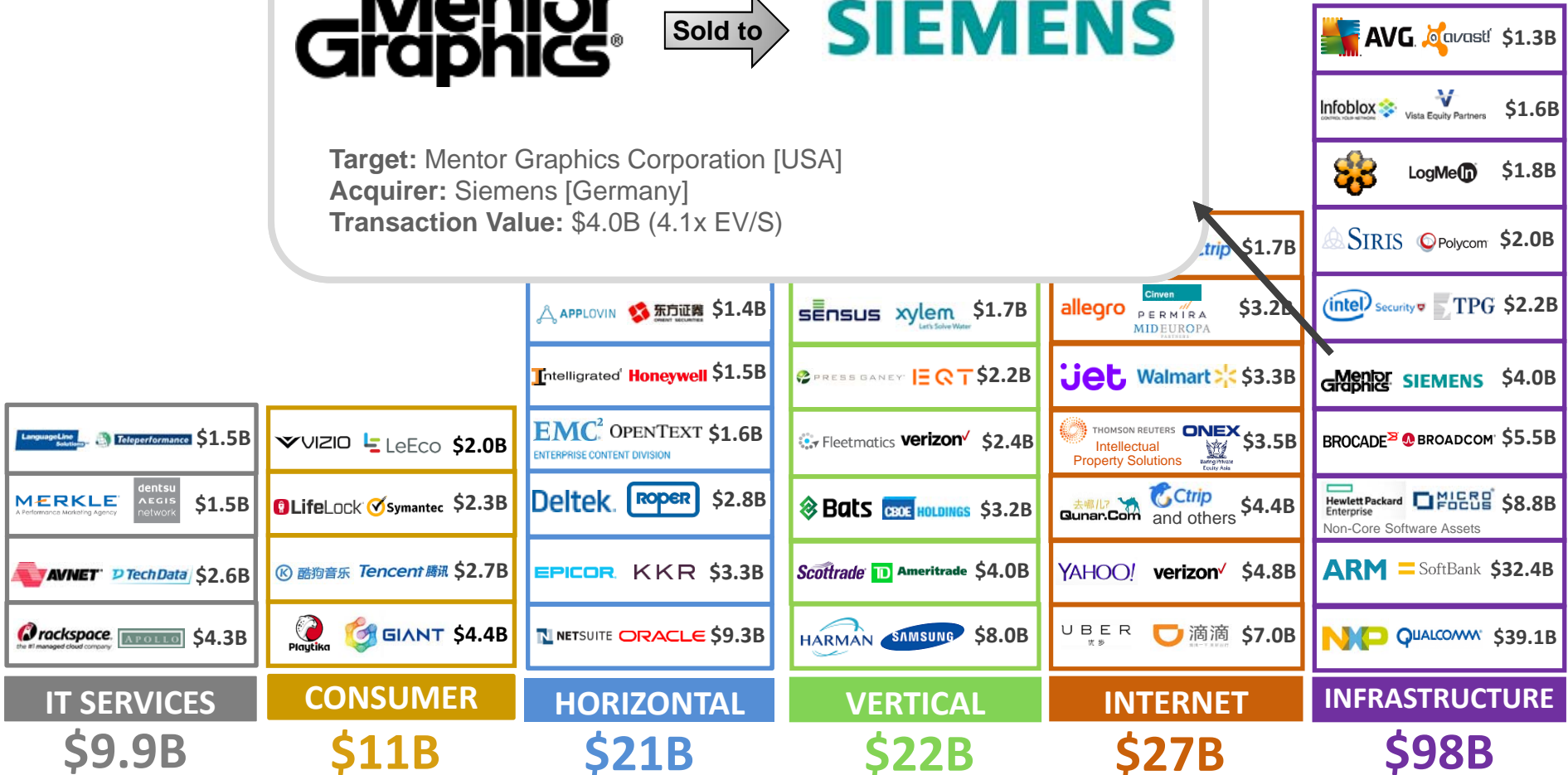
# Mega Deals - H2 2016 YTD

**Mentor Graphics®**

Sold to

**SIEMENS**

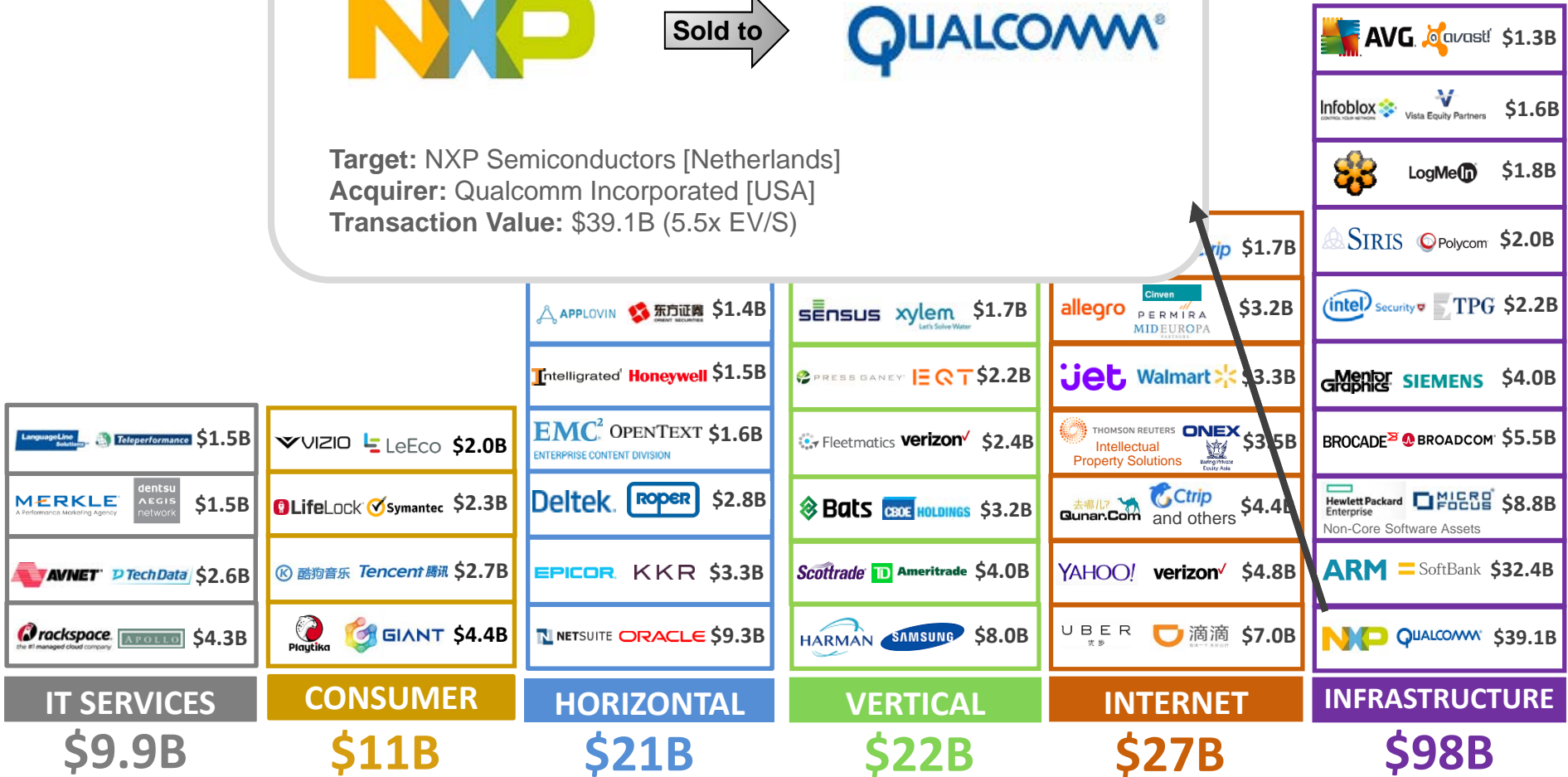
Target: Mentor Graphics Corporation [USA]  
 Acquirer: Siemens [Germany]  
 Transaction Value: \$4.0B (4.1x EV/S)



# Mega Deals - H2 2016 YTD



Target: NXP Semiconductors [Netherlands]  
 Acquirer: Qualcomm Incorporated [USA]  
 Transaction Value: \$39.1B (5.5x EV/S)





# Infrastructure Software Market

## Public Valuation Multiples

Since Q3

Nov. 2016

Corum Analysis



**3.4x**

*Holds steady, resisting post-election transfer of funds into non-tech sectors...*



**15.2x**

*...with EBITDA climbing to a 12-month high.*



# Infrastructure Software Market

## Deal Spotlights: Security



Sold to



**Target:** CardinalCommerce Corporation [USA]

**Acquirer:** Visa [USA]

- Web-based and mobile transaction authentication software
- Supports Visa's moves to integrate tokenization into Visa Checkout

EV



Sold to



**Target:** InAuth [USA]

**Acquirer:** American Express [USA]

- Mobile authentication and anti-fraud applications that enable transaction security
- Complements Amex' risk prevention tools and exposes it to more digital channels

EV



# Infrastructure Software Market

## Deal Spotlight: Security



**FIRELAYERS**

Sold to

**proofpoint™**

**Target:** FireLayers [USA]

**Acquirer:** Proofpoint [USA]

**Transaction Value:** \$55M

- Cloud application control software
- Extends Proofpoint's Targeted Attack Protection (TAP) to SaaS applications



# Infrastructure Software Market

## Deal Spotlights: Security

 **codiscope**

Sold to

**SYNOPSYS®**

**Target:** Codiscope [USA]  
**Acquirer:** Synopsys [USA]

- Security software development tools software and SaaS

EV

 **Cigital**

Sold to

**SYNOPSYS®**

**Target:** Cigital [USA]  
**Acquirer:** Synopsys [USA]

- Application security testing and consulting

EV





# Infrastructure Software Market

## Deal Spotlights: Security



Sold to



**Target:** Soltra Solutions [USA]  
**Acquirer:** NC4 [USA]

- Enterprise threat intelligence data aggregation and collaboration software

EV

g  
of



Sold to



**Target:** Barricade Security Systems [Ireland]  
**Acquirer:** Sophos [United Kingdom]

- Network intrusion protection, behavior anomaly detection and anti-malware SaaS

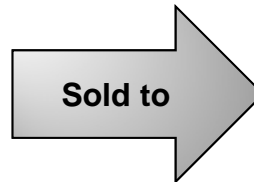
EV

ng



# Infrastructure Software Market

## Deal Spotlight: Security



**Target:** AGNITiO [Spain]

**Acquirer:** Nuance Communications [USA]

- Voice ID recognition, authentication and biometrics servers and software
- Strengthens Nuance's position in EU, and in the government sector



# Horizontal Application Software Market

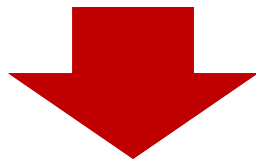
## Public Valuation Multiples

Since Q3

Nov. 2016

Corum Analysis

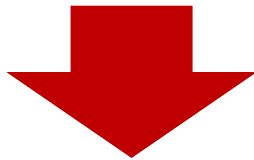
EV  
Sales



**3.5x**

*Small dip to yearly averages after jump in the fall...*

EV  
EBITDA



**18.2x**

*...with EBITDA's pullback keeping it well above early 2016 numbers*



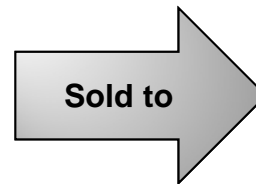
# Horizontal Application Software Market

## Deal Spotlight: Video Advertising

Since Q3

Nov. 2016

Corum Analysis



**Target:** TubeMogul [USA]

**Acquirer:** Adobe Systems [USA]

**Transaction Value:** \$540M (2.5x EV/S)

- Video advertising enablement and customer analytics SaaS
- Helps Adobe create a “one-stop shop” for video advertising

numbers



# Horizontal Application Software Market

## Deal Spotlights: Artificial Intelligence

**Wise.io**

Sold to



GE Digital

**Target:** Wise.io [USA]  
**Acquirer:** GE Digital [USA]

- Machine learning customer service automation and predictive analytics software

EV

**servicemax**

Sold to



GE Digital

**Target:** ServiceMax [USA]  
**Acquirer:** GE Digital [USA]  
**Transaction Value:** \$915M

- Field service and contract management SaaS

EV



# Horizontal Application Software Market

## Deal Spotlights: Artificial Intelligence

**FLUIDXPS**

Sold to

**IBM**

**Target:** Fluid (XPS division) [USA]

**Acquirer:** IBM Corporation [USA]

- Machine learning customer service automation and predictive analytics software

EV

**brighttarget™**

Sold to

**SIDETRADE**

**Target:** BrightTarget [France]

**Acquirer:** Sidetrade [United Kingdom]

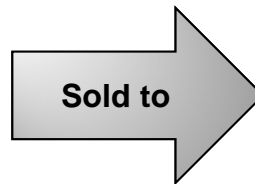
- Cloud-based CRM and artificial intelligence software

EV



# Horizontal Application Software Market

## Deal Spotlight: CRM and BI Analytics



**Target:** Datahug [Ireland]

**Acquirer:** Callidus Software [dba CallidusCloud] [USA]

**Transaction Value:** \$13M

- Salesforce management and business intelligence analytics SaaS
- Enables Callidus to expand into the real estate and financial services markets

*numbers*



# Horizontal Application Software Market

## Deal Spotlight: Customer Engagement



Sold to



**Target:** OpinionLab [USA]

**Acquirer:** Verint Systems [USA]

- Digital customer feedback and Web optimization SaaS
- Extends Verint's Customer Engagement Optimization portfolio





# Vertical Application Software Market

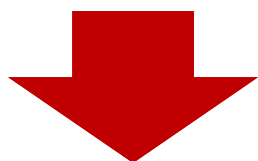
## Public Valuation Multiples

Since Q3

Nov. 2016

Corum Analysis

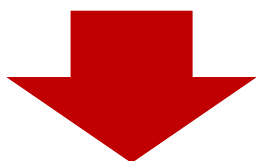
EV  
Sales



**4.5x**

*Following similar pattern to Horizontal multiples, in line with post-election investment strategies*

EV  
EBITDA



**16.3x**

*EBITDA multiples drop more significantly, back to Q1 levels*



# Vertical Application Software Market

## Deal Spotlight: Healthcare

 SECURECONSENT®

Sold to

 d DrugDev

**Target:** ConsentSolution [USA]

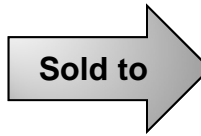
**Acquirer:** DrugDev [USA]

- Mobile electronic informed consent (e-Consent) SaaS and applications for the pharmaceutical and healthcare industries
- Adds to DrugDev's Unified Clinical Operations Suite



# Vertical Application Software Market

## Deal Spotlights: Healthcare



**Target:** Ateb [USA]  
**Acquirer:** Omnicell [USA]  
**Transaction Value:** \$41M

- Patient management, payment processing and analytics software and SaaS



**Target:** Conworx Technology [Germany]  
**Acquirer:** Siemens Healthineers [UK]

- Point-of-care medical data management SaaS



# Vertical Application Software Market

## Deal Spotlight: Connected Vehicles

**ENOVATION**  
CONTROLS

Sold to

**SUN** hydraulics<sup>®</sup>  
CORPORATION

**Target:** Enovation Controls [USA]

**Acquirer:** Sun Hydraulics [USA]

**Transaction value:** \$200M + up to \$50M in earnout

- The Power Controls (PC) and Vehicle Technologies (VT) businesses that provides digital control systems for gaseous fuel engines and engine-driven equipment



# Vertical Application Software Market

## Deal Spotlight: Real Estate



Sold to



**Target:** REXPROP [India]

**Acquirer:** BroEx [India]

- Provides a real estate business to business (B2B) website and Android mobile application for property consultants
- Speeds up property search for buyers and deal flow between brokers



# Vertical Application Software Market

## Deal Spotlight: Real Estate

Since Q3

Nov. 2016

Corum Analysis

EV



HIGHTOWER

Sold to



VTS

**Target:** Hightower [USA]

**Acquirer:** View the Space [USA]

**Transaction value:** \$300M (reported)

- Provides portfolio and document management, reporting SaaS and mobile apps for the commercial real estate (CRE) sector

EV



# Horizontal Application Software Market

## Deal Spotlight: Artificial Intelligence

Geometric  
Intelligence

Sold to

UBER

**Target:** Geometric Intelligence [USA]

**Acquirer:** Uber Technologies [dba Uber] [USA]

- AI and machine learning developer
- Helps Uber create its own artificial intelligence research lab
- Extends Uber's expertise beyond a single carpooling domain

numbers

# Corum Research Report



**Amber Stoner**  
Director of Research



**Amanda Tallman**  
Senior Analyst

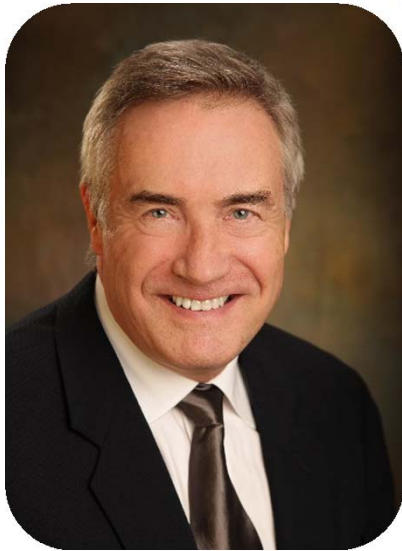


**Thomas Wright**  
Analyst



# **When You Are Approached: 12 Tips to Ensure Deal Success**

# 12 Tips for When You Are Approached

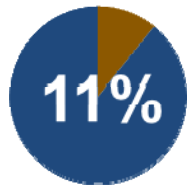


Bruce Milne  
CEO  
Corum Group Ltd.

**Understand the  
numbers**

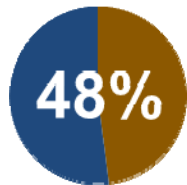
*Know your odds*

## Tech M&A Guideline Percentages



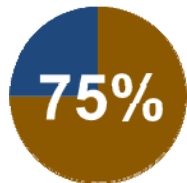
11%

- Buyer solicitations that result in transaction



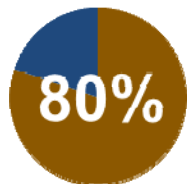
48%

- Average improvement from first offer with an auction process



75%

- How often another firm is willing to pay more than the initial bidder



80%

- Failure rate in “self-managed” tech M&A



100%

- Deals involving only one bidder that are suboptimal

## 12 Tips for When You Are Approached



Julius Telaranta  
Vice President  
Corum Group Ltd.

# Protect Yourself

*Get an NDA &  
nonsolicitation  
agreement*

# 12 Tips for When You Are Approached



Jon Scott  
Managing Director  
Corum Group International

## Qualify the Buyer

*Are they a  
bottom feeder?*

# 12 Tips for When You Are Approached



Rob Schram  
Senior Vice President  
Corum Group Ltd.

## Qualify the Buyer

*Can they do  
the deal?*

# 12 Tips for When You Are Approached



Peter Prince  
Vice President  
Corum Group International

## Qualify the Buyer

*What deals have  
they done?*

## 12 Tips for When You Are Approached



Steve Jones  
Vice President  
Corum Group Ltd.

#6

**Examine the  
landscape**

*Are there other buyers  
willing to pay more?*



# 12 Tips for When You Are Approached



Rob Griggs  
Vice President  
Corum Group Ltd.

## Are they serious?

*Get a due-diligence  
checklist*

## 12 Tips for When You Are Approached



Ivan Ruzic, Ph.D.  
Vice President  
Corum Group Ltd.

# Prepare your numbers

*Build three year  
financials & projections*

## 12 Tips for When You Are Approached



David Levine  
Vice President  
Corum Group Ltd.

**Build out your  
assumptions**

*Are they credible?*

## 12 Tips for When You Are Approached



Dan Bernstein  
Vice President  
Corum Group Ltd.

**Buy time with a  
valuation**  
*Cover your fiduciary  
responsibility*

## 12 Tips for When You Are Approached



Jim Perkins  
Executive Vice President  
Corum Group Ltd.

**Make discreet inquiries  
to other suitors**

***Must be at the highest  
level***

## 12 Tips for When You Are Approached

**Under no circumstances  
have only one bidder**



Allan Wilson  
Vice President  
Corum Group Ltd.

*One buyer is no buyer*

# Q&A

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

# Coming Soon: 2017 Annual Report

- Corum 2017 Predictions
- Top 10 Disruptive Tech Trends
- Market valuations for 6 sectors and 30 sub-sectors
- Luminary Panel

*Register at*  
[www.corumgroup.com](http://www.corumgroup.com)



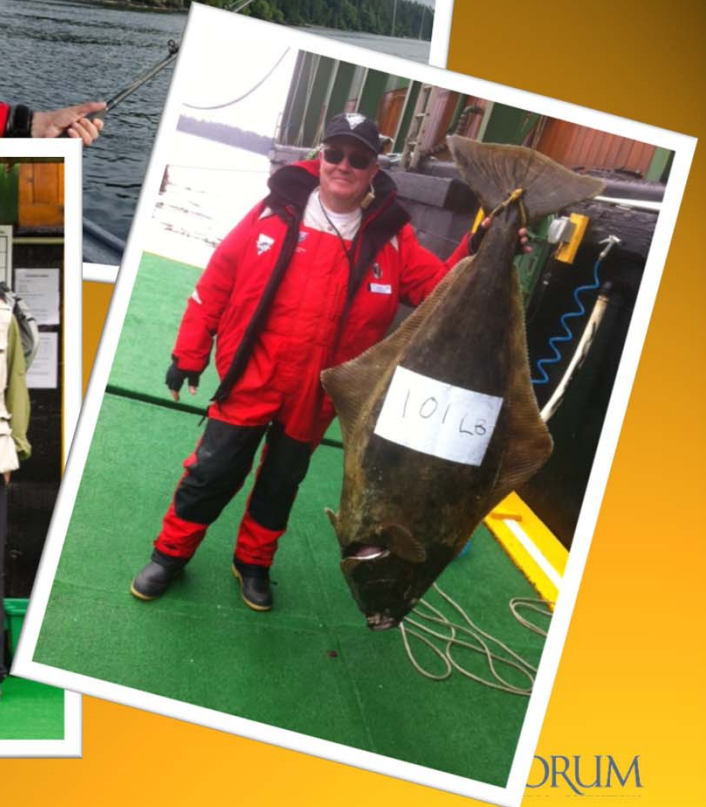
**2017: WORLD TECH  
M&A REPORT**

The graphic features a central globe with glowing blue lines representing global connectivity. Above the globe are six circular icons: a puzzle piece, two upward arrows, a house, a globe, a handshake, and a group of people. The background is a dark blue with a grid pattern and a bright light source on the right side.

**Thurs. 01/19/2017 1:00 PM (NY Time)**



# After the Deal – Celebration





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