

Global Tech M&A Forecast Part II : Private Equity

CORUM

Agenda

- Field Reports
- Research Report
- Private Equity Roundtable
- Q&A
- Conferences

CORUM

Private Equity Roundtable



Michael Wand
Carlyle Group

THE CARLYLE GROUP



Dave Tiley
Riverside Company

 *Riverside*



Rob Palumbo
Accel-KKR

ACCEL  KKR

CORUM

Field Reports



Jon Scott
Senior Vice President
Corum Group International, 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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Field Reports



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 a software/hardware technology company and the first research company to develop and use kiosks and on-line surveys for data collection. After growing this company from startup to IPO, Peter was engaged by venture capital investors to turn around, grow and sell an international enterprise software company. This company was sold to an international buyer in 2010.

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 strategic and operational advisor and coach to several business leaders.

He has been directly engaged in developing and implementing corporate finance initiatives, acquisitions and divestitures and delivers a pragmatic results based approach to his engagements. Peter holds an MBA from the Ivey School of Business and serves on the boards of several businesses and not for profit organizations.

CORUM

Field Reports



Ed Ossie
Regional Director
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. The high performance teams operate in a trust-based company culture which in turn drives scale and strong customer relationships, producing profitable growth.

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.

Today he advises a number of high-growth technology teams on how they might win, shape and scale their operations to create viable high impact options for their future. Ed graduated with a Bachelor of Science degree from Missouri State University and attended select Executive Programs at Stanford Graduate School of Business, such as the Executive Program for Growing Companies and the 2011 Directors Consortium.

CORUM

Field Reports



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.

CORUM

Field Reports



Rob Schram
Director
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.

CORUM

Field Reports



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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Corum Research Report



Elon Gasper
Vice President,
Director of Research

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Senior Analyst

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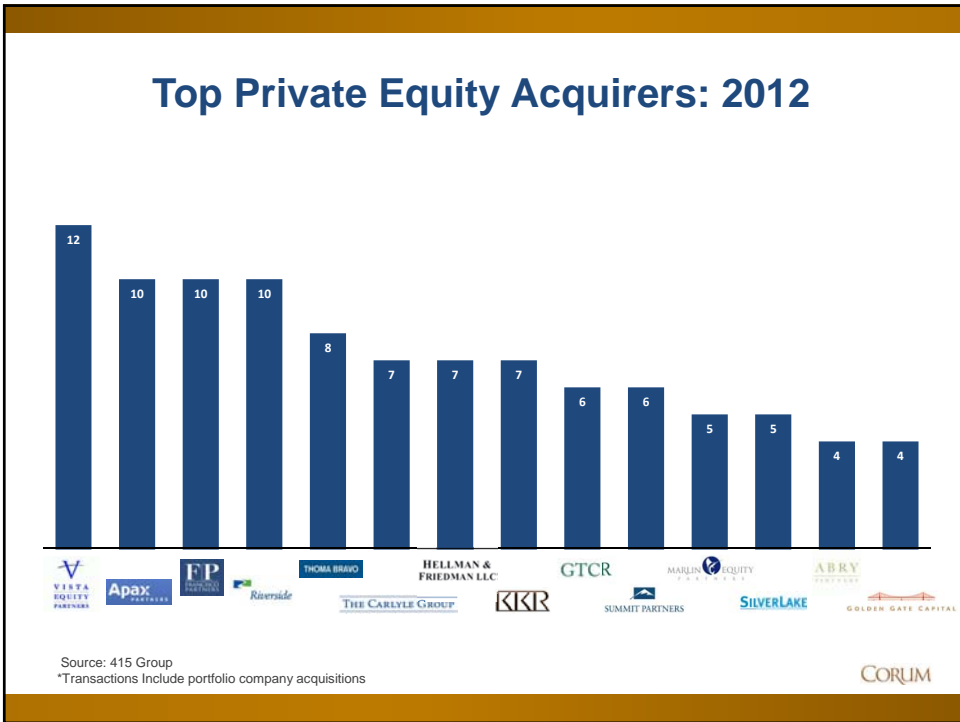
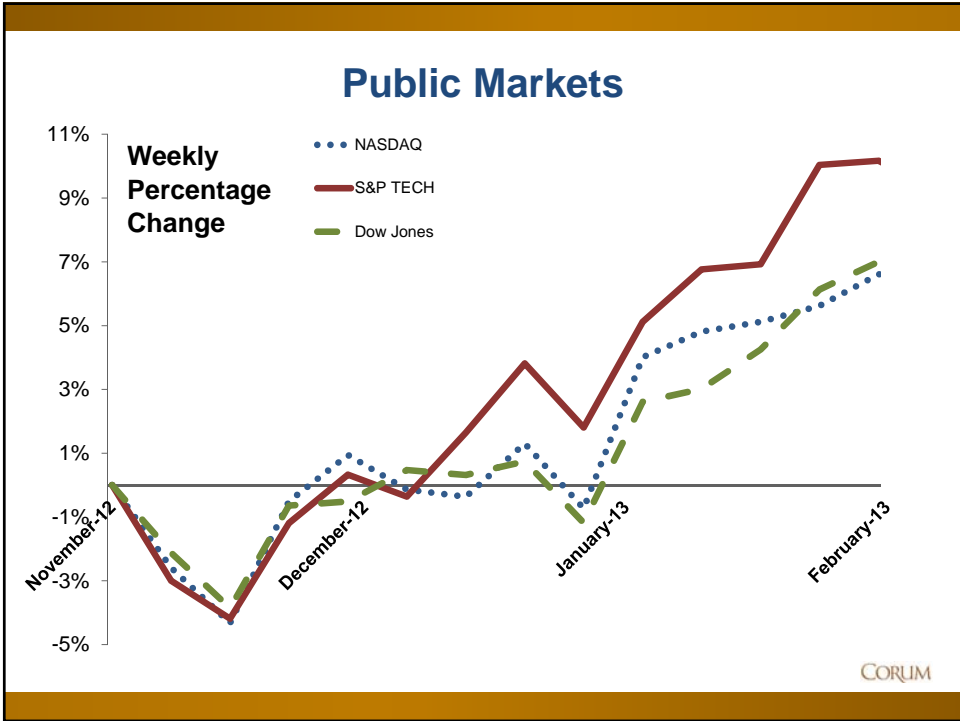


Jason Steblay
Research Analyst

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PE Leaderboard Rotation 2011 - 2012

Change	2011	2012	
150%	Marlin Equity	2	5
100%	Summit Partners	3	6
50%	GTCR	4	6
43%	Francisco Partners	7	10
33%	Thoma Bravo	6	8
25%	Apax Partners	8	10
0%	Riverside Company	10	10
0%	Accel-KKR	7	7
0%	ABRY Partners	4	4
20%	Vista Equity Partners	15	12
30%	The Carlyle Group	10	7
43%	Golden Gate Capital	7	4
58%	SilverLake	12	5
61%	Hellman & Friedman	18	7

Source: 415 Group
*Transactions Include portfolio company acquisitions

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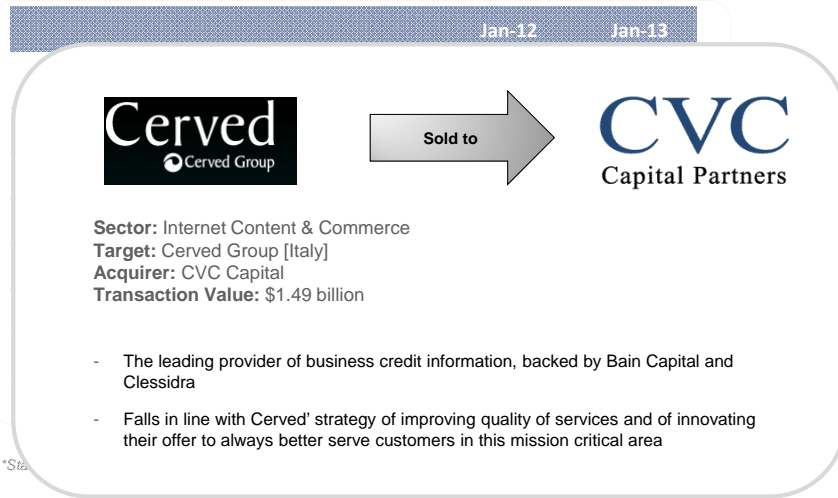
Corum Index

	Jan-12	Jan-13
# of Transactions	342	295
# of Mega Deals	0	2
Largest Deal	\$0.4B	\$1.5B
Private Equity Deals	9	21
# VC backed Exits	60	64
% Cross Border Transactions	31%	30%
% of Startup Acquisitions*	13%	10%
Average Life of Target	15	15

* 0 to 3 years

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Corum Index

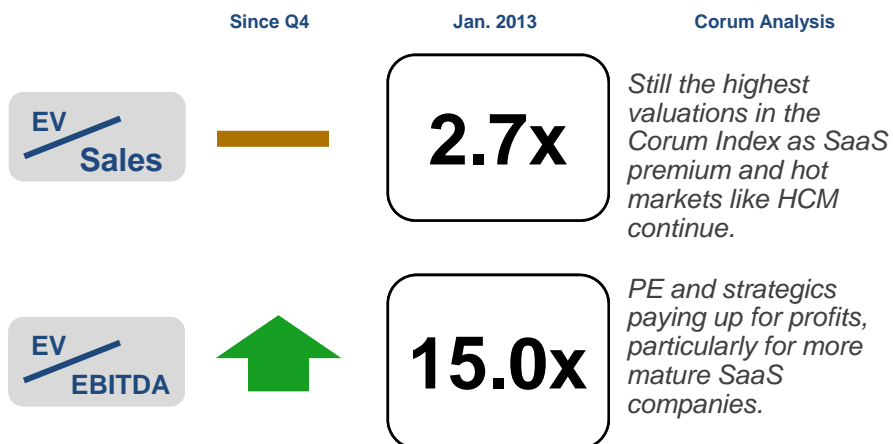


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Horizontal Application Software Market

Public Valuation Multiples



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Horizontal Application Software Market

Deal Spotlights



Sector: HR
Target: ERC Dataplus, Inc.
Acquirer: PeopleStrategy
Transaction Value: Undisclosed

- Trusted provider of cloud-based pre-employment systems that enable companies to manage the entire recruiting process online including, applicant tracking, behavioral assessments, and 360 reference checking technology
- PeopleStrategy continues to enhance its integrated HRMS SaaS platform with a robust applicant tracking and pre-hire solution

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Horizontal Application Software Market

Deal Spotlights

BULLHORN[®]
Recruit the Best Talent



Sector: HCM (Human Capital Management)
Target: BullHorn
Acquirer: Vista Equity Partners
Transaction Value: "Reported as 9-figure deal by Boston Business Journal"

- SaaS recruiting software company
- Bullhorn's many growth milestones are inclusive on the Deloitte Technology Fast 500, the Inc. 5,000 and the Boston Business Journal Pacesetters
- Filed patent on software same day deal closed

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Vertical Application Software Market

Public Valuation Multiples

Since Q4

Jan. 2013

Corum Analysis

EV
Sales



2.3x

Financial services and healthcare command even higher multiples.

EV
EBITDA



10.2x

SaaS still the big story here too, particularly for PE buyers seeking niche platforms and tuck-in opportunities.

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Vertical Application Software Market

Deal Spotlight

MISYS (M)

Sold to

VISTA
EQUITY
PARTNERS

Sector: Financial Software
Target: Misys [UK]
Acquirer: Vista Equity Partners
Transaction Value: \$1.98 billion

- Provides a broad range of software for the financial sector globally. Software provides features for financial asset, risk and financial institution management.
- Will bring together the Misys business with Turaz, a leading provider of trade and risk management software globally, creating the global leader in core banking, treasury management, capital markets and enterprise risk management software.

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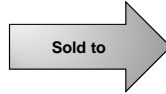


Vertical Application Software Market

Deal Spotlight

LEEDS EQUITY PARTNERS
Private Equity

ExLibris
The bridge to knowledge



GOLDEN GATE CAPITAL

Sector: Vertical Other
Target: Ex Libris Ltd. (Leeds Equity Partners) [Israel]
Acquirer: Golden Gate Capital
Transaction Value: \$270 million in cash

- A market leader in delivering cloud-based knowledge management applications with a best-in-class leadership team and significant growth opportunities
- Golden Gate's perpetual fund structure will enable them to partner with Ex Libris over the long-term to further expand the Company's market presence, continue to develop world-class products, and build the business over time

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Internet Market

Public Valuation Multiples

Since Q4

Jan. 2013

Corum Analysis

EV / Sales



2.2x

Quick rise with broader markets as quality of revenue, scale and growth command higher multiples...

EV / EBITDA



12.6x

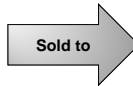
...while profits speak to PE buyers as another wave of Internet companies shows how it's different this time.

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Internet Market

Deal Spotlight



Sector: Gaming
 Target: WMS Gaming
 Acquirer: Scientific Games Corporation
 Transaction Value: \$1.5 billion

- Designs and manufactures electronic video gaming entertainment kiosks and systems and related software for the gaming sector globally.
- Acquisition enables them to offer a complete portfolio of lottery and gaming products and services to both new and existing customers around the world
- Expects to achieve synergies through revenue growth, shared costs and larger scale, as well as by monetizing its significant U.S. tax attributes

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Consumer Application Software Market

Public Valuation Multiples

Since Q4

Jan. 2013

Corum Analysis

EV / Sales



1.7x

Record gaming M&A and legalization of iGaming drives valuations...

EV / EBITDA



6.0x

...but recently public and established gaming co's struggling to find footing.

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Consumer Application Software Market

Deal Spotlights



States Permitting Online Gambling - 2013

- Land-based casino's moving into the online world?
- Online companies looking for acquisitions to enter gambling space?
- Online betting houses in Europe looking abroad – making acquisitions?





Infrastructure Software Market

Public Valuation Multiples

Since Q4

Jan. 2013

Corum Analysis

EV
Sales



2.4x

The cloud just keeps growing in importance for enterprise, driving value of market presence.

EV
EBITDA



10.8x

The laggard among these continues to be legacy software, as the cloud moves in.

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Infrastructure Software Market

Deal Spotlight

UC4
Rethink automation.



EQT
Where energy meets innovation.

Sector: Process Automation Software
Target: UC4
Acquirer: EQT
Transaction Value: \$270 million

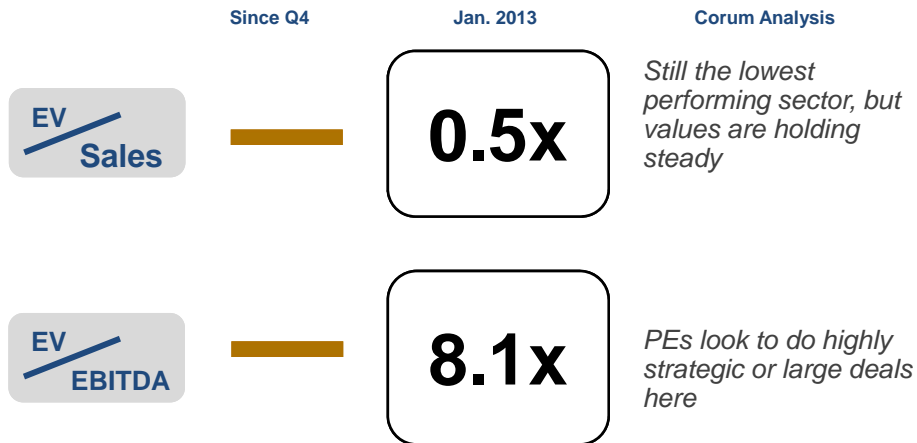
- World's largest, independent IT process automation software vendor
- Corum represented UC4 in it's original sale to Carlyle Group and then represented AppWorx in it's sale to UC4 a few years later

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IT Services Market

Public Valuation Multiples



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IT Services Market

Deal Spotlight

ATENTO:

Sold to

BainCapital

Sector: Business Process Outsourcing

Target: Atento [Spain]

Acquirer: Bain Capital

Transaction Value: \$1.34 billion

- Provides high quality tailored services, ensuring the highest standards of innovation, commitment and state-of-the-art technology to its over 500-strong client portfolio
- Atento has become one of the world's most important companies in the BPO/CRM sector, an industry that is forecast to grow at a CAGR of 5.7% over 2011-2015

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IT Services Market

Deal Spotlight

DELL

Pending LBO

SILVERLAKE

Target: Dell Inc.
Acquirer: Silver Lake Partners
Proposed Transaction Value: \$24.4 billion

- The merger agreement provides for a so-called "go-shop" period
- Microsoft provided a \$2 billion dollar loan to Dell and Silver Lake
- Probability and terms of the deal are apparently changing daily

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Corum Annual Report

Forecast 2013: Global Tech M&A – Reviews & Predictions

- With insight from:
 - Peter Coffee – Salesforce
 - Reese Jones – Singularity University
 - Dan Shapiro - Google



▪ Did you miss the live broadcast?

- Listen here: <http://www.corumgroup.com/Software-MA-Webinar-Archive.aspx>

CORUM

Corum Research Report



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Jason Steblay
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CORUM

Panel Moderator



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.

CORUM

Private Equity Roundtable



Michael Wand
Carlyle Group

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 *Riverside*



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Private Equity Roundtable



Michael Wand
Carlyle Group

THE CARLYLE GROUP

Michael Wand is a Managing Director and Co-head of Carlyle Europe Technology Partners, a team of dedicated investment professionals who focus on European growth capital and buyout opportunities in a variety of sectors including media, software, telecom, aerospace and defense, healthcare and technology. Mr. Wand is based in London.

Prior to joining Carlyle in 2001, Mr. Wand worked for approximately 10 years in investment banking, the last seven years in the technology sector. As a Managing Director, he was responsible for the European software and internet research team at Deutsche Bank in London. Prior to that, he worked as a European Software Analyst for Paribas in London and BHF-Bank in Frankfurt, Germany. During his banking career, Mr. Wand was the underwriting analyst for technology innovators such as SAP, Autonomy, SurfControl, Utimaco and nCipher.

Mr. Wand received his M.B.A. from Mannheim University in Germany and the University of Texas at Austin. He holds a B.A. degree in economics and business administration from Mannheim University in Germany. He has been registered with FSA from 2001 to the present.

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Private Equity Roundtable



Dave Tiley
The Riverside Company



Dave Tiley has over 20 years of experience in technology innovation and business growth strategies. Dave is currently an Operating Partner at The Riverside Company. His focus is on growing portfolio investments using his sales, marketing, and technology experience to help guide his companies as they grow into industry leaders.

Prior to joining Riverside, he was a Senior Vice President of Celestica Inc., where he was responsible for building their global services business. Prior to Celestica, Dave was founder, President and CEO of three software and service companies: Visionary Design Systems, IronCad and Alventive. Dave has been fortunate to have success in building early stage technology companies, as well as leading turn-around efforts at large public corporations.

Dave is an engineering graduate of Purdue University, and currently serves on the Board of the School of Mechanical Engineering.

CORUM

Private Equity Roundtable



Rob Palumbo
Accel-KKR



Rob Palumbo is a Managing Director at Accel-KKR. 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 Infinisource, Paymentus, Layered Technologies, Applied Predictive Technologies, Pinstripe and North Plains. Rob was formerly a Director of IntrinsicQ 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

Private Equity Roundtable



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Riverside Company

 *Riverside*



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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

CORUM

World Financial Symposiums

- “Growth & Exit Strategies” Live Conference

- London, April 18
- New York, Summer
- Silicon Valley, Fall



WORLD FINANCIAL SYMPOSIUMS

- Market Spotlight Webcast Series

- Big Data – Big Deal? – February 26

www.worldfinancialsymposiums.com

CORUM

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. 26: NYC – MB	Mar. 13: Edmonton – MB
Feb. 27: Kansas City – SUSO	Mar. 14: Pittsburgh – SUSO
Feb. 28: San Diego – SUSO	Mar. 19: Chicago – MB
Mar. 4: Omaha – MB	Mar. 20: Detroit – MB
Mar. 5: Des Moines – SUSO	Mar. 21: Washington D.C. – MB
Mar. 5: Oslo – MB	Mar. 27: Cincinnati – MB
Mar. 6: Salt Lake City – MB	Mar. 28: Boston – MB
Mar. 6: Helsinki – SUSO	Mar. 27: St. Louis – SUSO
Mar. 7: Paris – MB	Apr. 9: Houston (Energy) – MB

www.CorumGroup.com/Events.aspx

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After the Deal – Celebration



www.corumgroup.com

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