FORECAST 2013
Global Tech M&A Predictions & Review

CORUM

Logistics

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

- This event is being recorded
  - Rebroadcast January 24, 12:30am PT, and 8:00am PT
  - See "Conferences and Events" at
    MergersAndAcquisitions.webex.com

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.

CORUM

Agenda

- Global Market Overview

- Field Reports

- Market Spotlights – SaaS, Social, Mobile, Gaming, Big Data

- Research Report

- Tech Luminary Forecast Panel

- Q&A

- Conferences

CORUM

Tech Leader Panel – The Year Ahead
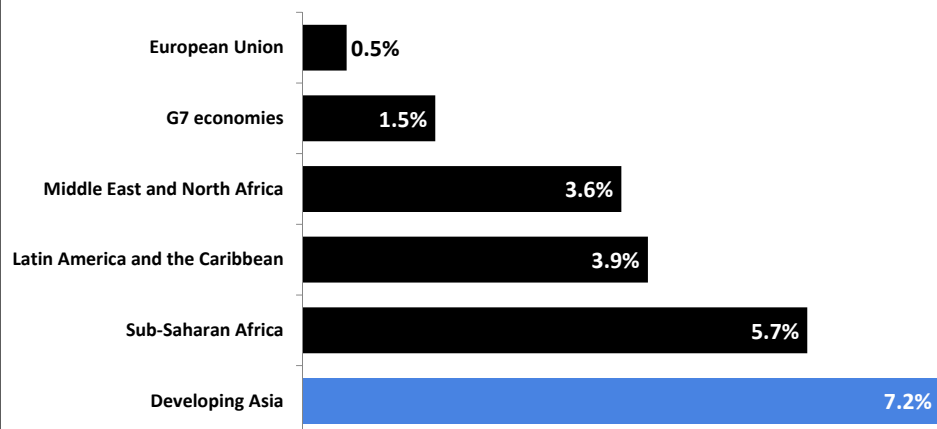
Peter Coffee
Salesforce

Reese Jones
Singularity University

Dan Shapiro
Google

CORUM

World 2013 GDP Growth: Bet on Asia

European Union	0.5%
G7 economies	1.5%
Middle East and North Africa	3.6%
Latin America and the Caribbean	3.9%
Sub-Saharan Africa	5.7%
Developing Asia	7.2%

Source: International Monetary Fund, Fitch, Federal Reserve

CORUM

10 Reasons Tech M&A Will Remain Strong

1. **Extraordinary change – interrelated mega trends**

2. **Strategic buyers have record cash**

3. **Debt is at lowest cost ever**

4. **Private equity - over $1 trillion available**

5. **New public foreign buyers (e.g. China, India)**

CORUM

---

10 Reasons Tech M&A Will Remain Strong

6. **Entrance of new non-tech buyers (e.g. Bosch)**

7. **Crowdfunded buyers (Facebook, Zynga, Groupon)**

8. **American companies are cheap to foreign investors**

9. **Most US buyers cash is international (e.g. Skype)**

10. **Software rising in importance (e.g. HP, IBM, Dell)**

CORUM

2013 Predictions – WTC & Corum Experts

- The mobile wallet will break out, and Google, wireless carriers and device manufactures will battle for control.

- Rise of the smart home appliances, integrated via Android technology over wifi.

- Fortune 2000 firms will open to solutions from smaller software suppliers for the first time.

- Enterprise tech picks up the friendly-relational-database-search gauntlet thrown by Facebook

CORUM

2013 Predictions – WTC & Corum Experts

- Health Insurance transparency software becomes the hot point for health tech firms.

- Clever software plus small smartphone attachments will help medical innovators avoid the Obamacare medical device tax.

- The first significant crowdsourced/social media-driven biomedical discoveries arrive.

CORUM

2013 Predictions – WTC & Corum Experts

- Apple continues to flag, then preps to revitalize with major M&A in late 2013/early 2014.

- Nokia and RIM are both acquired by Asian firms (Samsung, SK, LG, Sony, etc.).

- A major tech player will buy a major wireless carrier—Apple, MS or Google acquiring ATT, Vodafone, Sprint or Deutsche Telekom.

CORUM

Field Report

Jon Scott
Senior Vice President
Corum Group Ltd.

glaston
seeing it through

ALBAT+ WIRSAM

Sold to →

CONSTELLATION SOFTWARE INC.

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.

CORUM

Field Report

Jeff Brown
Vice President
Corum Group Ltd.

ONiQUA. → Sold to → **ASCO**

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.

CORUM

Spotlight Reports

Ward Carter
Chairman
Corum Group Ltd.

Nat Burgess
President
Corum Group Ltd.

Jon Scott
Senior Vice President
Corum Group Ltd.

Jim Perkins
Regional Director
Corum Group Ltd.

Rob Schram
Director
Corum Group Ltd.

CORUM

Spotlight Report – 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.
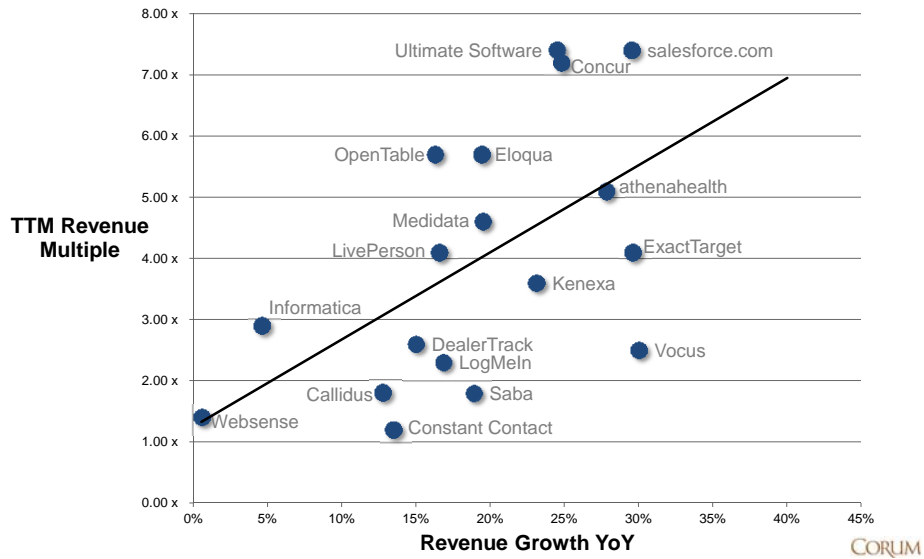
CORUM

Spotlight Report – SaaS

- Compound growth rates through 2015 are projected at twice that of on-premise software solutions

- On-premise applications expenditures in 2012 were 9x that of SaaS and projected to still be 6x by 2015

- SaaS public market universe is valued at over 4.4x revenue - almost double the comparable market index for traditional software companies

- Average SaaS transaction multiples were 3.6x revenue in 2012 - almost double that of comparable vertical market companies

CORUM

High SaaS Growth Tracks Valuation

TTM Revenue Multiple

8.00 x
7.00 x
6.00 x
5.00 x
4.00 x
3.00 x
2.00 x
1.00 x
0.00 x

Ultimate Software
Concur
salesforce.com
OpenTable
Eloqua
athenahealth
Medidata
LivePerson
ExactTarget
Kenexa
Informatica
DealerTrack
LogMeIn
Vocus
Callidus
Saba
Websense
Constant Contact

0%   5%   10%   15%   20%   25%   30%   35%   40%   45%

Revenue Growth YoY

CORUM

Spotlight Report – Social

Nat Burgess
President
Corum Group Ltd.

THE POWER PITCH
IN THE HOT SEAT
SPONSORED BY: FedEx

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

Spotlight Report – Social

- Buzzword arms race

- Spam and banner ads

- Viral videos

  - Global reputations made and
    shattered in a single instance
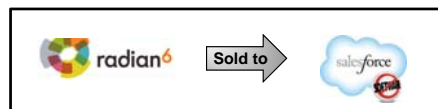

- Consumers spend most Internet time on
  activities not easily monetized

- Next wave will focus on interests, rather than
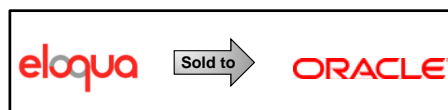 connections

CORUM

Spotlight Report – Social

- How can brands regain control of customers
  minds?

  - Understand sentiment

  - Automate marketing efforts

  - Customer engagement – the next frontier

CORUM

Spotlight Report – Mobile

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.

CORUM

Spotlight Report – Mobile

- "Mobile Evolution" or Yearly revolution?
  - Driving virtually all tech sectors
  - Creating "big data"
- Multi-screen trend
  - Develop innovative solutions
  - Reduce bandwidth use
- End of 2012 prediction that more than 60% will be using smartphones and 15% tablets

CORUM

Top Mobile Trends

- Bring your own device
  - Mobile malware – up by more than 300% in 2012
  - Driving new security strategy & implementations

- Personal cloud
  - Center of mobile user's world
  - Data more important than the device

- Location
  - Delivering context related services
  - Combine location & personal preferences with purchase patterns, gender, age, profession and intention…

…Creating huge opportunities for startups

CORUM

Spotlight Report – Gaming

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

Online Casino Gaming

Transaction Value: $500M target
Structure: $250m Cash + $165m Earnout + $85m Retention

- Provides IGT with instant size and scale in the fast growing world of casino-style social gaming

- Trend will accelerate in 2013 with:

  - Changing gambling regulations

  - Zynga's application for online gambling license

CORUM

Gaming in 2013

- Online downloads - shifting number from traditional retail

- Digital revenue will surpass that of packaged goods in 2013

- Big companies will acquire new game technologies and content studios

Microsoft

Google

VALVE

CORUM

Spotlight Report – Gaming

- Nintendo
  - Wii will fail to meet expectations
  - Forced to rethink entire gaming strategy
  - Could become a software-only gaming company in 2014

- Smart TV Gaming
  - Better game controllers
  - More voice recognition focused games
  - Improved gesture technologies

CORUM

2013 Gaming

- Shift to higher quality casual, mobile and tablet games

- Dominant growth in mobile and tablets

- Mobile game customer loyalty and engagement a top priority – especially online casino

- Real money casino gaming will change social monetization – altering revenue-per-user paradigm

- Watch for Acquisitions to boost online revenue

- More gaming IPO's

CORUM

Spotlight Report – Big Data

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

Spotlight Report – Big Data

- Data generation rate accelerating - 50-fold increase expected by 2020

- IBM predicts over a trillion connected "things"

- New opportunities in traditional data management

- Primary focus – consumer analytics

- Made enterprise-class capability available to the middle market

- Organizations of all sizes can now manage tremendous data volumes
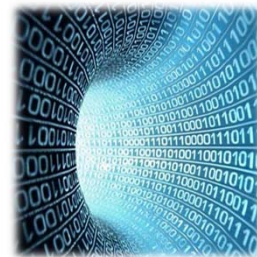
CORUM

Spotlight Report – Big Data

- Big Data Revenue (software, hardware and services) will jump from $5 billion at beginning of 2012 to over $50 billion in 2016

- Big Data Vendors are snapping up companies

OPERA
SOLUTIONS

Date	Target	Description
03/28	commendo	Provides analytics-based online product recommendation software for online retailers.
04/19	Lexington ANALYTICS	Distributes BIQ procurement spend analytics software to businesses.
04/19	biq power tools for the data analyst	Provides procurement spending data analytics software for businesses.

Spotlight Report – Big Data

- Database Management Software **actian**

Date	Target	Value	Description
08/13	PERVASIVE	$164 million	Provides embeddable data integration and management software for businesses globally
11/21	VERSANT	$37 million	Provides object-oriented database management software for the telecommunications and financial services sectors globally.

- BI/Analytics in huge demand

ACTUATE.   IBM.   vmware

Spotlight Report – Big Data

- Next Generation data warehouses being picked up by large players

Date	Target	Acquirer	Value	Description
03/2011	aster data *big data. fast insights.*	TERADATA *Raising Intelligence*	$263 million	Provides data warehousing and analytics software and systems
02/2011	VERTICA	hp	$275 million	Provides data warehousing and analytics software
06/2010	Greenplum	EMC²	$400 million	Provides data warehousing and business intelligence (BI) analytics software

CORUM

Corum Research Report

Elon Gasper
Vice President,
Director of Research
Contact:
in/elongasper
elong@corumgroup.com

Alina Soltys
Senior Analyst
Contact:
in/soltys
alina.soltys
alinas@corumgroup.com

Amber Stoner
Senior Analyst
Contact:
ambers@corumgroup.com

Jason Steblay
Research Analyst
Contact:
jasons@corumgroup.com

CORUM

Public Markets

Weekly Percentage Change

Legend:
- NASDAQ (dotted)
- S&P TECH (solid red)
- Dow Jones (dashed green)
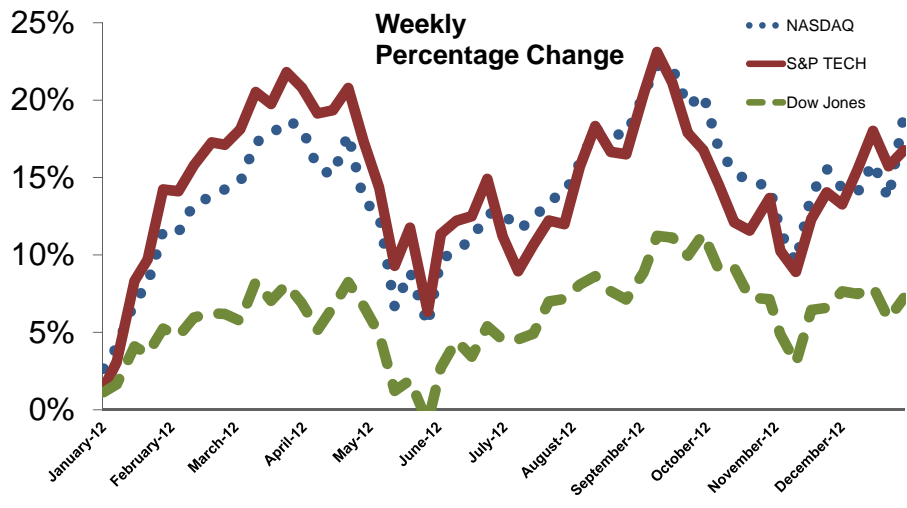
CORUM

Aggregate Markets

	Q4:10	Q1:11	Q2:11	Q3:11	Q4:11	Q1:12	Q2:12	Q3:12	Q4:12
EV/EBITDA	12.33x	12.34x	12.29x	9.44x	10.49x	10.95x	9.83x	10.43x	9.91x
EV/S	2.44x	2.38x	2.27x	1.82x	1.77x	2.04x	1.76x	1.80x	1.78 x
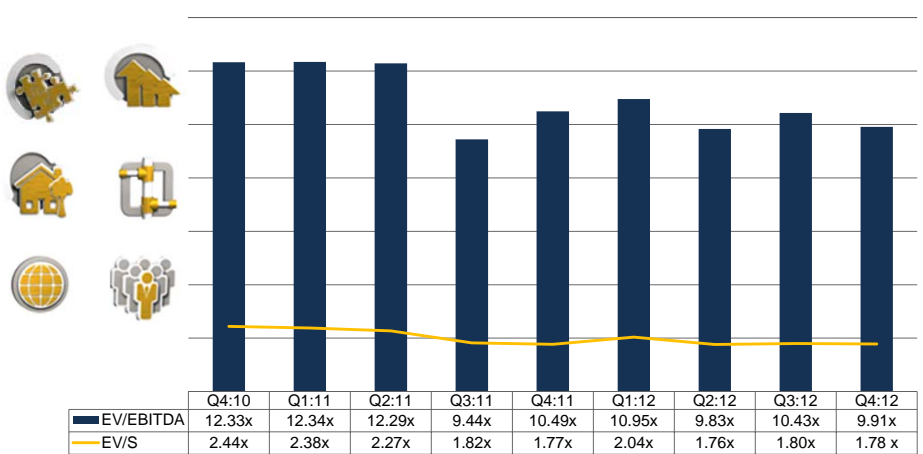
CORUM

Top Strategic Acquirers: 2012
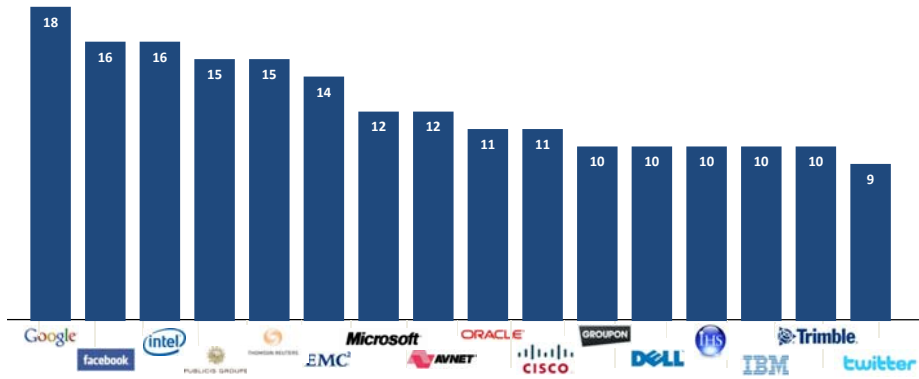
Buyer Leaderboard Rotation 2011 - 2012

Change		2011	2012
⬆ 100%	IHS Inc.	5	10
⬆ 83%	Cisco	6	11
⬆ 67%	Dell	6	10
⬆ 50%	Twitter	6	9
⬆ 36%	Publicis Group	11	15
⬆ 33%	Facebook	12	16
⬆ 33%	Microsoft	9	12
⬆ 33%	Avnet	9	12
⬆ 27%	EMC	11	14
⬆ 25%	IBM	8	10
⬆ 22%	Oracle	9	11
⬆ 15%	Thomas Reuters	13	15
⬆ 11%	Trimble	9	10
━ 0%	Groupon	10	10
⬇ 24%	Intel	21	16
⬇ 45%	Google	33	18

CORUM

Top Private Equity Acquirers: 2012

Corum Index

	2011	2012	Change	
# of Transactions	3759	3547	5.6%	⬇
# of Mega Deals	51	40	21.6%	⬇
Largest Deal	$12.5B	$20.1B	61.1%	⬆
Private Equity Deals	202	147	27.2%	⬇
# VC backed Exits	742	747	0.7%	▬
% Cross Border Transactions	33%	32%	1.0%	▬
% of Start-Up Acquisitions	9.1%	8.6%	0.5%	▬
Average Life of Target	13 yrs.	14 yrs.	7.7%	⬆
$ Raised by VCs	$21.2B	$20.6B	2.8%	▬
# of IPOs	18	23	27.8%	⬆

*Start-Up up to 3 years

Corum Index

QUEST SOFTWARE → **Sold to** → **DELL**

- Transaction Value: $2.6 billion
- Enable Dell to deliver more competitive server, storage, networking and end user computing solutions and services to customers

WYSE → **Sold to** → **DELL**
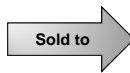
- Transaction Value: $1.1 billion
- Expand Dell's desktop virtualization capabilities and provide new solutions and services opportunities for the full range of Dell's enterprise offerings

*Start-Up

CORUM

VIX – Volatility Index

2008 - 2012

© 2013 Yahoo! Inc.

CORUM

VIX – Volatility Index

2008 - 2012

Record lows since the economic crisis

CORUM

Corum Index

	2011	2012	Change	
# of Transactions	3759	3547	5.6%	⬇
# of Mega Deals	51	40	21.6%	⬇
Largest Deal	$12.5B	$20.1B	61.1%	⬆
Private Equity Deals	202	147	27.2%	⬇
# VC backed Exits	742	747	0.7%	—
% Cross Border Transactions	33%	32%	1.0%	—
% of Start-Up Acquisitions	9.1%	8.6%	0.5%	—
Average Life of Target	13 yrs.	14 yrs.	7.7%	⬆
$ Raised by VCs	$21.2B	$20.6B	2.8%	—
# of IPOs	18	23	27.8%	⬆

*Start-Up up to 3 years

CORUM

2012 VC Activity

- $20.6B raised, flat from last year – only $3.3B in Q4

- 124 Follow-on funds & 55 "new" funds

- Carlyle Group – valuation up 17% for buyouts, 12% for growth equity

- Zero investments by Union Square Ventures

- Tighter VC growth capital implies increased importance of M&A and consideration for earlier action

CORUM

FLASHBACK:
Corum April 2012 Special Impact Report

- The JOBS Act makes it easier to
  - Raise private money
  - Stay private longer
  - Go public

- Profound impact on Tech M&A

Obama: "Because of this bill, start-ups and small business have access to a big, new pool of potential investors."

- 3 main parts

  - Title I   IPO On-Ramp
  - Title II   Solicitation rules relaxed + Safe Harbors
  - Title III   Crowdfunding

UPDATE: SEC blew deadline, postponed implementation
                (as Corum predicted in April 2012)

CORUM

Looking ahead: 2013

Record corporate & PE cash hordes

+ Structural advantages and desire for flexibility drive cross border deals

+ Accelerating tech & platform change

+ Emphasis on software as key to it all

+ JOBS Act implementation

= **A banner year for Tech M&A**

CORUM

Infrastructure Software Market

Public Valuation Multiples
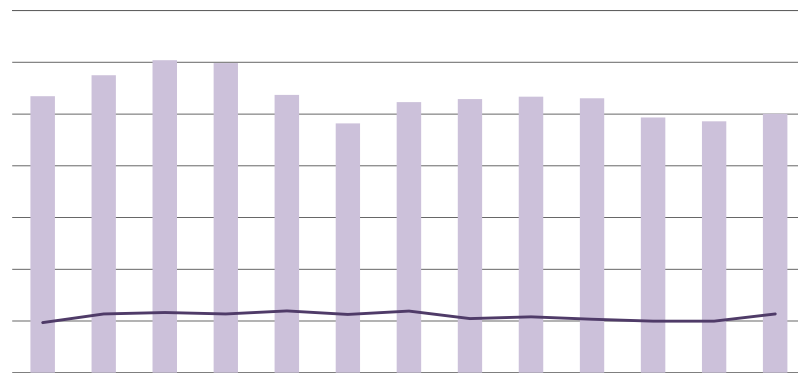
	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
EV/EBITDA	10.69 x	11.50 x	12.08 x	11.97 x	10.74 x	9.64 x	10.46 x	10.58 x	10.67 x	10.61 x	9.87 x	9.72 x	10.01 x
EV/S	1.94 x	2.27 x	2.33 x	2.27 x	2.39 x	2.25 x	2.38 x	2.09 x	2.16 x	2.07 x	1.99 x	1.99 x	2.27 x

CORUM

Infrastructure Software Valuations

Subsector		Sales	Earnings	Examples		
Infrastructure Communications	⬆	2.04x	19.65x	BROADSOFT	NOKIA	eGain
Network Management	⬆	2.75x	10.84x	NETSCOUT	solarwinds	CISCO
Storage	⬇	0.98x	7.39x	EMC²	commvault	QLOGIC
Development Tools	⬆	2.04x	10.15x	Compuware	intel	PROGRESS SOFTWARE
Security	⬆	3.86x	11.02x	symantec.	Check Point SOFTWARE TECHNOLOGIES LTD	VeriSign
Virtualization	⬇	3.65x	24.02x	CITRIX	LogMeIn	vmware
Legacy/SOA	⬆	2.86x	8.08x	BLUEPHOENIX The Legacy Modernization Company	jacada	TIBCO The Power of Now®
Systems Mgmt.	⬆	2.27x	8.97x	bmcsoftware	IBM	ca

Infrastructure Software Market

Deal Spotlight

nicira **Sold to** → vmware
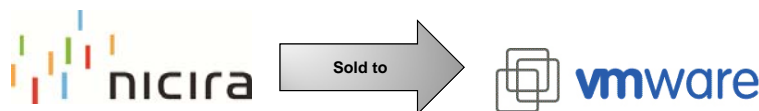
Target: Nicira
Acquirer: VMware
Transaction Value: $ 1.26 billion

- Pre-revenue company that has raised more than $40 million

- Allows companies to create a virtual network infrastructure where they can deploy virtual services as well as networks

- Biggest software defined networking deal yet

EV/E
EV/S

-12
18 x
2.27 x

CORUM

Infrastructure Software Market

Deal Spotlight
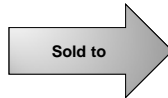
Target: Xsigo Systems
Acquirer: Oracle
Transaction Value: $220 million

- Likely to be deployed as a means of providing a broader virtualized network fabric to surround the Exa family of systems, boosting the number of available network and storage connections

- Should strengthen Oracles' management capabilities, enabling easier creation and migration of VM's across the fabric

EV/EBITDA ...18 x
EV/S 2.27 x

CORUM

Infrastructure Software Market

Deal Spotlight
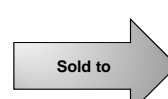
Target: vCider
Acquirer: Cisco
Transaction Value: Undisclosed

- Brings a team and technology to Cisco that can create and manage high-level network connections to link applications

- Cisco has indicated that vCider technology will be rolled into its effort in the OpenStack Quantum networking project

EV/EBITDA ...18 x
EV/S 2.27 x

CORUM

Infrastructure Software Market

Deal Spotlight

contrail systems → Sold to → **juniper** NETWORKS
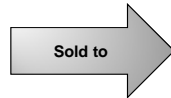
Target: Contrail Systems
Acquirer: Juniper
Transaction Value: $176 million for an undisclosed majority stake

- Juniper has made significant efforts in network virtualization and automation

- Contrail's focus on standards-based control and its use of Border Gateway Protocol could fit well with existing Juniper offerings

	-12
EV/EBITDA	..18 x
EV/S	2.27 x

CORUM

Consumer Application Software Market

Public Valuation Multiples
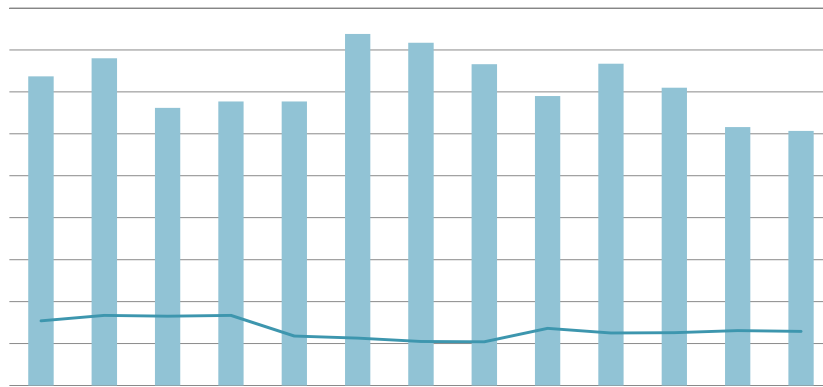
	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
EV/S	7.37 x	7.80 x	6.62 x	6.77 x	6.77 x	8.38 x	8.17 x	7.66 x	6.90 x	7.67 x	7.10 x	6.16 x	6.07 x
EV/EBITDA	1.54 x	1.67 x	1.65 x	1.67 x	1.18 x	1.13 x	1.05 x	1.04 x	1.36 x	1.25 x	1.26 x	1.31 x	1.29 x

CORUM

Consumer Application Software Valuations

Subsector		Sales	Earnings	Examples
Digital Content	⬇	1.29x	9.67x	Adobe Apple NETFLIX
Video Games	⬇	1.34x	5.12x	NetEase EA ACTIVISION

CORUM

Consumer Application Software Market

Deal Spotlight

WE7 → Sold to → TESCO

Sector: Digital Media (UK)
Target: WE7 (UK)
Acquirer: TESCO
Transaction Value: $ 16.76 million for 91% stake

- Global top-5 grocery and general merchandise retailer buys music streamer

- Move follows the acquisition last year of blinkbox, both part of strategy to offer customers additional ways of accessing digital entertainment

- A bid to keep its retail customers away from Amazon's website

												Dec-12
EV/S												6.07 x
EV/EBITDA	1.54 x	1.67 x	1.65 x	1.07 x	1.18 x	1.13 x	1.05 x	1.04 x	1.36 x	1.25 x	1.20 x	1.31 x	1.29 x

CORUM

Consumer Application Software Market

Deal Spotlight

audiogalaxy → **Sold to** → **Dropbox**

Sector: Digital Media
Target: Audiogalaxy
Acquirer: Dropbox
Transaction Value: Undisclosed

- Aquihire – may result in a new streaming service given the popularity of storing music in Dropbox

- Would put Dropbox in more direct competition with companies like Amazon, Apple, and Google

	Dec-12
EV/S	6.07 x
EV/EBITDA	1.29 x

CORUM

Vertical Application Software Market

Public Valuation Multiples

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
EV/EBITDA	9.88 x	10.27 x	10.44 x	10.63 x	9.54 x	9.34 x	9.78 x	9.51 x	9.80 x	10.06 x	9.61 x	9.92 x	10.02 x
EV/S	2.02 x	2.20 x	2.27 x	2.36 x	2.12 x	2.01 x	2.09 x	2.00 x	2.01 x	2.28 x	2.24 x	2.17 x	2.11 x

CORUM

Vertical Application Software Valuations

Subsector		Sales	Earnings	Examples		
A/E/C	⬆	2.70x	12.48x	Autodesk	PTC	DASSAULT SYSTEMES
Government	⬆	0.69x	5.75x	LOCKHEED MARTIN	L3 communications	HARRIS
Healthcare	⬆	2.82x	13.42x	Cerner	McKESSON Empowering Healthcare	Allscripts
Financial Services	⬆	3.09x	11.96x	ADVENT Advent Software	ACI payment systems	fiserv.
Energy & Environment	⬆	2.25x	8.88x	Itron	IHS	Schlumberger
Vertical Other	⬇	1.81x	10.18x	Rockwell Automation	Sensata Technologies	

CORUM

Vertical Application Software Valuations

Subsector	Sales	Earnings	Examples		
A/E/C	2.70x	12.48x	Autodesk	PTC	DASSAULT SYSTEMES
Government	0.69x	5.75x	LOCKHEED MARTIN	L3 communications	HARRIS
Healthcare	2.82x	13.42x	Cerner	McKESSON Empowering Healthcare	Allscripts
Financial Services	3.09x	11.96x	Advent Software	ACI payment systems	fiserv.
Energy & Environment	2.25x	8.88x	Itron	IHS	Schlumberger
Vertical Other	1.81x	10.18x	Rockwell Automation	Sensata Technologies	

CORUM

Key Trend: Logistics & Commodity Management Consolidation

Date	Target	Acquirer	Value	Description
Nov 2012	ONIQUA.	ASCO	Undisclosed	Oil& Gas SCM Software Provider
Feb 2012	navita	BRADY	$27 million	Energy Trading Software
Dec 2011	ASCO	DOUGHTY HANSON & Co	Undisclosed	Outsourced Logistics for Oil & Gas
Nov 2011	QMASTOR	TRIPLE POINT TECHNOLOGY	Undisclosed	Mining SCM Software
Nov 2011	SOLARC	OPENLINK	Undisclosed	Commodity Trading Software
Sep 2011	OPENLINK	HELLMAN & FRIEDMAN	Undisclosed	Transaction Management Software
Nov 2010	viz risk management	BRADY	$15 million	Risk Management SaaS

Key Trend: Logistics & Commodity Management Consolidation

Date	Target	Acquirer	Value	Description
Nov 2012				rovider
Feb 2012				re
Dec 2011				& Gas
Nov 2011				
Nov 2011				ware
Sep 2011				Software
Nov 2010	viz risk management	BRADY	$15 Million	Risk Management SaaS

navita **Sold to** → BRADY

Target: Navita Systems AS (Norway)
Acquirer: Brady (UK)
Transaction Value: $27 mllion
Structure: $25.9M cash, $1.1M stock

- Extend footprint in the energy market as Navita's solutions support trading and risk management in a number of segments already familiar to Brady

- Strengthens Brady's position in integrated trading and risk management solutions for metals, commodity and energy markets

Vertical Application Software Valuations

Subsector	Sales	Earnings	Examples		
A/E/C	2.70x	12.48x	Autodesk	PTC	DASSAULT SYSTEMES
Government	0.69x	5.75x		communications	HARRIS
Healthcare	**2.82x**	**13.42x**	Cerner	McKESSON Empowering Healthcare	Allscripts

CORUM

Healthcare: EHR Related Tech M&A – Q4

Date	Acquirer	Target	Description
11/19	PROMED	amazingcharts	Provides EHR management software for small- to medium-sized independent medical practices.
11/14	FERRER FREEMAN & COMPANY, LLC	arcadia solutions	Provides EHR management systems integration services for the medical sector in the US
11/08	Cerner	ANASAZI SOFTWARE	Provides software with features for billing, electronic healthcare records (EHR) management and EDI.
11/05	Humana	CERTIFY	HIE platform provides bi-directional semantic interoperability between disparate EHR systems
10/17	Logibec	LGS	EHR software and SaaS for physicians and hospitals in the US
10/10	HEALTHTECH HOLDINGS, INC.	acuitec	Medical patient monitoring software, being added to EHR Suite
10/10	TELUS the future is friendly	KinLogixMedical SIMPLE. MOBILE. SÛRE.	Provides EHR management SaaS for the medical sector in Canada
10/08	PointClickCare	AccuMed A PointClickCare Company	Medical records management software and SaaS for nursing homes and long-term rehab facilities
10/08	Healthcare Holdings Group	Clinical Data Technologies	EHR software and SaaS for physicians and hospitals in the US
10/01	McKESSON	MED3000	EHR, medical practice management, data warehousing and SaaS

Healthcare: EHR Related Tech M&A

Date	Acquirer	Target	Description
11/19	PRO-MED		Provides EHR management software for small- to ... practices.
11/14			...ation
11/08			...lectronic ... EDI.
11/05			...c ...ems
10/17			...hospitals in
10/10			...added to
10/10			...edical sector
10/08			...SaaS for ...es
10/08	Healthcare	Clinical Data	EHR software and SaaS for physicians and hospitals in the US
10/01	McKESSON	MED3000	EHR, medical practice management, data warehousing and SaaS

MED3000 → **Sold to** → **McKESSON**

Target: MED3000 Group
Acquirer: McKesson Corp.
Transaction Value: Undisclosed

- Major merger in their sector – 2800 employees at MED3000
- MED3000 in Inc. 5000 list 5 years straight
- McKesson by far the most active acquirer of health IT companies in 2012

Healthcare Deal Spotlight - Mobility

EPOCRATES → **Sold to** → **athenahealth**

Target: Epocrates
Acquirer: Athenahealth
Transaction Value: $293 million

- Information access for health organizations, advanced mobile workflows, and accelerated awareness and growth across the physician market

mRemedy → **Sold to** → **axialexchange**
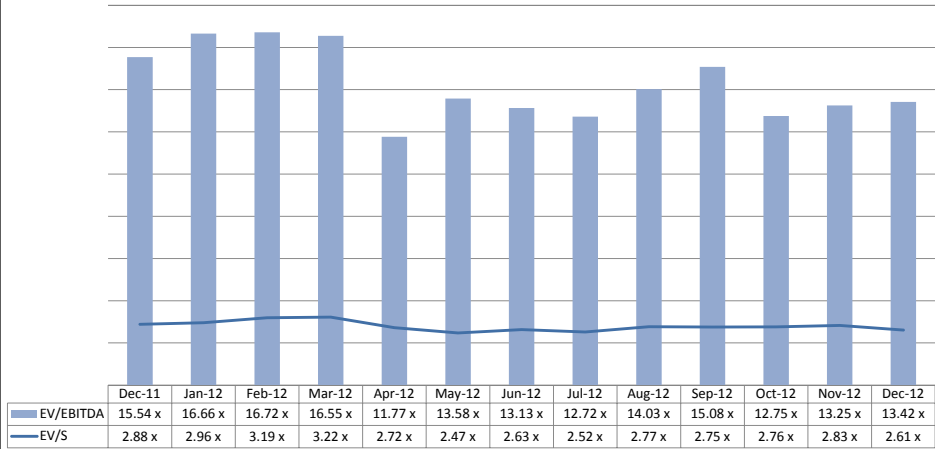
Target: mRemedy (Divested by DoApp & Mayo Clinic)
Acquirer: Axial Exchange
Transaction Value: Undisclosed

- Provides Axial Exchange with the software, pipeline and customers of the myTality® patient-facing mobile healthcare application, as well as access to consumer content from MayoClinic.com

CORUM

Horizontal Application Software Market

Public Valuation Multiples

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
EV/EBITDA	15.54 x	16.66 x	16.72 x	16.55 x	11.77 x	13.58 x	13.13 x	12.72 x	14.03 x	15.08 x	12.75 x	13.25 x	13.42 x
EV/S	2.88 x	2.96 x	3.19 x	3.22 x	2.72 x	2.47 x	2.63 x	2.52 x	2.77 x	2.75 x	2.76 x	2.83 x	2.61 x

CORUM

Horizontal Application Software Valuations

Subsector		Sales	Earnings	Examples		
Business Intelligence	⬆	2.39x	18.22x	INFORMATICA	QlikTech	MicroStrategy
Human Resources	⬇	2.15x	69.53x	CALLIDUS	Ultimate SOFTWARE	saba
SCM	⬆	4.89x	13.21x	SPS Commerce		Manhattan Associates
Communications	⬇	1.42x	11.46x	amdocs	Constant Contact	NUANCE
ERP	⬇	2.36x	8.39x	ORACLE	SAP	NETSUITE
CRM	⬇	4.17x	16.72x	salesforce.com	LIVEPERSON	CONVERGYS
Content Mgmt.	⬇	2.85x	9.96x		OPEN TEXT The Content Experts	
Horizontal Other	⬆	4.11x	22.15x	Trimble	sciQuest	Concur

Horizontal Application Software Market
Deal Spotlight

Sector: Social Enterprise Networking
Target: Yammer
Acquirer: Microsoft
Transaction Value: $1.2 billion in cash

- Adds to growing portfolio of complementary cloud services

- Strengthens Office product suite, leveraging its billions of enterprise users

												Dec-12
EV/EBITDA												13.42 x
EV/S	2.88 x	2.96 x	3.19 x	3.22 x	2.72 x	2.47 x	2.63 x	2.52 x	2.77 x	2.75 x	2.76 x	2.83 x	2.61 x

CORUM

Horizontal Application Software Market
Deal Spotlight

Sector: Social CRM
Target: Buddy Media
Acquirer: SalesForce
Transaction Value: $689 million
Structure: $467m cash, $184m stock, $38m options and restricted stock units

- Enables customers to execute & measure campaigns across social platforms

- Poised to become the platform of choice for brands to listen, engage, gain insight, publish, advertise and measure social marketing programs

		Dec-12
EV/EBITDA	x	13.42 x
EV/S	2.83 x	2.61 x

CORUM

Horizontal Application Software Market

Public Valuation Multiples

Sector: SCM
Target: Ariba
Acquirer: SAP (Germany)
Transaction Value: $4.5 billion

- Will help SAP reach its goal of hitting $2B in cloud revenue by 2015

- Adds Ariba's buyer-seller collaboration network to SAP's customer base and business process expertise for B2B collaboration in the cloud
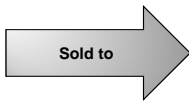
					Dec-12
EV/EBITDA				x	13.42 x
EV/S	2.8...			2.83 x	2.61 x

CORUM

Horizontal Application Software Market

Deal Spotlight

Sector: SCM
Target: JDA Software
Acquirer: RedPrairie
Transaction Value: $2 billion

- Global supply chains, from raw materials, to finished products, to the hands of consumers, through any channel

- Premium value for JDA shareholders

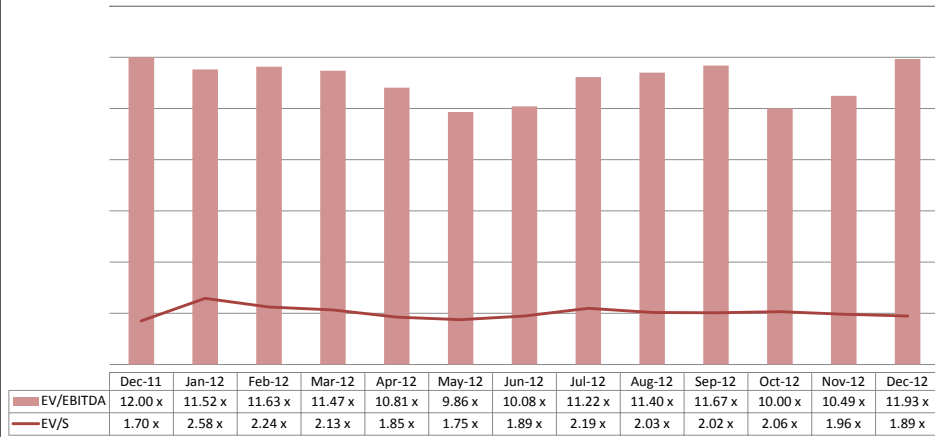|					Dec-12
EV/EBITDA				x	13.42 x
EV/S	2.8...			2.83 x	2.61 x

CORUM

Internet Market

Public Valuation Multiples

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
EV/EBITDA	12.00 x	11.52 x	11.63 x	11.47 x	10.81 x	9.86 x	10.08 x	11.22 x	11.40 x	11.67 x	10.00 x	10.49 x	11.93 x
EV/S	1.70 x	2.58 x	2.24 x	2.13 x	1.85 x	1.75 x	1.89 x	2.19 x	2.03 x	2.02 x	2.06 x	1.96 x	1.89 x

CORUM

Internet Market Valuations

Subsector		Sales	Earnings	Examples		
Internet Infrastructure	—	1.73x	12.87x	inūvo	Akamai	JUNIPER NETWORKS
Internet Pure Play	↑	1.90x	11.51x	amazon.com	Google	priceline Name Your Own Price

CORUM

Internet Market

Deal Spotlight
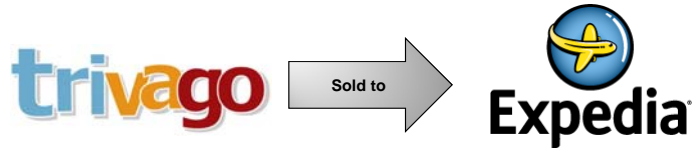
Target: Trivago (Germany)
Acquirer: Expedia
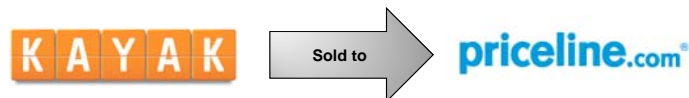**Transaction Value:** $632 million in cash & stock

- Trivago built one of the largest, fastest growing travel sites in Europe conducting more than 100 million hotel searches annually

- Profitably doubled revenue each year since 2008

- Expedia acquires a 62% stake

CORUM

Internet Market

Deal Spotlight

Target: Kayak.com
Acquirer: Priceline.com
Transaction Value: $1.8 billion, $500M in cash, $1.3B in stock
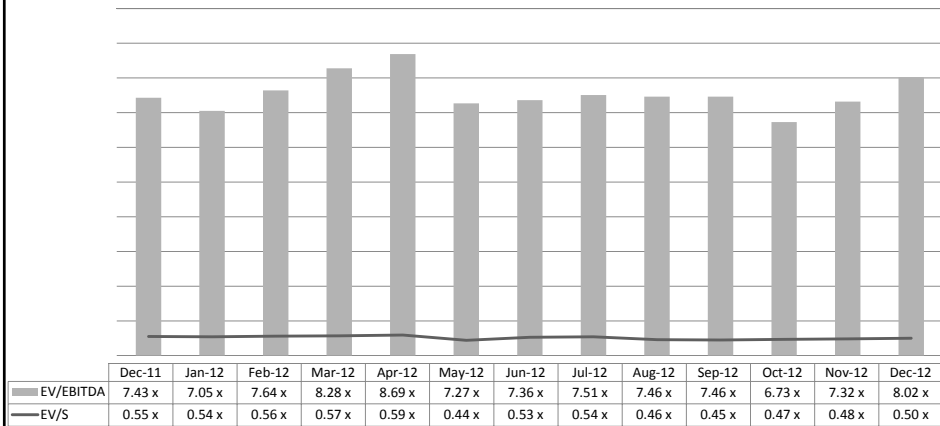
- KAYAK will continue to operate independently

- Increases market share & removes competitor for Priceline

- Plans to help KAYAK build a global online travel brand with their reach and expertise

CORUM

IT Services Market

Public Valuation Multiples

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
EV/EBITDA	7.43 x	7.05 x	7.64 x	8.28 x	8.69 x	7.27 x	7.36 x	7.51 x	7.46 x	7.46 x	6.73 x	7.32 x	8.02 x
EV/S	0.55 x	0.54 x	0.56 x	0.57 x	0.59 x	0.44 x	0.53 x	0.54 x	0.46 x	0.45 x	0.47 x	0.48 x	0.50 x

CORUM

IT Services Valuations
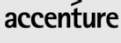
Subsector	Sales	Earnings	Examples		
North America & Europe	**0.50x**	**8.02x**	ciber	accenture	CACI EVER VIGILANT
Asia	**2.64x**	**13.36x**	pactera	Cognizant	Infosys

CORUM

IT Services Deals by Region

58
148
35
462
North America
Europe
Asia
26
33
Africa & Middle East
7
11
11
18
Oceana
South America
7
7

Domestic Buyer
International Buyer
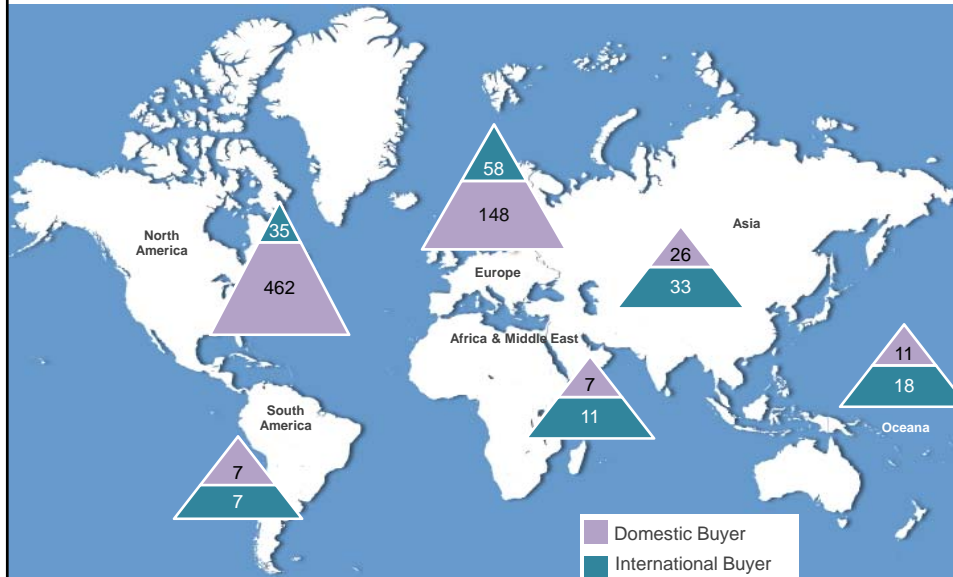
IT Services Market

Deal Spotlight

logica
be brilliant together

Sold to

CGI

Sector: Global Systems Integration
Target: Logica (UK)
Acquirer: CGI (CAN)
Transaction Value: $2.6 billion

- North American companies are taking advantage of the European debt crisis that has lowered the value of many of the continent's premier Tech companies

- Acquisition has more than doubled CGI's Revenues and catapulted the firm to become the sixth largest pure IT services company globally
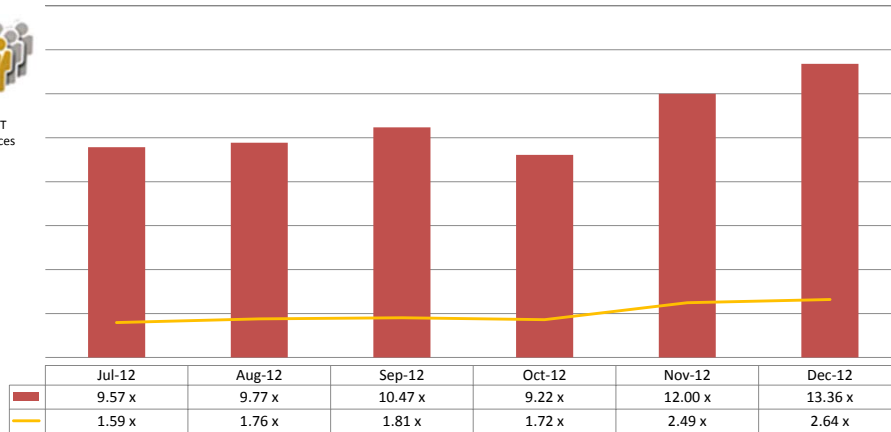
ec-12
EV/EBITDA   8.02 x
EV/S   0.50 x

CORUM

Asian IT Services Market

Asia IT Services

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
▮	9.57 x	9.77 x	10.47 x	9.22 x	12.00 x	13.36 x
—	1.59 x	1.76 x	1.81 x	1.72 x	2.49 x	2.64 x

CORUM

Corum Research Report

Elon Gasper
Vice President,
Director of Research
Contact:
in/elongasper
elong@corumgroup.com

Alina Soltys
Senior Analyst
Contact:
in/soltys
alina.soltys
alinas@corumgroup.com

Amber Stoner
Senior Analyst
Contact:
ambers@corumgroup.com

Jason Steblay
Research Analyst
Contact:
jasons@corumgroup.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."

Jan. 24:	**Phoenix** – MB	Feb. 27:	**Kansas City** – SUSO
Feb. 5:	**Quebec City** – MB	Feb. 28:	**San Diego** – SUSO
Feb. 6:	**Halifax** – MB	Mar. 4:	**Omaha** – MB
Feb. 7:	**Portland**– SUSO	Mar. 5:	**Des Moines** – SUSO
Feb. 11:	**Cleveland** – SUSO	Mar. 5:	**Oslo** – MB
Feb. 12:	**Columbus** – SUSO	Mar. 6:	**Salt Lake City** – MB
Feb. 13:	**Indianapolis** – SUSO	Mar. 6:	**Helsinki** – SUSO
Feb. 21:	**Dallas** – MB	Mar. 7:	**Paris** – MB
Feb. 21:	**NYC**– MB	Mar. 13:	**Edmonton** – MB

www.CorumGroup.com/Events.aspx -- Promo Code **FORECAST2013**

CORUM

World Financial Symposiums

- "Growth & Exit Strategies" Live Conference
  - Seattle, January 30
  - London, April 18
  - New York, Summer
  - Silicon Valley, Fall

WFS
WORLD FINANCIAL SYMPOSIUMS

- Market Spotlight Webcast Series
  - Big Data – Big Deal? – February 26

www.worldfinancialsymposiums.com

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

Tech Leader Panel – The Year Ahead

Peter Coffee
Salesforce

Reese Jones
Singularity University

Dan Shapiro
Google

CORUM

Special Guest

Peter Coffee
Salesforce
VP, Head of Platform
Research

Peter Coffee is Director, Platform Research, Salesforce. He was Technology Editor for industry journals PC Week and eWEEK from 1989 through 2007, after spending the prior decade in project management at Exxon and in PC planning and AI applications research at The Aerospace Corporation. He is the author of "How to Program Java" and "Peter Coffee Teaches PCs"; he served as a member of the X3J13 standards committee for ANSI Common Lisp.

Peter holds degrees from The George L. Graziadio School of Business at Pepperdine University and from the Massachusetts Institute of Technology.

CORUM

Special Guest

Reese Jones
Singularity University

Inventor, venture investor, and business strategist Reese Jones has engaged in over a dozen companies' start up, financing, development, IPO and acquisitions. They include Netopia, where he served as CEO until its acquisition by Motorola in 2006, after having founded it as Farallon Computing, then taken it public in 1996. Other notable technology endeavors in which he's applied his leadership include Convergence, Mediabolic, and Jobvite, as well as Venture Partnerships at Accel, August, and TelesoftVC. He is a Fellow in Innovation and Entrepreneurship at UC Berkeley, where as a grad student in the 1980s he started and ran BMUG, which became the largest nonprofit computer user group of its kind. Reese is an Associate Founder and active Trustee of Singularity University. His current interests include network theory, human/Internet interfaces, phones as synapses, and Internet evolution.

CORUM

Special Guest

Dan Shapiro
Google

Google™

Dan Shapiro is the Founder and CEO of Sparkbuy Inc., the comparison shopping website that was acquired by Google. Previously, Shapiro was founder and CEO of Ontela, a mobile imaging company, where he was named CEO of the Year by MobileBeat. Ontela merged with Photobucket in December of 2009 where Shapiro now holds a seat on the Board of Directors.

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

CORUM

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

Tech Leader Panel – The Year Ahead

Peter Coffee
Salesforce

Reese Jones
Singularity University

Dan Shapiro
Google

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 a brief overview of the Tech M&A process: "8 Steps To An Optimal Outcome."

Jan. 24:	**Phoenix** – MB	Feb. 27:	**Kansas City** – SUSO
Feb. 5:	**Quebec City** – MB	Feb. 28:	**San Diego** – MB
Feb. 6:	**Halifax** – MB	Mar. 4:	**Omaha** – MB
Feb. 7:	**Portland**– SUSO	Mar. 5:	**Des Moines** – SUSO
Feb. 11:	**Cleveland** – SUSO	Mar. 6:	**Salt Lake City** – MB
Feb. 12:	**Columbus** – SUSO	Mar. 13:	**Edmonton** – MB
Feb. 13:	**Indianapolis** – SUSO	Mar. 14:	**Pittsburgh** – SUSO
Feb. 21:	**Dallas** – MB	Mar. 19:	**Chicago** – MB
Feb. 21:	**NYC**– MB	Mar. 20:	**Detroit** – MB

www.CorumGroup.com/Events.aspx

CORUM

After the Deal – Celebration

www.corumgroup.com

CORUM