Tech M&A Monthly

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TECH M&A MONTHLY

….starts in 2 minutes

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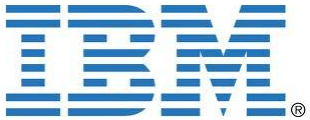
www.corumgroup.com

Past Attendees Include:



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Past Conferences & Reports

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

TECH M&A MONTHLY

….starts in 1 minute

CORUM

Merge Briefing

- 90 Minutes
- Industry Update
- Overview of the M&A Process
- Upcoming events in:
  - Quebec City
  - Cincinnati
  - San Francisco
  - Frankfurt
  - Hamburg
  - Philadelphia
  - Brussels
  - Oslo
  - Copenhagen

MERGE BRIEFING

Selling Up, Selling Out

- Half-Day
- Tech M&A Bootcamp
- The most attended tech executive conference in history
- Upcoming events in:
  - Los Angeles
  - Toronto
  - Barcelona
  - Halifax

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SELLING UP
SELLING OUT

8 Stages for an **Optimal Outcome**

Typical Negotiation Flow

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AVOIDING THE

DEAL DISASTERS

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Upcoming Conference Schedule

Selling Up Selling Out (SUSO) - Ready to go to market? During this half-day workshop, learn to prepare, position, research, value, negotiate, and execute due diligence for maximum price and structure. This is the most attended Tech M&A event ever – participants have done over $1 trillion in transaction value.

Merge Briefing (MB) - The Merge Briefing is a 90-minute executive briefing providing a current M&A market update (trends, valuations, etc.), as well as a brief overview of the Tech M&A process: "8 Steps To An Optimal Outcome."

Jun. 15: **Quebec City** – MB

Jun. 20: **Cincinnati** – MB

Jun. 21: **Los Angeles** – SUSO

Jun. 22: **San Francisco** – MB

Jun. 27: **Frankfurt** – MB

Jun. 27: **Toronto** – MB

Jun. 28: **Hamburg** – MB

Jun. 29: **Barcelona** – SUSO

Jun. 29: **Philadelphia** – MB

Jun. 29: **Halifax** – SUSO

Jul. 26: **Brussels** – MB

Jul. 27: **Oslo** – MB

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Logistics

- Ask questions any time
  - Use Q&A box to the right of screen
  - Click “Refresh Now” to view responses

- This event is being recorded
  - European broadcast June 9, 1 PM Berlin Time
  - On demand webcast will be available at www.corumgroup.com

Tech M&A Monthly

14 Steps to a Bidding War

June 8, 2017

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Welcome

Timothy Goddard
SVP, Marketing
Corum Group Ltd.

Timothy joined Corum in 2011, and oversees the company's marketing efforts globally from the headquarters near Seattle. Chief among these is Corum's extensive conference schedule, "Selling Up, Selling Out," the Merge Briefing, the Tech M&A Monthly webcast and Corum's platinum sponsorship of the World Financial Symposiums' live events and Market Spotlight series. Through these events, Corum Group serves as the world's leading educator in technology mergers and acquisitions.

Prior to joining Corum, Timothy served as marketing and product manager for GIS software startup Depiction, Inc., and previously worked in marketing for VizX Labs, a pioneering SaaS startup delivering DNA analysis tools. In addition to marketing for software startups, Tim has worked for a US Senate campaign and taught science in Rio de Janeiro.

Timothy graduated Magna Cum Laude from Bethel University in St. Paul, Minnesota, with degrees in History and Biology.

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Agenda

- Welcome
- Special Report: WFS New York 2017
- Field Reports
  - Hospicesoft acquired by Optima Healthcare Solutions
  - Pipeline acquired by Prometheus Group
- June 2017 Research Report
- 14 Steps to a Bidding War
- Q&A

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Special Report:
WFS New York 2017

WFS EDUCATING TECHNOLOGY LEADERS

CORUM MERGERS & ACQUISITIONS

IBM

TA ASSOCIATES

accenture

VENABLE LLP

Morgan Stanley

Riverside

B BregalSagemount

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Field Report:
Hospicesoft acquired by Optima Healthcare Solutions

Steve Jones
Vice President
Corum Group Ltd.

Steve joined Corum after 25 years of executive experience in various high-tech industries with both public and private venture-backed startups. He has extensive global experience, opening international markets and growing sales from zero to tens of million in revenue. He has been on the forefront of selling several companies and spinning off software divisions, highlighted by the sale of GetFon to Alestra (AT&T Mexico). He is fluent in Spanish.

Steve was the founding CEO of Solera Networks, a real-time intrusion detection security company. He also co-founded Auction Trust Network, an eCommerce company for online exchanges; which he sold to MediaForge (Rakuten Marketing).

Steve is a board member of several software companies and has industry expertise in several areas: enterprise apps and infrastructure, security, mobile and wireless, media & entertainment, supply chain, and embedded devices/systems (IoT).

Field Report:
Pipeline acquired by Prometheus Group

Allan Wilson
Vice President
Corum Group Ltd.

Allan has over 30 years of executive and entrepreneurial experience and has built and sold several software companies in sectors including, manufacturing, supply chain, big data, predictive analytics and social networks. He has deep understanding of Aerospace, Automotive, High Tech, Healthcare, Consumer Products and Military Contracting operating models.

Allan has extensive international experience and lived in Germany for a time working for SAP, following the sale of his company to them in 2009.

Corum Research Report

Elon Gasper
EVP, Research

Amber Stoner
Director of Research

Yasmin Khodamoradi
Director, Valuation Services

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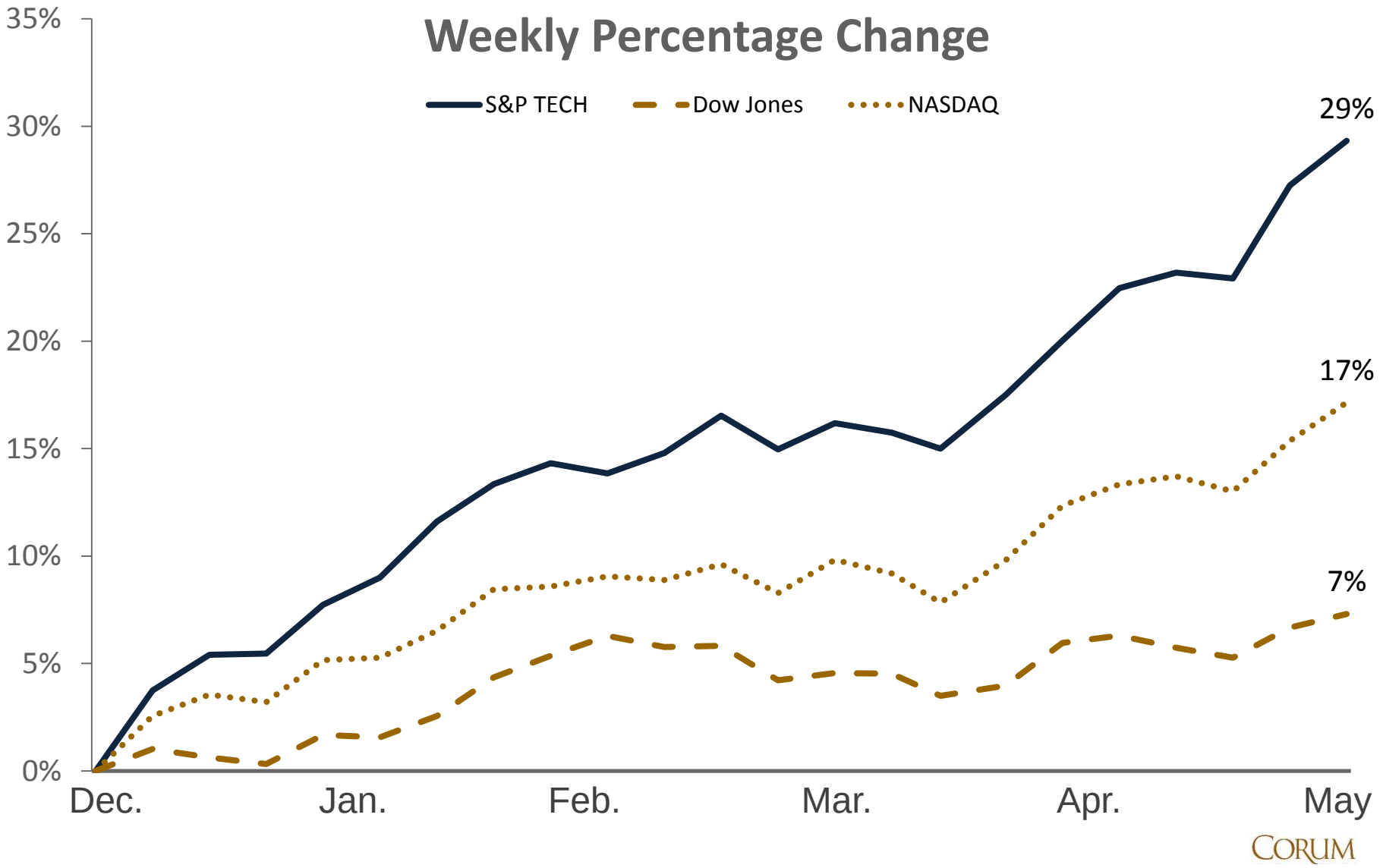
Public Markets



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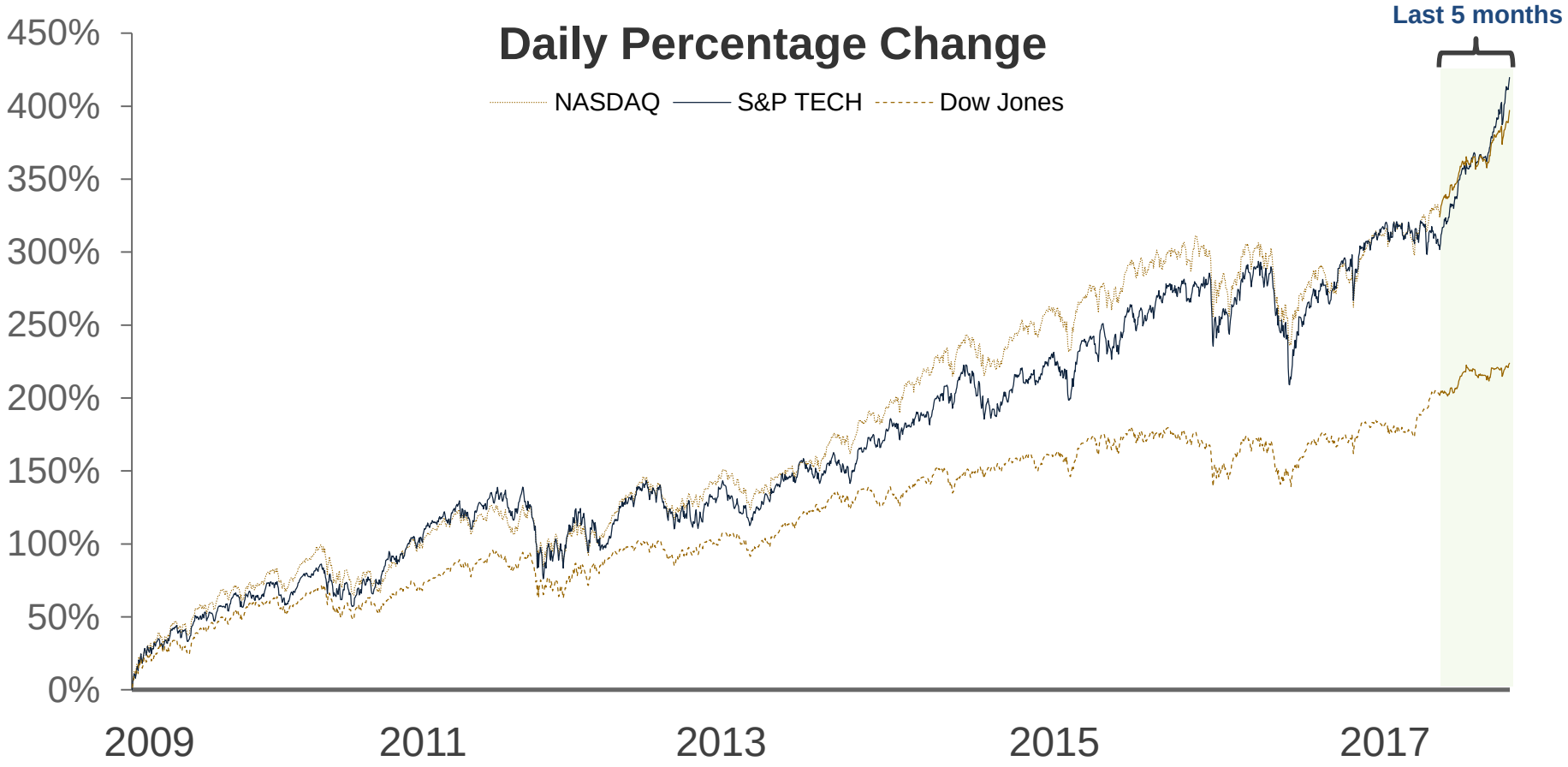
The Bull Market, 2009-Present



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Macro view: 4 Longest Bull Market Runs

	Start	End	Years
Dotcom Bubble	Oct. 11, 1990	Mar. 24, 2000	9.5
Current	Mar. 9, 2009	?	8.2
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

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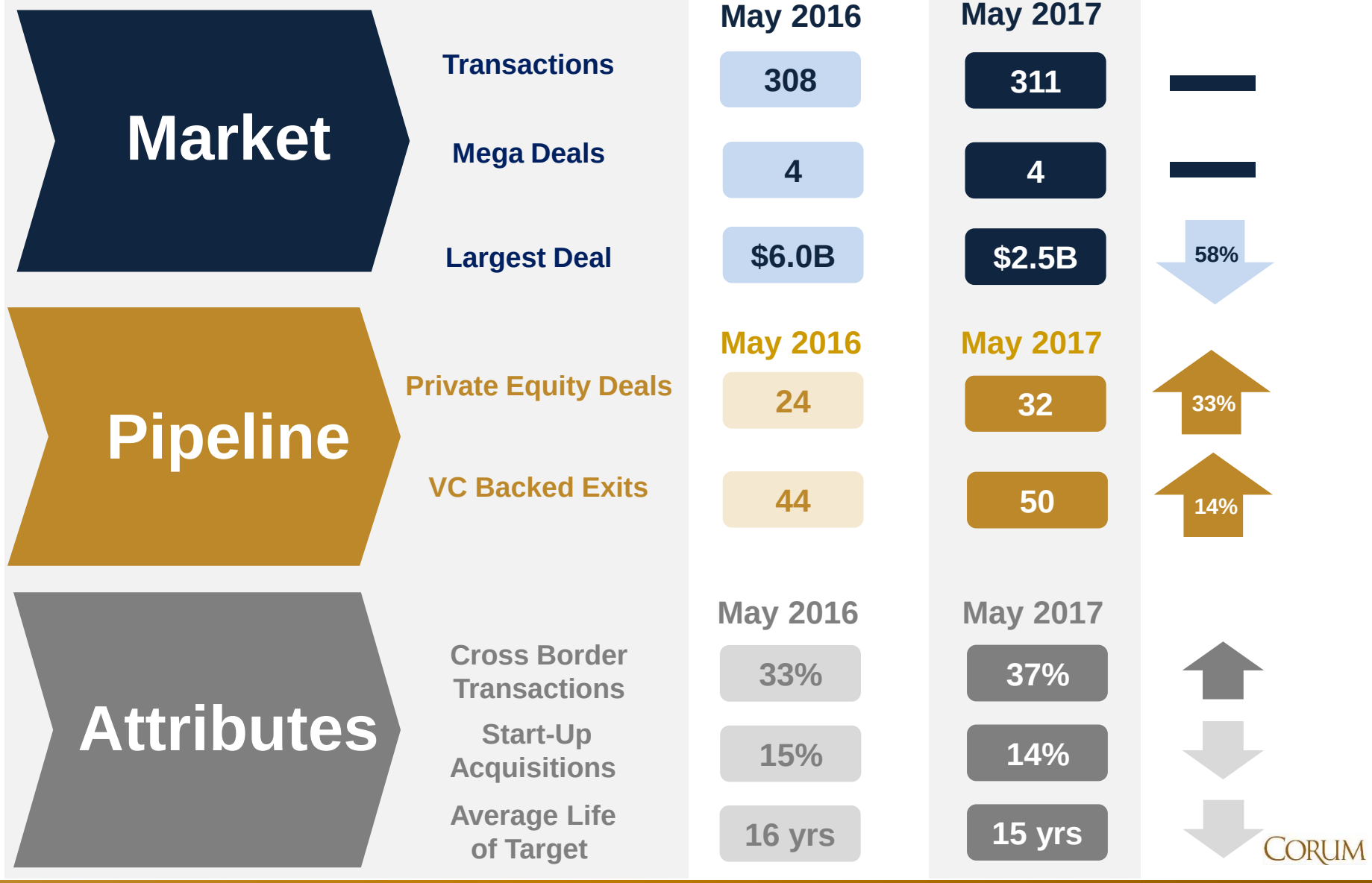
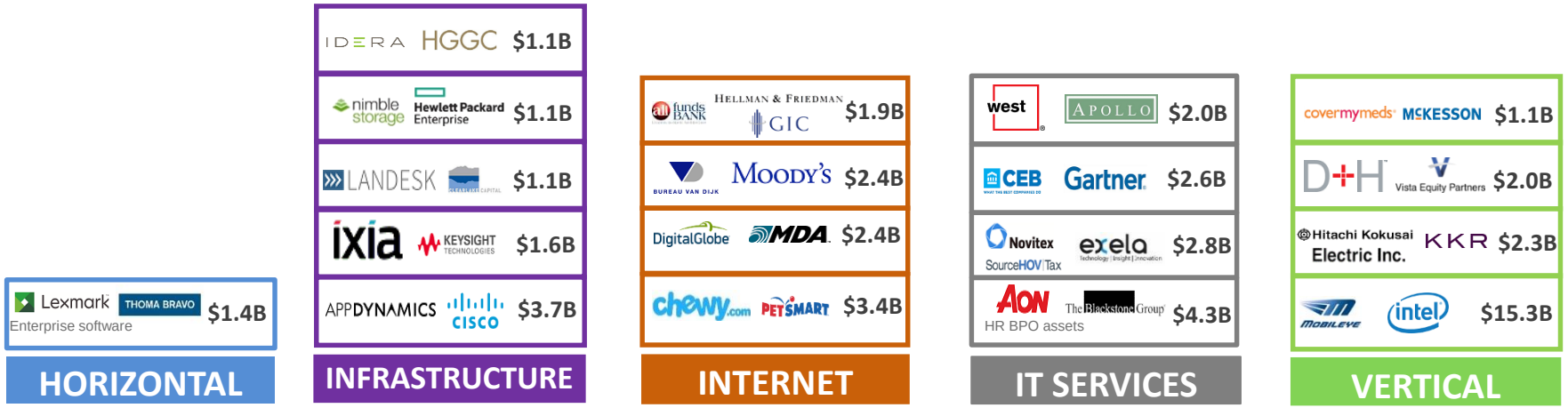
Corum Index


Market
Transactions
May 2016
308
May 2017
311
Mega Deals
4
4
Largest Deal
$6.0B
$2.5B
58%
Pipeline
May 2016
May 2017
Private Equity Deals
24
32
33%
VC Backed Exits
44
50
14%
Attributes
May 2016
May 2017
Cross Border Transactions
33%
37%
Start-Up Acquisitions
15%
14%
Average Life of Target
16 yrs
15 yrs

2017 Mega Deals – YTD



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2017 Mega Deals – YTD

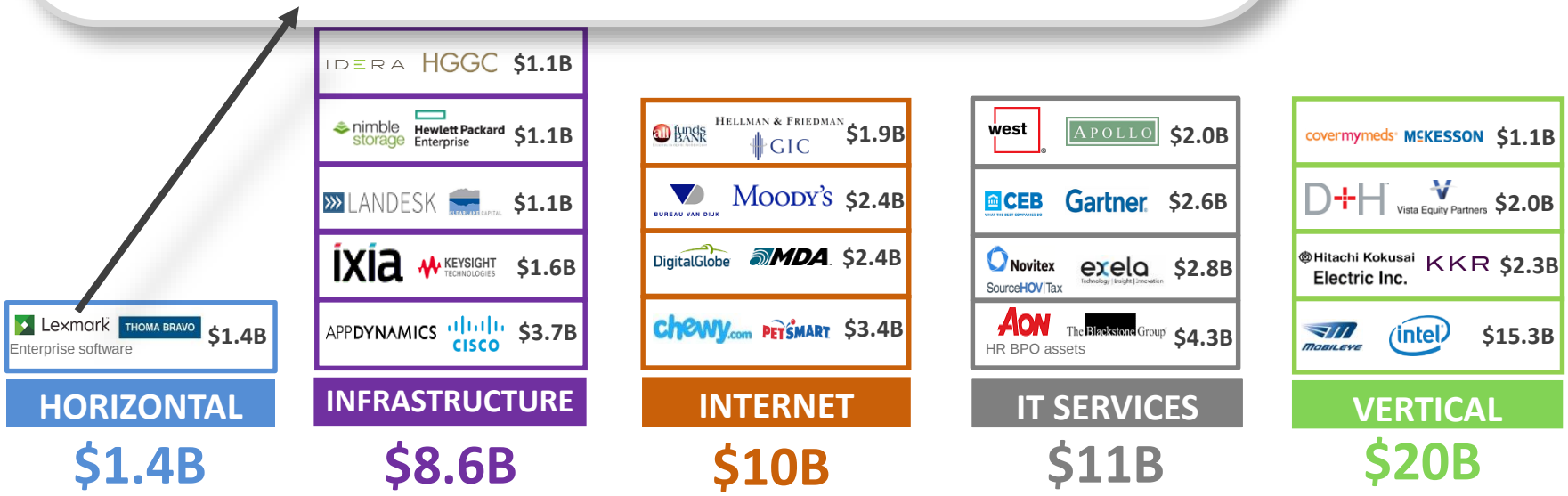
Lexmark
Enterprise software business

KOFAX
READSOFT
perceptivesoftware

Sold to

THOMA BRAVO

Target: Lexmark International (enterprise software business) [USA]
Acquirer: Thoma Bravo [USA]
Transaction Value: $1.4B



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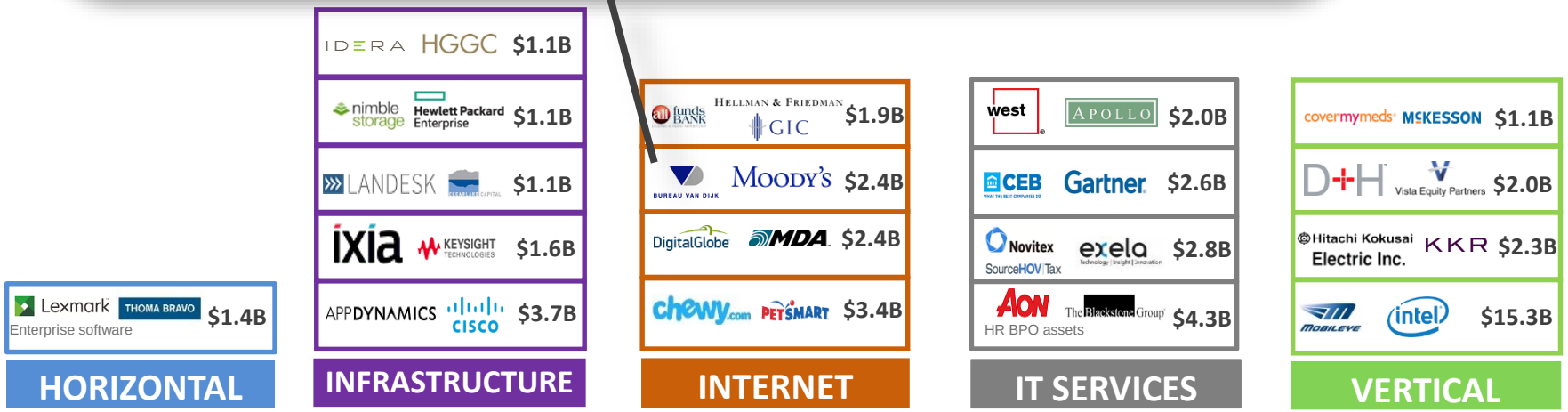
2017 Mega Deals – YTD

BUREAU VAN DIJK → Sold to → MOODY'S

Target: Bureau van Dijk Electronic Publishing [EQT VI] [Netherlands]
Acquirer: Moody's Corporation [USA]
Transaction Value: $2.4B (11.6x EV/Sales and 22.7x EBITDA)



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2017 Mega Deals – YTD

IDERA **Sold to** HGGC

Target: IDERA [USA]
Acquirer: HGGC [USA]
Transaction Value: $1.1B

- Database management software
- IDERA acquired Corum client Gurock Software in 2016

HORIZONTAL — $1.4B
- Lexmark / THOMA BRAVO — Enterprise software — $1.4B

INFRASTRUCTURE — $8.6B
- IDERA / HGGC — $1.1B
- nimble storage / Hewlett Packard Enterprise — $1.1B
- LANDESK — $1.1B
- ixia / KEYSIGHT TECHNOLOGIES — $1.6B
- APPDYNAMICS / CISCO — $3.7B

INTERNET — $10B
- funds BANK / HELLMAN & FRIEDMAN / GIC — $1.9B
- BUREAU VAN DIJK / MOODY'S — $2.4B
- DigitalGlobe / MDA — $2.4B
- chewy.com / PETSMART — $3.4B

IT SERVICES — $11B
- west / APOLLO — $2.0B
- CEB / Gartner — $2.6B
- Novitex SourceHOV Tax / exela — $2.8B
- AON HR BPO assets / The Blackstone Group — $4.3B

VERTICAL — $20B
- covermymeds / McKESSON — $1.1B
- D+H / Vista Equity Partners — $2.0B
- Hitachi Kokusai Electric Inc. / KKR — $2.3B
- MOBILEYE / intel — $15.3B

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Vertical Application Software Market

Public Valuation Multiples

	Since Q1	May 2017	Corum Analysis
EV / Sales	↑	4.9x	*New record high, more than doubling over four years…*
EV / EBITDA	—	18.0x	*…with continued high EBITDA ratios reflecting the established value of SaaS verticals.*

CORUM

Vertical Application Software Market

Deal Spotlights: Agriculture Tech

MÜLLER ELEKTRONIK **Sold to** Trimble

Target: Mueller-Elektronik [Germany]
Acquirer: Trimble Navigation [USA]

- Control and navigation systems for agricultural machinery
- Enables provision of integrated plug-and-play solutions straight from the factory

HydroBio **Sold to** THE CLIMATE CORPORATION

Target: HydroBio [USA]
Acquirer: The Climate Corporation [Monsanto] [USA]

- Satellite imagery, soil data and weather data analysis SaaS
- Prior to acquisition, Monsanto Growth Ventures was an early investor in HydroBio

Vertical Application Software Market

Deal Spotlights: Agriculture Tech

OmniEarth **Sold to** EAGLEVIEW

Target: OmniEarth [USA]
Acquirer: EagleView Technologies Corporation [Vista Equity Partners] [USA]

- GIS monitoring, machine learning and analytics SaaS in the agricultural, forestry, energy, government and military sectors

ZedX INC® **Sold to** BASF We create chemistry

Target: ZedX [USA]
Acquirer: BASF SE [Germany]

- Data analytics and crop management software and SaaS
- Strengthens BASF's digital farming footprint

Vertical Application Software Market

Deal Spotlights: Financial Services

FASTMATCH **Sold to** EURONEXT

Target: FastMatch [USA]
Acquirer: Euronext [Netherlands]
Transaction Value: $153M (8.5x EV/Sales and 21.9x EBITDA)

- Electronic communication network SaaS based on foreign exchange trading

OTAS TECHNOLOGIES **Sold to** liquidnet

Target: OTAS Technologies [United Kingdom]
Acquirer: Liquidnet [USA]

- Stock market reporting and equity analytics SaaS

MATCHI·BIZ ...INNOVATION MATCHMAKING **Sold to** KPMG

Target: Matchi [China]
Acquirer: KMPG [USA]

- Online fintech matchmaking service and database

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Vertical Application Software Market

Deal Spotlights: Healthcare

Hospicesoft HOSPICE MANAGEMENT SUITE — **Sold to** → Optima HEALTHCARE SOLUTIONS

Target: Hospice Management [dba Hospicesoft] [USA]
Acquirer: Optima Healthcare Solutions [Alpine Investors] [USA]

- Hospice facility, electronic medical record and document management SaaS
- Integrates into Optima's home health product

KINNSER SOFTWARE — **Sold to** → Mediware®

Target: Kinnser Software [Insight Venture Partners] [USA]
Acquirer: Mediware Information Systems [Thoma Bravo] [USA]

- Therapy, EMR, document management, scheduling and billing SaaS
- Expands Mediware's portfolio in the home health and hospice space

CORUM

Vertical Application Software Market

Deal Spotlights: Healthcare

myMatrixx® good medicine for business

Sold to

EXPRESS SCRIPTS®

Target: Matrix Healthcare Services [dba myMatrixx] [USA]
Acquirer: Express Scripts [USA]

- Outsourced pharmacy benefits management and analytics services and SaaS

VISTAR TECHNOLOGIES

Sold to

symplr

Target: Vistar Technologies [USA]
Acquirer: symplr [CapStreet Group] [USA]

- Healthcare data management and compliance SaaS

CORUM

Vertical Application Software Market

Deal Spotlights: A/E/C

Sold to

Target: EuroGPS [Bulgaria]
Acquirer: Viasat Group [Italy]

- Complete fleet management solution for optimization of logistics operations
- Goes in line with Viasat's plans to develop a production center for hardware solutions

Sold to

Target: Yard Club [USA]
Acquirer: Caterpillar [USA]

- Construction and heavy equipment rental and fleet management SaaS
- Comes after Caterpillar's strategic investment into Yard Club two years ago

Vertical Application Software Market

Deal Spotlight: Education

Since Q1 May 2017 Corum Analysis

Sold to

Target: Get Educated International Proprietary [dba GetSmarter] [South Africa]
Acquirer: 2U [USA]
Transaction Value: $103M (6.1x EV/Sales)

- Online short education courses for working professionals
- The first ever acquisition for 2U
- Reinforces 2U's position in the approx. $1.9 trillion global higher education market

ore
our

established value of SaaS verticals.

CORUM

Consumer Software Market

Public Valuation Multiples

	Since Q1	May 2017	Corum Analysis
EV / Sales		2.8x	*Increases of over 33% in both metrics with new gaming sector confidence…*
EV / EBITDA		20.0x	*…driven by Switch success and Data Science Monetization disruptive trend.*

Consumer Software Market

Deal Spotlights: Gaming

InnoGames → Sold to → MTG

Target: InnoGames [Germany]
Acquirer: Modern Times Group [Sweden]
Transaction Value: $89.9M (2.2x EV/Sales and 3.3x EBITDA)

- Browser-based online and mobile video games
- Last October, MTG first invested into InnoGames buying 35% of the shares for €90M

SpaceApe™ → Sold to → SUPERCELL

Target: Space Ape Games [United Kingdom]
Acquirer: Supercell [Tencent] [Finland]
Transaction Value: $55.8M

- Mobile video games for iOS and Android
- Starts an acquisition and investment mode for Supercell, which once was a target itself

Consumer Software Market

Deal Spotlights: Gaming

Sold to

Target: StarStreet [dba Draft] [aka PlayDraft] [USA]
Acquirer: Paddy Power Betfair [USA]
Transaction Value: $19M

- Website and mobile app to join daily fantasy sports league games

Sold to

Target: Kinetoplay [dba Fantasy Movie League] [USA]
Acquirer: National CineMedia [USA]

- Online fantasy prediction game via website and an iOS mobile application

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Consumer Software Market

Deal Spotlights: VR

Sold to

Target: Owlchemy Labs [USA]
Acquirer: Google [USA]

- Virtual reality-based online video games
- Supports Google's plans to build more VR content in-house

IT Services Software Market

Public Valuation Multiples

	Since Q1	May 2017	Corum Analysis
EV / Sales	—	1.4x	*Remaining at stable highs since January…*
EV / EBITDA	▲	11.5x	*…with EBITDA metric setting another valuation record.*

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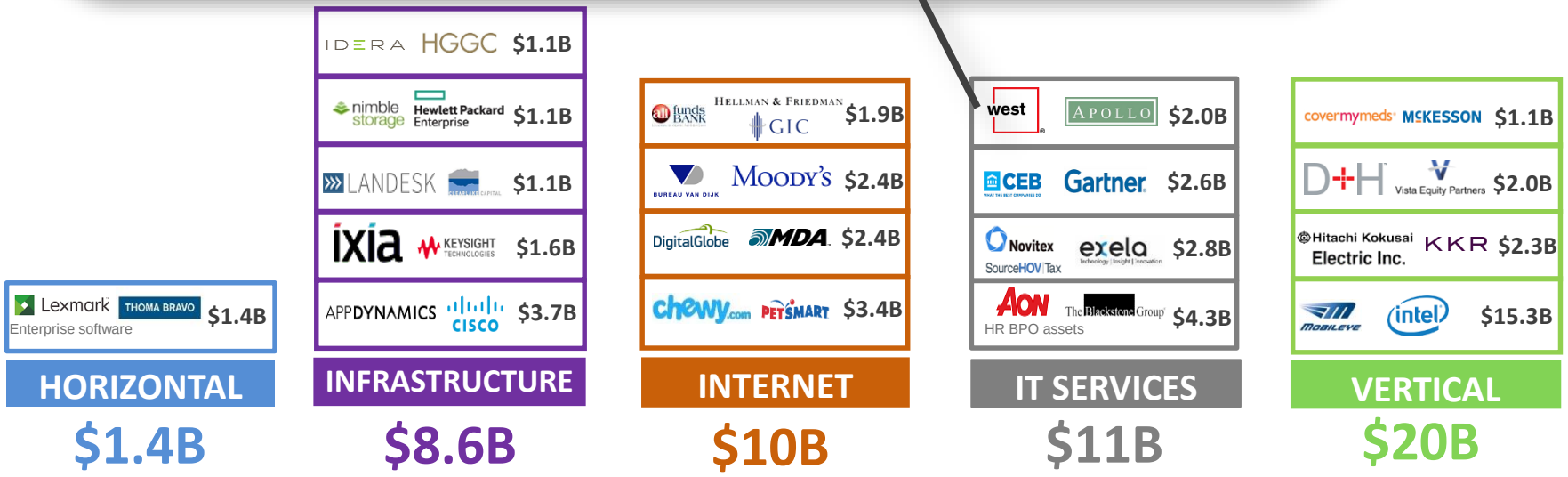
2017 Mega Deals – YTD

west ® **Sold to** APOLLO

Target: West Corporation [USA]
Acquirer: Apollo Global Management [USA]
Transaction Value: $2.0B (2.2x EV/Sales)



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IT Services Software Market

Public Valuation Multiples

DILIsym® Services

Sold to

SimulationsPlus
SCIENCE + SOFTWARE = SUCCESS

Target: DILIsym Services [USA]
Acquirer: Simulations Plus [USA]
Transaction Value: $5M (1.7x EV/Sales and 6.9x EBITDA)

- Drug-induced liver injury simulation SaaS, consulting and software development services

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IT Services Software Market

Deal Spotlight: Clinical Trial Services

Sold to

Target: Mytrus [USA]
Acquirer: Medidata Solutions [USA]

- E-consent and virtual trial management SaaS
- Helps Medidata complete its offerings to biopharmas and clinical research organizations

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IT Services Software Market

Deal Spotlights: Clinical Trial Services

ThreeWire → Sold to → WCG (WIRB-Copernicus Group)

Target: ThreeWire [USA]
Acquirer: WIRB-Copernicus Group [aka WCG] [USA]

- Customized clinical trial recruitment, enrollment and retention

MedAvante → Sold to → WCG (WIRB-Copernicus Group)

Target: MedAvante [USA]
Acquirer: WIRB-Copernicus Group [aka WCG] [USA]

- Signal detection SaaS for use in nervous system-related clinical trials

ProPhase (Precision. Innovation. Impact.) → Sold to → WCG (WIRB-Copernicus Group)

Target: ProPhase [USA]
Acquirer: WIRB-Copernicus Group [aka WCG] [USA]

- Clinical trial outsourced BPO services for the pharmaceutical, healthcare and life sciences industries

IT Services Software Market

Deal Spotlight: Clinical Trial Services

Sold to

Target: LabAnswer [USA]
Acquirer: Accenture [USA]

- Laboratory informatics consulting firm
- Fosters Accenture's transformation into an enterprise cloud services provider

Corum Research Report

Elon Gasper
EVP, Research

Amber Stoner
Director of Research

Yasmin Khodamoradi
Director, Valuation Services

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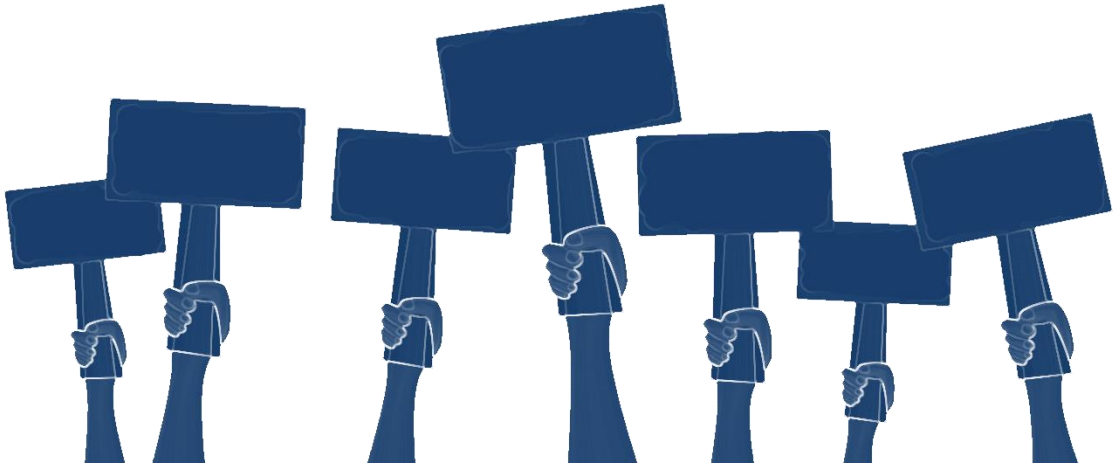
14 Steps to a Bidding War



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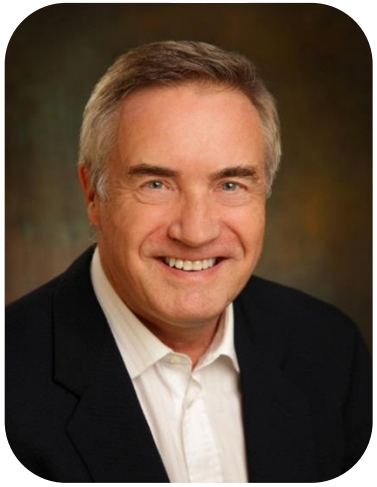
14 Steps to a Bidding War



Bruce Milne
CEO
Corum Group Ltd.

A leader in the software industry, Bruce has founded or owned four software companies, including the largest vertical market software company, AMI, an Inc. 500 firm rated by IDC as the fastest growing computer-related company in the world.

He has served on advisory boards for Microsoft, IBM, DEC, Comdex and Apple, and as board member/founding investor in some of the most innovative firms in their field, including Blue Coat, Bright Star and Sabaki. Past advisor to two governors and a senator, a board member of the Washington Technology Center, and founder of the WTIA, the nation's most active regional technology trade association.

He worked with the Canadian government to found SoftWorld, and he was recently chosen as one of the 200 most influential individuals in the IT community in Europe. He was also the only American juror for the recent Tornado 100 Awards given to Europe's top technology firms

A graduate with Distinction from Harvard Business School, Bruce has written three books on business models for success, including *Power Planning*. He is a frequent lecturer and author.

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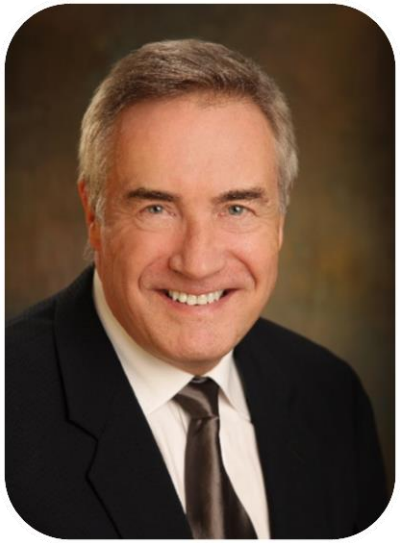
14 Steps to a Bidding War

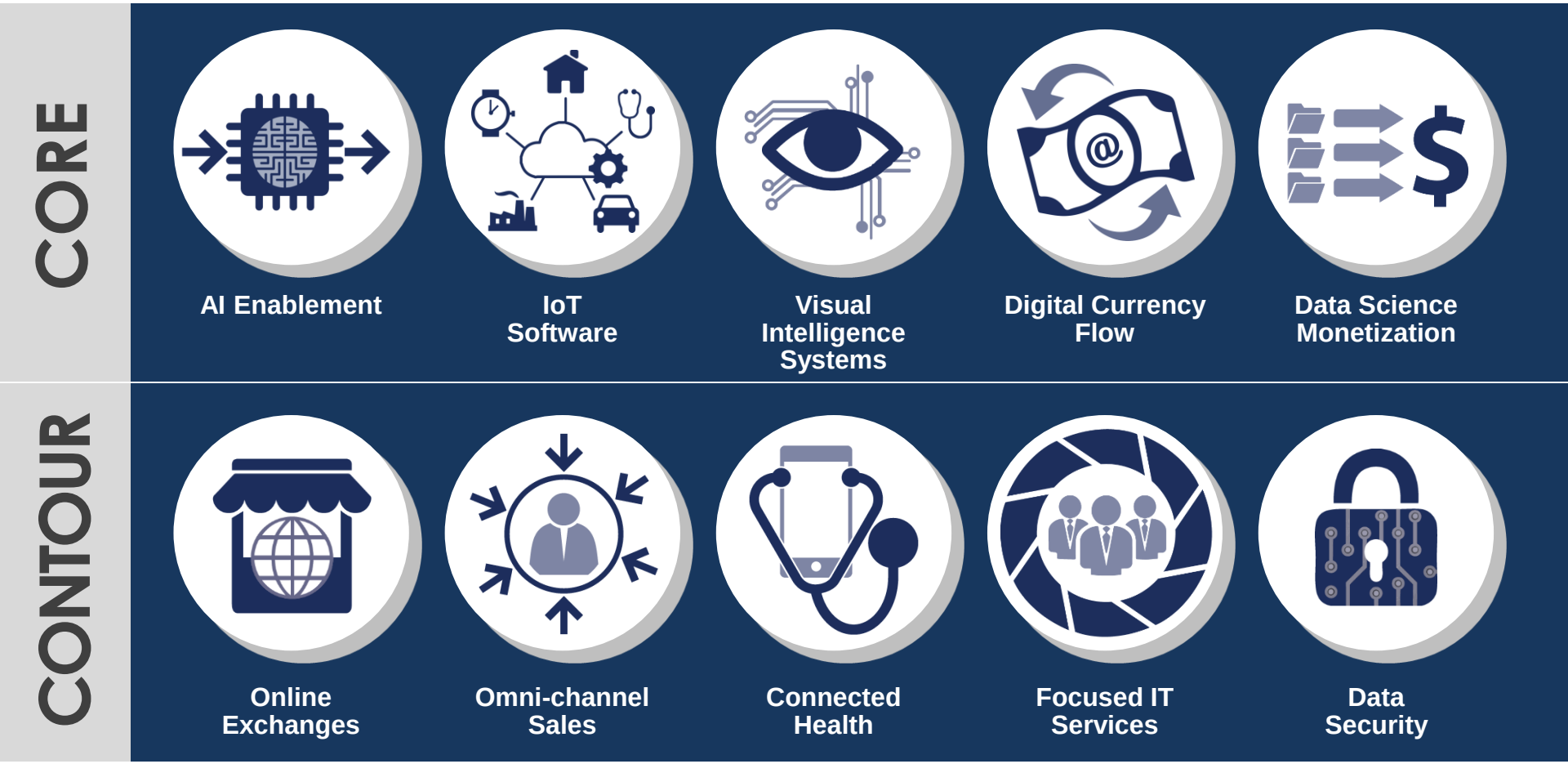


#1 *Map to disruptive trends*

Bruce Milne
CEO
Corum Group Ltd.

CORUM

Corum Top Ten Technology Trends 2017



14 Steps to a Bidding War

#2 *Leverage Strategic vs. Financial Buyers*

Jon Scott
Managing Director
Corum Group Intl.

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14 Steps to a Bidding War

#3 *Don't forget B-list buyers*

Rob Schram
Senior Vice President
Corum Group Ltd.

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14 Steps to a Bidding War

#4 *Stage your outreach carefully*

Steve Jones
Vice President
Corum Group Ltd.

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14 Steps to a Bidding War

#5

Make use of "rabbits"

Peter Prince
Vice President
Corum Group Intl.

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14 Steps to a Bidding War

#6

Go to closest buyers last

Rob Griggs
Vice President
Corum Group Ltd.

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14 Steps to a Bidding War

#7 *Don't contact too low*

Julius Telaranta
Vice President
Corum Group Intl.

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14 Steps to a Bidding War

#8 *Discovery – Respond quickly*

Dan Bernstein
Vice President
Corum Group Ltd.

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14 Steps to a Bidding War

#9

Qualify potential buyers

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

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14 Steps to a Bidding War

#10

Maintain careful records

Jeff Riley
Vice President
Corum Group Ltd.

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14 Steps to a Bidding War

#11 *Keep positive news coming*

Andy Hill
Regional Advisor
Corum Group Ltd.

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14 Steps to a Bidding War

#12

Valuation at the last minute

David Levine
Vice President
Corum Group Ltd.

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14 Steps to a Bidding War

#13

Process end – Realistic deadlines

Jim Perkins
Executive Vice President
Corum Group Ltd.

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14 Steps to a Bidding War

#14 *No-shop – Coordinate other bidders*

Allan Wilson
Vice President
Corum Group Ltd.

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Q&A

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

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.

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Jun. 27: **Frankfurt** – MB

Jun. 27: **Toronto** – MB

Jun. 28: **Hamburg** – MB

Jun. 29: **Barcelona** – SUSO

Jun. 29: **Philadelphia** – MB

Jun. 29: **Halifax** – SUSO

Jul. 26: **Brussels** – MB

Jul. 27: **Oslo** – MB

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After the Deal – Celebration

www.corumgroup.com

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