



Tech M&A Monthly

Misconceptions

Killing Deals Today

May 11, 2017

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.

Agenda

- Welcome
- Upcoming: WFS New York 2017
- Field Reports
- May 2017 Research Report
- Misconceptions Killing Deals Today
- Q&A

WFS New York 2017

WFS EDUCATING
TECHNOLOGY
LEADERS

Thursday, June 1, 2017

Register at:

<https://www.wfs.com/ny-2017>



CORUM
MERGERS & ACQUISITIONS

IBM

TA ASSOCIATES

accenture

VENABLE[®]
LLP

Morgan Stanley


Riverside

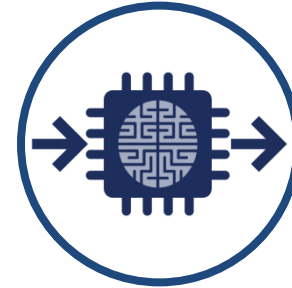
INSIGHT
VENTURE PARTNERS

CORUM

Field Report: AI Enablement



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.

Field Report: Online Exchanges



Jim Perkins
Executive Vice President
Corum Group, Ltd.



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

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

Corum Research Report



Elon Gasper
EVP, Research



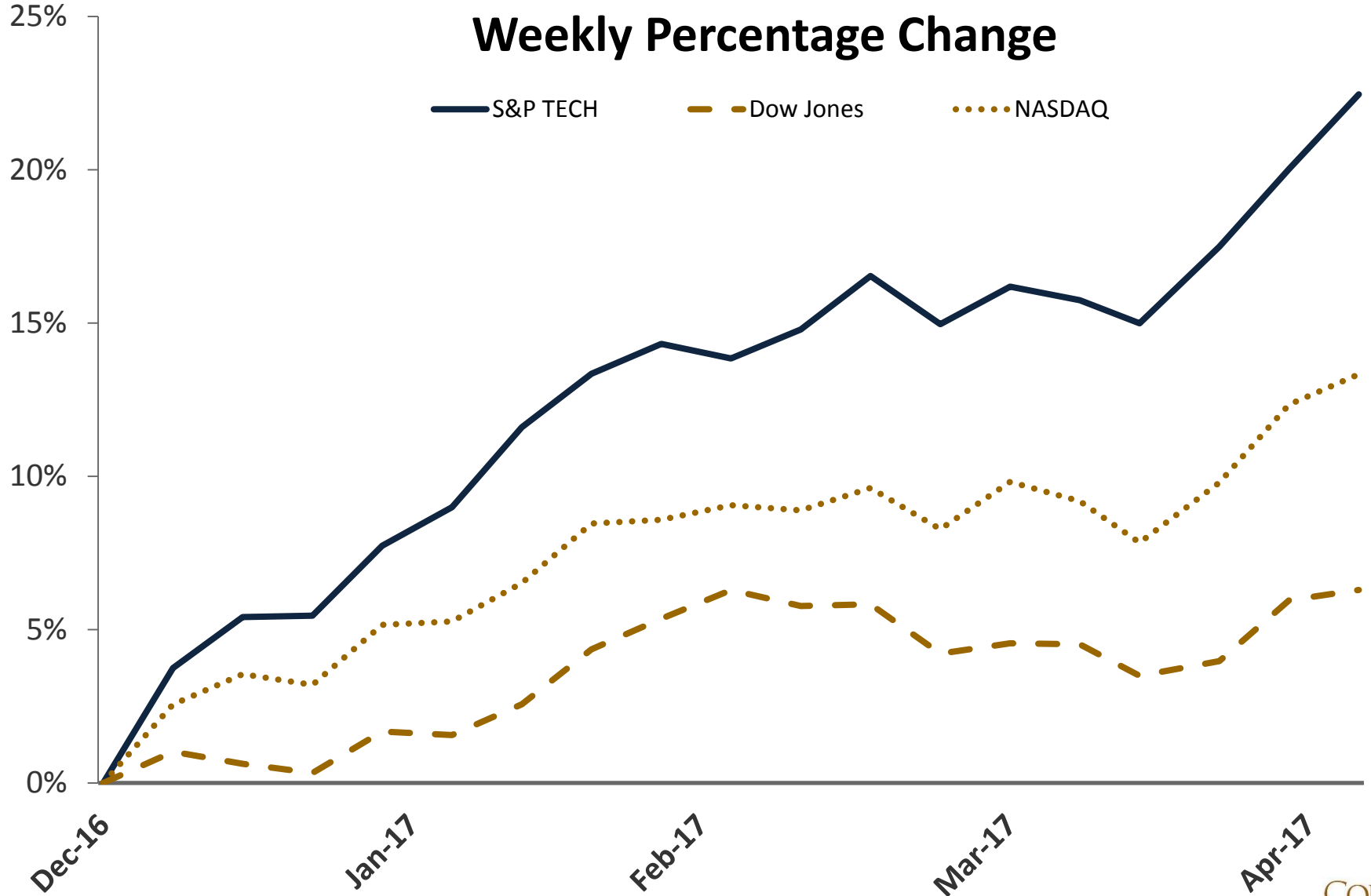
Amber Stoner
Director of Research



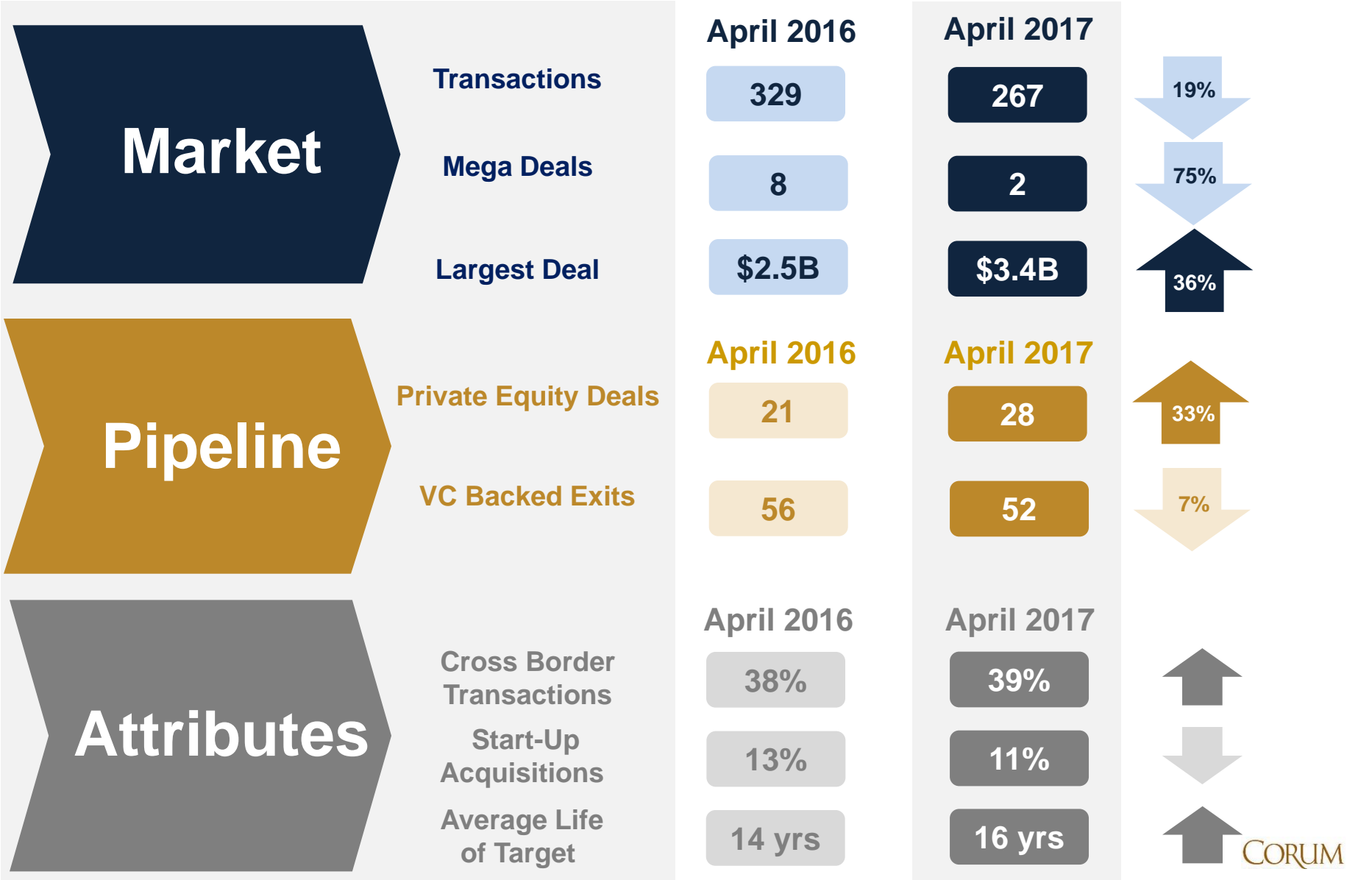
Amanda Tallman
Senior Analyst

Public Markets









Weekly Percentage Change



Corum Index



2017 Mega Deals – YTD

		\$1.1B
		\$1.1B
		\$1.6B
		\$3.7B

INFRASTRUCTURE

\$7.5B

		\$1.9B
		\$2.4B
		\$3.4B

INTERNET

\$7.7B

		\$2.6B
		\$2.8B
		\$4.3B

IT SERVICES

\$9.7B

		\$1.1B
		\$2.0B
		\$2.3B
		\$15.3B

VERTICAL

\$20B

2017 Mega Deals – YTD

 **Hitachi Kokusai Electric Inc.**

Sold to

KKR








Visual Intelligence Systems

Target: Hitachi Kokusai Electric [Japan] strategic carve-outs

Acquirer: KKR [USA], others

Transaction Value: \$2.3B

- Comm & chip production systems conglomerate founded in 1949
- Complex deal re-sorting parts among Hitachi Group entities and PEs
- Video and Communications Solutions business: face recognition, video compression, other info search & systems buried in old-line industrial org

		\$1.1B
		\$1.6B
		\$3.7B

INFRASTRUCTURE

\$7.5B

		\$1.9B
		\$2.4B
		\$3.4B

INTERNET

\$7.7B

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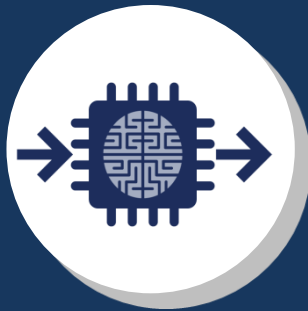
VERTICAL

\$20B

CORUM

Corum Top Ten Technology Trends 2017

CORE



AI Enablement



IoT Software



Visual Intelligence Systems



Digital Currency Flow



Data Science Monetization

CONTOUR



Online Exchanges



Omni-channel Sales



Connected Health



Focused IT Services



Data Security



Horizontal Application Software Market

Public Valuation Multiples

Since Q1

April 2017

Corum Analysis



Near historic highs, as tech leads the markets.



Highest level since Q1 2015.

Horizontal Application Software Market

Deal Spotlights: Omni-channel Sales



Target: ToutApp [USA]

Acquirer: Marketo [Vista Equity Partners] [USA]



- Sales productivity and email marketing SaaS
- Bridges the gap between Marketo's marketing inventory and ToutApp's sales tech



Target: Moat [USA]

Acquirer: Oracle [USA]



- Advertising analytics SaaS
- Moat remains an independent platform within Oracle Data Cloud

Horizontal Application Software Market

Deal Spotlights: Marketing

turnstyle



yelp.

Target: Turnstyle Analytics [Canada]
Acquirer: Yelp [USA]
Transaction Value: \$20M



- Customer analytics and marketing automation SaaS

 **Experian**
Marketing Services




VECTOR CAPITAL

Target: Experian (cross-channel marketing division) [Ireland]
Acquirer: Vector Capital [USA]
Transaction Value: \$300M



- Cross-channel marketing automation and email advertising SaaS

Horizontal Application Software Market

Deal Spotlight: Digital Currency Flow



Target: RatePay [Germany]

Acquirer: Advent International/Bain Capital [USA]

- Online payment, installment payment and invoicing SaaS



Target: 2Checkout.com [USA]

Acquirer: Avangate [Netherlands]

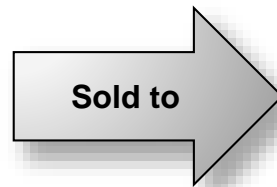
- Payment processing and mobile payment services for hosted checkout



Horizontal Application Software Market

Deal Spotlight: Omni-channel Sales

 Shopial



 Magento®

Target: Shopial [Israel]

Acquirer: Magento [USA]

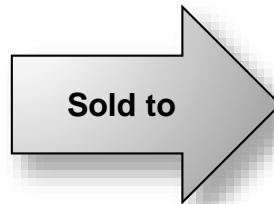
- Allows online merchants to advertise on social media sites
- Forms core of Magento Social



Horizontal Application Software Market

Deal Spotlight: AI Enablement

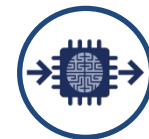
360pi[®]



 **MarketTrack**
The Power of Market Intelligence

Target: 360pi [Canada]

Acquirer: Market Track [Aurora Capital Group] [USA]



- Price intelligence SaaS for retailers
- 360pi expands MarketTrack's eCommerce offerings



Horizontal Application Software Market

Deal Spotlights: Workforce Management



Sold to



Target: Vertex Solutions Group [USA]
Acquirer: TCC Software Solutions [USA]

- Employee training and workforce management software



Sold to



Target: PRO Unlimited [Investcorp/Mumtalakat] [USA]
Acquirer: Harvest Partners [USA]

- E-procurement and contingent labor management SaaS



Sold to



Target: ShiftHound [USA]
Acquirer: ABILITY Network [USA]

- Workforce and revenue cycle management SaaS



Internet Market

Public Valuation Multiples

Since Q1

April 2017

Corum Analysis



Small increase along with other markets...



...with EBITDA metric spiking to multi-year highs.



Internet Market

Deal Spotlights: Online Exchanges

Travel Ticker

Sold to

HotelPlanner

Target: Travel-Ticker.com [United Arab Emirates]

Acquirer: HotelPlanner.com [USA]



- Online travel reservation service and blog
- About one out of every 20 group bookings in the U.S. goes through HotelPlanner

FeWo-direkt[®]
vacaleo

Sold to

 **airbnb**

Target: Vacaleo [includes FeWo] [Germany]

Acquirer: AirBnB [USA]



- Online vacation rental search and price comparison service



Internet Market

Deal Spotlights: Travel

VERYCHIC

EXCEPTIONAL HOTELS. EXCLUSIVE OFFERS.



ACCORHOTELS.COM
Feel Welcome

Target: VeryChic [France]

Acquirer: Accor [dba AccorHotels] [France]



- Online service that allows finding deals on various hotels

availpro.



ACCORHOTELS.COM
Feel Welcome

Target: Availpro [France]

Acquirer: Accor [dba AccorHotels] [France]



- Hotel reservation management and related marketing automation SaaS

analysis

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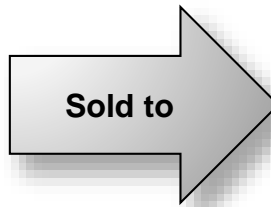
Internet Market

Deal Spotlights: Online Exchanges

Since Q1

April 2017

Corum Analysis



Target: TopTix [Israel]
Acquirer: SeatGeek [USA]
Transaction Value: \$56M



- Event ticketing SaaS for entertainment and sports
- Will be integrated into SeatGeek Open, allowing artists and teams to sell directly within other apps and websites

use along
markets...

DA
g to
ghs.



Internet Market

Deal Spotlights: Online Exchanges

The **BEAUTYST**

Sold to

FEELUNIQUE

Target: Beautyst [France]
Acquirer: Feelunique [United Kingdom]



- Online marketplace, community and blog for makeup and skincare products

ebay.in

Sold to

Flipkart



Target: eBay India [India]
Acquirer: Flipkart [India]



- Online product auction services for consumers and businesses in India

analysis

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markets...

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king to
highs.



Internet Market

Deal Spotlights: Pets

EV



Sold to



Target: Just4MyPet [USA]
Acquirer: MailPix [USA]



- Online retailer of personalized pet products

EV



Sold to



Target: Kampo [USA]
Acquirer: Petco [USA]





- Online service and app enabling pet-owners to connect with veterinarians

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arkets...









DA
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ghs.

2017 Mega Deals – YTD


➔


Target: Chewy.com [USA]
Acquirer: PetSmart [USA]
Transaction Value: \$3.4B (reported)

- Online pet products marketplace

		\$1.1B
		\$1.1B
		\$1.6B
		\$3.7B

INFRASTRUCTURE

\$7.5B

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		\$15.3B

VERTICAL

\$20B



Internet Market

Deal Spotlights: Online Exchanges

decorist

Sold to

BED BATH &
BEYOND®

Target: Decorist [USA]
Acquirer: Bed Bath & Beyond [USA]

- Online interior design services



along
ets...

EV

creativebug®

Sold to

JO-ANN
fabrics and crafts

Target: CreativeBug [USA]
Acquirer: Jo-Ann Stores [USA]

- Online video craft instruction



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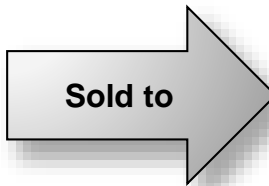
EV



Internet Market

Deal Spotlight: Digital Currency Flow

 Flattr



 eye/o

long
ts...

Target: Flattr [Sweden]

Acquirer: Eyeo [Germany]



- Online service enabling donations to content creators
- Both companies partnered before to launch Flattr Plus, which allows users to contribute cash in exchange for content they consume online



Internet Market

Deal Spotlight: Blockchain

Since Q1

April 2017

Corum Analysis



mediachain
labs

Sold to



Spotify

long
t's...

Target: Mediachain Labs [USA]
Acquirer: Spotify [Sweden]



- Web-based peer-to-peer blockchain digital rights management service
- Mediachain plans to turn over its tech stack to the open source community



Infrastructure Software Market

Public Valuation Multiples

Since Q1

April 2017

Corum Analysis



*Holding level from Q1's
highs...*



*...as EBITDA multiples
continue to closely track
Sales metrics.*



Infrastructure Software Market

Deal Spotlights: Security



Target: TeleSign [USA]
Acquirer: BICS [Proximus Group]
Transaction Value: \$230M (2.3x EV/Sales and 23x EBITDA)

- Cloud-based APIs and SDKs for authentication & anti-fraud



Target: SecurEnvoy [United Kingdom]
Acquirer: Shearwater Group [United Kingdom]
Transaction Value: \$25.3M (6.2x EV/Sales and 9.1x EBITDA)

- SMS and email authentication software and SaaS



Target: Little Flocker [USA]
Acquirer: F-Secure [Finland]

- Anti-malware and ransomware software for Macs





Infrastructure Software Market

Deal Spotlights: Data Security



Target: MXForce [USA]

Acquirer: J2 Global [USA]

- Web-based email security software



Q1's



Target: Send Technology [MXForce] [USA]

Acquirer: J2 Global [USA]

- Email encryption software integrating into Web



les
track



Infrastructure Software Market

Deal Spotlight: Virtualization

Since Q1

April 2017

Corum Analysis



viptela

Sold to



Target: Viptela [USA]

Acquirer: Cisco [USA]

Transaction Value: \$610M (24.4x EV/Sales)

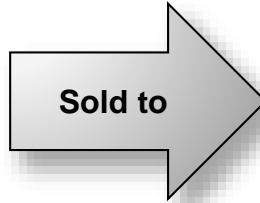
- Wide Area Network visualization SaaS
- Comes on heels of Cisco's acquisition of business provider AppDynamics



Infrastructure Software Market

Deal Spotlight: Telecom Expense Management

tangoe



asentinel
MARLIN EQUITY PARTNERS

Target: Tangoe [USA]
Acquirer: Marlin Equity Partners [USA]
Transaction Value: \$305M

- Telecom management software and SaaS
- Combines Tangoe with Asentinel to support its commitment to TEM market



Corum Research Report



Elon Gasper
EVP, Research



Amber Stoner
Director of Research



Amanda Tallman
Senior Analyst

17 Misconceptions Killing Deals Today

17 Misconceptions Killing Deals Today



Bruce Milne
CEO
Corum Group Ltd.

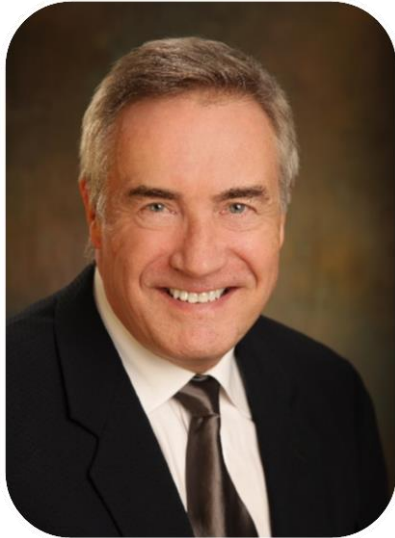
A leader in the software industry, Bruce has founded or owned four software companies, including the largest vertical market software company, AMI, an Inc. 500 firm rated by IDC as the fastest growing computer-related company in the world.

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.

17 Misconceptions Killing Deals Today



Bruce Milne
CEO
Corum Group Ltd.



***Companies are
bought, not sold***

17 Misconceptions Killing Deals Today



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

#2

***We can't sell –
we're not profitable***

17 Misconceptions Killing Deals Today



Rob Griggs
Vice President
Corum Group Ltd.

#3

***We have conflict
to resolve first***

17 Misconceptions Killing Deals Today



Andy Hill
Regional Advisor
Corum Group Ltd.

#4

*I'll launch my next
version, then sell*

17 Misconceptions Killing Deals Today



Steve Jones
Vice President
Corum Group Ltd.

#5

*We'll get locked
into a bad deal*

17 Misconceptions Killing Deals Today



Jeff Brown
Senior Vice President
Corum Group Ltd.

#6
***We've lost key
people, can't sell now***

17 Misconceptions Killing Deals Today



Dan Bernstein
Vice President
Corum Group Ltd.

*We're going to work
it out with our
inbound buyer*

17 Misconceptions Killing Deals Today



David Levine
Vice President
Corum Group Ltd.

#8

We'll raise another round, then sell

17 Misconceptions Killing Deals Today



Nina Seghatoleslami
Vice President, Client Services
Corum Group Intl.

#9

***Preparation starts
when you decide to sell***

17 Misconceptions Killing Deals Today



Rob Schram
Senior Vice President
Corum Group Ltd.

#10

***We have too much
debt to sell***

17 Misconceptions Killing Deals Today



Allan Wilson
Vice President
Corum Group Ltd.

*Buyers don't want an
exclusive intermediary*

17 Misconceptions Killing Deals Today



Jeff Riley
Vice President
Corum Group Ltd.

*We're not SaaS, so
buyers won't bite*

17 Misconceptions Killing Deals Today



Julius Telaaranta
Vice President
Corum Group Intl.

#13

*I need an audit
before selling*

17 Misconceptions Killing Deals Today



Jim Perkins
Executive Vice President
Corum Group Ltd.

#14

*I already know
my buyer*

17 Misconceptions Killing Deals Today



Jon Scott
Managing Director
Corum Group Intl.

#15

*We want to buy
first, then sell*

17 Misconceptions Killing Deals Today



Peter Prince
Vice President
Corum Group Intl.

#16

***Buyers won't want
our legacy tech***

17 Misconceptions Killing Deals Today



Joel Espelien
Vice President, Client Services
Corum Group Ltd.

*I don't want to go
to market too early*

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.”

May 17: **Singapore** – SUSO

May 24: **Brisbane** – SUSO

May 23: **Sydney** – MB

May 25: **Melbourne** – MB

May 23: **Lisbon** – MB

May 25: **Columbus** – MB

May 23: **Akron** – MB

May 29: **Auckland** – MB

May 24: **Madrid** – MB

May 30: **Dublin** – SUSO

May 24: **Cleveland** – MB

May 31: **London** – SUSO

After the Deal – Celebration





www.corumgroup.com