

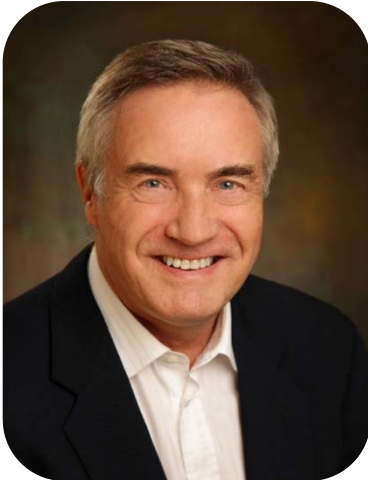


Tech M&A Monthly

A Seller's Biggest Mistake

12 May 2016

Welcome



Bruce Milne
CEO
Corum Group Ltd.

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

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

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

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

Agenda

- Welcome
- CNBC Power Pitch
- Special Reports: Record Conferences
- Field Report: Lingospot
- May 2016 Research Report
- A Seller's Biggest Mistake
- Q&A

Moderator



Timothy Goddard
VP, 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.

CNBC Power Pitch



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.

CNBC Power Pitch



Watch at www.corumgroup.com/news

Special Report: Reston



Daniel Bernstein
Vice President
Corum Group Ltd.

Daniel Bernstein has worked in a number of roles over a twenty year career in high technology, most recently as the founder and CEO of Sandlot Games Corporation, a leading casual games publisher and developer. Having sold Sandlot Games to Digital Chocolate in 2011, Daniel started a small games studio and a consulting practice where he advises larger companies such as RealNetworks and smaller high growth businesses on product development, strategic initiatives, and M&A opportunities.

Prior to Sandlot Games, Daniel Bernstein held director level positions in companies such as Wild Tangent and Monolith. An accomplished composer, Daniel also writes music for most of the games he works on.

Daniel holds a BS in Computer Science and an MA in Music Composition from the University of Virginia.

Special Report: Vancouver



Dave Levine
Vice President
Corum Group Ltd.

Dave joined Corum in 2015 and has a diverse background in technology and life sciences. As an executive and entrepreneur, Dave has been operating and investing in companies sitting at the convergence of commerce and eCommerce as well as innovative life science businesses for over twenty-five years. Recently, Dave was CEO North America for Gaxsys, an eCommerce and logistics company that is a leader in last mile logistics and fulfillment for eCommerce marketplaces.

Dave has been on both sides of the mergers and acquisitions table having sold a life science technology company, facilitated sell side and buy side technology transactions and has also scaled multiple technology companies globally in the eCommerce, life sciences and innovation intelligence markets. Dave sits on boards of public and private companies including one company that recently filed for an IPO.

Dave holds a business degree from the Indiana University, Kelley School of Business.

Special Report: Germany



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.

Introducing: Andy Hill



Andy Hill
Regional Advisor
Corum Group Ltd.



Enterprise software entrepreneur Andy Hill was co-founder of Oniqua MRO Analytics, a successful supply chain analytics business which grew from a two-person start-up in Australia to become the global leader in spares parts optimization for asset-intensive industries. As CEO, Andy spear-headed the growth of Oniqua to become the dominant player in its market with over \$12 Billion dollars of spares parts inventory managed by the Oniqua solution in more than 30 countries. Corum Group led the successful exit of Oniqua to ASCO Limited a UK private-equity owned logistics business.

On his retirement as CEO of Oniqua, Andy joined Corum Group as a Regional Advisor. As the successful CEO of an Australian software company, and a previous client of Corum Group, Andy is uniquely placed to help Australian and New Zealand software companies in this role.

Select Corum Deals Down Under



has acquired



Driving Asset Performance

Corum acted as exclusive M&A advisor to Oniqua



has acquired



Corum acted as exclusive M&A advisor to Zeacom



has acquired



CINTELLATE
Leading EHS Software
A leader in compliance and risk management software for safety, health and the environment.

We initiated this transaction and acted as exclusive M&A advisor to Cintellate Pty, Ltd.



has acquired



Corum acted as advisor to Surpac Minex Group



Corum Conferences Down Under

Jun. 20: **Perth** – MB

Jun. 22: **Melbourne** – MB

Jun. 23: **Sydney** – MB

Jun. 24: **Brisbane** – SUSO

Jun. 28: **Auckland** – MB

Jun. 30: **Wellington** – SUSO

Field Report: Lingospot acquired by Piksel



Jim Perkins
Senior 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
Vice President,
Director of Research



Amber Stoner
Senior Analyst

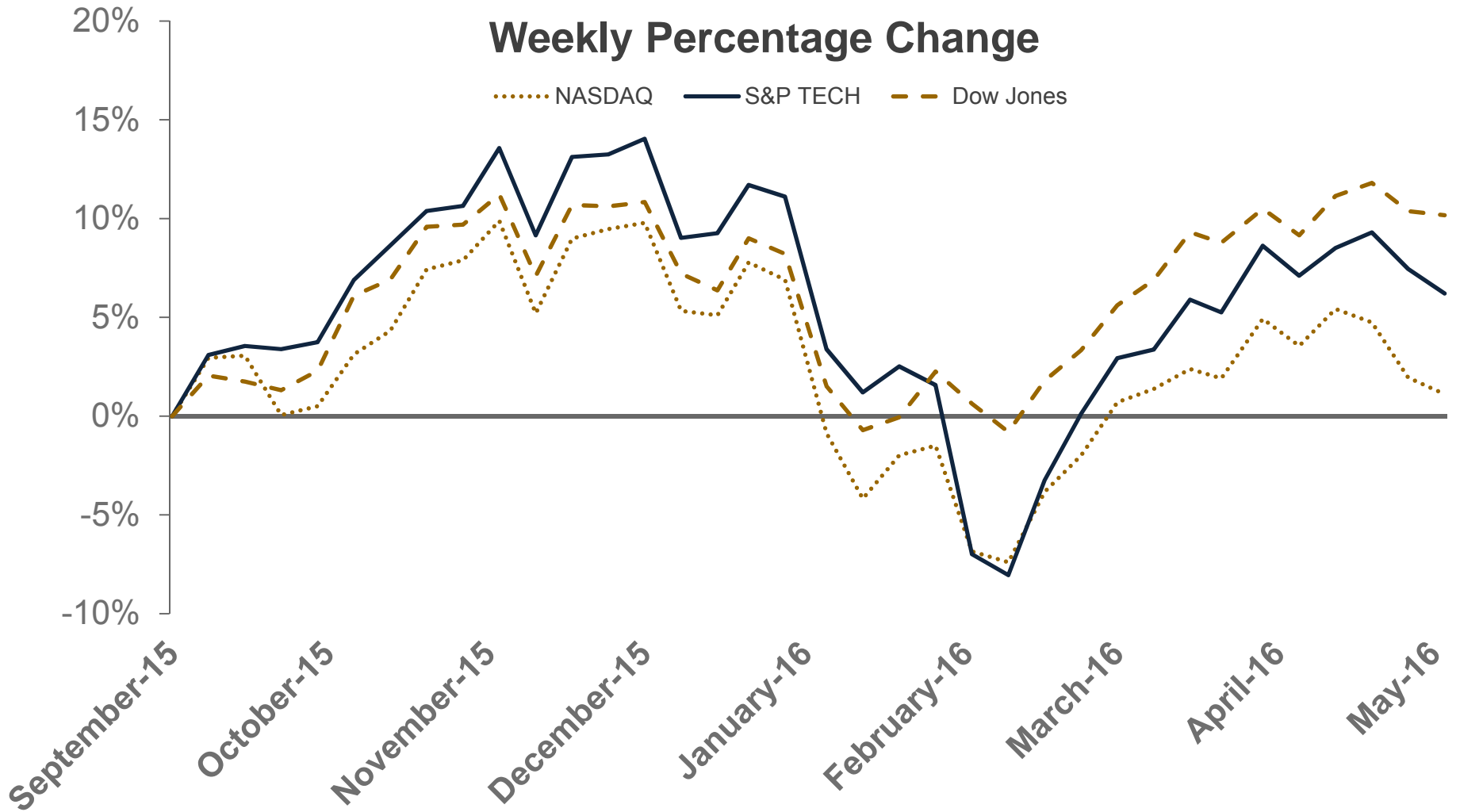


Thomas Wright
Analyst

Public Markets

Weekly Percentage Change

..... NASDAQ — S&P TECH - - - Dow Jones



Corum Index

Market

Transactions

Apr 2015

353

Apr 2016

329

7%

Mega Deals

5

8

60%

Largest Deal

\$16.5B

\$2.5B

85%

Pipeline

Private Equity Deals

Apr 2015

22

Apr 2016

21

5.6%

VC Backed Exits

72

56

33%

Attributes

Cross Border Transactions

Apr 2015

31%

Apr 2016

38%

22%

Start-Up Acquisitions

14%

13%

7.2%

Average Life of Target

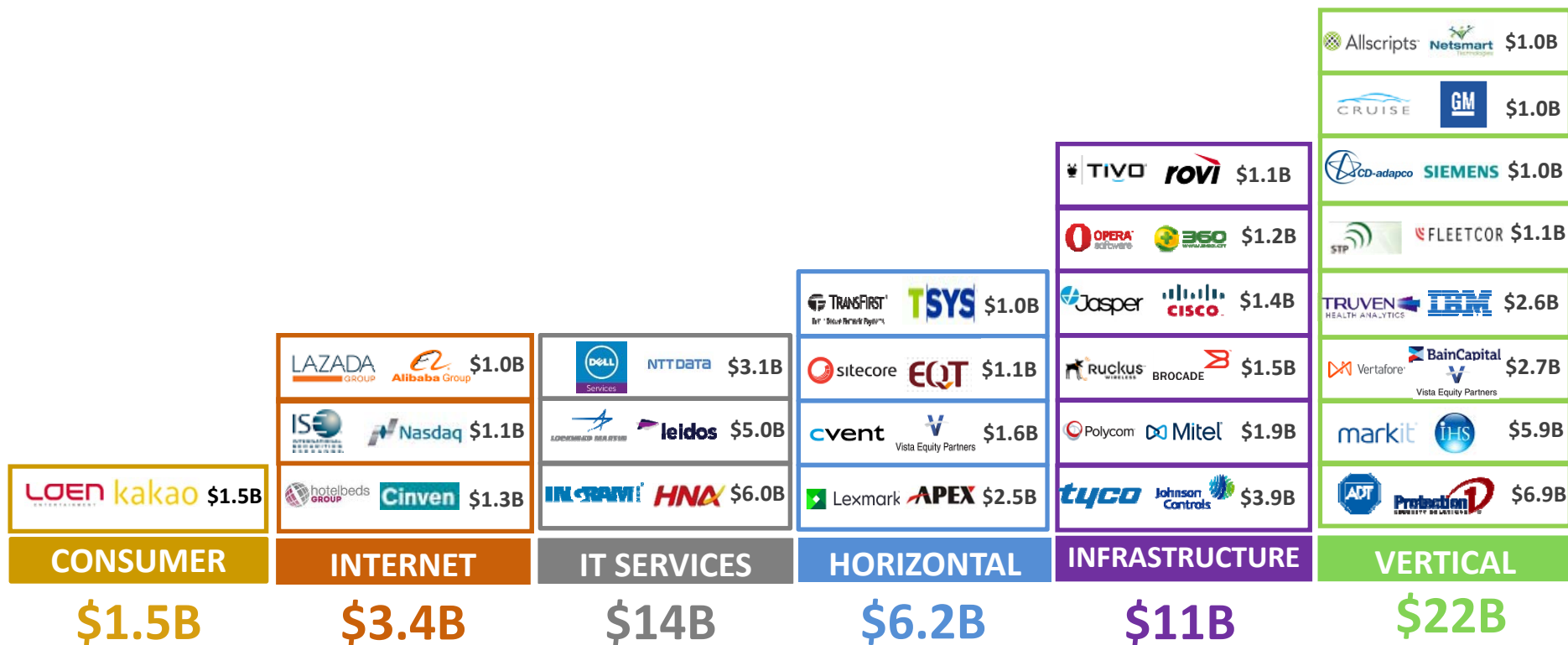
13 yrs

14 yrs

7.2%

CORUM

Mega Deals - 2016 YTD



Mega Deals - 2016 YTD



Sold to

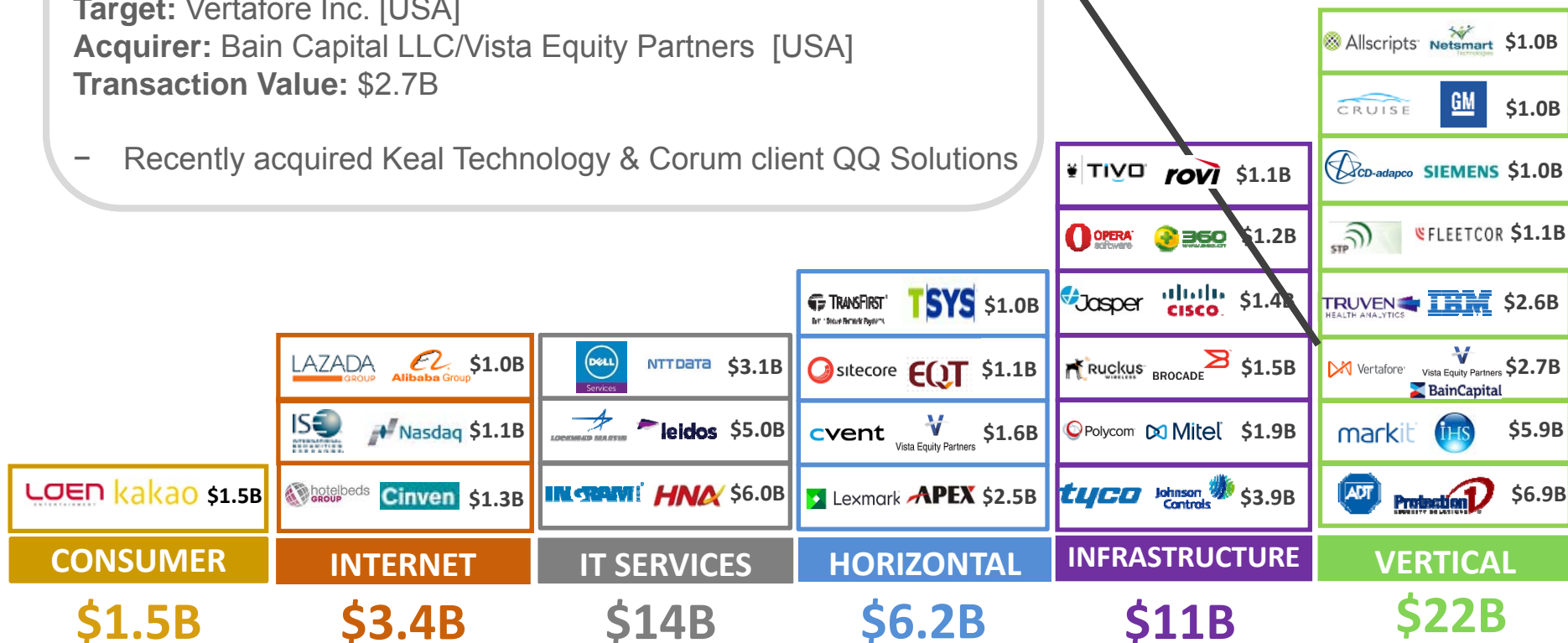


Target: Vertafore Inc. [USA]

Acquirer: Bain Capital LLC/Vista Equity Partners [USA]

Transaction Value: \$2.7B

- Recently acquired Keal Technology & Corum client QQ Solutions



CORUM

Mega Deals - 2016 YTD

cvent

Sold to

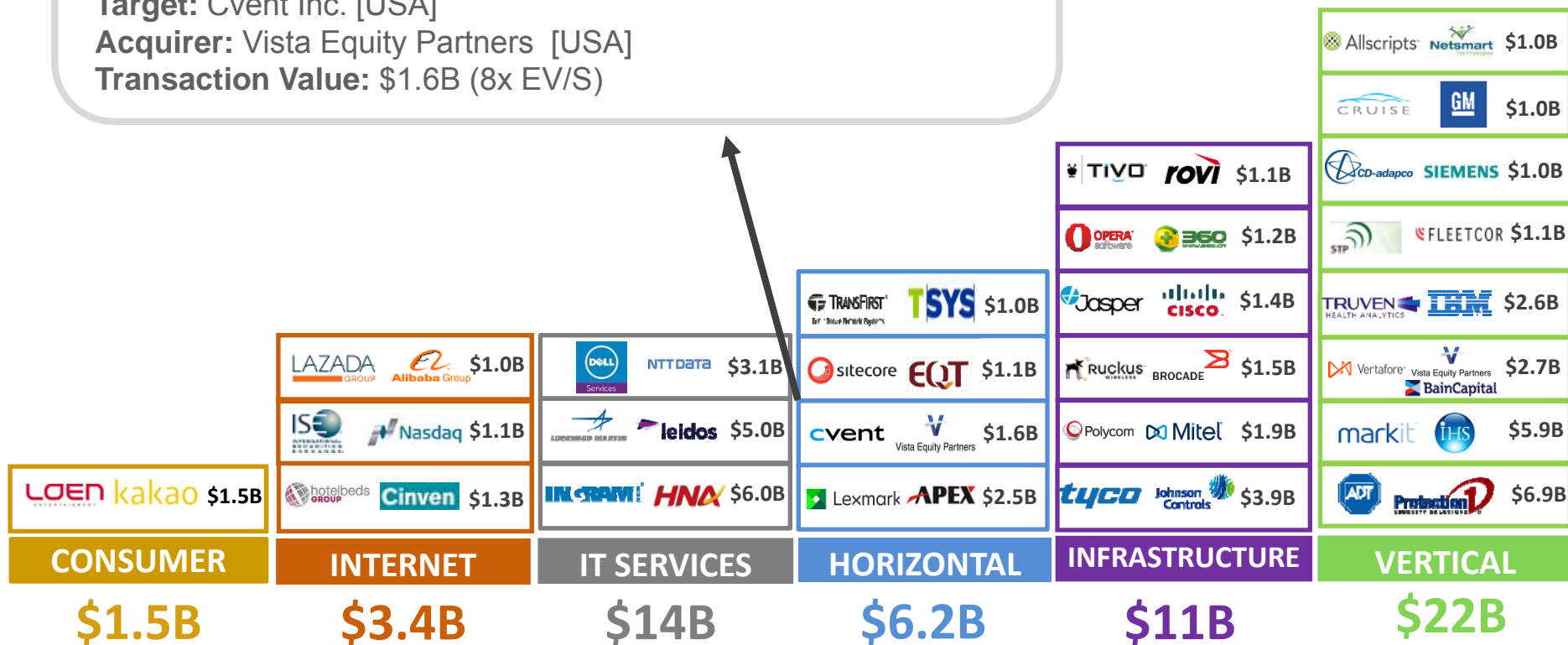


Vista Equity Partners

Target: Cvent Inc. [USA]

Acquirer: Vista Equity Partners [USA]

Transaction Value: \$1.6B (8x EV/S)



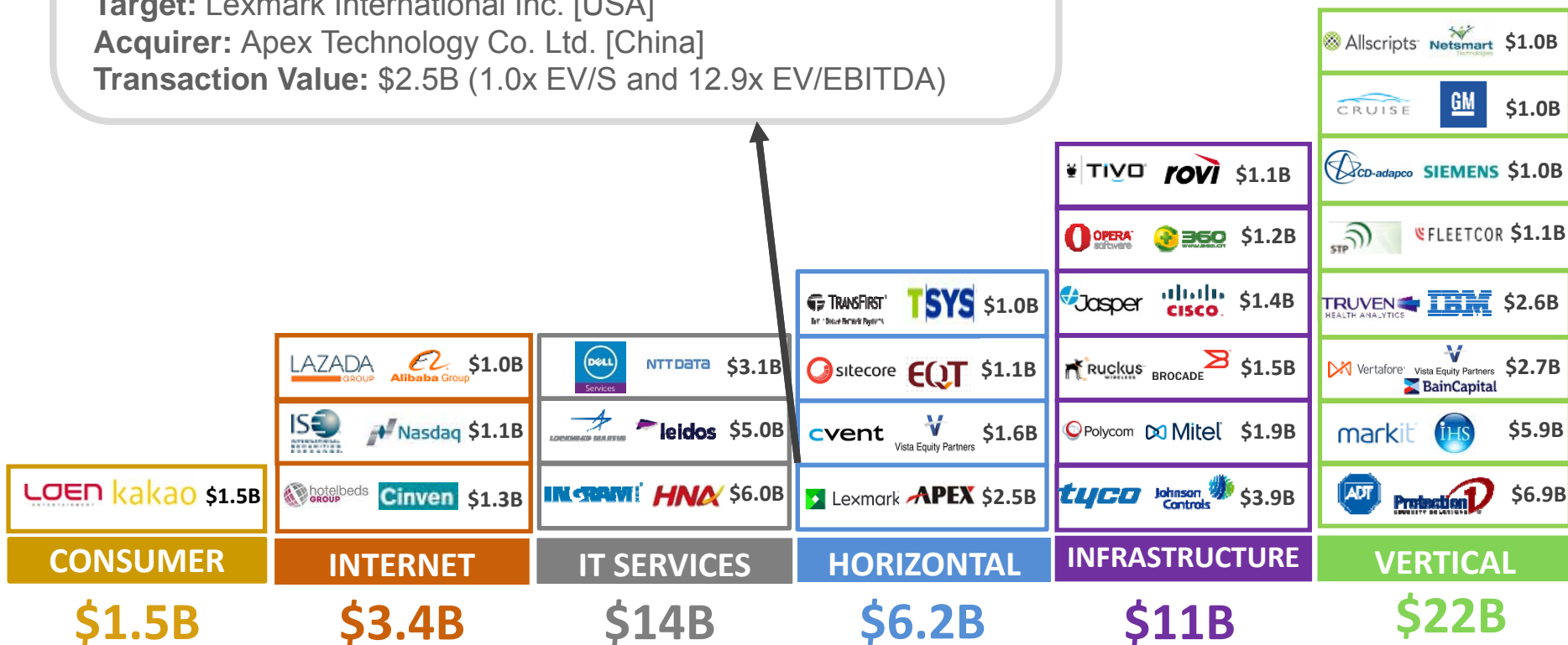
Mega Deals - 2016 YTD



Sold to



Target: Lexmark International Inc. [USA]
Acquirer: Apex Technology Co. Ltd. [China]
Transaction Value: \$2.5B (1.0x EV/S and 12.9x EV/EBITDA)



Mega Deals - 2016 YTD



TIVO

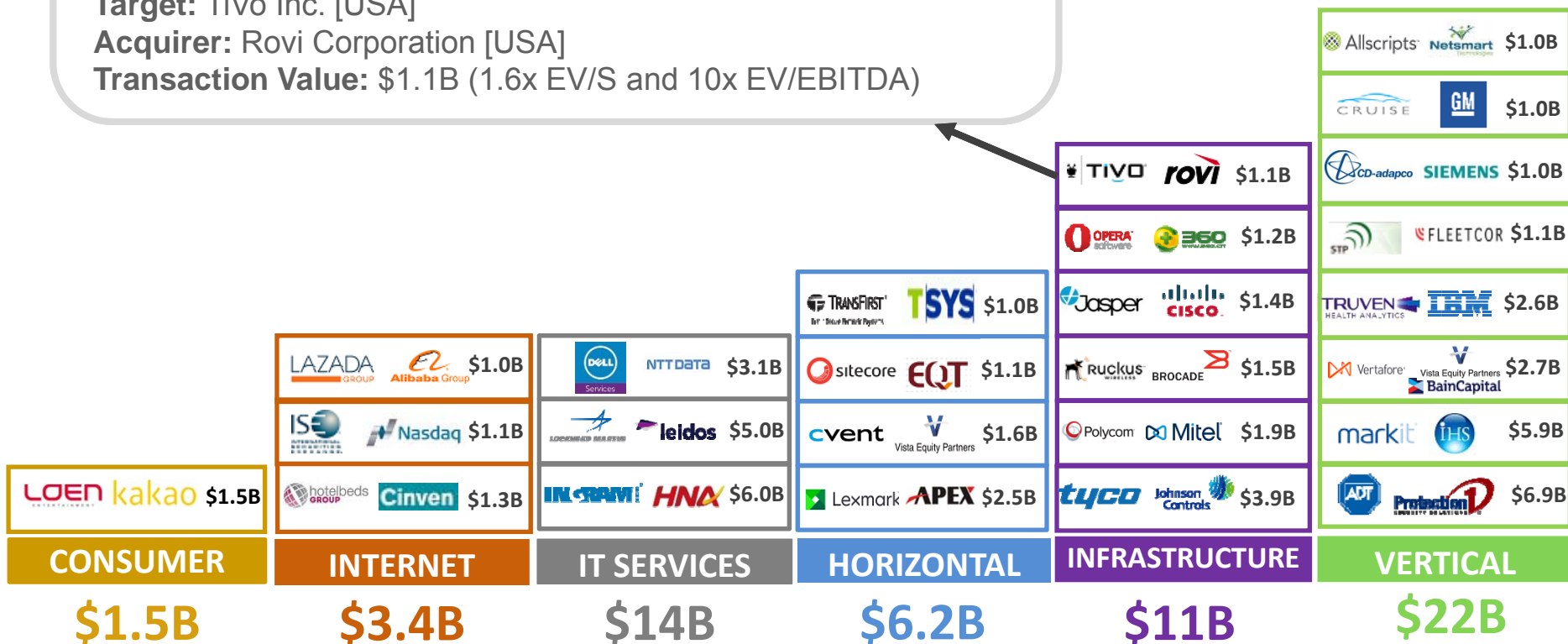
Sold to

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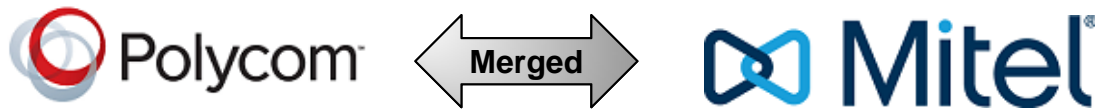
Target: TiVo Inc. [USA]

Acquirer: Rovi Corporation [USA]

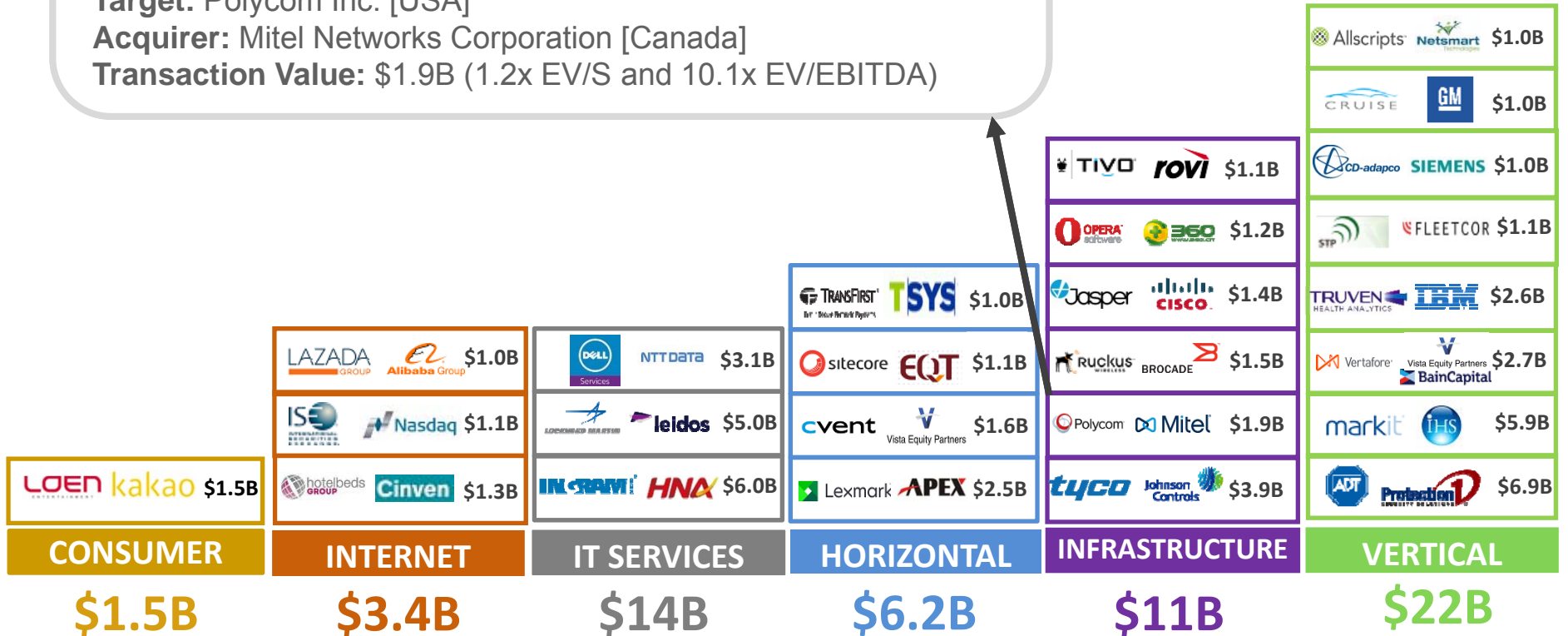
Transaction Value: \$1.1B (1.6x EV/S and 10x EV/EBITDA)



Mega Deals - 2016 YTD



Target: Polycom Inc. [USA]
Acquirer: Mitel Networks Corporation [Canada]
Transaction Value: \$1.9B (1.2x EV/S and 10.1x EV/EBITDA)





Infrastructure Software Market

Public Valuation Multiples

Since Q1

Apr. 2016

Corum Analysis

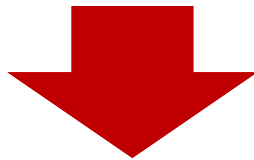
EV
Sales



3.7x

*Stable month after a
minor run-up in Q1 ...*

EV
EBITDA



13.6x

*...while EBITDA dipped
slightly, still well ahead of
winter lows*



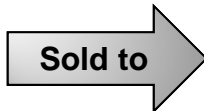
Infrastructure Software Market

Deal Spotlights: Security



Target: DeviceAuthority Inc. [USA]
Acquirer: Cryptosoft Ltd. [United Kingdom]

- IoT device-based identity and access management and machine-to-machine authentication software



Target: Click Security Inc. [USA]
Acquirer: Alert Logic Inc. [USA]

- Automated incident response and analytics reporting software



Target: Van Dyke Technology Group Inc. [USA]
Acquirer: Jacobs Engineering Group Inc. [USA]

- Enterprise identity and access management, security authorization, threat analysis and mitigation



Infrastructure Software Market

Deal Spotlights: IT Services Management



Sold to



Target: ITapp Corporation [USA]
Acquirer: ServiceNow Inc. [USA]
Transaction Value: \$15M (7.5x EV/S)

- Hybrid cloud application management software
- Amplifies cloud management solutions of ServiceNow

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Q1 ...

EV



Sold to



Target: Ensim Corporation [USA]
Acquirer: Ingram Micro Inc. [USA]

- Provisioning and management software for cloud-based applications
- Ensim's tech might be used to improve Ingram Micro's cloud marketplace

dipped
ahead of

EV



Internet Market

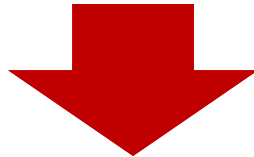
Public Valuation Multiples

Since Q1

Apr. 2016

Corum Analysis

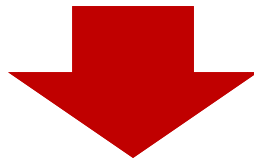
EV
Sales



3.6x

*Steady rationalization
brings multiple closer
to the other sectors...*

EV
EBITDA



23.1x

*...though EBITDA
ratio continues to be
the highest among
our six markets*



Internet Market

Deal Spotlights: Travel

**HOUSE
TRIP**

Sold to

 **tripadvisor®**

Target: HouseTrip Ltd. [United Kingdom]

Acquirer: TripAdvisor Inc. [USA]

- Rental vacation property website for travelers in Europe

onfinestay

Sold to


ACCOR HOTELS

Target: Onfinestay [United Kingdom]

Acquirer: AccorHotels [France]

Transaction Value: \$168.5M

- Online luxury homesharing vacation rental booking service

HallStreet 

Sold to

TimeOut
DISCOVER | BOOK | SHARE

Target: HallStreet [USA]

Acquirer: Time Out Group Ltd. [Oakley Capital] [United Kingdom]

- Location-based events marketplace

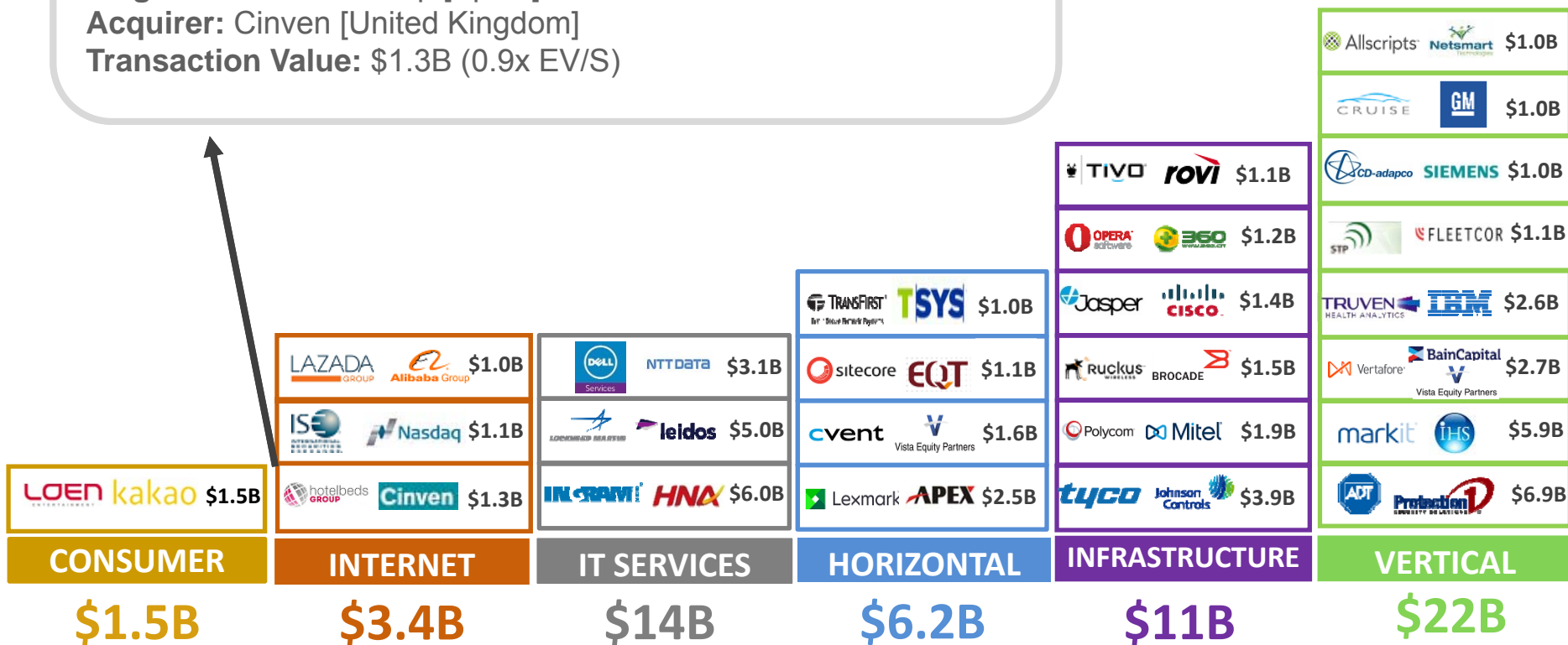
Mega Deals - 2016 YTD



Sold to

Cinven

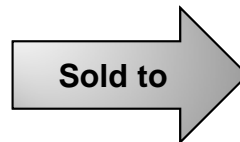
Target: Hotelbeds Group [Spain]
 Acquirer: Cinven [United Kingdom]
 Transaction Value: \$1.3B (0.9x EV/S)





Internet Market

Deal Spotlight: Photo Sharing



Target: Crowd Album Inc. [USA]
Acquirer: Spotify AB [Sweden]

- Online networking service that collects and shares photos from entertainment events
- Adds Crowd Album tools to Spotify used by artists as a marketing platform
- Gives a start for next purchases after the one-billion debt-financing round

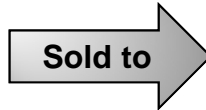
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Internet Market

Deal Spotlights: Video Assets Management



vimeo

Target: VHX Corporation [USA]

Acquirer: Vimeo LLC [USA]

- Video content distribution & management SaaS
- Takes Vimeo's over-the-top solution to studios, agencies and domestic broadcasters

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Target: ioGates [Denmark]

Acquirer: Broadcast Pix [USA]

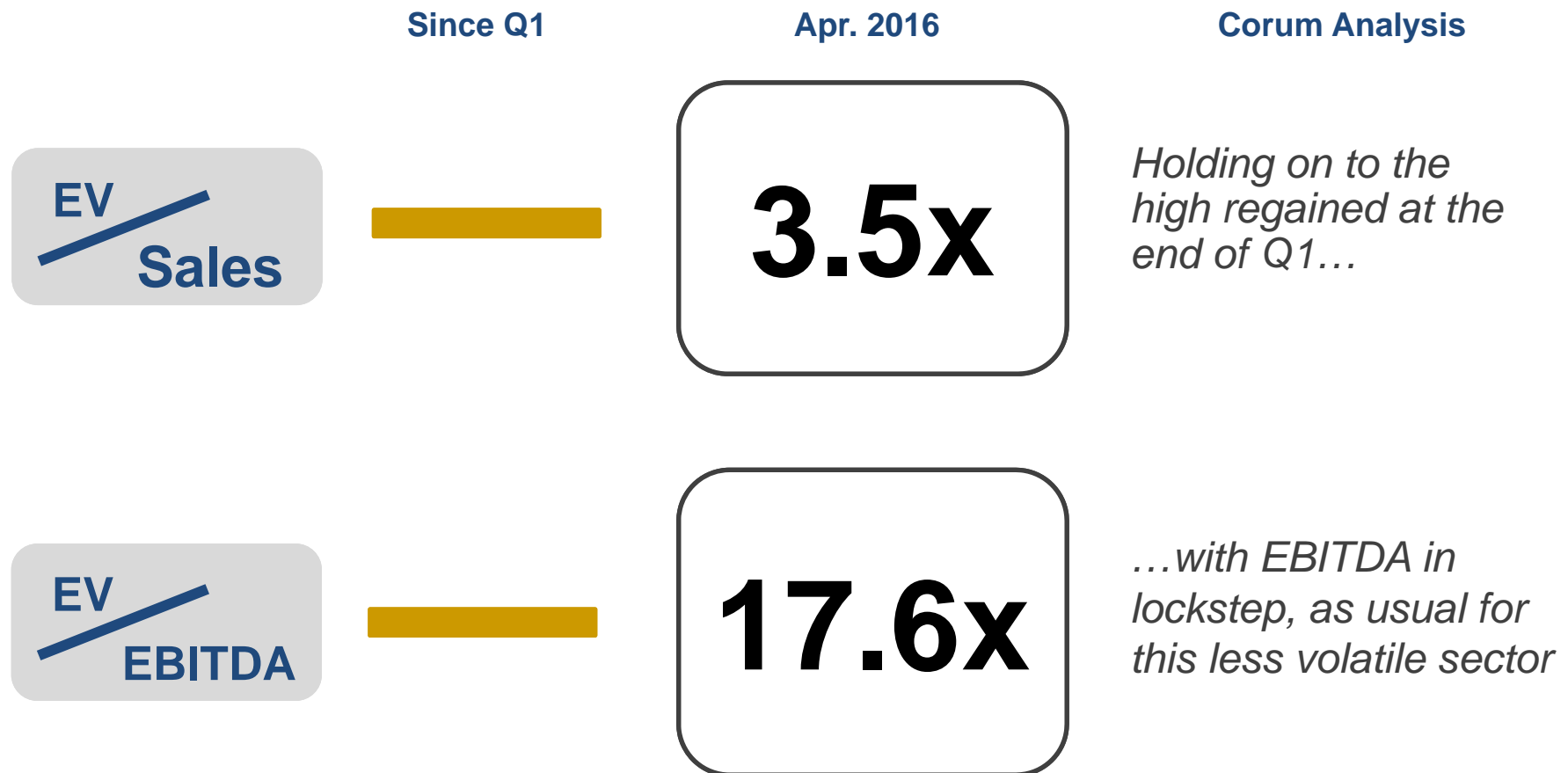
- Video asset management SaaS
- Reinforces Broadcast Pix's position in the cloud-based video production market

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Horizontal Application Software Market

Public Valuation Multiples





Horizontal Application Software Market

Deal Spotlights: Marketing

livefyre 

Sold to 

Adobe 

Target: Livefyre Inc. [USA]
Acquirer: Adobe Systems Inc. [USA]

- User-generated comments aggregator throughout the Web, including social networks brands and publishers

airwoot 

Sold to 

freshdesk 

Target: Airwoot [India]
Acquirer: Freshdesk Inc. [USA]

- AI-enabled social media reputation management SaaS for brands



Sold to 

shopify 

Target: Kit CRM Inc. [USA]
Acquirer: Shopify Inc. [Canada]

- Mobile social e-commerce marketing SaaS that creates Facebook and Instagram messaging ads



Horizontal Application Software Market

Deal Spotlights: Training Solutions



Synergysse

Sold to



Target: Synergysse Training Inc. [dba Synergysse] [Canada]
Acquirer: Google Inc. [USA]

- Google Apps training Chrome browser extension
- Goes along with Google's intentions to boost its apps business



ViewCentral.

Sold to



Target: Rainmaker Software [dba ViewCentral LLC] (assets) [USA]
Acquirer: Callidus Software Inc. [dba CallidusCloud] [USA]
Transaction Value: \$4M

- Assets of ViewCentral, which provides enterprise training and certification management SaaS
- Expands CallidusCloud's Litmos mobile learning solution



Horizontal Application Software Market

Deal Spotlights: Marketing & Ad Tech

 **crosswise**

Sold to

ORACLE®

Target: Crosswise Ltd. [Israel]
Acquirer: Oracle Corporation [USA]
Transaction Value: \$50M (reported)

- Cross-device user identification tracking SaaS
- Enhances Oracle's marketing analytics solutions

Carnival

Sold to

SAILTHRU

Target: Carnival.io [USA]
Acquirer: Sailthru [USA]

- Mobile marketing automation SaaS
- Adds data-driven mobile messaging to Sailthru's personalized marketing platform



Horizontal Application Software Market

Deal Spotlight: AdTech

 STICKYADS_{TV}

Sold to

 FreeWheel

 COMCAST

Target: StickyAds.tv [France]

Acquirer: FreeWheel Media (Comcast Corporation) [USA]

Transaction Value: \$100M (reported)

- Adds StickyAds' programmatic video ad platform to Comcast's ad server division
- Follows two other major telecom/adtech deals by Verizon (AOL) and Telenor (Tapad)
- Comes on the heels of the Comcast/NBC's DreamWorks Animation acquisition

Corum Research Report



Elon Gasper
Vice President,
Director of Research



Amber Stoner
Senior Analyst



Thomas Wright
Analyst

The logo icon for CORUM, which is a white arrow pointing to the right, with a square tail and a pentagonal head.

CORUM

A Seller's Biggest Mistake

Top Seller Mistakes

- **Misalignment: shareholders/employees/management**
- **Buyer contact at the wrong level**
- **Improper research of potential buyers**
- **Misunderstanding buyer process/models**
- **Portraying value improperly**
- **Insufficient or improper due diligence preparation**
- **Not qualifying buyers properly**
- **Not orchestrating all buyers properly**
- **Ego, greed or arrogance**

#1 Biggest Seller Mistake

Dealing With Only One Buyer

Single-Buyer Pitfalls

- **Fiduciary Responsibility**
- **The deck is stacked in the buyer's favor**
- **Only 11% buyer follow-through**
- **Wearing due diligence demands**
- **Delays – don't miss the window of opportunity**

Single-Buyer Pitfalls (cont.)

- **First bidders often bottom feeders**
- **Preemptive bidders wanting exclusivity**
- **Don't lose control of the M&A process**
- **B-list buyers – 40% of interest**

Value – More Than Just Technology

MARKET

- Market Growth
- Market Position
- Level of Competition
- Barriers to Entry/ Exit
- Threat of Substitution

ORGANIZATIONAL

- Leadership
- Talent/Skills
- Product/Technology
- Sales Channels
- Customer Base

FINANCIAL

- Revenue
- Earnings
- Growth Rate
- Cash Flow
- Balance Sheet

What percentage of
self-managed M&A
transactions fail?

800%

Source: American Business
Brokers Association (ABBA)

8 Stages for an Optimal Outcome

1



Getting the Deal Done

- More buyers today
- Global search necessary
- Get the best professionals:
 - Valuation
 - Negotiation
 - Contract preparation

What percentage of instances will there be other buyers willing to pay more than the first one that approaches you?

75%

Source: Corum Group Research

What is the average
improvement from first
offer to L1 (enter of
In an with a professional
M&A process (i.e. creating
an auction environment)?

48%

Final Thoughts

- Don't deal with just one buyer
- Do the job right
- Remember...

This is the most important transaction of your life!

Leverage with one buyer



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.

Q&A

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



www.corumgroup.com