



# TECH M&A MONTHLY

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## 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 September 20, 12:30am PT, and 8:00am PT
  - See “Conferences and Events” at [MergersAndAcquisitions.webex.com](https://MergersAndAcquisitions.webex.com)

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## 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, AML, 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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## Agenda

- Welcome
- Field Reports
  - Casual Games Market Spotlight Report
  - Upcoming Market Spotlight – Enterprise Mobility
  - Electronic Media – IBC2012 Report
- Buyer Presentation – Austin Scee, Versata
- Corum Index – Deals & Valuations
- Seller Presentation – Chris Matthieu, Nodester
- Q&A

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## Market Spotlight Report – Casual Games



**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 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.

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## Casual Games Market Spotlight Panelists



**Michael Pachter**  
Research Analyst  
Wedbush Securities



**Kent Wakeford**  
Executive VP,  
Corporate  
Development,  
Kabam, Inc.



**Daniel Bernstein**  
Founder,  
Sandlot Games  
(sold to Digital  
Chocolate)  
CEO, Stomp Studio



**Woody Levin**  
Director, office of  
the CTO, IGT  
Founder,  
Bringt (sold to  
IGT)



**David Stephenson**  
CFO,  
Big Fish Games

**View the archived webcast at**  
[www.worldfinancialsymposiums.com](http://www.worldfinancialsymposiums.com)

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## Market Spotlight– Enterprise Mobility



Jon Scott  
Senior Vice President  
Corum Group Ltd.

Jon joined Corum in 2010 out of their Seattle headquarters. 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.

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## Enterprise Mobility: Security and other Challenges & Opportunities

### Panelists & Speakers include:

- Rohyt Belani, CEO, Intrepidus Group
- Neil Hollister, Chairman & CEO, Cryptocard
- Jon Scott, Senior Vice President, Corum Group
- Elon Gasper, Director of Research, Corum Group
- Many others...



WORLD FINANCIAL SYMPOSIUMS

- October 9, 2012
- 1 PM (NY Time)
- [wfs.webex.com](http://wfs.webex.com)

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## Special Report - IBC 2012



Elon Gasper  
VP, Director of Research  
Corum Group Ltd.

Elon Gasper founded pioneering animation and speech software company Bright Star Technology in the 1980s. With Corum's assistance he closed venture funding, expanded and then sold Bright Star to a public company in the early 90s. He holds 9 patents for his software innovations and was a finalist for the Fleugelman, the only personal achievement award given by the Software Publishers Association. He has also won a Traditional Game of the Year, a Best Practices for Product Innovation, a COMDEX Envision and a Codie, the retail software 'Oscar'.

After Bright Star, Elon went on to drive development, business and marketing strategies in a variety of companies and roles, including Chief Technologist in entertainment giant Vivendi Universal's Sierra Online division; Senior VP at VizX Labs, a pioneering SaaS business delivering DNA analysis tools to scientists; and participant in a number of other start-ups, notably in the medical device, geoweb and telecommunications spaces. His background also includes faculty, staff and other positions at UCLA, Cal State, and currently University of Washington, where he has appointment as Entrepreneur-in-Residence at UWBTech; systems programming at a Fortune 500 company's Advanced Technology Center; and biomedical research.

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## Corum Staff in Kharkiv



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## Special Report - IBC 2012



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## Special Guest



Austin Scee  
General Manager  
Versata Enterprises, Inc.



Austin Scee joined Versata in 2011, with a 15 year background in software on both the operational and investment sides, having spent time at HiG Capital, Advanced Technology Ventures, IBM and elsewhere. Austin has a BA from Brown University and an MBA from Harvard Business School.

Versata provides enterprise software solutions that deliver business results, performance and scalability while dramatically reducing IT spending. Versata's patented solutions decrease IT expenditures by reducing hardware and associated maintenance, leveraging open source technology, and accelerating value delivery to business customers.

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## Corum Research Report



**Alina Soltys**  
Senior Analyst

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**Amber Stoner**  
Senior Analyst

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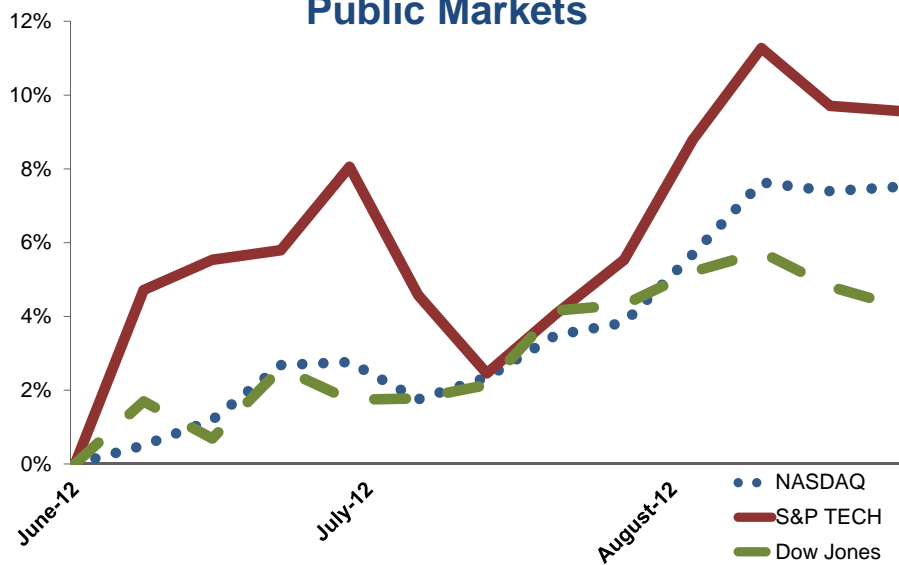
**Jason Steblay**  
Research Analyst

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## Public Markets



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# Corum Index

## Corum Index

	July 2012	August 2012
# of Transactions	336	276
# of Mega Deals	5	3
Largest Deal	\$2.6B	\$3.3B
% Sub-\$100m	63%	66%
Private Equity Deals	20	10
Private Equity Value	\$3.8B	\$4.6B
# VC backed Exits	76	46
All Cash (announced)	46%	53%
% Targets were Public	13%	11%
% Public Buyers	49%	45%

\*\$ values in millions

Buyer	Seller	Price
Carlyle Group	Getty Images	\$3.3b
IBM	Kenexa	\$1.3b
Thoma Bravo	Deltek	\$1.1b

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# Corum Index

## Deal Spotlight

Target: Kenexa  
 Acquirer: IBM  
 Transaction Value: \$ 1.3 billion

- Jumped on the human capital resource management bandwagon
- One in a series of similar acquisitions in the last year
- Underscores the increasing importance of social media in the workplace

\*\$ values in millions

Buyer	Seller	Price
Carlyle Group	Getty Images	\$3.3b
		\$1.3b
		\$1.1b

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# Corum Index

## Deal Spotlight

Buyer	Seller	Price
Carlyle Group	Getty Images	\$3.3b
IBM	Kenexa	\$1.3b
Thoma Bravo	Deltek	\$1.1b

**Target:** Deltek  
**Acquirer:** Thoma Bravo  
**Transaction Value:** \$1.1 billion in cash

- Powerful brand presence in government contractor, professional services and project-oriented markets
- History of investing in highly respected and industry-leading software companies

\*\$ values in millions

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## Horizontal Application Software Market

### Public Valuation Multiples

Since Q2

Aug. 2012

Corum Analysis

EV / Sales



2.77x

While still below July 2011 peak, both measures of valuation show significant gains since Q2.

EV / EBITDA



14.0x

Consolidation within sub-sectors powering M&A.

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## Horizontal Application Software Market

### Deal Spotlight

Consona



CDC Software

Merged to become

APTEAN

Sector: ERP/CRM software  
Target: Consona  
Acquirer: CDC Software  
Transaction Value: \$250 million in cash

- Increases exposure in well-defined vertical markets.
- Both have complimentary solutions in key application areas including, CRM, ERP and SCM
- Combined previous CRM acquisitions of Onyx, Saratoga & Pivotal

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## Vertical Application Software Market

### Public Valuation Multiples

Since Q2

Aug. 2012

Corum Analysis

EV  
Sales



**2.01x**

*Starting the quarter with steady valuations, having continued through the summer.*

EV  
EBITDA



**9.8x**

*Consolidation plays are still the status quo but vertical companies are beginning to make moves that are provide solutions on more horizontal levels.*

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## Vertical Application Software Market

### Deal Spotlight



Sold to

**Autodesk**

**Sector:** PLM SaaS provider  
**Target:** Inforbix  
**Acquirer:** Autodesk  
**Transaction Value:** Undisclosed

- Continuing its acquisition streak in 2012
- Fits in neatly with Autodesk's cloud and SaaS initiatives and strengthens the team around the Autodesk PLM 360 platform
- A horizontal move building on its AutoCAD client base

3 A/E/C

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## Vertical Application Software Market

### Public Valuation Multiples

Since Q2

Aug. 2012

Corum Analysis

EV  
Sales



**2.01x**

*Starting the quarter with steady valuations, having continued through the summer.*

EV  
EBITDA



**9.8x**

*Consolidation plays are still the status quo but vertical companies are beginning to make moves that are provide solutions on more horizontal levels.*

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## Infrastructure Software Market

### Public Valuation Multiples

Since Q2

Aug. 2012

Corum Analysis

EV  
Sales



**2.16x**

*Highly active M&A market amid tech change crossfire of cloud and mobile support requirements.*

EV  
EBITDA



**10.7x**

*Emerging SaaS models in some segments are seeing good liquidity prospects.*

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## Infrastructure Software Market

### Deal Spotlight

**UC4**  
Rethink automation.



**EQT**  
Where energy meets innovation.

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

- World's largest, independent IT process automation software vendor
- Backed by Carlyle Group who grew it through a couple of acquisitions – including a company Corum represented called AppWorx

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## Internet Market

### Public Valuation Multiples

Since Q2

Aug. 2012

Corum Analysis

EV  
Sales



**2.03x**

*One of only two markets to show significant gain for both measures of valuation.*

EV  
EBITDA



**11.4x**

*Dominated by complementary acquisitions to improve user experience.*

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## Internet Market

### Deal Spotlight

**About.com**

Sold to



**Target:** About.com  
**Acquirer:** Ask.com  
**Transaction Value:** \$300 million in cash

- Complementary and synergistic with existing areas of business
- Content will differentiate and greatly increase the authority of Ask.com's offerings

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## Internet Market

### Deal Spotlight

**Frommer's®**

Sold to



**Target:** Frommers  
**Acquirer:** Google  
**Transaction Value:** Undisclosed; unofficially \$25 million

- Sold by traditional publishing house John Wiley & Sons
- Google will use to attract more ad dollars tied to online-travel bookings and local-business information
- Will be combined with Zagat brand; could also boost Google+ business listings and Google Maps

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## Consumer Application Software Market

### Public Valuation Multiples

Since Q2

Aug. 2012

Corum Analysis

EV  
Sales



1.36x

*High volatility continues along with wave after wave of sector consolidations.*

EV  
EBITDA



6.9x

*Payment acquisitions are beginning to garner attention as industry continues to determine direction.*

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## Consumer Application Software Market

### Deal Spotlight

venmo

Sold to

BrainTree

**Sector:** Mobile payments

**Target:** Venmo

**Acquirer:** BrainTree

**Transaction Value:** \$26 million

- Among 5 other deals involving electronic payments
- Venmo claims to process 10 million dollars in payments
- BrainTree will integrate Venmo's technology that allows users to transfer funds to their friends

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## IT Services Market

### Public Valuation Multiples

Since Q2

Aug. 2012

Corum Analysis

EV  
Sales



0.46x

*Does not include Asian IT Services, where increasing labor costs drove consolidation of the two largest Chinese IT services firms.*

EV  
EBITDA



7.46x

*US & European IT Services valuations remain flat.*

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## IT Services Market

### Deal Spotlight

 VanceInfo

Sold to



Target: VanceInfo  
Acquirer: HiSoft  
Transaction Value: \$437 million

- Consolidation of two of China's largest IT services providers
- Creates a combined company that is expected to have a 2012 revenue of over US \$670 million – which will make it the largest China-based offshore IT services provider

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## Special Guest



Chris Matthieu  
Founder of Nodester  
Acquired by AppFog



Chris Matthieu (<http://twitter.com/chrismatthieu>) is the founder of Nodester (<http://nodester.com>), the opensource Node.JS Platform-as-a-Service, which was recently acquired by AppFog (<http://appfog.com>).

Prior to Nodester, Chris was the founder of Teleku (<http://teleku.com>), a cloud communications platform, which was acquired by Voxeo two years ago. His bio currently says that he is working on the next BIG thing - stay tuned...

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## Questions? Suggestions?

- Please send them to [info@corumgroup.com](mailto:info@corumgroup.com)
- Rebroadcasts September 20
- For further education, please attend Corum's Merge Briefings and "Selling Up, Selling Out"

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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."

- |                                 |                                  |
|---------------------------------|----------------------------------|
| Sep. 18: <b>Paris</b> – SUSO    | Oct. 4: <b>Philadelphia</b> – MB |
| Sep. 20: <b>Copenhagen</b> – MB | Oct. 4: <b>Houston</b> – MB      |
| Sep. 26: <b>Edinburgh</b> – MB  | Oct. 10: <b>Austin</b> – MB      |
| Sep. 27: <b>Manchester</b> – MB | Oct. 11: <b>Amsterdam</b> – SUSO |
| Sep. 28: <b>Reading</b> – MB    | Oct. 16: <b>Ottawa</b> – MB      |
| Sep. 28: <b>Montreal</b> – MB   | Oct. 17: <b>Calgary</b> – MB     |
| Oct. 1: <b>Chicago</b> – SUSO   | Oct. 17: <b>Edmonton</b> – MB    |
| Oct. 2: <b>Detroit</b> – SUSO   | Oct. 25: <b>Seattle</b> – SUSO   |
| Oct. 3: <b>Pittsburgh</b> – MB  | Oct. 26: <b>Bangalore</b> – MB   |

[www.CorumGroup.com/Events.aspx](http://www.CorumGroup.com/Events.aspx)

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## After the Deal – Celebration



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[www.corumgroup.com](http://www.corumgroup.com)

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