



TECH M&A MONTHLY

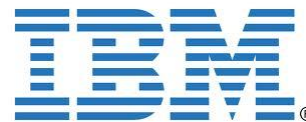
....starts in 2 minutes



www.corumgroup.com

CORUM

Past Attendees Include:



CORUM

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

Merge Briefing

- 90 Minutes
- Industry Update
- Overview of the M&A Process
- Upcoming events in:
 - Edinburgh
 - London
 - Toronto
 - Budapest
 - Montreal
 - Sofia
 - Bucharest
 - Vienna
 - Columbus
 - Reykjavik



MERGE BRIEFING

Selling Up, Selling Out

- Half-Day
- Tech M&A Bootcamp
- The most attended tech executive conference in history
- Upcoming events in:
 - Dublin
 - Bellevue
 - Sacramento
 - Chicago
 - Cleveland



8 Stages for an Optimal Outcome

1



Typical Negotiation Flow





AVOIDING THE
DEAL DISASTERS

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. 15: **Edinburgh** – MB

Sep. 23: **Bucharest** – MB

Sep. 16: **Dublin** – SUSO

Sep. 24: **Sofia** – MB

Sep. 16: **Toronto** – MB

Sep. 29: **Chicago** – SUSO

Sep. 17: **London** – MB

Sep. 30: **Columbus** – MB

Sep. 17: **Ottawa** – MB

Oct. 1: **Cleveland** – SUSO

Sep. 17: **Montreal** – MB

Oct. 6: **Austin** – SUSO

Sep. 22: **Budapest** – MB

Oct. 7: **Vienna** – MB

Sep. 23: **Bellevue** – SUSO

Oct. 8: **Houston** – SUSO

www.CorumGroup.com/Events

CORUM

Logistics

- Ask questions for Q&A session
 - Use Q&A window on left side
 - Submit to queue at any time
 - Ask “all panelists” – see “ask” option above text-entry box
- This event is being recorded
 - European broadcast September 11, 1 PM Berlin Time
 - On demand webcast will be available at www.corumgroup.com



Tech M&A Monthly Deal Structures Today

10 September 2015

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.

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.

Agenda

- Welcome
- Special Report: Selling Your Games Company
- Research Report
- Tech M&A Structures Today
 - Asset vs. Stock Sale
 - Employment Agreements & Noncompetes
 - Earnouts
 - Profit Sharing & Options
 - Acquire Deals
 - Debt & Leverage
 - Cross-Border Issues
- Q&A

Selling Your Games Company



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.

Game Development M&A

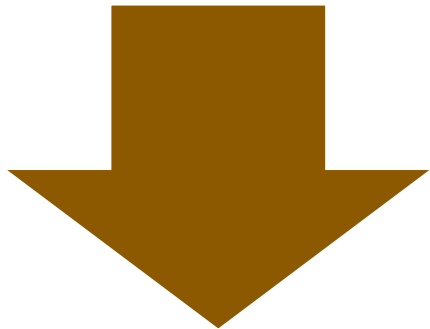
There is a value chain of opportunity associated with your games business, with multiple vectors

- Deriving maximum value out of your company
- How the buyers perceive you
- Market trends
- Preparing for acquisition

IP ownership

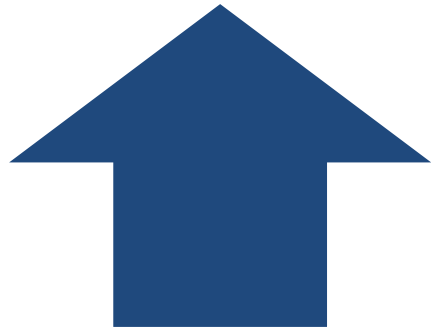


Own Your IP

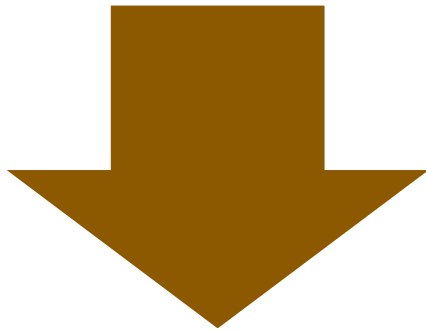


Work on
Licensed Product

New technologies

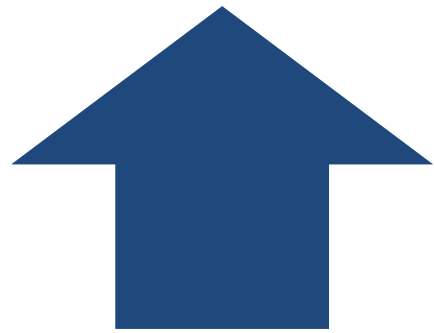


Mobile, Wearable,
VR Expertise

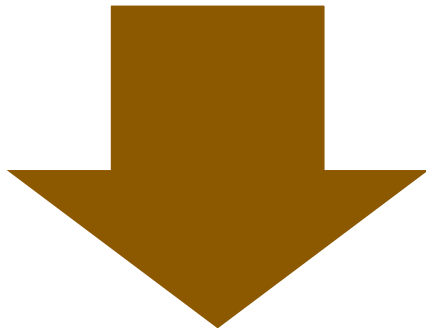


Desktop or
Console

Business Model

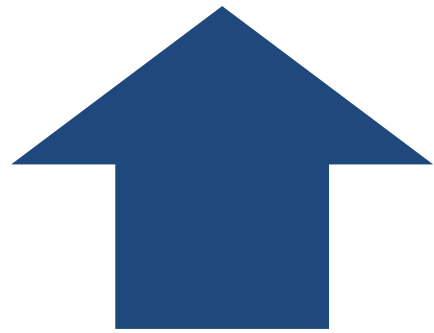


Free-to-Play

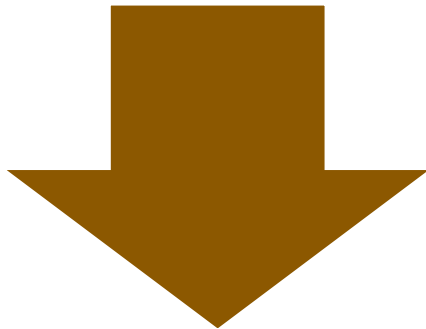


Pay-to-Own

Profitability

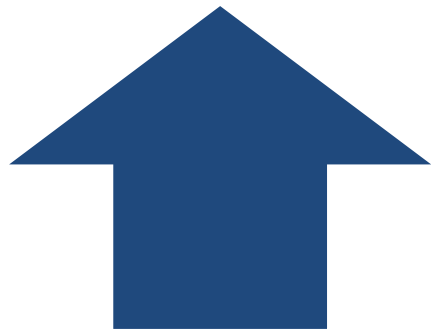


High EBITDA

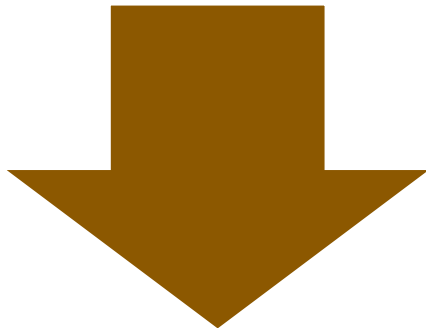


Spend to
Succeed

Repeatability



Repeatable
Success



One-Hit Wonder

Upcoming Casual Connect Events



- **Casual Connect Tel Aviv 2015**
- **19 - 21 October 2015**
- **Location: Tel Aviv, Israel**

casual  **connect**



- **Casual Connect Europe 2016**
- **16 - 18 February 2016**
- **Location: Amsterdam, Netherlands**

Corum Research Report



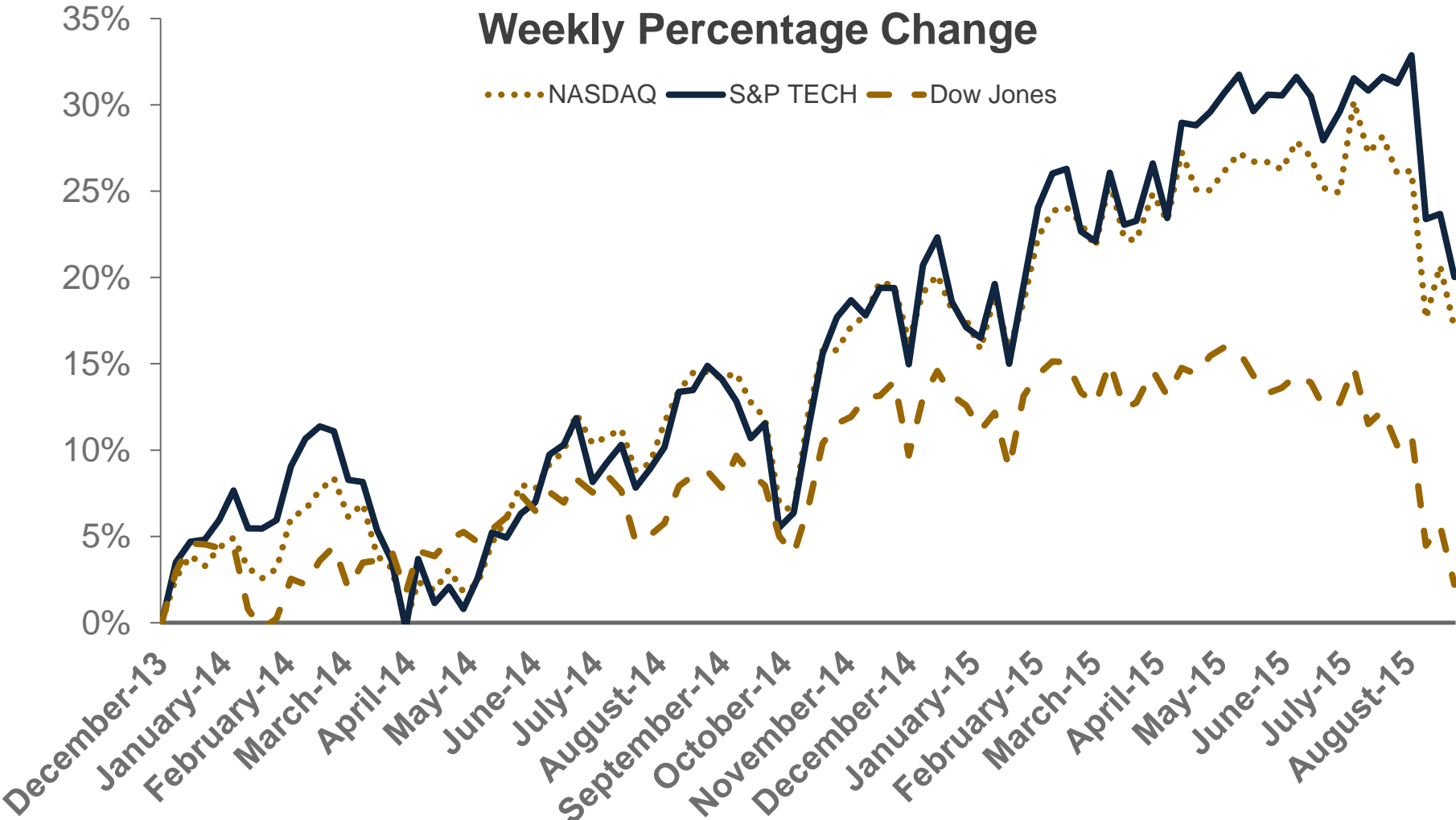
Elon Gasper
Vice President,
Director of Research



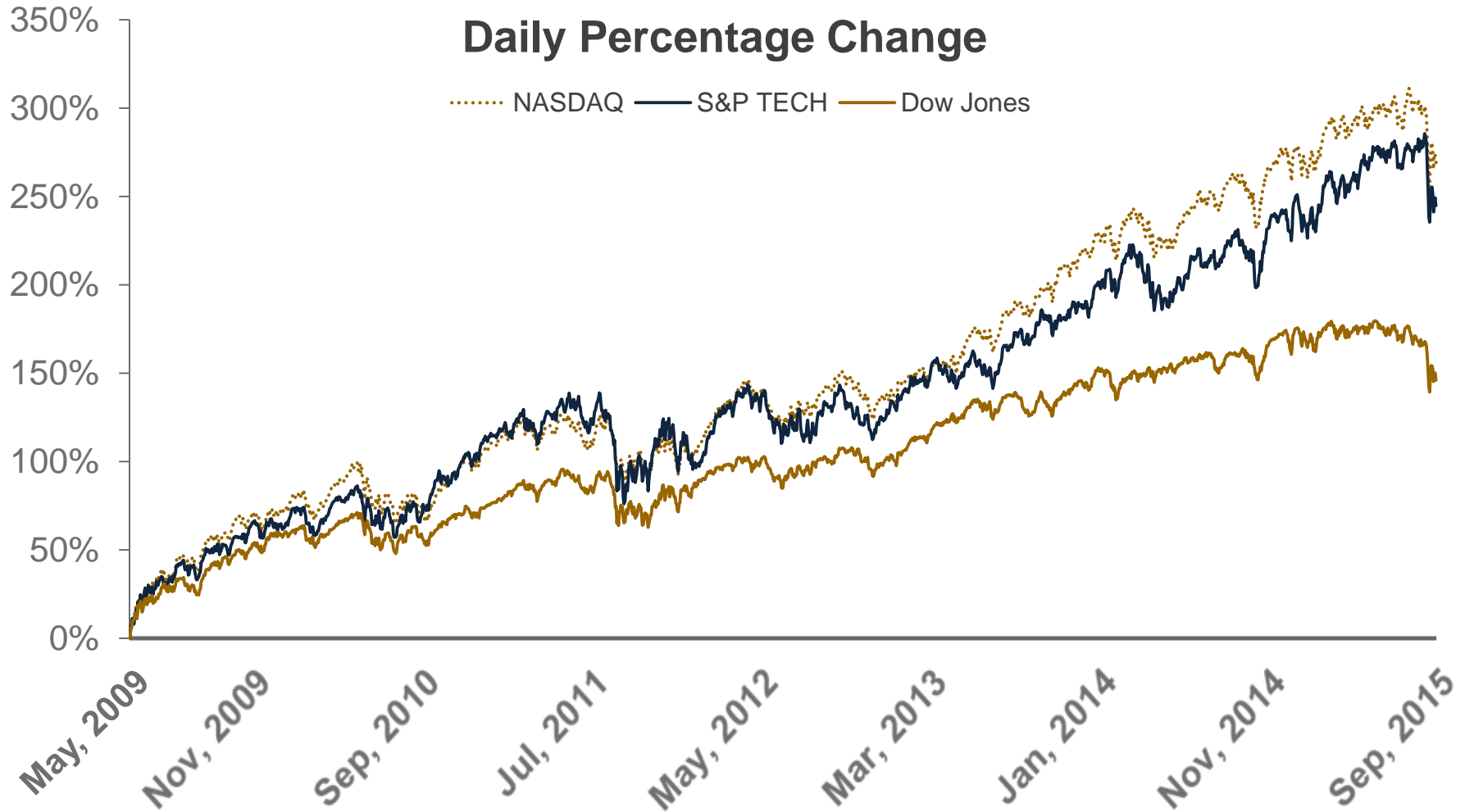
Amber Stoner
Senior Analyst

Public Markets

Weekly Percentage Change



The Bull Market, 2009-2015



Macro view: 3 Longest* Bull Market Runs

	Start	End	Years
Dotcom Bubble	Oct. 11, 1990	Mar. 24, 2000	9.5
Postwar Boom	Jun. 13, 1949	Aug. 2, 1956	7.1
Current	Mar. 9, 2009	?	6.5



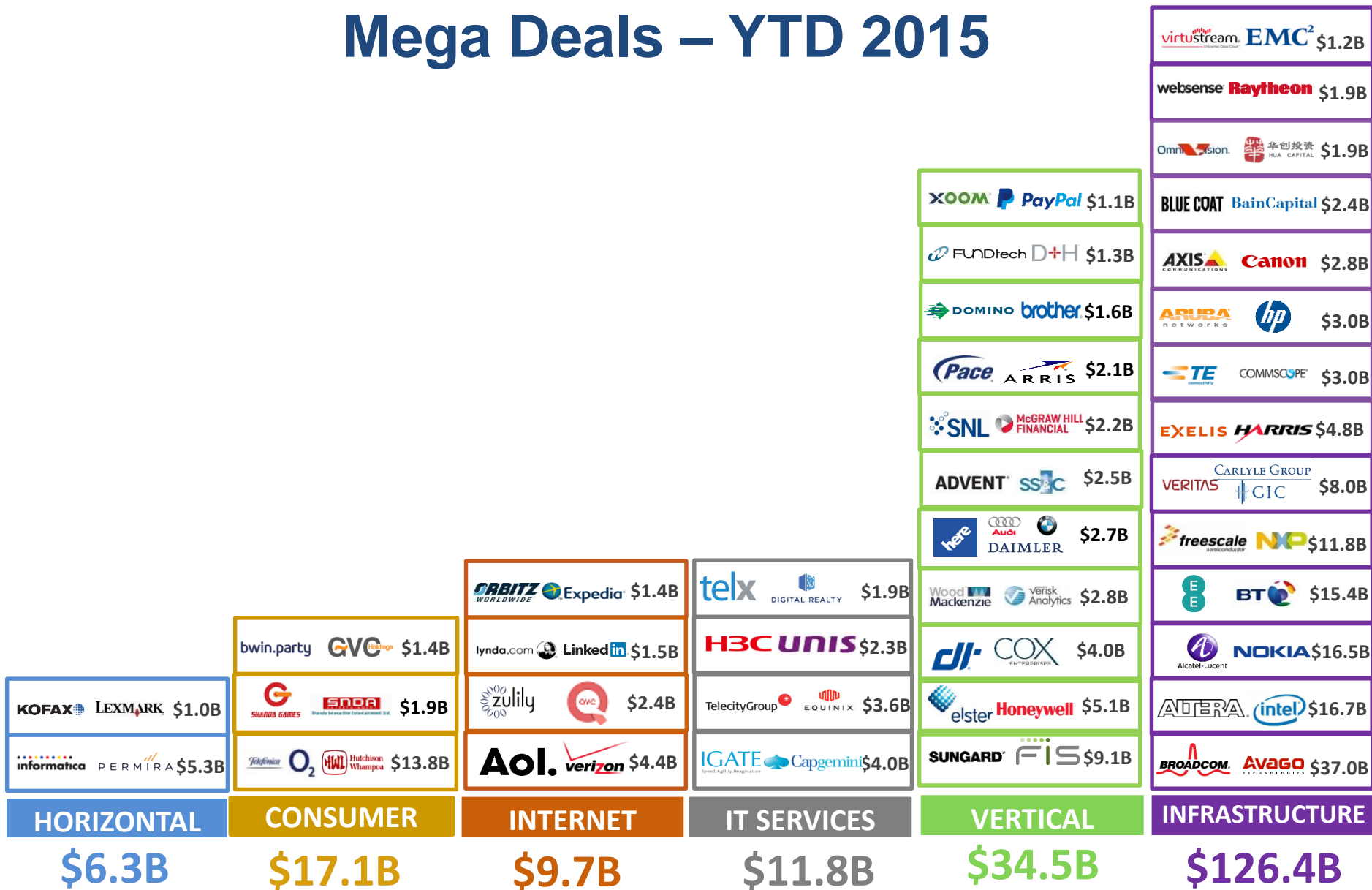
*Since the Great Depression. Source: S&P Capital IQ, The Associated Press

Corum Index

	Aug. 2014	Aug. 2015
# of Transactions	294	321
# of Mega Deals	4	4
Largest Deal	\$3.5B	\$8.0B
Private Equity Deals	17	13
# VC backed Exits	49	47
% Cross Border Transactions	32%	30%
% of Startup Acquisitions	15%	15%
Average Life of Target	15	13

Buyer	Seller	Price
Carlyle/GIC	Veritas (Symantec)	\$8.0B
FIS	SunGard	\$5.1B
Audi/BMW	HERE (Nokia)	\$2.7B
QVC	Zulily	\$2.4B

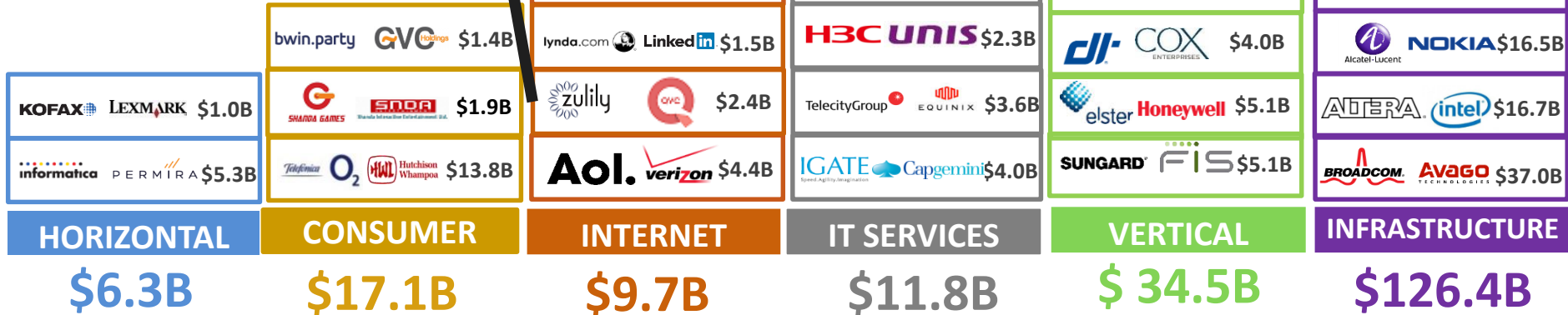
Mega Deals – YTD 2015



Mega Deals – YTD 2015



Target: Zulily Inc.
 Acquirer: QVC (Liberty Interactive Corporation)
 Transaction Value: \$2.4B (1.6x revenue)



Mega Deals – YTD 2015



Sold to



Target: HERE (Nokia Corporation) [Finland]
Acquirer: Daimler, AUDI AG, BMW Group [Germany]
Transaction Value: \$2.7B (2.6x revenue)

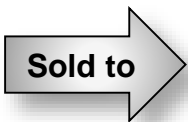
XOOM PayPal \$1.1B	virtustream EMC ² \$1.2B
FUNdtech D+H \$1.3B	websense Raytheon \$1.9B
DOMINO brother \$1.6B	Omnivision 华创投资 HUA CAPITAL \$1.9B
Pace ARRIS \$2.1B	BLUE COAT BainCapital \$2.4B
SNL McGRAW HILL FINANCIAL \$2.2B	AXIS COMMUNICATIONS Canon \$2.8B
ADVENT ss&c \$2.5B	ARUBA networks hp \$3.0B
here Audi BMW DAIMLER \$2.7B	TE COMMSCOPE \$3.0B
Wood Mackenzie Verisk Analytics \$2.8B	EXELIS HARRIS \$4.8B
DJI COX ENTERPRISES \$4.0B	VERITAS CARLYLE GROUP GIC \$8.0B
elster Honeywell \$5.1B	freescalE NXP \$11.8B
SUNGARD FIS \$5.1B	EE BT \$15.4B
	NOKIA \$16.5B Alcatel-Lucent
	ATERA intel \$16.7B
	BROADCOM AVAGO \$37.0B TECHNOLOGIES

KOFAX LEXMARK \$1.0B	bwin.party GVC \$1.4B	ORBITZ WORLDWIDE Expedia \$1.4B	telx DIGITAL REALTY \$1.9B	Wood Mackenzie Verisk Analytics \$2.8B	virtustream EMC ² \$1.2B
informatica PERMIRA \$5.3B	SHANDA GAMES SMOA \$1.9B	lynda.com LinkedIn \$1.5B	H3C UNIS \$2.3B	DJI COX ENTERPRISES \$4.0B	websense Raytheon \$1.9B
Telefonica O2 Hutchison Whampoa \$13.8B	zulily QVC \$2.4B	Aol. verizon \$4.4B	TelecityGroup EQUINIX \$3.6B	elster Honeywell \$5.1B	Omnivision 华创投资 HUA CAPITAL \$1.9B
	IGATE Capgemini \$4.0B			SUNGARD FIS \$5.1B	BLUE COAT BainCapital \$2.4B

HORIZONTAL	CONSUMER	INTERNET	IT SERVICES	VERTICAL	INFRASTRUCTURE
\$6.3B	\$17.1B	\$9.7B	\$11.8B	\$ 34.5B	\$126.4B

Mega Deals – YTD 2015

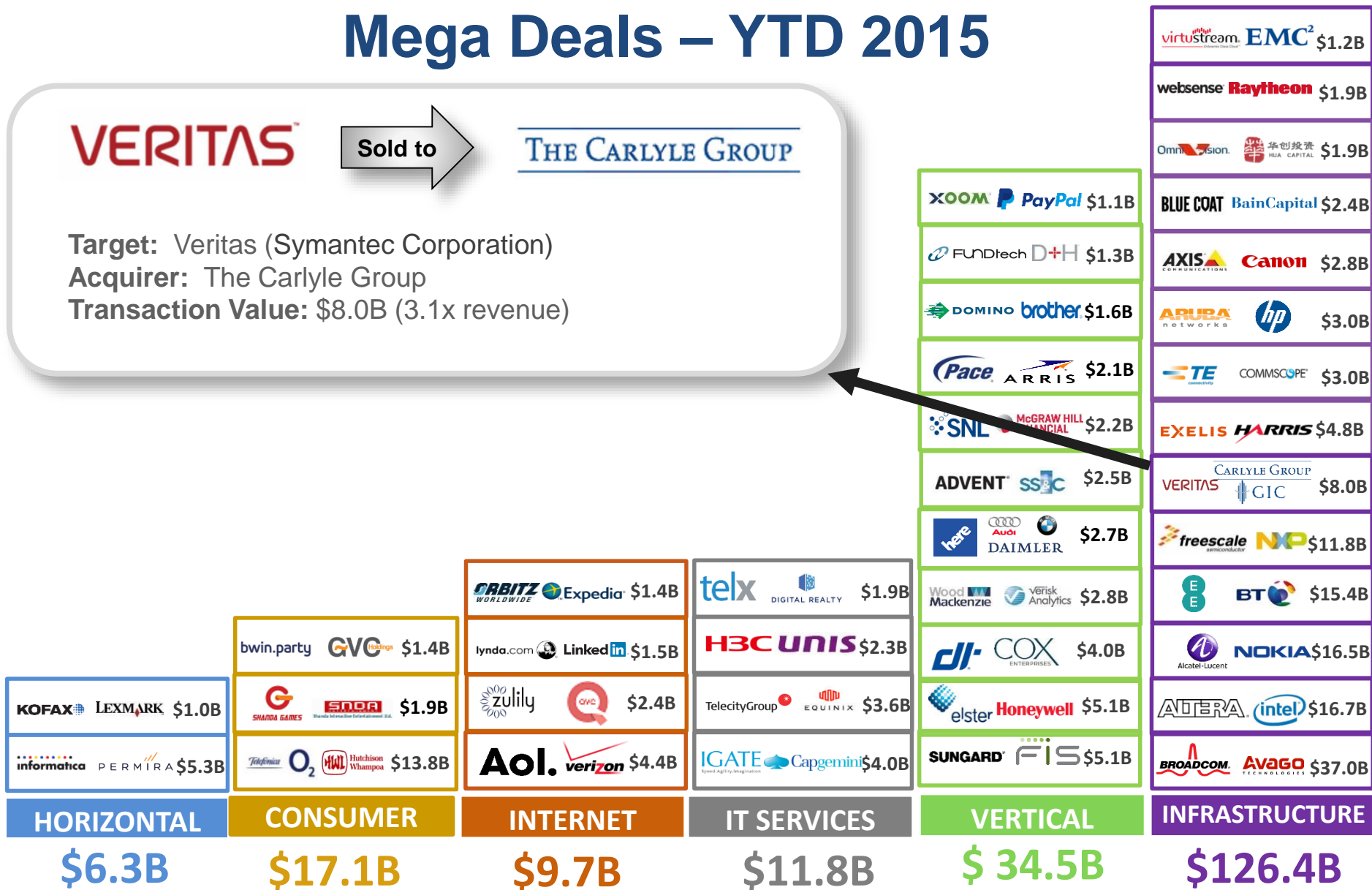
VERITAS



Sold to

THE CARLYLE GROUP

Target: Veritas (Symantec Corporation)
 Acquirer: The Carlyle Group
 Transaction Value: \$8.0B (3.1x revenue)





Infrastructure Software Market

Public Valuation Multiples

Since Q2

Aug. 2015

Corum Analysis



Slid back to April levels, slightly ahead of overall market trends...



...with EBITDA beating those trends by keeping established summer pace



Infrastructure Software Market

Deal Spotlight: Security

Since Q2

Aug. 2015

Corum Analysis



Perspecsys

Making the Public Cloud Private

Sold to

BLUE COAT[®]

Target: Perspecsys Inc. [Canada]

Acquirer: Blue Coat Systems Inc. [USA]

Transaction Value: ~\$105M (15x revenue)

- Provides a platform that helps enterprises using cloud-based applications to maintain privacy and security
- Enables Blue Coat to offer a wider range of Cloud Access Security Broker (CASB) capabilities through its Secure Web Gateway portfolio

summer pace



Infrastructure Software Market

Deal Spotlight: Security, Identity Management

Since Q2

Aug. 2015

Corum Analysis

Xceedium

Sold to

ca[®]
technologies

Target: Xceedium Inc. [USA]

Acquirer: CA Technologies [USA]

Transaction Value: \$100M (6.7x revenue)

- Provides Xsuite, an identity management solution for hybrid IT environments
- Complements CA's host-based access control approach



Infrastructure Software Market

Deal Spotlight: Identity and Access Management

Since Q2

Aug. 2015

Corum Analysis



Target: Whitebox Security Ltd. [USA]

Acquirer: SailPoint Technologies [USA]

- Provides data access governance solutions that protect sensitive data against internal and external breaches
- Bolsters ability to provide complete visibility into and control over unstructured data
- SailPoint acquired by Thoma Bravo in September 2014



Infrastructure Software Market

Deal Spotlight: Security

Since Q2

Aug. 2015

Corum Analysis



Caspida

Sold to

splunk>

Target: Caspida [USA]

Acquirer: Splunk Inc. [USA]

Transaction Value: \$190M

- Provides machine learning tools to detect malware and advanced threats
- Joint solutions would unify breach response and breach detection
- Raised ~\$12M from VCs; reported revenues of ~\$2M would make this 95x revenue



Infrastructure Software Market

Deal Spotlight: Security



Target: Good Technology [USA]

Acquirer: BlackBerry [Canada]

Transaction Value: \$425M

- Provides mobile device management, messaging, security and Intranet access software for use on a broad range of handheld devices
- Supports BlackBerry's efforts to sell mobile security software to government and corporate customers
- Follows withdrawn IPO & patent lawsuit defeat, invalidating several of Good's patents



Infrastructure Software Market

Deal Spotlight: Mobility

halosys

Sold to



Target: Halosys Inc. [USA]

Acquirer: Sonata Software Ltd [India]

Transaction Value: \$5M

- Provides a single Unified Enterprise Mobile Enablement platform that enables businesses to build and deploy mobile apps
- In line with trend of IT Services companies buying software product businesses

itr mobility

Sold to



Target: ITR Mobility [USA]

Acquirer: Zebra Technologies Corporation [USA]

- Provides mobile code legacy migration and modernization of Windows CE and mobile apps
- Helps Zebra ease the conversion of legacy mobility applications to current systems



Infrastructure Software Market

Deal Spotlight: Storage

Since Q2

Aug. 2015

Corum Analysis



Sold to



Target: Dot Hill Systems Corp [USA]

Acquirer: Seagate Technology [Ireland]

Transaction Value: \$694M (2.7x revenue)

- Provides storage arrays, software and data protection services
- Supports the growth of Seagate's OEM-focused cloud storage system

summer pace



Consumer Technology Market

Public Valuation Multiples

Since Q2

Aug. 2015

Corum Analysis



2.1x

Falling back to Q1 levels...



12.9x

...with a matching drop in EBITDA metrics



Consumer Technology Market

Deal Spotlight: Sports and Entertainment

Since Q2

Aug. 2015

Corum Analysis



Target: Runtastic [Austria]
Acquirer: Adidas [Germany]
Transaction Value: \$239M

- Provides mobile device fitness planning and tracking applications for consumers globally
- Follows competitor Under Armour's mobile app buying spree

momentum to go upward



Consumer Technology Market

Deal Spotlight: Fantasy Sports

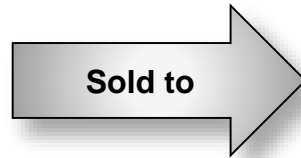
Since Q2

Aug. 2015

Corum Analysis



number**Fire**



Target: numberFire [USA]

Acquirer: FanDuel [USA]

- Provides sports statistics aggregation and analysis service for fantasy sports
- Integration of numberFire's sports data and analytics should expand capabilities of FanDuel's platform

EBITDA

12.9X

collecting momentum to go upward



Consumer Technology Market

Deal Spotlight: Gaming

bwin.party

Sold to

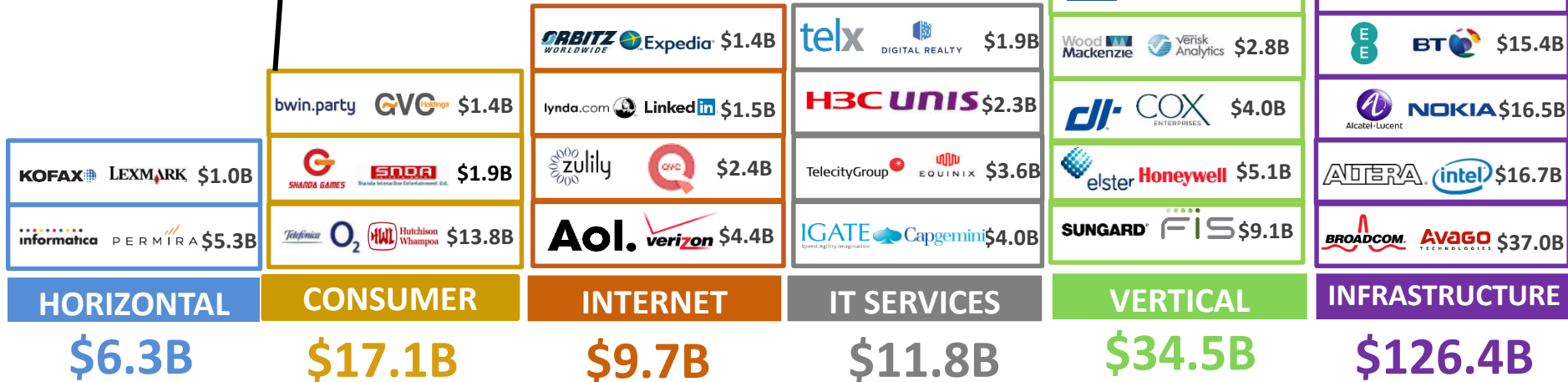
GVC Holdings

Target: bwin.party [Gibraltar]

Acquirer: GVC Holdings [UK], operator of Sportingbet

Transaction Value: \$1.7B (2.6x revenue)

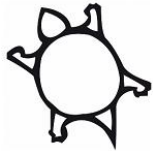
- Provides online gaming & sports betting websites for consumers in Europe
- Also sponsors various sporting events in Europe





Consumer Technology Market

Deal Spotlight: MTG



Turtle Entertainment
The eSports Company

Sold to



Target: Turtle Entertainment [Germany]
Acquirer: Modern Times Group [Sweden]
Transaction Value: \$87M

- Provides eSports online tournaments, leagues and events



Sold to



Target: Zoomin.tv [Netherlands]
Acquirer: Modern Times Group [Sweden]
Transaction Value: \$49M

- Provides a news, entertainment and video games video sharing website



Consumer Technology Market

Deal Spotlight: Sports and Gaming

StanJames.com

Sold to



Target: StanJames.com [Gibraltar]

Acquirer: Unibet [Malta]

Transaction Value: \$29.2M

– Provides online and mobile sports betting, casino and poker gaming



Sold to

**GAMING
REALMS**
PLAYING A NEW GAME

Target: Slingo [USA]

Acquirer: Gaming Realms [UK]

Transaction Value: \$18M

– Provides online and mobile social and casino-style video games



Consumer Technology Market

Deal Spotlight: Gaming

Since Q2

Aug. 2015

Corum Analysis



Target: FL Mobile [Cayman Isl.]
Acquirer: Tsinghua Holdings [China]
Transaction Value: \$624M

- Former online game publishing unit of NQ Mobile
- Acquirer (Jinxing Rongda) is a division of Tsinghua Holdings

EBITDA

momentum to go upward



Horizontal Application Software Market

Public Valuation Multiples

Since Q2

Aug. 2015

Corum Analysis

EV
Sales



3.3x

Backed off to Q3 2014 levels in conjunction with general market correction...

EV
EBITDA



16.9x

... with a drop of twice as much for value based on profits



Horizontal Application Software Market

Deal Spotlight: Big Data



Sold to



Target: 1010data [USA]
Acquirer: Advance/Newhouse [USA]
Transaction value: \$500M (10x revenue)

- Big data discovery and data sharing platform for retail, manufacturing, telecom, and financial services

EV



Sold to



Target: Onyara [USA]
Acquirer: Hortonworks [USA]
Transaction value: \$38.5M

- Open source IoT data management SaaS
- Expands IoT capabilities and introduces Hortonworks' Hadoop software to new customers

EV



Horizontal Application Software Market

Deal Spotlight: Business Intelligence

Since Q2

Aug. 2015

Corum Analysis


data simplified

Sold to


S O F T W A R E

Target: Xtraction Solutions [Australia]

Acquirer: LANDesk Software [USA]

Transaction Value: \$20M (5x revenue)

- Provides data-aggregation technology that allows IT organizations to connect multiple data sources into a single solution
- Expands the LANDESK Workspaces product portfolio



Horizontal Application Software Market

Deal Spotlight: Business Intelligence

Since Q2

Aug. 2015

Corum Analysis

INFOACTIVE

Sold to



Target: Infoactive [Canada]

Acquirer: Tableau [USA]

- Infographics web app startup with expertise in mobile and cloud products
- Adds functionality to Tableau's free data visualization platform, Tableau Public



Horizontal Application Software Market

Deal Spotlight: SCM

Since Q2

Aug. 2015

Corum Analysis

GT NEXUS™

Sold to

infor

Target: GT Nexus [USA]

Acquirer: Infor [USA]

Transaction value: \$675M

- Global trade and logistics SCM SaaS
- The addition of GT Nexus Solutions to the Infor CloudSuite of applications strengthens their position as the retail industry shifts towards contract-based manufacturing



Horizontal Application Software Market

Deal Spotlight: SCM

Since Q2

Aug. 2015

Corum Analysis

MERCHANTRY

Sold to

TRADESHIFT®

Target: Merchantry [USA]

Acquirer: Tradeshift [USA]

Transaction value: \$30M (10x revenue)

- Product information management (PIM) SaaS enabling companies to connect to their suppliers across multiple online channels
- Enables Tradeshift to provide e-procurement capability and in-depth catalog management on its platform



Horizontal Application Software Market

Deal Spotlight: SCM

Since Q2

Aug. 2015

Corum Analysis



Sold to

DESCARTES™

Target: BearWare [USA]

Acquirer: Descartes [Canada]

Transaction value: \$11.2M

- Mobile tracking system to enable better collaboration between retailers and logistics service providers
- Complements Descartes' Airclis product, a cloud-based mobile automation solution

Id



Horizontal Application Software Market

Deal Spotlight: Marketing & Adtech

Since Q2

Aug. 2015

Corum Analysis



Target: OptAim [China]

Acquirer: iClick Interactive Asia [Hong Kong]

- Leading Chinese mobile ad network and customer analytics SaaS
- Strengthens iClick's performance-based advertising and programmatic marketing capabilities and provides access to 550 million mobile users

Corum Research Report



Elon Gasper
Vice President,
Director of Research



Amber Stoner
Senior Analyst

Tech M&A Structures Today



Tech M&A Deal Structures Today



Rob Schram
Senior Vice President
Corum Group Ltd.

Asset Sale vs. Stock Sale

- Important tax implications
- Stock sales more favorable to sellers
- Asset deals more favorable to buyers
- C corporation asset sales create double tax issues
- When asset deals happen, make sure you have experienced accountants



Tech M&A Deal Structures Today



Jon Scott
Senior Vice President
Corum Group Ltd.

Employment Agreements, Consulting Agreements & Noncompetes

- Employment agreements can be beneficial, especially if earnouts are involved
- Limit time periods on noncompetes and keep them specific.



Tech M&A Deal Structures Today



Ward Carter
Chairman
Corum Group Ltd.

Earnouts

- Often used to bridge the gap between buyer & seller
- Should be avoided when possible
- When used, carefully structure control agreements to ensure success
- Properly structured, can create good upside



Tech M&A Deal Structures Today



Mark Johnson
Vice President
Corum Group International, Ltd.

Profit Sharing & Options

- Provides a “carrot” to encourage assistance & performance by sellers post-sale
- Can bridge gaps, as with earnout
- Avoid relying too heavily on either
- Future performance is generally out of your control.



Tech M&A Deal Structures Today



Dan Bernstein
Vice President
Corum Group Ltd.

Acquire Deals

- Talented, effective teams are sought-after commodities
- Structures must be navigated carefully
- Employment agreements play an important role, but shareholders must still be satisfied



Tech M&A Deal Structures Today



John Simpson
Vice President
Corum Group Ltd.

Debt & Leverage

- Can raise red flags for a seller
- When sellers provide debt, they share the risk
- Can negatively impact company's performance
- Cheap institutional debt can enable all-cash deals, but may lower value



Tech M&A Deal Structures Today



Jim Perkins
Vice President
Corum Group Ltd.

Cross-Border Issues

- Can require governmental approvals, including anti-trust, currency or labor issues
- Foreign exchanges may require approvals
- Differing tax laws may also create complications



Q&A

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Oct. 8: **Houston** – SUSO

www.CorumGroup.com/Events

CORUM

After the Deal – Celebration





www.corumgroup.com