



Tech M&A Monthly

The 7 Deadly Sins of Tech M&A

November 2015

Welcome



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.

Agenda

- Welcome
- Special Report: WFS - New York
- Field Report: eMOBUS acquired by Asentinel
- Research Report
- Why Sellers Sell
- 7 Deadly Sins of Tech M&A
- Q&A

Special Report: WFS New York



Ward Carter
Chairman
Corum Group Ltd.

WFS EDUCATING
TECHNOLOGY
LEADERS

“Growth & Exit Strategies for
Software & IT Companies”

Upcoming Conferences:

- December 3: London, UK
- April 7: Palo Alto, USA



Field Report: eMOBUS acquired by Asentinel



Rob Schram
Senior Vice President
Corum Group Ltd.

- Enterprise Mobility Management SaaS
- Customers include Netflix, Netsuite and Silicon Valley Bank
- Asentinel acquired by Marlin Equity Partners in late 2014
- Second Corum deal with Marlin this year



Corum Research Report



Elon Gasper
Vice President,
Director of Research



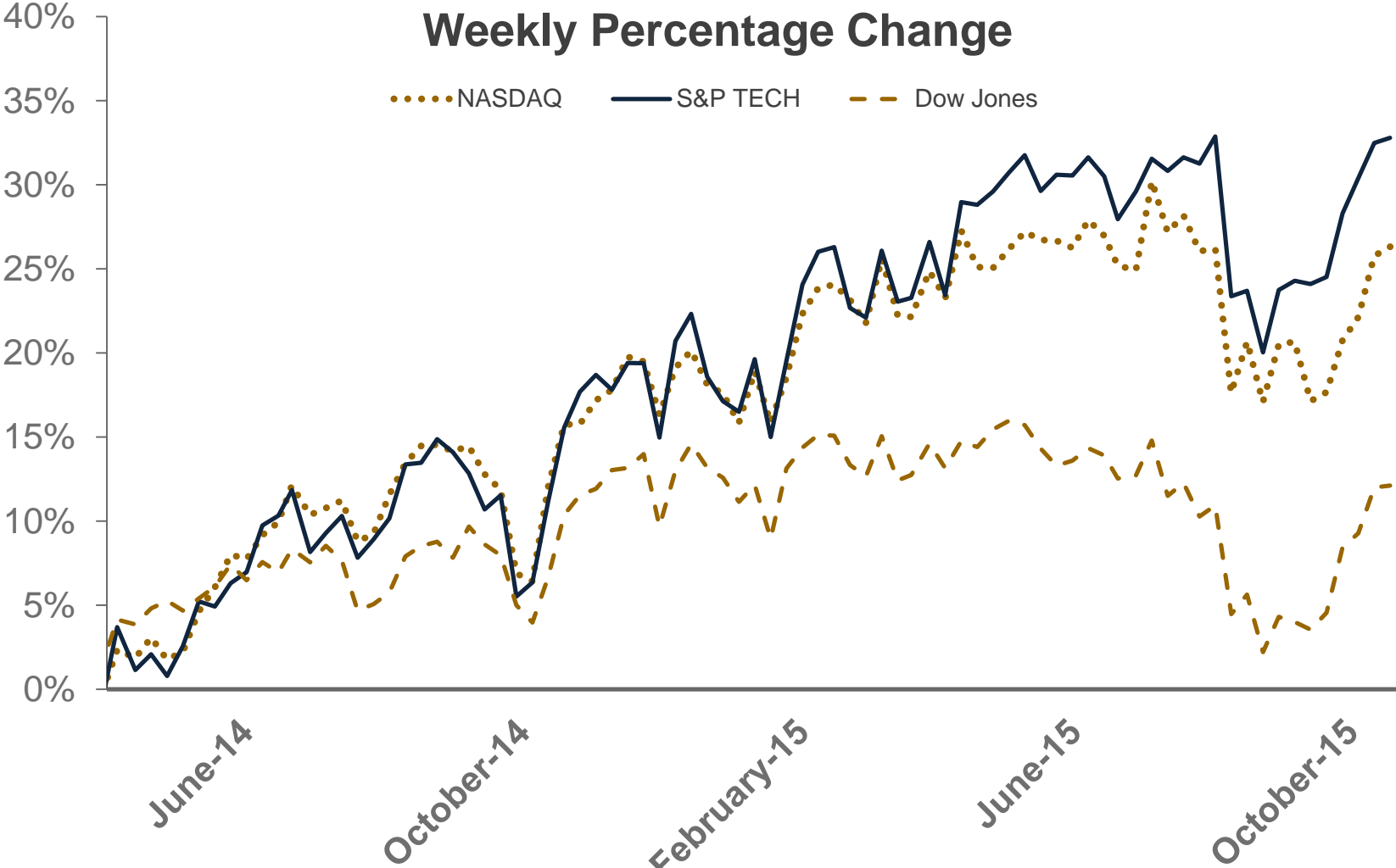
Amber Stoner
Senior Analyst



Aaron King
Analyst

Public Markets

Weekly Percentage Change



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	?	6.7



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

Corum Index

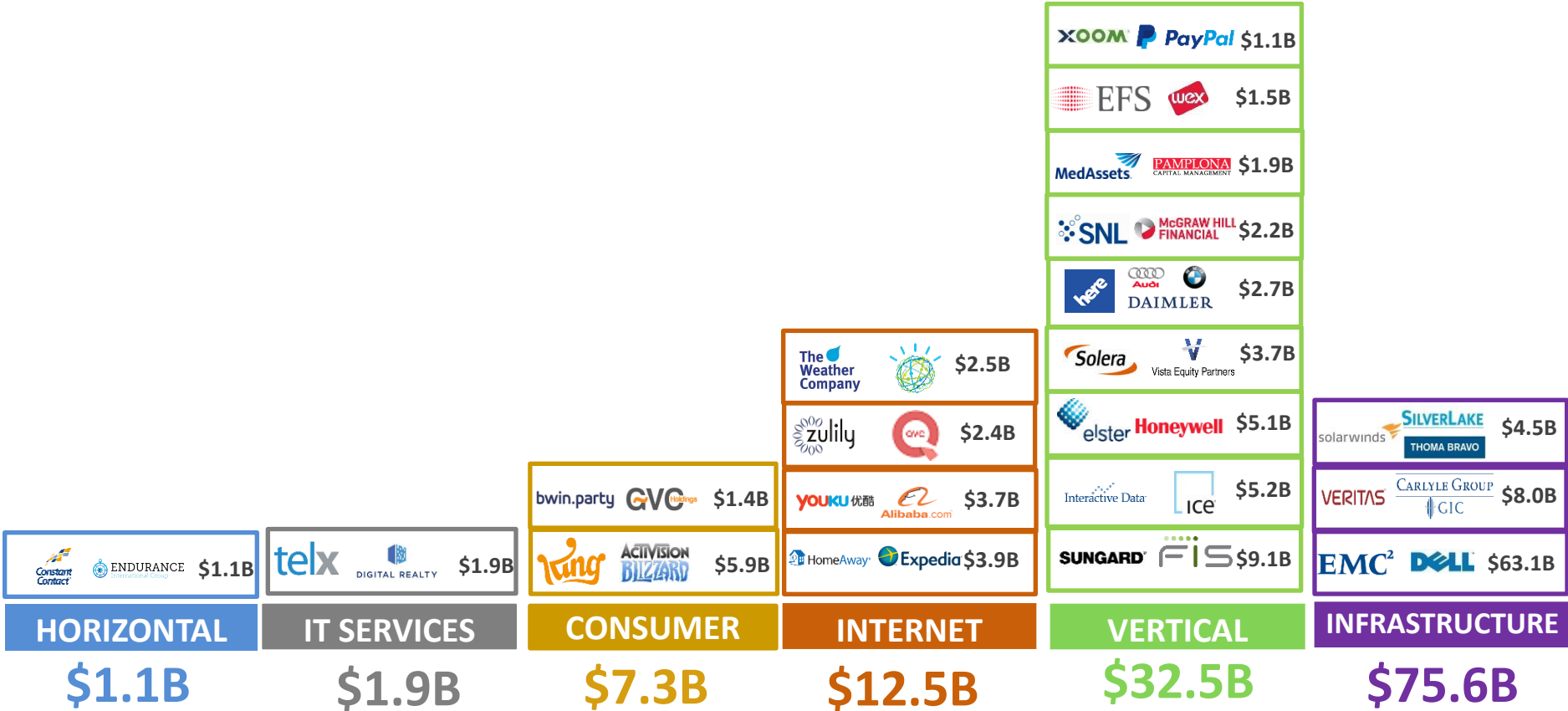
	Oct. 2014	Oct. 2015
# of Transactions	337	374
# of Mega Deals	2	5
Largest Deal	\$2.6B	\$63.1B
Private Equity Deals	16	12
# VC backed Exits	51	61
% Cross Border Transactions	36%	34%
% of Startup Acquisitions	16%	15%
Average Life of Target	13	15

Buyer	Seller	Price
Dell	EMC	\$63.1B
ICE	Interactive Data	\$5.2B
Silver Lake/ Thoma Bravo	SolarWinds	\$4.5B
IBM	The Weather Company	\$2.5B
WEX Inc.	EFS	\$1.5B

Favorable Factors for Tech M&A

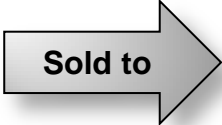
- Buyers' cash – nearly \$2T including Private Equity
- Low debt cost with historically low interest rates
- Disruptive trends – Strategic imperative to buy
- New buyers – non-tech, unicorns, Asia, maturing SaaS companies...
- Strong financial markets

Mega Deals – H2 2015 to date



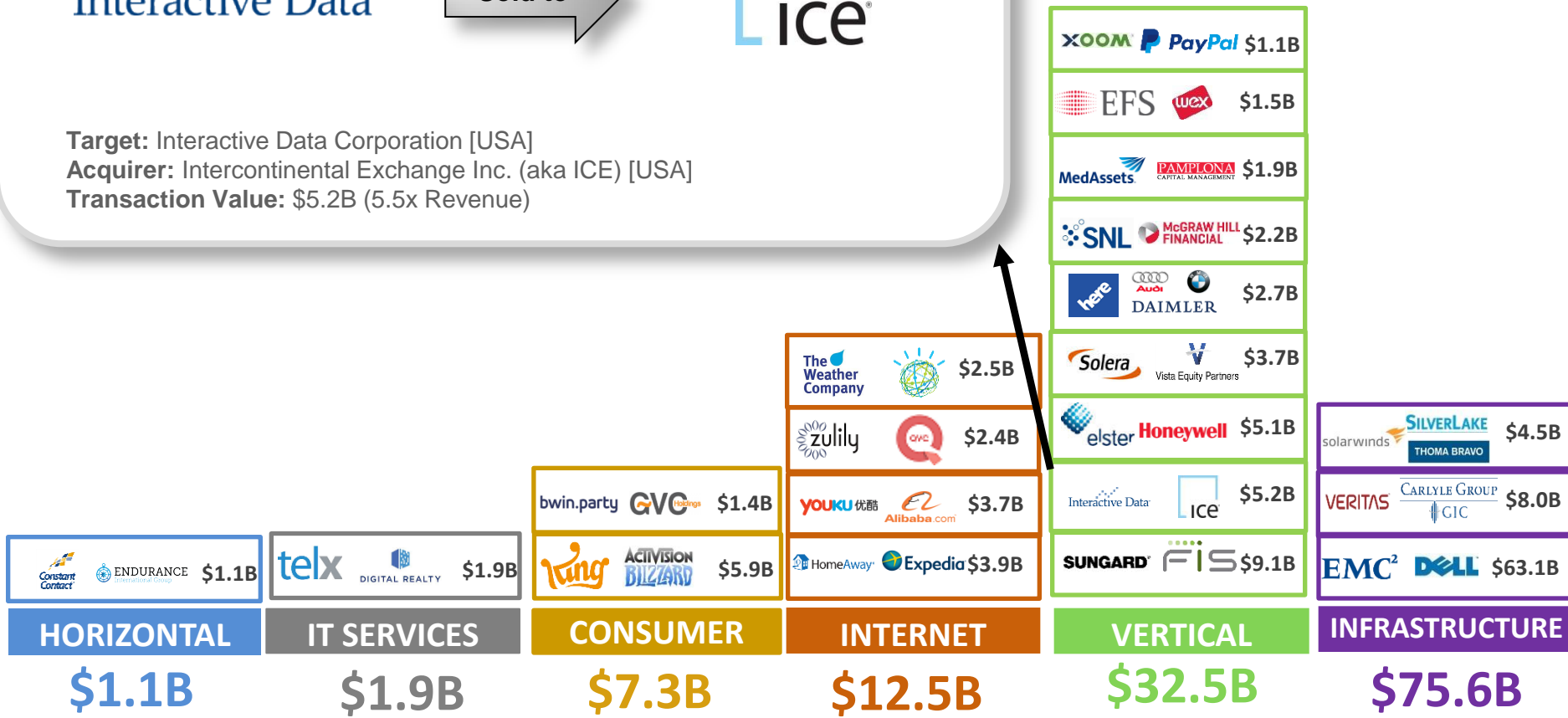
Mega Deals – H2 2015 to date

Interactive Data[®]

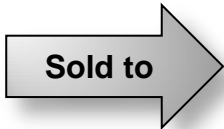


ICE[®]

Target: Interactive Data Corporation [USA]
Acquirer: Intercontinental Exchange Inc. (aka ICE) [USA]
Transaction Value: \$5.2B (5.5x Revenue)



Mega Deals – H2 2015 to date



Target: Electronic Funds Source LLC (aka EFS) [USA]
Acquirer: WEX Inc. (fka Wright Express) [USA]
Transaction Value: \$1.5B (9.8x Revenue)

XOOM	PayPal	\$1.1B	
EFS	WEX	\$1.5B	
MedAssets	PAMPLONA CAPITAL MANAGEMENT	\$1.9B	
SNL	McGRAW HILL FINANCIAL	\$2.2B	
here	Audi	DAIMLER	\$2.7B
Solera	Vista Equity Partners	\$3.7B	
elster	Honeywell	\$5.1B	
Interactive Data	ice	\$5.2B	
SUNGARD	FIS	\$9.1B	

The Weather Company		\$2.5B
zulily	QVC	\$2.4B
youku 优酷	Alibaba.com	\$3.7B
HomeAway	Expedia	\$3.9B

bwin.party	GVC	\$1.4B
King	ACTIVISION BILZARD	\$5.9B

telx	DIGITAL REALTY	\$1.9B
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Constant Contact	ENDURANCE	\$1.1B
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solarwinds	SILVERLAKE THOMA BRAVO	\$4.5B
VERITAS	CARLYLE GROUP GIC	\$8.0B
EMC ²	DELL	\$63.1B

HORIZONTAL	IT SERVICES	CONSUMER	INTERNET	VERTICAL	INFRASTRUCTURE
\$1.1B	\$1.9B	\$7.3B	\$12.5B	\$32.5B	\$75.6B



Vertical Market

Public Valuation Multiples

Since Q3

Oct. 2015

Corum Analysis



4.0x

*Reached Q2 levels
as investors chase
the market...*



16.7x

*...supported and
surpassed by even
higher EBITDA
multiples.*



Vertical Software Market

Deal Spotlight: Edtech



Sold to

LEEDS | Equity Partners

Target: Campus Labs, LLC [USA]

Acquirer: Leeds Equity Partners, LLC [USA]

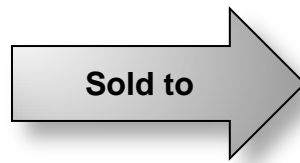
Transaction Value: \$91M

- Data analytics for higher education, across teaching, retention, student engagement and other areas
- Divested from Higher One, provider of higher-ed related financial services, after acquisition in 2012
- Adds to Leeds' wide array of education investments, including iModules, Campus Management Corp and others



Vertical Software Market

Deal Spotlight: Edtech



Target: Wizlearn Technologies Pte Ltd. [Singapore]

Acquirer: V-cube Global Services Pty Ltd. [Singapore]

Transaction Value: \$14M

- Provides electronic learning management SaaS, including collaboration, student assessments and mobile device-based learning, for K-12 schools globally
- Brings V-Cube Wizlearn's 50% market share among Singapore public schools
- Divestment of India-based Educomp solutions, which acquired Wizlearn in 2007 for \$7M – will use cash from sale to pay down debts



Vertical Software Market

Deal Spotlight: Edtech



Sold to



Target: Pathbrite Inc. [USA]

Acquirer: Cengage Learning [USA]

- Adds an additional digital portfolio tool to Cengage's own portfolio
- Cengage previously integrated with Pathbrite and invested in the company in 2014



Sold to



Target: Learning Objects, Inc. [USA]

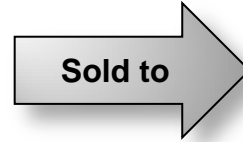
Acquirer: Cengage Learning [USA]

- Learning Objects makes online course platform Difference Engine and digital portfolio tool Campus Pack
- Cengage sees the acquisition enabling fully online degree programs for colleges & universities



Vertical Software Market

Deal Spotlight: Ed-Tech



Target: SchoolSoup.com [Canada]
Acquirer: GoodCall LLC [USA]

- Online database of college scholarships
- Fuses together GoodCall's scholarship search expertise and SchoolSoups' 700K users

EV

vels
ase



Target: All1Team Inc. [USA]
Acquirer: Entech Consulting [USA]

- Provides student loan origination, lending, refinancing and application management SaaS
- Joint forces enable advanced Omni-channel delivery and automated loan rate management

EV

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Vertical Software Market

Deal Spotlight: Ed-Tech

Since Q3

Oct. 2015

Corum Analysis



Sold to



Target: Sightlines LLC [USA]

Acquirer: The Gordian Group Inc. [USA]

- Provides colleges and universities independent data to manage their facilities
- Joint forces would result into a comprehensive product portfolio for facility owners



Horizontal Application Software Market

Public Valuation Multiples

Since Q3

Oct. 2015

Corum Analysis



3.6x

Nearing historical highs as investors focus on maturing SaaS companies



17.0x

Only a small tick upward as profits take a backseat to growth



Horizontal Application Software Market

Deal Spotlight: Marketing

Constant Contact



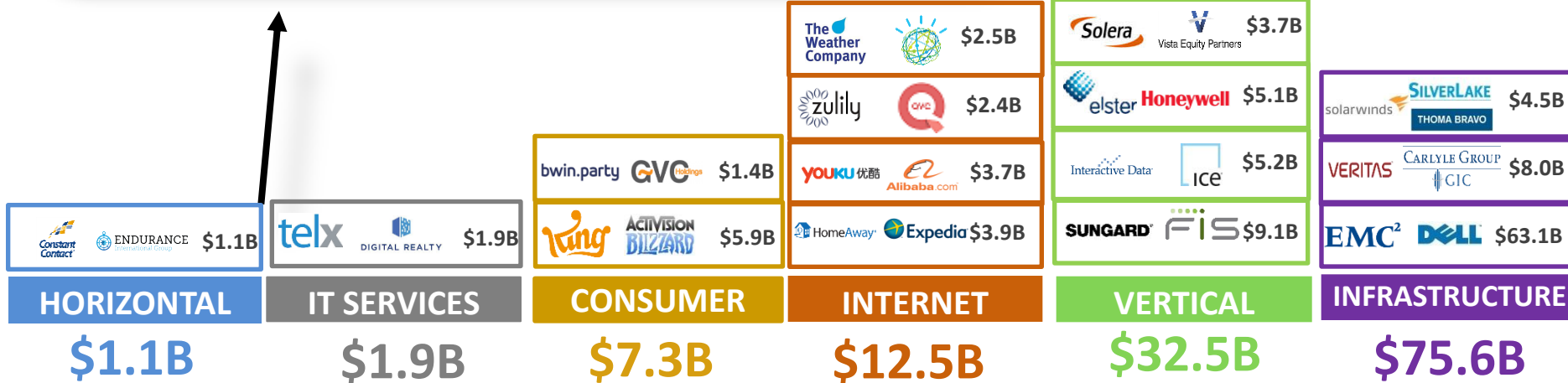
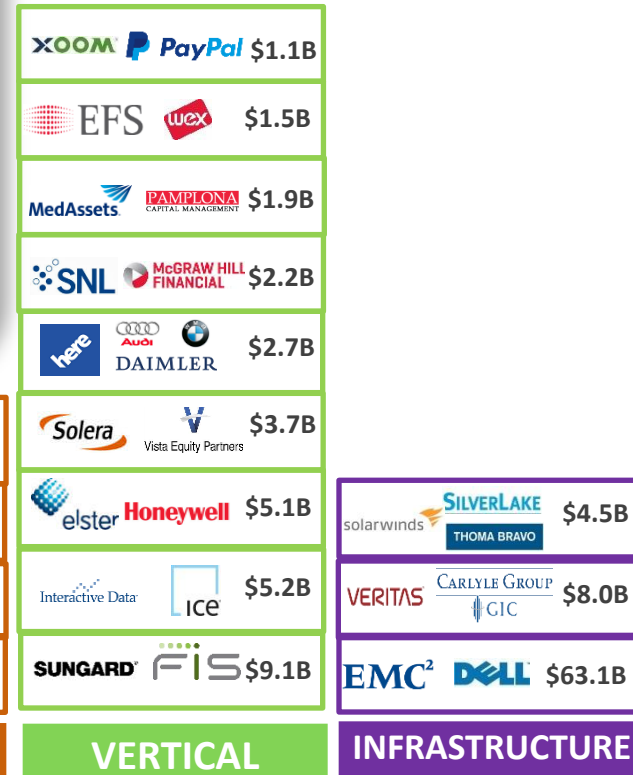
ENDURANCE
International Group

Target: Constant Contact Inc. [USA]

Acquirer: Endurance International Group Holdings Inc. [USA]

Transaction Value: \$1.1B (2.6x revenue)

- Email & social marketing SaaS
- Creates MA-based \$1B provider, which serves more than 5 millions of small businesses





Horizontal Application Software Market

Deal Spotlight: BI

Since Q3

Oct. 2015

Corum Analysis

booshaka 

Sold to


sprinklr

Target: Booshaka [USA]

Acquirer: Sprinklr Inc. [USA]

- An advanced audience segmentation and management platform
- Builds up its Experience Cloud, applying real-time audience segmentation to social data for retailers better understanding of their audience



Horizontal Application Software Market

Deal Spotlight



Sold to

GRAVITY4

Target: Exovue [USA]

Acquirer: Gravity4 [USA]

- Native supply-side platform for content marketing
- Builds up Gravity4's Marketing Cloud suite

CONYAK

Sold to

GRAVITY4

Target: CONYAK [Denmark]

Acquirer: Gravity4 [USA]

- Cross-device retargeting for mobile advertisers
- Expands Gravity4's scale in Northern Europe



Horizontal Application Software Market

Deal Spotlight



Target: Kixer [USA]
Acquirer: LAKANA [USA]



Target: FLXone [USA]
Acquirer: Teradata[USA]



Target: Imagna Analytics Solutions [India]
Acquirer: Fractal Analytics [India]



Horizontal Application Software Market

Deal Spotlight: BI

Since Q3

Oct. 2015

Corum Analysis

bime 

Sold to

 **zendesk**[®]

Target: We Are Cloud SAS [France]

Acquirer: Zendesk Inc. [USA]

Transaction Value: \$45M

- Cloud BI startup - producer of BIME Analytics software
- Enables marketers to aggregate data from several sources and analyze and visualize the results into trends and insights



Internet Market

Public Valuation Multiples

Since Q3

Oct. 2015

Corum Analysis



5.2x

Biggest jump in over a year driven by successful social/mobile strategies



23.6x

3-point rise in a month; limited supply of profitable models



Internet Market

Deal Spotlight: Travel & Leisure

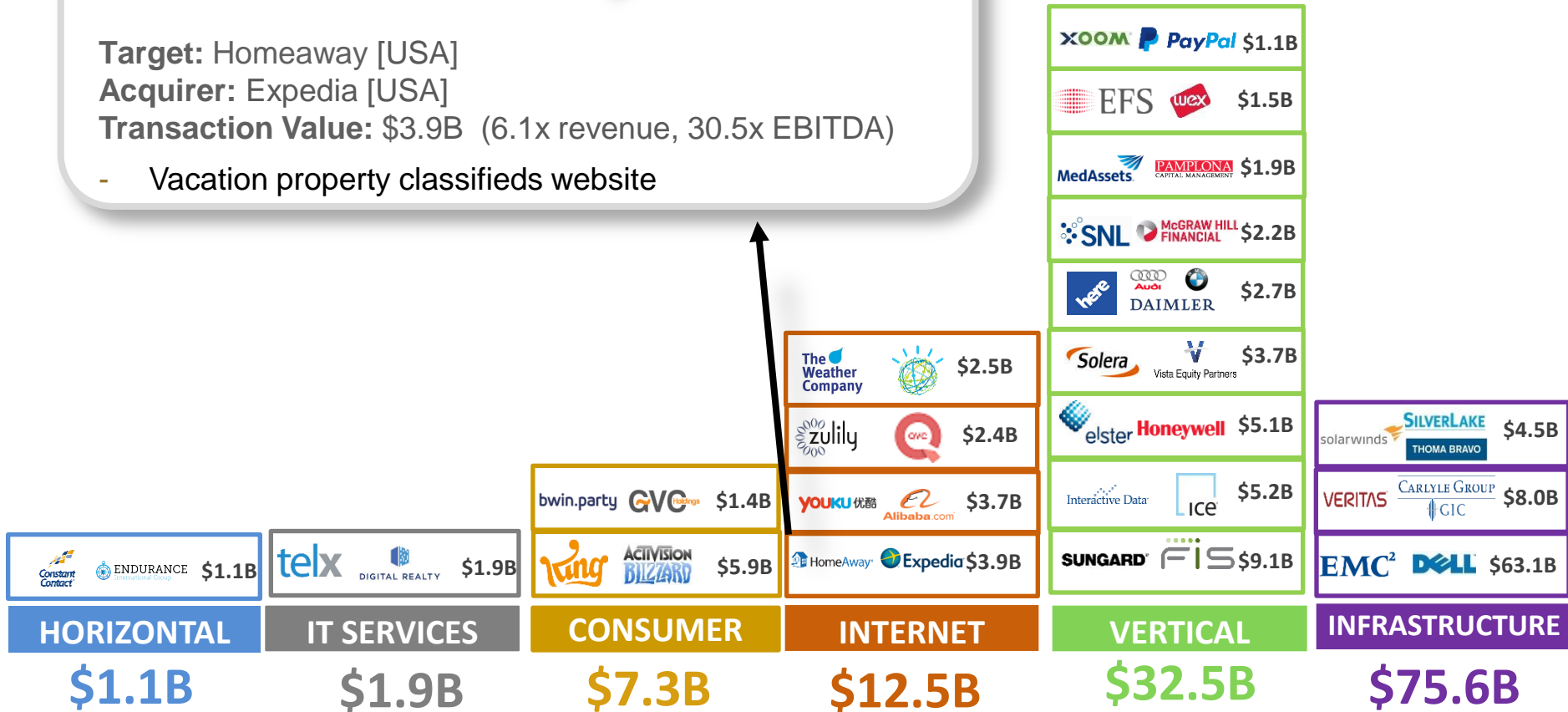


Sold to



Target: Homeaway [USA]
 Acquirer: Expedia [USA]
 Transaction Value: \$3.9B (6.1x revenue, 30.5x EBITDA)

- Vacation property classifieds website





Internet Market

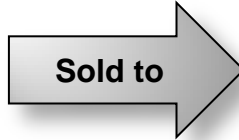
Deal Spotlight: Travel & Leisure

Since Q3

Oct. 2015

Corum Analysis

travelmob



 HomeAway®

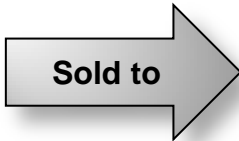
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EV

Target: Travelmob [Singapore]
Acquirer: Homeaway [USA]

- Operates as a social stay marketplace in the Asia Pacific

Dwellable 



 HomeAway®

able

EV

E

Target: Dwellable [USA]
Acquirer: Homeaway [USA]

- Vacation rental property global directory



Internet Market

Deal Spotlight: Travel & Leisure

Since Q3

Oct. 2015

Corum Analysis



Target: LateRooms [UK]

Acquirer: Cox & Kings [India]

Transaction Value: \$13M

- Operates online hotel booking website and mobile phone-led technology platform
- TUI Travel sells LateRooms.com as a part of divesting non-core assets



Internet Market

Deal Spotlight



Sold to



Target: AlwaysOnVacation [USA]
Acquirer: Monaker Group [USA]

- Online vacation room and home rental marketplace
- Complements Monaker's products being integrated under its Nexttrip.com brand
- A strategic move to compete with companies like Airbnb, V.R.O.B. and HomeAway.



Sold to



Target: eTRAVELi [Sweden]
Acquirer: ProSiebenSat.1 Media AG [Germany]
Transaction Value: \$265M

- European online travel agent for flights will complement ProSiebenSat.1's umbrella brand 7Travel
- ProSiebenSat.1's largest international investment in the e-Commerce field for now

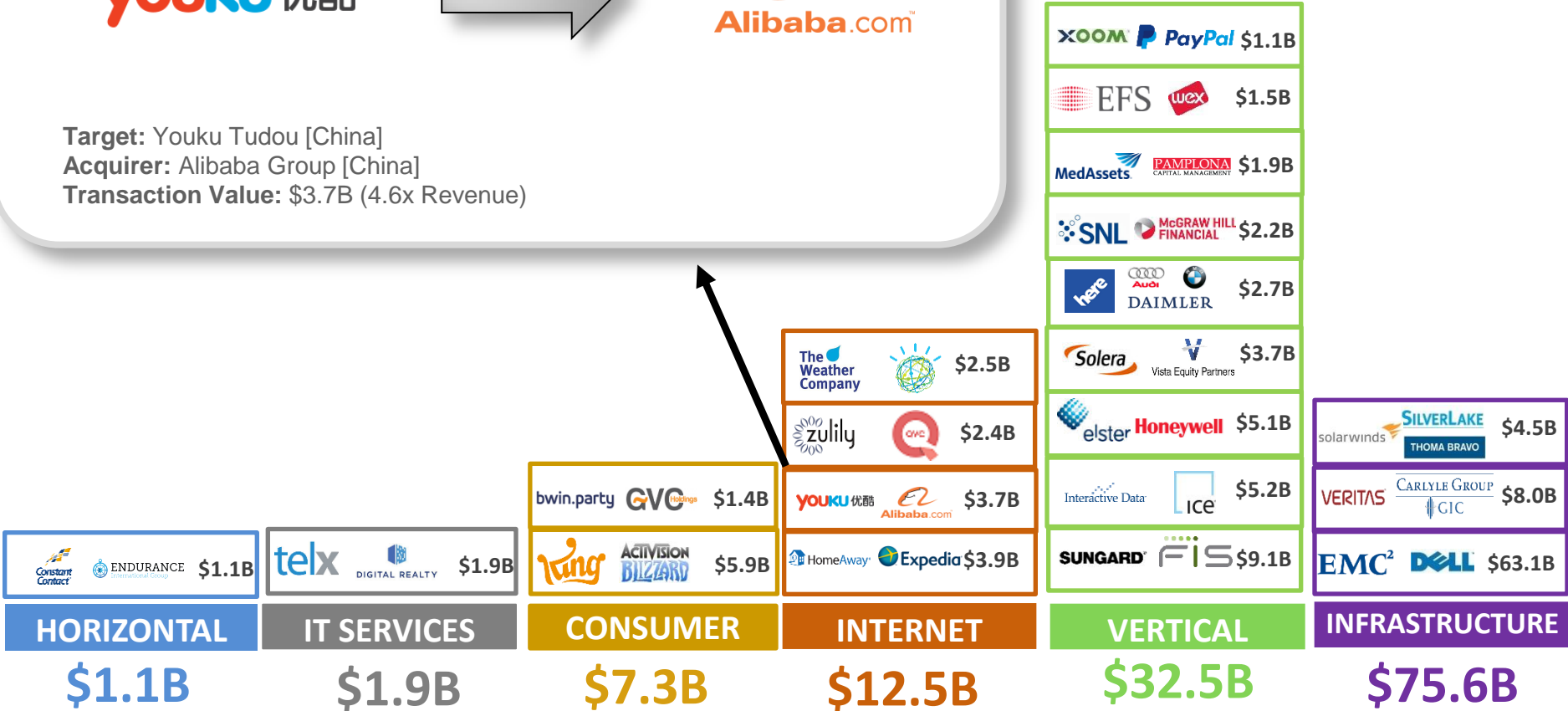
Mega Deals – H2 2015 to date

YOUKU 优酷



Alibaba.com

Target: Youku Tudou [China]
Acquirer: Alibaba Group [China]
Transaction Value: \$3.7B (4.6x Revenue)





Internet Market

Deal Spotlight

Since Q3

Oct. 2015

Corum Analysis

ticketfly

Sold to

PANDORA®

Target: Ticketfly [USA]

Acquirer: Pandora Media [USA]

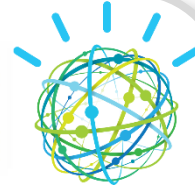
Transaction Value: \$450M

- Provides ticketing and marketing software for venues and event promoters
- Diversifies Pandora's web radio services with the potentially profitable ticketing market as 40% of all concert tickets still go unsold



Internet Market

Deal Spotlight

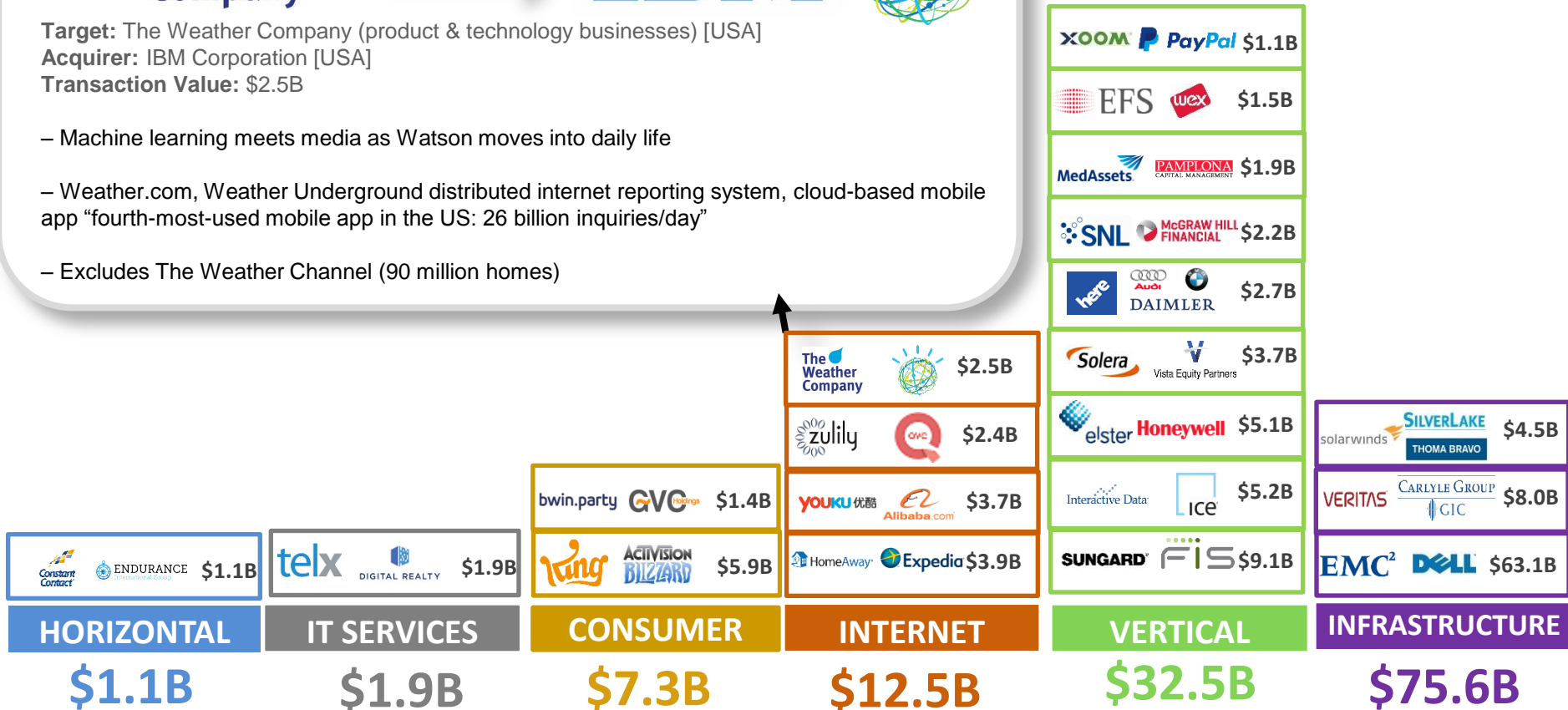


Target: The Weather Company (product & technology businesses) [USA]

Acquirer: IBM Corporation [USA]

Transaction Value: \$2.5B

- Machine learning meets media as Watson moves into daily life
- Weather.com, Weather Underground distributed internet reporting system, cloud-based mobile app “fourth-most-used mobile app in the US: 26 billion inquiries/day”
- Excludes The Weather Channel (90 million homes)



Corum Research Report



Elon Gasper
Vice President,
Director of Research



Amber Stoner
Senior Analyst



Aaron King
Analyst

Why Sellers Sell



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.

Why Sellers Sell

Money

**Funding the enterprise
Liquidity/wealth**

Conflict

Partners, Employees, Family, Board/Investors

Fatigue

**Burnout
Health
Management challenges**

Growth/Opportunity

**Technological threat/change
Large marketing challenge
Ensuring company success**

Seven Deadly Sins of Tech M&A



#1: Dealing with only one buyer

Jim Perkins
Vice President
Corum Group Ltd.

Seven Deadly Sins of Tech M&A



John Simpson
Vice President
Corum Group Ltd.

#2: Internal conflict – Shareholders, employees, management

Seven Deadly Sins of Tech M&A



Mark Johnson
Vice President
Corum Group International, Ltd.

**#3:
Misunderstanding
buyer process –
contact at the
wrong level**

Seven Deadly Sins of Tech M&A



Jon Scott
Senior Vice President
Corum Group Ltd.

#4: Insufficient due diligence preparation

Seven Deadly Sins of Tech M&A



Dan Bernstein
Vice President
Corum Group Ltd.

#5: Failing to qualify buyers properly

Seven Deadly Sins of Tech M&A



Rob Schram
Senior Vice President
Corum Group Ltd.

#6: Failing to orchestrate buyers properly

Seven Deadly Sins of Tech M&A



#7: Ego, greed and arrogance

Ward Carter
Chairman
Corum Group Ltd.

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.

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.”

Nov. 12: **Sydney** – SUSO

Nov. 19: **Ft. Lauderdale**– SUSO

Nov. 12: **Hamburg** – MB

Nov. 19: **Munich** – SUSO

Nov. 16: **Brisbane** – MB

Nov. 24: **Amsterdam** – SUSO

Nov. 17: **Tampa** – SUSO

Nov. 25: **Stockholm** – SUSO

Nov. 18: **Auckland** – SUSO

Nov. 26: **Copenhagen** – SUSO

Nov. 19: **Wellington** – MB

www.CorumGroup.com/Events

CORUM

After the Deal – Celebration





www.corumgroup.com