

CORUM

Tech M&A Monthly

What's Killing Deals Now?



We welcome your questions!

Email questions to

info@corumgroup.com



Complete Global Market Report
Available Upon Request

This event is being recorded

On demand webcast will be available at
www.corumgroup.com

MERGE BRIEFING

- **90 Minutes**
- **Industry Update**
- **Overview of the M&A Process**





- **Half-Day**
- **Tech M&A Bootcamp**
- **The most attended tech executive conference in history**



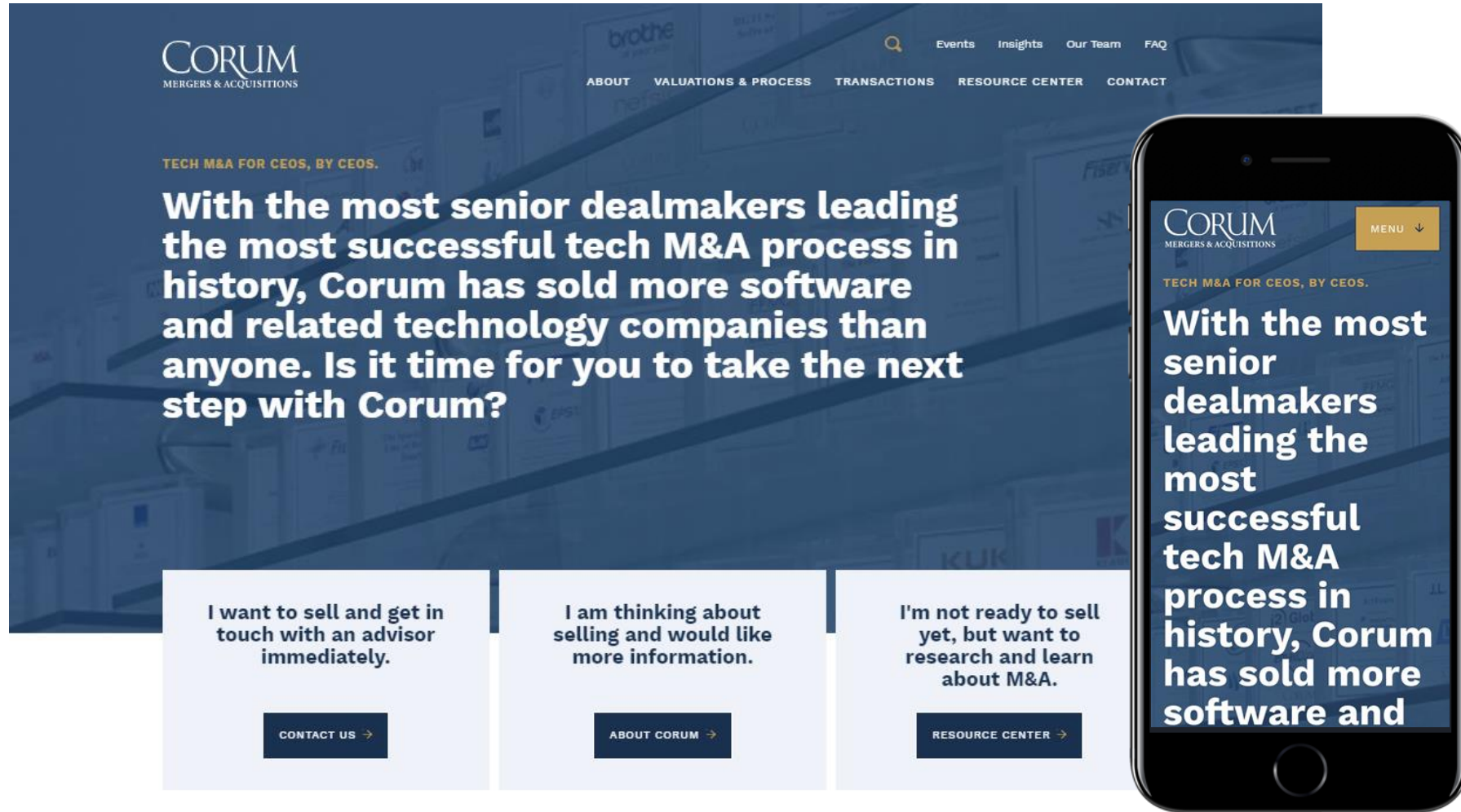


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CORUM
Mergers & Acquisitions

ABOUT VALUATIONS & PROCESS TRANSACTIONS RESOURCE CENTER CONTACT

TECH M&A FOR CEOs, BY CEOs.

With the most senior dealmakers leading the most successful tech M&A process in history, Corum has sold more software and related technology companies than anyone. Is it time for you to take the next step with Corum?

I want to sell and get in touch with an advisor immediately.

CONTACT US →

I am thinking about selling and would like more information.

ABOUT CORUM →

I'm not ready to sell yet, but want to research and learn about M&A.

RESOURCE CENTER →

CORUM
Mergers & Acquisitions

MENU ↓

TECH M&A FOR CEOs, BY CEOs.

With the most senior dealmakers leading the most successful tech M&A process in history, Corum has sold more software and

35

Years in business

20+

Advisors worldwide

\$10B

In wealth created

400

Closed transactions



**Focus—sell side,
technology only**

**Detailed, professional,
global process**

**Team approach,
senior dealmakers**

**World Technology
Council**

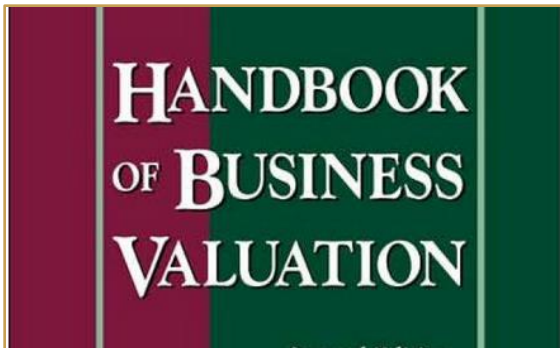
SOLD MORE SOFTWARE-RELATED FIRMS THAN ANYONE



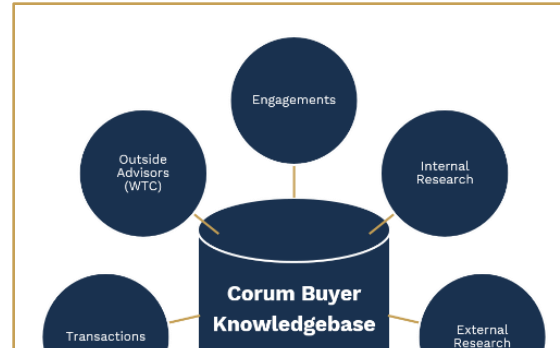
Research



Education



Valuation



Database



**The definitive tech
M&A education**

- **Since 1990, the most attended executive conference in technology history**
- **More events hosted than all other competitive conferences combined**
- **Over \$2 trillion in transaction value by attendees – buyers and sellers**

8 Stages for an Optimal Outcome

Preparation

Research

Contact

Discovery

Negotiation

Due
Diligence

Closing

Integration

Past Attendees Include



Tech M&A Monthly

Starts in 1 minutes



Thoughts? Questions? Let us know!
@CorumGroup

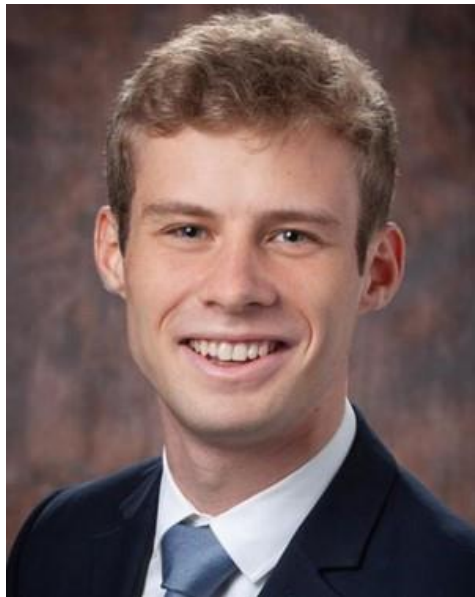
CORUM

Tech M&A Monthly

What's Killing Deals Now?



Rielly Milne, Vice President, Marketing, Corum Group Ltd.



- Rielly manages and oversees the production of Corum's webcasts and online events in coordination with the World Financial Symposiums.
- He brings media production experience from technology reviews, hospitality promotion, sporting event live streaming, and travel content.
- Prior to joining Corum in 2019, he was a coxswain for the U.S. Men's Rowing Team in Oakland, CA during their preparations and trials for the 2020 Tokyo Olympics.
- Rielly holds a bachelor's degree from the University of Washington in Communication.

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Welcome

Deal Report

Field Report

What's Killing Deals Now?

Global Tech M&A Research Report

Closing

Allan Wilson, Senior VP, Corum Group Intl. S.Á.R.L.



- 30+ years of executive and entrepreneurial experience.
- Built and sold several software companies in sectors including: manufacturing, supply chain, big data, predictive analytics and social networks.
- International background, lived in Germany working for SAP.
- Sold his company to them (SAP) in 2009.



has acquired



Corum acted as exclusive M&A advisor to AVATA



AVATA is a leading strategic partner of Oracle and is recognized for its global capabilities in helping companies solve critical business challenges through people, processes, and technology. AVATA offers a unique blend of real-world industry experience, best practices, and software expertise that sets them apart from pure system integrators.

AVATA is headquartered in the US with resources throughout the USA, Australia, India, and Europe.

Serge Jonnaert, Senior VP, Corum Group Ltd.



- 30+ years of strategy, product, and service accomplishments from ideation to global success.
- Technology entrepreneur and trusted advisor with experience in enterprise, cloud, big data, AI, interoperability, and IoT solutions for consumer, healthcare, and industrial markets.
- Successful track record of facilitating and closing global distribution, partnership, consortium, government, and M&A deals, in the US and abroad.
- Sits on several boards including as President for the IVD Industry Connectivity Consortium, Integrating the Healthcare Enterprise (IHE), as well as a member of the SHIELD Clinical IVD workgroup, which includes representation by the FDA, CDC, NIH, ONC, CMS, and other industry groups.
- Fluent in English, Dutch, French, and German.



Clay AIR was founded in 2015 and provides a high-performing, hardware-agnostic solution for hand tracking and gesture recognition in real time. Based on more than 10 years of research with a 96% plus accuracy rate, the company's software platform enables hardware providers to offer users more immersive, more intuitive interactions with kiosks, in-car displays and consumer electronics of all types, reshaping how we interact with the digital world.

Clay AIR is based in Los Angeles, CA. The company's European headquarters is in Paris, France, and its R&D center is in Bordeaux, France.

Growth and Exit Strategies

For Software & IT Companies:

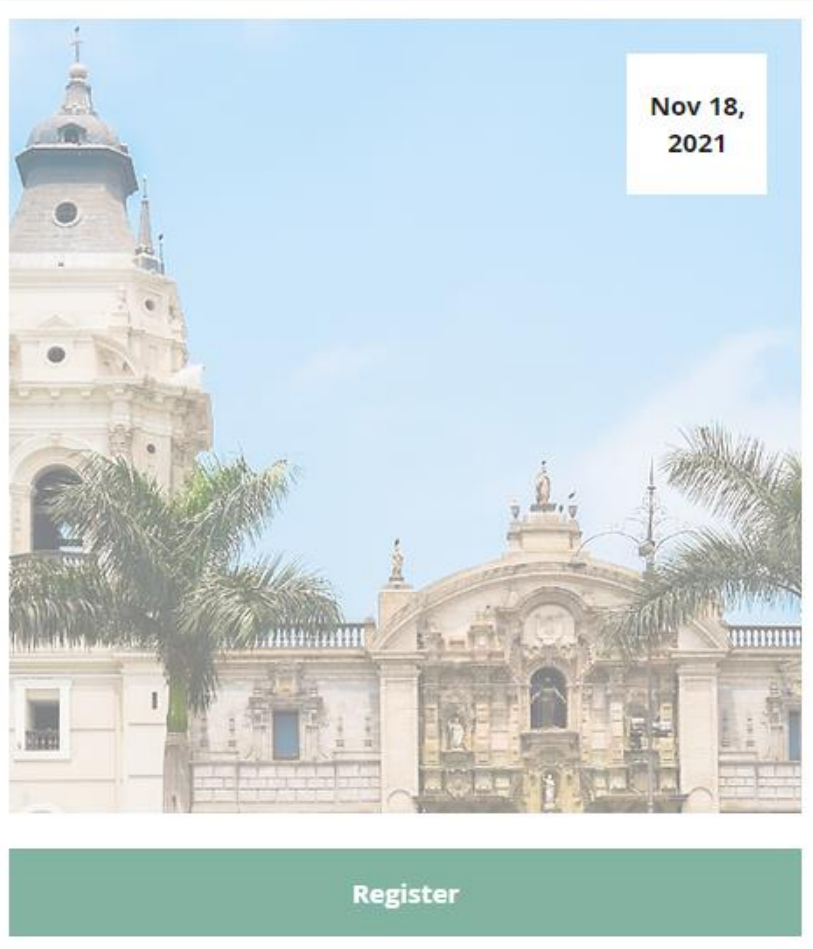


Barbara Momboeuf

International Director



Upcoming WFS Events:



Nov 18,
2021

Register

Tech Growth & Exit Strategies: LATAM, Building for Scale & Building for Sale

6:00 PM — 11:00 PM CST

Agenda del evento virtual

- **Las 10 principales tendencias tecnológicas disruptivas del 2021** - *M&A Market Update & 2021 Top 10 Disruptive Tech Trends*
- **Panel de inversionistas: ¿Se financiará su estrategia?** - *Investors Panel: Will your strategy get funded?*
- **Métricas de valoración de tecnología: ¿Cuál es el valor de su compañía?** - *Tech Valuation Metrics: What is your company worth & how do you get it?*
- **Panel de compradores estratégicos y financieros: ¿Qué quieren los compradores de tecnología?** - *Buyers Panel: Do you have what they want?*
- **Panel de vendedores: Consejos de directores ejecutivos que han vendido su compañía** - *Sellers Panel: Advice from CEOs who've sold*
- **Presentación especial: 12 pasos que puede seguir para aumentar el valor de su compañía** - *Special presentation: 12 Steps You can Take to Increase your value*

<https://wfs.com/conferences>

GXS LATAM 2021 Guests:



Ricardo Granja Vázquez
—
Managing Partner



Jorge A. Calles Estrada
—
CEO



Claudio Baumann
—
Managing Director



Luis Enrique Lopez
Zabala
—
General Manager

*Ricardo Granja Vázquez, Managing Partner | **Alacrity Mexico**
Jorge González Gasque, Managing Partner | **G2 Momentum Capital**
Claudio Baumann, Managing Director | **Akamai**
Luis Enrique Lopez Zabala, General Manager | **Efizity***

*Rodolfo Elias Dieck, CFA | **Proeza Ventures**
Gustavo Murillo, Partner | **Zulu Capital**
Jorge A. Calles Estrada, CEO | **Bridges Business Builder**
Cristiano Englert, Co-founder | **Grow+***



Rodolfo Elias Dieck
—
Managing Director



Gustavo Murillo
—
Partner



Jorge González Gasque
—
Managing Partner

<https://wfs.com/conferences>

GROWTH & EXIT STRATEGIES
FOR SOFTWARE AND IT COMPANIES



World Financial Symposiums

Educating Technology Leaders



CORUM

Tech M&A Monthly

What's Killing Deals Now?



#1

Lack of Honesty

- Not being upfront about pertinent information can ruin deals
- Relationships often don't end with the signing of a contract. You might be working together in the future.





Joel Espelien,
Executive
Director,
Corum Group
Ltd.

“As I mentioned in a recent Corum Merge Briefing, it’s a waste of time trying to hide negative pertinent information about your business during the M&A process.

When the truth comes out during due diligence—which it will—it’s going to be too late. By then you’ve betrayed the buyer’s trust and they’ll wonder what else you’re not telling them. Best case scenario is that they delay and re-trade the deal while they process the new information.

While the most likely outcome is that they walk completely.”

#2

The Human Element: Greed, Ego, Arrogance

- Often appears at the end of deals
- Can show in various ways:
 - Unreasonable provisions from investors,
 - Pushback from partners,
 - Employee holdout for more money,
 - Uninvolved board member making a play,
 - Other personal matters





Rob Griggs,
President,
Corum Group
Ltd.

“Unfortunately, I’ve seen this firsthand recently with a client. We went through an arduous process making sure the deal was setup following a meticulous process checking off both buyer and seller needs—months and months of work. But, ultimately, the buyer pulled their \$55M offer and the deal fell apart at the end.

The client missed out on a quarter of revenue. The goal was \$3.5M and it came in at \$2.5M and the deal died.

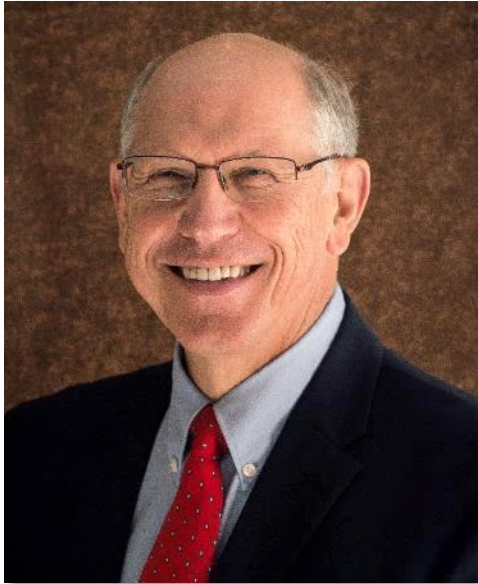
There was greed on the seller’s part pushing too hard on the language in the LOI and then los[ing] focus on running the business—critically missing their quarterly revenue target.”

#3

Lack of Preparation

- Do your homework, **show your work!**
- ***"We don't have that information,"*** and/or ***"We never thought to look for that information,"*** will not work





Ivan Ruzic,
Senior VP,
Corum Group
Ltd.

“I always tell clients that good preparation equals good deals. Risk mitigation is important to buyers and the appearance of professionalism is really important to making a buyer feel comfortable with the proposed transaction.

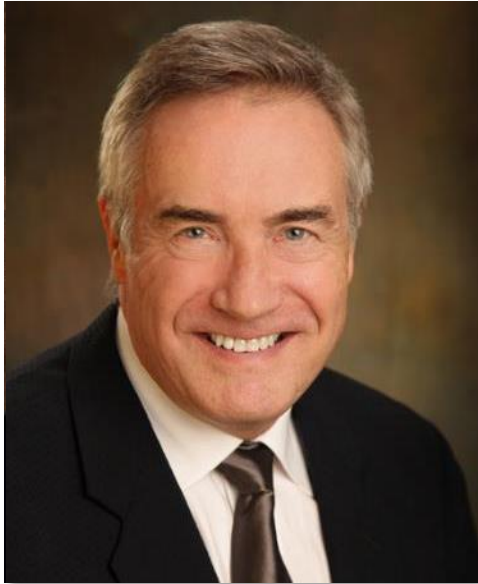
Not only do you need to know your business, but you also need to be able to convince the buyer that you do. So, nothing beats preparation.”

#4

Talking to Only One Buyer

- It's the biggest mistake a company owner can make when going to market
- May present legal issues
- One offer has very little value in the big picture





Bruce Milne,
CEO, Corum
Group Ltd.

“Even if you have a buyer, how do you get the right price and right structure without the leverage from other bidders? You can’t. Buyer tension—the competitive pressure created by an auction environment—is the key to driving the value up.”

“Your minority investors, with the law on their side, may say, ‘Why did you sell to the first buyer who came along, violating your fiduciary duty? It’s your job to get the maximum value for our shares. You should have talked to others.’”

#5

Pitching Concepts and Stats Instead of Relatable Stories

- You're selling your story— Why **YOUR** company?
- How well you tell the story is key to a successful outcome





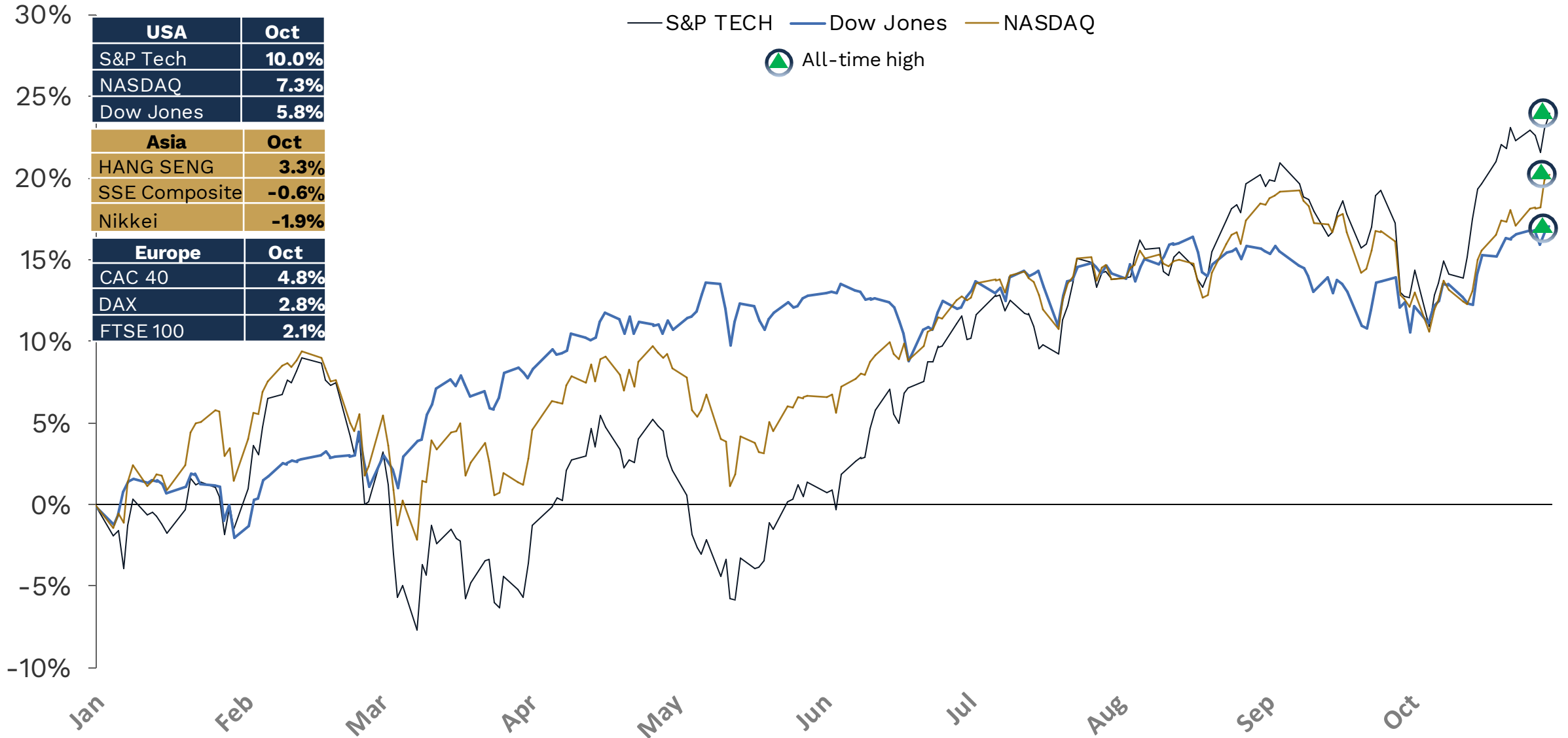
Jon Scott,
Chairman,
Corum Group
Intl. S.á.r.l.

“One deal killer I see, thankfully not very often, is when a seller does not respond to due diligence requests from a buyer in a timely fashion. A buyer is typically hiring outside and expensive resources to conduct diligence. If you don’t respond in a timely or thorough manner you will not only down slow the process but [also] may be sending the signal that you are disorganized. I’ve seen buyers walk away from transactions because of this.”

Tech M&A Research Report

Public Markets Jan 2021–Oct 2021

% CHANGE



Market

Transactions

October 2020

383

October 2021

331

14%



Mega Deals

5

11

120%

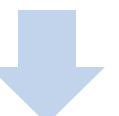


Largest Deal

\$35B

\$11B

69%



Pipeline

**Private Equity
Platform Deals**

October 2020

38

October 2021

33

13%



VC-Backed Exits

91

100

10%



SPACs

8

8



Attributes

**Cross Border
Transactions**

October 2020

35%

October 2021

40%



Start-Up Acquisitions

23%

24%



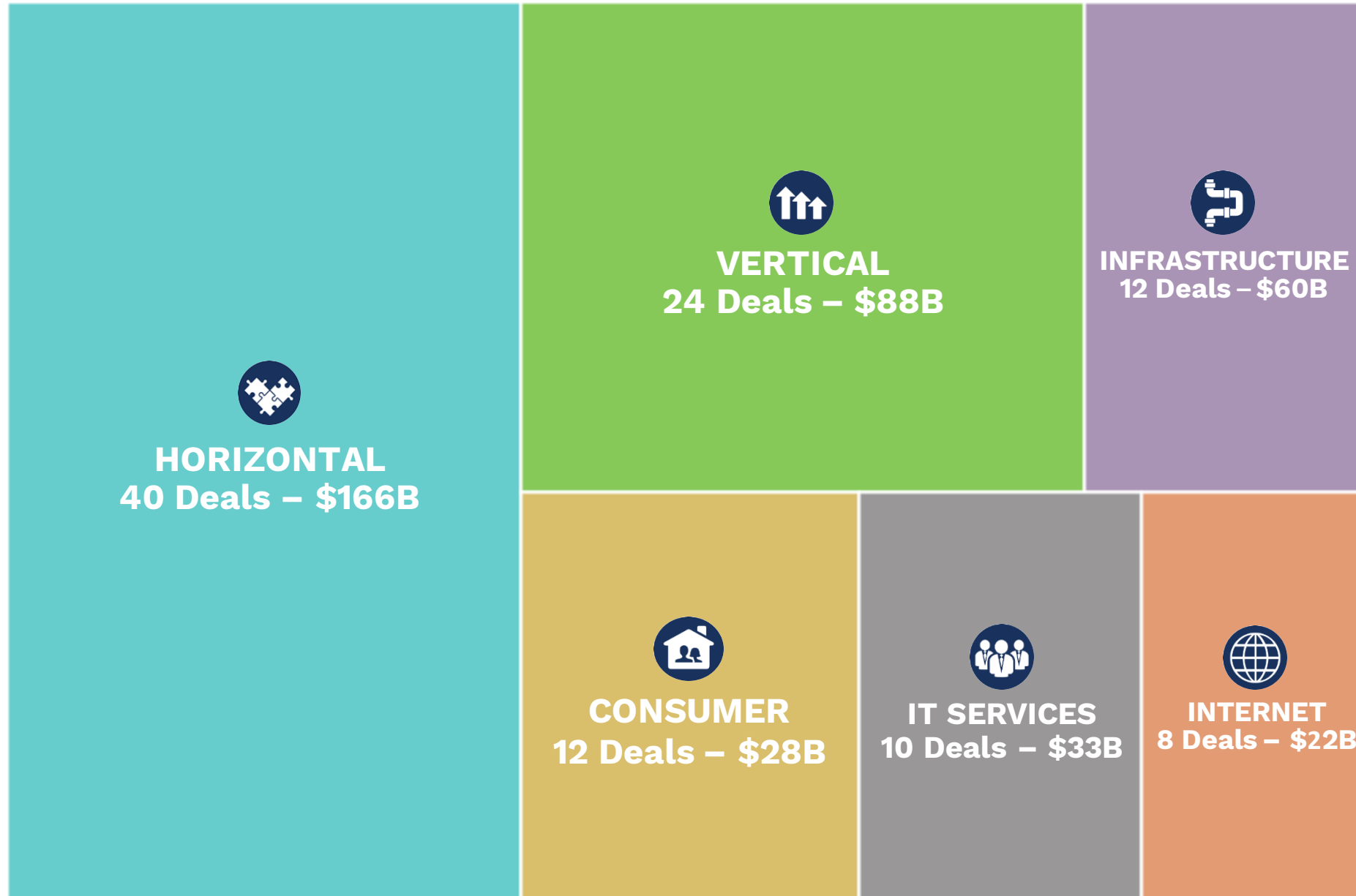
Average Life of Target

16 yrs

15 yrs

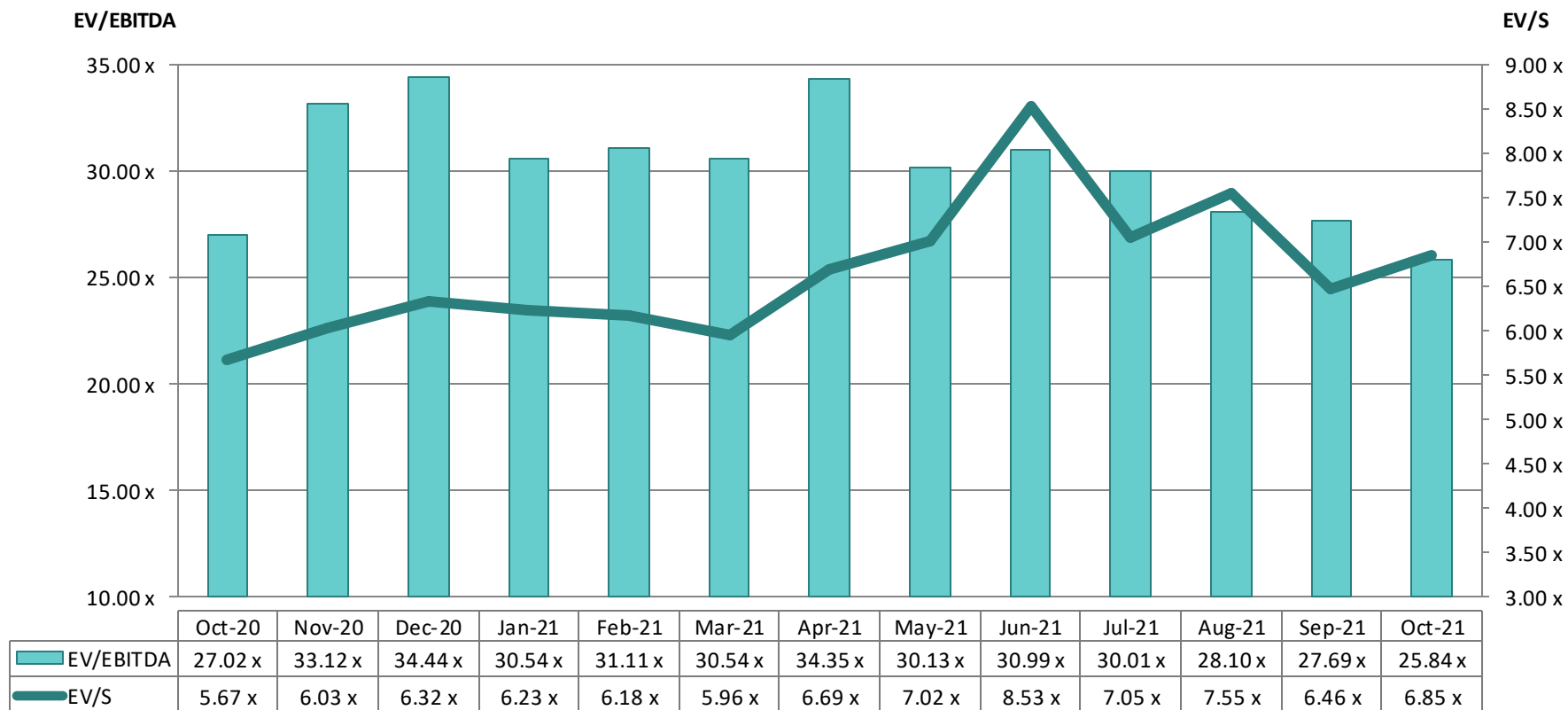


2021 Mega Deals (Jan-Oct)





Public Valuation Multiples





Subsector	Sales	EBITDA	Examples
Business Intelligence	— 8.41x	— 29.9x	
Marketing	— 4.20x	▼ 18.3x	
ERP	— 7.02x	▲ 23.1x	
Human Resources	▲ 12.8x	— 24.8x	
SCM	▲ 14.4x	— 56.2x	
Payments	▼ 4.79x	▼ 23.8x	
Other	▲ 6.65x	— 28.5x	

2021 Mega Deals (Jan-Oct)



HORIZONTAL
40 Deals – \$166B



Seller: AspenTech [USA]

Acquirer: Emerson Electric [USA]

Transaction Value: \$11B (14.8x EV/Sales and 28.5x EV/EBITDA)

- Manufacturing process optimization SaaS

2021 Mega Deals (Jan-Oct)



HORIZONTAL
40 Deals – \$166B



Seller: MoPub [Twitter] [USA]

Acquirer: AppLovin [USA]

Transaction Value: \$1.1B and 5.6x EV/Sales

- Mobile advertising network & bidding exchange



Mobile Advertising



Seller: Tapjoy [USA]

Acquirer: ironSource [Israel]

Transaction Value: \$400M and 10x EV/EBITDA

- Mobile advertising software

2021 Mega Deals (Jan-Oct)



HORIZONTAL
40 Deals – \$166B



American
First Finance™



FirstCash®

Seller: American First Finance [USA]

Acquirer: FirstCash [USA]

Transaction Value: \$1.2B

- Online financial services & software

2021 Mega Deals (Jan-Oct)



HORIZONTAL
40 Deals – \$166B

LUCID  SOLD TO 

Seller: Lucid [USA]

Acquirer: Cint Group [Sweden]

Transaction Value: \$1.1B

- Programmatic survey marketplace

 **momentive**™ SOLD TO  **zendesk**

Seller: Momentive [USA]

Acquirer: Zendesk [USA]

Transaction Value: \$4.1B

- Survey creation SaaS



Email Marketing



eKomi

Seller: Crossware [New Zealand]
Acquirer: eKomi [Germany]
- Email marketing SaaS



Seller: Cheetah Digital [Vector Capital] [USA]
Acquirer: CM Group [Insight Venture Management] [USA]
- Cross-channel customer engagement SaaS



AI Simulation

AI.REVERIE

SOLD TO

facebook
Meta

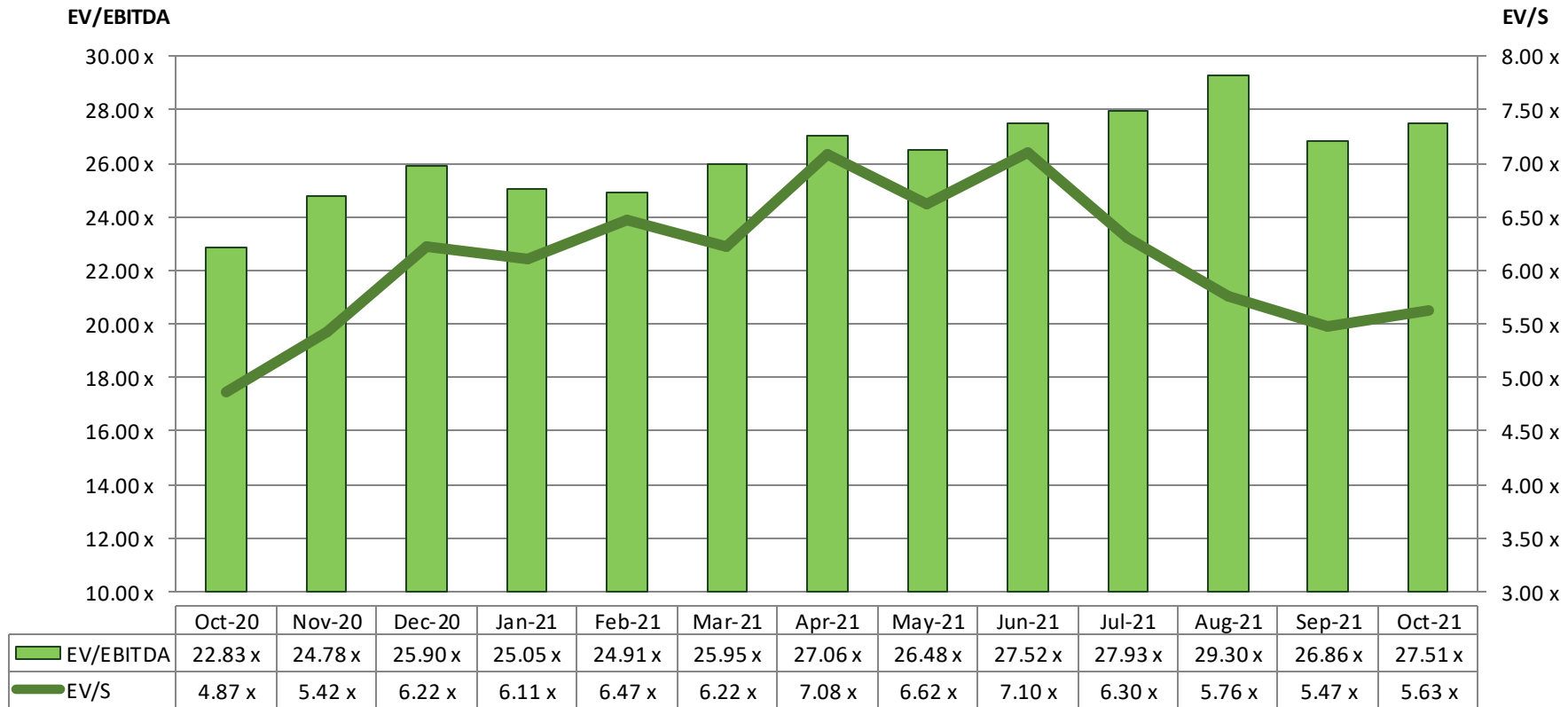
Seller: AI.Reverie [USA]

Acquirer: Facebook nka Meta [USA]

- AI model simulation SaaS



Public Valuation Multiples





Subsector	Sales	EBITDA	Examples		
A/E/C	▲ 15.9x	▲ 55.2x	AUTODESK	DASSAULT SYSTEMES	SYNOPSYS®
Automotive	▲ 4.78x	▲ 22.2x	Autotrader	Scout24	CDK Global
Energy & Environment	▲ 3.74x	▲ 28.4x	IHS Markit	Itron	xylem
Financial Services	▼ 6.82x	▲ 24.3x	Broadridge®	SS&C	fiserv.
Government	— 1.75x	▲ 13.8x	NORTHROP GRUMMAN	L3HARRIS	tyler technologies
Healthcare	— 3.31x	— 28.7x	Allscripts™	HealthCatalyst	Cerner
Real Estate	— 5.03x	▲ 60.4x	REDFIN	CoStar Group™	Zillow®
Other	— 5.52x	— 29.0x	AMADEUS®	Rockwell Automation	Sabre.

2021 Mega Deals (Jan-Oct)



VERTICAL
24 Deals – \$88B

veoneer  **Qualcomm** 

Seller: Veoneer [USA]

Acquirer: Qualcomm / SSW Partners [USA]

Transaction Value: \$4.2B

- Autonomous vehicle systems



VERTICAL
24 Deals – \$88B

TransUnion^{tu}
Healthcare business



nThrive[®]
CLEARLAKE

Seller: TransUnion (Healthcare business) [USA]

Acquirer: nThrive [Clearlake Capital Group] [USA]

Transaction Value: \$1.7B

- ERP software for businesses in the healthcare sector



Life Sciences



Seller: Saama Technologies [USA]

Acquirer: The Carlyle Group / Healthcare Investor Syndicate consortium [USA]

Transaction Value: \$430M

- Clinical intelligence data management SaaS



Seller: BioDiscovery [USA]

Acquirer: Bionano Genomics [USA]

Transaction Value: \$90M

- Genomic bioinformatics analytics SaaS



Seller: RxDataScience [USA]

Acquirer: Syneos Health [USA]

- Life sciences data analytics SaaS



Telemedicine

Lemonaid



23andMe

Seller: Lemonaid Health [USA]








Acquirer: 23andMe [USA]

Transaction Value: \$400M

- Online doctor's office

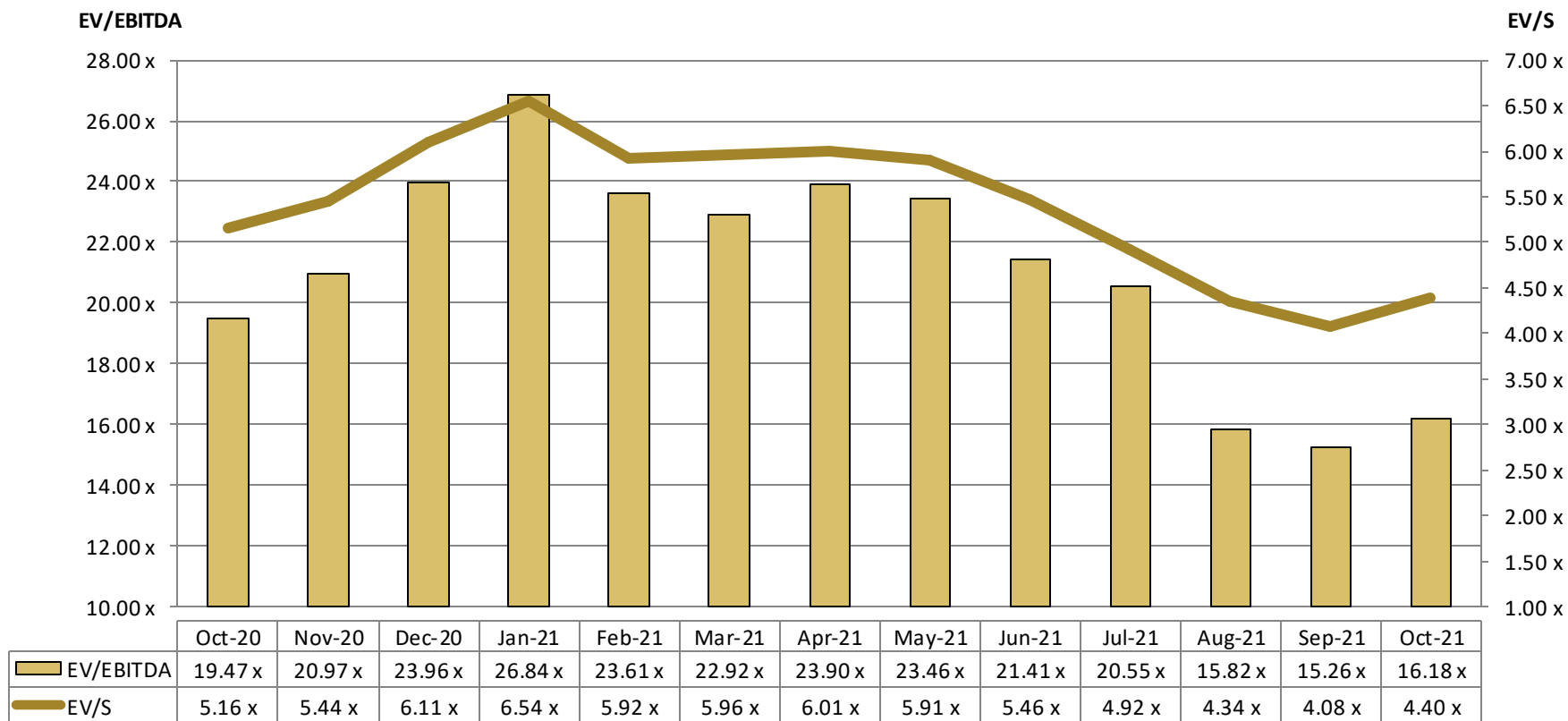


Hospitality

Seller	Acquirer	Seller's Country	Description
		USA	\$187M Restaurant CRM SaaS
		USA	Restaurant order management SaaS
		USA	Restaurant management SaaS
		Australia	Food catering SaaS
		Canada	Restaurant online ordering SaaS
		USA	Online order management SaaS



Public Valuation Multiples





Subsector

Sales

EBITDA

Examples

Casual Gaming

▲ 4.07x

▲ 17.1x

**EMBRACER⁺
GROUP**



zynga

Core Gaming

— 4.69x

▲ 16.9x

ACTIVISION[®]



Other

▼ 6.23x

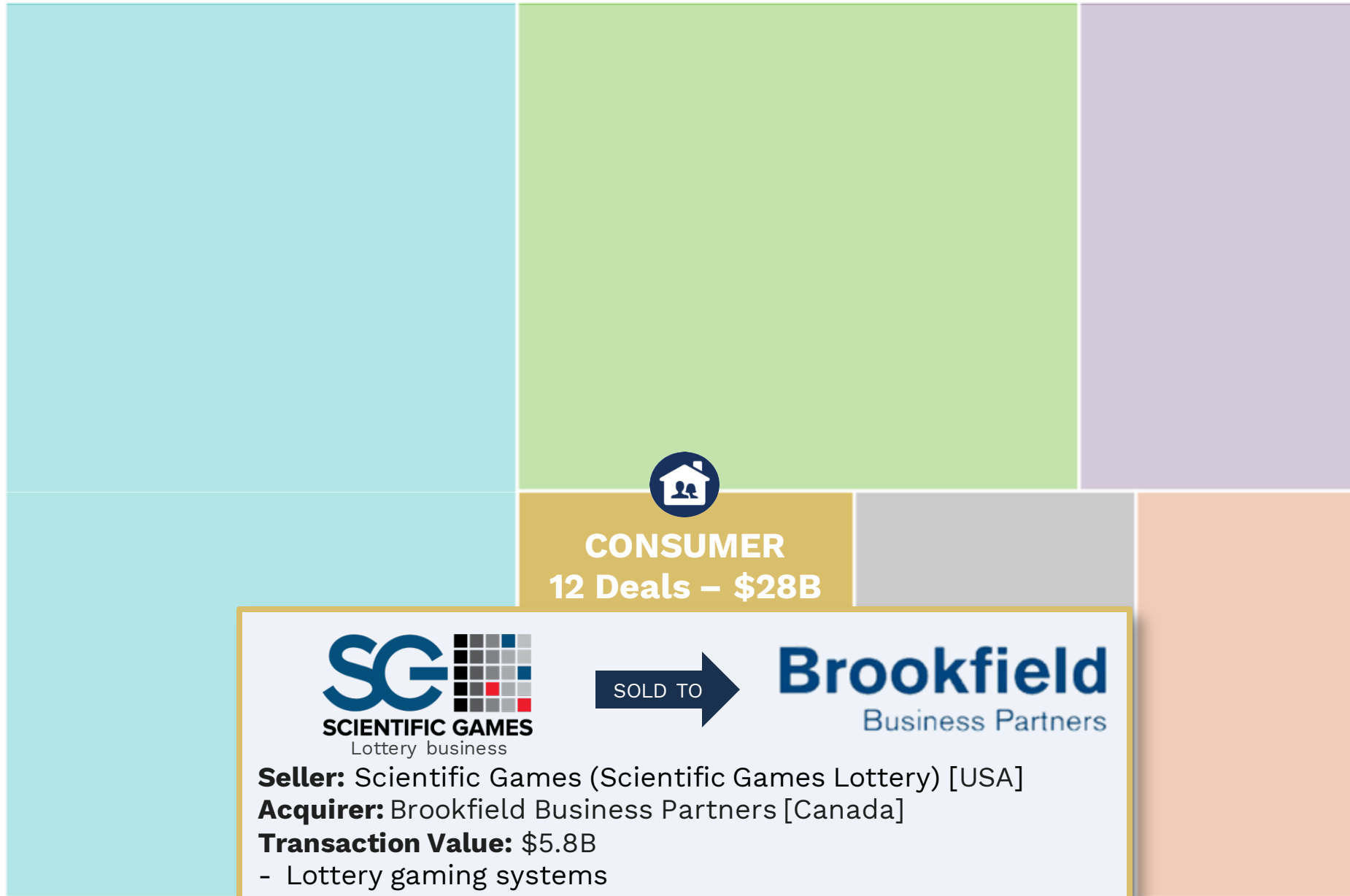
— 14.3x



NETFLIX



2021 Mega Deals (Jan-Oct)



2021 Mega Deals (Jan-Oct)



2021 Mega Deals (Jan-Oct)



CONSUMER
12 Deals – \$28B



Seller: GSN Games [Sony Pictures Entertainment] [USA]

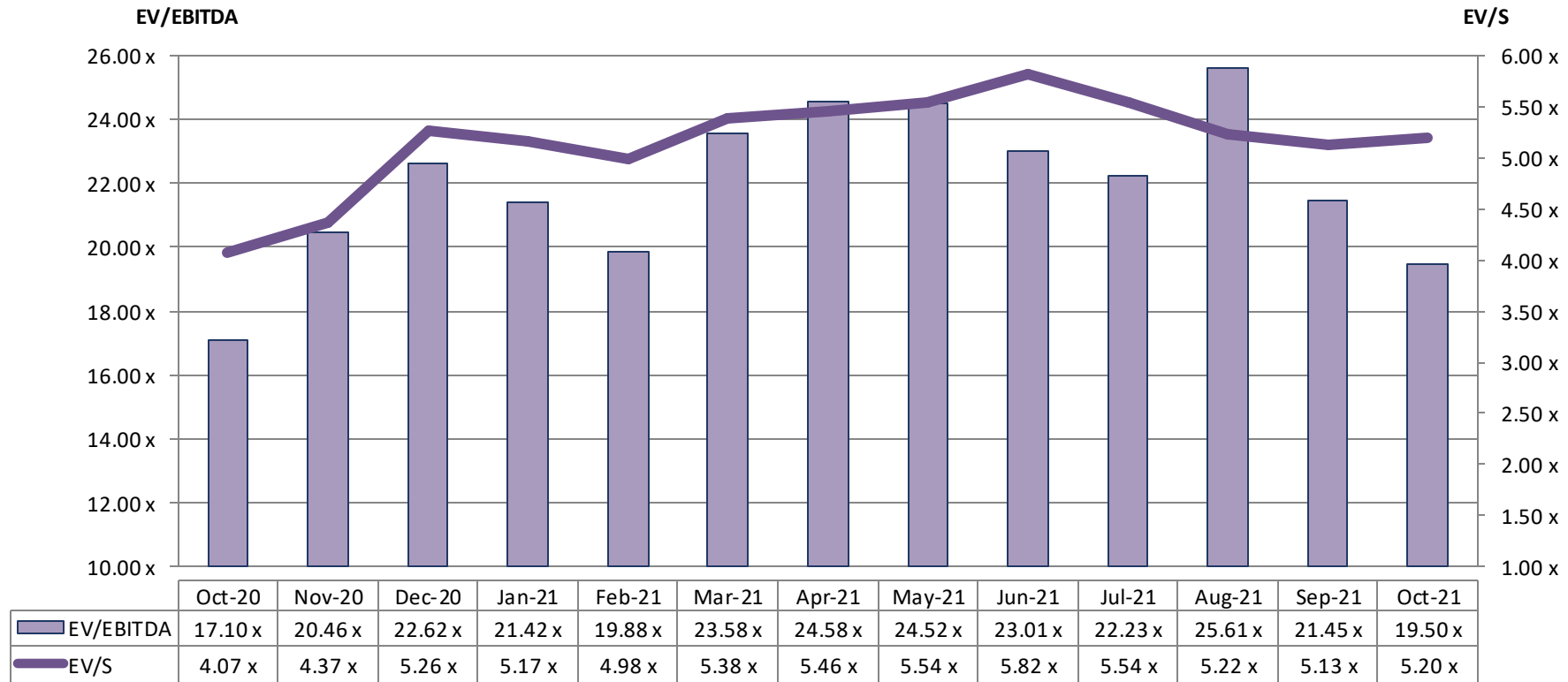
Acquirer: Scopely [USA]

Transaction Value: \$1.0B

- Online & mobile social videogames



Public Valuation Multiples





Subsector	Sales	EBITDA		Examples
Application Lifecycle	▲ 12.7x	— 11.7x	▲ ATLISSIAN	New Relic® Progress®
Endpoint	— 4.95x	— 23.0x		Opera vmware®
Network Management	— 4.50x	— 15.5x		CISCO JUNIPER NETWORKS
Security	▲ 11.5x	— 28.2x		Check Point® SOFTWARE TECHNOLOGIES LTD. FIREEYE™
Storage & Hosting	— 4.00x	▼ 36.9x		COMMAVAULT® NetApp
Other	— 12.0x	— 16.0x		Appian twilio



ID and Access Management

CloudCodes
Assets

SOLD TO



Seller: CloudCodes Software (assets) [India]

Acquirer: Plurilock Security [Canada]

Transaction Value: \$1.7M

- Cloud Security SaaS

onelogin

SOLD TO



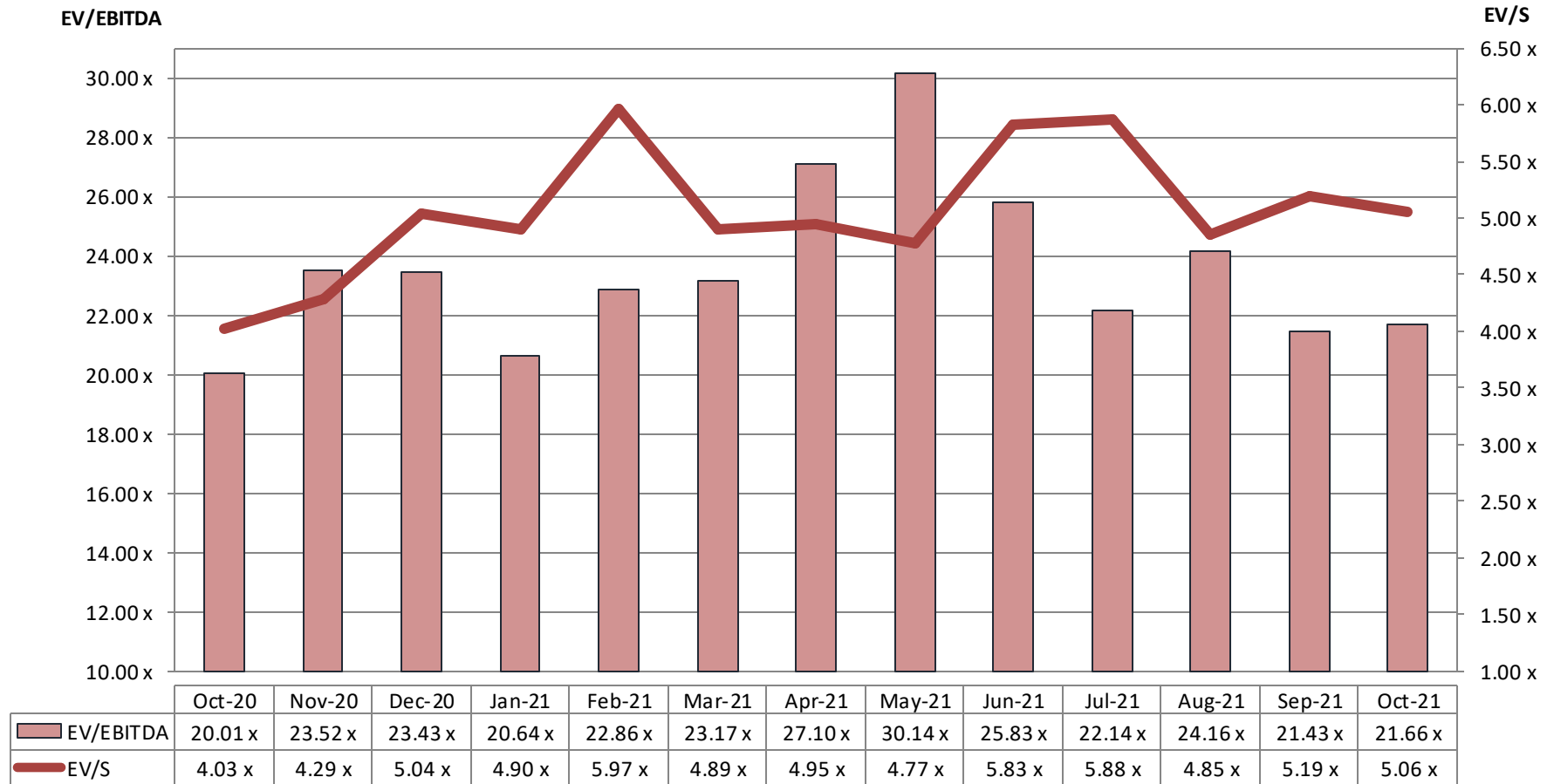
Seller: OneLogin [USA]

Acquirer: One Identity [Quest Software] [USA]

- Identity management SaaS



Public Valuation Multiples





Subsector

Sales

EBITDA

Examples

Diversified Internet

— 6.19x

— 21.7x

Alphabet  

eCommerce

— 3.25x

— 27.9x

Social Network

▼ 4.89x

▼ 14.5x

Travel & Leisure

— 9.91x

— 39.5x



Classifieds



SOLD TO



Seller: Career Now Brands [USA]

Acquirer: Shoreline Equity Partners [USA]

- Job classified websites



SOLD TO



Seller: Boats24.com [Germany]

Acquirer: Boats Group [Permira] [USA]

- Online boats classified marketplace



Fitness



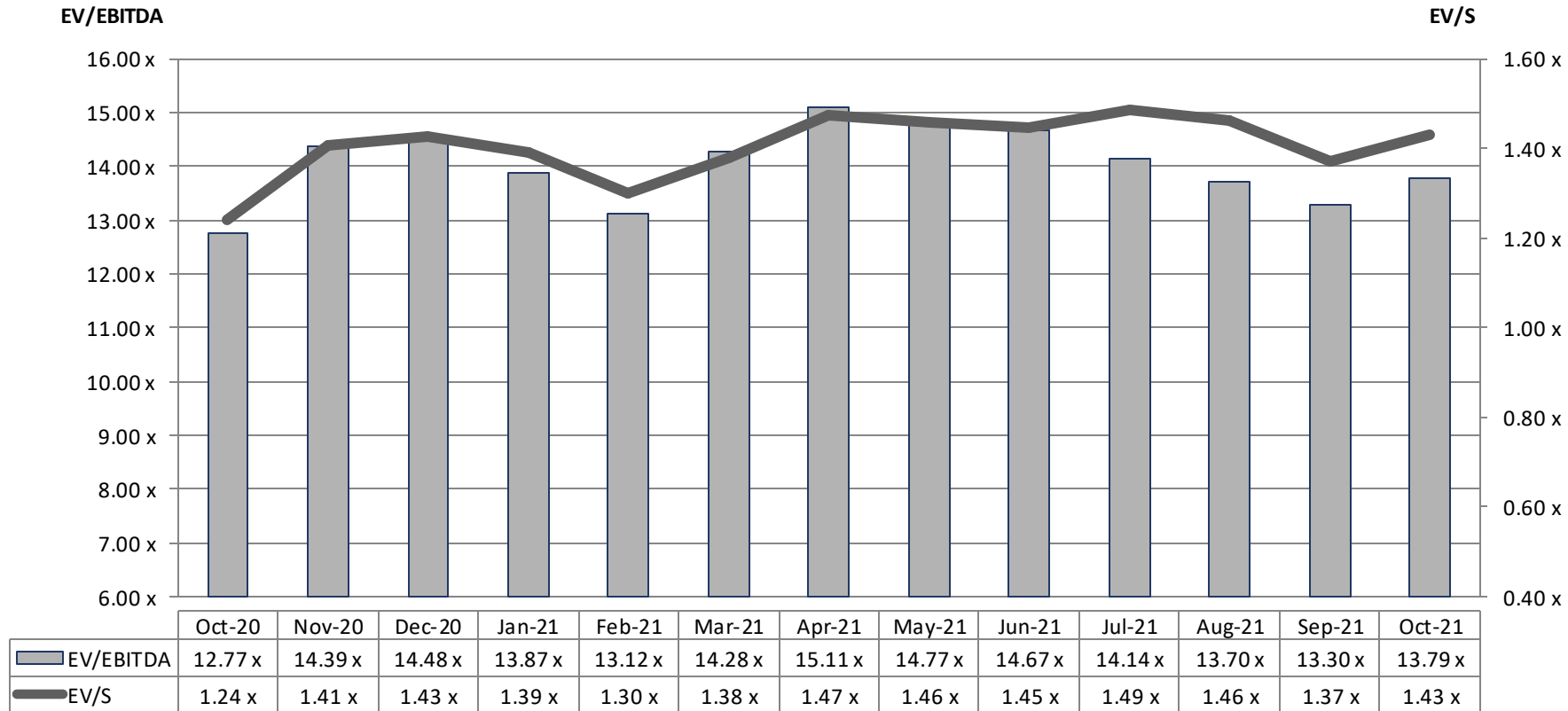
Seller: ClassPass [USA]

Acquirer: MINDBODY [Vista Equity Partners] [USA]

- Online & mobile fitness booking service

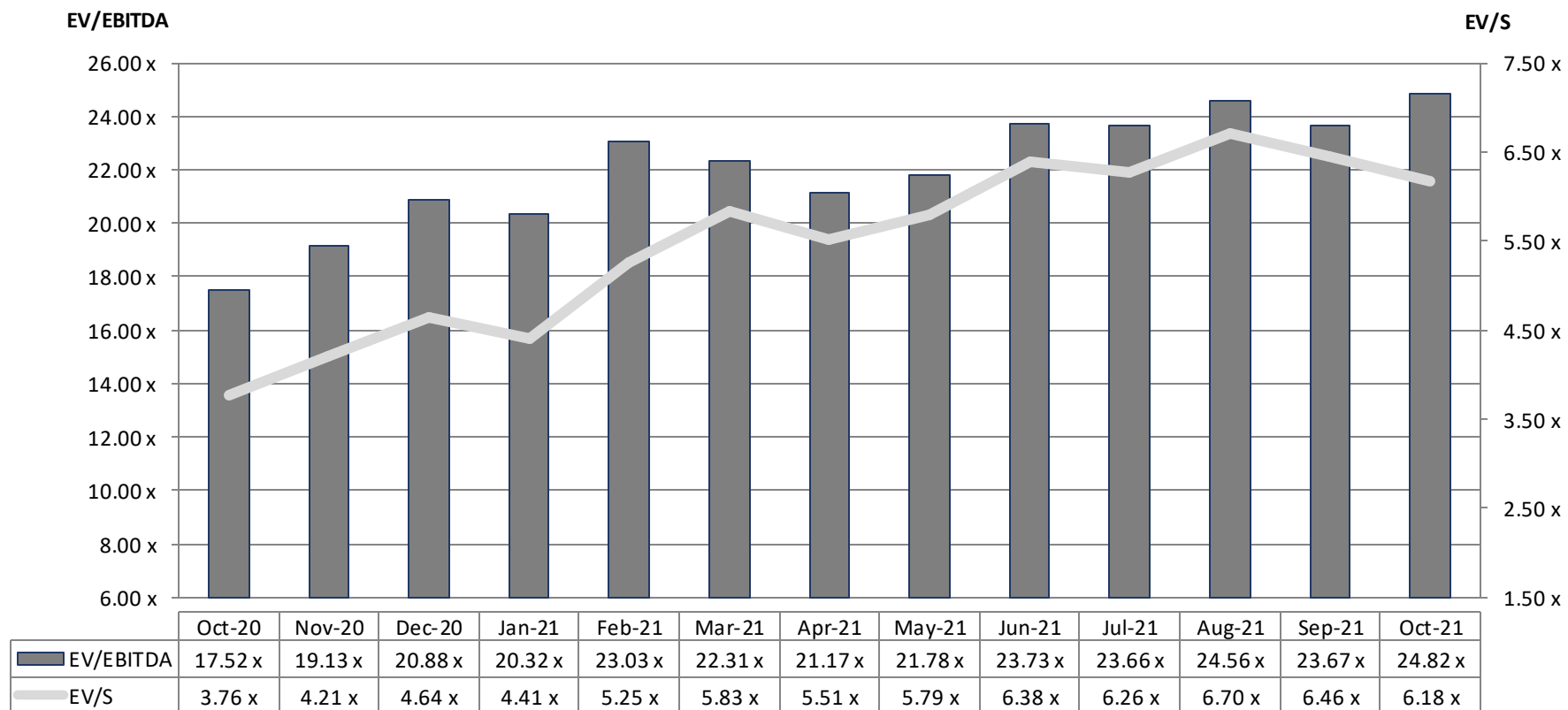


Public Valuation Multiples

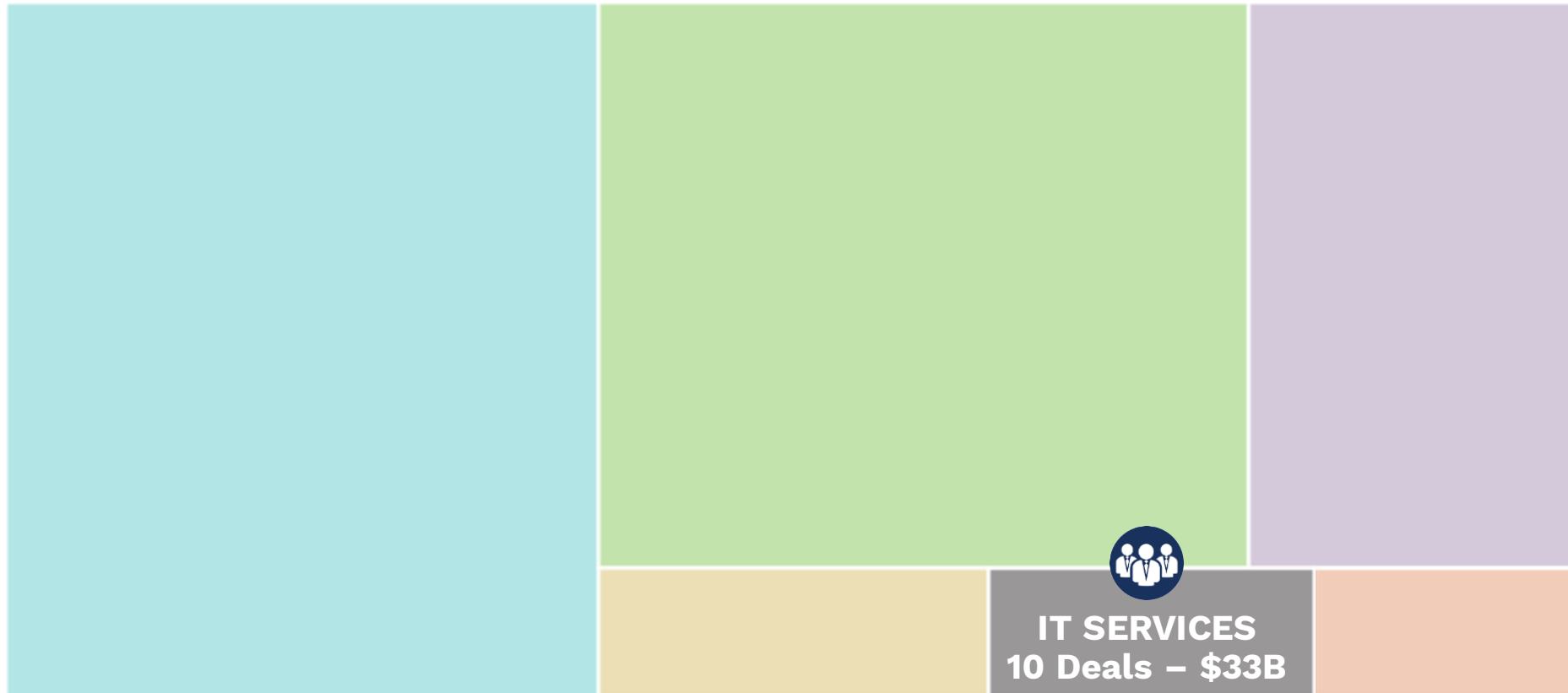




Public Valuation Multiples



2021 Mega Deals (Jan-Oct)



SOLD TO



Seller: Sirius Computer Solutions [Clayton Dubilier & Rice] [USA]

Acquirer: CDW [USA]

Transaction Value: \$2.5B and 10.4x EV/EBITDA

- Systems, storage, network, mobility, and security integration



Government & Defense IT Services



Seller: Systems Planning & Analysis [CM Equity Partners] [USA]

Acquirer: Arlington Capital Partners [USA]

- IT services and software development



Seller: Array [USA]

Acquirer: CGI Federal [USA]

- IT and cybersecurity integration, DevSecOps, cloud migration and optimization services



Seller: NetCentrics [Haystax Technology] [Fishtech Group] [USA]

Acquirer: Cerberus Capital Management [USA]

- Systems integrator & software developer



Yasmin Khodamoradi
Vice President,
Valuation Services



**Artem
Mamaiev**
Associate



**Anna
Lebedieva**
Senior Analyst



**Olha
Rumiantseva**
Analyst



**Anastasia
Angelcheva**
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Tzvi Kilov
Writer



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- **90 Minutes**
- **Industry Update**
- **Overview of the M&A Process**



Webcasts



Podcasts



Conferences

After the Deal – Celebration



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CORUM

Thank you!