

CORUM

Tech M&A Monthly

Due Diligence Landmines

12 Survival Tips



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**



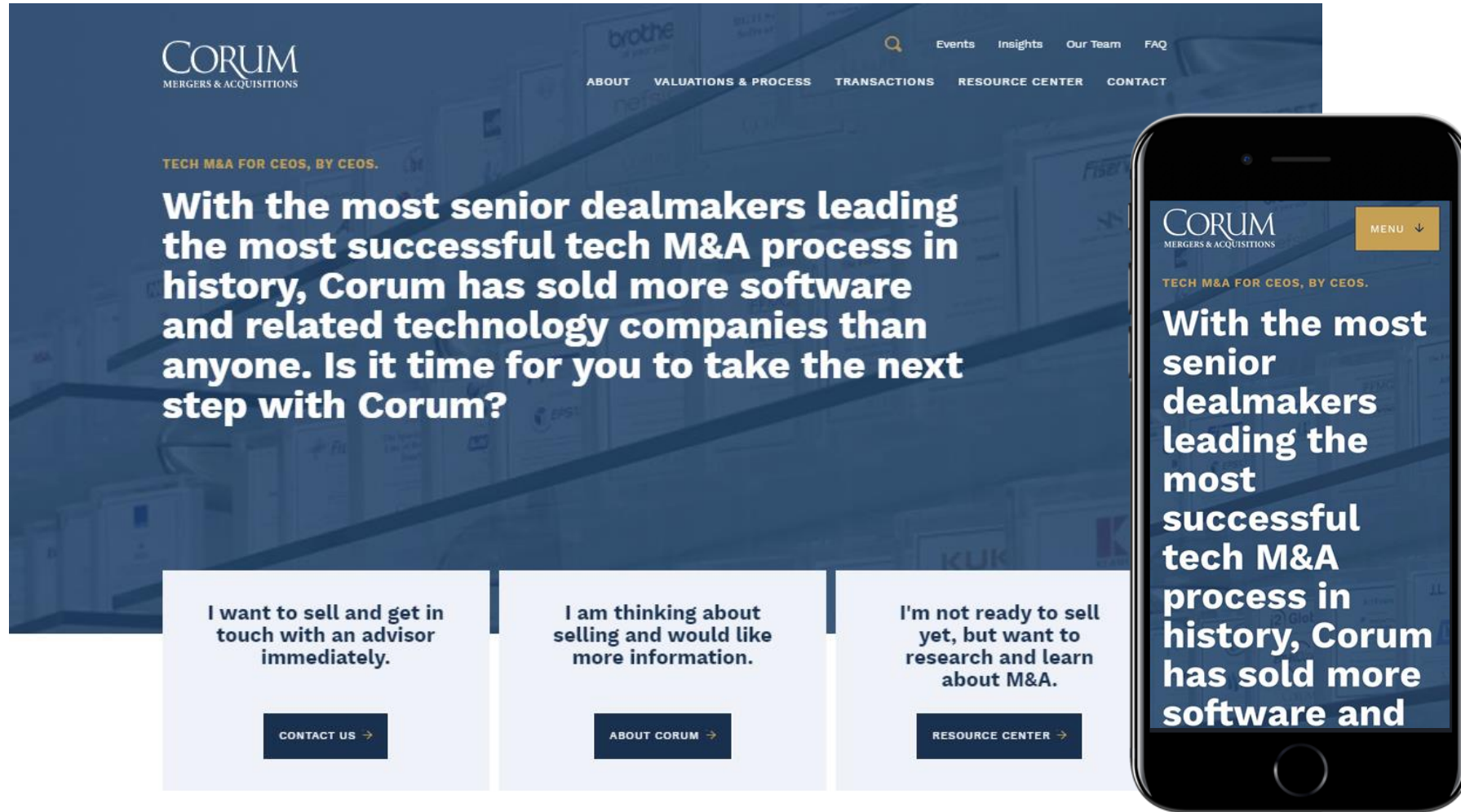


- **Half-Day**
- **Tech M&A Bootcamp**
- **The most attended tech executive conference in history**

MERGE BRIEFING



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



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 →](#)

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**

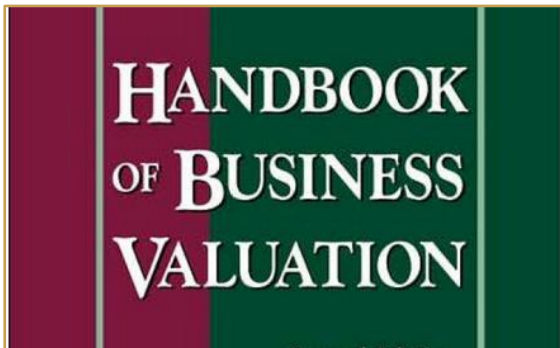
SOLD MORE SOFTWARE-RELATED FIRMS THAN ANYONE



Research

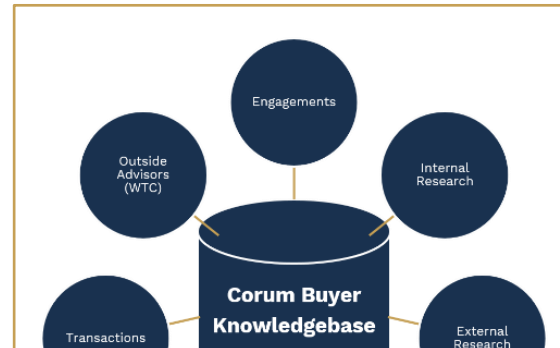


Education



Valuation

JEFFREY D. JONES



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

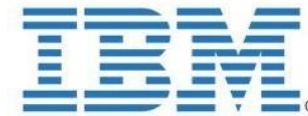
Negotiation

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

Due Diligence Landmines

12 Survival Tips



Heidi Owen, Executive Vice President, Marketing, Corum Group Ltd.



- Heidi leads the Corum marketing team and is responsible for planning, developing, and implementing Corum's marketing strategy and public relations activities
- Previously Heidi worked for The Corum Group, a venture capital firm dedicated to developing biotechnology companies and as the Marketing Manager for Maverick International, a manufacturer of payment processing systems and software
- Heidi earned a Bachelor of Arts degree in Psychology from Western Washington University

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

Welcome

Deal Report

Field Report

12 Survival Tips: Due Diligence Landmines

Global Tech M&A Research Report

Closing

Jaber Tannay, Senior VP, Corum Group Intl. S.á.r.l.



- Executive leader with 20+ years of expertise in serving high-technology companies.
- Acquiror & CEO of a software services firm.
- Founder of an M&A advisory focused on the tech sector.
- Operating roles in sales, marketing and business development for large software companies.
- Background also includes software engineering projects, successful turnaround endeavors and entrepreneurial ventures.
- Software engineer / MBA from INSEAD.



Founded in 1991, **CRI Group** specializes in cybersecurity and digital transformation and mainly develops projects for the European Union, specifically for official institutions based in Brussels, Strasbourg, and Luxembourg.

VASS's acquisition of CRI Group helps further VASS's goal of leading the SAP consulting market specializing in advanced topics by expanding its digital solutions in Europe.

Growth and Exit Strategies

For Software & IT Companies:



Barbara Momboeuf

International Director



Upcoming WFS Events:



Tech Market Spotlight: Global Tech Asia

Dec. 10, 2021 6 – 6:20 PM (GMT +8)

www.wfs.com/webcasts

www.wfs.com/conferences



Tech Market Spotlight: IoT

Dec. 17, 2021 6 – 6:30 PM (PST)

GROWTH & EXIT STRATEGIES
FOR SOFTWARE AND IT COMPANIES



World Financial Symposiums

Educating Technology Leaders



CORUM

Tech M&A Monthly

Due Diligence Landmines

12 Survival Tips





Due Diligence Is Key in
Financing, Tech M&A

You, Your Company Are
Under a Microscope

High Standards Set by PEs
as Leaders by Deal Volume

Now More Than Ever, You
Need to Know What's
Required to Meet Higher
Expectations

#1: Understand the Buyer Due Diligence Checklist

#1: Understand the Buyer Due Diligence Checklist

Due Diligence Checklist

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

**Used to Understand
All Aspects of Your Business
before Final Purchase**

**Complete List of
Information That Needs
to Be Produced**

#2: Prepare Your Data Room in Advance

#2: Prepare Your Data Room in Advance



All your critical documentation securely stored in one place

Respond to buyer's inquiries professionally, promptly—reinforces trust, how well your business runs

Professional Companies In Charge of Due Diligence Will Pursue Your Responses to the End

#3: Deal with Accounting Problems Ahead of Time

#3: Deal with Accounting Problems Ahead of Time

Acme Co.			
	Acme Co.	Pro Forma Adjustment	Pro Forma Combined
Revenue			
Cost of Revenue			
Operating Expenses			
Loss from Operations			
Loss Before Income Taxes			
Net Loss			

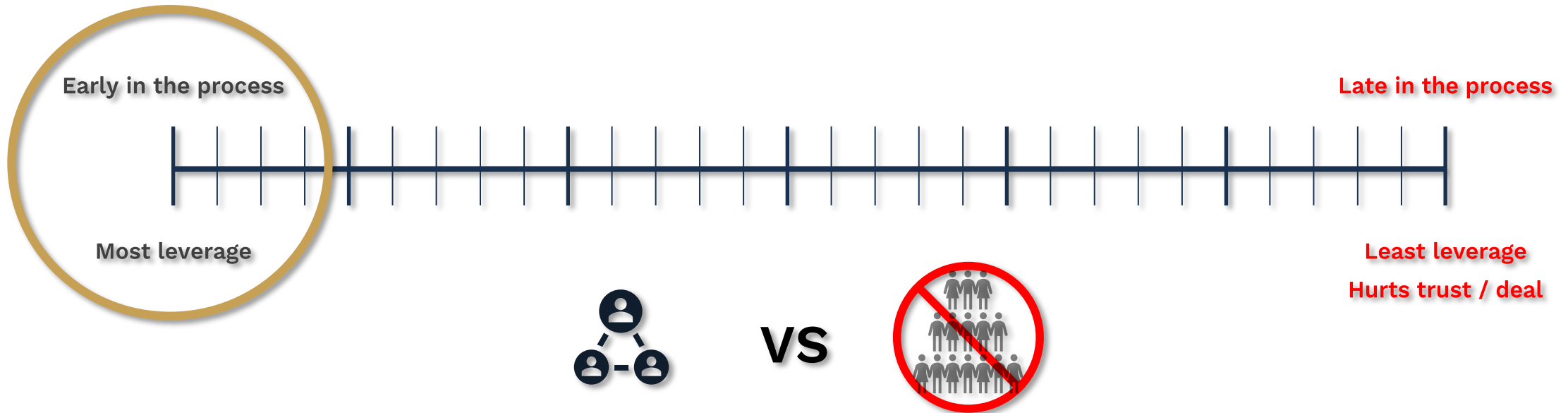
Pro Forma Capitalization				
	Amount	EBITDA	PF Amount	PF EBITDA
Cash and Equivalent				
Total Secured Debt				
Total Debt				
Net Debt				
PF Adj. EBDITA				

Most buyers prefer accrual accounting with revenue recognized over time it is earned, proforma statements without capitalization

#4: Control the Timing of Disclosures

#4: Control the Timing of Disclosures

Best to Get Issues out Early in the Process



Limit Access to Only a Few Staff Members, Deemed Critical

#5: Run a Parallel Due Diligence, Final Agreement Process

#5: Run a Parallel Due Diligence, Final Agreement Process



Due Diligence

Aspects of the Business,
Financials, Ownership, etc.



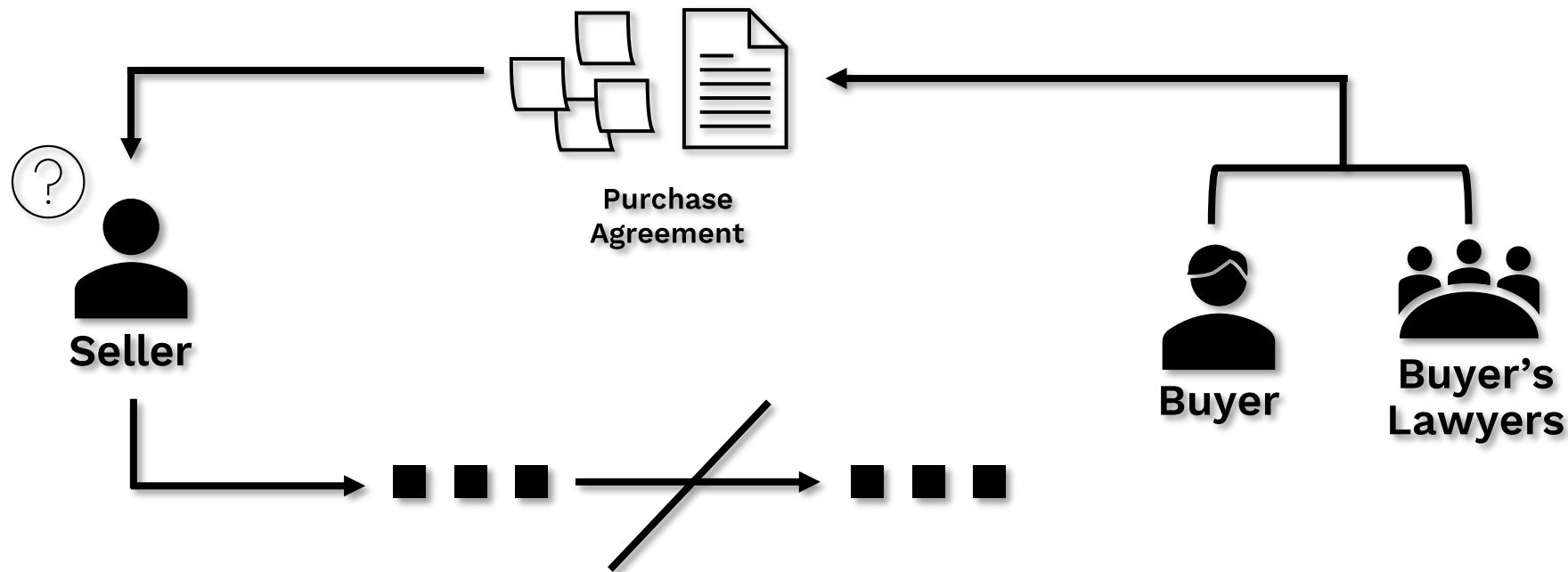
Final Agreement

Definitive Merger, Acquisition,
or Investment Agreement

#6: Get a Draft Agreement within 2 Weeks

#6: Get a Draft Agreement within 2 Weeks

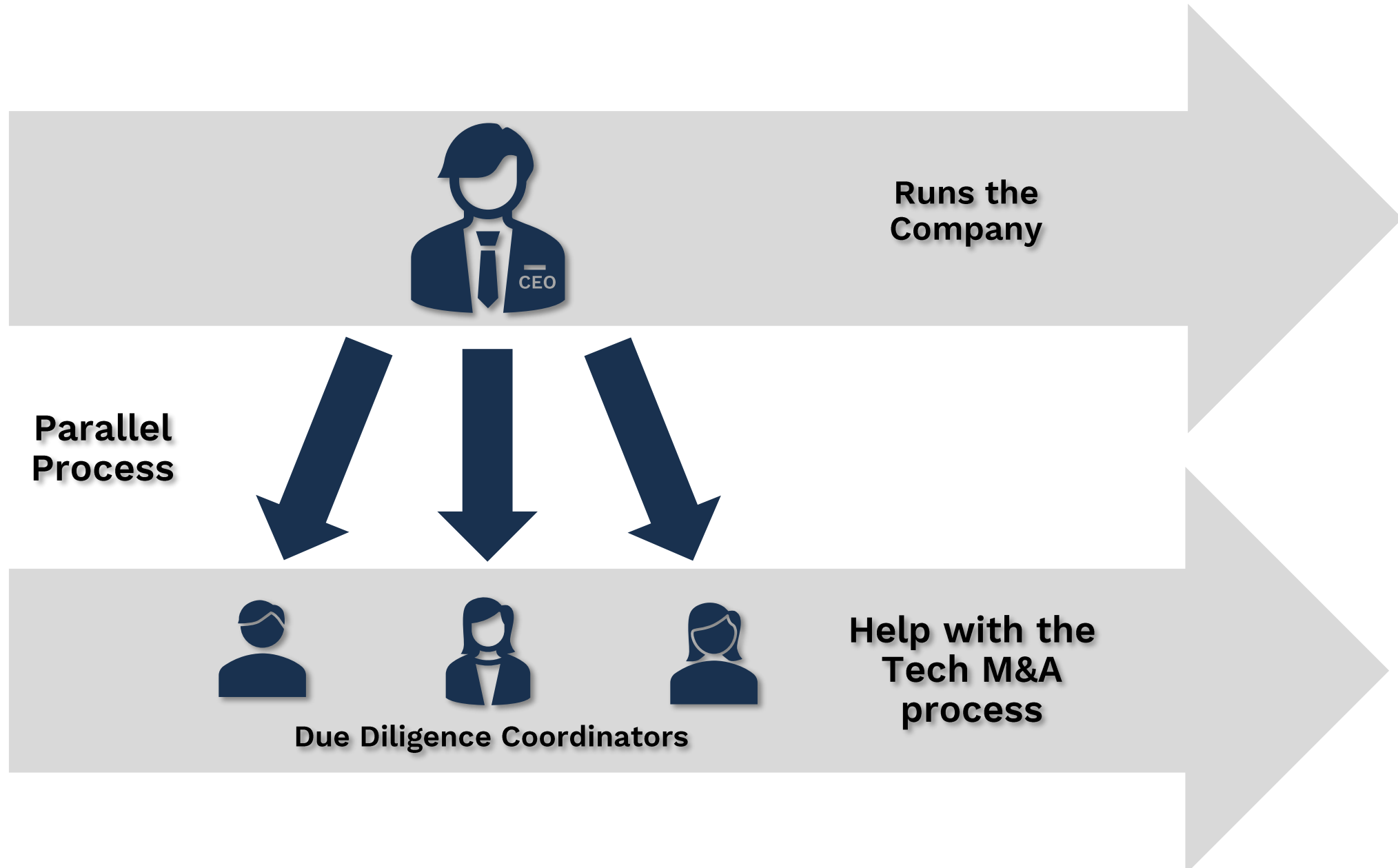
Important to Know Additional Opinions, Addendums, and Schedules Required Before Requested



If late, it can create delays, extra expenses, stress

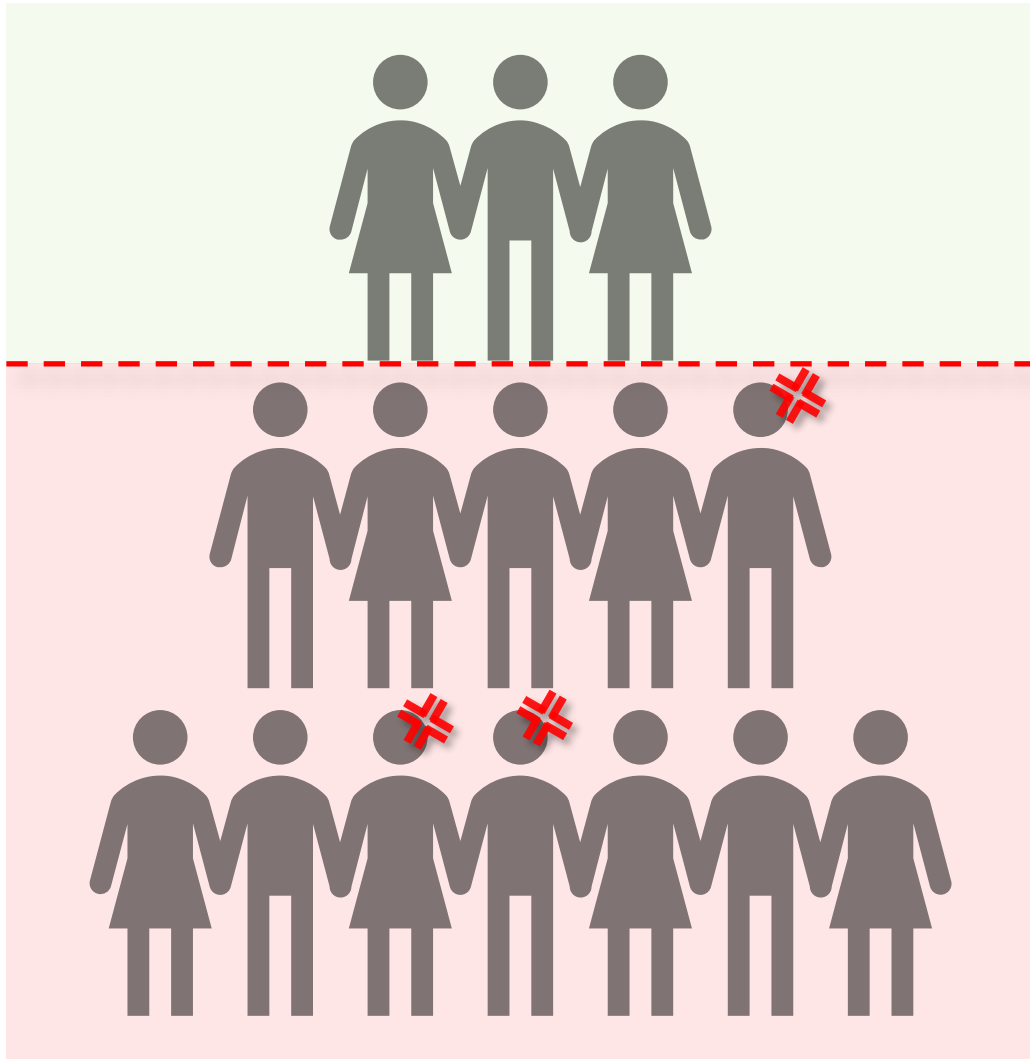
#7: Appoint a Due Diligence Coordinator

#7: Appoint a Due Diligence Coordinator



#8: Inform Key Employees Only

#8: Inform Key Employees Only



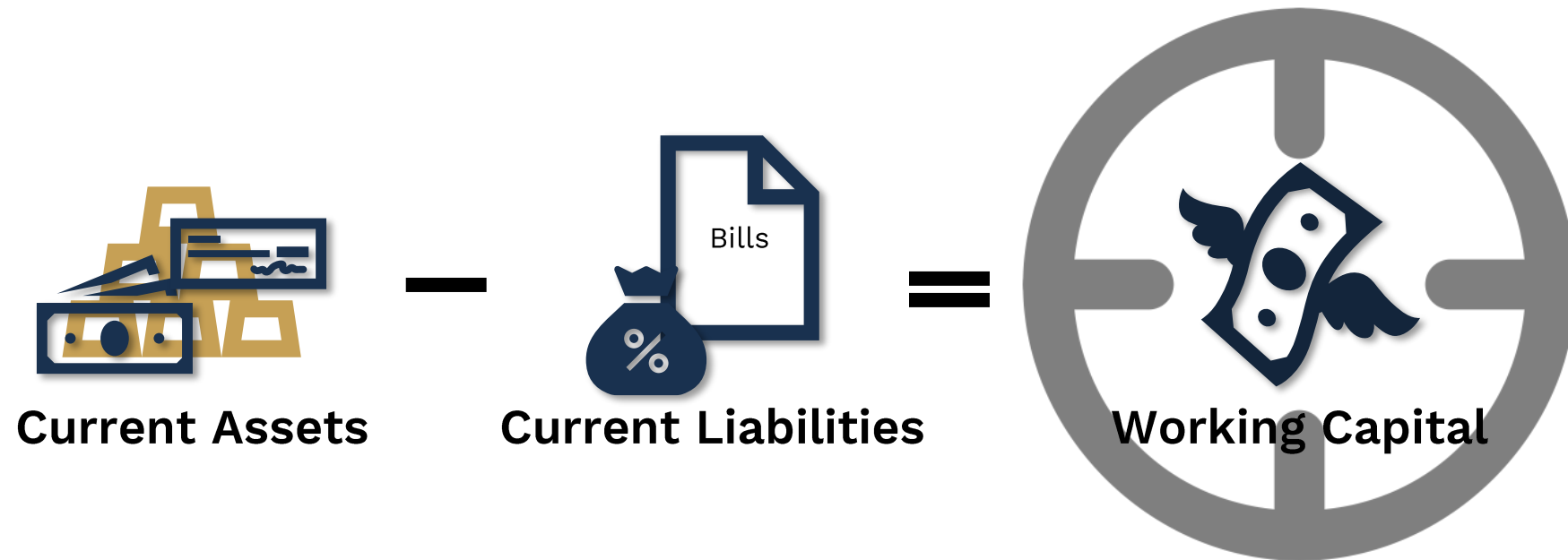
Confidentiality Is Critical

Only Inform Employees Involved—e.g. CFO, CTO

Without Details Ironed Out, Employees Can Develop Concerns

#9: Watch Working Capital

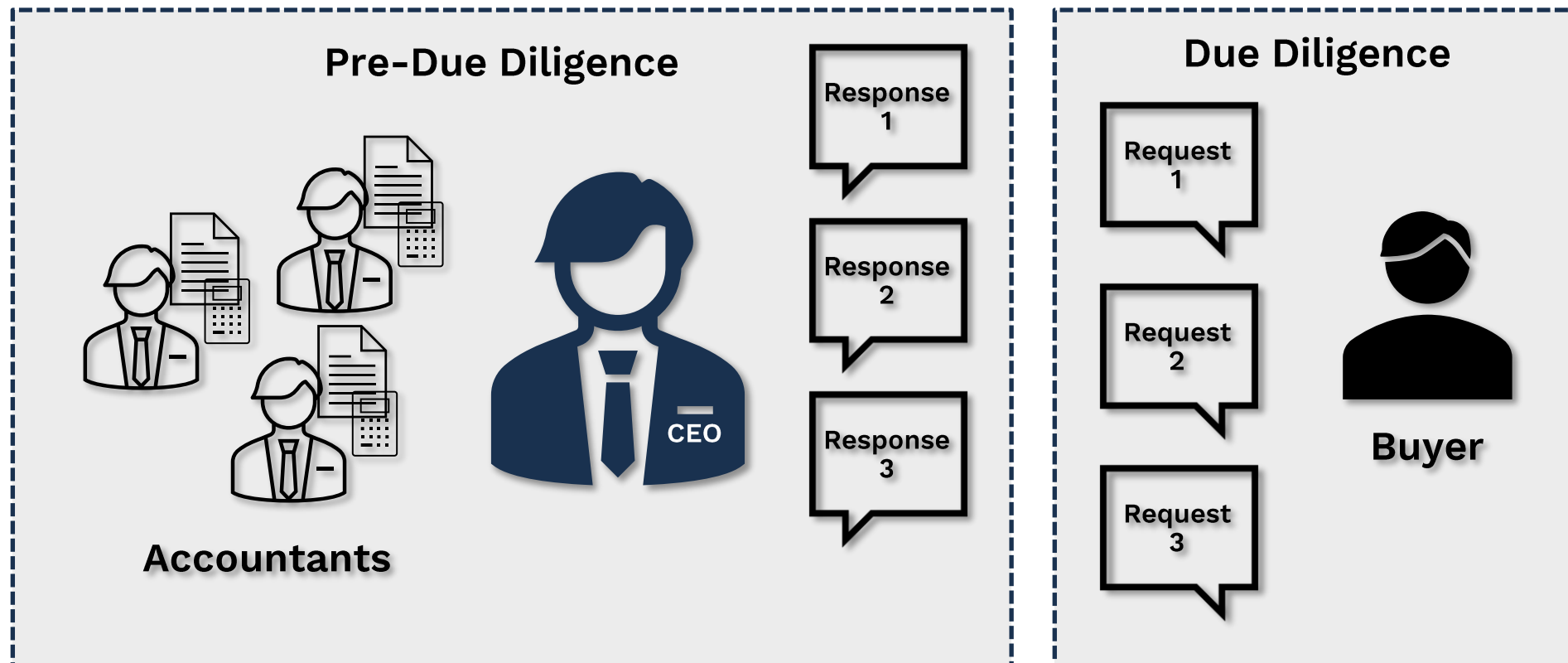
Buyers Want Cash on Your Balance Sheet, Receivables



Working Capital Is a Moving Target

#10: Use Your Accountants Effectively

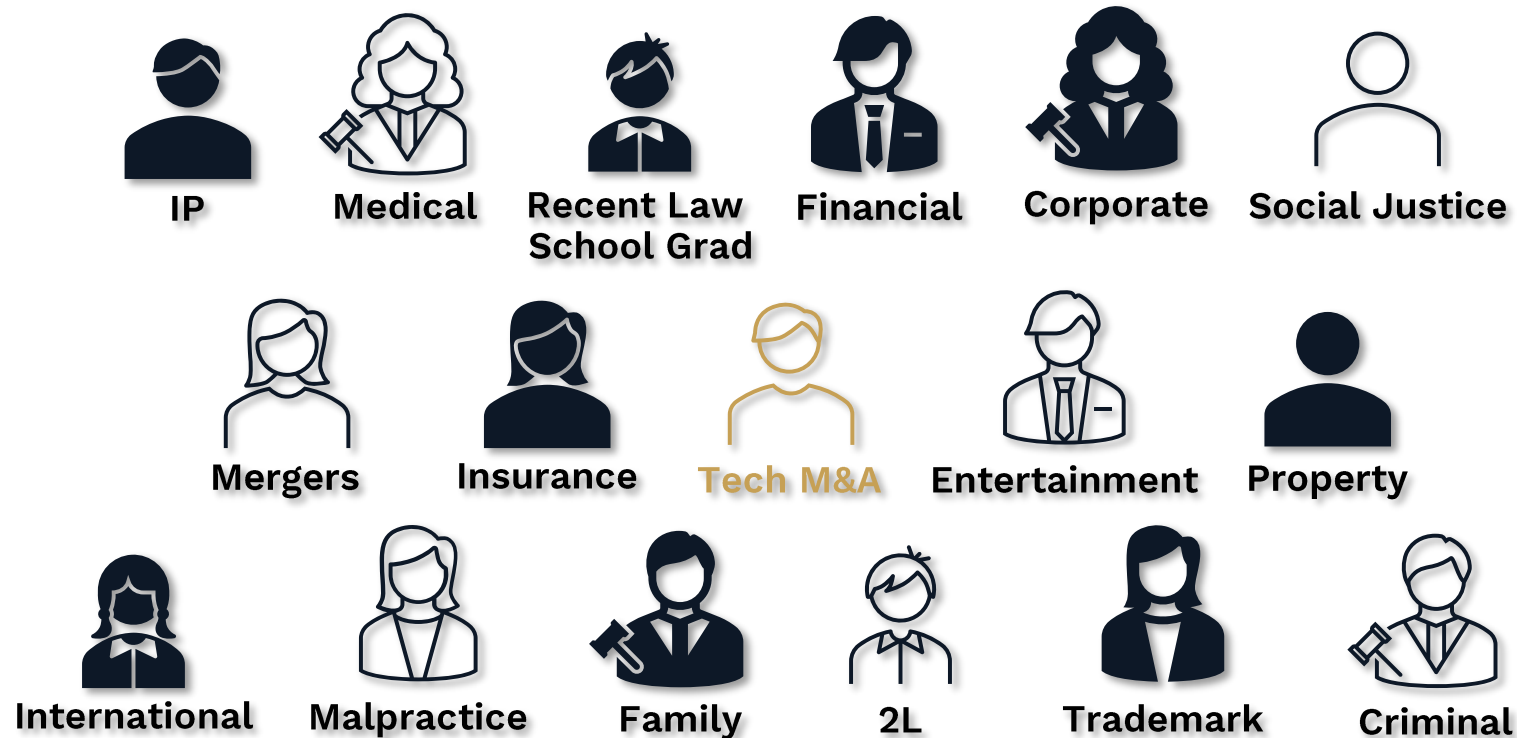
Utilize Accountant before the Due Diligence Process



Respond to Buyer Requests Quickly, Avoid Delays

#11: Use Your Lawyers Effectively

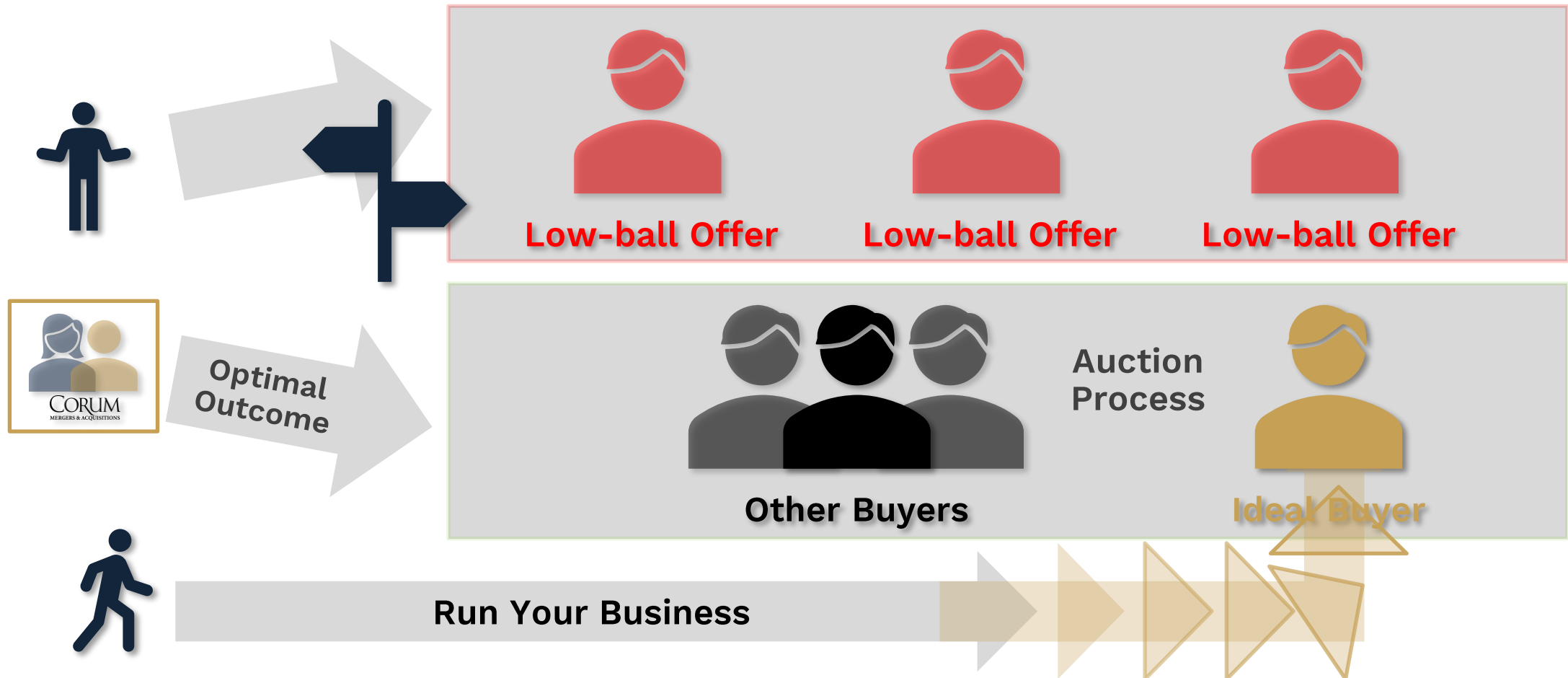
You Need a Tech M&A Specialist with Deal Experience



**Toughest, Most Stressful Negotiations:
Post-transaction Liabilities, Specific to Tech M&A**

#12: Use Your Intermediaries Effectively

Carefully Choose Your Advisor for the Most Important Transaction of Your Life



Good Advisors:

Know the Buyers

What They Want

How to Value, Structure, Negotiate to
Create an Auction Process

Good Advisors:

Know How to Get Through Due Diligence

Know How to Negotiate Definitive Contracts

Know Buyer Tactics

Experience Makes a Difference!

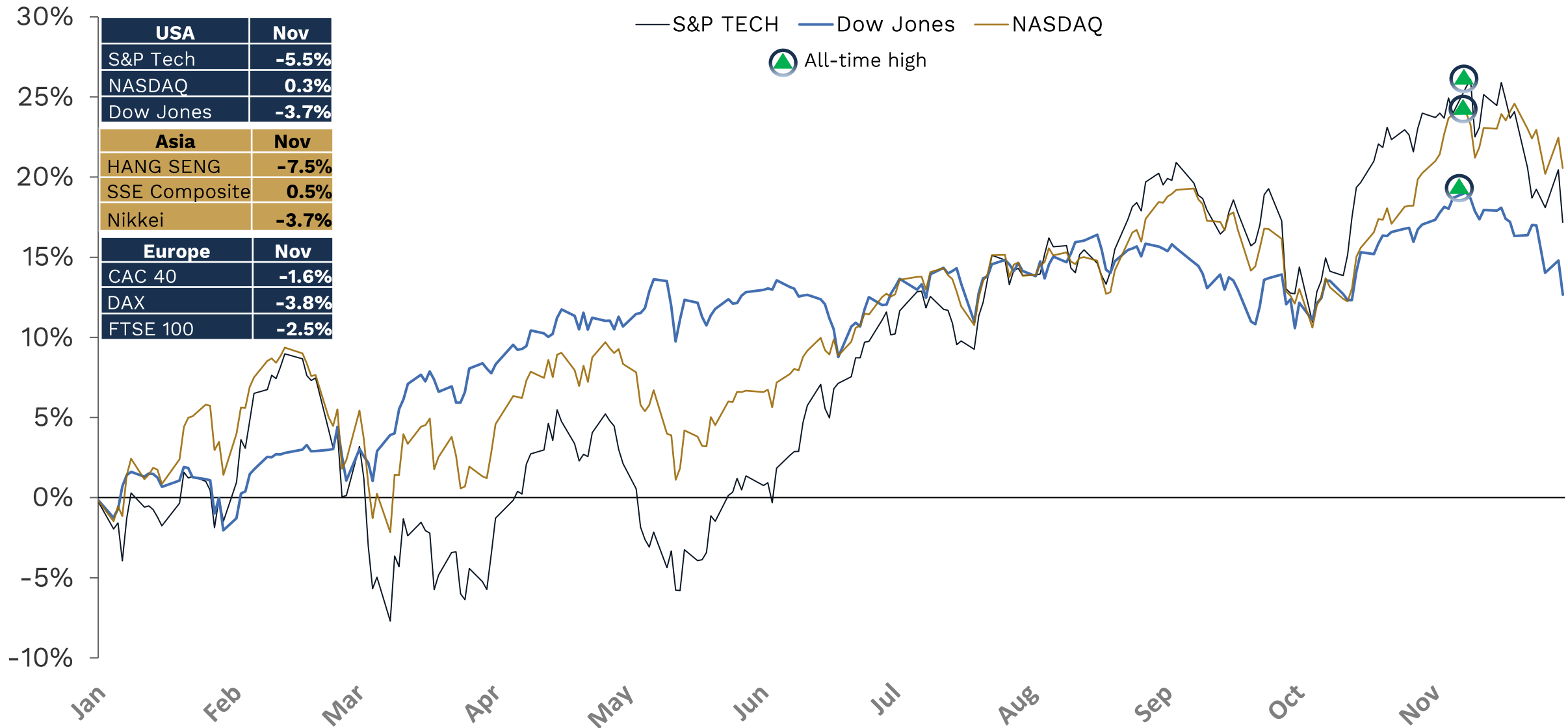
Summary

1. Understand The Buyer Due Diligence Checklist
2. Prepare Your Data Room in Advance
3. Deal with Accounting Problems Ahead of Time
4. Control the Timing of Disclosures
5. Run a Parallel Due Diligence, Final Agreement Process
6. Get a Draft Agreement Within 2 Weeks
7. Appoint a Due Diligence Coordinator
8. Inform Key Employees Only
9. Watch Working Capital
10. Use Your Accountants Effectively
11. Use Your Lawyers Effectively
12. Use Your Intermediaries Effectively

Tech M&A Research Report

Public Markets Jan 2021 - Nov 2021

% CHANGE



Market

Transactions

November 2020

291

November 2021

302

4%

Mega Deals

12

11

8%

Largest Deal

\$39.4B

\$17B

57%

Pipeline

Private Equity
Platform Deals

November 2020

24

November 2021

27

13%

VC-Backed Exits

86

88

2%

SPACs

6

9

50%

Attributes

Cross Border
Transactions

November 2020

43%

November 2021

42%

Start-Up Acquisitions

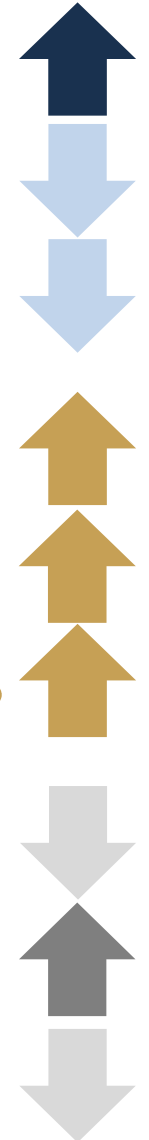
21%

24%

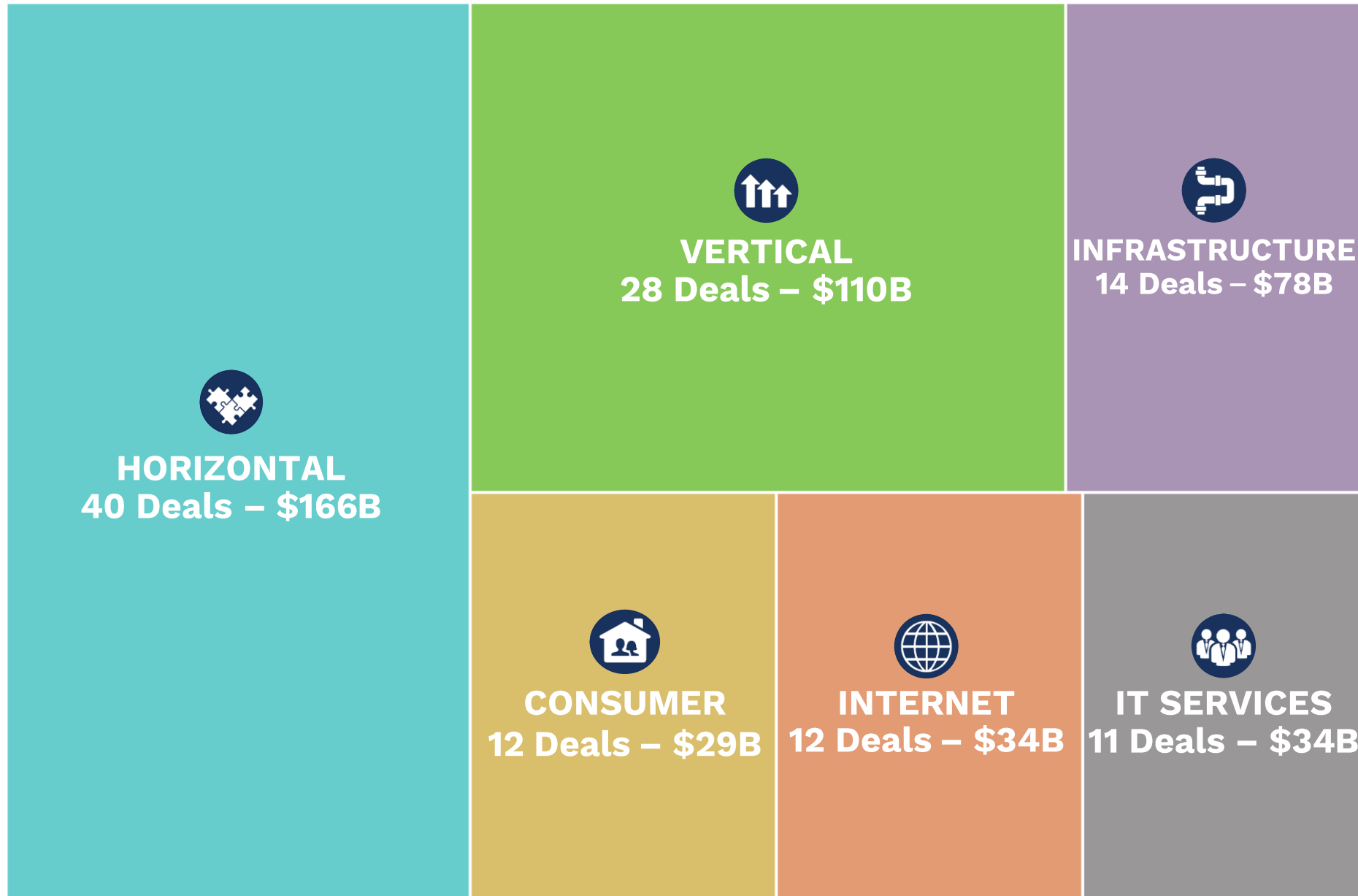
Average Life of Target

16 yrs

14 yrs

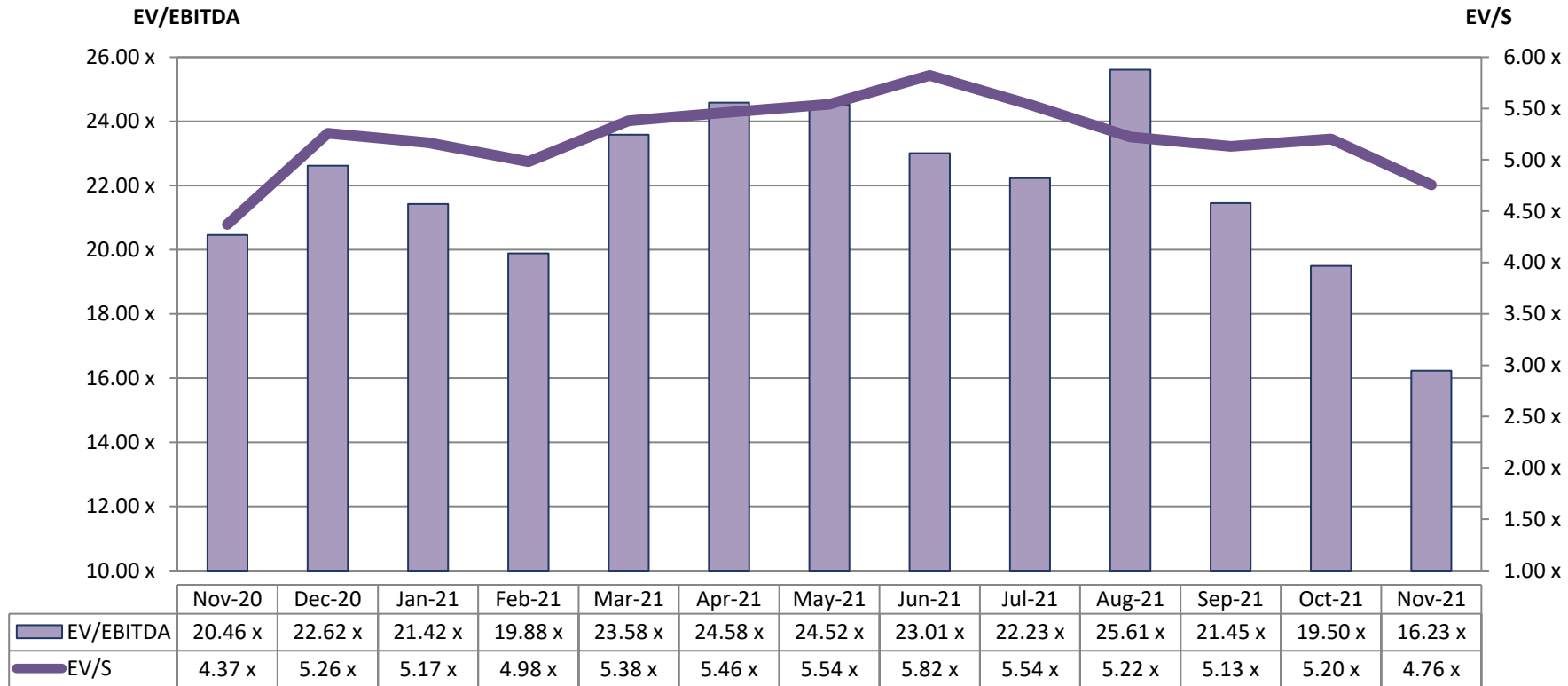


2021 Mega Deals (Jan-Nov)





Public Valuation Multiples





Subsector	Sales	EBITDA		Examples
Application Lifecycle	▲ 12.0x	— 11.0x	▲ ATLISSIAN	New Relic® Progress®
Endpoint	▼ 4.96x	▼ 18.6x		Opera vmware®
Network Management	▼ 3.59x	— 15.6x		CISCO JUNIPER NETWORKS
Security	▲ 11.7x	▲ 30.4x	paloalto® NETWORKS	Check Point® SOFTWARE TECHNOLOGIES LTD. FIREEYE™
Storage & Hosting	— 4.24x	▼ 32.9x		COMMVault® NetApp
Other	▼ 10.2x	— 16.2x		Appian twilio

2021 Mega Deals (Jan-Nov)



INFRASTRUCTURE
14 Deals – \$78B



Seller: McAfee [USA]

Acquirer: Permira and Advent-led PE consortium [USA]

Transaction Value: \$12B (4.6x EV/Sales and 21.1x EV/EBITDA)

- Network anti-malware and PC security software



Cybersecurity



Seller: Bricata [USA]
Acquirer: OpenText [Canada]
- Network threat detection SaaS



Seller: Zix [USA]
Acquirer: OpenText [Canada]
Transaction Value: \$860M (3.5x EV/Sales and 23.6x EV/EBITDA)
- Email encryption SaaS



Seller: Farsight Security [USA]
Acquirer: DomainTools [Battery Ventures] [USA]
- DNS threat intelligence SaaS



Seller: ReaQta [Netherlands]
Acquirer: IBM [USA]
- Security threat software & SaaS



E-Signature



Seller: Universign [France]

Acquirer: Providence Equity Partners [USA]

- E-signature, server stamp, timestamp and ID management SaaS



Seller: Connective [Belgium]

Acquirer: Nitro Software [USA]

Transaction Value: \$81M

- eSign SaaS

2021 Mega Deals (Jan-Nov)



INFRASTRUCTURE
14 Deals – \$78B

Quest[®]

SOLD TO



Seller: Quest Software [Francisco Partners] [Elliott Management] [USA]

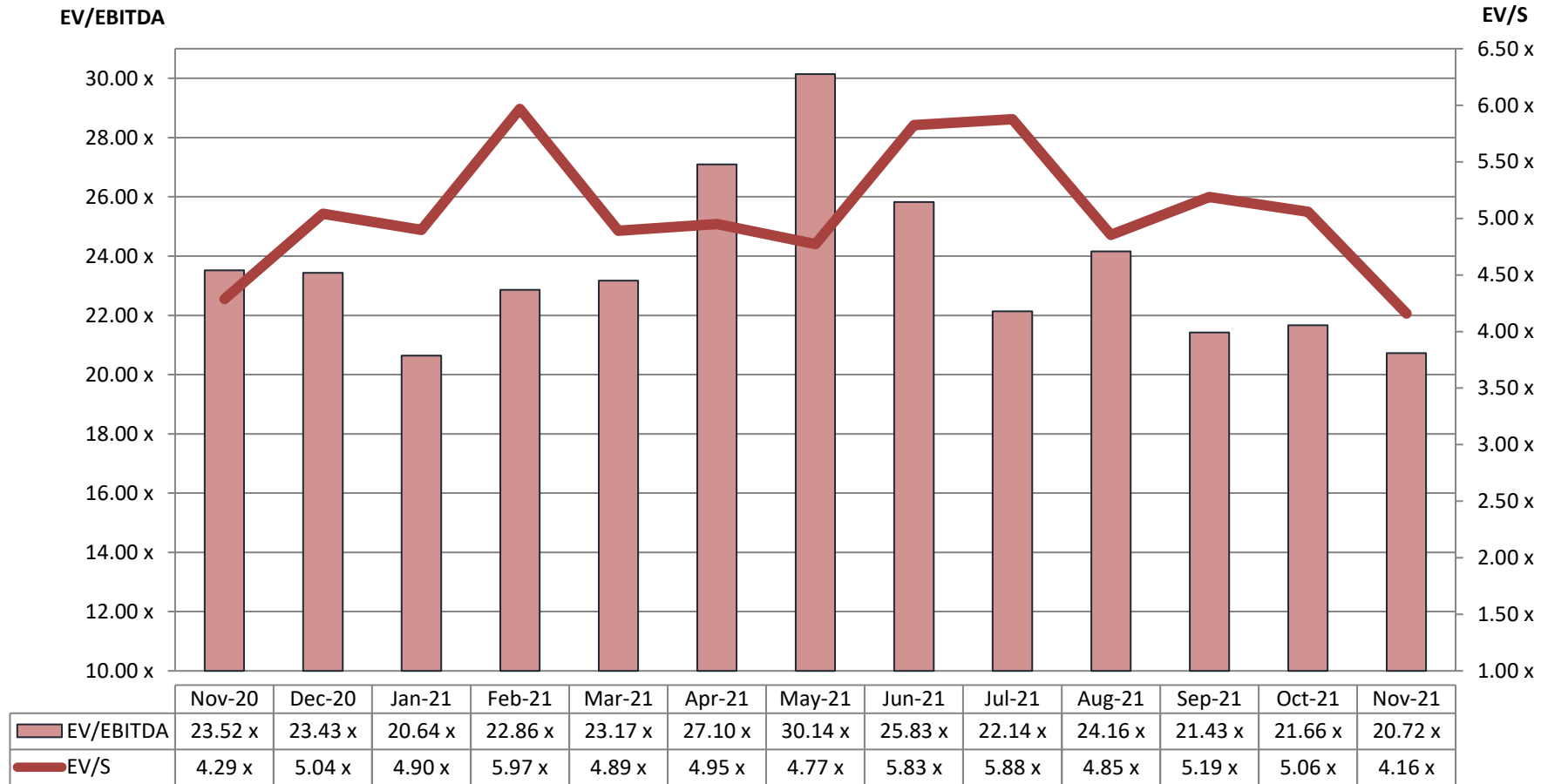
Acquirer: Clearlake Capital Group [USA]

Transaction Value: \$5.4B (4.9x EV/Sales and 12x EV/EBITDA)










- Systems management & security SaaS



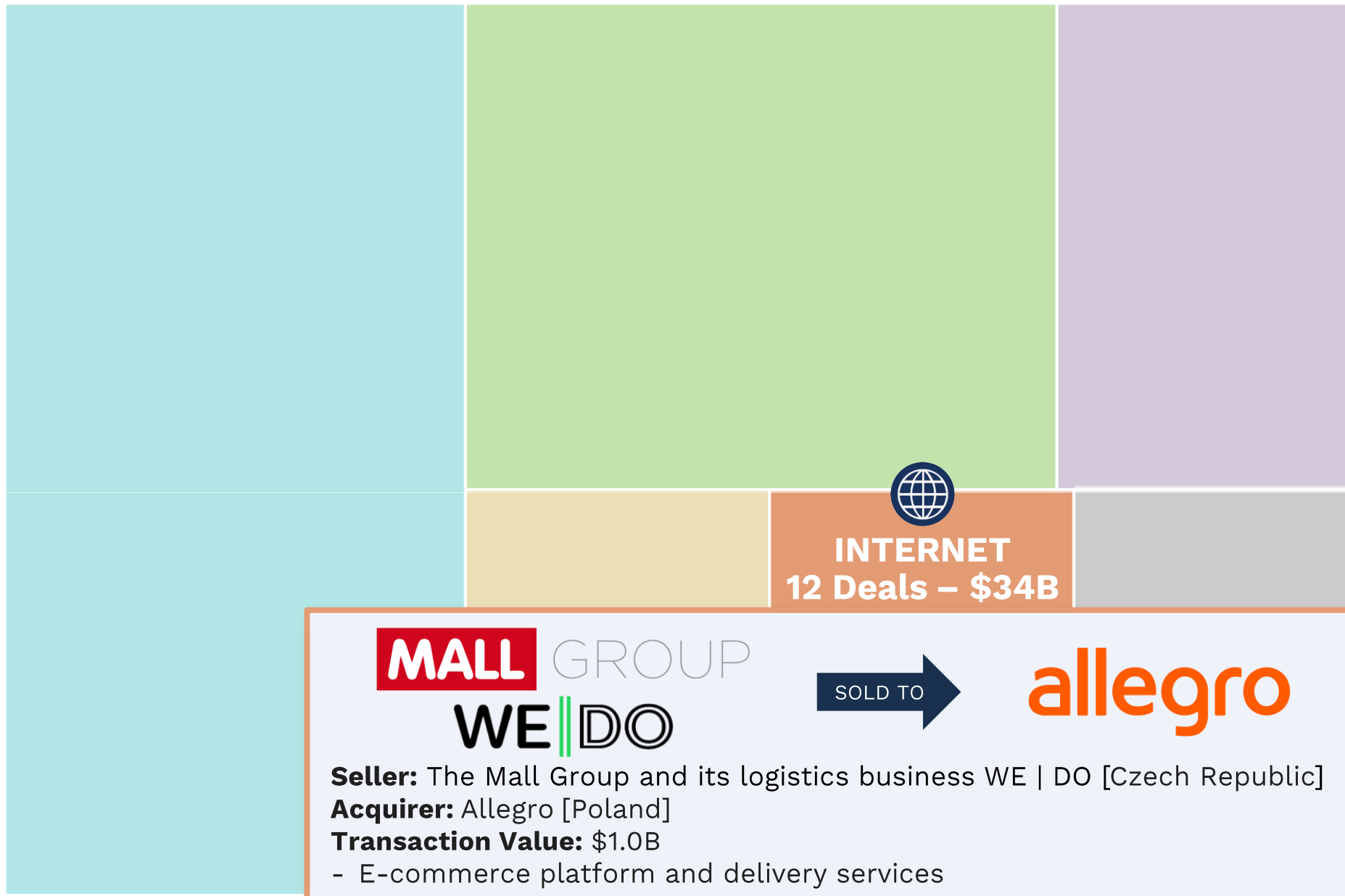
Public Valuation Multiples



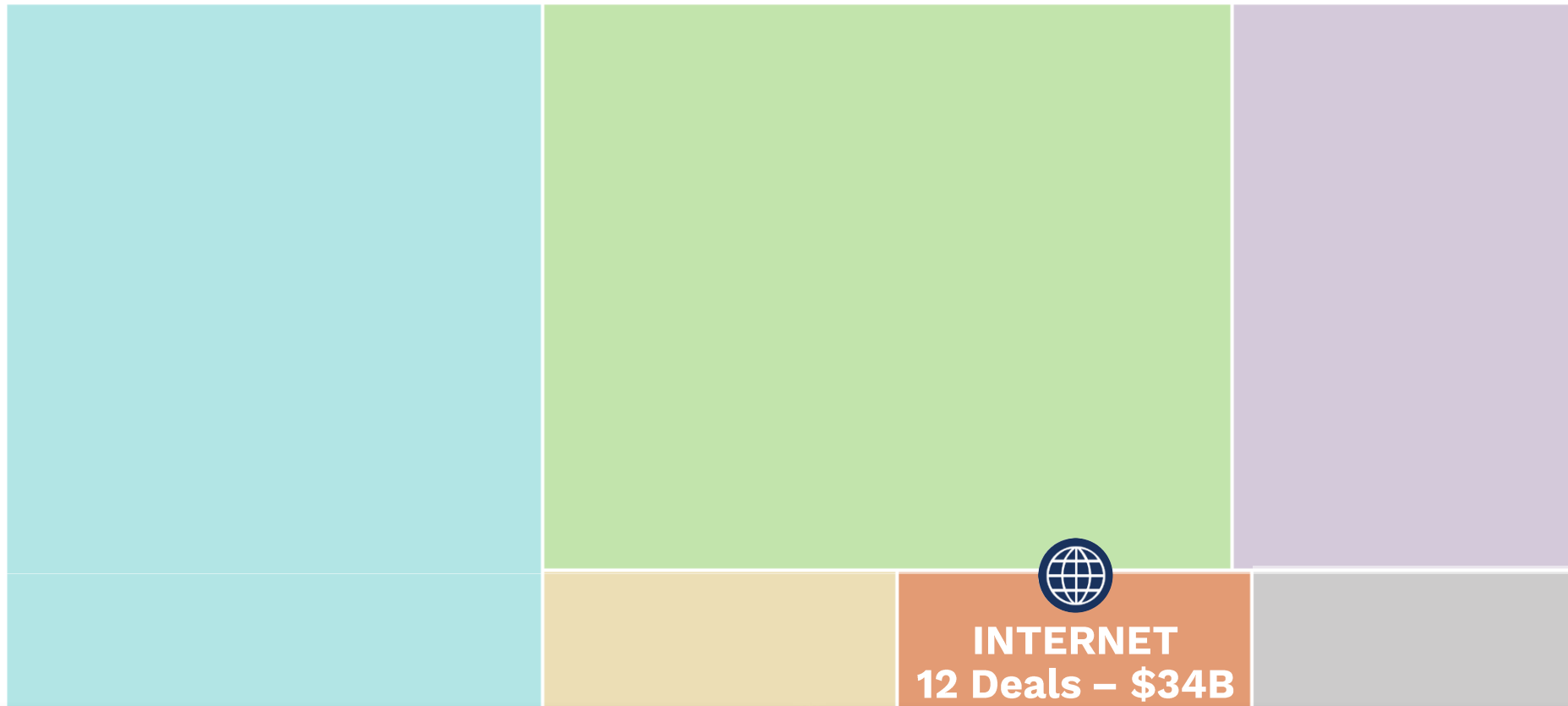


Subsector	Sales	EBITDA	Examples
Diversified Internet	▼ 5.51x	— 20.6x	Alphabet  百度 Tencent 腾讯
eCommerce	— 3.17x	▲ 35.9x	ebay  京东 JD.COM  zalando
Social Network	▼ 4.16x	▼ 13.8x	 Meta  mixi GROUP  twitter
Travel & Leisure	▼ 8.15x	▼ 30.3x	 Delivery Hero  Expedia®  BOOKING HOLDINGS

2021 Mega Deals (Jan-Nov)



2021 Mega Deals (Jan-Nov)



Seller: Etraveli [CVC Capital Partners] [Sweden]
Acquirer: Booking Holdings [USA]
Transaction Value: \$1.8B
- Travel reservations services



Seller: Getaroom [Court Square Capital Partners] [USA]
Acquirer: Booking Holdings [USA]
Transaction Value: \$1.2B
- Online hotel booking service



Business Travel

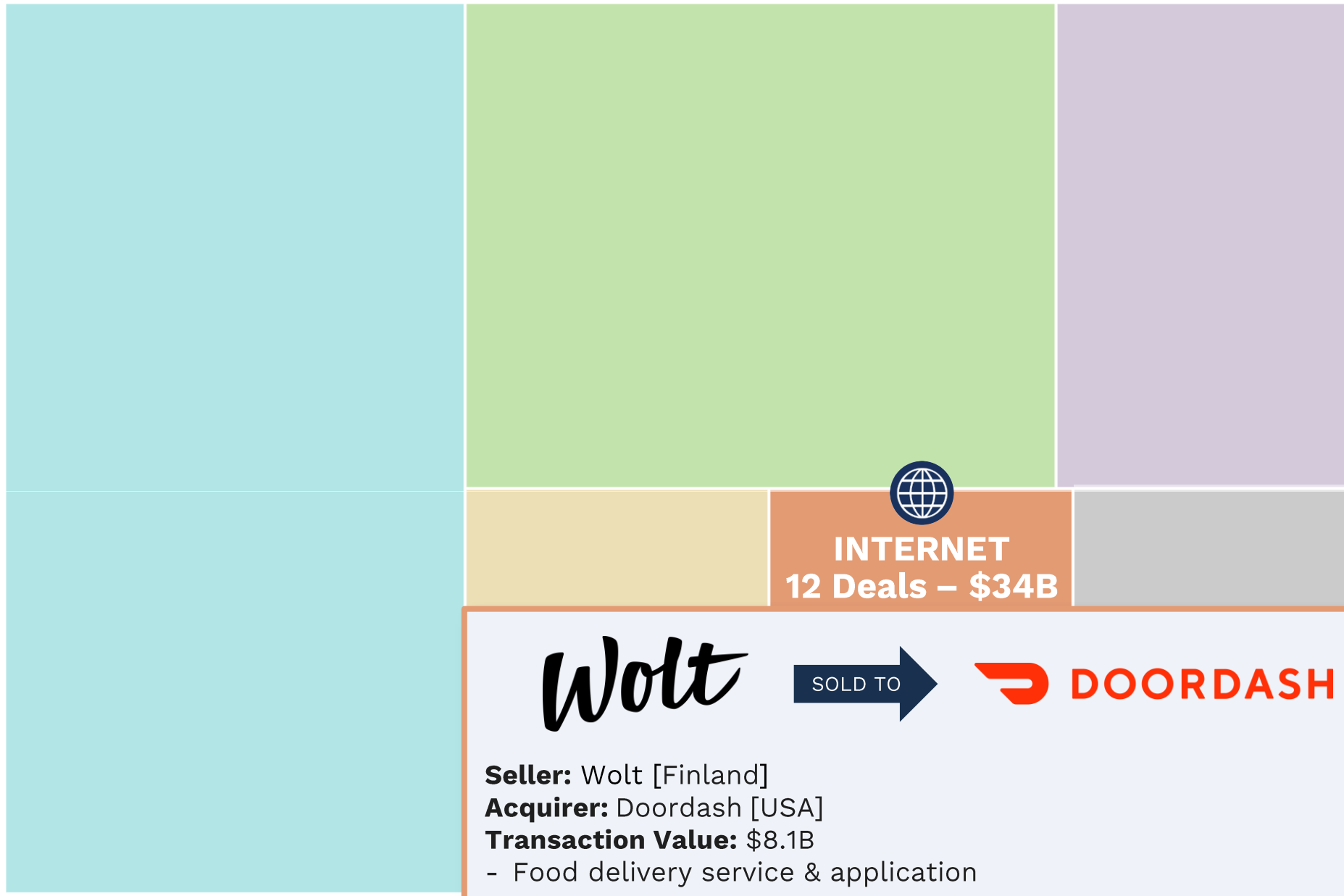


Seller: Egencia [Expedia Group] [USA]

Acquirer: American Express Global Business Travel [USA]

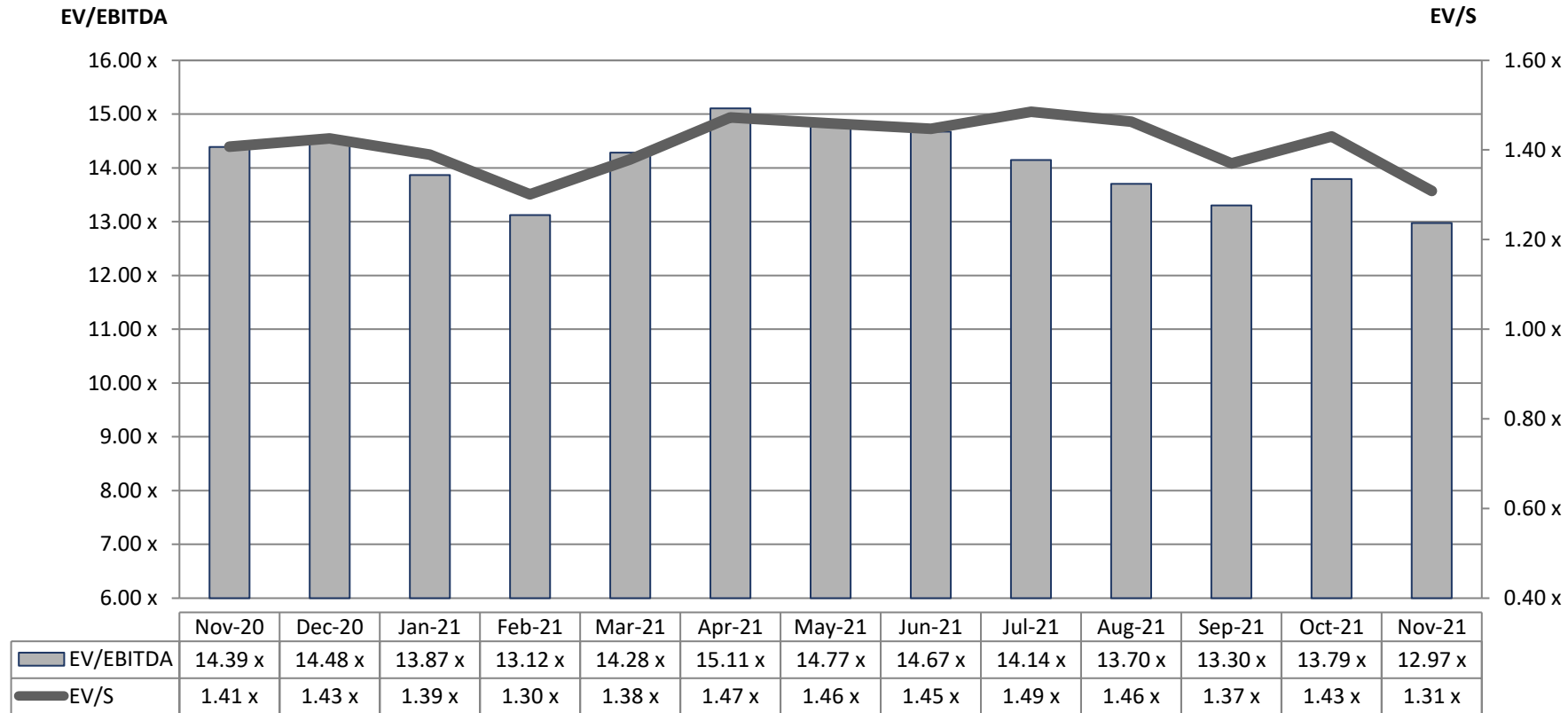
- Digital travel booking SaaS & services

2021 Mega Deals (Jan-Nov)



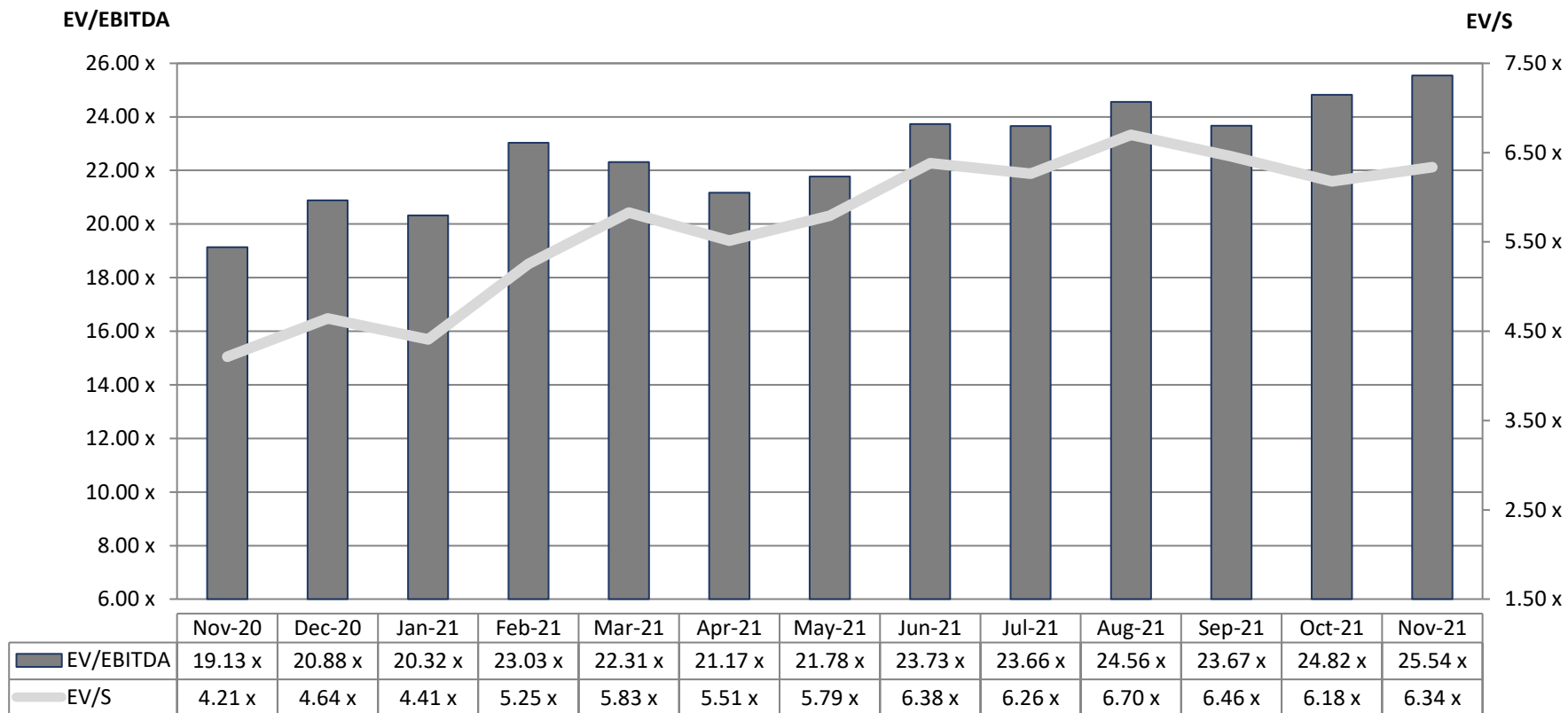


Public Valuation Multiples

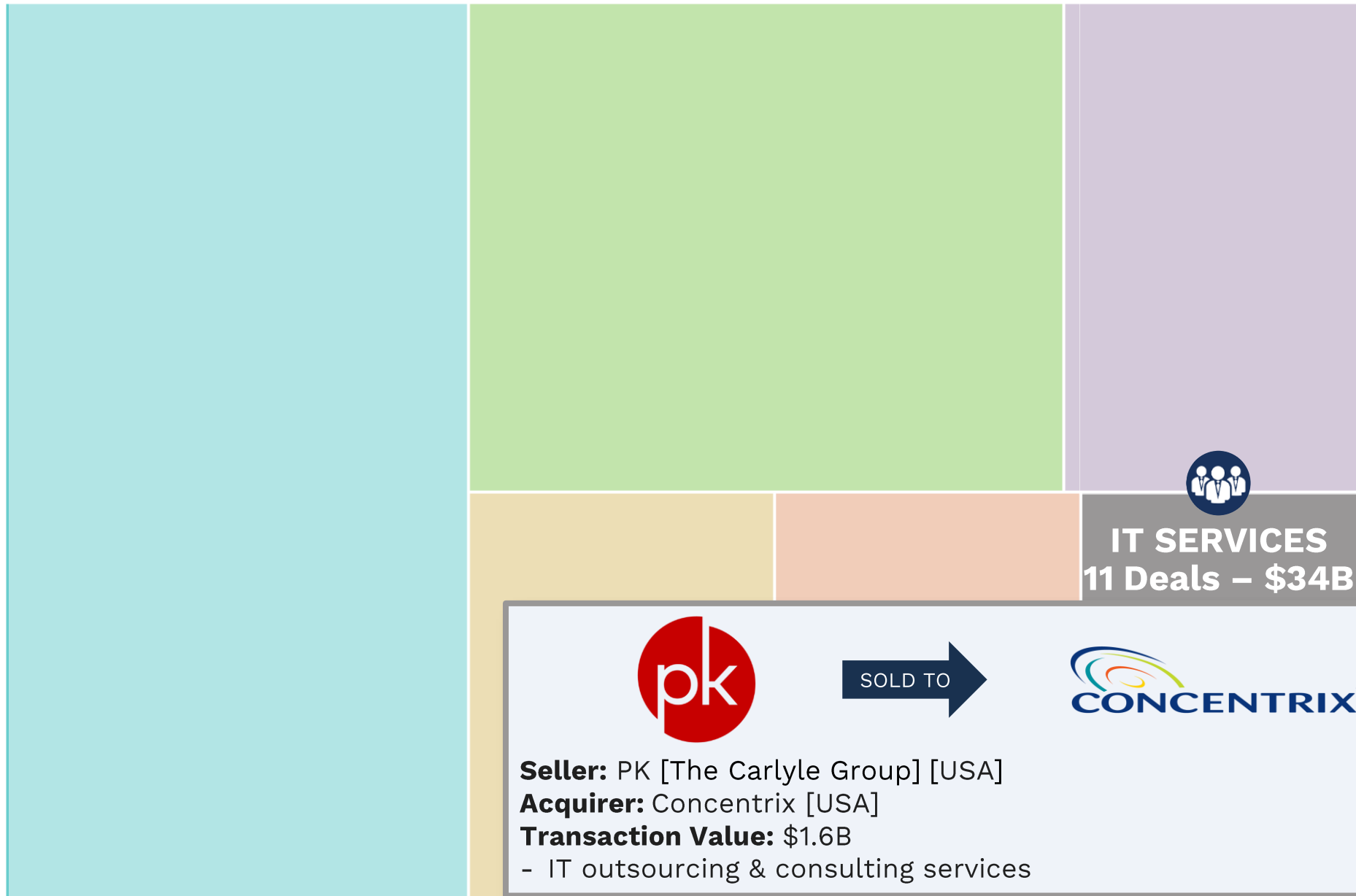




Public Valuation Multiples



2021 Mega Deals (Jan-Nov)





Focused Systems Integrators



Seller: Tambourine [Japan]
Acquirer: Accenture [USA]
 - Integrated commerce services on the Salesforce platform



Seller: Tangerine Software (Sage X3 ERP business) [Canada]
Acquirer: 4CAD [France]
 - Sage X3-ERP systems integration services

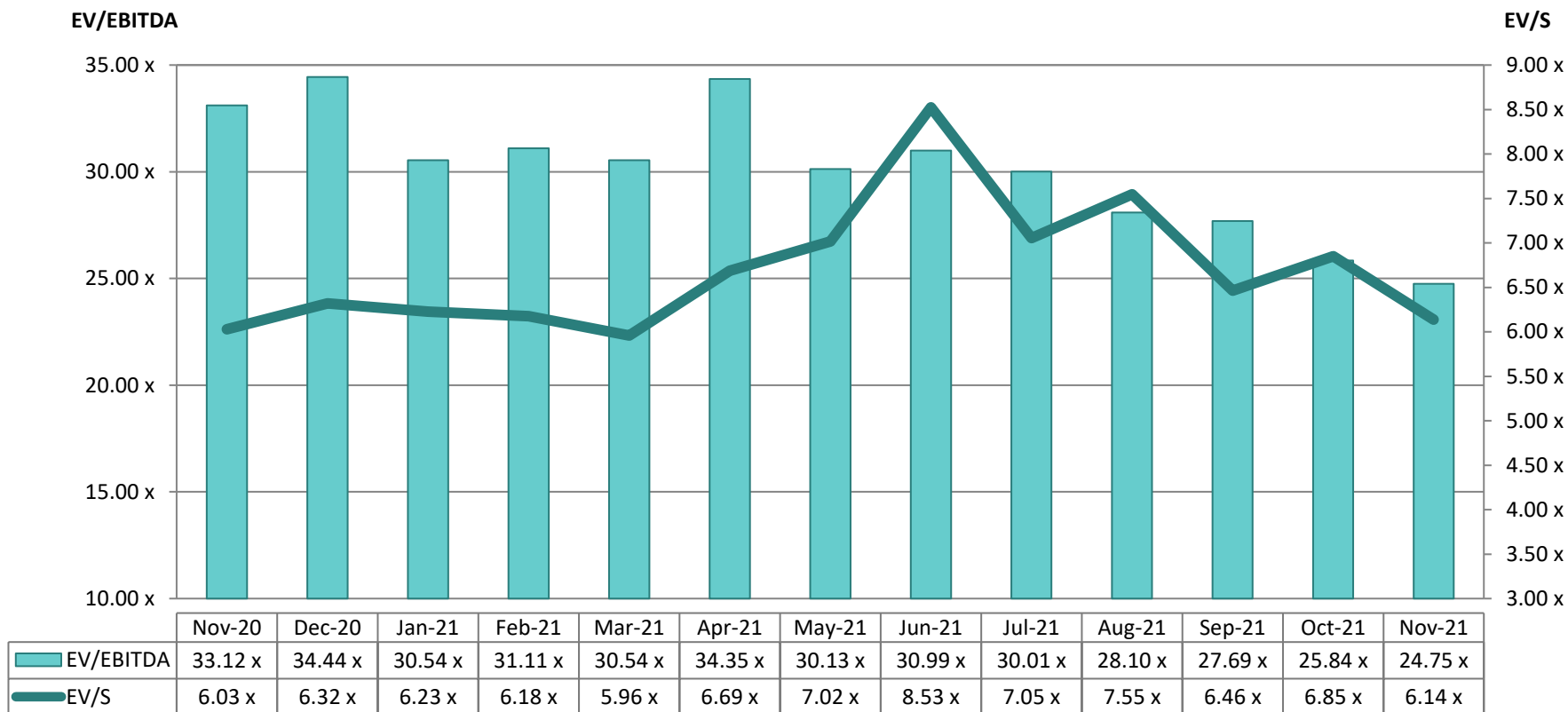


Seller: AVATA [USA]
Acquirer: Rockwell Automation [USA]
 - Oracle systems integration services





Public Valuation Multiples





Subsector	Sales	EBITDA	Examples		
Business Intelligence	▼ 7.52x	— 30.0x			
Marketing	▼ 4.06x	▼ 19.0x			
ERP	— 7.15x	— 20.5x			
Human Resources	▲ 11.9x	▼ 24.2x			
SCM	— 13.3x	▲ 62.7x			
Payments	▼ 4.39x	▼ 21.7x			
Other	— 6.14x	▼ 20.1x			



Human Resources



Seller: VNDLY [USA]
Acquirer: Workday [USA]
Transaction Value: \$510M
- Vendor management system SaaS

SOLD TO



Seller: Stoke Talent [Israel]
Acquirer: Fiverr [Israel]
Transaction Value: \$95M
- Freelancer talent management SaaS

SOLD TO



Seller: DataFuZion HCM [USA]
Acquirer: Ceridian [USA]
- Workforce management software & services

SOLD TO





Payments



SOLD TO



Seller: Connect Group [South Africa]

Acquirer: Net1 [South Africa]

Transaction Value: \$242M

- Transaction processing services & systems



SOLD TO



Seller: Payer Direct Hub [USA]

Acquirer: Bottomline Technologies [USA]

Transaction Value: \$15M

- B2B payment processing SaaS



SOLD TO



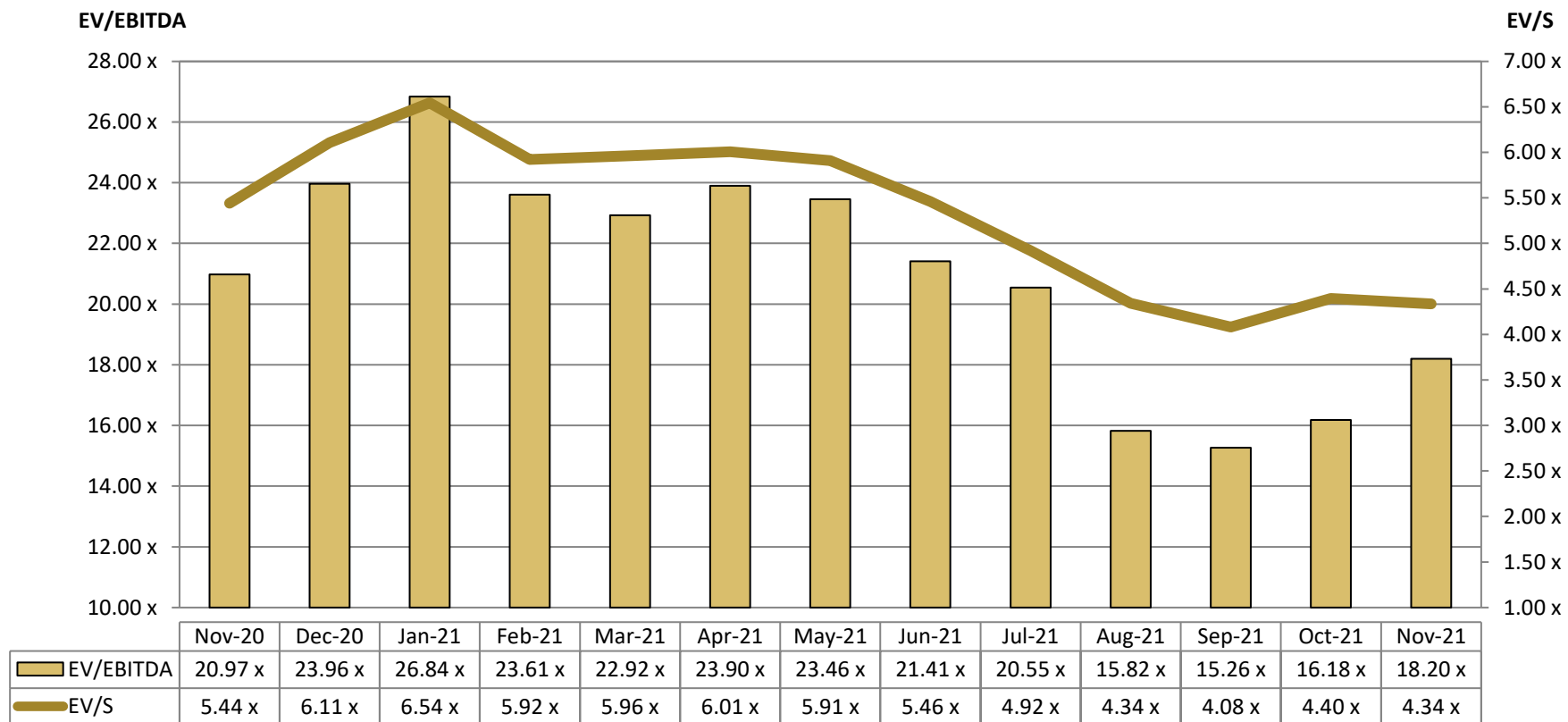
Seller: Upodi [Denmark]

Acquirer: Visma [Norway]

- Subscriptions & invoice management SaaS



Public Valuation Multiples





Subsector

Sales

EBITDA

Examples

Casual Gaming

— 3.87x

▲ 21.6x

**EMBRACER⁺
GROUP**



Core Gaming

— 4.55x

▲ 18.1x

ACTIVISION[®]



Other

▼ 4.88x

▼ 14.0x



NETFLIX





Casino

tombola



Flutter™

Seller: Tombola [United Kingdom]

Acquirer: Flutter Entertainment [Ireland]

Transaction Value: \$540M and 10x EV/EBITDA

- Online bingo & gaming website



Games



Seller: Wake Up Interactive [China]
Acquirer: Tencent [China]
- Video game development

SOLD TO



Seller: Roll7 [United Kingdom]
Acquirer: Private Division [Take-Two Interactive Software] [USA]
- Video games developer

SOLD TO



Seller: Tellmewow Studios [Spain]
Acquirer: Sandbox [United Kingdom]
- Mobile games developer

SOLD TO



Sandbox & Co



Seller: Harmonix Music Systems [USA]
Acquirer: Epic Games [USA]
- Music-based video games developer

SOLD TO





Games - Zynga



SOLD TO



Seller: Creasaur Entertainment [Turkey]

Acquirer: Rollic Games [Zynga] [Turkey]

- iOS and Android-based hyper-casual videogames developer



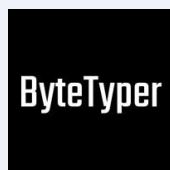
SOLD TO



Seller: ZeroSum Games [Turkey]

Acquirer: Rollic Games [Zynga] [Turkey]

- Mobile videogames developer



SOLD TO



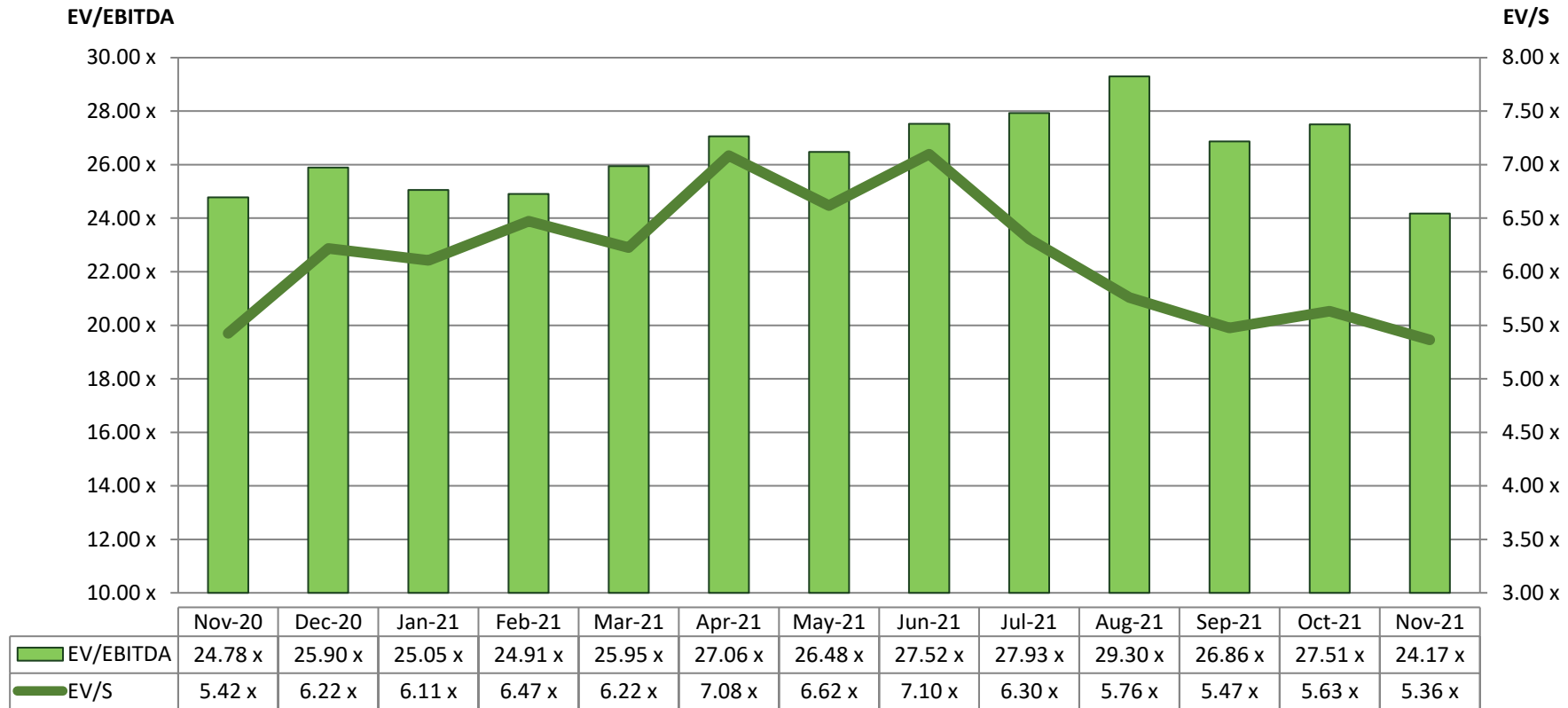
Seller: ByteTyper [Turkey]

Acquirer: Rollic Games [Zynga] [Turkey]

- iOS and Android-based hyper-casual videogames developer



Public Valuation Multiples





Subsector	Sales	EBITDA	Examples		
A/E/C	— 14.7x	— 56.6x	AUTODESK	DASSAULT SYSTEMES	SYNOPSYS®
Automotive	— 4.56x	▲ 23.4x	Autotrader	Scout24	CDK Global
Energy & Environment	— 3.40x	▼ 22.3x	IHS Markit	Itron	xylem
Financial Services	▼ 6.19x	— 22.4x	Broadridge	SS&C	fiserv.
Government	▼ 1.63x	▼ 12.1x	NORTHROP GRUMMAN	L3HARRIS	tyler technologies
Healthcare	▼ 2.32x	▼ 19.1x	Allscripts	HealthCatalyst	Cerner
Real Estate	▼ 3.47x	▼ 33.8x	REDFIN	CoStar Group™	Zillow®
Other	— 5.27x	▲ 32.3x	AMADEUS®	Rockwell Automation	Sabre



VERTICAL
28 Deals – \$110B

 **AUTOFORM**

SOLD TO 

CARLYLE

Seller: AutoForm Engineering [Switzerland]

Acquirer: The Carlyle Group [USA]

Transaction Value: \$2.0B

- Auto sheet metal engineering software



Automotive

SOLD TO



Seller: CreditIQ [USA]
Acquirer: Cars.com [USA]
Transaction Value: \$30M
- Automotive digital retailing SaaS

SOLD TO

Seller: SmartStart [USA]
Acquirer: Apollo [USA]
Transaction Value: \$90M
- Sensor-based alcohol monitoring & ignition lock systems










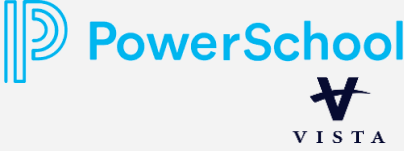
SOLD TO



Seller: Mirametrix [Canada]
Acquirer: Lattice [USA]
Transaction Value: \$67M and 7.40x EV/Sales
- Computer vision biometric software



EdTech

Seller	Acquirer	Seller's Country	Description
		USA	K-8 learning management SaaS
		Ireland	Virtual robotics coding learning SaaS
		USA	Education data integration & interoperability SaaS
		United Kingdom	Apprenticeship & L&D management SaaS
		USA	Education behavioral management SaaS & mobile app



VERTICAL
28 Deals – \$110B



SOLD TO



HELLMAN & FRIEDMAN



Seller: athenahealth [Veritas Capital/Evergreen Coast Capital] [USA]

Acquirer: Bain Capital/Hellman & Friedman [USA]

Transaction Value: \$17B

- EHR & practice management SaaS



HealthTech



Educate. Empower. Adhere.SM

MedActionPlan[®]

SOLD TO



CareDx[™]

Seller: MedActionPlan.com [USA]

Acquirer: CareDx [USA]

- Patient medication management SaaS



Cardiologs[®]

SOLD TO

PHILIPS

Seller: Cardiologs [France]

Acquirer: Royal Philips [Netherlands]

- Healthcare reporting SaaS

dr chrono

SOLD TO

Evercommerce[®]

Seller: DrChrono [USA]

Acquirer: EverCommerce [USA]

Transaction Value: \$183M

- Practice EHR management and billing SaaS

**Mind
Beacon**

SOLD TO



CloudMD

Software & Services Inc.

Seller: MindBeacon [Canada]

Acquirer: CloudMD [Canada]

Transaction Value: \$94M

- Cognitive behavioral therapy SaaS



VERTICAL
28 Deals – \$110B



SIMPLENEXUS

SOLD TO



Seller: SimpleNexus [USA]

Acquirer: nCino [USA]

Transaction Value: \$1.2B and 20x EV/Sales

- Homeownership mortgage CRM SaaS



Real Estate



SOLD TO



Seller: Reonomy [USA]
Acquirer: Altus Group [Canada]
Transaction Value: \$199M and 10.8x EV/Sales
- Online commercial real estate data



SOLD TO



Seller: PropStream [Argentina]
Acquirer: Stewart Information Services [USA]
Transaction Value: \$175M
- Real estate data & analytics SaaS



VERTICAL
28 Deals – \$110B

weta
DIGITAL



Unity

Seller: Weta Digital [New Zealand]

Acquirer: Unity Software [USA]

Transaction Value: \$1.6B

- Visual effects software & SaaS



Yasmin Khodamoradi
Vice President,
Valuation Services



**Artem
Mamaiev**
Associate



**Anna
Lebedieva**
Senior Analyst



**Olha
Rumiantseva**
Analyst



**Anastasia
Angelcheva**
Analyst



Tzvi Kilov
Writer

Tech M&A Research Report



Complete Global Market Report
Available Upon Request
info@corumgroup.com

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



MERGE BRIEFING



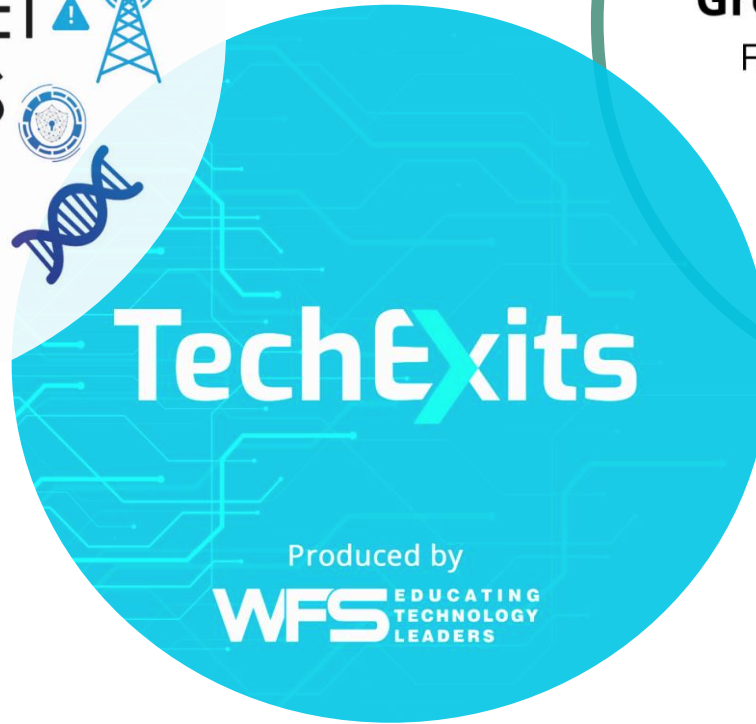
- **Half-Day**
- **Tech M&A Bootcamp**
- **The most attended tech executive conference in history**



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



Webcasts



Podcasts



Conferences

After the Deal – Celebration



www.CorumGroup.com

CORUM

Thank you!