

Tech M&A Monthly

Starts in 2 minutes



Thoughts? Questions? Let us know!
@CorumGroup

CORUM

Tech M&A Monthly

The New M&A Metrics



We welcome your questions!

**Email questions to
info@corumgroup.com**

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**





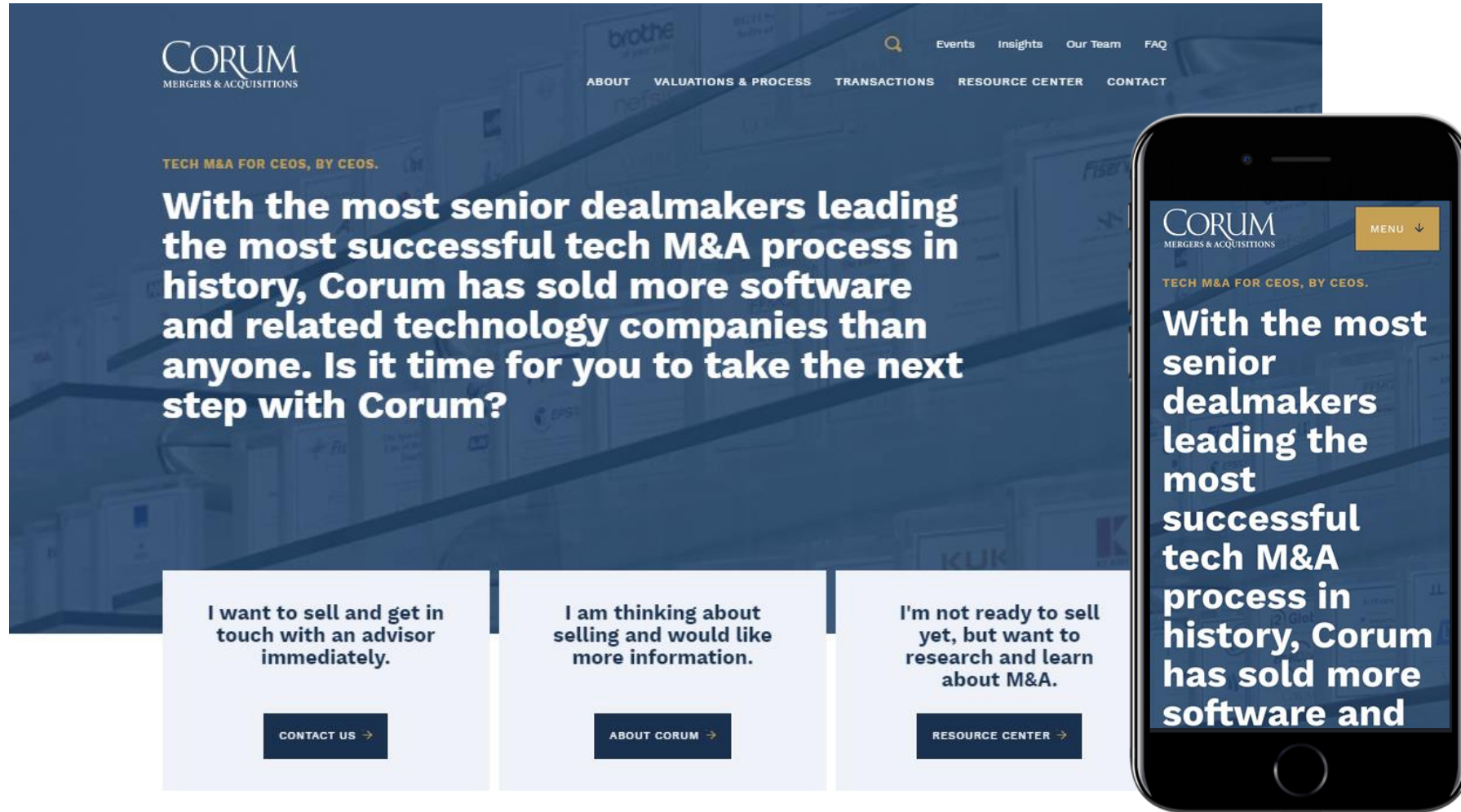
MERGE BRIEFING



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



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



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

39

Years in business

\$20B

In wealth created

500+

Closed transactions



**Focus—sell side,
technology only**

**Detailed, professional,
global process**

**Team approach,
senior dealmakers**

**World Technology
Council**

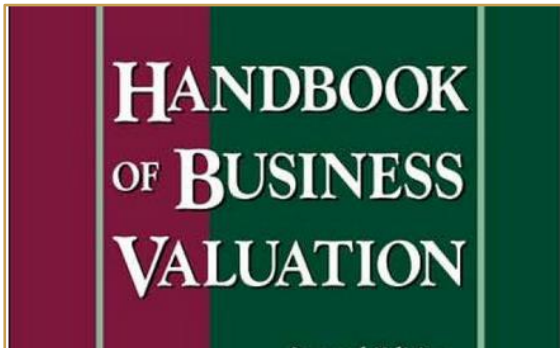
SOLD MORE SOFTWARE-RELATED FIRMS THAN ANYONE



Research

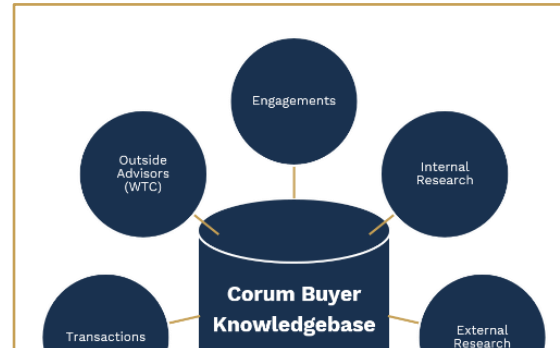


Education



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 \$3 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

The New M&A Metrics



Gina Stanhope, Chief Operating Officer, Corum Group Ltd.



- **Gina joined the Corum Group in 1986 and has held numerous positions in the company, primarily in the research, valuation, consulting, and management areas.**
- **She held a key executive position for RoseSoft, publisher of the widely acclaimed keyboard macro utility ProKey. Gina was instrumental in growing the company, and assisting in the ultimate sale of that firm with Corum Group's assistance.**
- **Gina founded and was CEO of InfoBase, a local privately held services firm focused on database management.**

We welcome your questions!

**Email questions to
info@corumgroup.com**

This event is being recorded
On demand webcast will be available at
www.corumgroup.com

Welcome

CEO's Desk: "Don't Let the Grinch Steal Your Deal!"

Event Report

Deal Report

Tech M&A Market Research Report

Special Report: "The New M&A Metrics"

Closing

CORUM

CEO's Desk

**Don't Let the Grinch
Steal Your Deal!**



Presented By
Bruce Milne
Chief Executive Officer
Corum Group Ltd.



Are you
going to let
the Grinch
steal your
deal?



CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS



There are more **buyers than ever**,
with **\$6T in cash** to invest or acquire.

Don't make mistakes that can destroy your chance of getting **maximum value** or even an offer at all.

The Grinch's Top 10 Favorite M&A Mistakes:

1. Dealing with only one bidder!
2. No process/Not getting educated.
3. Raise, then sell.
4. Suicide valuations.
5. Waiting for perfection.
6. Not knowing you're a bolt-on.
7. Companies are bought not sold.
8. Buyers don't want intermediaries.
9. Valuations first.
10. Not knowing all the buyers.



Mistake #1
**Only Dealing
With One Buyer!**

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS



One buyer is **no buyer.**



48%

- Average improvement from first offer with an auction process

Deal structure, taxes, liabilities & employment agreements are on your side.

Mistake #2
**No process/
Not getting educated.**

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS



Building your business
required a process.

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS



Selling your business
also requires a process.

8 Stages for an Optimal Outcome



CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS

A man with a beard and mustache, wearing a white dress shirt and a blue patterned tie, is looking down at a document he is holding. He has a serious, slightly concerned expression on his face. The background is an office setting with a bookshelf and a window with blinds.

Get educated!



Mistake #3
Raise then sell.

Doing a raise takes you to the next level of valuation, which **prevents you from selling** immediately as the investors want a significant gain.

A Better Strategy:

Work the strategic option against a recapitalization option at the same time.

A top-down view of a desk with a laptop, mouse, papers, and a person's hands working. The image is overlaid with a dark blue tint and a central yellow-bordered box containing text.

Mistake #4
Suicide Valuations.

- **Raise**
- **Grow**
- **Repeat**



CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS



**The only winners are advisors
who receive a commission.**

Suicide Valuation:

After constant rounds of investments your
valuation becomes too high.

Mistake #5
**Waiting for
Perfection.**

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS



**When I'm
pretty enough,
someone
will buy my
tech company!**

NONSENSE!

Most transactions are done by
private equity companies to **consolidate**
various **markets**.

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS

A photograph of three men in dark suits and ties standing in a modern office lobby. The man on the left is seen in profile, facing right. The man in the center has a beard and glasses, looking towards the man on the right. The man on the right is also in profile, facing left. They appear to be in a conversation. The background shows a well-lit, contemporary office space with large windows and architectural details.

Buyers want to meet you earlier.

Mistake #6
**Not knowing
you're a bolt-on.**

Private equity **bolt-ons** (aka add-ons or tuck-ins) account for **60%-80%** of total **deal volume**.



Mistake #7
**Companies are
bought not sold.**

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS



**Don't wait for good buyers
to approach you.**

The Reality:

The first offer will come from a
bottom feeder wanting to buy you cheap.

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS

Engage with **multiple bidders**
to get what you're worth.




Mistake #8
**Buyers don't want
intermediaries.**

CEO's Desk: Don't Let the Grinch Steal Your Deal!



Bottom feeders don't want intermediaries who know their tricks.



Top bidders know the experience and staffing **intermediaries** bring will **get the deal done.**

Intermediaries will:

- Better prepare the client
- Keep the process moving forward
- Offload the CEO so they may focus on running the business



Mistake #9
Valuations first.

The days of "the book", detailing your company's history, product details and full valuation **are over.**

Valuations are only good in selling traditional companies with tangible assets.
Valuations don't create value.

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS



Our Story

Your story and future potential
for the buyer **creates value.**

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS

CORUM MERGERS & ACQUISITIONS

CORUM MERGERS & ACQUISITIONS

CORUM MERGERS & ACQUISITIONS

"...you get one breath to get my attention..."

-Henry Hu, IBM

CORUM MERGERS & ACQUISITIONS

CORUM MERGERS & ACQUISITIONS

CORUM MERGERS & ACQUISITIONS

Mistake #10
**Not knowing
all the buyers.**

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS



Getting what you're worth **requires getting the right message to the right buyers.**

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS



But **who** exactly are they?
And **how** do you find the right person?

CEO's Desk: Don't Let the Grinch Steal Your Deal!



11%

- Buyer solicitations that result in transaction



60%

- Buyers that have never heard of you



Even if you have a contact with the buyer,
it usually is at the wrong level.

Data on buyers **is not public**. They do not want their strategies and prices exposed.

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS

**You need someone who knows the buyers
and has inside information on them.**

CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS

**Public data is incomplete
and out of date.**



You need someone with the experience, data and research resources to best help you prepare.

Don't let
the Grinch
steal your
deal.



CEO's Desk: Don't Let the Grinch Steal Your Deal!

CORUM
MERGERS & ACQUISITIONS

CORUM
MERGERS & ACQUISITIONS

GET CORUM ON YOUR SIDE.

CORUM

Event Report

December 2024

Presented By
Brenden Keene
Senior Marketing
Coordinator
Corum Group Ltd.



MERGE BRIEFING

Online in:

Miami – Nov. 20

Cleveland – Dec. 5

Beijing – Nov. 26

Chicago – Dec. 10

New York City – Dec. 3

Nashville – Dec. 11



Online M&A Bootcamp

Philadelphia – Nov. 19

Istanbul – Nov. 20

Berlin – Nov. 21

Atlanta – Nov. 26

Nairobi – Nov. 28

Washington D.C. – Dec. 4

Seoul – Dec. 5

Hong Kong – Dec. 11

Please visit:

www.corumgroup.com/events

to find a Tech M&A event near you!

WFS Event Report:
December 2024

WFS Content



2 DAY | 2 NIGHT

Tech M&A
Master Class

FEB 25-27, 2025 | FONTAINEBLEAU, LAS VEGAS



*Thank you to our
sponsors*



Platinum Sponsor



Event Sponsor

CORUM

Deal Report

December 2024



MICHAEL STINSON

SENIOR VICE PRESIDENT
CORUM GROUP

- QSTRAT: Specializes in strategic sourcing and supplier management software
- Manufacturers and distributors in North America, Europe, and Asia
- Streamlines the request-for-quote process.
- Offers advanced cost analysis tools for data-driven procurement decisions
- Automotive, aerospace, and industrial industries
- Embrace: Leading acquirer of vertical SaaS software companies
- acquisition is the eighth for Embrace's industrial group
- Strengthens Embrace's comprehensive industrial solution stack for large manufacturers and essential service providers.





BRENDAN O'BRIEN

SENIOR VICE PRESIDENT
CORUM GROUP

- NovoGrid: Specializes in grid analytics technology
- Empowers developers, asset owners, and energy traders
- Provides insights into grid connection possibilities before investments are made
- Shortens time to market
- Shows a project's impact on the grid in an automated way
- SCADA International and Magnesium Capital as growth partners
- NovoGrid's Actionable Analytics enhances the group's offerings across the entire energy project lifecycle





RON NODEN

SENIOR VICE PRESIDENT
CORUM GROUP

- InterTribal Software: Leading provider of member services software to tribal governments
- Popular Product: One Tribe suite of products.
- Strategic partner and reseller of LaserFiche
- One Tribe integrates natively with LaserFiche for a seamless digital transformation solution for tribal governments
- Quality Standard: Provides resources to help the management team grow and support the business.





MARTIN LOWRIE

REGIONAL MANAGING DIRECTOR
CORUM GROUP

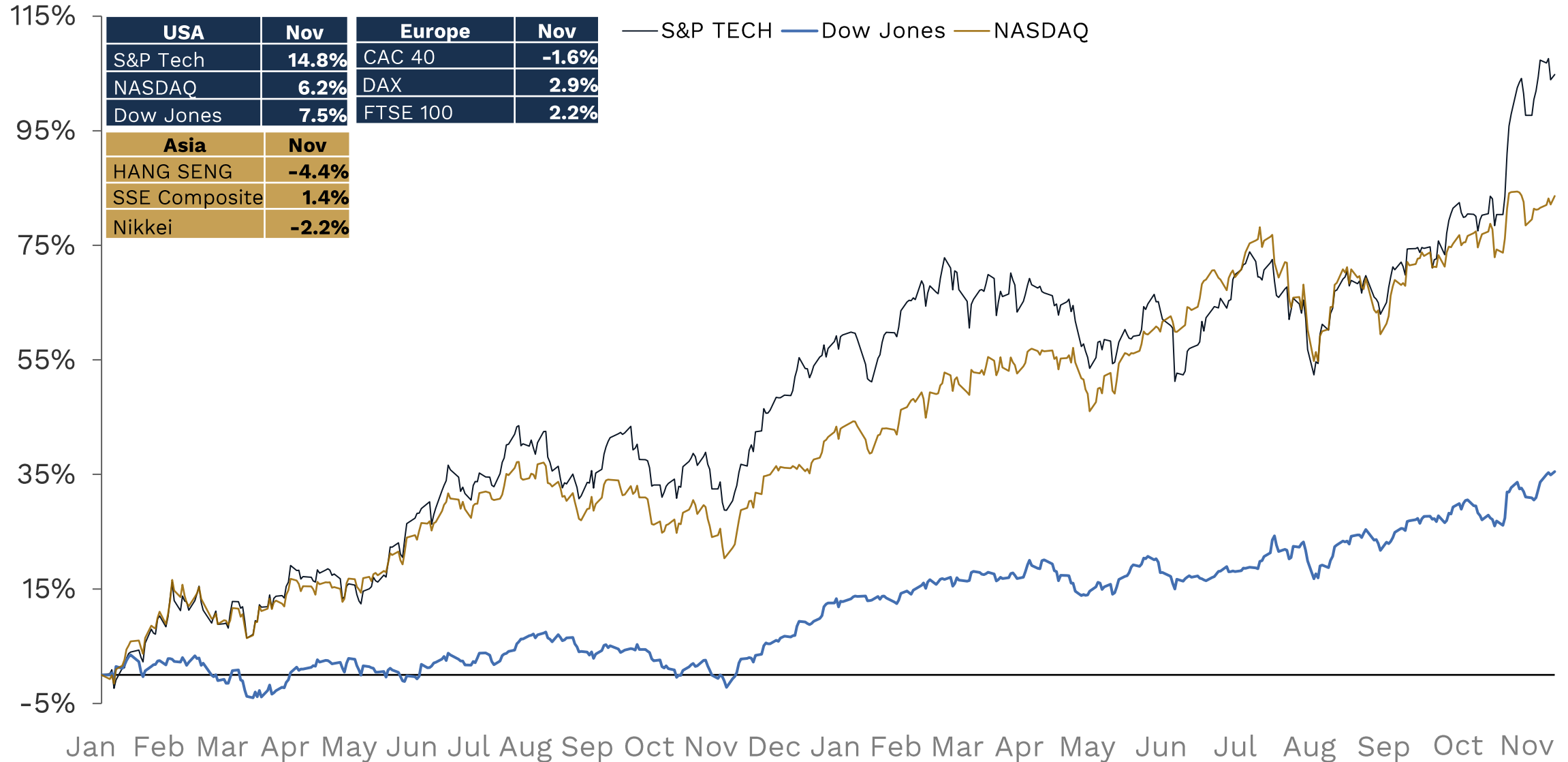
- Better Impact: Global leader in volunteer management software
- Works with nonprofits, municipalities and community-focused organizations
- Optimizes volunteer programs through innovative solutions
- Volunteer recruitment, Communication Program engagement
- The Brydon Group: Investment firm partners with experienced executives.
- Acquires and operates businesses in software, B2B, government & healthcare services.



Tech M&A Research Report

Public Markets Jan 2023 – Nov 2024

% CHANGE



Market

Transactions

Mega Deals

Largest Deal

Pipeline

Private Equity Platform Deals

VC-Backed Exits

Non-Tech Acquirers

Attributes

Cross Border Transactions

Start-Up Acquisitions

Average Life of Target

November 2024

390

1

\$1.2B

November 2024

27

79

21

November 2024

37%

30%

15 yrs

2024 Mega Deals (Jan–Nov)



VERTICAL
19 Deals – \$99B



INFRASTRUCTURE
12 Deals – \$48B



IT SERVICES
6 Deals – \$11B



CONSUMER
5 Deals – \$12B



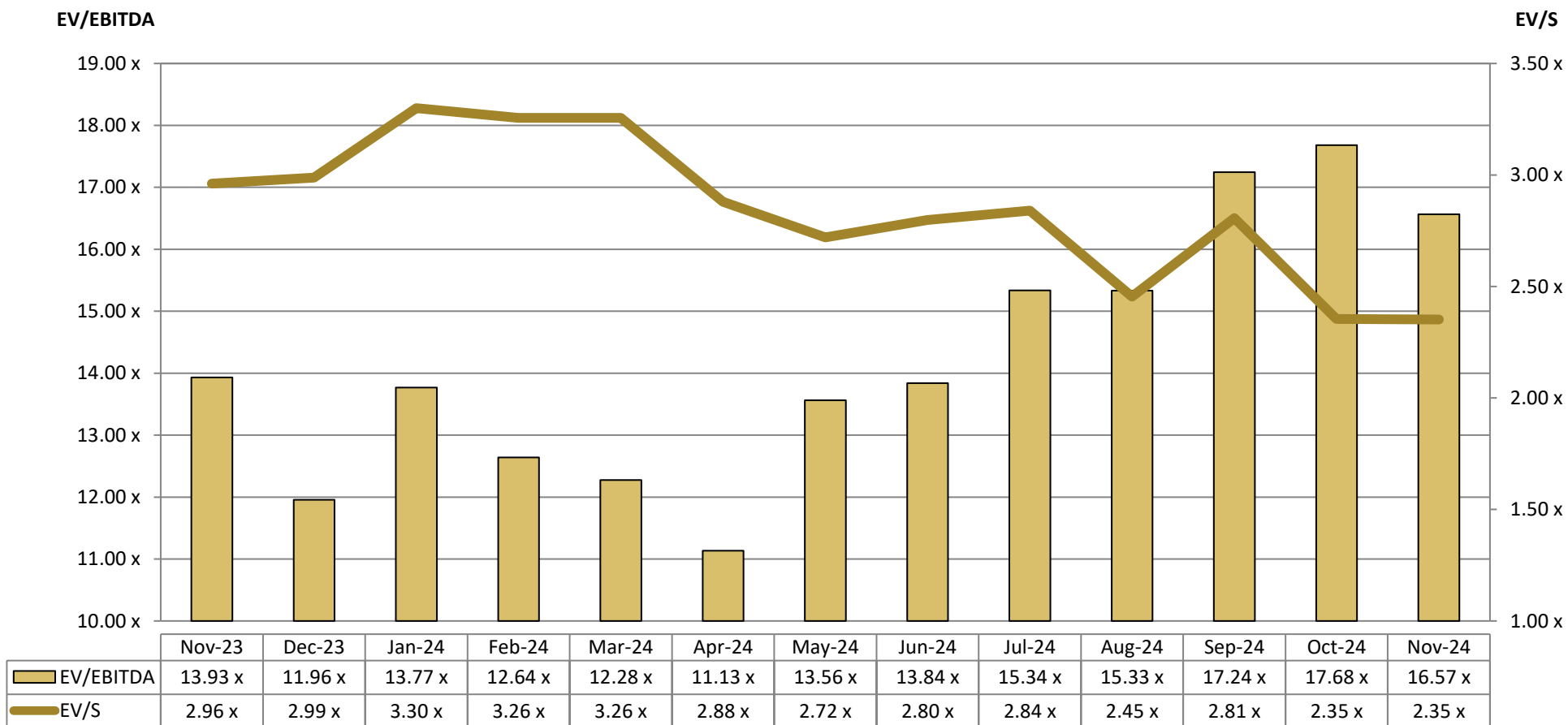
HORIZONTAL
10 Deals – \$30B









INTERNET
4 Deals – \$8.1B



Public Valuation Multiples





Subsector	Sales	EBITDA	Examples		
Casual Gaming	2.19x	13.7x	EMBRACER ⁺ GROUP		
Core Gaming	2.51x	18.5x		Electronic Arts	
Other	3.65x	38.9x		NETFLIX	

2024 Mega Deals (Jan–Nov)

Easybrain
EMBRACER+
GROUP



MINICLIP
Tencent

Seller: Easybrain [Embracer Group] [Cyprus]

Acquirer: Miniclip [Tencent] [Switzerland]

Transaction Value: \$1.2B

- Mobile game developer



CONSUMER
5 Deals – \$12B



Games



Seller: Plarium [Aristocrat] [Israel]
Acquirer: MTG [Sweden]
Transaction Value: \$620M
- Mobile and PC videogames development studio



Seller: SeabyLabs (Pump Game) [Estonia]
Acquirer: Metania Games [Ireland]
- Blockchain game



Seller: Transport Tycoon [United Kingdom]
Acquirer: Atari [France]
- Simulation management game





Call Captioning App



Seller: CaptionMate [USA]

Acquirer: InnoCaption [USA]

- Call captioning mobile application



Digital Wallet

APLAUZ



OKTO

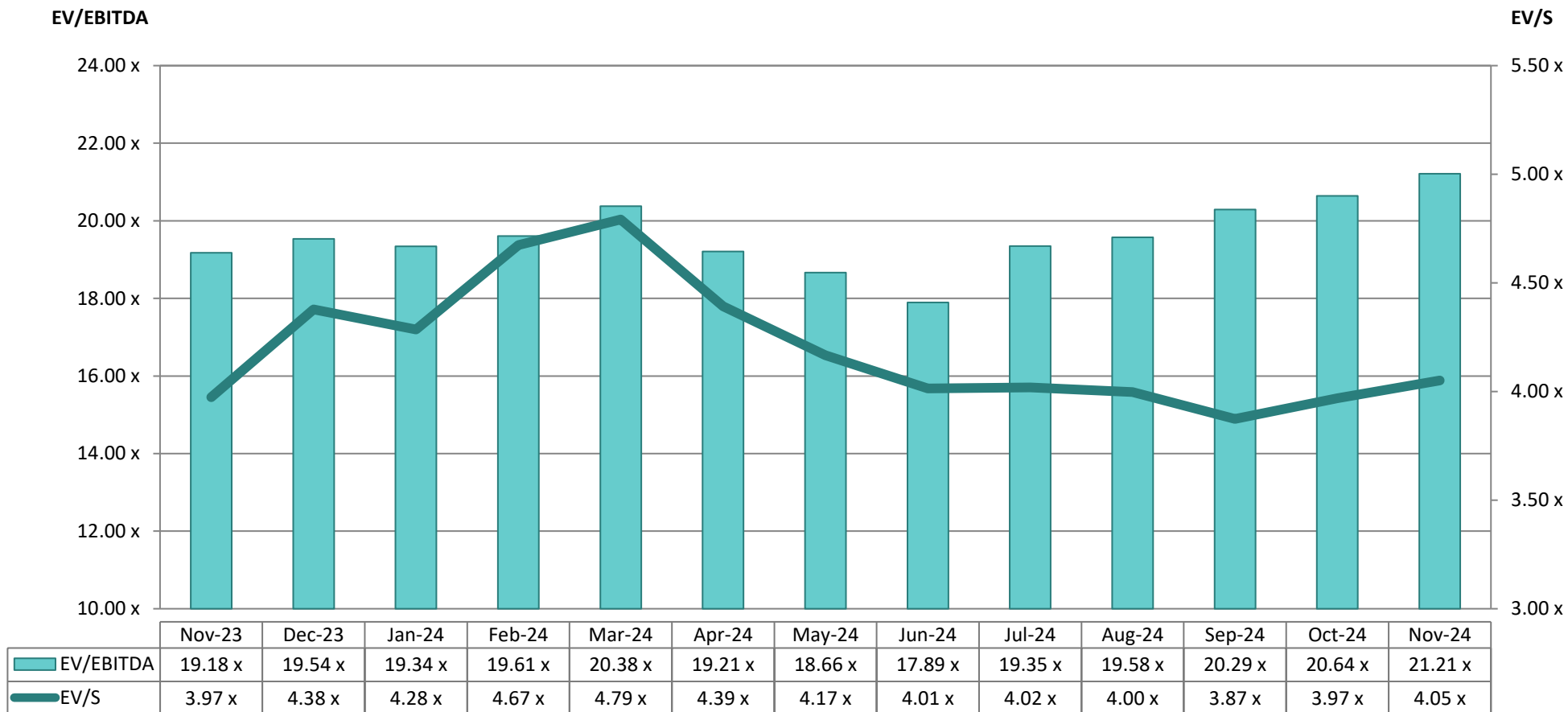
Seller: Aplauz [Switzerland]

Acquirer: OKTO [Greece]









- Digital wallet mobile application



Public Valuation Multiples





Subsector	Sales	EBITDA	Examples		
Business Intelligence	3.90x	14.9x	<i>MicroStrategy</i>	VERINT	NICE®
Marketing	4.07x	20.4x	WIX	 zoominfo	HubSpot
ERP	6.42x	27.8x	ORACLE®	 PEGA®	SAP
Human Resources	6.74x	22.1x	 RECRUIT	PAYCHEX®	workday
SCM	13.9x	47.8x	 AMERICAN SOFTWARE	DESCARTES™	 Manhattan Associates.
Payments	2.86x	15.3x	ACI UNIVERSAL PAYMENTS.	 PayPal	 Square
Other	2.43x	12.5x	ttec™	opentext™	



Data Management



Seller: Datavolo [USA]
Acquirer: Snowflake [USA]
- Data pipeline management software



Seller: Octopai [USA]
Acquirer: Cloudera [KKR] [USA]
- Metadata management automation software



Seller: Hazy [United Kingdom]
Acquirer: SAS [USA]
- Structured synthetic data generation software



AI-Enabled Customer Analytics



Seller: JelledAI [USA]
Acquirer: Inflection AI [USA]
- AI-based conversation analytics software



Seller: Idiomatic [USA]
Acquirer: Front [USA]
- AI-enabled voice-of-customer intelligence software



Seller: NWO.ai [USA]
Acquirer: Growth_Protocol ai [USA]
- AI-based consumer intelligence software



Workforce Management

 **seiza**



 **adzuna**

Seller: Seiza [France]
Acquirer: Adzuna [United Kingdom]
- Workforce recruitment platform

 **EPITOME**



 **rg^h**
resource group holdings plc

Seller: Epitome [Singapore]
Acquirer: Resource Group Holdings [United Kingdom]
- Workforce optimization software

evive



bswift[®] **FP**
FRANCISCO PARTNERS

Seller: Evive [USA]
Acquirer: bswift [Francisco Partners] [USA]
- Employee communications & engagement software

 **BOUNTYJOBS**

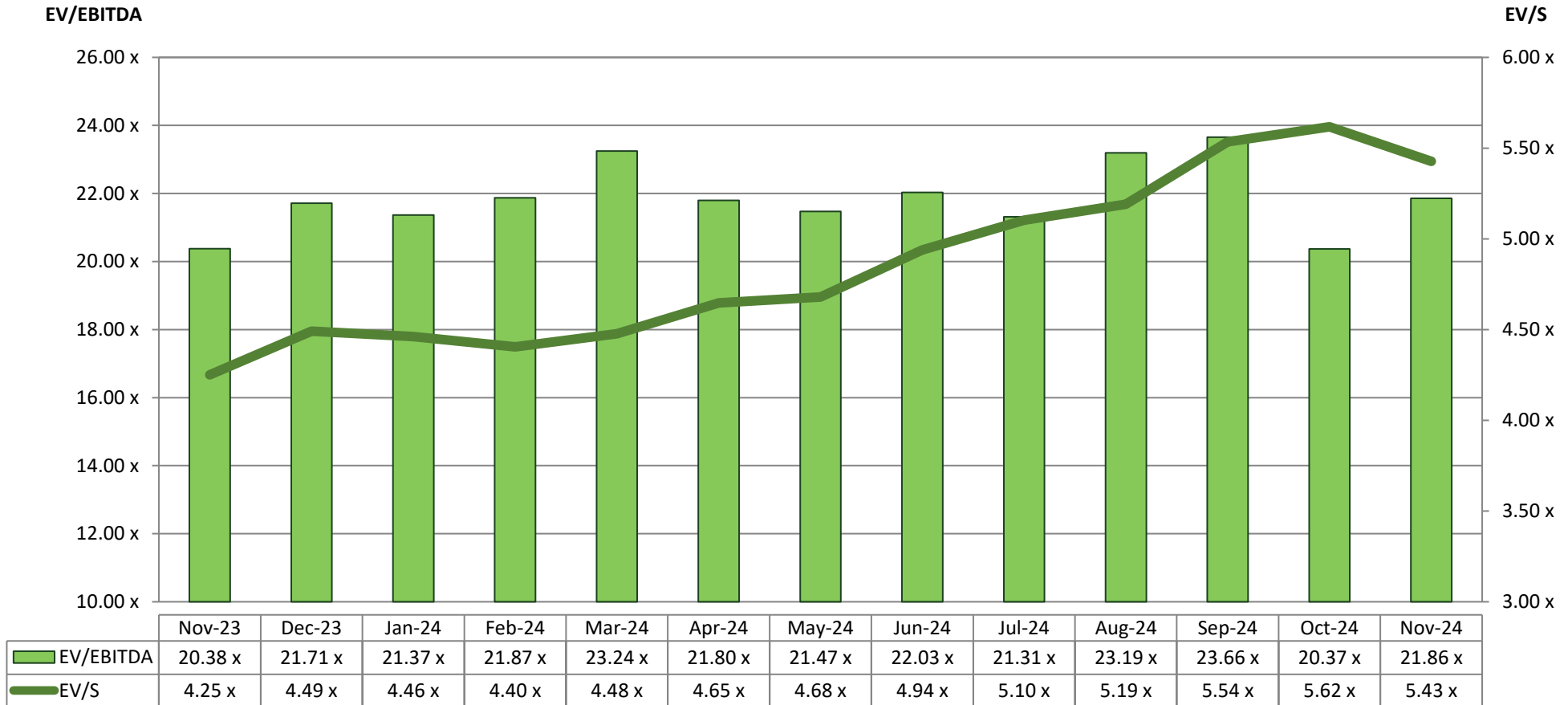


 **Recruiter.com**[™]

























Seller: BountyJobs [USA]
Acquirer: Recruiter.com [USA]
- Recruitment software & search services



Public Valuation Multiples





Subsector	Sales	EBITDA	Examples
A/E/C	12.3x	46.3x	 AUTODESK  DASSAULT SYSTEMES  SYNOPSYS
Automotive	4.35x	20.2x	 AutoTrader  TrueCar  CarGurus
Energy & Environment	3.07x	18.6x	 Landis+Gyr  Itron  xylem
Financial Services	5.67x	20.1x	 Broadridge  SS&C  fiserv.
Government	2.09x	14.9x	 NORTHROP GRUMMAN  L3HARRIS  tyler technologies
Healthcare	1.10x	36.4x	 veradigm.  HealthCatalyst  Teladoc HEALTH
Real Estate	7.55x	N/A	 REDFIN  CoStarGroup  Zillow
Other	4.51x	17.9x	 AMADEUS  Rockwell Automation  Sabre.



Healthcare



Seller: Twiage [USA]
Acquirer: TigerConnect [USA]
- Pre-hospital communication & care coordination software

SOLTEQ

Danish healthcare software solutions



Confirma

Seller: Solteq (Danish healthcare software solutions) [Denmark]
Acquirer: Confirma [Sweden]
Transaction Vale: \$4.2M at 2.1 Ev/Sales
- Healthcare management software

OLAH



Seller: Olah [USA]
Acquirer: Verisma [USA]
- Patient data management software

cortex



Boston Scientific

Seller: Cortex [USA]
Acquirer: Boston Scientific [USA]
- Healthcare mapping software



Education



Seller: CourseLoop [Australia]
Acquirer: TechnologyOne [Australia]
- Curriculum management software



Seller: Storypark [New Zealand]
Acquirer: Potentia Capital [Australia]
- Early childhood education software



Seller: EarlyBird [USA]
Acquirer: Imagine Learning [USA]
- Literacy assessment software



Seller: Red Cedar Solutions Group [USA]
Acquirer: Level Data [USA]
- Education compliance & monitoring software



Retail



Seller: VarejOnline [Brazil]
Acquirer: TOTVS [Brazil]
Transaction Value: \$8.5M
- Retail ERP software



Seller: Wolfpack DCS [Netherlands]
Acquirer: Orisha [TA Associates/Francisco Partners] [France]
- Omni-channel retail software



Seller: Interactive Edge [USA]
Acquirer: Nucleous [USA]
- Retail analytics automation software



GovTech



Seller: Intertribal Software [USA]
Acquirer: Quality Standard [USA]
- Member service programs management software



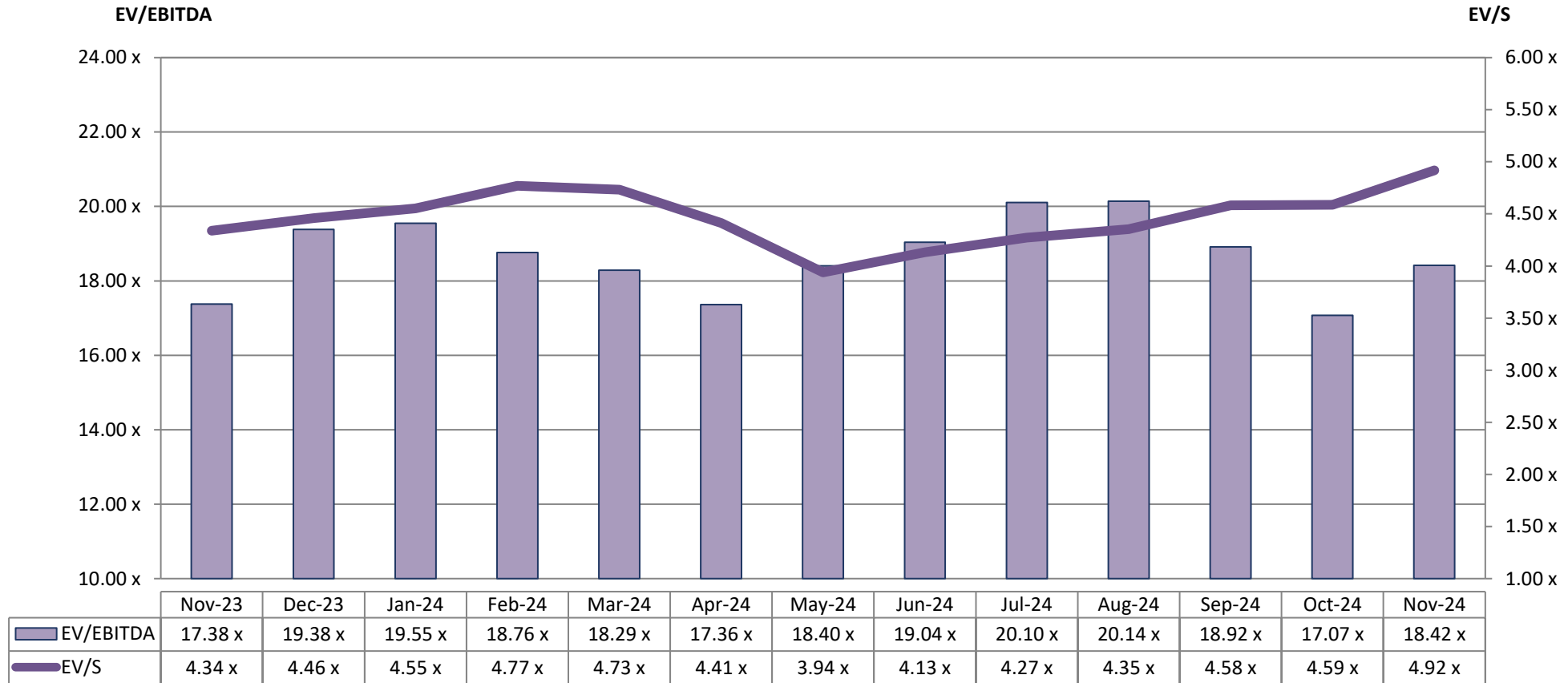
GovPro AI

















Seller: GovPro AI [USA]
Acquirer: Unanet [USA]
- AI-based proposal writing software



Public Valuation Multiples





Subsector	Sales	EBITDA		Examples
Application Lifecycle	5.23x	14.5x	 ATLASSIAN	 unity  Progress®
Endpoint	5.73x	21.7x	 Digital Ocean	 Opera NUTANIX
Network Management	2.56x	25.0x		 CISCO JUNIPER NETWORKS
Security	6.88x	17.6x	 paloalto NETWORKS	 CHECK POINT™ FORTINET®
Storage & Hosting	5.21x	36.0x		 COMMVault™ NetApp
Other	3.78x	18.3x	 Akamai	 appian  twilio



Security



Seller: Adlumin [USA]

Acquirer: N-able [USA]

Transaction Value: \$236M

- Enterprise-grade security operations software



Seller: Cybersixgill [Israel]

Acquirer: Bitsight [USA]

Transaction Value: \$115M at 7.7x EV/Sales

- Threat intelligence software



App Security

DAZZ.



WIZ

Seller: Dazz [USA]
Acquirer: Wiz [USA]
Transaction Value: \$450M
- Application security posture management software



ADAPTIVE SHIELD



CROWDSTRIKE

Seller: Adaptive Shield [Israel]
Acquirer: CrowdStrike [USA]
Transaction Value: reported \$300M
- SaaS security posture management software



Probely



snyk

Seller: Probely [Portugal]
Acquirer: Snyk [United Kingdom]
- Dynamic application security testing software



Media Tech

BRIGHTCOVE[®]

SOLD TO

BENDING SPOONS

Seller: Brightcove [USA]
Acquirer: Bending Spoons [Italy]
Transaction Value: \$233M
- Video content delivery software

 **Floik**

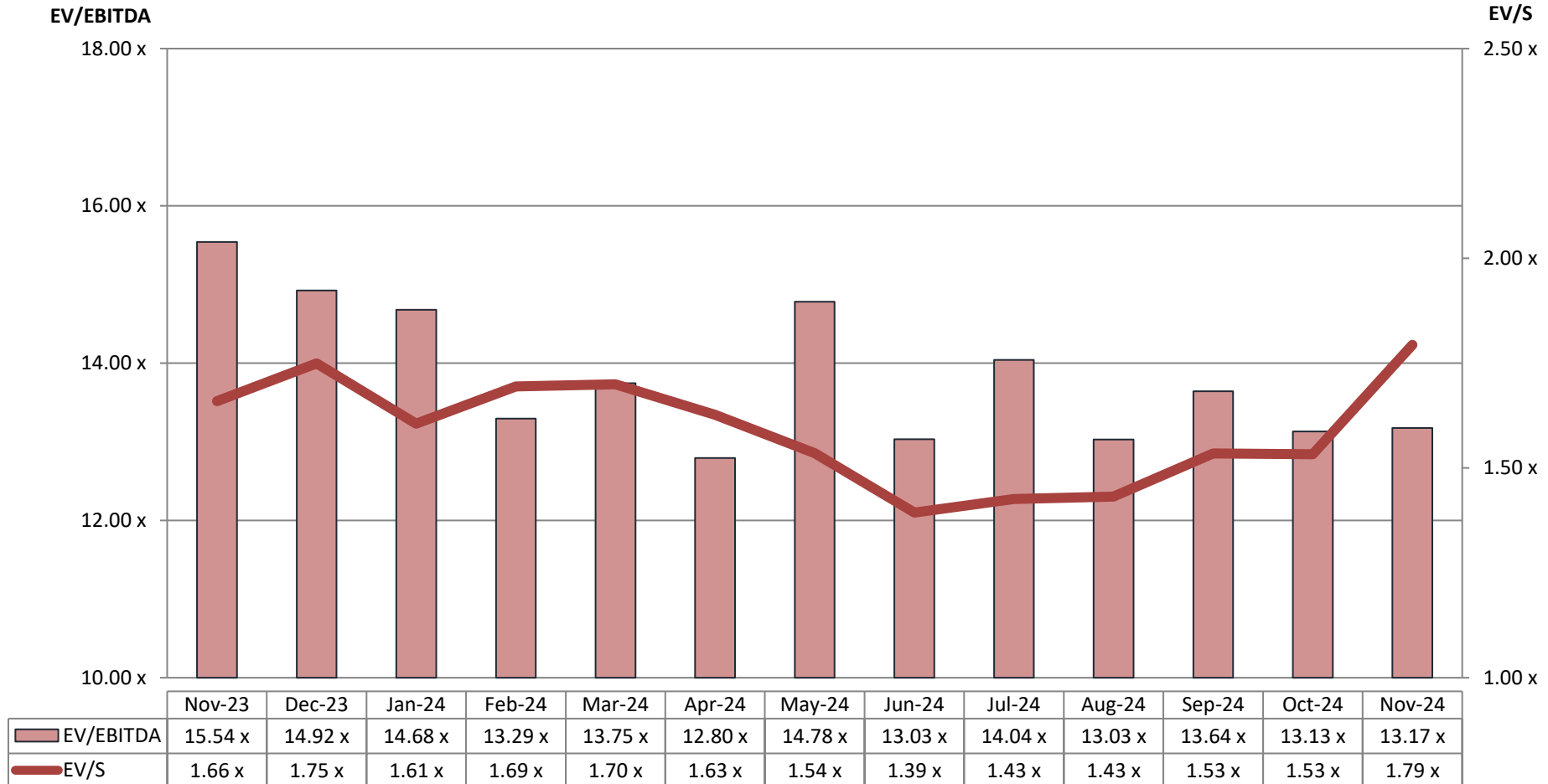
SOLD TO

Kovai.co












Seller: Floik [India]
Acquirer: Kovai.co [United Kingdom]
- Video & demo creation software



Public Valuation Multiples





Subsector	Sales	EBITDA	Examples
Diversified Internet	2.00x	13.9x	Alphabet  
eCommerce	1.06x	12.7x	  
Social Network	1.19x	4.38x	  
Travel & Leisure	3.98x	14.3x	  



Food Apps



Seller: Grubhub [Just Eat Takeaway.com] [USA]

Acquirer: Wonder [USA]

Transaction Value: \$650M

- Online food delivery services



Seller: Servy [USA]

Acquirer: GrayMatter [Reply] [India]

- Airport food app



Online Automotive Services



Seller: RepairPal [USA]

Acquirer: Yelp [USA]

Transaction Value: \$80M at 2.7x EV/Sales

- Online auto repair search services



Property Rental



Seller: Trawerk [Croatia]

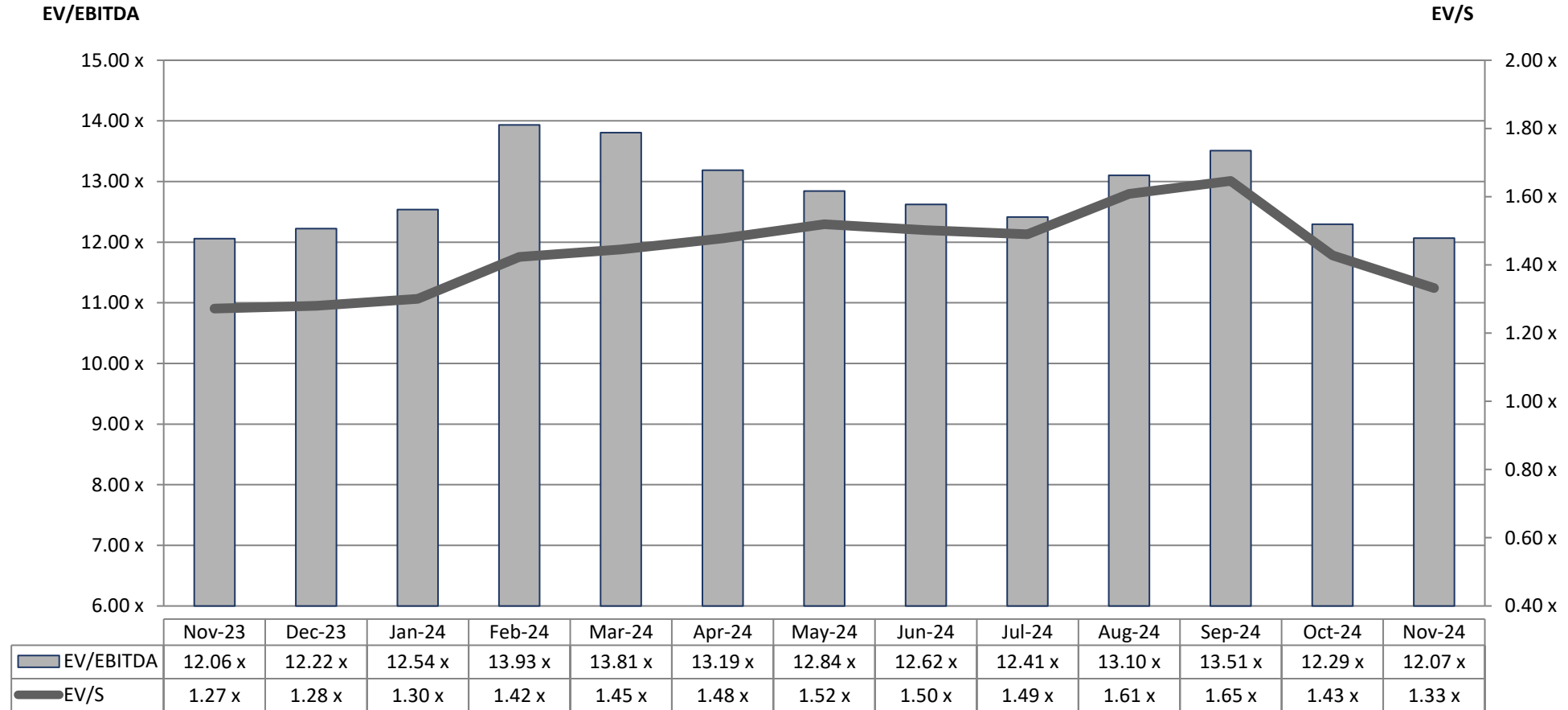
Acquirer: Flatio [Czech Republic]

Transaction Value: \$5.0M

- Online property rental website

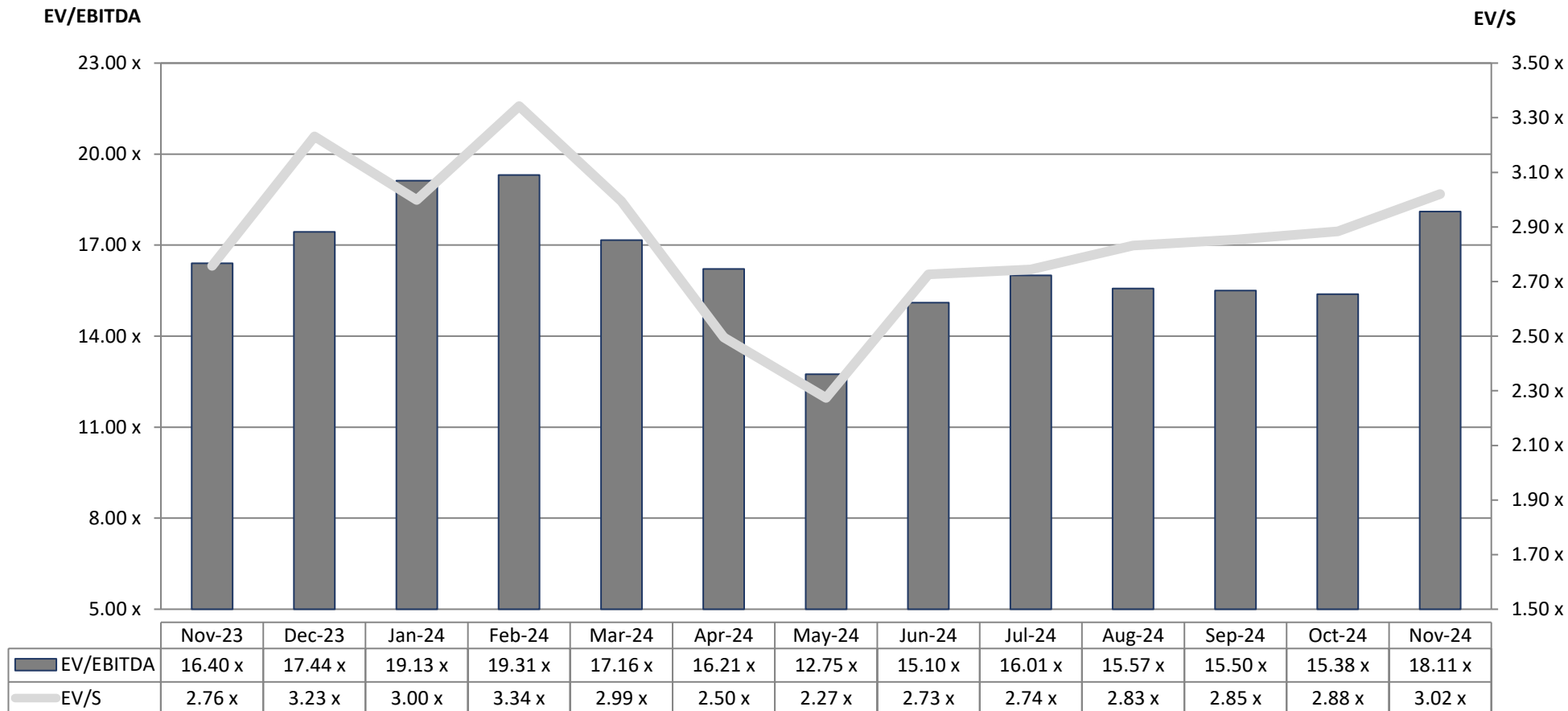


Public Valuation Multiples





Public Valuation Multiples





General IT Consulting



SOLD TO



marimo
Global Technology Co., Ltd.

Seller: DRose Consulting [Indonesia]
Acquirer: Marimo Global Technology [Japan]
- IT consulting services to businesses in Indonesia



SOLD TO



ALLEN

Seller: Worldgrid [Atos] [France]
Acquirer: Alten [France]
Transaction Value: \$294M
- IT consulting and engineering services to businesses in the energy and utility sectors



SOLD TO



DEUTSCHE PRIVATE EQUITY

Seller: VENZO [Truesec] [Denmark]
Acquirer: valantic [Deutsche Private Equity] [Germany]
- Digital consulting services for businesses in Denmark



SOLD TO



THE SELECT GROUP

Seller: Bluehawk [USA]
Acquirer: The Select Group [USA]
- IT consulting services for businesses globally



Software Development



L&T Technology Services

Seller: Intelliswift [USA]

Acquirer: L&T Technology Services [India]

Transaction Value: \$110M

- Software and mobile application development services



point b

Seller: Lumston [Mexico]

Acquirer: Point B [USA]

- Digital transformation services



Mutually human



Seller: SpinDance [USA]

Acquirer: Mutually Human [Century Technology Group] [USA]

- Custom software development services



Security IT Services



Seller: Cloudrise [USA]
Acquirer: Exclusive Networks [France]
- Managed security services



Seller: SynerSolutions [Canada]
Acquirer: Compugen [Canada]
- Defense cybersecurity services



Seller: First Coast Security [USA]
Acquirer: ICTS Europe [Sofinord] [Netherlands]
- Security services



Seller: AdaptToSolve [USA]
Acquirer: Minuteman Security and Life Safety [USA]
- Security system integration services



Amber Stoner
Vice President



**Artem
Mamaiev**
Associate



**Anna
Lebedieva**
Senior Analyst



Elena Serikova
Data Researcher



Callum Turcan
Research 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

THE NEW

M&A METRICS



THE NEW WAVE OF BUYERS

those particularly
focused on **smaller
SaaS companies,**

especially those
serving **vertical
markets.**



PRIVATE EQUITY FIRMS

HOLDING COMPANIES

INDEPENDANT SPONSORS

SEARCH FUNDS

FAMILY OFFICES



AGGRESSIVE BIDS



PREDICTABILITY OF SUBSCRIPTION REVENUE

Financial buyers can make **bigger bets** on your company.

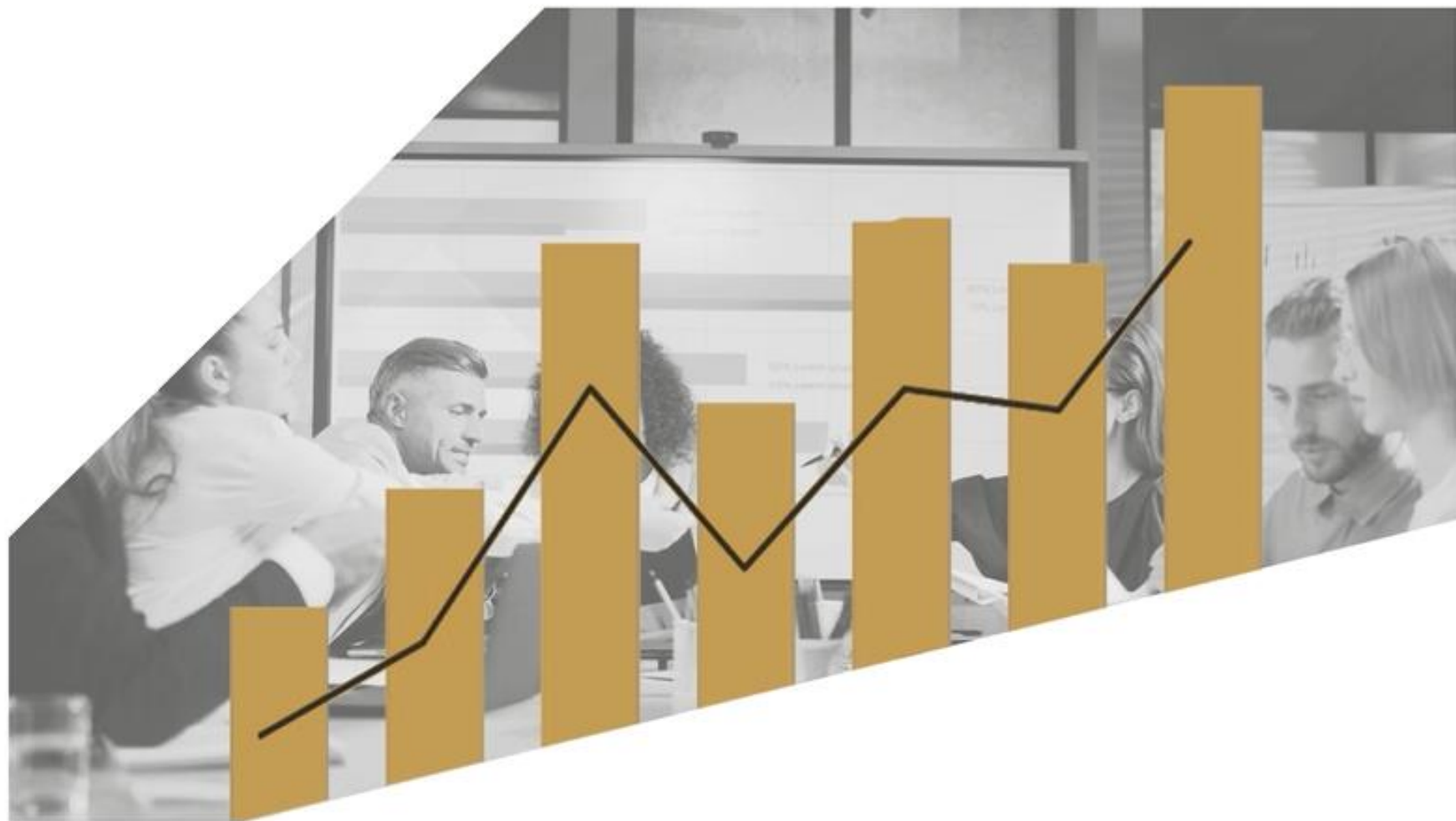
The **more predictable**, the bigger the bet they can **justify**.

THE
**BETTER
GRASP**

YOU HAVE ON THEM,

THE
**EASIER
TIME**

YOU ARE GOING TO HAVE.





3 METRICS

NOT
JUST ABOUT
**FINANCIAL
BUYERS**

NOT
JUST ABOUT
SOFTWARE

2
TRENDS



**Strategic buyers are
behaving more like
financial buyers.**



**Key metrics for
software companies
are becoming more
expected for services
companies.**

METRIC 1.

RECURRING REVENUE



MANY TECH
ACQUIRERS
**HAVE
HARD
LIMITS**

on how much of a
company's revenue can
be **non-recurring** or
re-occurring

70% OR 80%
recurring is typical



METRIC 1. RECURRING REVENUE

a multiple of



not your overall total revenue

METRIC 1. RECURRING REVENUE



THE **CLEANER**
THAT
RECURRING
REVENUE IS,
THE **BETTER.**

METRIC 1. RECURRING REVENUE



BUYERS MAY **DIFFERENTIATE**

between revenue contracted for a specific period, versus revenue that is month-to-month.

METRICS 2. & 3.

PREDICABILITY OF REVENUE

METRIC 2. GROSS REVENUE RETENTION

The focus on “**logo churn**” is now often **secondary**.

Buyers now look at **revenue change over time** within your existing customer base.

$$\text{GROSS REVENUE RETENTION} = \frac{(\text{Initial ARR}^* - \text{Lost ARR}^* - \text{Downsold ARR}^*)}{\text{Initial ARR}^*}$$

*Annual Revenue Retention

GROSS REVENUE RETENTION

is the **least forgiving** of these metrics, but its often a hard line for buyers.

This is where deals **live or die**.

Some want **90%+** others **80%**.

Below **70%** can be **challenging** and require special positioning.

NET REVENUE RETENTION

is more **forgiving**—this looks both at **the gains and the losses** within that monthly recurring revenue by customer.

Buyers like to see this **number be over 100%**, meaning that your revenue is **growing fast enough** within the customers you are keeping **to make up for any customers that you are losing** or who are cutting back.



NET REVENUE RETENTION =

$$\frac{(\text{Initial ARR}^* - \text{Lost ARR}^* - \text{Downsold ARR}^* + \text{Upsold ARR}^*)}{\text{Initial ARR}^*}$$

*Annual Revenue Retention

A FIRM COMMAND
OF THESE

3 TRENDS

IS A GREAT START.

CHOOSING YOUR PARTNERS
CAREFULLY AS YOU
CONSIDER M&A.

You want an **M&A advisor** who **understands** how the buyers look at these things, but you also need your **finance and accounting team** to be familiar with these sorts of metrics.

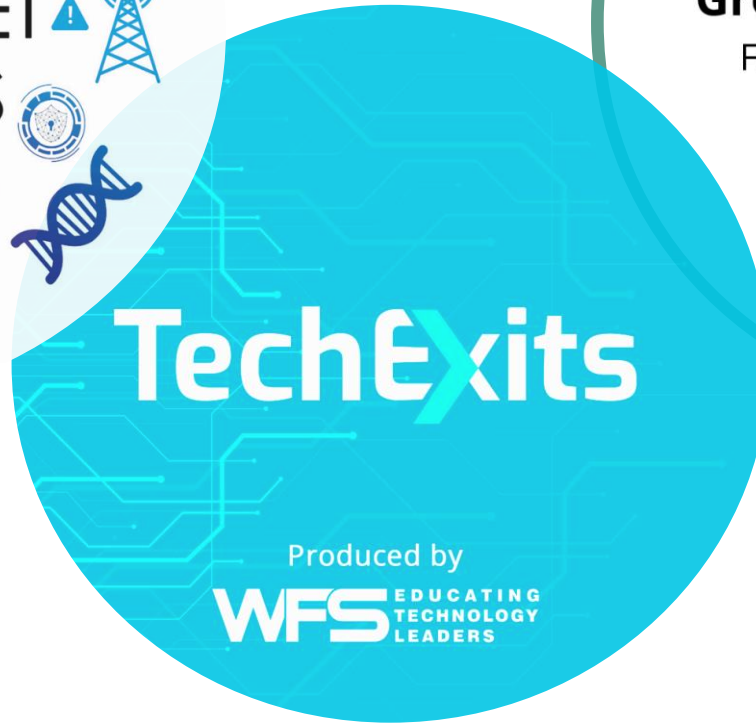
Whether your metrics are **through the roof**, or you've seen **challenges**, there are remarkable **opportunities** for technology companies in today's **M&A** market.

THE BETTER PREPARED YOU ARE,
THE BETTER YOUR OPPORTUNITY FOR AN
OPTIMAL OUTCOME.





Webcasts



Podcasts



Conferences

After the Deal – Celebration



www.CorumGroup.com

CORUM

Thank you!