



Tech M&A Monthly



TECH M&A MONTHLY

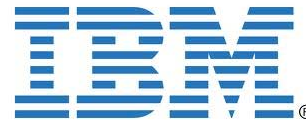
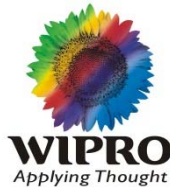
....starts in 2 minutes



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Past Attendees Include:



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Past Conferences & Reports

- Private Equity Panel
- 10 Key Terms in an M&A Contract
- Google Acquisition Strategy
- Deal Structures Today
- Disruptive Tech Trend Reports: IoT Software, Majority Mobilization, Sports & Gaming, etc.
- Special Reports: Patents, New Buyers, M&A Process, Increasing Deal Value...



TECH M&A MONTHLY

....starts in 1 minute

Merge Briefing

- 90 Minutes
- Industry Update
- Overview of the M&A Process
- Upcoming events in:
 - Berlin
 - Wellington
 - Birmingham
 - Cardiff
 - Boise
 - Toronto
 - Paris
 - Victoria



MERGE BRIEFING

Selling Up, Selling Out

- Half-Day
- Tech M&A Bootcamp
- The most attended tech executive conference in history
- Upcoming events in:
 - Auckland
 - Detroit
 - Richmond



8 Stages for an Optimal Outcome

1



Typical Negotiation Flow





AVOIDING THE

DEAL DISASTERS

Upcoming Conference Schedule

Selling Up Selling Out (SUSO) - Ready to go to market? During this half-day workshop, learn to prepare, position, research, value, negotiate, and execute due diligence for maximum price and structure. This is the most attended Tech M&A event ever – participants have done over \$1 trillion in transaction value.

Merge Briefing (MB) - The Merge Briefing is a 90-minute executive briefing providing a current M&A market update (trends, valuations, etc.), as well as a brief overview of the Tech M&A process: “8 Steps To An Optimal Outcome.”

Nov. 11: **Berlin** – MB

Dec. 1: **Boise** – MB

Nov. 15: **Auckland** – SUSO

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Nov. 16: **Wellington** – MB

Dec. 2: **Waterloo** – SUSO

Nov. 17: **Detroit** – SUSO

Dec. 5: **Richmond** – SUSO

Nov. 22: **Victoria** – MB

Dec. 6: **Paris** – MB

Nov. 22: **Birmingham** – MB

Nov. 23: **Cardiff** – MB

www.CorumGroup.com/Events

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Logistics

- Ask questions any time
 - Use Q&A tab on bottom of screen
 - Click “Refresh Now” to view responses
- This event is being recorded
 - European broadcast November 11, 1 PM Berlin Time
 - On demand webcast will be available at www.corumgroup.com

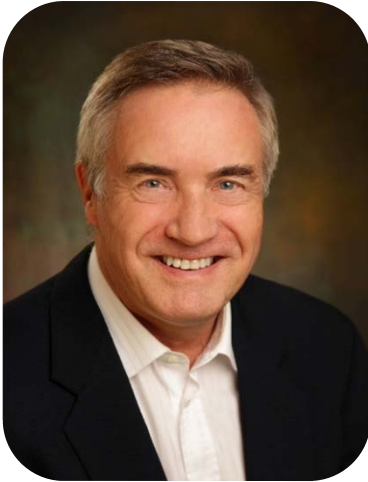


Tech M&A Monthly

12 Deal Structure Tips + Trump & Tech M&A

November 10, 2016

Welcome



Bruce Milne
CEO
Corum Group Ltd.

A leader in the software industry, Bruce has founded or owned four software companies, including the largest vertical market software company, AMI, an Inc. 500 firm rated by IDC as the fastest growing computer-related company in the world.

He has served on advisory boards for Microsoft, IBM, DEC, Comdex and Apple, and as board member/founding investor in some of the most innovative firms in their field, including Blue Coat, Bright Star and Sabaki. Past advisor to two governors and a senator, a board member of the Washington Technology Center, and founder of the WTIA, the nation's most active regional technology trade association.

He worked with the Canadian government to found SoftWorld, and he was recently chosen as one of the 200 most influential individuals in the IT community in Europe. He was also the only American juror for the recent Tornado 100 Awards given to Europe's top technology firms

A graduate with Distinction from Harvard Business School, Bruce has written three books on business models for success, including *Power Planning*. He is a frequent lecturer and author.

Agenda

- Welcome
- Trump and Tech M&A: What Now?
- November 2016 Research Report
- 12 Deal Structure Tips to Maximize Value
- Q&A

Reasons M&A Will Remain Strong

- Disruptive Technologies
- Urgent need for growth
- Access to capital

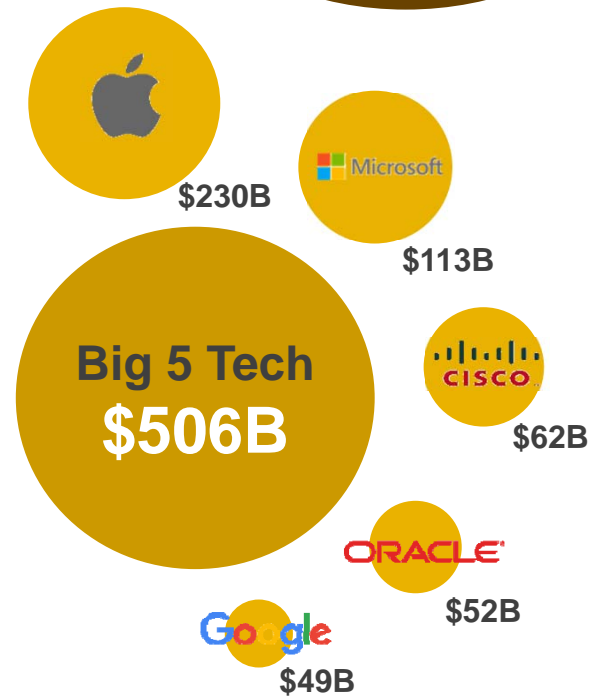
Total Overseas Cash

\$2.5T

U.S. Tech Companies

\$1T

Overseas Cash Holdings





Market Impacts by Sector

Elon Gasper
Executive Vice President,
Research and Technology
Corum Group Ltd.

Elon Gasper founded pioneering animation and speech software company Bright Star Technology in the 1980s. With Corum's assistance he closed venture funding, expanded and then sold Bright Star to a public company in the early 90s. He holds 9 patents for his software innovations and was a finalist for the Fleugelman, the only personal achievement award given by the Software Publishers Association. He has also won a Traditional Game of the Year, a Best Practices for Product Innovation, a COMDEX Envision and a Codie, the retail software 'Oscar'.

After Bright Star, Elon went on to drive development, business and marketing strategies in a variety of companies and roles, including Chief Technologist in entertainment giant Vivendi Universal's Sierra Online division; Senior VP at VizX Labs, a pioneering SaaS business delivering DNA analysis tools to scientists; and participant in a number of other start-ups, notably in the medical device, geoweb and telecommunications spaces. His background also includes faculty, staff and other positions at UCLA, Cal State, and currently University of Washington, where he has appointment as Entrepreneur-in-Residence at [UWBTEC](#); systems programming at a Fortune 500 company's Advanced Technology Center; and biomedical research.

Elon also chairs the World Technology Council, whose members include a number of former Corum clients who enjoy continued participation with the firm, ranging from taking a leadership role in transactions in their areas of expertise to rendering business, technical and other advice and assistance. Elon's other interests also include oversight of activities related to Corum's Web and social media presence. He earned his MS in Computer Science and BS in Biochemistry from Michigan State University.

Vertical Sector Impacts



A/E/C: Value follows Caterpillar (up 8%) and defense stocks




Government: Increased demand for productivity in the US government opens new opportunities



Healthcare: Lower value for compliance and other Affordable Care Act beneficiaries, but new opportunities with a replacement. Research, biomed and biotech up with regulation pullbacks

Horizontal Sector Impacts

  **HR:** Compliance boom may wane, while training value may increase due to increased public works and overall change

 **BI:** Increased value and demand as new models and faster reaction to changing market conditions is needed

 **SCM & ERP:** Value up for those dealing with changing international supply chains and manufacturing geographies

Internet Sector Impacts



E-Commerce: Uncertainty to downside. Trump has mentioned an Internet sales tax.



Travel & Leisure: Accelerated consolidation in travel, with uncertainty pushing value down, as seen in public markets.



Social Networks: Upside as Twitter & Facebook had a major electoral impact, they and others in the ecosystem will share in the benefit.

IT Services Sector Impacts



Emerging Markets: Premium continues trending downward as outsourcing becomes even less favorably looked upon.



Developed Markets: High valuations should continue, with particular opportunity for services firms leveraging small town and rural areas in the US (and maybe UK, others)



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Corum Research Report



Amber Stoner
Director of Research

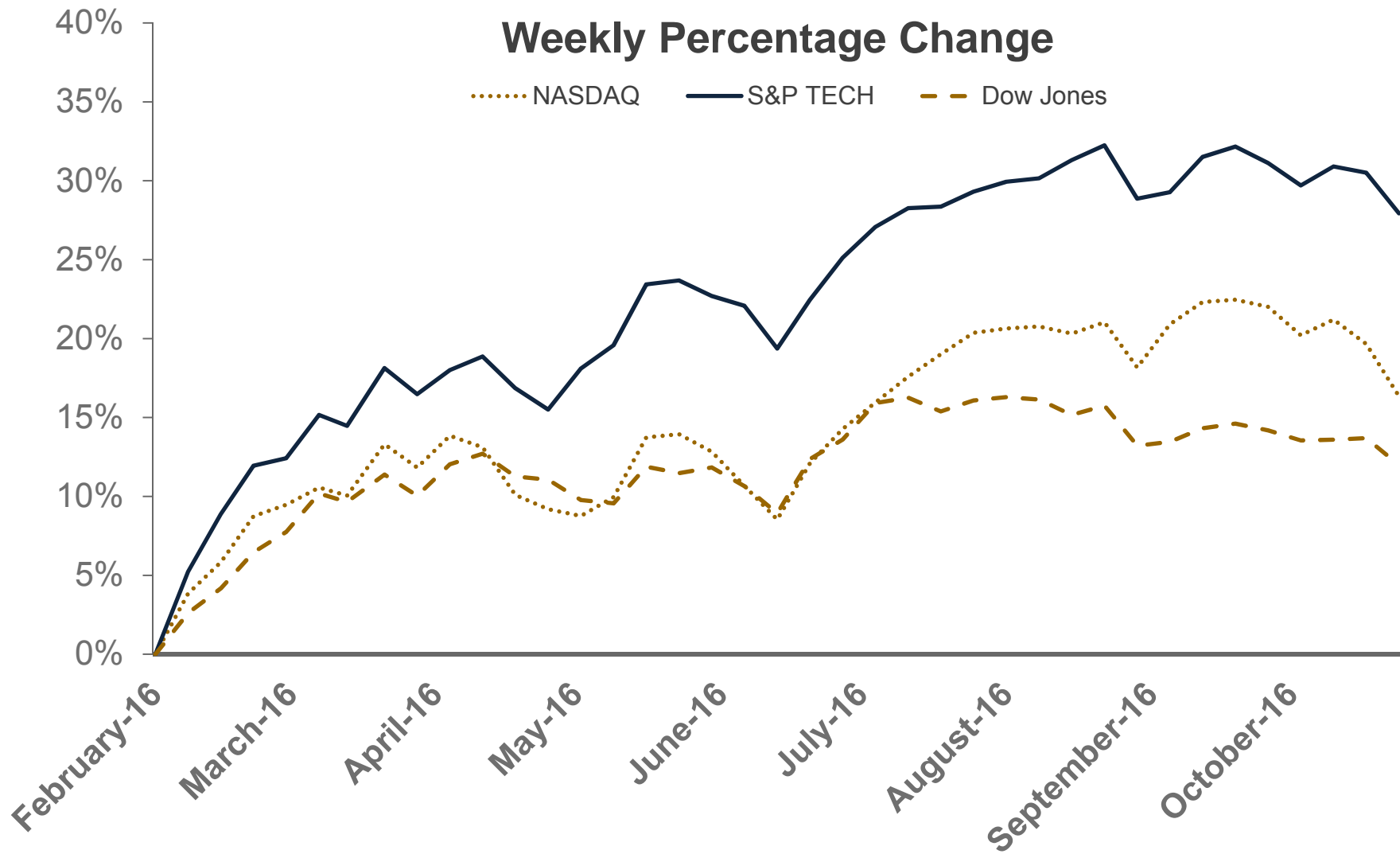


Amanda Tallman
Senior Analyst



Thomas Wright
Analyst

Public Markets



Macro view: 4 Longest* Bull Market Runs

	Start	End	Years
Dotcom Bubble	Oct. 11, 1990	Mar. 24, 2000	9.5
Current	Mar. 9, 2009	?	7.7
Postwar Boom	Jun. 13, 1949	Aug. 2, 1956	7.1
That 70s Inflation	Oct. 3, 1974	Nov. 28, 1980	6.2



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

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Corum Index

Market

Transactions

Oct. 2015

374

Oct. 2016

313

16%

Mega Deals

5

5

Largest Deal

\$63.1B

\$39.2B

38%

Pipeline

Private Equity Deals

Oct. 2015

12

Oct. 2016

27

125%

VC Backed Exits

61

68

11%

Attributes

Cross Border Transactions

Oct. 2015

34%

Oct. 2016

32%

6%

Start-Up Acquisitions

15%

12%

20%

Average Life of Target

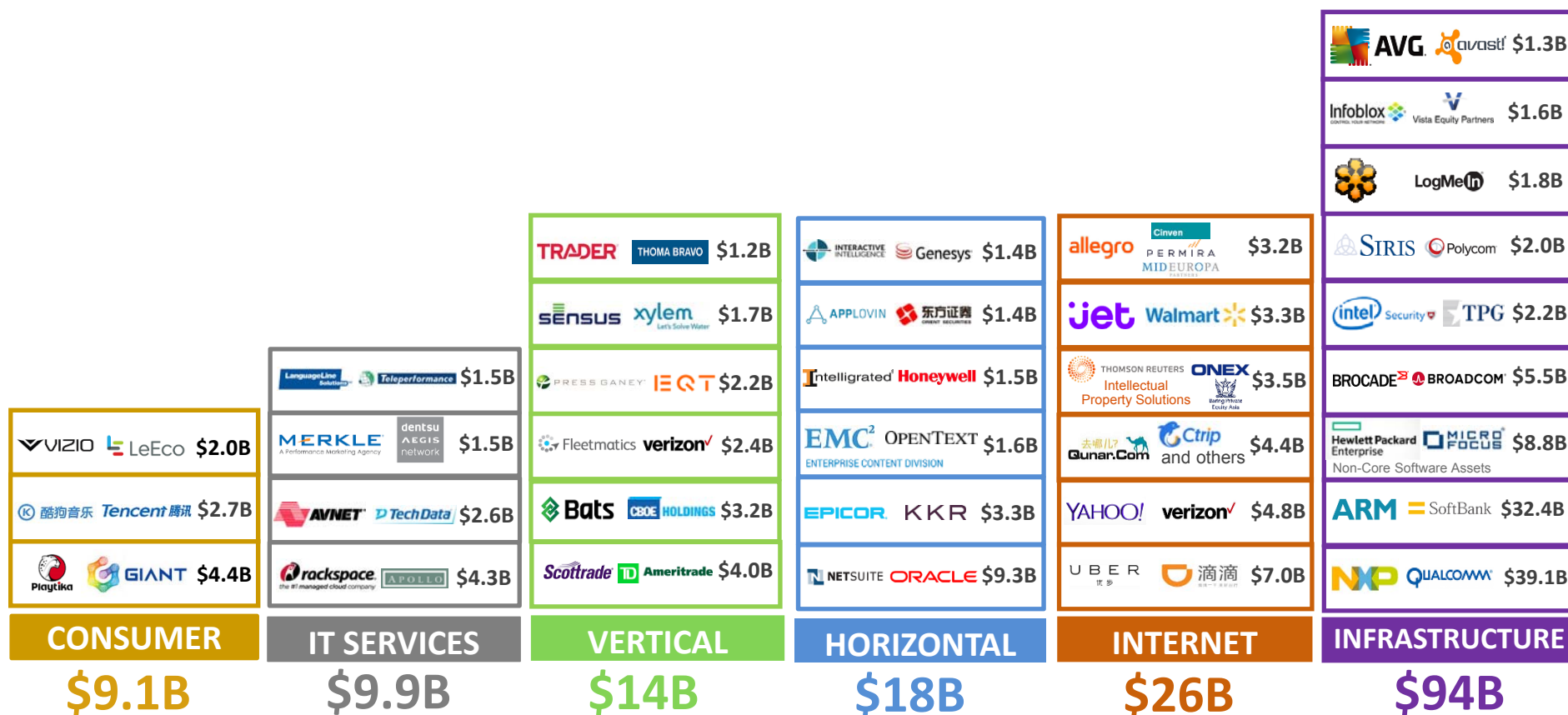
15 yrs

14 yrs

7%

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Mega Deals - H2 2016 YTD





































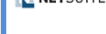



















Mega Deals - H2 2016 YTD

BROCADE   **BROADCOM** 



Target: Brocade Communications Systems Inc. [USA]
 Acquirer: Broadcom Corporation [Avago] [USA]
 Transaction Value: \$5.5B (2.6x EV/S and 13.2x EBITDA)

 	\$1.3B
 	\$1.6B
	\$1.8B
 	\$2.0B
 	\$2.2B
 	\$5.5B
 	\$8.8B
	\$32.4B
 	\$39.1B

CONSUMER	IT SERVICES	VERTICAL	HORIZONTAL	INTERNET
  \$2.0B   \$2.7B   \$4.4B	  \$1.5B   \$1.5B   \$2.6B   \$4.3B	  \$1.2B   \$1.7B   \$2.2B   \$2.4B   \$3.2B   \$4.0B	  \$1.4B   \$1.4B   \$1.5B   \$1.6B   \$3.3B   \$9.3B	    \$3.2B   \$3.3B     \$3.5B   and others \$4.4B   \$4.8B   \$7.0B
\$9.1B	\$9.9B	\$14B	\$18B	\$26B

INFRASTRUCTURE
\$94B

Mega Deals - H2 2016 YTD


Sold to


Ctrip
and others

Target: Qunar Cayman Islands Limited [China]
Acquirer: Consortium led by Ctrip [China]
Transaction Value: \$4.4B (6.8x EV/S)



Mega Deals - H2 2016 YTD

allegro

Sold to

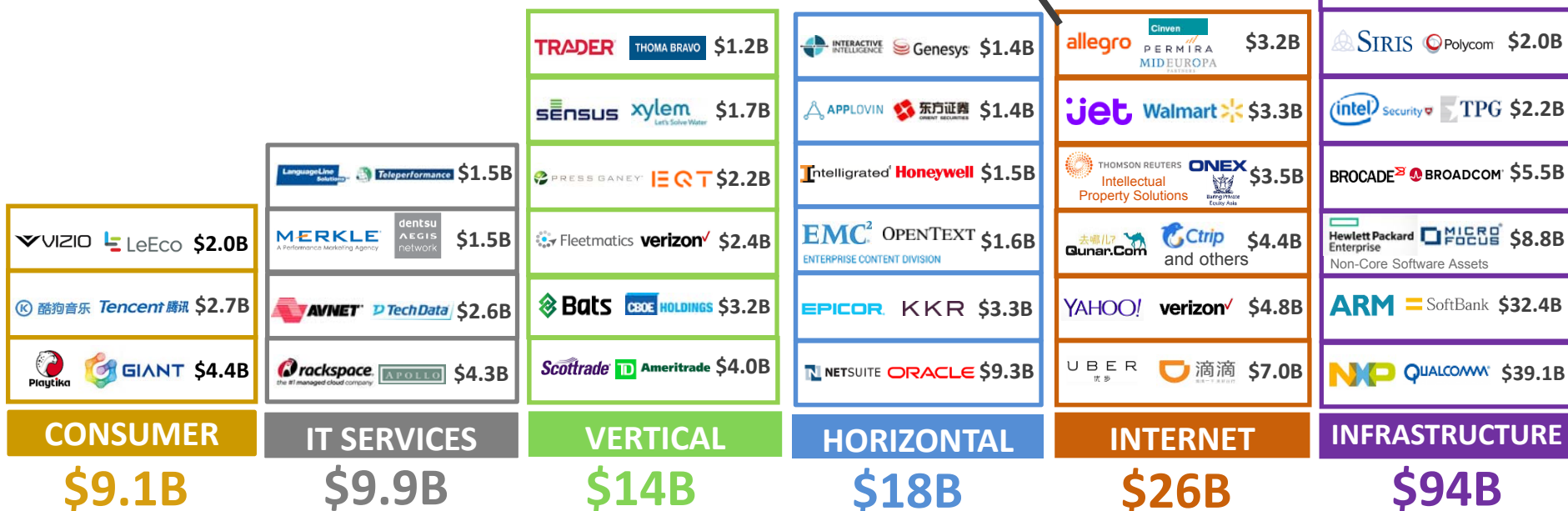
Cinven

PERMIRA
MID EUROPA
PARTNERS

Target: Grupa Allegro [Poland]

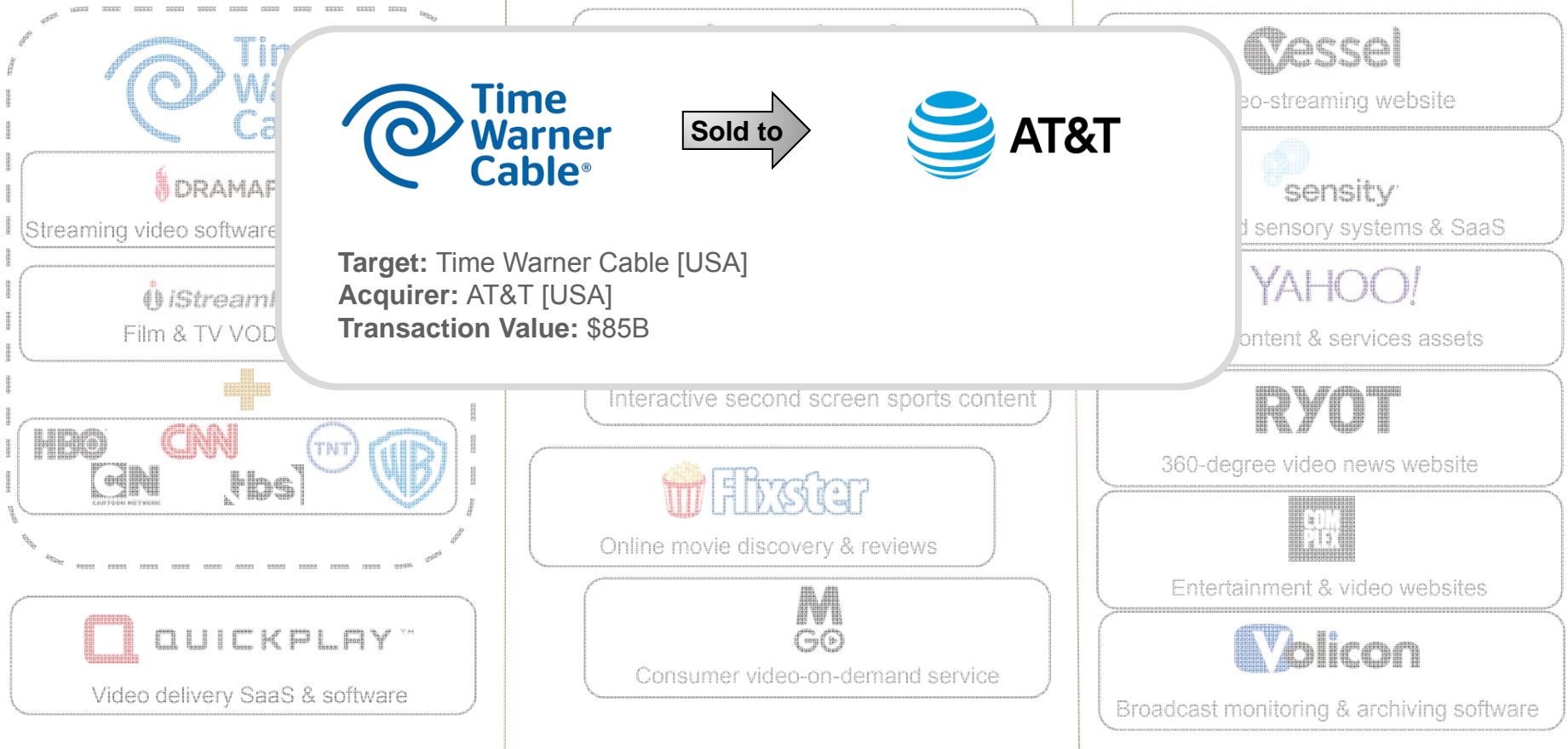
Acquirer: Cinven/Permira/Mid Europa [United Kingdom]

Transaction Value: \$3.2B (6.8x EV/S)





Media/Telecom M&A





Media/Telecom M&A



Streaming video software & SaaS – 190m



Film & TV VOD website



Video delivery SaaS & software



Connected home automation software



Online video ad exchange



Interactive second screen sports content



Online movie discovery & reviews



Consumer video-on-demand service



Video-streaming website



LED-based sensory systems & SaaS



Online content & services assets



360-degree video news website



Entertainment & video websites



Broadcast monitoring & archiving software



Consumer Software Market

Public Valuation Multiples

Since Q3

Oct. 2016

Corum Analysis



2.2x

Small dip as market penetration concerns yield to...



17.8x

...the need for profitable business models.



Consumer Software Market

Deal Spotlights: Video Networking



any TV

Sold to



AID
PARTNERS
汇友资本

Target: any.TV [Canada]
Acquirer: AID Partners [China]
Transaction Value: \$60M

- Canadian online video network



FAMEBIT

Sold to



Google

Target: FameBit [USA]
Acquirer: Google [USA]

- YouTube online advertisement service



Consumer Software Market

Deal Spotlight: Gaming

Since Q3

Oct. 2016

Corum Analysis



PIXONIC

Sold to



Target: Pixonic [Russia]

Acquirer: Mail.Ru [Russia]

Transaction Value: \$20M (3.2x EV/S)

- Mobile video game developer
- Urges more worldwide appeal for Pixonic's War Robots game



Consumer Software Market

Deal Spotlight: Gaming



Sold to



Target: PerBlue [USA]

Acquirer: GREE [Japan]

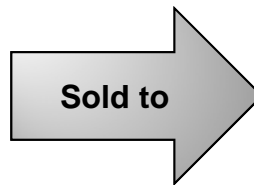
Transaction Value: \$35M (reported)

- Mobile roleplaying games developer
- Expands Dragon Soul game franchise geographically



Consumer Software Market

Deal Spotlight: Gaming



Target: Karma Gaming [Canada]
Acquirer: Scientific Games [USA]

- Canadian lotto and instant games developer
- Strengthens Sci-Games' position in the interactive lotteries market



Internet Market

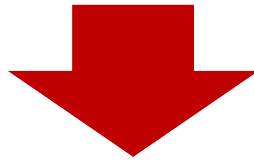
Public Valuation Multiples

Since Q3

Oct. 2016

Corum Analysis

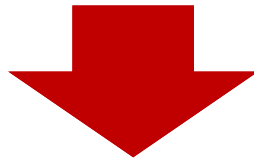
EV
Sales



4.3x

Sales multiples drop back to July levels after a brief bounce.

EV
EBITDA



20.4x

Steeper decline back towards January multiples.

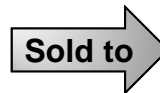


Internet Market

Deal Spotlights: Travel & Leisure



Target: Qunar.com (Baidu) [China]
Acquirer: TuJia [China]
– Chinese travel homestay division



Target: Ctrip.com International [China]
Acquirer: TuJia [China]
– Online travel reservations of private home share rentals in China



旅游百事通
TRAVELING BESTONE



Target: Traveling Bestone [China]
Acquirer: Ctrip.com International [China]
– Online travel booking services provider for consumers in China



Internet Market

Deal Spotlights: Travel & Leisure

ibibo Group

Sold to

make my trip

Target: ibibo Web [India]

Acquirer: MakeMyTrip [India]

Transaction Value: \$720M (reported)

- Operates travel booking and ticketing websites for consumers in India



Sold to

PLAY YOUR SPORT

Target: Directground [India]

Acquirer: Play Your Sport [India]

- India-based online sports directory



Internet Market

Deal Spotlights: Travel & Leisure

Agriturismo.it

Sold to

Ferries

Target: Agriturismo.it [Italy]

Acquirer: Casevacanza.it (Ferries) [Italy]

- Italy-based rural rentals website
- Another move towards leadership within the non-hotel tourism in Europe

WIMDU

Sold to

9flats.com

Target: Wimdu [Germany]

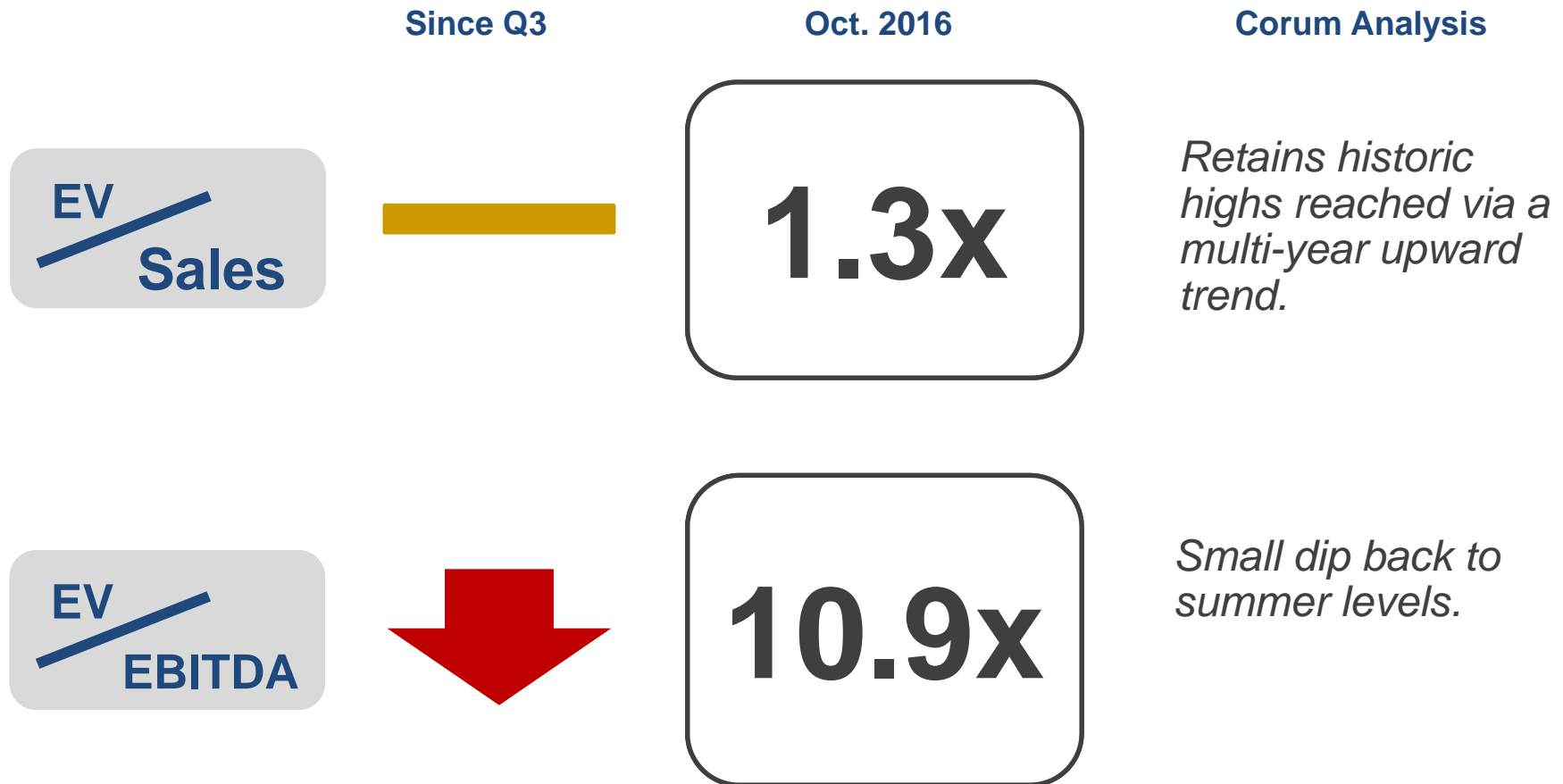
Acquirer: 9flats [Singapore]

- Short-term rentals classifieds website
- Consolidation in order to withstand Airbnb's expansion



IT Services Software Market

Public Valuation Multiples





IT Services Software Market

Deal Spotlights: Salesforce Integration Services



Sold to

Deloitte.
Digital

Target: Cinder Group [Australia]
Acquirer: Deloitte Digital [USA]

- Salesforce & marketing systems integration
- Cinder brings marketing optimization to Deloitte Digital

EV

S

acfsolutions

Sold to



Target: ACF Solutions [USA]
Acquirer: Attain [USA]

- Salesforce systems integration services

EV

EE



IT Services Software Market

Deal Spotlight: Managed & Networking Services



Sold to



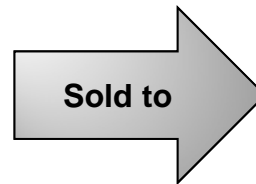
Target: Appirio [USA]
Acquirer: Wipro [India]
Transaction Value: \$500M (2.6x EV/Sales)

- SaaS integration & online community
- Brings Wipro forward into cloud infrastructure for IT contractors
- Second biggest acquisition for Wipro



IT Services Software Market

Deal Spotlight: IT Consulting and Services



Target: Asset Management Engineering [USA]

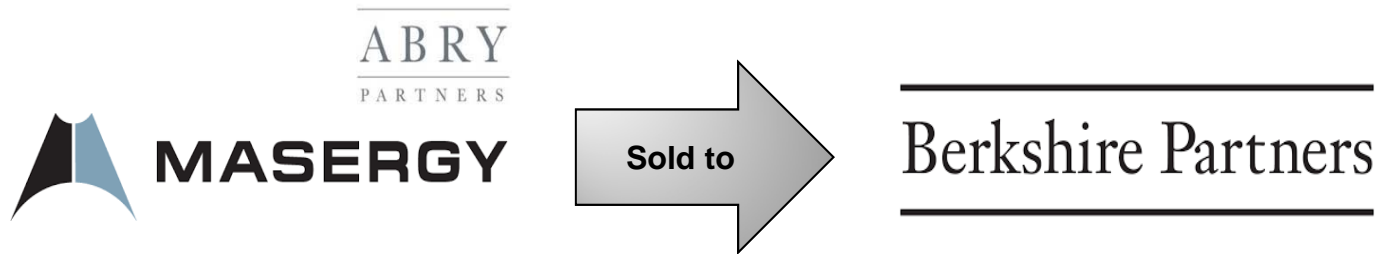
Acquirer: ValuD Consulting [USA]

- IBM Maximo-based integration & services
- Accelerates ValuD's entry into the Internet of Things market



IT Services Software Market

Deal Spotlight: Managed & Networking Services



Target: Masergy Communications (ABRY Partners) [USA]

Acquirer: Berkshire Partners [USA]

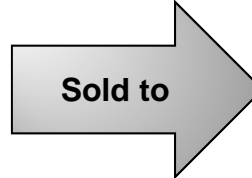
Transaction Value: \$900M+ (Reported)

- Managed security & networking services, bought by ABRY in 2011
 - Competes with Verizon, AT&T, British Telecom and Tata Communications
- EV
E



IT Services Software Market

Deal Spotlight: IT Consulting



Target: Integrity Consulting Solutions [USA]

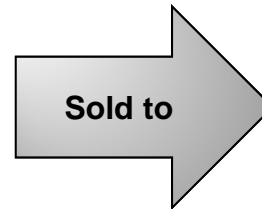
Acquirer: WeiserMazars [USA]

- Management consulting & IT services for the range of industries
- Adds to WeiserMazars' financial consulting services



Consumer Software Market

Deal Spotlight: Virtual Reality



Target: VOKE Inc. [USA]
Acquirer: Intel Corporation [USA]

- Live event virtual reality software to capture live sports
- Follows Intel's purchase of Replay Technology
- Builds up to Intel Sports Group

Corum Research Report



Amber Stoner
Director of Research



Amanda Tallman
Senior Analyst



Thomas Wright
Analyst

12 Deal Structure Tips to Maximize Valuation



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12 Deal Structure Tips



Steve Jones
Vice President
Corum Group Ltd.

Plan ahead for estates, trusts, tithes, etc.



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12 Deal Structure Tips



Rob Griggs
Vice President
Corum Group Ltd.

**Choose your deal
structure carefully:
Asset Sale vs.
Stock Sale**



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12 Deal Structure Tips



David Levine
Vice President
Corum Group Ltd.

Choose your deal consideration carefully: Cash vs. Stock



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12 Deal Structure Tips



Steve Hassett
Vice President
Corum Group Ltd.

Avoid the tax traps



Tax Impact – Stock vs. Sale of Assets

	Stock	Assets
Sale Price	\$100	\$100
Basis for Assets	N/A	\$5
Taxable Amount at Corp Level	N/A	\$95
Total Taxes Paid	\$23	\$53
Net Cash to Seller	\$77	\$47
Shareholder's basis (may differ for each individual shareholder)	\$5	N/A
Taxable Amount at Shareholders' Level	\$95	\$62
Individual Capital Gain Tax @ 23.8%	\$23	N/A
Individual Dividend Tax @ 23.8%	N/A	\$15
Total Taxes Paid	\$23	\$53
Net Cash to Seller	\$77	\$47

12 Deal Structure Tips



Dan Bernstein
Vice President
Corum Group Ltd.

Earnout or Not?



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12 Deal Structure Tips



Jim Perkins
Executive Vice President
Corum Group Ltd.

What to avoid in earnouts



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12 Deal Structure Tips



Jon Scott
Managing Director
Corum Group Ltd.

Liabilities can kill you



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12 Deal Structure Tips



Rob Schram
Senior Vice President
Corum Group Ltd.

Be careful about escrows & holdbacks



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12 Deal Structure Tips



Peri Pierone
Vice President
Corum Group Ltd.

Who should stay with the deal?



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12 Deal Structure Tips



Allan Wilson
Vice President
Corum Group Ltd.

Negotiating your employment agreement



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12 Deal Structure Tips



Peter Prince
Vice President
Corum Group Ltd.

Noncompetes – how long?



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12 Deal Structure Tips



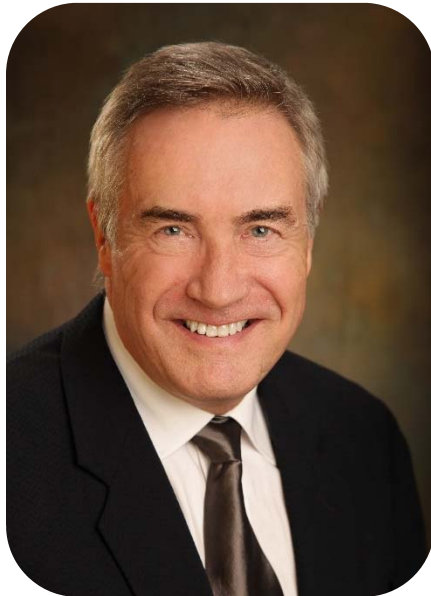
Ivan Ruzic, Ph.D.
Vice President
Corum Group Ltd.

Integrating for Success



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12 Deal Structure Tips



Bruce Milne
CEO
Corum Group Ltd.

Clever ways to handle disparate ownership benefits



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Q&A

- We welcome your questions!
 - Use Q&A tab at the bottom of screen
 - Submit to queue at any time

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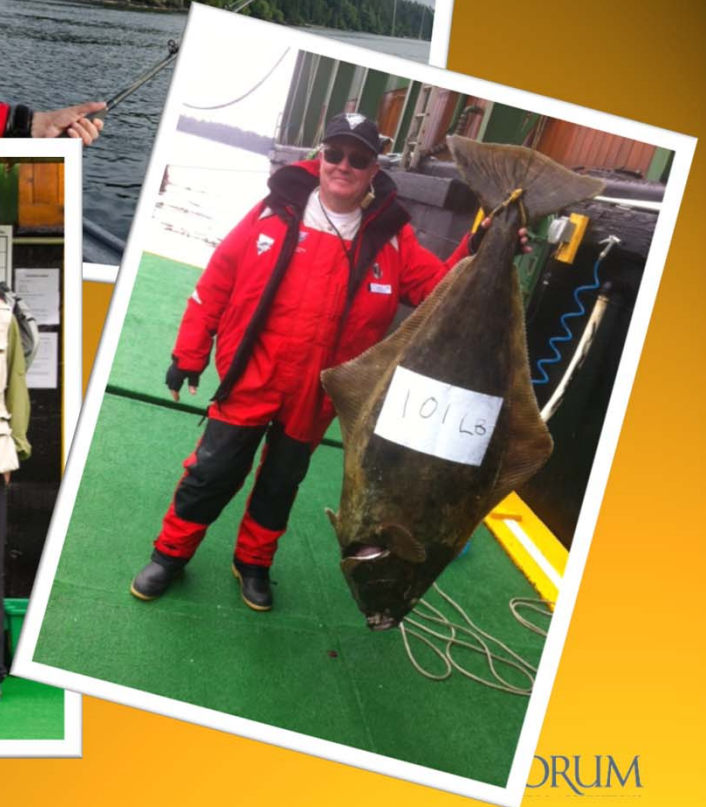
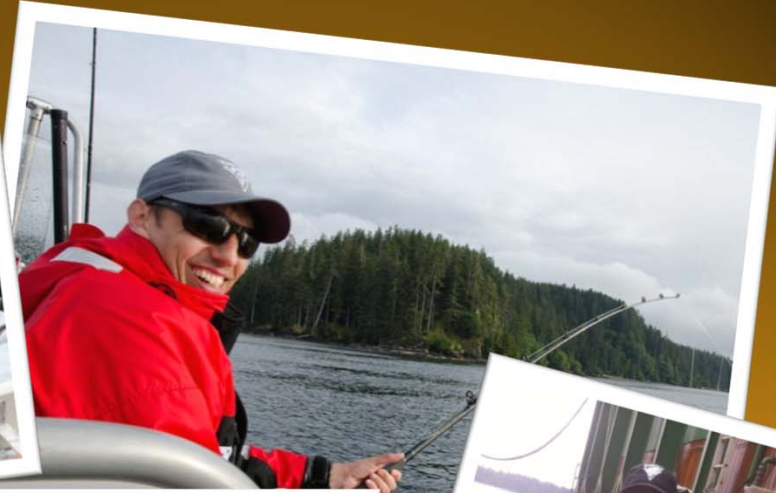
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After the Deal – Celebration





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