



# **Tech M&A Monthly**

## **10 Ways to Increase Your Company's Value**

**9 June 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
- Special Report: IP500 conferences
- M&A Myths and Misperceptions
- June 2016 Research Report
- 10 Ways to Increase Value
- Q&A

# Moderator



Timothy Goddard  
VP, Marketing  
Corum Group Ltd.

Timothy joined Corum in 2011, and oversees the company's marketing efforts globally from the headquarters near Seattle. Chief among these is Corum's extensive conference schedule, "Selling Up, Selling Out," the Merge Briefing, the Tech M&A Monthly webcast and Corum's platinum sponsorship of the World Financial Symposiums' live events and Market Spotlight series. Through these events, Corum Group serves as the world's leading educator in technology mergers and acquisitions.

Prior to joining Corum, Timothy served as marketing and product manager for GIS software startup Depiction, Inc., and previously worked in marketing for VizX Labs, a pioneering SaaS startup delivering DNA analysis tools. In addition to marketing for software startups, Tim has worked for a US Senate campaign and taught science in Rio de Janeiro.

Timothy graduated Magna Cum Laude from Bethel University in St. Paul, Minnesota, with degrees in History and Biology.

# Field Report: Edinburgh & London



Jon Scott  
Senior Vice President  
Corum Group Ltd.



Jon joined Corum in 2010 out of their Seattle headquarters and is now based in Amsterdam. He has close to 30 years experience serving high technology companies with the last 20 mainly in chief operating and chief executive roles. During this time Jon has become known for his ability to successfully integrate strategies and tactics into well executed operating plans, building strong teams and achieving excellent results.

Jon has served as President and CEO of The PowerTech Group, a security and compliance software company sold to Help/Systems in 2008, and Microserv Technology Services, a nationwide tech services company which was acquired by Halifax Corporation in 2003. Earlier he served as President and COO of Traveling Software, a leading developer of communications software in Seattle. Prior to his operating roles Jon held vice president roles in sales, marketing and business development for technology companies.

Jon has taught in the software product management program at the University of Washington and holds a business administration degree from San Francisco State University.

# M&A Myths & Misperceptions



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.

**Myth:**  
**The buyer will relocate  
or fire people**

**Reality:**  
**Your team is a vital asset  
that the buyer wants**

**Myth:**  
**The buyer will replace  
management**

**Reality:**  
**Big companies are  
desperate for good talent**



# Corum Research Report



**Elon Gasper**  
**Vice President,**  
**Director of Research**

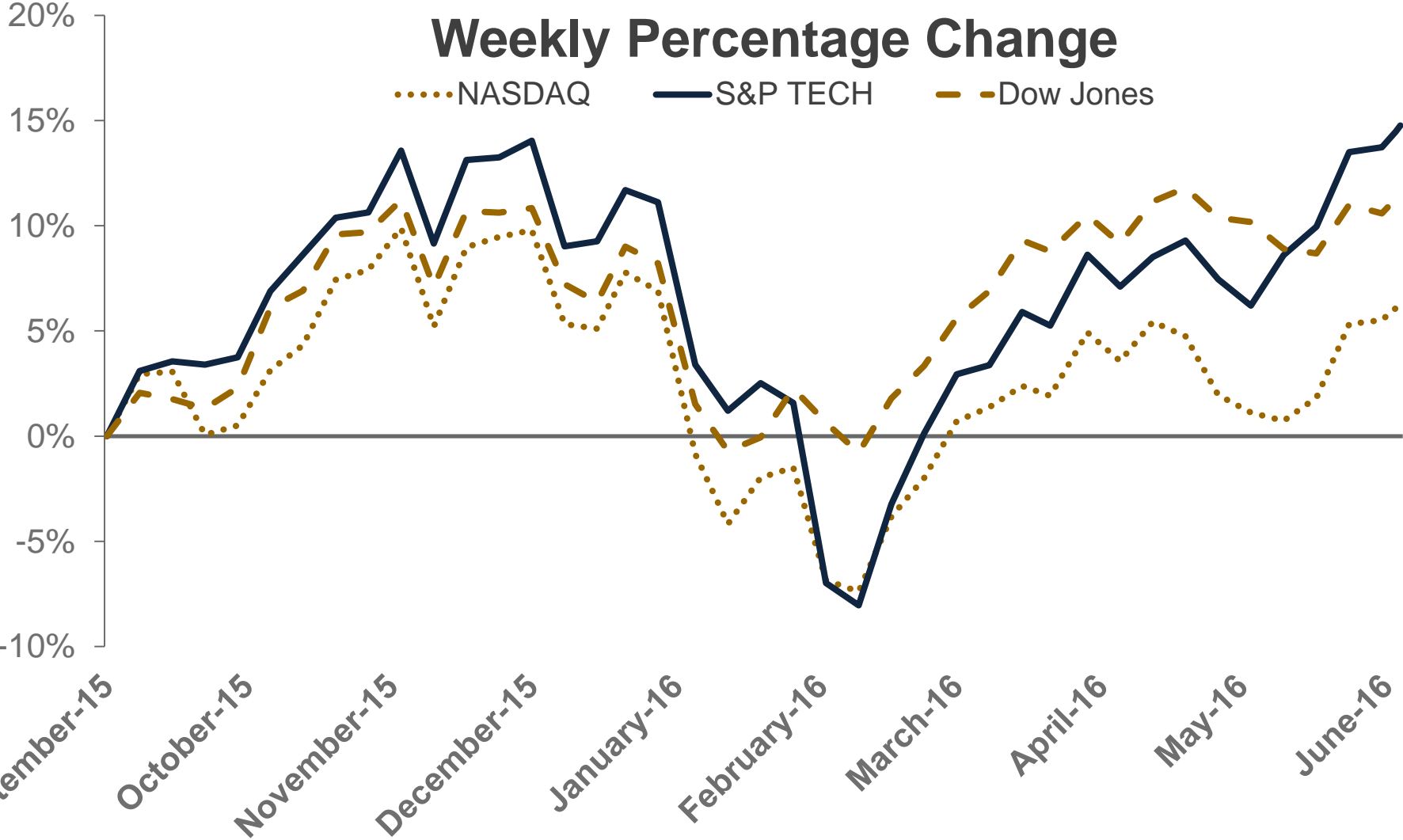


**Yasmin Khodamoradi**  
**Analyst**

# Public Markets

## Weekly Percentage Change

.....NASDAQ    — S&P TECH    - - - Dow Jones



# Corum Index

## Market

Transactions

May 2015

293

May 2016

308

5%

Mega Deals

4

4

Largest Deal

\$4.4B

\$6.0B

36%

## Pipeline

Private Equity Deals

May 2015

15

May 2016

24

60%

VC Backed Exits

49

44

10%

## Attributes

Cross Border Transactions

May 2015

34%

May 2016

33%

3%

Start-Up Acquisitions

10%

15%

50%

Average Life of Target

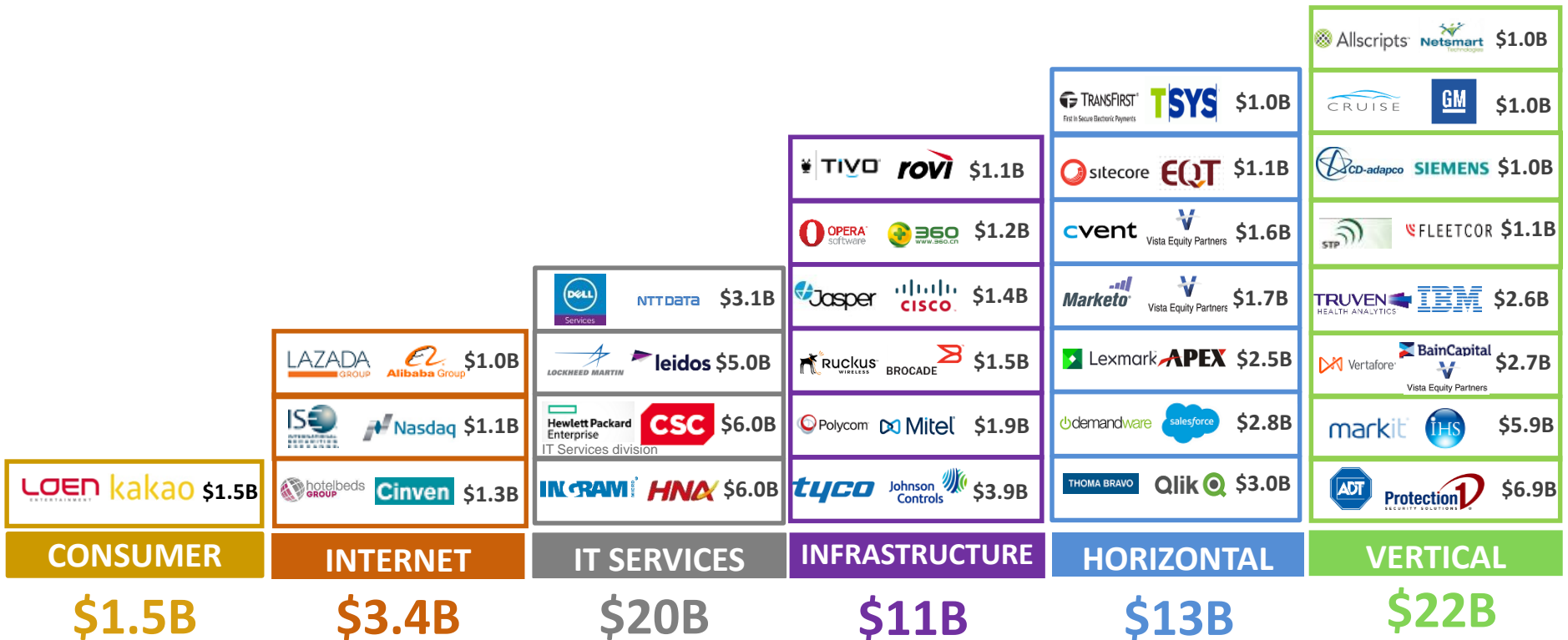
15 yrs

16 yrs

7%

CORUM

# Mega Deals - 2016 YTD



# Mega Deals - 2016 YTD

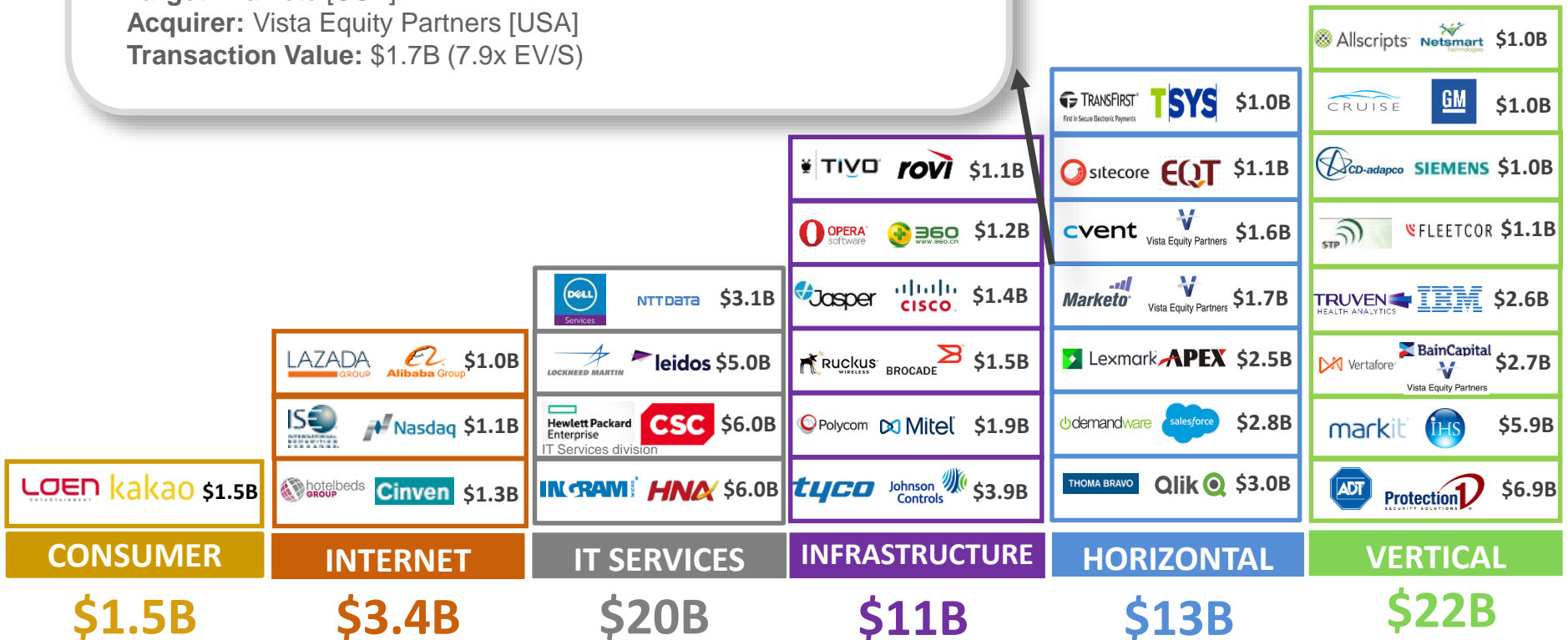


Vista Equity Partners

Target: Marketo [USA]

Acquirer: Vista Equity Partners [USA]

Transaction Value: \$1.7B (7.9x EV/S)

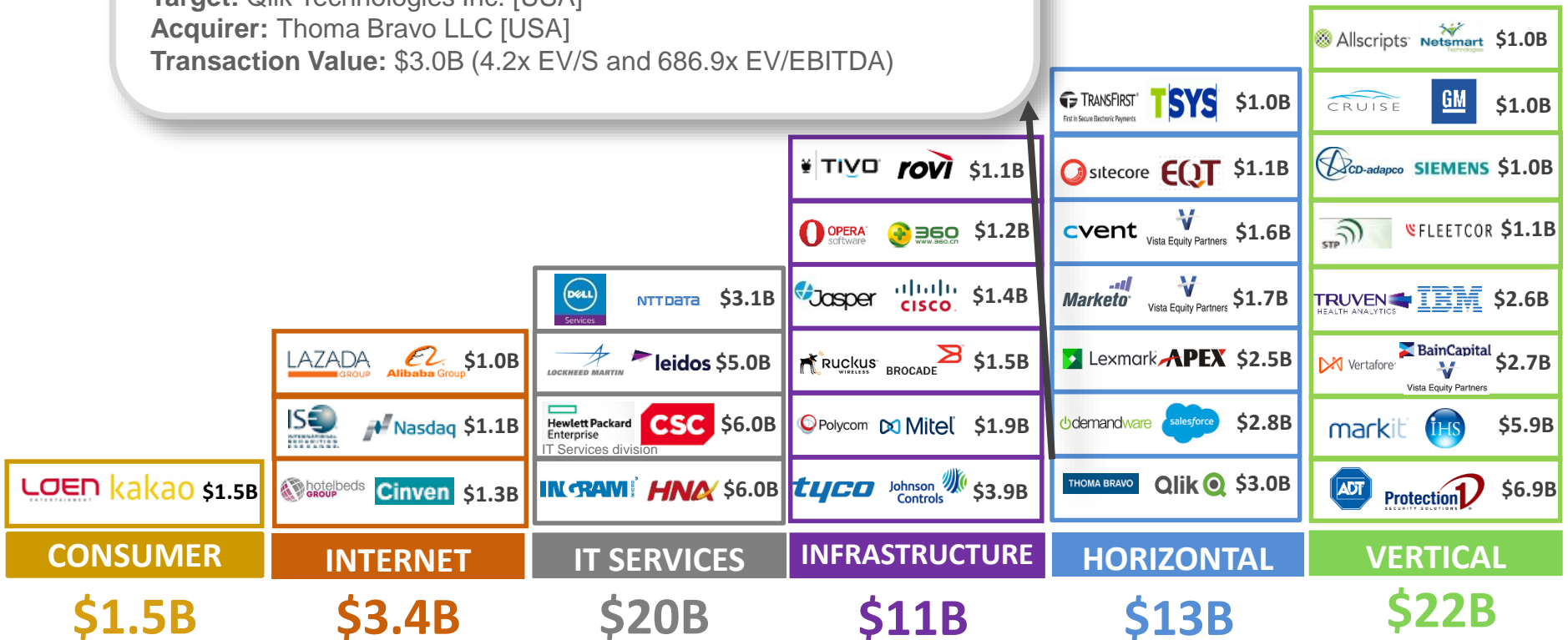


# Mega Deals - 2016 YTD



**THOMA BRAVO**

**Target:** Qlik Technologies Inc. [USA]  
**Acquirer:** Thoma Bravo LLC [USA]  
**Transaction Value:** \$3.0B (4.2x EV/S and 686.9x EV/EBITDA)



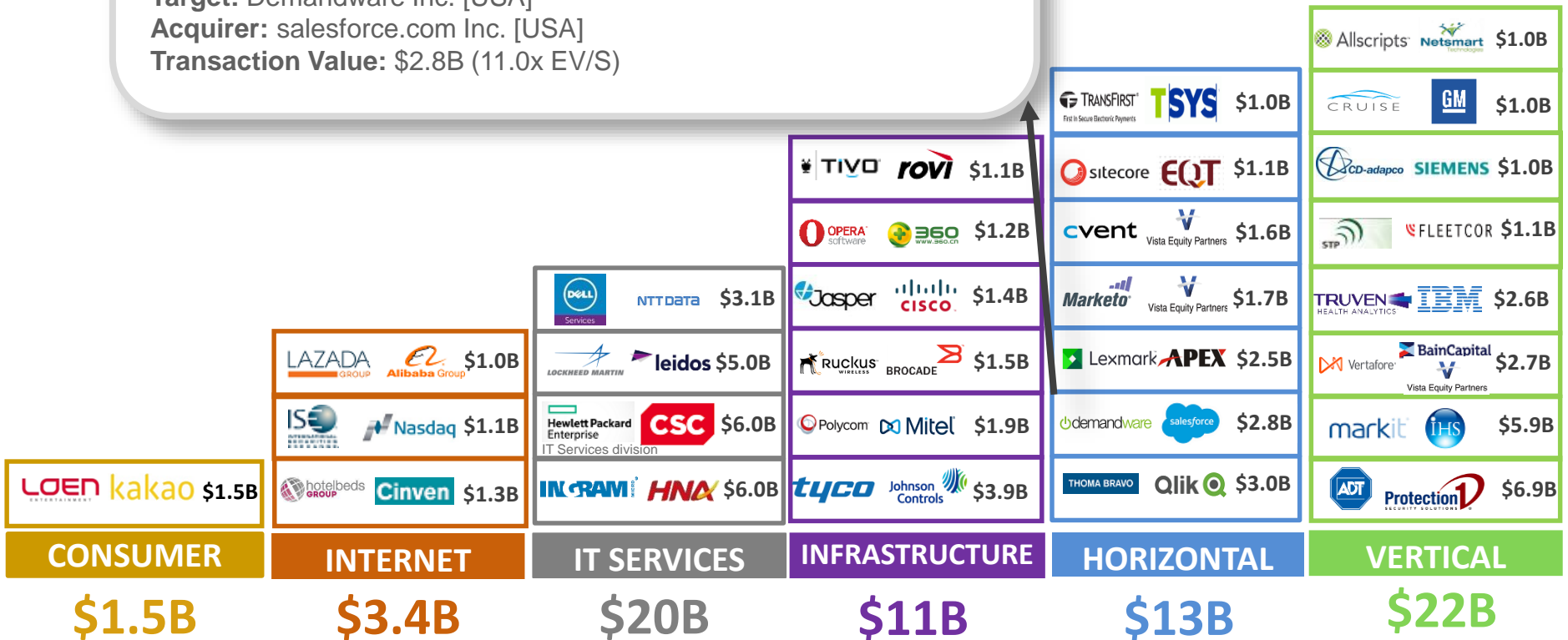
# Mega Deals - 2016 YTD

demandware

Sold to

salesforce

**Target:** Demandware Inc. [USA]  
**Acquirer:** salesforce.com Inc. [USA]  
**Transaction Value:** \$2.8B (11.0x EV/S)





# Vertical Market

## Public Valuation Multiples

Since Q1

May 2016

Corum Analysis

EV  
Sales

4.4x

*Consistent demand for vertical applications keeps valuations steady...*

EV  
EBITDA

17.2x

*... and EBITDA valuations continue to track Sales*





# Vertical Market

## Deal Spotlight: Oracle



Sold to

ORACLE

**Target:** Textura Corporation [USA]  
**Acquirer:** Oracle Corporation [USA]  
**Transaction Value:** \$663M (7.2x EV/S)

- Construction contracts and payment management cloud services
- Corum client PlanSwift (construction estimation software) was previously acquired by Textura

EV

S

d for  
ons

OP@WER

Sold to

ORACLE

**Target:** Opower Inc. [USA]  
**Acquirer:** Oracle Corporation [USA]  
**Transaction Value:** \$532M (3.6x EV/S)

- Cloud-based utility and energy management SaaS

EV

EE

with a

e  
re  
kets



# Vertical Market

## Deal Spotlight: Energy



Sold to



**Target:** Baze Technology [Norway]

**Acquirer:** Envision Energy [China]

- Energy system management, analytics and reporting software and SaaS



Sold to



**Target:** Green Charge Networks [USA]

**Acquirer:** ENGIE SA [France]

- Energy storage and power management systems provider



Sold to



**Target:** Enablion [France]

**Acquirer:** Wolters Kluwer [Netherlands]

**Transaction Value:** \$277.8M (5.6x EV/S)

- Risk & energy management software & services

EV

EV

and for  
tions

with a

ve  
are  
rkets



# Vertical Market

## Deal Spotlight: Healthcare



**Target:** DNA Healthcare Inc. (assets) [USA]  
**Acquirer:** iHealth Solutions LLC [USA]  
- Revenue cycle management, EHR and practice management software and SaaS

EV



**Target:** Privacy Analytics Inc. [Canada]  
**Acquirer:** IMS Health Inc. [USA]  
- Healthcare patient privacy software



**Target:** Lynxit Solutions [USA]  
**Acquirer:** iWT health [USA]  
- Healthcare and patient care messaging software

EV



**Target:** Duet Health [USA]  
**Acquirer:** MedData Inc.[USA]  
- Healthcare patient engagement and communications SaaS



# Vertical Market

## Deal Spotlight: Insurance



**Target:** Target Group Limited [United Kingdom]

**Acquirer:** Tech Mahindra Ltd. [India]

**Transaction Value:** \$164.1M (2.2x EV/S)

- Loan/mortgage management and insurance policy administration software

EV



**Target:** Duck Creek Technologies [USA]

**Acquirer:** Apax Partners [USA]

- Insurance policy management, underwriting, billing and rating software and SaaS

EV



**Target:** Agencyport Software [USA]

**Acquirer:** Apax Partners [USA]

- Insurance collaboration and distribution SaaS

E

nd for  
ations

with a

ve  
are  
markets

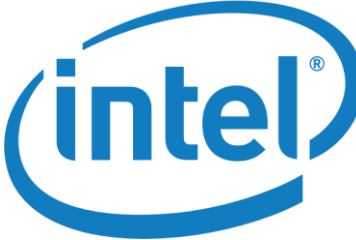


# Vertical Market

## Deal Spotlight: Automotive IoT

**itseez** 

Sold to

**intel**® 

**Target:** Itseez Inc. [Russia]

**Acquirer:** Intel Corporation [USA]

- Open-source computer vision and machine learning software, for automotive primarily
- Forms the key component in Intel's Internet of Things strategy
- Builds up the chip maker's "smart" portfolio for car makers



# IT Services Software Market

## Public Valuation Multiples

Since Q1

May 2016

Corum Analysis




*Sales multiples hitting historic highs...*




*... with EBITDA multiples nearing records, too*

# Mega Deals - 2016 YTD

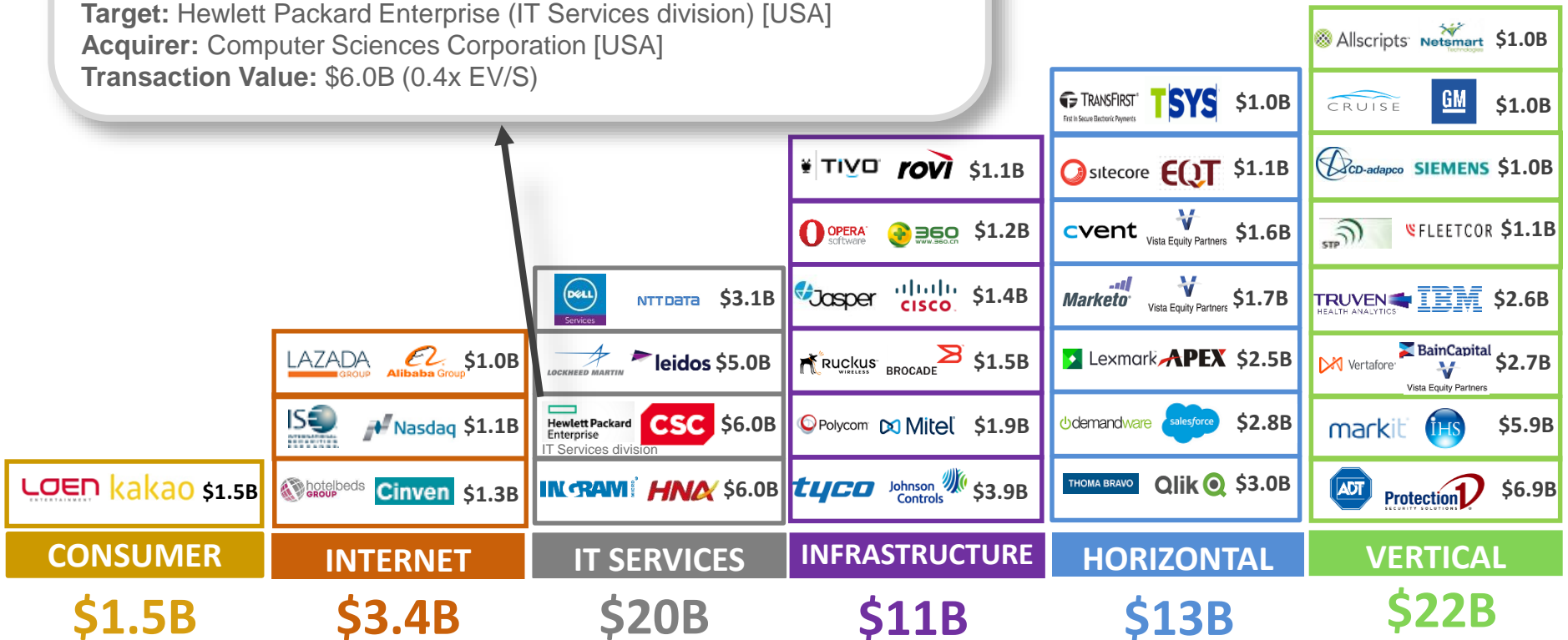


**Hewlett Packard Enterprise**  
IT Services division

↔ Merged ↔



**Target:** Hewlett Packard Enterprise (IT Services division) [USA]  
**Acquirer:** Computer Sciences Corporation [USA]  
**Transaction Value:** \$6.0B (0.4x EV/S)





# IT Services Software Market

## Deal Spotlight: ServiceNow Integrator



Sold to



**Target:** Aspediens Holding [Switzerland]

**Acquirer:** Computer Sciences Corporation [USA]

- Aspediens provides technology-enabled solutions for the service-management sector
- Bolsters CSC's acquisitions of Fruition Partners and UXC
- CSC aims to be the #1 ServiceNow integrator

EV

EV





# IT Services Software Market

## Deal Spotlight: Digital Forensics



Sold to



**Target:** Guardian Digital Forensics [USA]  
**Acquirer:** PT&C|LWG Forensic Consulting Services [USA]

- Outsourced e-discovery and digital forensics services



Sold to



**Target:** Prime Solutions LLC [USA]  
**Acquirer:** Altamira Technologies Corporation [USA]

- Cybersecurity analysis, systems integration and software development services, including digital forensics



Sold to



**Target:** F1 Discovery LLC [USA]  
**Acquirer:** Xcellence Inc. [dba Xact Data Discovery] [USA]

- Outsourced e-discovery and digital forensic data collection services



# IT Services Software Market

## Deal Spotlight: Consulting

**smarthouse**

Sold to

**adesso**

**Target:** Smarthouse Media GmbH [Germany]

**Acquirer:** Adesso AG [Germany]

**Transaction Value:** \$27.5M (1.6x EV/S)

- Online consulting services and solutions for the financial market
- Expands Adesso's portfolio and customer base in banking

EV

 **hatstand**  
Capital Markets Specialists

Sold to

**Synechron**

**Target:** Hatstand [United Kingdom]

**Acquirer:** Synechron Inc. [USA]

- Data, trading and regulation management software development and consulting services
- Augments Synechron's capabilities in regulatory compliance consulting

EV



# Vertical Market

## Deal Spotlight: ITSM



Sold to



**Target:** Vizient Manufacturing Solutions [USA]

**Acquirer:** Lincoln Electric Holdings Inc. [USA]

- Vizient offers industrial robotics systems integration services; has operations in Brazil
- Diversifies Lincoln Electric's end market exposure and expands automation growth opportunities globally



# Consumer Software Market

## Public Valuation Multiples

Since Q1

May 2016

Corum Analysis

EV  
Sales



**2.2x**

*Dragged lower as gaming industry sorts out winners and losers amid the changing landscape*

EV  
EBITDA



**16.0x**

*Less abrupt but still volatile, pulling back 14% from last quarter; still up 20% year-over-year*



# Consumer Software Market

## Deal Spotlight: Mobile Payments



**Target:** Coin Inc. (wearable payments technology) [USA]  
**Acquirer:** Fitbit Inc. [USA]

- Wearable payments IP assets of Coin, which also provides smart payment cards
- Also includes Coin's deal with MasterCard to bring mobile payments to wearables



**Target:** Onebip srl [Italy]  
**Acquirer:** DIMOCO [Austria]

- Cloud-based software enabling consumers to purchase products via mobile devices
- Opens a broader gateway to European and Latin American mobile payments markets

sis

the  
having  
markets  
ing

from  
up  
year



# Consumer Software Market

## Deal Spotlight: Gaming and Gambling



Sold to



**Target:** Think Logica LLC [dba DraftFury] [USA]  
**Acquirer:** SinglePoint Inc. [USA]

- Skill-based NFL, MLB and NBA daily fantasy sports contests

EV



Sold to



**Target:** Quickspin AB [Sweden]  
**Acquirer:** Playtech plc  
**Transaction Value:** ~ \$55M (8x EV/S)

- Online and social media-based slot machine video games

EV



Sold to



**Target:** Funtactix [USA]  
**Acquirer:** Playtech plc

- Mobile and social video games primarily for Hollywood licenses



# Consumer Software Market

## Deal Spotlight



Sold to



snapchat

**Target:** Seene Inc. [United Kingdom]

**Acquirer:** Snapchat Inc. [USA]

- Mobile app for taking and sharing 3D photos; well-positioned for the content-side of VR
- Continues the computer vision theme
- 2<sup>nd</sup> acquisition of 2016

EV

EV

# Corum Research Report



**Elon Gasper**  
**Vice President,**  
**Director of Research**



**Yasmin Khodamoradi**  
**Analyst**



# 10 Ways to Increase Your Company's Value

# 10 Ways to Increase Your Company's Value



Jim Perkins  
Senior Vice President  
Corum Group Ltd.

## #1: Ensure a Quality Management Team

# 10 Ways to Increase Your Company's Value



## #2: Set Up a Data Room Early

David Levine  
Vice President  
Corum Group Ltd.

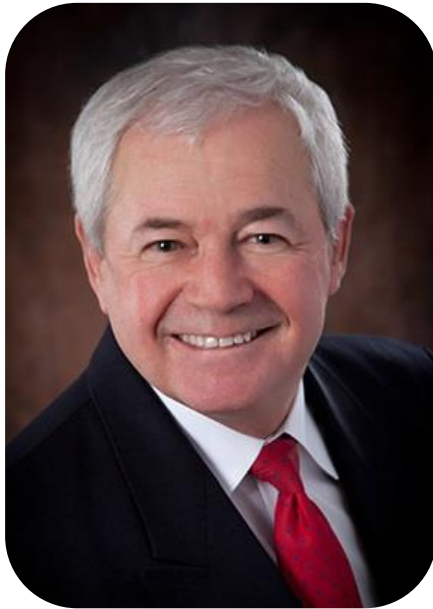
# 10 Ways to Increase Your Company's Value



Jon Scott  
Senior Vice President  
Corum Group Ltd.

## #3: Review Your Contracts

# 10 Ways to Increase Your Company's Value



John Simpson  
Vice President  
Corum Group Ltd.

## #4: Diversify your Customer Base

# 10 Ways to Increase Your Company's Value



Rob Schram  
Senior Vice President  
Corum Group Ltd.

## #5: Emphasize YoY Revenue Growth

# 10 Ways to Increase Your Company's Value



## #6: Make Use of KPIs and Analytics

Peri Pierone  
Vice President  
Corum Group Ltd.

# 10 Ways to Increase Your Company's Value



## #7: Lower Customer Churn

Allan Wilson  
Vice President  
Corum Group Ltd.



# 10 Ways to Increase Your Company's Value



## #8: Build Alliances and Partnerships

Nat Burgess  
President  
Corum Group Ltd.

# 10 Ways to Increase Your Company's Value



Rob Griggs  
Vice President  
Corum Group Ltd.

## #9: Leverage Disruptive Trends

# 10 Ways to Increase Your Company's Value



Dan Bernstein  
Vice President  
Corum Group Ltd.

## #10: Time Your Sale Properly

# 10 Ways to Increase Your Company's Value

1. **Ensure a Quality Management Team**
2. **Set Up a Data Room Early**
3. **Review Your Contracts**
4. **Diversify your Customer Base**
5. **Emphasize YoY Revenue Growth**
6. **Make Use of KPIs and Analytics**
7. **Lower Customer Churn**
8. **Build Alliances and Partnerships**
9. **Leverage Disruptive Trends**
10. **Timing Your Sale Properly**

# 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.”

Jun. 9: **Portland** – SUSO

Jun. 28: **Auckland** – MB

Jun. 20: **Perth**– MB

Jun. 30: **Wellington** – SUSO

Jun. 22: **Melbourne** – MB

Jul. 19: **Boston** – MB

Jun. 23: **Sydney** – MB

Jun. 24: **Brisbane** – SUSO

[www.CorumGroup.com/Events](http://www.CorumGroup.com/Events)

CORUM

# After the Deal – Celebration





[www.corumgroup.com](http://www.corumgroup.com)