



TECH M&A MONTHLY

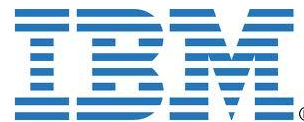
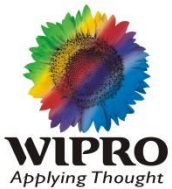
....starts in 2 minutes



www.corumgroup.com

CORUM

Past Attendees Include:



CORUM

Past Conferences & Reports

- Private Equity Panel
- Buyers Panel
- Google Acquisition Strategy
- Crowdfunding M&A Impact
- Special Reports: SaaS, Mobile, Gaming, Social, Cloud, Geospatial, Security
- Special Reports: Facebook Effect, Dell, Microsoft, HP, IBM...



TECH M&A MONTHLY

....starts in 1 minute

Merge Briefing

- 90 Minutes
- Industry Update
- Overview of the M&A Process
- Upcoming events in:
 - Manchester
 - Istanbul
 - San Diego
 - Silicon Valley
 - San Francisco
 - Orange County
 - Los Angeles
 - Berlin



MERGE BRIEFING

Selling Up, Selling Out

- Half-Day
- Tech M&A Bootcamp
- The most attended tech executive conference in history
- Upcoming events in:
 - Boston
 - Cincinnati
 - Cleveland
 - Chicago



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.”

Jun. 11: **Manchester** – MB

Jul. 7: **Silicon Valley** – MB

Jun. 16: **Boston** – SUSO

Jul. 7: **San Francisco** – MB

Jun. 25: **San Diego** – MB

Jul. 9: **Orange County** – MB

Jun. 25: **Istanbul** – MB

Jul. 9: **Los Angeles** – MB

Jun. 30: **Cincinnati** – SUSO

Jul. 17: **Berlin** – MB

Logistics

- Ask questions for Q&A session
 - Use Q&A window on left side
 - Submit to queue at any time
 - Ask “all panelists” – see “ask” option above text-entry box
- This event is being recorded
 - European broadcast June 12, 1 PM Berlin Time
 - On demand webcast will be available at www.corumgroup.com



Tech M&A Monthly

M&A Contracts Overview

11 June 2015

Welcome



Nat Burgess
President
Corum Group Ltd.

Nat joined Corum in 1996 and brings a diverse background in technology M&A and law. While with the Enforcement Division of the U.S. Securities and Exchange Commission, Nat helped identify and build cases against securities fraud schemes. With the Strategic Development Division of Morgan Stanley's M&A group, Nat worked on cross-border acquisitions of U.S. and European companies by Japanese firms, and on financings by large Japanese public companies. Nat moved to Morgan Stanley's Tokyo office, where he reported directly to the President of Morgan Stanley, Japan Ltd. and focused exclusively on cross-border M&A.

After Morgan Stanley, Nat co-founded Postcard Software, a creator of advertiser-driven bilingual (English and Japanese) Internet content. At Activision, Nat led the company's on-line business development.

Nat earned an undergraduate degree in Japanese literature from Yale College and a law degree from UCLA. While in law school, Nat wrote articles for the International Forum at Yale, Tokyo Journal.

Agenda

- Welcome
- 10 Critical Terms in Any M&A Contract
- Research Report
- Top 6 M&A Contract Mistakes
- Q&A

10 Critical Terms in any M&A Contract



Ward Carter
Chairman
Corum Group Ltd.

#1: Allocating risk for seller contract assignments



10 Critical Terms in any M&A Contract



Russ Riggins
Senior Director
Corum Group Ltd.

#2: Providing accurate financial reps and warranties



10 Critical Terms in any M&A Contract



Jeff Brown
Vice President
Corum Group Ltd.

#3: Managing balance sheet adjustments



10 Critical Terms in any M&A Contract



Rob Schram
Senior Vice President
Corum Group Ltd.

#4: Securing reasonable escrow and holdbacks



10 Critical Terms in any M&A Contract



Dan Bernstein
Vice President
Corum Group Ltd.

**#5: Ensuring
liquidity
when
receiving
publicly
traded stock**



10 Critical Terms in any M&A Contract



Jon Scott
Senior Vice President
Corum Group Ltd.

#6: Managing potential dissident shareholders



10 Critical Terms in any M&A Contract



Elon Gasper
Vice President, Director of Research
Corum Group Ltd.

#7: Avoiding delays due to disclosure schedules



10 Critical Terms in any M&A Contract



John Simpson
Vice President
Corum Group Ltd.

#8: Ensuring seller control to meet earnouts



10 Critical Terms in any M&A Contract



Mark Johnson
Director
Corum Group International, Ltd.

#9: Reducing variables between signing and closing



10 Critical Terms in any M&A Contract



Jim Perkins
Regional Director, Digital Media
Specialist
Corum Group Ltd.

#10: Motivating the buyer to close



10 Critical Terms in any M&A Contract

- 1: Allocating risk for seller contract assignments
- 2: Providing accurate financial reps and warranties
- 3: Managing balance sheet adjustments
- 4: Securing reasonable escrow and holdbacks
- 5: Ensuring liquidity when receiving publicly traded stock
- 6: Managing potential dissident shareholders
- 7: Avoiding delays due to disclosure schedules
- 8: Ensuring seller control to meet earnouts
- 9: Reducing variables between signing and closing
- 10: Motivating the buyer to close



Corum Research Report



Elon Gasper
Vice President,
Director of Research



Amber Stoner
Senior Analyst

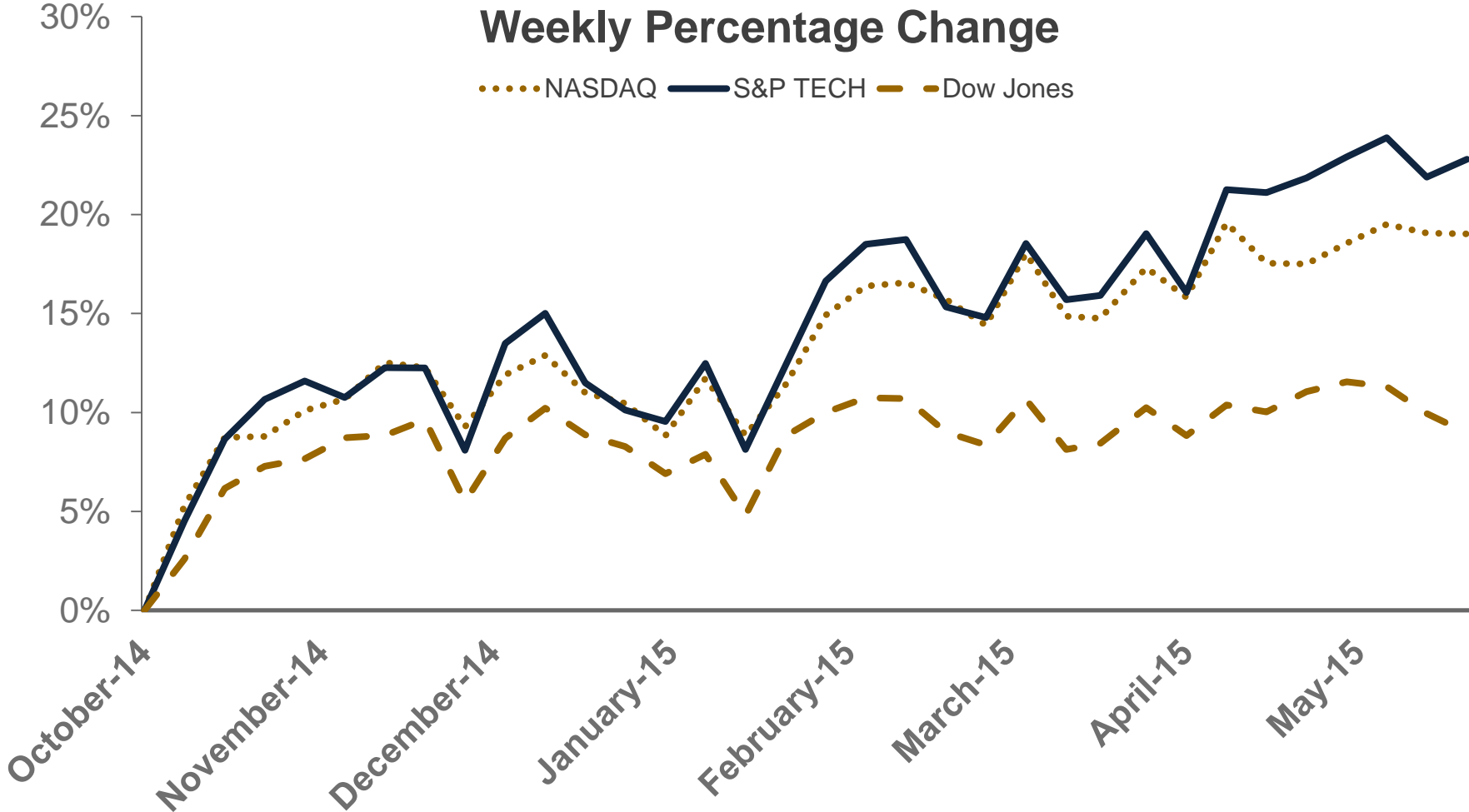


Aaron King
Analyst

Public Markets

Weekly Percentage Change

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



Macro view: 3 Longest* Bull Market Runs

	Start	End	Years
Dotcom Bubble	Oct. 11, 1990	Mar. 24, 2000	9.5
Postwar Boom	Jun. 13, 1949	Aug. 2, 1956	7.1
Current	Mar. 9, 2009	?	6.3



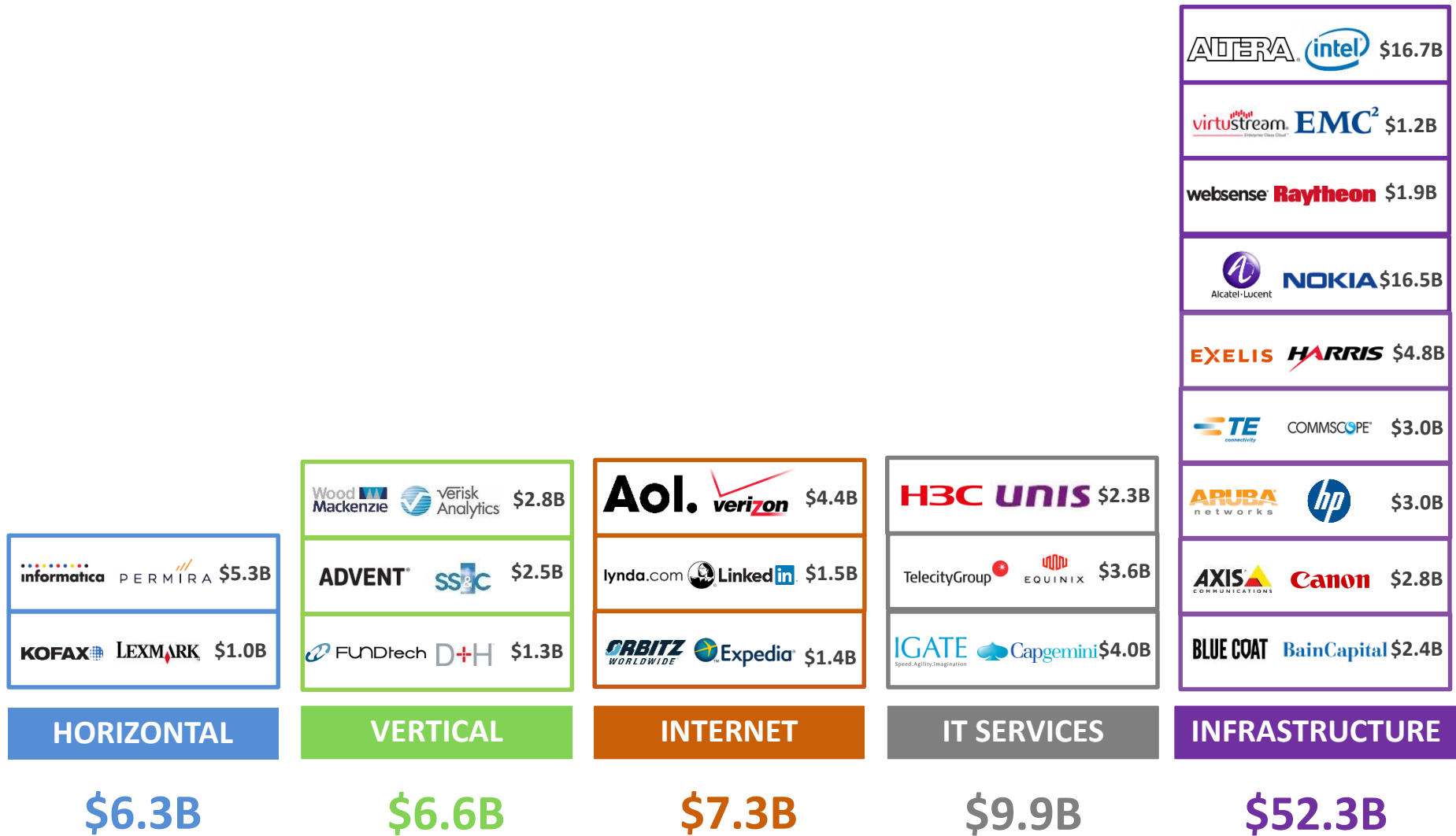
*Since the Great Depression. Source: S&P Capital IQ, The Associated Press

Corum Index

	May 2014	May 2015
# of Transactions	318	293
# of Mega Deals	2	4
Largest Deal	\$3.0B	\$4.4B
Private Equity Deals	13	15
# VC backed Exits	70	49
% Cross Border Transactions	34%	34%
% of Startup Acquisitions	9%	10%
Average Life of Target	15	15

Buyer	Seller	Price
Intel	Altearea	\$16.7B
Verizon	AOL Inc.	\$4.4B
Equinix	TelecityGroup	\$3.6B
Unisplendour Corp.	H3C Technologies	\$2.3B
EMC Corp.	Virtustream	\$1.2B

Mega Deals – 2015 YTD



Mega Deals – 2015 YTD

TelecityGroup 

Sold to 


EQUINIX

Target: TelecityGroup [United Kingdom]

Acquirer: Equinix

Transaction Value: \$3.6B

  \$5.3B

  \$1.0B

HORIZONTAL

\$6.3B



  \$2.8B



  \$2.5B



  \$1.3B

VERTICAL

\$6.6B



  \$4.4B



  \$1.5B



  \$1.4B

INTERNET

\$7.3B

  \$2.3B

  \$3.6B

  \$4.0B

IT SERVICES

\$9.9B

  \$16.7B

  \$1.2B

  \$1.9B

  \$16.5B

  \$4.8B

  \$3.0B

  \$3.0B

  \$2.8B

  \$2.4B

INFRASTRUCTURE

\$52.3B

Mega Deals – 2015 YTD



H3C

Sold to

UNIS

Target: H3C Technologies [China]
 Acquirer: Unisplendour [China]
 Transaction Value: \$2.3B

informatca **PERMIRA** \$5.3B

KOFAX **LEXMARK** \$1.0B

HORIZONTAL

\$6.3B

Wood Mackenzie **Verisk Analytics** \$2.8B

ADVENT **SS&C** \$2.5B

FUNDtech **D+H** \$1.3B

VERTICAL

\$6.6B

Aol. **verizon** \$4.4B

lynda.com **LinkedIn** \$1.5B

ORBITZ WORLDWIDE **Expedia** \$1.4B

INTERNET

\$7.3B

H3C UNIS \$2.3B

TelecityGroup **EQUINIX** \$3.6B

IGATE **Capgemini** \$4.0B

IT SERVICES

\$9.9B

ALTERA **intel** \$16.7B

virtustream **EMC²** \$1.2B

websense **Raytheon** \$1.9B

Alcatel-Lucent **NOKIA** \$16.5B

EXELIS **HARRIS** \$4.8B

TE connectify **COMMSCOPE** \$3.0B

ARUBA networks **hp** \$3.0B

AXIS COMMUNICATIONS **Canon** \$2.8B

BLUE COAT **BainCapital** \$2.4B

INFRASTRUCTURE

\$52.3B

Mega Deals – 2015 YTD

ALTERA®

Sold to

intel®

Target: Altera
Acquirer: Intel
Transaction Value: \$16.7B

ALTERA **intel** \$16.7B

virtustream **EMC**² \$1.2B

websense **Raytheon** \$1.9B

Alcatel-Lucent **NOKIA** \$16.5B

EXELIS **HARRIS** \$4.8B

TE **COMMSCOPE** \$3.0B

ARUBA **hp** \$3.0B

AXIS **Canon** \$2.8B

BLUE COAT **BainCapital** \$2.4B

informatica **PERMIRA** \$5.3B

KOFAX **LEXMARK** \$1.0B

HORIZONTAL

\$6.3B

Wood Mackenzie **Verisk Analytics** \$2.8B

ADVENT **SS&C** \$2.5B

FUNDtech **D+H** \$1.3B

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ORBITZ WORLDWIDE **Expedia** \$1.4B

INTERNET

\$7.3B

H3C **UNIS** \$2.3B

TelecityGroup **EQUINIX** \$3.6B

IGATE **Capgemini** \$4.0B

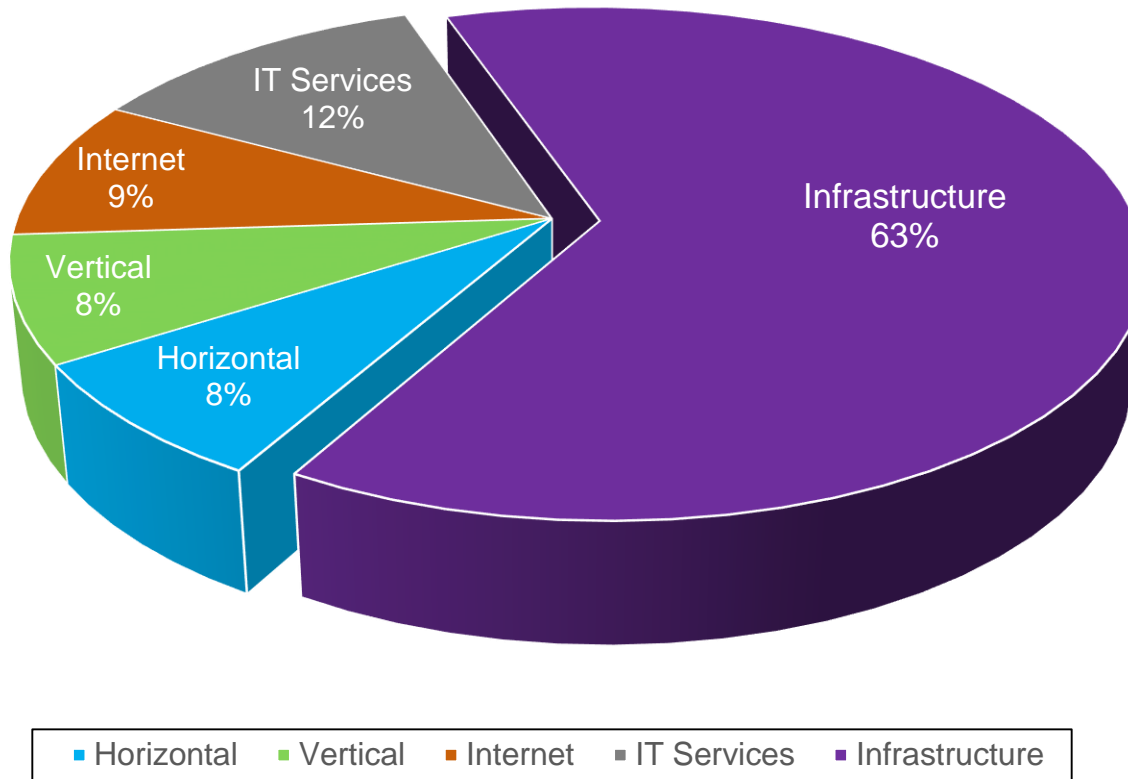
IT SERVICES

\$9.9B

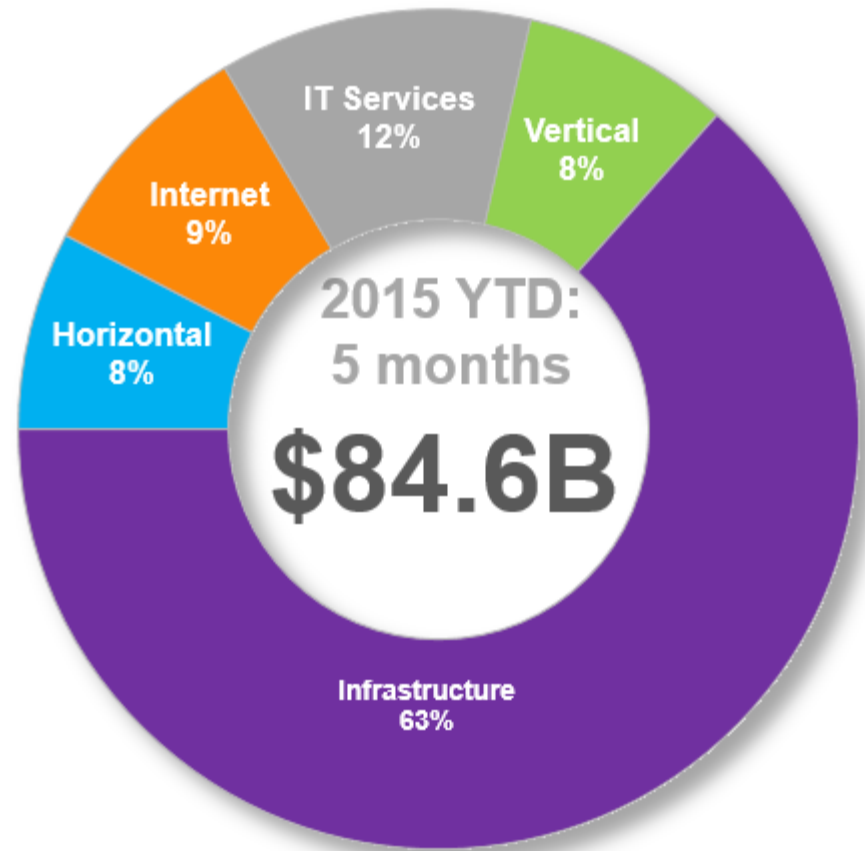
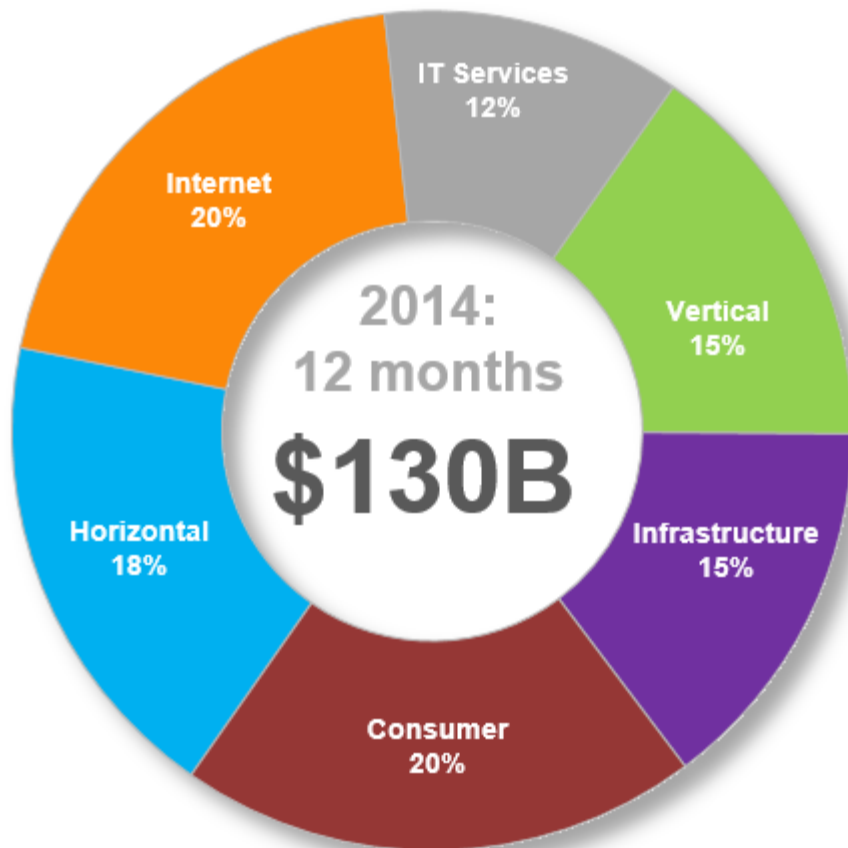
INFRASTRUCTURE

\$52.3B

2015 Megadeals YTD value - \$84.6B



Mega Deals: 2014 vs 2015 YTD



■ Horizontal

■ Internet

■ IT Services

■ Vertical

■ Infrastructure

■ Consumer

Mega Deals – 2015 YTD

virtustream

Sold to




EMC²




Target: Virtustream
Acquirer: EMC Corporation
Transaction Value: \$1.2B

ALTERA 	\$16.7B
virtustream 	\$1.2B
websense 	\$1.9B
 NOKIA	\$16.5B
EXELIS 	\$4.8B
 COMMSCOPE	\$3.0B
ARUBA 	\$3.0B
AXIS 	\$2.8B
BLUE COAT 	\$2.4B

informatica 	\$5.3B
KOFAX 	\$1.0B

Wood Mackenzie 	\$2.8B
ADVENT 	\$2.5B
FUNDtech 	\$1.3B

Aol. 	\$4.4B
lynda.com 	\$1.5B
ORBITZ WORLDWIDE 	\$1.4B

H3C 	\$2.3B
TelecityGroup 	\$3.6B
IGATE 	\$4.0B

HORIZONTAL

VERTICAL

INTERNET

IT SERVICES

INFRASTRUCTURE

\$6.3B

\$6.6B

\$7.3B

\$9.9B

\$52.3B



Infrastructure Software Market

Public Valuation Multiples

Since Q1

May 2015

Corum Analysis

EV
Sales



4.1x

*Drop in multiples as
Infrastructure
consolidation wave
continues...*

EV
EBITDA



14.6x

*...supported by rising
demand for
collaboration platforms*



Infrastructure Software Market

Deal Spotlight

EV/EBITDA

EV/S

10 x



Target: Rally Software Development Corp

Acquirer: CA Technologies

Transaction Value: \$480M

EV/Sales: 5.5x

- Agile development software and services
- Complements CA's offerings in the areas of DevOps and Management Cloud



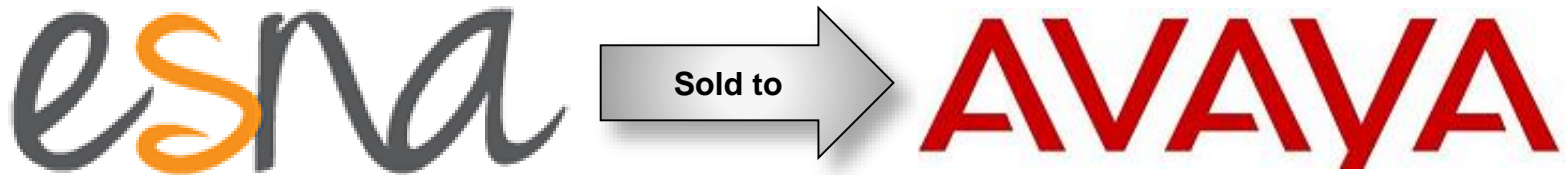
Infrastructure Software Market

Deal Spotlight

EV/EBITDA

EV/S

10 x



Target: Esna Technologies [Canada]

Acquirer: Avaya [USA]

- Real-time collaboration and communications software
- Enables Avaya to integrate multivendor communications capabilities into cloud-based applications



Infrastructure Software Market

Deal Spotlight

EV/EBITDA

EV/S

00 x



Target: Tropo [USA]

Acquirer: Cisco Systems [USA]

- Web-based collaboration API Platform-as-a-Service
- Extends Cisco's collaboration technologies and enables it to reach out more than 200,000 developers



Consumer Technology Market

Public Valuation Multiples

Since Q1

May 2015

Corum Analysis



2.4x

*Bouncing back after
nine month slide...*



13.3x

*...starting to match
established upward
EBITDA trend seen
since last summer*



Consumer Application Software Market

Deal Spotlight

TIMEFUL



Google

Target: Timeful
Acquirer: Google

- Mobile scheduling application
- Timeful's iOS technology can be applied to Android to bring smart scheduling to Google Apps



Consumer Application Software Market

Deal Spotlight



Wunderlist



Microsoft

Target: Wunderlist [Germany]

Acquirer: Microsoft

Transaction Value: \$100-200 million

- Mobile task planning application
- 5th mobile acquisition in past half-year, complements the purchase of Sunrise and Acomplia

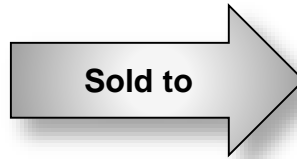


Consumer Application Software Market

Deal Spotlight



tempo



Salesforce™

Target: Tempo.ai

Acquirer: Salesforce

- Mobile artificial intelligence and calendar integration app will be shut down
- Salesforce bought mobile authentication startup Toopher earlier this year



Horizontal Application Software Market

Public Valuation Multiples

Since Q1

May 2015

Corum Analysis

EV
Sales



3.6x

Remains at spring levels with ongoing themes of HCM & Data Analytics

EV
EBITDA



19.5x

Still near 12-month highs as market appreciates profits

Horizontal Application Software Market

Deal Spotlight

EV/EBITDA

EV/S



BORDERFREE



Pitney Bowes

Target: Borderfree
Acquirer: Pitney Bowes
Transaction Value: \$448M

- Cross-border e-commerce shipping SaaS
- Provides retailers to transact with consumers globally

50 x
x
x
x
x
x
x

EV

Horizontal Application Software Market

Deal Spotlight

EV/EBITDA

EV/S

NEXTERNAL

Sold to

HighJump
SOFTWARE

Target: Nexternal
Acquirer: HighJump

- Omni-channel e-commerce & marketing SaaS
- Builds up its supply chain solutions

50 x

x

x

x

x

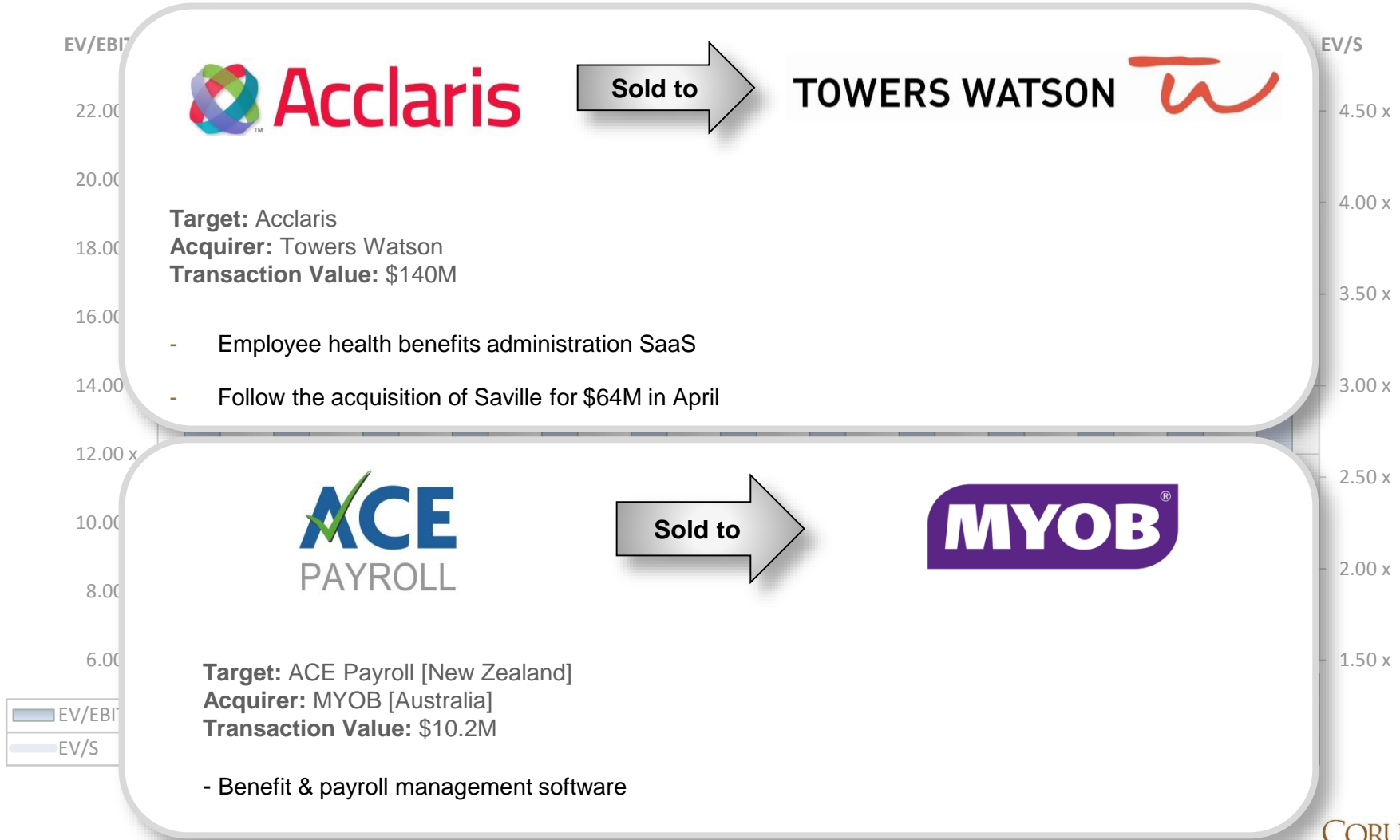
x

x



Horizontal Application Software Market

Deal Spotlights



Mega Deals – 2015 YTD

 **informatica**

Sold to

 **PERMIRA**

Target: Informatica
Acquirer: Permira
Transaction Value: \$5.3B

 **ALTERA**  \$16.7B

 **virtustream**  \$1.2B

 **websense**  \$1.9B

  **NOKIA** \$16.5B

 **EXELIS**  \$4.8B

  **COMMSCOPE** \$3.0B

 **ARUBA**  \$3.0B

 **AXIS**  \$2.8B

 **BLUE COAT**  \$2.4B

 **informatica**  \$5.3B

 **KOFAX**  \$1.0B

HORIZONTAL

\$6.3B

 **Wood Mackenzie**  \$2.8B

 **ADVENT**  \$2.5B

 **FUNDtech**  \$1.3B

VERTICAL

\$6.6B

 **Aol.**  \$4.4B

 **lynda.com**  \$1.5B

 **ORBITZ WORLDWIDE**  \$1.4B

INTERNET

\$7.3B

 **H3C UNIS** \$2.3B

 **TelecityGroup**  \$3.6B

 **IGATE**  \$4.0B

IT SERVICES

\$9.9B

INFRASTRUCTURE

\$52.3B

Horizontal Application Software Market

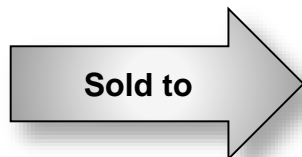
Deal Spotlight

EV/EBITDA

EV/S



COLDLIGHT



PTC®

Target: ColdLight

Acquirer: PTC

Transaction Value: \$100M + \$5M potential earnout

- Big data machine learning and predictive analytics provider
- Reinforces its position in the IoT market

50 x

x

x

x

x

x

x



Corum Research Report



Elon Gasper
Vice President,
Director of Research



Amber Stoner
Senior Analyst



Aaron King
Analyst

Top 6 M&A Contract Mistakes



Top 6 M&A Contract Mistakes

1. Hiring an inexperienced lawyer



Top 6 M&A Contract Mistakes

1. Hiring an inexperienced lawyer
2. Drafting heavily in your own favor



Top 6 M&A Contract Mistakes

- 1. Hiring an inexperienced lawyer**
- 2. Drafting heavily in your own favor**
- 3. Avoiding confrontation on key issues**



Top 6 M&A Contract Mistakes

- 1. Hiring an inexperienced lawyer**
- 2. Drafting heavily in your own favor**
- 3. Avoiding confrontation on key issues**
- 4. Letting issues die with the lawyers**



Top 6 M&A Contract Mistakes

- 1. Hiring an inexperienced lawyer**
- 2. Drafting heavily in your own favor**
- 3. Avoiding confrontation on key issues**
- 4. Letting issues die with the lawyers**
- 5. Not leveraging diligence for preparation of disclosure schedules**



Top 6 M&A Contract Mistakes

1. Hiring an inexperienced lawyer
2. Drafting heavily in your own favor
3. Avoiding confrontation on key issues
4. Letting issues die with the lawyers
5. Not leveraging diligence for preparation of disclosure schedules
6. Leaving contingencies to closing



Q&A

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WFS Toronto

- Growth & Exit Strategies for Software & IT Companies
- Thursday, June 18, 2015
- Trump Hotel, Toronto, Ontario



KLASSCAPITAL



Upcoming Conference Schedule

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Jul. 9: **Los Angeles** – MB

Jun. 30: **Cincinnati** – SUSO

Jul. 17: **Berlin** – MB

www.CorumGroup.com/Events

CORUM

After the Deal – Celebration





www.corumgroup.com