Global Tech M&A Monthly

The 10 M&A Mistakes You Don't Know You're Making

CORUM

Moderator

Timothy Goddard
Vice President, 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.

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Agenda

- **Welcome**

- **Field Report – Orthoview**

- **International Conferences Report**

- **India Nasscom Report**

- **New Buyers and Spin-Offs**

- **Research Report**

- **The 10 M&A Mistakes You Don't Know You're Making**

- **Closing Thoughts**

- **Q&A**

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Orthoview acquired by Materialise
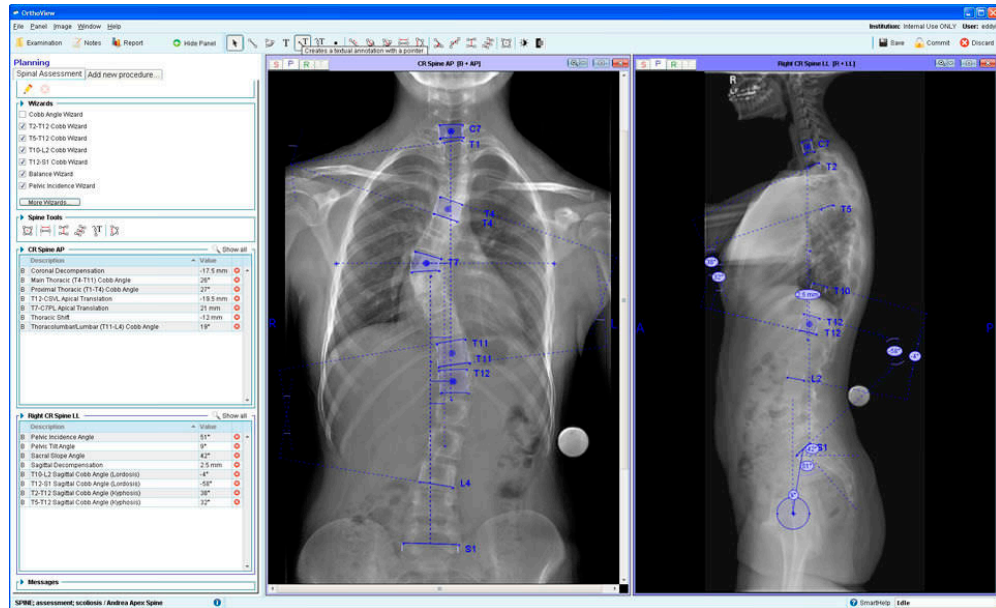
2D TEMPLATING ON X-RAY IMAGES

+

3D PRE-OP PLANNING TOOLS

=

ONE-STOP SHOP
for surgical planning software tools & 3D printed medical devices

Advanced Manufacturing

Modernizing Industries with Tomorrow's Technology

ONLINE EXCHANGES
Connecting Creators & Consumers

INFORMATION SECURITY
Building Barriers in an Age of Blurred Lines

INTERNET OF THINGS
Software, Platforms, Analytics & More

ENMESHED SYSTEMS
Blurring the Lines between Software & Hardware

DATA CONNECTED NETWORKS
Actionable Opportunities Enabled by Customer Data

DIGITAL FORCE MULTIPLIERS
In-House Tools Turn Traditional Firms into Tech Firms

OMNI-CHANNEL MARKETING
Consistent Messaging across Channels

MOBILIZATION
Transition from Desktop to Mobile

DIGITAL CURRENCY FLOW
Decreasing Friction in Payments & Exchange

ADVANCED MANUFACTURING
Modernizing Industries with Tomorrow's Technology

For more information or to view the whitepaper for this topic, visit www.CorumGroup.com/10Trends

- Manufacturing has lagged, often offshoring rather than innovating

- Today, leapfrogging the past generation of technology

- Advances include: analytics, robotics, high performance computing, connected control systems, advanced ERP, 3D printing and more.

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International Conferences Report

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Upcoming International Events

Helsinki: 17 – 20 November

Upcoming International Events

Helsinki: 17 – 20 November

Tel Aviv: 20 November

Zurich: 25 November

Vienna: 26 November

Amsterdam: 3 December

London: 4 December

Hong Kong: 4 – 5 December

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India Nasscom Report

Over 1500 Attendees

<100 Software Startups/Emerging Companies

Major Technology Breakups & Spinoffs

Nina Seghatoleslami
Corum Group Ltd.

Nina joined Corum in 2014 with a strong background in both finance and technology. As an Investment Associate at Faraday Venture Partners, she was responsible for screening and market research, analysis and due diligence for investment opportunities, and supporting entrepreneurs during the investment process. Prior to this, she served as a developer and team lead with SAP.

Nina has an MBA from the IESE Business School at the University of Navarra and a BS in Software Engineering from La Salle, Universidad Ramon Llull.

Major Technology Breakups
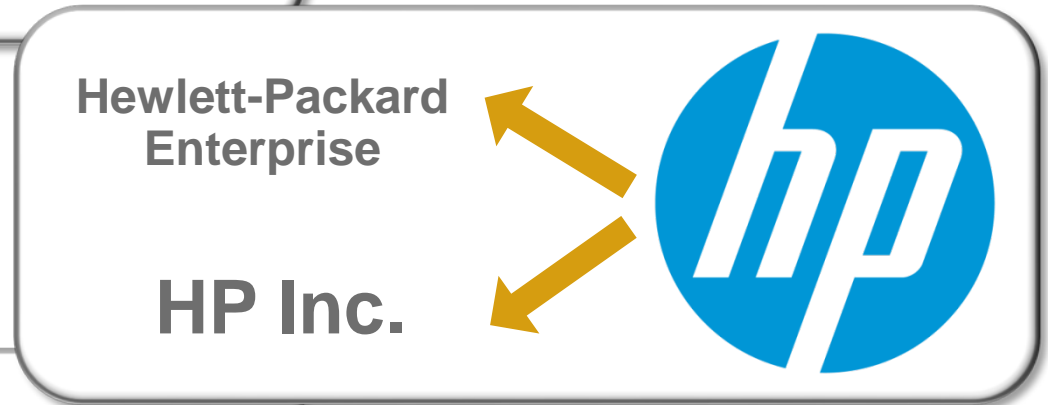
Major Technology Spinoffs

Tech M&A Impact

"Being nimble is the only path to winning. Separating into two companies will enable each management team to have a sharper focus."

- More buyers and more agile buyers
- More focused CorpDev
- Bolt-ons to new companies
- Competitors must respond

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Possible Future Moves
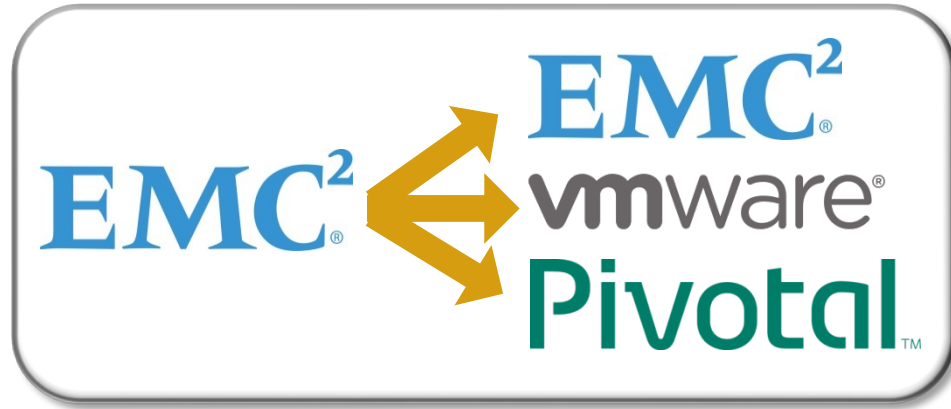
WHO IS NEXT?

Corum Research Report

Elon Gasper
Vice President,
Director of Research

Amber Stoner
Senior Analyst

Public Markets

Weekly Percentage Change
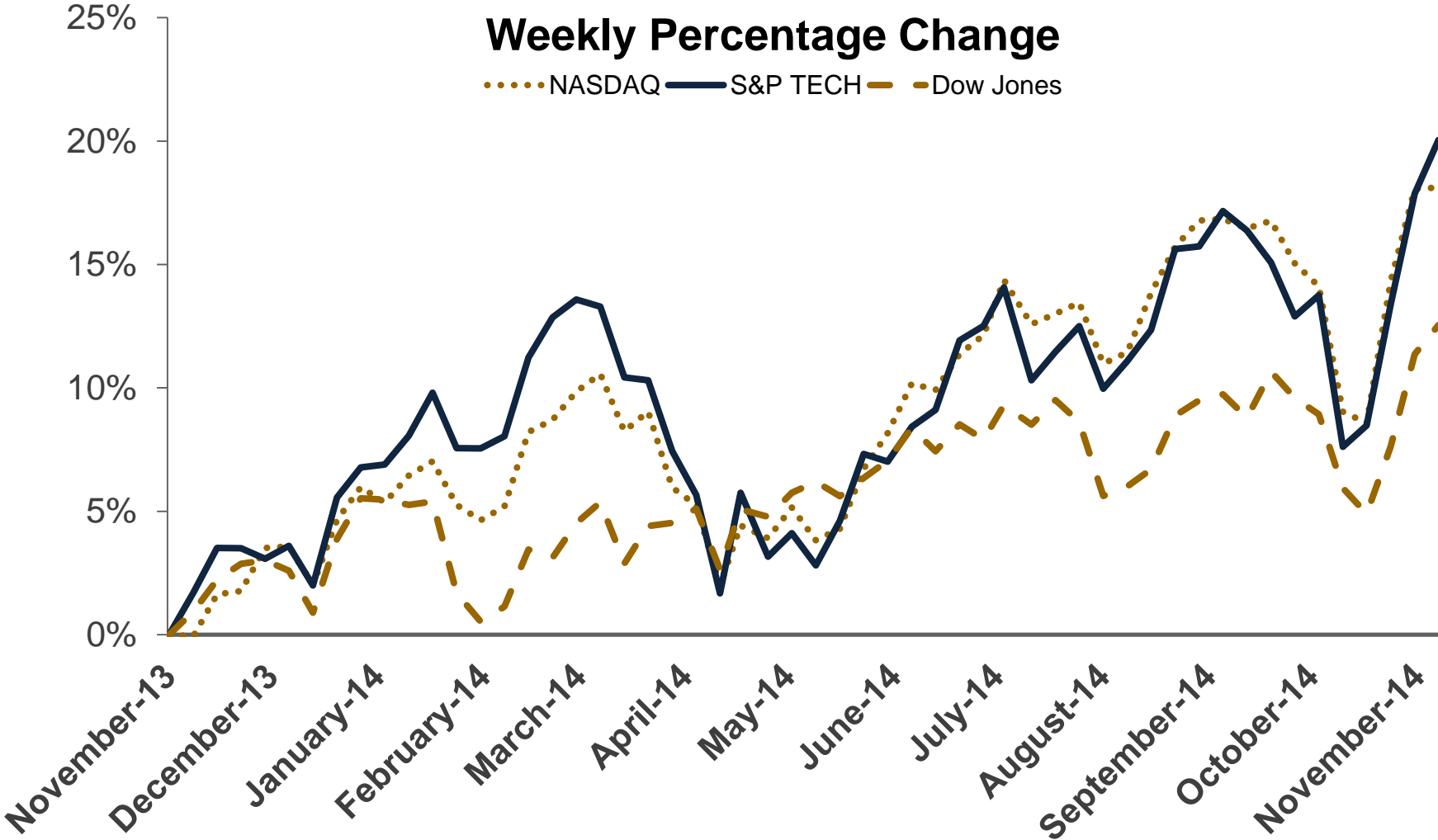
Corum Index

	Oct. 2013	Oct. 2014
# of Transactions	318	337
# of Mega Deals	2	2
Largest Deal	$1.5B	$2.6B
Private Equity Deals	20	16
# VC backed Exits	80	51
% Cross Border Transactions	34%	36%
% of Startup Acquisitions	11%	16%
Average Life of Target	14	13

Buyer	Seller	Price
NetScout Systems	Danaher Corporation	$2.6B
Qualcomm	CSR	$2.5B

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Corum Index

Buyer	Seller	Price
		$2.6B

Advanced Manufacturing

Enmeshed Systems

CSR

Sold to
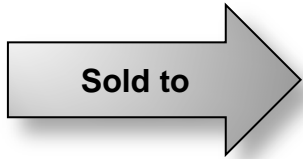
QUALCOMM®

Sector: Infrastructure
Target: CSR plc [UK]
Acquirer: Qualcomm
Transaction Value: $2.5 billion

- M2M connectivity & communications software, semiconductors & services.

- Follows Qualcomm's purchase of CSR imaging assets for $44M earlier in the year.

- Deal comes after rejecting Microchip Technologies takeover bid in August.

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Corum Index

Buyer	Seller	Price
NetScout	Danaher Corporation	$2.6B

Sold to
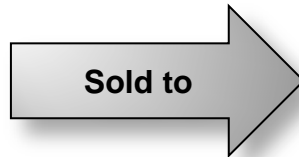
Sector: Infrastructure
Target: Danaher Corporation
Acquirer: NetScout Systems
Transaction Value: $2.6 billion

- Communications business division, which includes the companies Tektronix Communications, Arbor Networks and certain assets of Fluke Networks.

- Expands network performance offerings while eyeing the security sector

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Infrastructure Software Market

Public Valuation Multiples

	Since Q3	Oct. 2014	Corum Analysis

EV / Sales — ⬆ — **2.6x** — *Significant increase in market values reflects M&A demand for growth.*

EV / EBITDA — ⬇ — **12.6x** — *That demand for growth trumps consideration of profits.*

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Infrastructure Software Market

Deal Spotlight

mobile spaces

Sold to →

Pulse Secure

Sector: Security
Target: MobileSpaces [Israel]
Acquirer: Pulse Secure
Transaction Value: $100 million

- BYOD mobile device management and security SaaS.

- Adds to Pulse Secure's enterprise mobility solution set.

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Infrastructure Software Market

Deal Spotlights: Mobile Security

mojave networks   **Sold to** →   **SOPHOS**

Target: Mojave Networks
Acquirer: Sophos Plc [UK]
Transaction Value: Undisclosed

- Enterprise mobile security threat detection SaaS.

EV / S

ARMOR 5   **Sold to** →   **DIGITAL GUARDIAN™**
Formerly VERDASYS

Target: Armor5
Acquirer: Verdasys Inc.
Transaction Value: Undisclosed

- Cloud-based and on-site mobile device security software.

EV / E

CORUM

Vertical Application Software Market

Public Valuation Multiples

	Since Q3	Oct. 2014	Corum Analysis
EV / Sales	⬇	**2.8x**	*Staying in a narrow range, reverting close to its TTM mean.*
EV / EBITDA	⬆	**14.8x**	*Still tightly tracking sales multiples.*

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Vertical Application Software Market

Deal Spotlights: Financial

Target: Lewtan Technologies
Acquirer: Moody's Corporation

- Investment, loan and mortgage risk management, asset securitization and financial analytics.

Target: Risk Technology Solutions
Acquirer: TFG Financial Systems [UK]

- Financial investment risk management SaaS - market and fund performance monitoring, portfolio management and accounting.

Sold to

Sold to

Deal Spotlight

epidemico → Sold to → **Booz | Allen | Hamilton**

Sector: Healthcare
Target: Epidemico
Acquirer: Booz Allen Hamilton

- Public health research and analytics SaaS to monitor and map disease outbreak, medical and pharmaceutical side effects, and prescription abuse.

- Originally spun out from MIT, Harvard and Boston Children's Hospital.

- Customer base includes US Centers for Disease Control (CDC).

- Booz Allen also bought government healthcare IT Services arm of Genova Technologies in October.

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Horizontal Application Software Market

Public Valuation Multiples

	Since Q3	Oct. 2014	Corum Analysis

EV / Sales — **3.4x**

SaaS companies continue to lead, driving value in this highest-valued tech market.

EV / EBITDA ⬆ **17.2x**
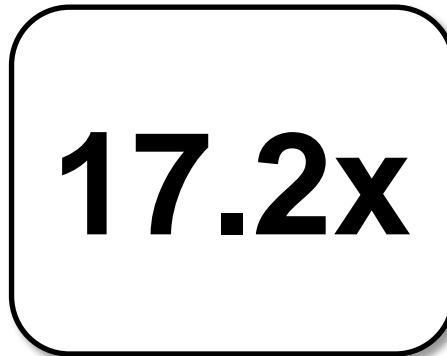
Maturing SaaS market begins to value profits more.

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Horizontal Application Software Market

Deal Spotlight

= exact → Sold to → **Apax PARTNERS**

Sector: ERP
Target: Exact Holding N.V. [Netherlands]
Acquirer: Apax Partners
Transaction Value: $922 million

- ERP, CRM, CPM and HR management software

- Take-apart transaction follows sale of performance- and tax-management software unit to Marlin in early summer.

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Horizontal Application Software Market

Omni-Channel Marketing

QUANTISENSE → **Sold to** → **EPICOR.**

Sector: Business Intelligence
Target: QuantiSense Inc.
Acquirer: Epicor Software Corporation (Apax Partners)
Transaction Value: $15.9M

- Retail BI analytics SaaS & on-premise software that tracks sales trends, manages and optimizes in-store inventory and analyzes CRM data.

- Apax rolls big retail play onward after two-year hiatus since Solarsoft acquisition. Expect more bolt-ons to fill gaps.

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Horizontal Application Software Market

Deal Spotlight: HCM

Allocate Software Ä

Sold to

HgCapital }

Target: Allocate Software plc [UK]
Acquirer: HgCapital [UK]
Transaction Value: $175 million

- Workforce management, optimization and scheduling software for the healthcare, construction, defense and maritime sectors in Europe.

evolv

Sold to

Cornerstone OnDemand

Target: Evolv Inc.
Acquirer: Cornerstone OnDemand
Transaction Value: $42.5 million

- Employee recruitment and job pre-screening SaaS, providing machine learning platform technology, data science and big data infrastructure.

Horizontal Application Software Market

Deal Spotlights: Business Intelligence

Anametrix Sold to **ensighten**

Target: Anametrix
Acquirer: Ensighten Inc.

- Omni-channel advertising analytics tracking and reporting SaaS.

EV / S

he tors,

DUCKSBOARD Sold to **New Relic**

Target: Ducksboard [Spain]
Acquirer: New Relic

- BI, CRM, Web and marketing analytics and reporting SaaS dashboard to monitor and manage business data.

EV / E

ands e

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Corum Research Report

Elon Gasper
Vice President,
Director of Research

Amber Stoner
Senior Analyst

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Selling Perpetual Licenses

Jeff Brown
Vice President
Corum Group Ltd.

Jeff joined Corum in 2007 as Regional Director in Houston, Texas. He has over 25 years of entrepreneurial and consulting experience building software and business services companies. He specializes in information technology for engineering, scientific and business applications. He also understands the energy industry and multinational operations.

Jeff helped form and was President of Severn Trent Worksuite, a FTSE 100 subsidiary, which became the leading provider of enterprise and wireless workflow management software. Jeff was Vice President at IntelliGIS, a pioneer in geographic information systems and wireless computing. Additionally, he launched Western Hemisphere operations for Simon Petroleum Technology, a provider of petroleum reservoir management software, and was a member of the initial management team at GeoQuest Systems, which became the leader in petroleum decision support systems.

Jeff began his career on the research staff at Columbia University and is a published author. He holds a degree in Geology from the State University of NY.

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Change of Control Provisions

Ward Carter
Chairman
Corum Group Ltd.

Corum's former President and now Chairman, Ward Carter's technology background includes a variety of management positions with the Burroughs Corporation (later Unisys). Then, as vice president of a Wall Street investment firm and as principal in a regional venture firm, he raised capital for ventures in computer hardware, software, and biotechnology. As an executive for a Seattle-based archival storage software company, he attracted venture capital and assisted with the eventual acquisition of the company by a larger competitor. As president of InfoMatrix, and later Discovery Sales + Marketing, Ward provided strategic consulting support to emerging software companies.

He joined Corum in 1997, has successfully managed numerous software company mergers and acquisitions worldwide, was appointed President in 2006 and Chairman in 2010. He graduated with Honors from Seattle University with a B.A. in Business.

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Failing to Build Relationships

Rob Schram
Senior Vice President
Corum Group Ltd.

Rob has over 30 years of executive and entrepreneurial experience in multiple technologies: Integrated circuit testing, industrial process automation and control, communications software, security software, and energy software and services.

Rob has founded and sold several companies and engaged in two IPOs. He was most recently CEO of Evergreen Fuel Technologies, Inc. in the energy sector. Rob is a broadly skilled strategic development professional with a proven reputation for targeting, negotiating and developing profitable ventures and a demonstrated ability to successfully analyze an organization's critical business requirements, identify deficiencies and opportunities, and develop innovative and cost-effective solutions for enhancing competitiveness, increasing revenues, and improving customer relationships.

Trusting Your Buyer Too Much

Mark Johnson
Director
Corum Group International, Ltd.

Mark's professional experience is as an M&A advisor, CEO of an IT company, Venture Capitalist, IT Management Consultant and Naval Officer. The thread throughout his career has been Information Technology, its commercialization, and its applications towards improving business effectiveness. His undergraduate education is from the U.S. Naval Academy in Annapolis, MD, where he received a degree in Systems Engineering.

In 2006 he spent one year at the Stockholm School of Economics attaining an MBA. Additionally, he was a semi-professional road cyclist and was ranked 1st in the U.S. Mid-Atlantic. He enjoys the challenges and dynamism involved with identifying new technology innovations with strong commercialization applications, particularly in an international setting where he has had the opportunity to work in numerous countries throughout Asia, the Middle East, Europe, and Africa.

Serving as a Naval Officer provided an exceptional leadership opportunity in a challenging and diverse environment.

Failing to Communicate KPIs

Ed Ossie
Regional Director
Corum Group

Ed has over 30 years of international experience serving high-growth technology companies and has spent the last 20 years in chief operating and chief executive roles. During this time, Ed has become known for his ability to design, build and execute multi-year growth strategies with a highly engaged team. The high performance teams operate in a trust-based company culture which in turn drives scale and strong customer relationships, producing profitable growth.

Ed served as President of Innovation Group PLC, and prior to that led the sale of MTW Corporation to Innovation Group as MTW CEO. Both companies are in the insurance software and business process services segments. Prior to that he was Division Manager and Vice President for the Texas Instruments Software Group, which grew from startup to 1300 people in 5 years.

Today he advises a number of high-growth technology teams on how they might win, shape and scale their operations to create viable high impact options for their future. Ed graduated with a Bachelor of Science degree from Missouri State University and attended select Executive Programs at Stanford Graduate School of Business, such as the Executive Program for Growing Companies and the 2011 Directors Consortium.

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Selling Yourself Alone

Daniel Bernstein
Director, Emerging Technologies
Corum Group Ltd.

Daniel Bernstein has worked in a number of roles over a twenty year career in high technology, most recently as the founder and CEO of Sandlot Games Corporation, a leading casual games publisher and developer. Having sold Sandlot Games to Digital Chocolate in 2011, Daniel started a small games studio and a consulting practice where he advises larger companies such as RealNetworks and smaller high growth businesses on product development, strategic initiatives, and M&A opportunities.

Prior to Sandlot Games, Daniel Bernstein held director level positions in companies such as Wild Tangent and Monolith. An accomplished composer, Daniel also writes music for most of the games he works on.

Daniel holds a BS in Computer Science and an MA in Music Composition from the University of Virginia.

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Talking With Only One Buyer

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

Entertainment software entrepreneur Jim Perkins is directly responsible for publishing some of the industry's biggest franchises, including Unreal, Duke Nukem, Wolfenstein, Doom, Hunting Unlimited, and Driver. A well-known senior executive with a 22-year track record of publishing such bestselling hits, he founded and grew two highly successful software publishing companies (FormGen and ARUSH) from start-ups to multi-million dollar enterprises.

Jim also launched Radar Group, the first Transmedia Incubation Company to monetize entertainment franchises across all media, including film and television. His success and extensive experience in software production, marketing and public relations, packaging, online and retail distribution and software M&A, uniquely qualify him as an expert in building value and realizing wealth. Jim joined Corum Group, the world's leading software M&A firm, with a specific focus on educating and helping prospective sellers maximize the value of their digital media companies.

Ignoring Minority Shareholders' Concerns

John Simpson
Vice President
Corum Group Ltd.

Prior to joining Corum's team, for 12 years John ran a leading boutique M&A firm in Silicon Valley specializing in technology-based transactions that included company sales and acquisitions, asset divestitures, management buyouts and capital raises.

Previously John spent more than 20 years in the enterprise software arena, including C-level executive roles with BMC Software Inc. Ingres Corporation, and DEC. During these assignments he managed product lines located across the USA and Europe, and drove multimillion $$ strategic alliances and OEM sales channels. John also participated in several software startups in Silicon Valley during the 1980's, including founding Analytica, one of the industry's first ever software firms to be venture-capital funded.

John has been a presenter and panelist at many technology and business conferences in the USA and Europe. He is a past member of Microsoft's Advisory Board for Application Development. He has published numerous articles on Growth & Exit planning, and has taught M&A basics to burgeoning capitalists in Shanghai, China.

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No Sense of Urgency

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.

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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.

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Closing Thoughts

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.

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Q&A

- We welcome your questions!
    - Use Q&A window on right side
    - Submit to queue at any time
    - Ask "all panelists" – see "ask" option above text-entry box

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. 20: **Tel Aviv** – MB	Dec. 9: **Phoenix** – SUSO
Nov. 25: **Zurich** – MB	Dec. 9: **Nashville** – MB
Nov. 26: **Vienna** – MB	Dec. 9: **Singapore** – MB
Dec. 2: **Toronto** – SUSO	Dec. 11: **Thailand** – MB
Dec. 3: **Amsterdam** – SUSO	Jan. 13: **Cleveland** – SUSO
Dec. 4: **London** – SUSO	Jan. 14: **Chicago** – MB
Dec. 4: **Phoenix** – SUSO	Jan. 15: **Detroit** – SUSO

www.CorumGroup.com/Events

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After the Deal – Celebration