TECH M&A MONTHLY

....starts in 2 minutes

CORUM

www.corumgroup.com

CORUM

Past Attendees Include:

Adobe · Google · IHS · Microsoft

HP · symantec · intel · EMC²

WIPRO · ca technologies · IBM · SONY

TREND MICRO · SYNOPSYS · PTC · T-Mobile

Digital River · Akamai · Concur · NEC

CORUM

Past Conferences & Reports

- Private Equity Panel

- Sellers Panel

- Responding to an Approach

- Crowdfunding M&A Impact

- Special Reports: SaaS, Mobile, Gaming, Social, Healthcare, Energy

- Top Technology Trends for M&A

CORUM

TECH M&A MONTHLY

….starts in 1 minute

CORUM

Merge Briefing

- 90 Minutes

- Industry Update

- Overview of the M&A Process

- Upcoming events in:

  - Hong Kong
  - Shanghai
  - San Francisco
  - San Ramon
  - Monterey

  - San Jose
  - Memphis
  - Nashville
  - Atlanta
  - San Antonio

CORUM

Selling Up, Selling Out

- Half-Day

- Tech M&A Bootcamp

- The most attended tech executive conference in history

- Upcoming events in:

  - Portland
  - Raleigh
  - Charlotte
  - Indianapolis

  - Austin
  - Dallas
  - Houston
  - New York

CORUM

---

8 Stages for an
Optimal Outcome

| Preparation | Research | Contact | Discovery | Negotiation | Due Diligence | Closing | Integration |

CORUM

Typical Negotiation Flow

Discovery process is complete → Seller presents valuation guidance → Buyer delivers an opening offer → Seller delivers counter offer

CORUM

AVOIDING THE
DEAL DISASTERS

CORUM

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. 24:	**Hong Kong** – MB	Jul. 10:	**Atlanta** – MB
Jun. 25:	**San Francisco** – MB	Jul. 22:	**Raleigh** – SUSO
Jun. 25:	**San Ramon** – MB	Jul. 24:	**Charlotte** – SUSO
Jun. 26:	**Monterey** – MB	Jul. 29:	**Indianapolis** – SUSO
Jun. 26:	**San Jose** – MB	Aug. 26:	**Austin** – SUSO
Jun. 26:	**Shanghai** – MB	Aug. 28:	**Dallas** – SUSO
Jul. 1:	**Memphis** – MB	Sep. 9:	**Houston** – SUSO
Jul. 8:	**Portland** – SUSO	Sep. 9:	**New York** – SUSO
Jul. 10:	**Nashville** – MB	Sep. 10:	**San Antonio** – MB

www.CorumGroup.com/Events

CORUM

Logistics

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

- This event is being recorded
  - Rebroadcast June 19, 12:30am PT, and 8:00am PT
  - See "Conferences and Events" at MergersAndAcquisitions.webex.com

CORUM

Global Tech M&A Monthly

Myths, Misconceptions & Misinformation

Moderator

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

- Conference Report – World Financial Symposiums

- Field Report- DRB Systems

- Top Ten Tech Trend – Information Security & BeeWare

- Research Report

- Myths, Misconceptions & Misinformation

- Closing Thoughts

- Q&A

CORUM

Conference Report – WFS 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.

CORUM

WFS - London

WFS
EDUCATING TECHNOLOGY LEADERS

CORUM

Field Report – DRB Systems

Ward Carter
Chairman
Corum Group Ltd.

PRAIRIE
CAPITAL

has made a strategic investment in

DRB Systems, Inc.

Corum initiated this transaction and acted as exclusive M&A advisor to DRB Systems, Inc.

CORUM
MERGERS & ACQUISITIONS

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.

CORUM

Top Ten Tech Trend – Information Security

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.

CORUM

The Corum Top Ten 2014 Disruptive Technology Trends

Information Security
Building Barriers in an Age of Blurred Lines
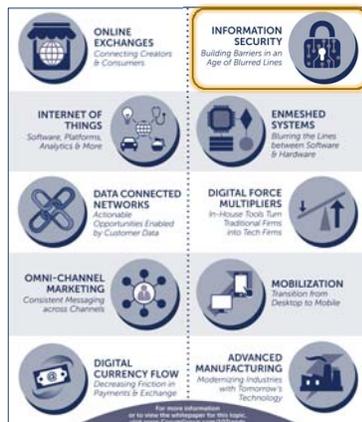
- Other trends about knocking down walls—increasing demand to build some walls stronger.

- Encompasses both enterprise and consumer privacy, security, anonymity, encryption, identity management, etc.

- NSA/RSA scandal opens door for point solutions and more diverse standards.

CORUM

Field Report – Information Security Deal

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.

CORUM

Corum Research Report

Elon Gasper
Vice President,
Director of Research

Amber Stoner
Senior Analyst

CORUM

Public Markets

Weekly Percentage Change
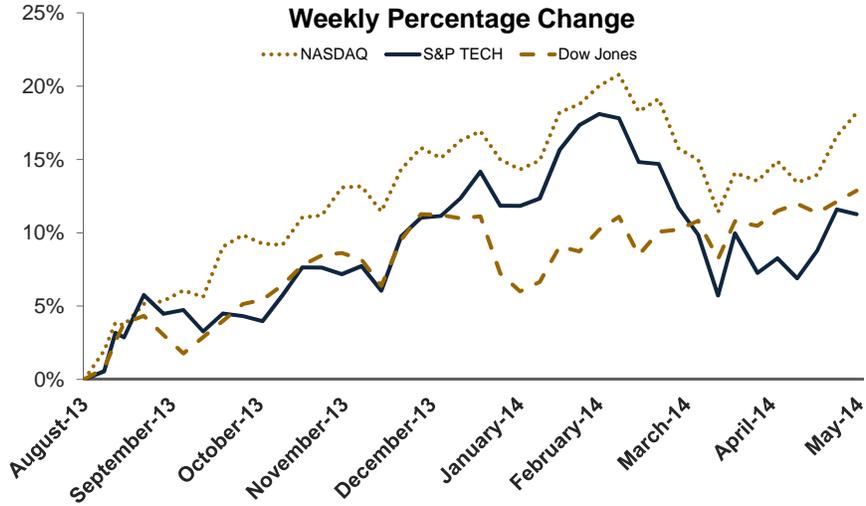
Corum Index

	May 2013	May 2014
# of Transactions	287	318
# of Mega Deals	3	2
Largest Deal	$6.9B	$3.0B
Private Equity Deals	19	13
# VC backed Exits	67	70
% Cross Border Transactions	28%	34%
% of Startup Acquisitions	19%	9%
Average Life of Target	13	15

Buyer	Seller	Price
Apple	Beats Electronics	$3.0B
Vantiv	Mercury Payment Systems	$1.7B

Corum Index

Buyer	Seller	Price
Apple	Beats Electronics	$3.0B
		$1.7B

Target: Beats Electronics
Acquirer: Apple
Transaction Value: $3 billion

- Headphones, earbuds, speakers and related accessories as well as a subscription-based music streaming service.

- Acquisition is nearly 8x larger than Apple's largest prior deal.

CORUM

Corum Index

Deal Spotlight

Buyer	Seller	Price
Apple	Beats Electronics	$3.0B
		$1.7B

Target: Mercury Payment Systems
Acquirer: Vantiv, Inc.
Transaction Value: $1.65 billion

- Credit and debit-focused payment processing software that integrates with POS systems.

- Second acquisition of an integrated payments company in less than a year.

CORUM

Infrastructure Software Market

Public Valuation Multiples

Since Q1	May 2014	Corum Analysis

EV / Sales

2.3x

Holding steady, supported by cloud infrastructure and security companies.

EV / EBITDA

13.7x

Glides back a bit, but still high supported by Security deals high valuations.

CORUM

Infrastructure Software Market

Deal Spotlight

Gazzang → Sold to → **cloudera®** Ask Bigger Questions

Sector: Security
Target: Gazzang, Inc.
Acquirer: Cloudera
Transaction Value: Undisclosed

- Cloud-based data encryption software for securing big data and key management software for securing digital assets.

- Utilize Gazzang as the foundation of a unified Hadoop protection strategy.

CORUM

Infrastructure Software Market

Deal Spotlight

nPULSE TECHNOLOGIES   Sold to → **FireEye**

Sector: Security
Target: nPulse Technologies, Inc.
Acquirer: FireEye, Inc.
Transaction Value: $60 million

- Brings FireEye network forensics capabilities to complement threat detection and endpoint forensics it picked up with Mandiant.

- Will allow FireEye to span the incident response and investigation domains.

CORUM

Infrastructure Software Market

Deal Spotlight

ThreatGRID   Sold to → **CISCO**

Sector: Security
Target: ThreatGRID, Inc.
Acquirer: Cisco
Transaction Value: Undisclosed

- Cloud-based software to upload and analyze data that identifies malware.

- Enhances Cisco's Advanced Malware Protection portfolio developed by its 2013 acquisition of Sourcefire.

CORUM

Infrastructure Software Market

Deal Spotlight

LetMobile — **Sold to** → LANDESK

Sector: Security
Target: LetMobile [Israel]
Acquirer: LANDesk Software
Transaction Value: $15 million

- Brings data-loss prevention for email to the mobile device management products it obtained in its 2012 WaveLink acquisition.

- Setting itself apart by offering LetMobile's DLP software to secure data flowing through employees' native email apps.

CORUM

Infrastructure Software Market

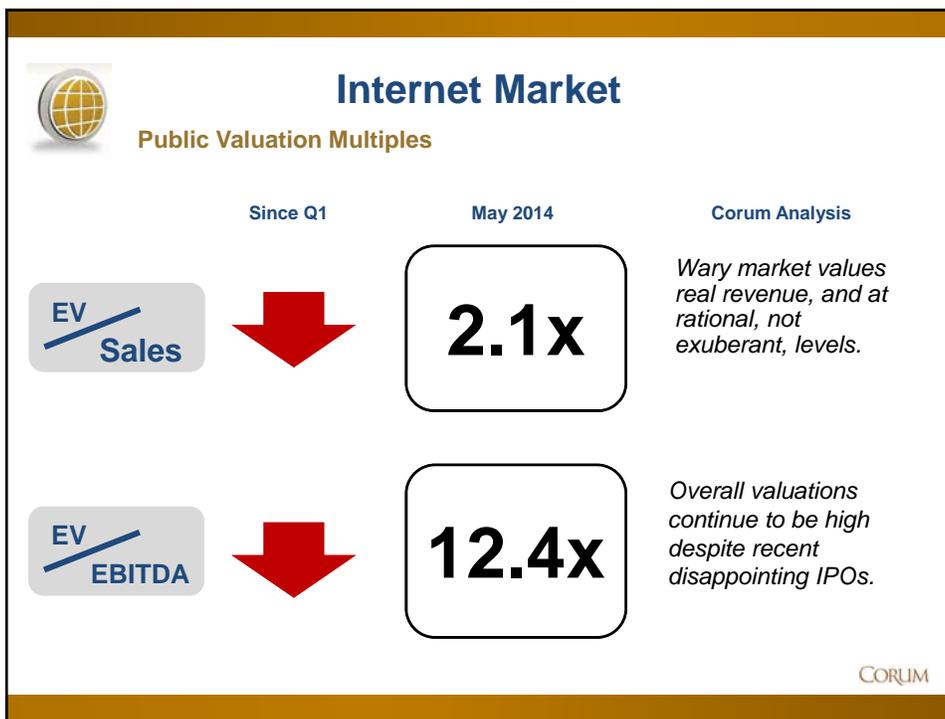**Deal Spotlight**

wurldtech — **Sold to** → GE

Sector: Security
Target: Wurldtech
Acquirer: General Electric Company
Transaction Value: Undisclosed

- Network device penetration testing for oil and gas, manufacturing, medical, chemical, pharmaceutical and water treatment markets.

- Will enhance the reliability of Industrial Internet operations.

CORUM

Internet Market

Public Valuation Multiples

Since Q1	May 2014	Corum Analysis
EV / Sales	**2.1x**	*Wary market values real revenue, and at rational, not exuberant, levels.*
EV / EBITDA	**12.4x**	*Overall valuations continue to be high despite recent disappointing IPOs.*

CORUM

Google   **May Acquisitions**   Google

Date	Target	Description
5 - May	RANGESPAN	Automated and predictive inventory management SaaS for retailers. Acquihire, with service to be shut down.
6 - May	adometry	Online advertising analytics and customer analytics SaaS. Transaction value of $150 million.
7 - May	Appetas	Retail web presence SaaS. Another retail-focused acquihire, with service to be shut down.
7 - May	STACKDRIVER	System, cloud environment, infrastructure and Amazon Web Services monitoring and performance management SaaS.
19 - May	Quest Visual	WordLens translation app that uses smartphone camera to recognize and translate in real-time.
19 - May	divide	BYOD MDM software using secure containers to separate personal and corporate data. Transaction value of $130 million.

CORUM

Internet Market

Deal Spotlights: TripAdvisor

Target: Vacation Home Rentals
- Service for consumers in the US to book rental accommodations globally.

Target: Tripbod [UK]
- Online itinerary planning service, connecting travelers with specific destination experts.

Target: La Fourchette SAS [France]
- Restaurant reservation service for consumers in Europe in French, English and Spanish.

Sold to tripadvisor

CORUM
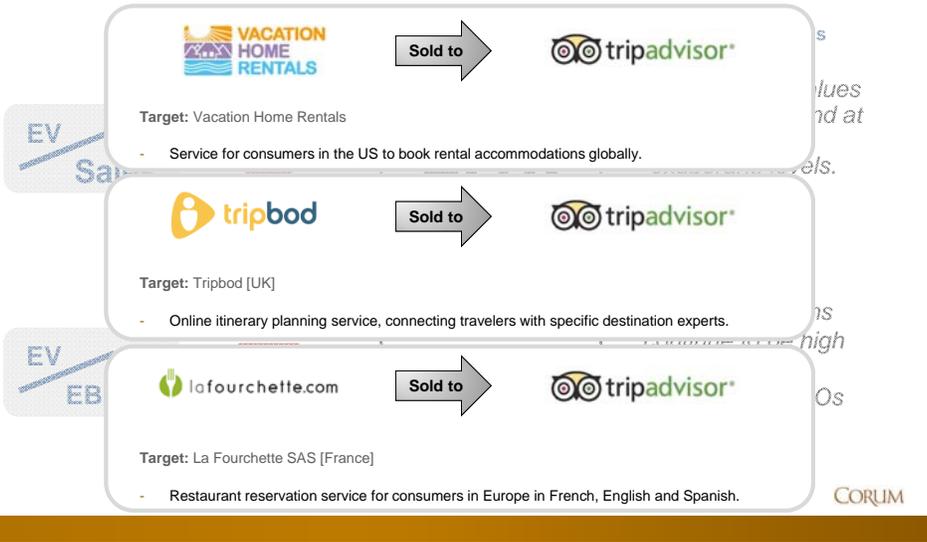
IT Services Market

Public Valuation Multiples

	Since Q1	May 2014	Corum Analysis
EV / Sales	—	**0.74x**	*Multiples holding steady at two-year high.*
EV / EBITDA	▼	**9.1x**	*Volatile and tactically driven in a choppy market.*

CORUM
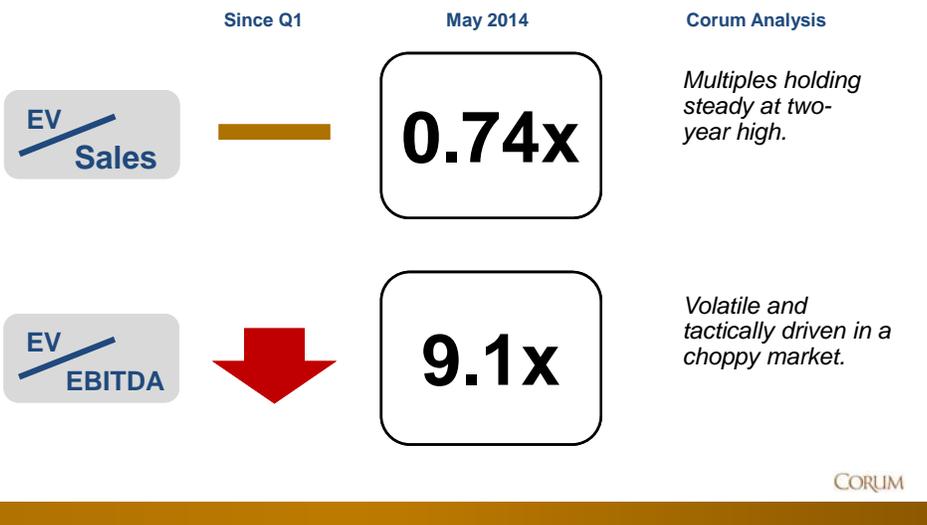
IT Services Market

Deal Spotlight

defense.net   Sold to   **f5**

Target: Defense.Net, Inc.
Acquirer: F5 Networks
Transaction Value: Undisclosed

- Cloud-based security services for protecting data centers and Internet applications from distributed denial-of-service (DDoS) attacks.

- Defense.Net's high-capacity cloud service is complementary to F5's existing on-premise DDoS Protection capabilities.

CORUM

IT Services Market

Deal Spotlight

ONYXWARE   Sold to   **ENDGAME.**

Target: Onyxware Corporation
Acquirer: Endgame Systems, Inc.
Transaction Value: Undisclosed

- Security software development and prototype design services focusing on mobile device and BYOD security for government markets.

- Helps accelerate growth in federal market and addresses growing demand for dynamic defense capabilities in the commercial sector.

CORUM

Consumer Application Software Market

Public Valuation Multiples

Since Q1	May 2014	Corum Analysis

EV / Sales ⬆ **2.2x** — *Multi-year highs supported by jockeying for positions in the booming video game market.*

EV / EBITDA ⬆ **8.8x** — *While in the other sector, digital content, buyers and investors continue to find increasing value in profits.*

CORUM

Consumer Application Software Market

Deal Spotlight

Healthcare Magic **Sold to** → EBIX

Sector: Healthcare
Target: HealthcareMagic [India]
Acquirer: Ebix Inc.
Transaction Value: $6 million cash + $12.5 million earnout potential

- Upload a health-related question and related lab results or photographs and a network of participating doctors will provide answers or advice.

- Consumer SaaS subscription model

CORUM

Consumer Application Software Market

Deal Spotlight

Caring.com → **Sold to** → **Bankrate**

Sector: Healthcare
Target: Caring, Inc.
Acquirer: Bankrate, Inc.
Transaction Value: $54 million

- Online information, review and directory information for seniors' caregivers that generates revenue by creating new leads for senior care facilities.

- Departure from Bankrate's recent insurance-related acquisition streak.

CORUM

Corum Research Report

Elon Gasper
Vice President,
Director of Research

Amber Stoner
Senior Analyst

CORUM

M&A Myths, Misperceptions, & Misinformation

- Buyers?
- Global Search?
- Valuation?
- Advisors?
- Growth?
- Offers?
- Profit?

CORUM

Myth #1

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.

CORUM

"Good companies are bought, not sold."

CORUM

Myth #2

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.

CORUM

"You already know your buyer."

CORUM

Myth #3

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.

CORUM

"Profits are more important than growth."

CORUM

Myth #4

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.

CORUM

"When you receive an offer, just try to get that deal done, a detailed search isn't needed."

CORUM

Myth #5

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.

CORUM

"Buyers prefer you not to have an intermediary, and having one may kill the deal."

CORUM

Myth #6

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.

CORUM

"Going to market too early can hurt my value."

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

CORUM

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. 24:	**Hong Kong** – MB	Jul. 10:	**Atlanta** – MB
Jun. 25:	**San Francisco** – MB	Jul. 22:	**Raleigh** – SUSO
Jun. 25:	**San Ramon** – MB	Jul. 24:	**Charlotte** – SUSO
Jun. 26:	**Monterey** – MB	Jul. 29:	**Indianapolis** – SUSO
Jun. 26:	**San Jose** – MB	Aug. 26:	**Austin** – SUSO
Jun. 26:	**Shanghai** – MB	Aug. 28:	**Dallas** – SUSO
Jul. 1:	**Memphis** – MB	Sep. 9:	**Houston** – SUSO
Jul. 8:	**Portland** – SUSO	Sep. 9:	**New York** – SUSO
Jul. 10:	**Nashville** – MB	Sep. 10:	**San Antonio** – MB

www.CorumGroup.com/Events - promo code WEBCAST06

CORUM

After the Deal – Celebration

www.corumgroup.com