

SOFTWARE INDUSTRY

FULL YEAR 2015 :: Mergers and Acquisitions Trend Report

2015 KEY HIGHLIGHTS

- The largest transaction in 2015 was Dell, Inc.'s announced acquisition of EMC Corporation, a provider of cloud computing, data storage and other infrastructure technologies, for \$67.48 billion. This was the highest value deal ever recorded in the industry.
- Five of the top ten largest transactions in 2015 were completed by financial sponsors. The highest value private equity backed deal during the year was The Carlyle Group's announced acquisition of Veritas Technologies Corporation, a storage and server management software solutions company, for \$8 billion.
- The most active acquirer in the Infrastructure Software segment in 2015 was IBM with six transactions: Gravitant, CleverSafe, StrongLoop, Appcore, Blue Box Group, and AlchemyAPI, Inc.
- There were 327 financially sponsored transactions with an aggregate value of \$57.83 billion, representing 16 percent of the total volume and 26 percent of the total value, respectively.

M&A Market Dynamics

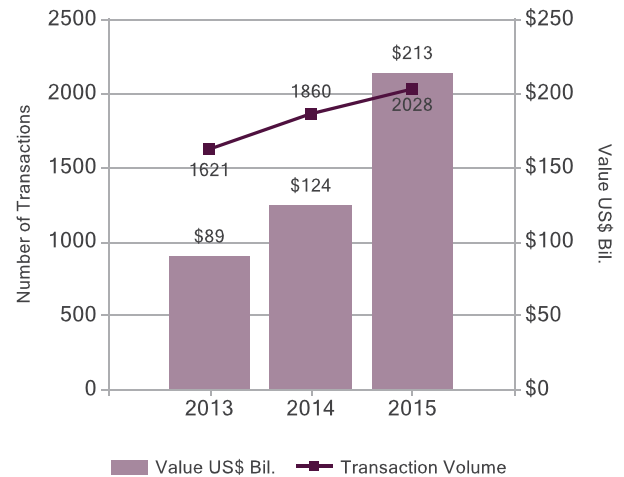


Figure 1. 2013-2015 value and volume comparison.

2015 KEY TRENDS

- Total transaction volume in 2015 increased by nine percent over 2014, from 1,860 to 2,028.
- Total transaction value in 2015 rose by 72 percent over 2014, from \$123.74 billion to \$213.20 billion. Excluding the EMC Corporation deal, aggregate value gained 18 percent.
- The median revenue multiple declined from 2.7x in 2014 to 2.4x in 2015. The median EBITDA multiple improved from 12.0x in 2014 to 13.8x in 2015.

M&A MARKET OVERVIEW

Berkery Noyes tracked 5,509 Software transactions between 2013 and 2015, of which 1,314 disclosed financial terms, and calculated the aggregate value to be \$337.89 billion. Based on known transaction values, we project values of 4,195 undisclosed transactions to be \$85.23 billion, totaling \$423.12 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 2.5x revenue and 12.7x EBITDA.

Median Enterprise Value Multiples

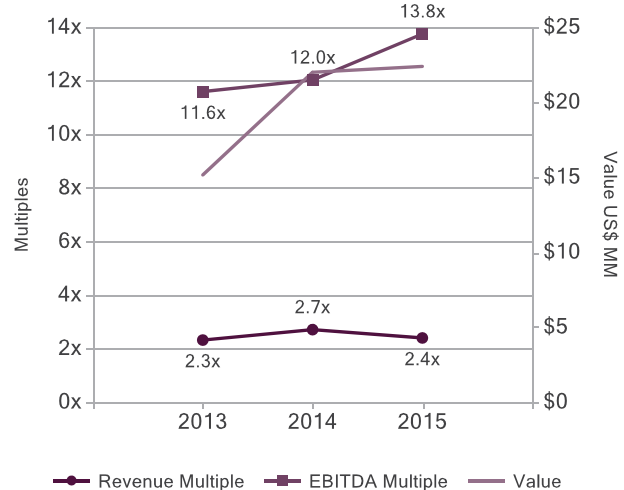


Figure 2. 2013-2015 median value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2015 – December 31, 2015

Bell Curve - Histogram

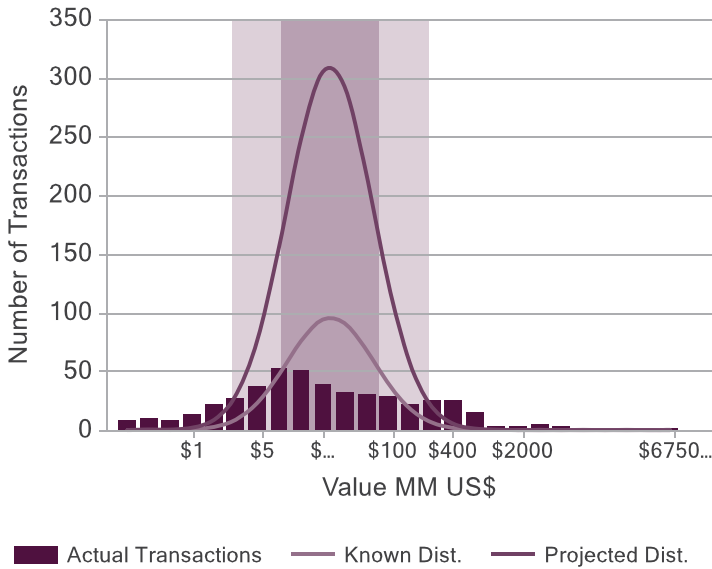


Figure 3. Shows distribution of Software transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$2.7 million to \$403.4 million. Based on this data, we estimate the total transaction value of deals done in 2015 at \$213.2 billion.

* Indicates largest industry transaction from Jan. 1, 2015 to Dec. 31, 2015.

Distribution Table

| Value in MM US\$ | Known Number | Projected Number | Total Number | % | Cumulative % |
|------------------------|--------------|---------------------------|--------------|------|--------------|
| \$0.2 | 8 | 0 | 8 | 2 % | 2 % |
| \$0.4 | 11 | 0 | 11 | 2 % | 4 % |
| \$0.6 | 9 | 0 | 9 | 2 % | 6 % |
| \$1.0 | 14 | 2 | 16 | 3 % | 9 % |
| \$1.6 | 22 | 9 | 30 | 5 % | 13 % |
| \$2.7 | 27 | 29 | 56 | 6 % | 19 % |
| \$4.5 | 38 | 77 | 114 | 8 % | 27 % |
| \$7.4 | 53 | 156 | 209 | 11 % | 38 % |
| \$12.2 | 50 | 247 | 297 | 10 % | 48 % |
| \$20.1 | 39 | 305 | 343 | 8 % | 57 % |
| \$33.1 | 33 | 292 | 325 | 7 % | 63 % |
| \$54.6 | 31 | 218 | 249 | 6 % | 70 % |
| \$90.0 | 29 | 127 | 156 | 6 % | 76 % |
| \$148.4 | 22 | 58 | 79 | 5 % | 81 % |
| \$244.7 | 25 | 20 | 45 | 5 % | 86 % |
| \$403.4 | 26 | 6 | 31 | 5 % | 91 % |
| \$665.1 | 16 | 1 | 17 | 3 % | 95 % |
| \$1,096.6 | 4 | 0 | 4 | 1 % | 95 % |
| \$1,808.0 | 3 | 0 | 3 | 1 % | 96 % |
| \$2,981.0 | 5 | 0 | 5 | 1 % | 97 % |
| \$4,914.8 | 3 | 0 | 3 | 1 % | 98 % |
| \$8,103.1 | 1 | 0 | 1 | 0 % | 98 % |
| \$13,359.7 | 0 | 0 | 0 | 0 % | 98 % |
| \$22,026.5 | 0 | 0 | 0 | 0 % | 98 % |
| \$36,315.5 | 0 | 0 | 0 | 0 % | 98 % |
| \$59,874.1 | 1 | 0 | 1 | 0 % | 98 % |
| Total # | 479 | 1549 | 2028 | | |
| Total \$ Value | \$176,409 | \$36,786 | \$213,195 | | |
| Middle 3rd of Industry | | Middle 2/3rds of Industry | | | |

Figure 4. Presents the data depicted in the bell curve histogram.

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type

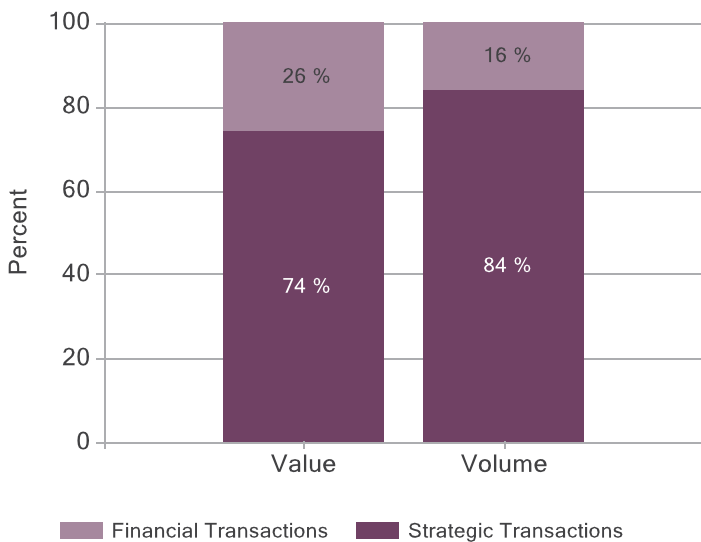


Figure 5. 2015 value and volume comparison by acquirer type.

Note: Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

Transaction Type

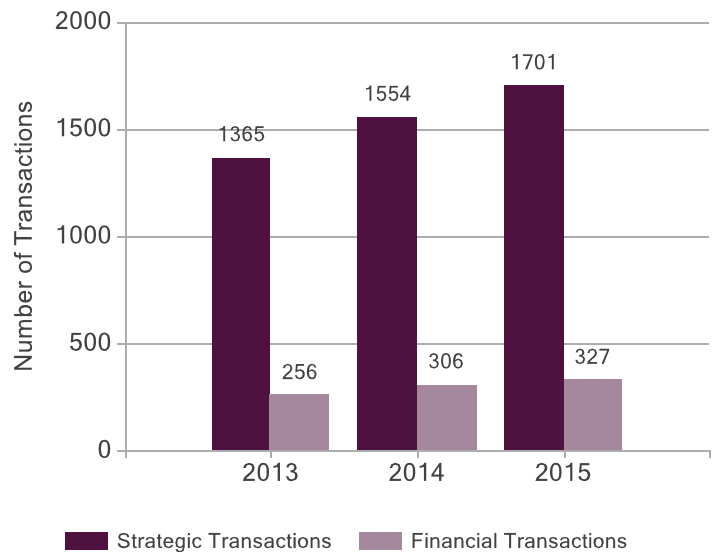


Figure 6. 2013-2015 acquirer type comparison.

Purchaser Analysis

Top Ten Notable Transactions 2015

| Deal Date | Target Name | Buyer | Value MM US\$ |
|---|----------------------------------|---|---------------|
| 10/12/15 | EMC Corporation | Dell, Inc. | \$67,484 |
| 12/18/15 | Qihoo 360 Technology Co. Ltd | Qihoo 360 Consortium | \$8,284 |
| 08/11/15 | Veritas Technologies Corporation | Carlyle Group | \$8,000 |
| 09/14/15 | Solera Holdings, Inc. | Vista Equity Partners | \$6,246 |
| 11/03/15 | King Digital Entertainment plc | Activision Blizzard | \$5,900 |
| 04/07/15 | Informatica Corp. | Permira, CPP Investment Board | \$4,769 |
| 10/21/15 | SolarWinds | Thoma Bravo, LLC, Silver Lake Partners | \$4,380 |
| 06/15/15 | Dealertrack Technologies | Cox Automotive, Inc. | \$4,362 |
| 08/14/15 | Ellucian | TPG Capital, Leonard Green & Partners, L.P. | \$3,500 |
| 08/03/15 | HERE | BMW Group, Daimler AG, Audi Group | \$3,069 |
| 2015 Aggregate Transaction Value | | | \$213,195 |
| Top 10 Aggregate Transaction Value | | | \$115,994 |
| Top 10 Aggregate Value as a Percentage of All Transactions | | | 54 % |

Figure 7. Lists the top ten transactions for 2015 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figure 1 & 4.

Note: Transaction data based on announced date. Deal value represents total consideration paid by the acquirer.

Median EV/Revenue Multiples By Size

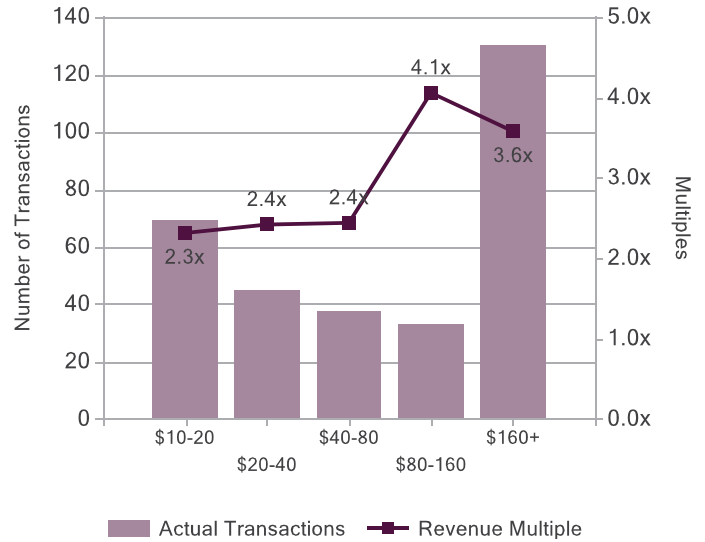


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from Jan. 1, 2013 to Dec. 31, 2015 based on publicly available data.

Transaction Volume by Segment :: January 1, 2013 – December 31, 2015

Transactions By Market Segment

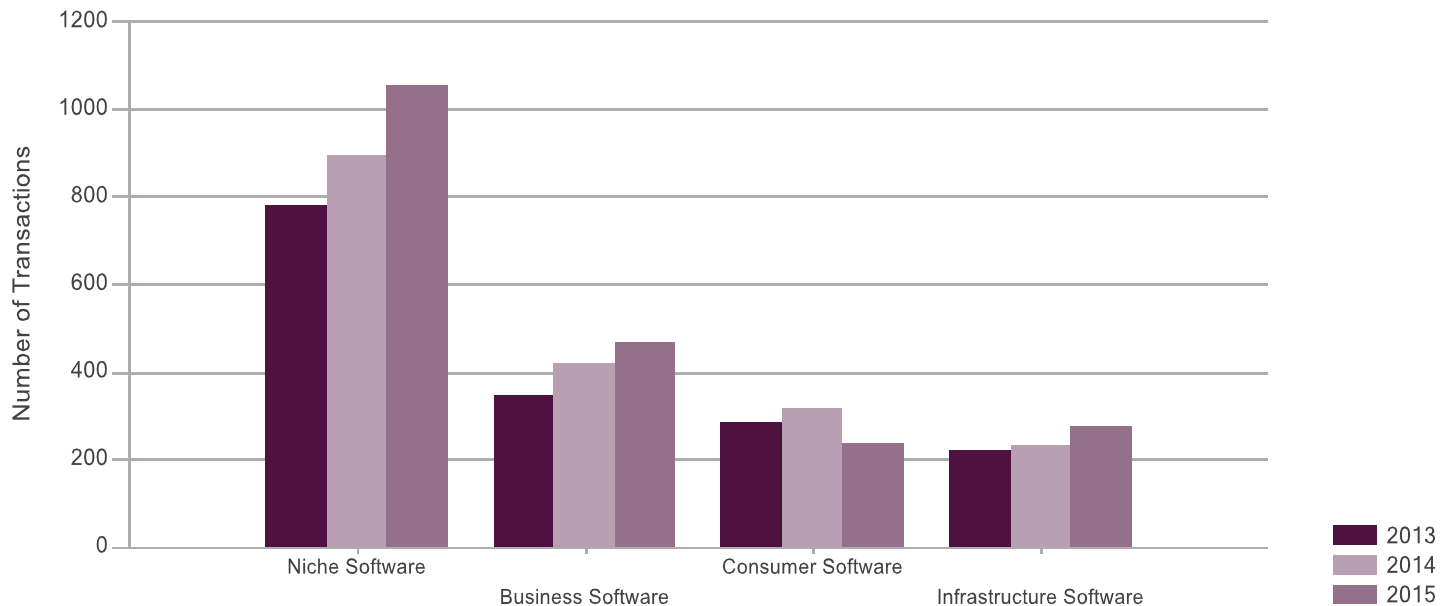


Figure 9. Presents transaction volume by target segment within the Software Industry from Jan. 1, 2013 through Dec. 31, 2015.

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All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity. There can be no guarantee that such information is accurate.

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