



SOFTWARE INDUSTRY

1ST HALF 2016 :: Mergers and Acquisitions Trend Report

1ST HALF 2016 KEY HIGHLIGHTS

- The Infrastructure segment's largest deal in 1st Half 2016 was Symantec Corporation's announced acquisition of Blue Coat Systems in the cyber-security sector for \$4.72 billion.
- There were 196 financially sponsored transactions with an aggregate value of \$25.44 billion, representing 18 percent of the total volume and 35 percent of the total value, respectively.

1ST HALF 2016 KEY TRENDS

- Total transaction volume in 1st Half 2016 increased four percent over 2nd Half 2015, from 1,028 to 1,068.
- Total transaction value in 1st Half 2016 fell by 58 percent over 2nd Half 2015, from \$156.21 billion to \$65.85 billion.
- Eight of the industry's top ten largest deals in 2015 occurred during the second half of the year. Aggregate value in 1st Half 2016 rose 17 percent on a year-over-year basis.
- The median revenue multiple rose from 2.1x in 2nd Half 2015 to 3.2x in 1st Half 2016. The median EBITDA multiple stayed almost constant during this timeframe at 13.1x.
- Transactions in 1st Half 2016 with enterprise values above \$160 million received a median revenue multiple of 4.2x, whereas those in the \$10-\$20 million range had a median revenue multiple of 2.5x.
- The segment with the largest rise in volume in 1st Half 2016 over 2nd Half 2015 was Consumer Software with a 20 percent gain, from 99 to 119 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 4,984 Software transactions between 2014 and 1st Half 2016, of which 1,103 disclosed financial terms, and calculated the aggregate transaction value to be \$313.96 billion. Based on known transaction values, we project values of 3,881 undisclosed transactions to be \$89.56 billion, totaling \$403.52 billion worth of transactions tracked over the past two and a half years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.7x revenue and 12.7x EBITDA.

M&A Market Dynamics By Half Year

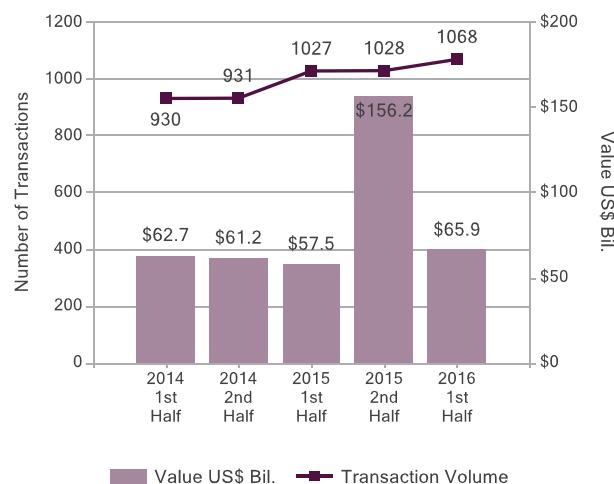


Figure 1. 2014-2016 value and volume comparison.

Median Enterprise Value Multiples By Half Year

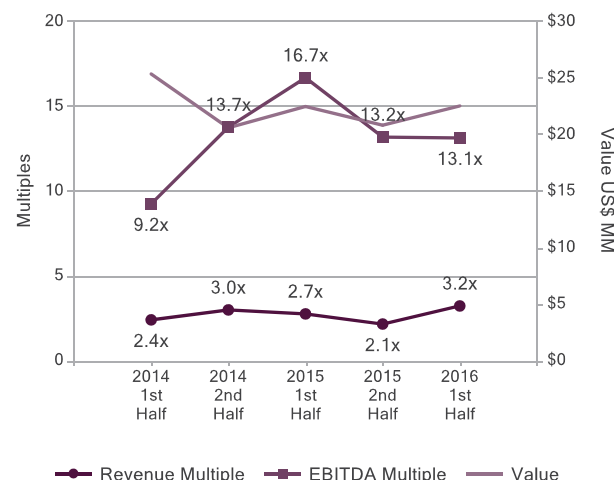
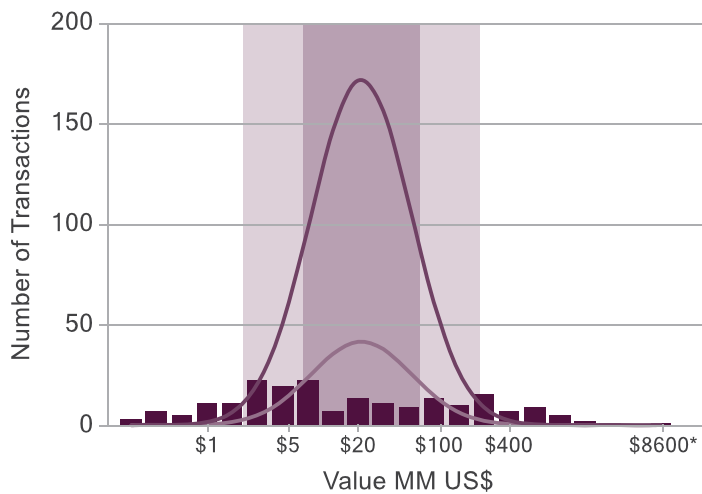


Figure 2. 2014-2016 median: value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2016 – June 30, 2016

Bell Curve - Histogram - 1st Half



Actual Transactions Known Dist. Projected Dist.

Figure 3. Shows the 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 \$1.6 to \$403.4 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2016 at \$65.9 billion.

* Indicates largest industry transaction from Jan. 1, 2016 to June 30, 2016.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	3	0	3	1 %	1 %
\$0.4	7	0	7	3 %	5 %
\$0.6	5	0	5	2 %	7 %
\$1.0	11	2	12	5 %	13 %
\$1.6	11	6	17	5 %	18 %
\$2.7	22	20	42	11 %	28 %
\$4.5	19	50	69	9 %	38 %
\$7.4	22	97	119	11 %	48 %
\$12.2	7	146	153	3 %	51 %
\$20.1	14	171	185	7 %	58 %
\$33.1	11	156	167	5 %	63 %
\$54.6	9	111	119	4 %	68 %
\$90.0	14	61	75	7 %	75 %
\$148.4	10	26	36	5 %	79 %
\$244.7	16	9	24	8 %	87 %
\$403.4	7	2	9	3 %	90 %
\$665.1	9	0	9	4 %	95 %
\$1,096.6	5	0	5	2 %	97 %
\$1,808.0	2	0	2	1 %	98 %
\$2,981.0	1	0	1	0 %	99 %
\$4,914.8	0	0	0	0 %	99 %
\$8,103.1	1	0	1	0 %	99 %

Total #	208	860	1068
Total \$ Value	\$47,427	\$18,426	\$65,853
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 - 1st Half

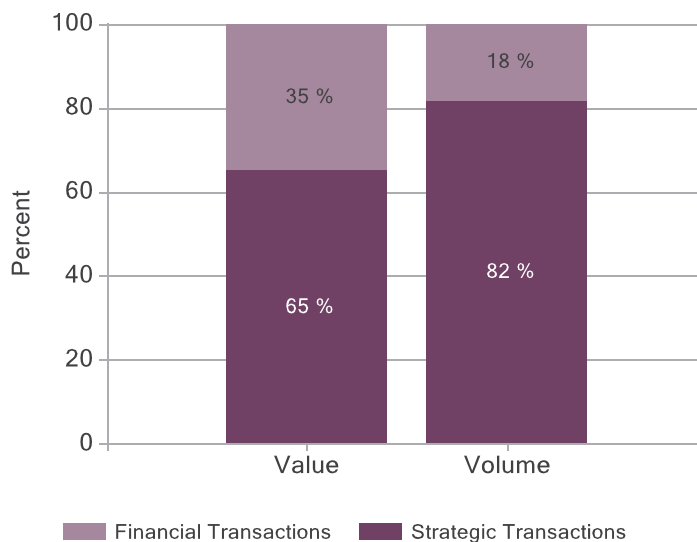


Figure 5. 1st Half 2016 value and volume comparison by transaction type.

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 By Half Year

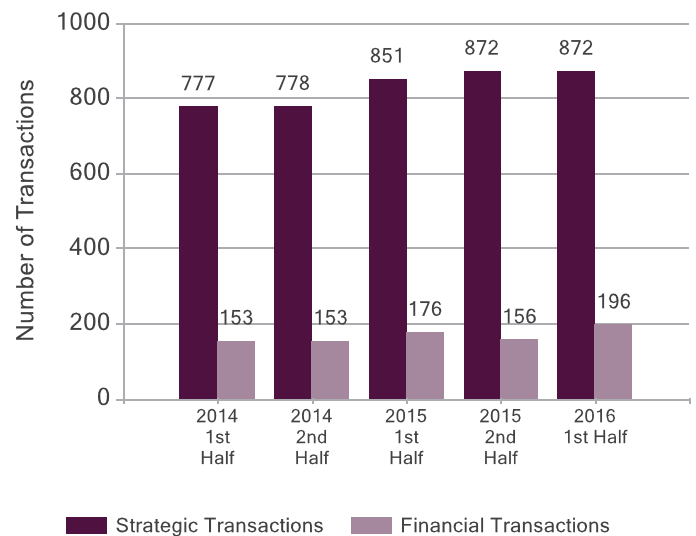


Figure 6. 2014-2016 acquirer type comparison by half year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2016

Deal Date	Target Name	Buyer	Value MM US\$
06/21/16	Supercell	Tencent Holdings Ltd.	\$8,600
06/13/16	Blue Coat, Inc.	Symantec Corporation	\$4,722
06/01/16	Demandware, Inc.	Salesforce.com, Inc.	\$2,662
06/02/16	Qlik Technologies, Inc.	Thoma Bravo, LLC	\$2,577
05/31/16	Marketo, Inc.	Vista Equity Partners	\$1,624
02/04/16	Jasper Technologies, Inc.	Cisco Systems, Inc.	\$1,400
04/18/16	Cvent, Inc.	Vista Equity Partners	\$1,342
02/10/16	Opera Software	Golden Brick Consortium	\$1,268
04/29/16	TiVo Inc.	Rovi Corporation	\$1,234
03/11/16	Cruise Automation	General Motors Corporation	\$1,000
2016 Aggregate Transaction Value			\$65,853
Top 10 Aggregate Transaction Value			\$26,428
Top 10 Aggregate Value as a Percentage of All Transactions			40 %

Figure 7. Lists the top ten transactions for 1st Half 2016 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**.

Median EV/Revenue Multiples By Size

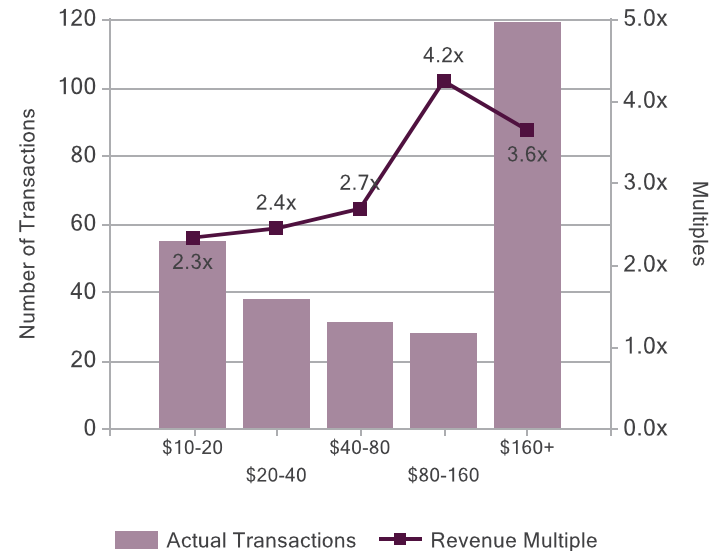


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from January 1, 2014 to June 30, 2016 based on publicly available data.

Transaction Volume by Segment :: January 1, 2014 – June 30, 2016

Transactions By Market Segment By Half Year

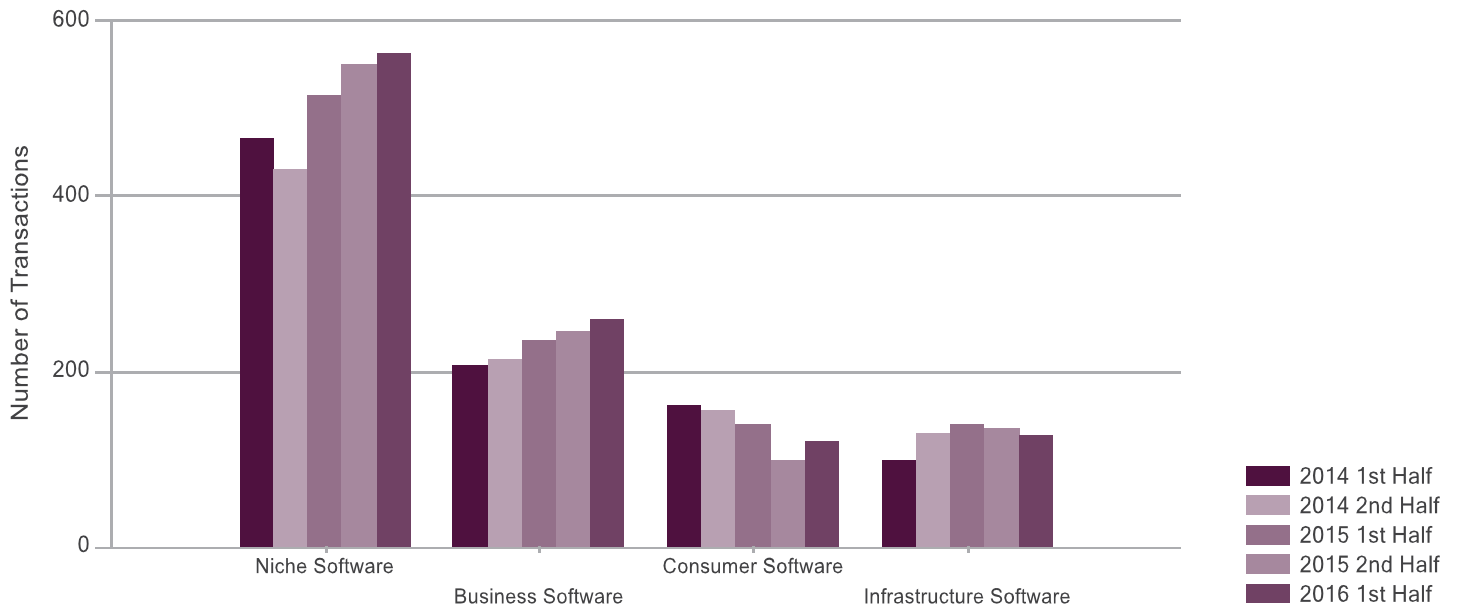


Figure 9. Presents transaction volume by target segment within the Software Industry from January 1, 2014 through June 30, 2016.

BERKERY NOYES

INVESTMENT BANKERS

Founded in 1980, Berkery Noyes is a leading independent investment bank serving the information, software, marketing, and technology industries. The firm has initiated, managed, and closed more than 475 merger and acquisition transactions for privately held and publicly traded companies in the healthcare, financial services, education, and entertainment markets.

Berkery Noyes is unique among investment banking firms in that we combine independent strategic research and actionable intelligence with senior banking expertise.

Berkery Noyes Securities LLC assists middle market companies with raising growth capital in the debt and equity markets.

**CONTACT US TODAY FOR A CONFIDENTIAL
DISCUSSION OF YOUR STRATEGIC OPTIONS**

212-668-3022

MANAGING DIRECTORS

VINEET ASTHANA

Media & Marketing Services Group

JOHN GUZZO

FinTech Group

JONATHAN KRIEGER

Healthcare Group

THOMAS O'CONNOR

Healthcare Group

DICK O'DONNELL

Finance Group

PETER OGNIBENE

FinTech Group

JEFFREY SMITH

Healthcare Group

PETER YOON

Education Group

MARY JO ZANDY

Media, Education, Software & Online

PARTNERS

JOSEPH BERKERY

Chief Executive Officer

JAMES BERKERY

Chief Information Officer



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.

For current intelligence on Mergers and Acquisitions activity in the Information Industry please visit our online service at www.mandasoft.com

©2016 Berkery Noyes

RECENT SOFTWARE TRANSACTIONS



A PORTFOLIO COMPANY OF



ALTARIS

HAS BEEN ACQUIRED BY



HAS SOLD A SIGNIFICANT
MINORITY SHARE TO



COGENT ROAD

HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



Vista Equity Partners

HAS ACQUIRED



HAS ACQUIRED



Sandbox & Co

HAS ACQUIRED

Family Education Network
including



and other select assets from

PEARSON



HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



MEDINA CAPITAL



AFTER MATH

CLAIM SCIENCE

HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF

Great Point Partners, LLC

One Liberty Plaza | New York, New York 10006

berkerynoyes.com | 212.668.3022