

SOFTWARE INDUSTRY

Q1 2016 :: Mergers and Acquisitions Trend Report

Software transaction volume experienced a seven percent gain over the past three months, from 491 to 523. Deal value fell 81 percent, from \$111.5 billion to \$21.6 billion. There were four transactions in Q4 2015 with a combined value of approximately \$86 billion. This included Dell's announced acquisition of EMC Corporation for \$67.5 billion. If these four deals are excluded, value decreased 15 percent from Q4 2015 to Q1 2016. Aggregate value also declined nine percent on a year-over-year basis.

Strategic acquirers completed eight of the top ten highest value software deals in Q1 2016. The industry's largest transaction year-to-date was Cisco Systems' acquisition of Jasper Technologies, an Internet of Things (IoT) service platform, for \$1.4 billion. This followed Cisco's IoT related acquisition of ParStream in Q3 2015.

Deal volume in the Niche Software segment, which is targeted to specific vertical markets, increased six percent on a quarterly basis. Eight of the industry's top ten highest value acquisitions thus far in 2016 occurred in the Niche segment.

Of note, three of these eight transactions were located in the Healthcare vertical. The largest Healthcare related deal year-to-date was GI Partners' announced acquisition of Netsmart Technologies, a provider of electronic health records, patient management, billing and other solutions, for \$950 million. Netsmart is being acquired in a joint venture with Allscripts.

As for other markets covered in the report, Consumer Software volume improved 22 percent in Q1 2016, its third consecutive quarterly rise. The Business Software segment, which consists of software designed for general business practices and not specific industry markets, saw an 18 percent increase in volume. Infrastructure Software volume declined 21 percent in Q1 2016, which marked a return to its Q3 2015 level.

M&A Market Dynamics By Quarter

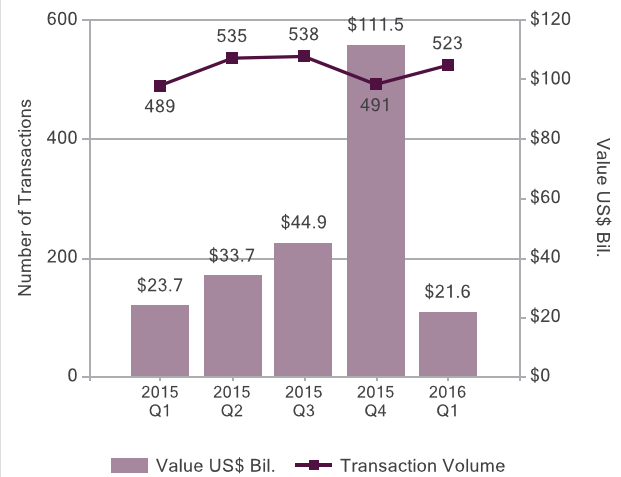


Figure 1. 2015-2016 value and volume comparison by quarter.

Top Ten Notable Transactions Q1 2016

Deal Date	Target Name	Buyer	Value MM US\$
02/04/16	Jasper Technologies, Inc.	Cisco Systems, Inc.	\$1,400
02/10/16	Opera Software	Golden Brick Consortium	\$1,268
03/11/16	Cruise Automation	General Motors Corporation	\$1,000
01/25/16	CD-adapco	Siemens AG	\$970
03/23/16	Netsmart Technologies, Inc.	Allscripts, GI Partners	\$950
02/22/16	Brightree LLC	ResMed	\$800
03/22/16	SERENA Software, Inc.	Micro Focus International Limited	\$540
02/18/16	Lytx, Inc.	GTCR, LLC	\$500
02/11/16	HealthPlan Services	Wipro, Ltd.	\$460
03/02/16	Checkpoint Systems, Inc.	CCL Industries Inc.	\$443

2016 Aggregate Transaction Value \$21,575

Top 10 Aggregate Transaction Value \$8,331

Top 10 Aggregate Value as a Percentage of All Transactions 39 %

Figure 2. Lists the top ten transactions for Q1 2016 and calculates their value as a percentage of the aggregate transaction value as shown in Figure 1.

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

Transactions By Market Segment

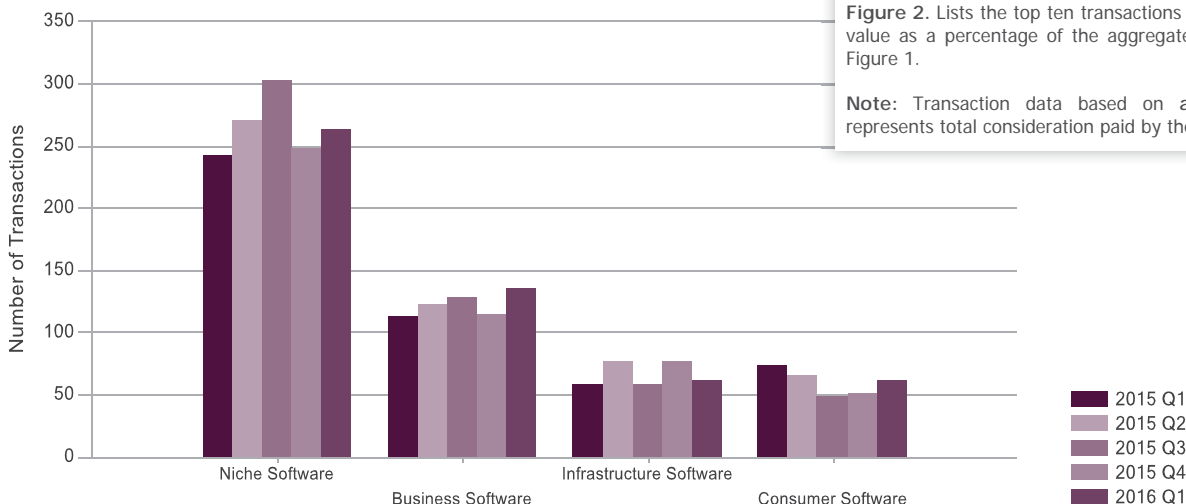


Figure 3. Presents transaction volume by target segment within the Software Industry from January 1, 2015 through March 31, 2016.

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