



PRIVATE EQUITY INDUSTRY

Financially Sponsored Transactions within the Information Industry

FULL YEAR 2019 :: Mergers and Acquisitions Trend Report

2019 KEY HIGHLIGHTS

- The Finance vertical's largest sponsored deal in 2019 was Thoma Bravo's acquisition of Ellie Mae, a software provider that serves the residential mortgage sector, for \$3.31 billion.
- The Healthcare vertical's largest sponsored deal in 2019 was EQT and Canada Pension Plan Investment Board's ("CPPIB") acquisition of a majority stake in Waystar, a revenue cycle management (RCM) provider, for \$2.7 billion.
- The Education vertical's largest sponsored deal in 2019 was Thoma Bravo's announced acquisition of Instructure, which is known in particular for its Canvas learning management system (LMS), for \$1.86 billion.

2019 KEY TRENDS

- Total transaction volume in 2019 increased by 11 percent over 2018, from 910 to 1,012.
- Total transaction value in 2019 rose by eight percent over 2018, from \$93.59 billion to \$101.38 billion.
- The median revenue multiple improved from 2.7x in 2018 to 3.5x in 2019. The median EBITDA multiple remained nearly constant during this timeframe at 14.1x.

M&A MARKET OVERVIEW

Berkery Noyes tracked 2,744 private equity transactions in the Information Industry between 2017 and 2019, of which 352 disclosed financial terms, and calculated the aggregate value to be \$185.17 billion. Based on known transaction values, we project values of 2,392 undisclosed transactions to be \$80.93 billion, totaling \$266.10 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 2.8x revenue and 13.5x EBITDA.

The largest sponsored deal in the Information Industry tracked by Berkery Noyes between 2017 and 2019 was a Blackstone Group led consortium's acquisition of a 55 percent stake in Thomson Reuters' Financial & Risk division for \$11 billion in 2018.

M&A Market Dynamics

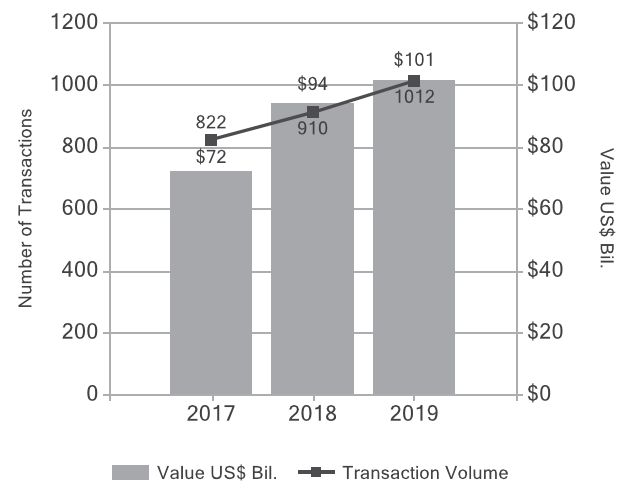


Figure 1. 2017-2019 value and volume comparison.

Median Enterprise Value Multiples

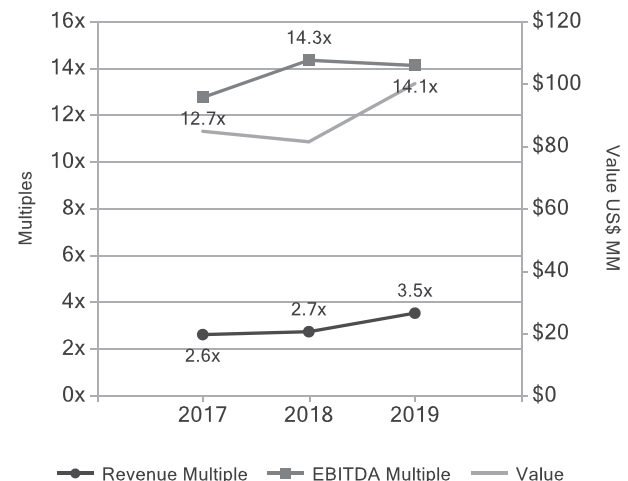


Figure 2. 2017-2019 median revenue and EBITDA comparison.

Transaction Analysis :: January 1, 2019 – December 31, 2019

Bell Curve - Histogram

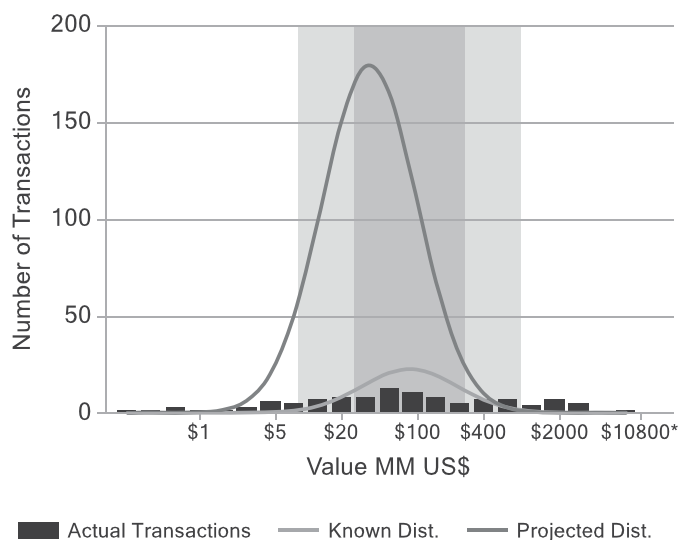


Figure 3. Shows distribution of private equity transactions in the Information Industry based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$33.1 million to \$148.4 million. Based on this data, we estimate the total transaction value of deals done in 2019 at \$101.4 billion.

* Indicates largest transaction in the industry from Jan. 1, 2019 to Dec. 31, 2019.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	1 %	1 %
\$0.4	1	0	1	1 %	2 %
\$0.6	3	0	3	3 %	4 %
\$1.0	1	0	1	1 %	5 %
\$1.6	1	1	2	1 %	6 %
\$2.7	3	6	9	3 %	9 %
\$4.5	6	20	25	5 %	14 %
\$7.4	5	50	54	4 %	19 %
\$12.2	7	98	104	6 %	25 %
\$20.1	8	150	157	7 %	32 %
\$33.1	8	178	186	7 %	39 %
\$54.6	13	166	178	12 %	50 %
\$90.0	11	120	130	10 %	60 %
\$148.4	8	67	75	7 %	67 %
\$244.7	5	29	34	4 %	72 %
\$403.4	7	10	17	6 %	78 %
\$665.1	7	3	9	6 %	84 %
\$1,096.6	4	1	4	4 %	88 %
\$1,808.0	7	0	7	6 %	94 %
\$2,981.0	5	0	5	4 %	98 %
\$4,914.8	0	0	0	0 %	98 %
\$8,103.1	1	0	1	1 %	99 %
Total #	113	899	1012		
Total \$ Value	\$68,484	\$32,899	\$101,383		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

M&A Dynamics by Acquirer Type :: January 1, 2019 – December 31, 2019

M&A Dynamics by Transaction Type and Industry

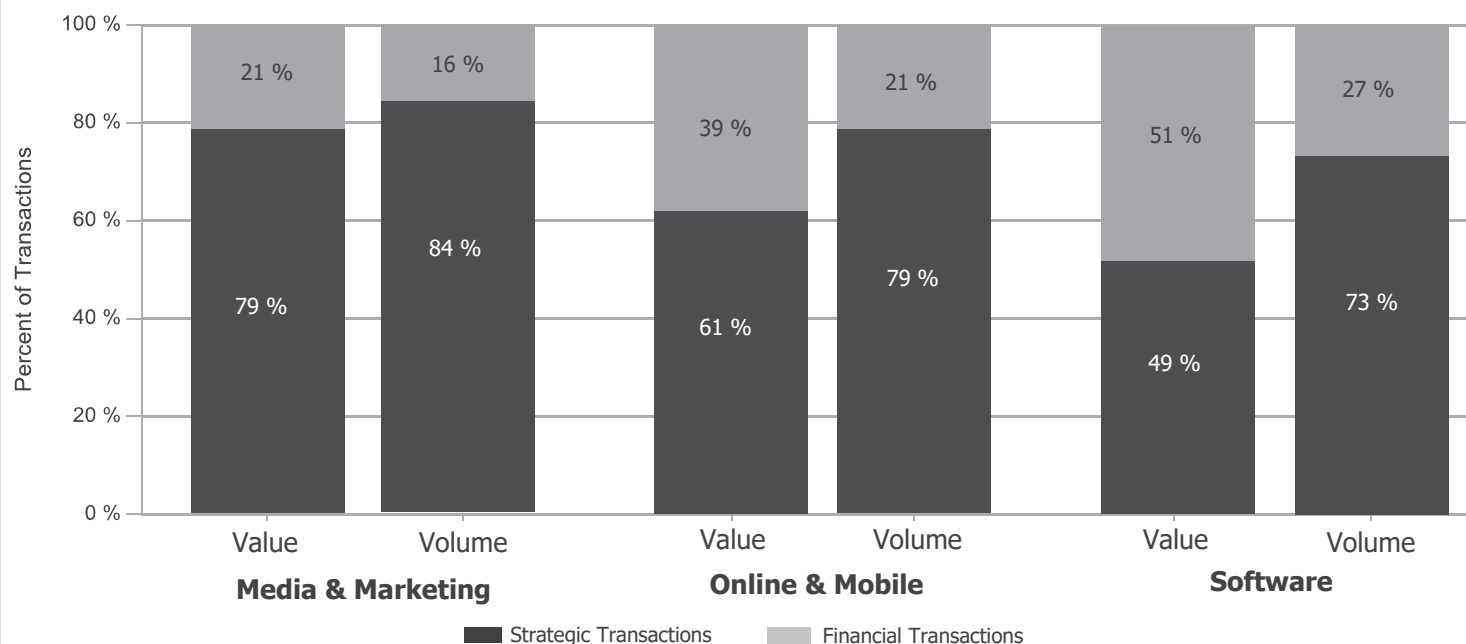


Figure 5. Presents the transaction volume by target segment for private equity transactions in the Information Industry.

Note: Financially sponsored transactions include private equity backed strategic acquisitions.

Purchaser Analysis

Top Ten Notable Transactions 2019

Deal Date	Target Name	Buyer	Value MM US\$
02/04/19	Ultimate Software Group	Blackstone Group LP, Hellman & Friedman LLC, GIC, JMI Equity, CPP Investment Board	\$10,821
12/18/19	LogMeIn, Inc.	Francisco Partners Management LLC, Elliott Management Corp.	\$4,556
10/16/19	Sophos	Thoma Bravo, LLC	\$3,860
02/12/19	Ellie Mae, Inc.	Thoma Bravo, LLC	\$3,306
11/08/19	MagicLab	Blackstone Group LP	\$3,000
10/23/19	Cision AB	Platinum Equity, LLC	\$2,783
06/10/19	Shutterfly, Inc.	Apollo Global Management	\$2,737
07/29/19	Waystar	EQT AB, CPP Investment Board	\$2,700
07/11/19	The Kantar Group	Bain Capital	\$2,412
06/11/19	Press Ganey Associates, Inc.	Leonard Green & Partners, L.P., Ares Management, L.P.	N/A
2019 Aggregate Transaction Value			\$101,383
Top 9 Aggregate Transaction Value			\$36,175
Top 9 Aggregate Value as a Percentage of All Transactions			36 %

Figure 6. Lists the top ten transactions for 2019 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figures 1 & 4.

Transaction data based on **announced date**. Deal value represents total consideration paid by the acquirer. Transactions with values listed as N/A have non-disclosed values that would otherwise qualify for inclusion in the top ten.

Median EV/Revenue Multiples By Size

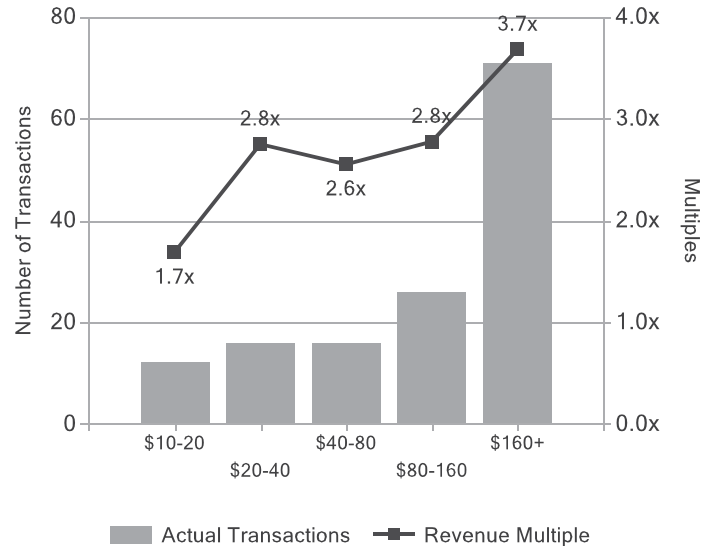


Figure 7. Presents the median enterprise value/revenue multiples paid for private equity transactions in the Information Industry from Jan. 1, 2017 to Dec. 31, 2019 based on publicly available sales price and revenue data.

Transactions Involving an Online Component

Transaction Percentages of Online Targets

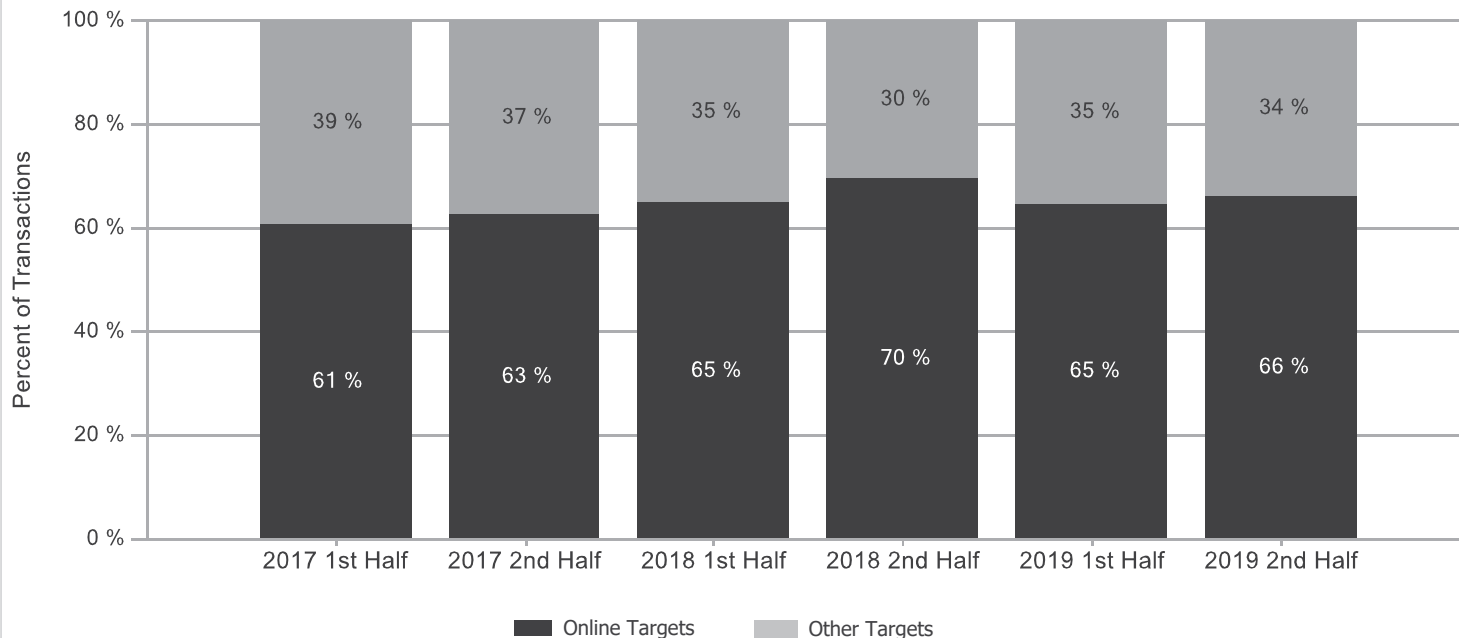


Figure 8. Percentage of total Information Industry transactions where the target company conducts the majority of their business online. The total percentages are measured by Half Year from 2017-2019.

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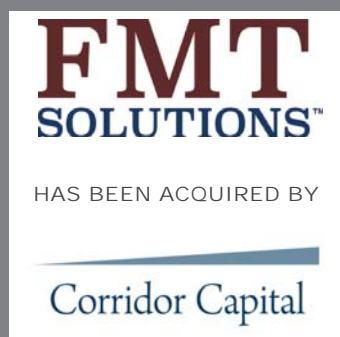
Managing Partner



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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