

## SOFTWARE INDUSTRY

### FULL YEAR 2019 :: Mergers and Acquisitions Trend Report

#### 2019 KEY HIGHLIGHTS

- The largest deal in 2019 was Salesforce's announced acquisition of Tableau Software, a data visualization and analysis platform, for \$15.7 billion in an all-stock transaction. This was the highest value acquisition ever completed by Salesforce.
- Private equity firm Thoma Bravo was responsible for two of the industry's top ten highest value acquisitions in 2019: Sophos, a cybersecurity company, for \$3.86 billion; and Ellie Mae, a cloud-based platform provider that serves the residential mortgage sector, for \$3.31 billion.
- There were 645 financially sponsored transactions with an aggregate value of \$90.05 billion, representing 27 percent of the total volume and 51 percent of the total value, respectively.

#### 2019 KEY TRENDS

- Total transaction volume in 2019 improved by eight percent over 2018, from 2,231 to 2,413.
- Strategic volume in 2019 saw a five percent uptick over 2018, from 1,684 to 1,768. Private equity backed volume increased 18 percent during this timeframe, from 547 to 645.
- Total transaction value in 2019 fell by 23 percent over 2018, from \$229.95 billion to \$176.56 billion. This followed a 71 percent gain in 2018 over 2017.
- The median revenue multiple improved from 3.0x in 2018 to 3.7x in 2019. The median EBITDA multiple rose from 13.9x in 2018 to 16.0x in 2019.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 6,871 Software transactions between 2017 and 2019, of which 1,309 disclosed financial terms, and calculated the aggregate value to be \$399.55 billion. Based on known transaction values, we project values of 5,562 undisclosed transactions to be \$140.62 billion, totaling \$540.18 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 2.9x revenue and 13.8x EBITDA.

#### M&A Market Dynamics



Figure 1. 2017-2019 value and volume comparison.

#### Median Enterprise Value Multiples

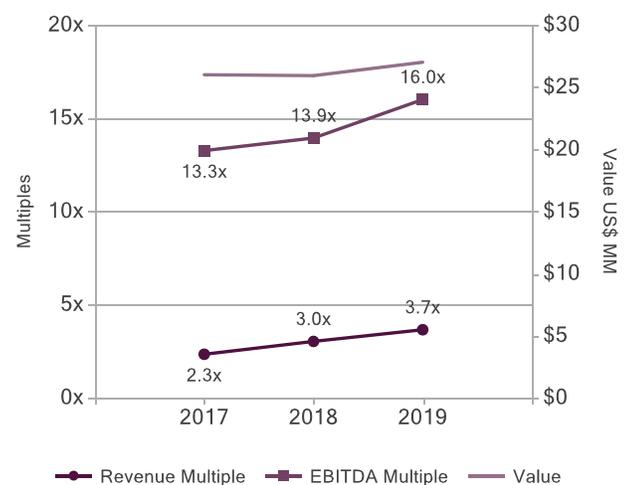
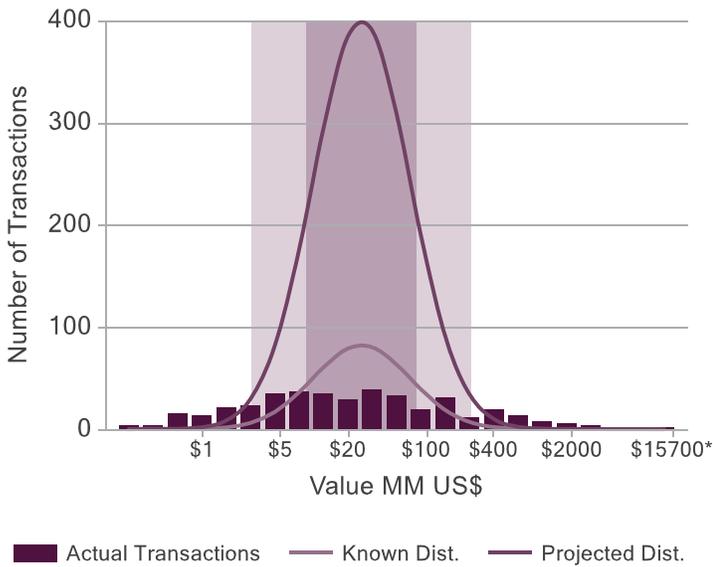


Figure 2. 2017-2019 median value, revenue, EBITDA comparison.

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

## 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 2019 at \$176.6 billion.

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

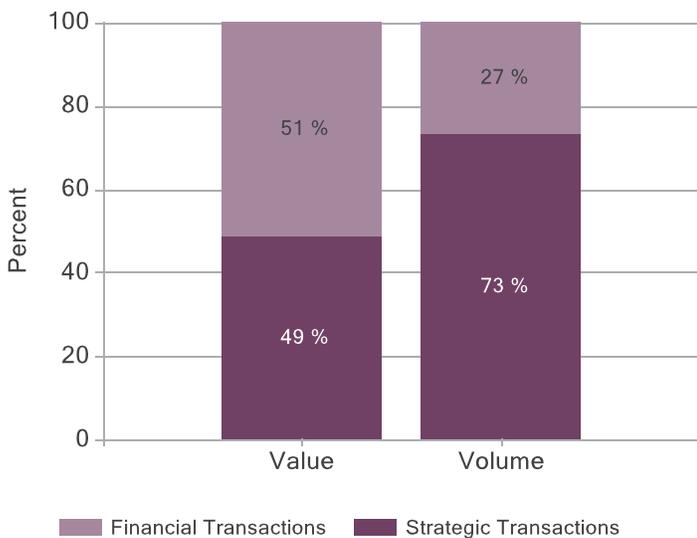
## Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	4	0	4	1 %	1 %
\$0.4	5	0	5	1 %	2 %
\$0.6	16	0	16	4 %	6 %
\$1.0	14	2	15	3 %	9 %
\$1.6	21	8	29	5 %	15 %
\$2.7	23	30	52	6 %	20 %
\$4.5	35	82	116	9 %	29 %
\$7.4	37	176	212	9 %	38 %
\$12.2	34	294	328	8 %	46 %
\$20.1	30	384	413	7 %	53 %
\$33.1	38	390	427	9 %	63 %
\$54.6	33	309	341	8 %	71 %
\$90.0	19	190	209	5 %	75 %
\$148.4	31	91	122	8 %	83 %
\$244.7	11	34	45	3 %	85 %
\$403.4	20	10	29	5 %	90 %
\$665.1	13	2	15	3 %	93 %
\$1,096.6	8	0	8	2 %	95 %
\$1,808.0	6	0	6	1 %	97 %
\$2,981.0	4	0	4	1 %	98 %
\$4,914.8	1	0	1	0 %	98 %
\$8,103.1	2	0	2	0 %	99 %
\$13,359.7	1	0	1	0 %	99 %
Total #	411	2002	<b>2413</b>		
Total \$ Value	\$123,275	\$53,286	<b>\$176,561</b>		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

## Strategic vs. Financial Comparison

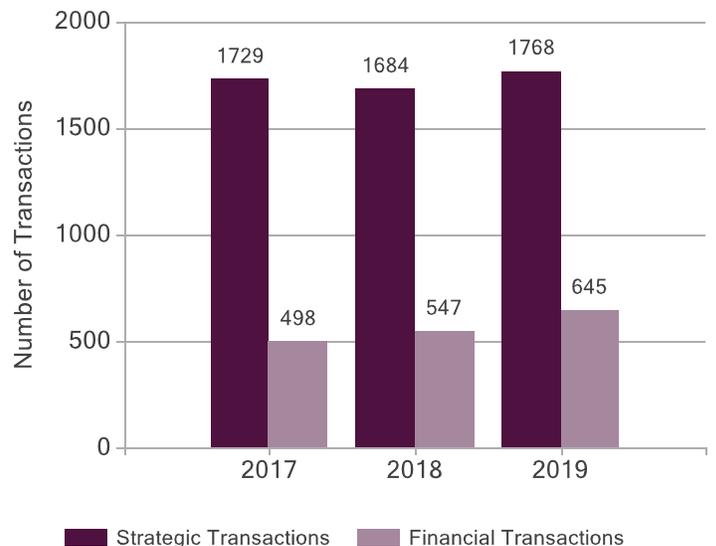
### M&A Dynamics By Transaction Type



**Figure 5.** 2019 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.** 2017-2019 acquirer type comparison.

# Purchaser Analysis

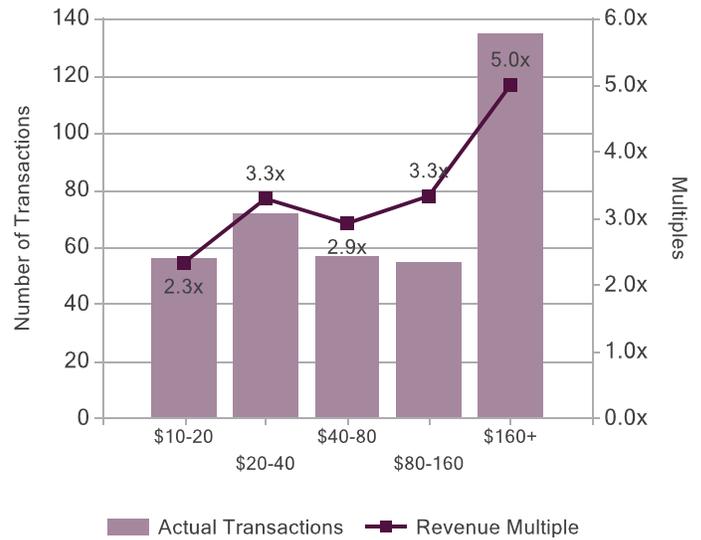
## Top Ten Notable Transactions 2019

Deal Date	Target Name	Buyer	Value MM US\$
06/10/19	Tableau Software	Salesforce.com, Inc.	\$15,700
02/04/19	Ultimate Software Group	Blackstone Group LP, Hellman & Friedman LLC, GIC, JMI Equity, CPP Investment Board	\$10,821
08/08/19	Enterprise Security Business from Symantec Corporation	Broadcom Limited	\$10,700
06/12/19	Medidata	Dassault Systemes	\$5,822
12/18/19	LogMeIn, Inc.	Francisco Partners Management LLC, Elliott Management Corp.	\$4,556
11/20/19	Honey Science Corporation	PayPal, Inc.	\$4,000
10/16/19	Sophos	Thoma Bravo, LLC	\$3,860
02/12/19	Ellie Mae, Inc.	Thoma Bravo, LLC	\$3,306
10/23/19	Cision AB	Platinum Equity, LLC	\$2,783
07/29/19	Waystar	EQT AB, CPP Investment Board	\$2,700
2019 Aggregate Transaction Value			\$176,561
Top 10 Aggregate Transaction Value			\$64,248
<b>Top 10 Aggregate Value as a Percentage of All Transactions</b>			<b>36 %</b>

**Figure 7.** 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 Figure 1 & 4.

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

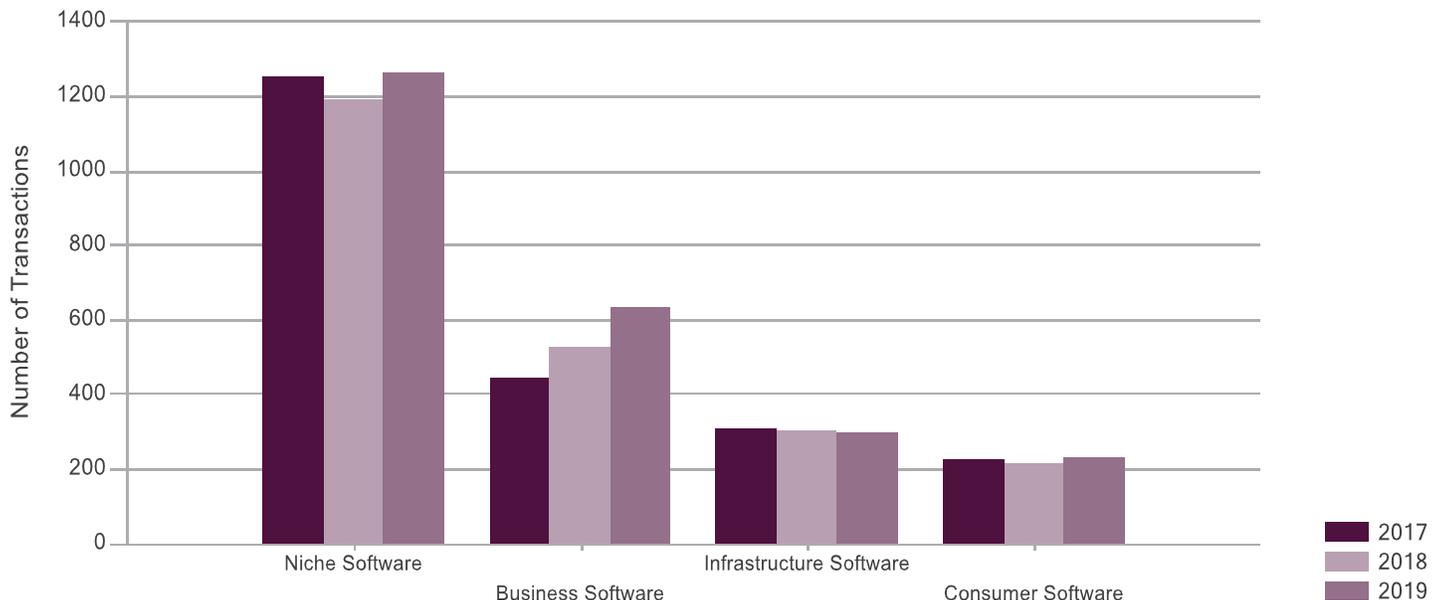
## Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from Jan. 1, 2017 to Dec. 31, 2019 based on publicly available data.

# Transaction Volume by Segment :: January 1, 2017 – December 31, 2019

## Transactions By Market Segment



**Figure 9.** Presents transaction volume by target segment within the Software Industry from Jan. 1, 2017 through Dec. 31, 2019.

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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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## RECENT SOFTWARE TRANSACTIONS



HAS BEEN ACQUIRED BY



A SUBSIDIARY OF



HAS BEEN ACQUIRED BY



HAS RECEIVED AN INVESTMENT FROM



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



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