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M&A INTERNATIONAL INC.

Technology M&A Outlook: Has the Era of Irrational Exuberance Returned?

2011

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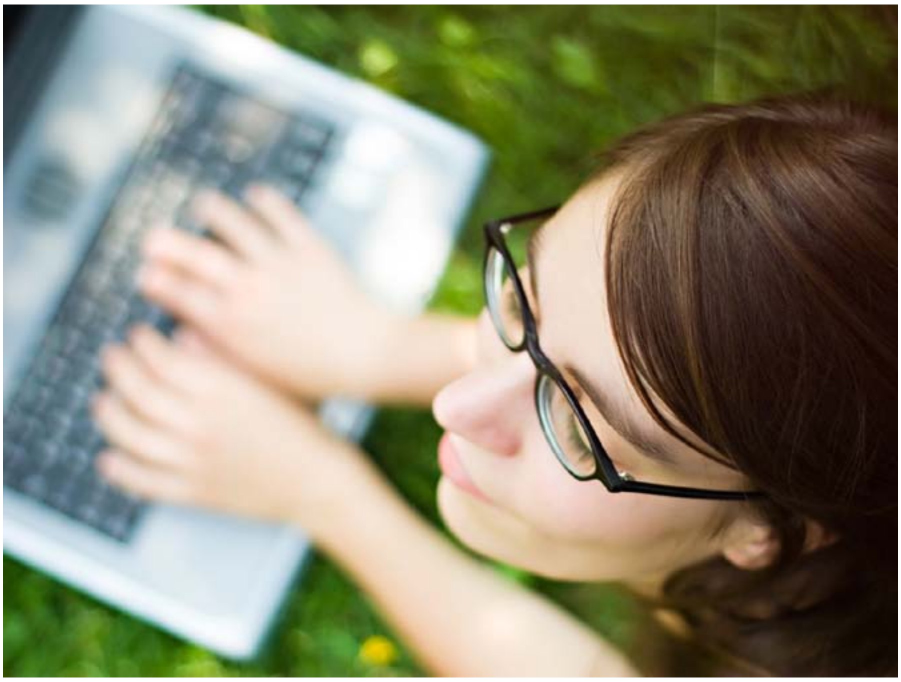
Executive Summary

While the "irrational exuberance" of the late 1990s has yet to return to the technology world, we are seeing heightened investor excitement. This interest has been accented by the successful IPOs of a number of high profile technology companies, which have attracted lofty valuations. Such a renewed focus on technology is driving M&A activity in the space, with strategic as well as financial investors becoming increasingly interested in growing through M&A.



Over a decade since "the internet bubble", the excitement about the sector is palpable again but the areas of focus have shifted. Social media, internet and digital media companies are now in the spotlight. In addition, in the enterprise software space, compliance, marketing automation, business intelligence and storage software have been extremely active areas within the technology sector.

In 2010 and Q1 2011[1], a total of 5,720 technology deals were executed. 676 transactions were completed in the middle market[2] (between $25mn and $1bn in value), with an average deal value of $155.1mn. While still below the levels of activity reported between 2006 and 2008, the hangover caused by the financial crisis seems to be abating. The significant increase in the number and value of deals (increasing 40.9% YoY by number and 57.3% YoY by value in 2010) as well as heightened market chatter and media attention signals a strong recovery in the M&A market during the remainder of 2011. Financial acquirors should be further incentivized to invest in the technology sector based on the strong results posted during the most recent reporting season.

Software companies have been the target of the most significant deal-making activity, garnering the highest valuations (with the exception of a couple of significant M&A transactions involving hardware businesses). In particular, internet software and service companies were the most popular targets for both financial and strategic acquirors, accounting for 22.3% of deals and 18.0% of total deal value. Google has dominated the overall technology sector since the beginning of last year, acquiring a total of 27 companies (including deals where the transaction value was and was not reported), operating in areas such as online price comparison, social networking, virtual economy platforms and similar fields. Its primary motive in initiating such transactions has been to diversify its existing operations and expand its presence in areas that are tangentially related to its core offerings. This follows the larger macro trend, with business diversification appearing to be the primary motivation behind most deal activity in the sector.

Higher deal valuations further underscore some of the renewed interest in technology M&A: last year's average implied EV/Revenue multiple of 4.15x represented a five-year high. Interestingly, the most highly valued sub-segment was computer storage and peripherals (9.14x), closely followed by application software (8.82x). However, valuations appeared to decrease slightly in Q1 2011. Although the broad market outlook for the coming quarters is far from certain and heavily dependent on global economic conditions (i.e. the prevailing sovereign debt crisis), one thing that seems to be certain is that strong companies will continue to command high valuations.

Similarly, increasing popularity of the technology sector among investors was reflected in rising valuations, which brought market values of industry players closer in line with industry fundamentals. As a result, market-relative transaction premiums (most transaction values were based on fundamentals rather than market prices, even when markets were down) decreased during the period from their 2009 highs to an average level of around 30%, a figure which is more typical of the industry.

Venture capital funding has always played an important role in technology transactions; a total of 168 deals announced during the period were VC-backed. The main focus was on application software (44 deals), and internet software and service companies (42 deals). Also within the middle market,

[1] This report covers 2010 and Q1 2011 referred to as "the period".

[2] Unless otherwise specified, deal numbers and values in the report refer to the middle market (between $25mn and $1bn in value) where deal value was reported.

Executive Summary

venture capital was a significant funding source: 8.1% of the 2010 transactions in the middle-market technology segment were with VC-backed businesses (above the five-year average of 7.2%, albeit still below the 2009 high of 9.1%). Further, the total value of middle-market acquisitions for VC-backed businesses last year was $6.7bn, which represented the highest figure since 2006. The venture capital funding environment has also improved, with an average amount raised in Q1 2011 reaching $146.4mn, the highest average quarterly amount since 2006. There has also been an increased focus on the technology space in venture capital fund creation, with technology-focused funds accounting for 51.5% of all new funds launched in Q1 2011 (representing a five-year high).

Recently, technology IPOs have received significant attention from both the media and the investing community. While 168 companies announced IPOs in 2010, the most significant deals have occurred in 2011. LinkedIn, a professional-networking website, launched its IPO in May of this year. The company's stock was trading at twice its offer price on its first day. This transaction was followed by the IPO of Russia's largest search engine, Yandex, whose share price rose 50% immediately following its listing. Pending technology IPOs include Groupon, an online deal coupon company, and Zynga, an internet games provider. Although shares in Pandora Media, the latest internet and social media company to go public, have posted relatively weak performance, we believe that IPO activity for the rest of the year is likely to be more than robust. This is further highlighted by developments in the secondary market for private companies' shares: although technology targets came second in deal volume in Q1 2011 (lagging behind consumer products and services), on the individual level, such companies –– especially those in internet software –– continued to attract far more attention from potential buyers, raising concerns about a bubble in the making.

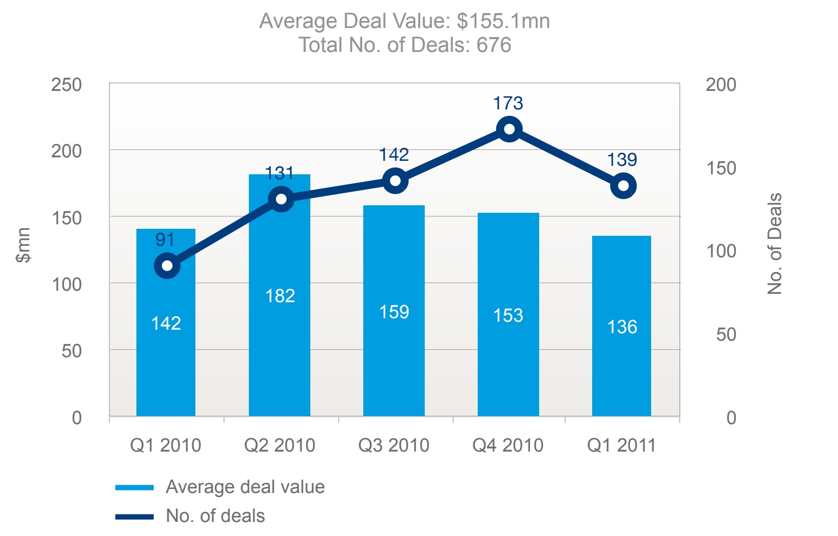
Global Technology M&A Overview — Middle Market

Last year saw a general recovery in global technology M&A activity including a clear improvement in both the number of deals and total deal value in the middle-market segment compared with 2009. During the period, a total of 676 deals were reported with an average value of $155.1mn (Figure 1). Most of them occurred in Q4 2010 (173) while the highest average deal value was recorded in Q2 2010 ($182.4mn). All four quarters last year posted sequential increases in the number of transactions as acquirors focused on inorganic growth strategies and capitalized on the relatively low market valuations of select target companies that may have been hit hard during the sluggish economic conditions in the recent downturn. The sequential decrease in the number of deals during Q1 2011 was fully consistent with historical trends. Regardless, given the positive momentum that was generated in 2010 and some of the economic trends in the first quarter of 2011 that have been suggesting a slow but eventual recovery, we expect significant growth in technology M&A for the rest of this year.

ABB's acquisition of US-based Ventyx in May last year was the only transaction during the period to touch $1bn, the upper limit of our middle-market definition. This acquisition was motivated by ABB's intention to strengthen its network management business and was consistent with the company's strategy to pursue growth opportunities which complement its product, technology and geographical portfolio.

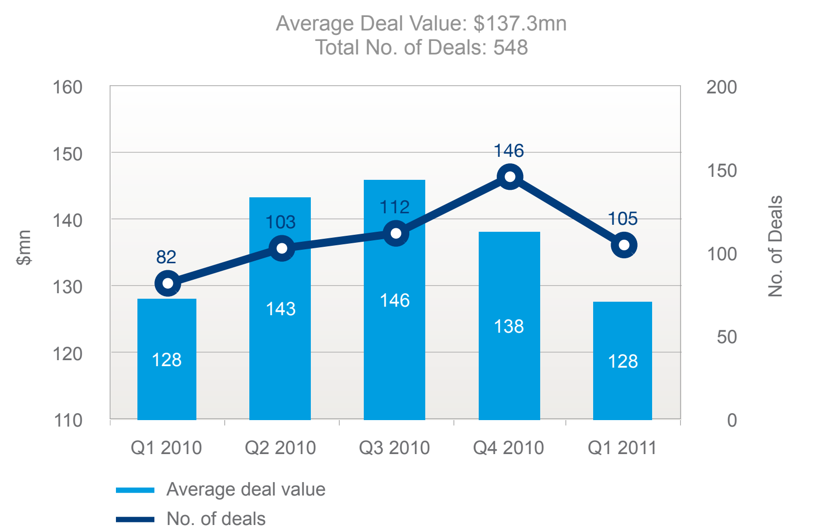
Most (408) middle-market deals occurring last year had a total value of less than $100.0mn, while approximately 250 transactions ranged between $100.0mn and $500.0mn in deal value.

Figure 1: Value and volume of technology M&A transactions — middle-market segment



Source: Copal Analysis, Capital IQ

Figure 2: Strategic acquirors — deal value and volume



Source: Copal Analysis, Capital IQ

Strategic Acquirors

Strategic acquirors were responsible for most middle-market M&A activity during the period, completing 548 deals, which represented approximately 87% of total transaction volume (Figure 2). During this period, the average strategic deal value was $137.3mn, with ABB's previously mentioned acquisition of Ventyx being the largest transaction.

The internet software and services sector was the most attractive sector for strategic

Global Technology M&A Overview — Middle Market

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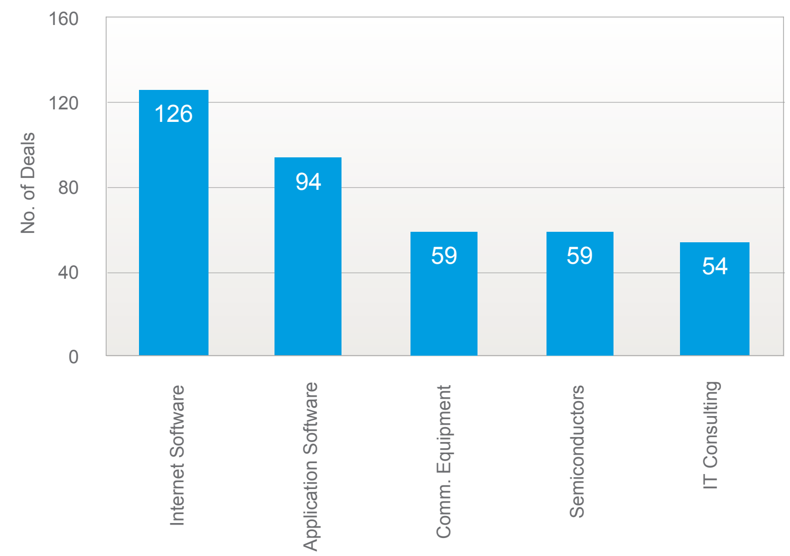
acquirors in the period (Figure 3), with the largest middle-market transaction within this segment being Google's $700.0mn acquisition of ITA software (a flight information software company) in July last year. The second largest deal completed in the sector was Cincinnati Bell Technology Solutions' acquisition of Cyrus Networks for approximately $654mn. This transaction was consistent with Cincinnati Bell's strategic focus on increasing its data center services. With the acquisition, the company will add seven high-density data centers in Houston, Dallas and Austin.

The next most attractive sector for strategic acquirors was application software, with a total of 94 transactions involving application software targets. The largest transaction was Misys PLC's purchase of Sophis in December 2010 for $604.0mn, which aimed to reinforce the buyer's competitive position in the application software space. The move will also strengthen Misys's treasury capital markets unit and will provide up to $80.0mn in revenue synergies.

Figure 3: Major strategic M&A targets by deal numbers



Source: Copal Analysis, Capital IQ

Communication equipment assets were also popular targets with a total of 59 deals, the largest of which was Nokia Siemens Networks' (NSN) acquisition of key Motorola wireless network infrastructure assets for $975.0mn. Through the acquisition, NSN was seeking entry into new markets and, at the same time, increasing its share in its core communications market.

Similarly, the semiconductor sector featured 59 middle-market transactions during the period, the largest of which was Semiconductor Component Industries Limited's (ON Semiconductor) acquisition of Sanyo Semiconductor Co. for approximately $910.0mn. This acquisition was aimed at enabling ON Semiconductor to expand into the Japanese market and to accelerate its global growth initiatives.

Other major technology segments targeted by strategic acquirors in the period included electronic components, system software and technology distributors. Most, if not all, deals were motivated by geographical expansion, product portfolio diversification and maintaining / enhancing companies' advantages versus the increasing local competition.

Financial Acquirors

During the period, financial acquriors were far less active in the technology sector (83 transactions) than strategic acquirors. However, their average deal value of $226.1mn was much higher (Figure 4). The main common motive of most of these PE acquirors was to access opportunities in certain market segments that featured low, post-recession market values of potential targets.

While Q3 2010 featured the largest number of deals, the second quarter had the highest average deal value. The largest of the 83 middle-market transactions reported with financial acquirors was TPG Capital's acquisition of MDA Lending Solutions for $850.0mn in November 2010. As part of the same transaction, TPG also acquired MDA DataQuick, MDA MindBox and Marshall & Swift, a building cost data provider.

Global Technology M&A Overview — Middle Market

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The most popular middle-market targets for financial acquirors during the period were internet software and services companies (21 transactions), with the largest transaction in the segment being Hellman & Friedman's acquisition of Internet Brands Inc. for $645.67mn.

Positive outlook

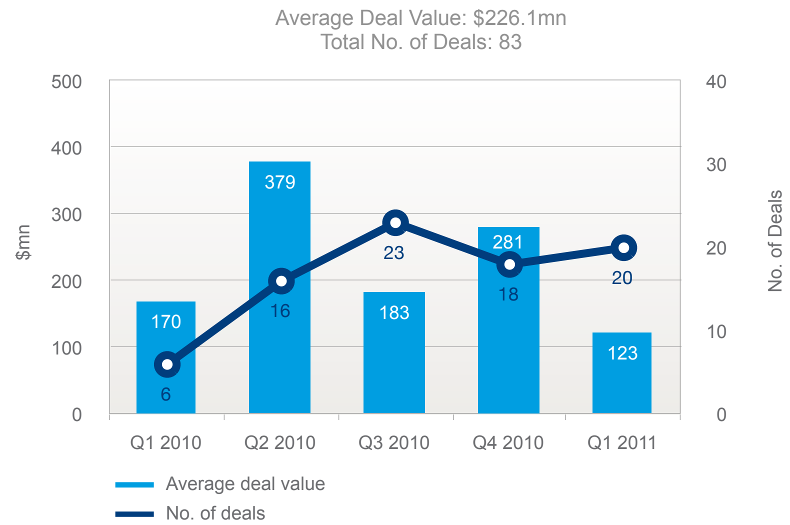
"We are positive about the technology sector M&A outlook for the remainder of 2011, based on conversations with our partners and our detailed knowledge of the technology markets around the globe. Strategic and financial acquirors seem to be in strong financial positions and are now focusing more than ever on global acquisitions to drive growth and build shareholder value."

Bradford A. Adams, CFA
Head of M&A International Inc.'s Technology Group

During the same period, application software companies were also popular targets among financial acquirors (16 transactions). The largest deal was TPG Capital's acquisition of MDA Lending Solutions for $850.0mn.

Other sectors targeted by financial acquirors included companies providing data processing and outsourced services (nine transactions), electronic equipment and instruments (six transactions), and communications equipment (six transactions).

Figure 4: Financial acquirors — deal value and volume



Source: Copal Analysis, Capital IQ

Most Active Acquirors

Internet giant Google was one of the most active acquirors during the period, not only overall (27 acquisitions) but also in the middle market. It was responsible for six transactions of between $25mn and $1bn, worth a combined $1.2bn. Its largest acquisition was ITA Software, a US flight information software company, for which it paid $700.0mn. The deal is supposed to help Google develop new methods of locating flight information online and diversify its service offering. In fact, diversification of its products and services was the primary motive behind all Google's acquisitions. Most of the company's targets were internet software and service companies, operating in areas such as online price comparison, social networking or virtual economy platforms.

Another active acquiror was US-based SBA Communication Corp, which also completed six acquisitions, targeting physical assets, in particular telecom towers throughout the US.

In terms of deal value, Apax Partners Worldwide was the largest acquiror, being involved in deals with a total value of $1.9bn. Apax completed four transactions during the period, the largest of which was its acquisition of TIVIT Terceirização de Tecnologia e Serviços S/A for $583.1mn.

Internet software and services and application software, two of the most popular sectors among both strategic and financial acquirors in the period, are likely to remain in focus driven by the dynamic changes which these markets are currently undergoing. With landscapes of both industries undergoing dynamic changes, we will surely see a lot of activity in the space. So far, Google has turned out to be the most active acquiror. However, we think other players may soon catch up in a bid to compete for their market shares in the sector.

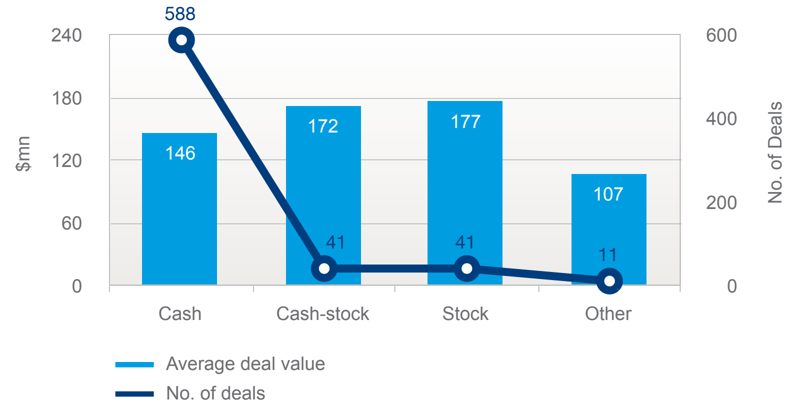
M&A Transaction Statistics

Consideration Mix — Cash Is King

During the period, cash was the most popular component of consideration and was used in 588 middle-market technology M&A deals or 86.3% of all transactions reported during the period (Figure 5). While the largest acquisitions were also mainly cash-financed (in eight out of the 10 largest deals), the highest average deal value across the entire middle market ($176.5mn) was recorded by stock-based transactions. This compares with an average of $146.3mn for cash-based deals, which was below the overall average deal value of $155.1mn during the period. Still, the total value of transactions involving cash as the main form of consideration was by far the largest at $86.0bn. A total of 41 deals occurred in which both cash and stock were significant components, while other forms of consideration (including debt and hybrid) accounted for only 11 transactions.

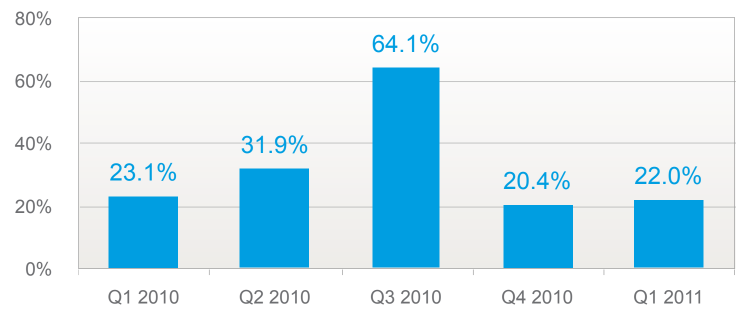
Also, over the past five years, transaction structures that were predominantly cash-based represented 83.1% of total deals. Cash-stock mix deals, however, have been gaining significance: the average value of transactions involving such consideration mix has generally increased since 2006. During the period, cash-stock mix deals have been more popular when other consideration types were losing their appeal, and vice versa, signaling that the cash and stock combination has acted as a substitute to other payment forms.

Figure 5: Deal value and volume in 2010–Q1 2011 by consideration



Source: Copal Analysis, Capital IQ

Figure 6: Average premium over stock price



Source: Copal Analysis, Capital IQ

Premiums for Public Company Targets

Premiums in middle-market technology M&A transactions appear to have moved in the opposite direction to stock markets generally. This highlights the fact that acquirors have been basing their offers on the industry fundamentals, which remained relatively strong even during the crisis, rather than purely on stock prices. This is why the gap between transaction value and the target's market value — reflected by market-relative premiums — widened in 2008 and 2009 (when stock markets were down in general), producing the highest premiums since 2006 (the average one-day prior target stock price premium in 2009 reached 40.8%).

Stock as currency

"We expect cash-stock combinations to become increasingly popular in structuring M&A transactions as the equity markets rebound and buyers become more willing to use their stock as currency while sellers remain interested in maintaining some 'upside'."

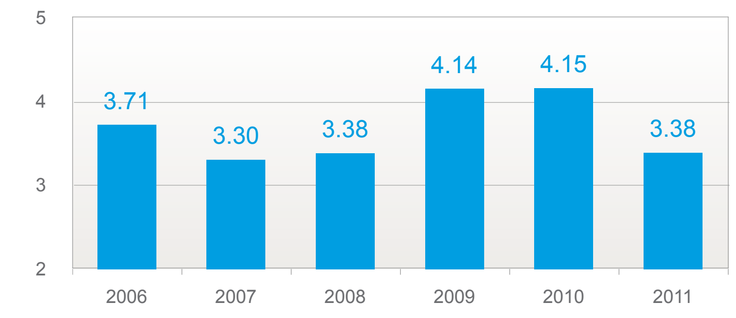
Adrian Bradbury
Technology Specialist, M&A International Inc., China

M&A Transaction Statistics

Following the rebound in equity markets, premiums decreased in the period to an average of 33.1%, with lower average premiums in particular reported in Q4 2010 (20.4%) and Q1 2011 (22.0%) (Figure 6). In general, in the five quarters, companies were acquired at a premium in 83.2% of deals, while the offer per target company share was below their previous day closing price in 16.1% of cases. We believe premiums around the level of 30% are consistent with the long-term industry trend. Consequently, we see the current decline in premiums as a sign of stabilization and we expect premiums to remain at similar levels in the coming quarters.

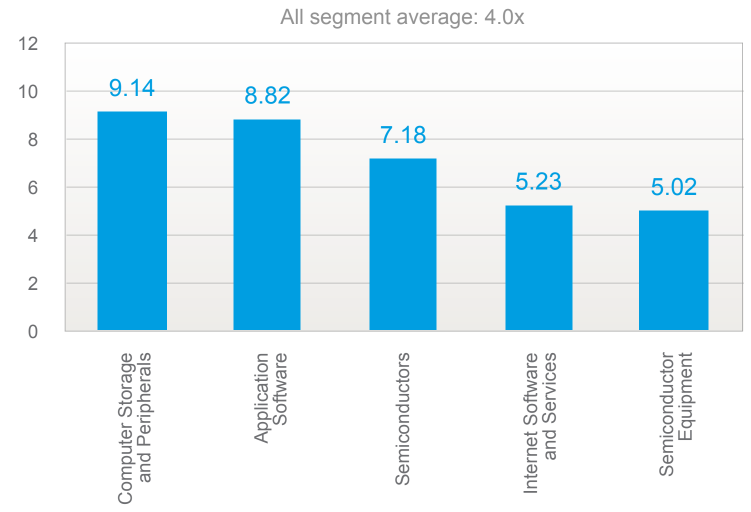
Application software targets enjoyed the highest stock price acquisition premiums in the period. Two significant transactions, in which acquirors paid premiums exceeding 100%, primarily drove the segment's average transaction premium of 72.9%. In particular, Synchronica PLC acquired iseemedia Inc. for $72.2mn, representing a premium of 871.0% over its stock price.

Figure 7: Average implied EV/Revenue 2006–Q1 2011



Source: Copal Analysis, Capital IQ

Figure 8: Average implied EV/Revenue, top five segments (2010–Q1 2011)



Source: Copal Analysis, Capital IQ

Valuations

Deal valuations in 2010 returned to their highs with an average implied EV/Revenue[3] for middle-market technology transactions at 4.15x (Figure 7). This followed a strong performance in 2009 (which featured an average EV/Revenue multiple of 4.14x), highlighting a clear recovery from previous lower valuations in 2007–2008. Last year also saw the announcement of the highest valuation deal since the beginning of 2006. It involved Imagination Technologies Group's acquisition of Caustic Graphics, a 3D computer graphics company, for $27.0mn, commanding an EV/Revenue multiple of 192.86x. The main motive behind the transaction was the desire to use Caustic's patented high-efficiency, low-cost ray tracing graphics technologies to deliver digital animation to new consumer markets. Another impressive EV/Revenue multiple, reaching 85.4x, was recorded during Cavium Inc's acquisition of Wavesat Inc., a baseband chip supplier, for $75.3mn. Here, Cavium's focus was primarily on Wavesat's digital signal expertise in multi-access orthogonal frequency-division multiplexing technology.

Caustic Graphics, a target which attracted the highest valuation in the period, is an application software company — one of the two most highly valued segments by acquirors in the period. At 8.82x, the average implied EV/Revenue multiple of transactions in the application software space was exceeded only by the computer storage and peripherals sector, which generated an average EV/Revenue multiple of 9.14x (Figure 8). The semiconductor segment attracted the third highest average EV/Revenue multiple in the period, which reached 7.18x. Conversely, office electronics, technology distributors, IT consulting and other services proved to be the lowest-valued targets over the same period, with all three reporting average implied EV/Revenue multiples of less than 1.0x.

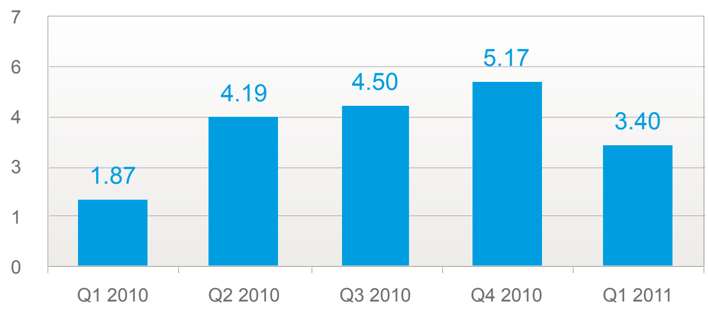
[3] Implied enterprise value / revenue

M&A Transaction Statistics

Last year, the average quarterly implied EV/Revenue increased sequentially, peaking in Q4 2010 at 5.17x — the highest average for the entire period. Subsequently, the average multiple declined to 3.40x in Q1 2011 (Figure 9).

Technology M&A in the period displayed a few distinct characteristics. While cash has generally been the preferred consideration type in the period, cash-stock combinations have been gaining increasing importance, a trend which we believe will continue especially once stock markets recover allowing acquirors to capitalize on the improving valuation environment and, once again, use their stock as currency. A recovery in equity markets has also had an impact on stock-relative premiums: as stock prices of technology companies climbed up, they came closer in line with the industry fundamentals, therefore reducing premiums. During the period, average premiums came down to 33.1%, a level which we believe is much more sustainable than the ~40% average premiums recorded in 2008–2009. At the same time, EV/Revenue valuations have been climbing. Particularly in 2010, the average EV/Revenue multiple reached 4.15x, the highest in five years. While the current economic uncertainty may put some pressure on M&A activity in the remainder of 2011, we believe strong, well-positioned companies in fast-growing markets will continue to command high valuations.

Figure 9: Average implied EV/Revenue Q1 2010–Q1 2011



Source: Copal Analysis, Capital IQ

Premium prices

"While the uncertain outlook in the broader global economic environment will surely put M&A activity from some of the players on hold, we expect large, cash-rich acquirors to pay premium prices for quality targets which fit well within their strategic targets. We believe one of the major valuation drivers will be companies with strong positions in growing markets."

Mark Rado
Technology Specialist
M&A International Inc., Hungary

Global Financing Environment

Venture Capital

Global VC Investments

There were 168 VC-backed M&A transactions in the period. Of these, 34 deals can be classified as middle-market, with a total deal value of $7.4bn. This deal activity generated an average transaction value of $217.6mn, which was significantly above the overall middle-market average of $155.1mn. VC-backed M&A activity fluctuated on a quarterly basis, peaking in Q2 2010 and Q4 2010, characterized by both higher deal volumes (a total of eight transactions in each quarter) and values (average for both quarters of $361.4mn) (Figure 10).

Although the number of deals in the period was relatively lower compared to previous years — in 2010, there were 28 VC-backed M&A transactions, a figure below the five-year average — this was in contrast to the total deal value, which last year reached $6.7bn, the highest in five years. Consequently, while venture capital was involved in only 5.0% of all deals over the period, those transactions represented 7.1% of total deal value.

Application software was the most popular segment among venture capitalists, being targeted in 10 middle-market transactions in the period, closely followed by internet software and services (8), and other segments (less than four) (Figure 12). Application software also reported the largest total deal value ($1.9bn). On the other hand, the highest average deal value involving venture capital occurred within the systems software segment, totaling $650.1mn (Figure 11).

Figure 10: Venture capital-financed deals targeting technology targets

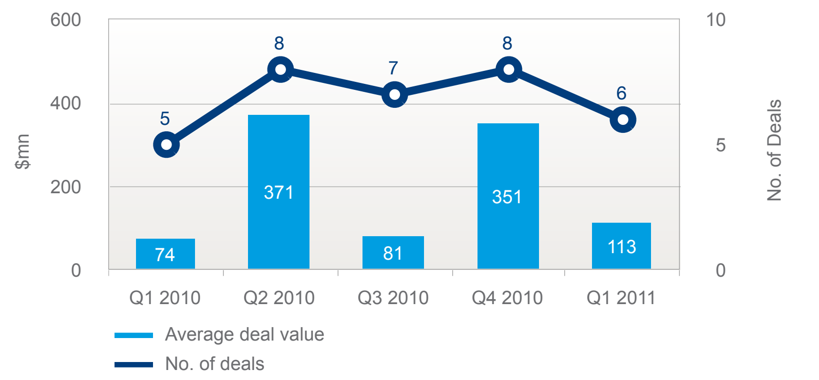


Figure 11: Venture capital deals — top five target segments by average deal value

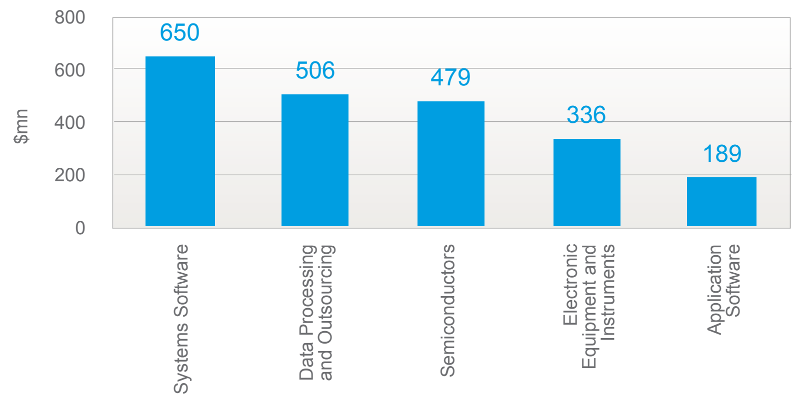
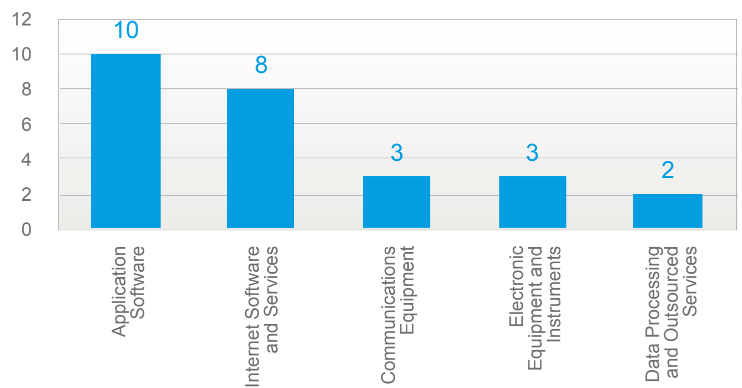


Figure 12: Venture capital deals — top five target segments by deal numbers



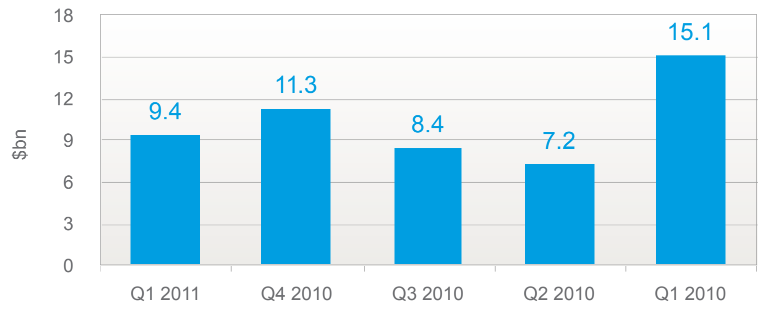
Sources: Copal Analysis, Capital IQ

Global Financing Environment

Global Venture Capital Fundraising Activities

Venture capital fundraising appears to be recovering from the recent financial downturn whereby in 2009, the industry experienced a year-over-year decline of 45.3% in the amount of funds raised to $30.7bn. Despite the limited investor interest in 2010, Q1 2011 data suggested a strong rebound. The average sum raised per transaction in Q1 2011 increased 79.5% to $146.4mn from $81.5mn in 2010, reaching a five-year record average (Figure 13). Furthermore, a total of $15.1bn was raised in the same quarter compared with $36.3bn for the whole of 2010.

Figure 13: Funds raised by venture capital



Source: Copal Analysis, Thomson One Banker

Start-ups to benefit

"Given the market's increasing focus on both venture capital in general and the technology sector, we expect technology start-ups to be major beneficiaries of the improving sentiment among private equity investors, supporting overall M&A activity in the sector."

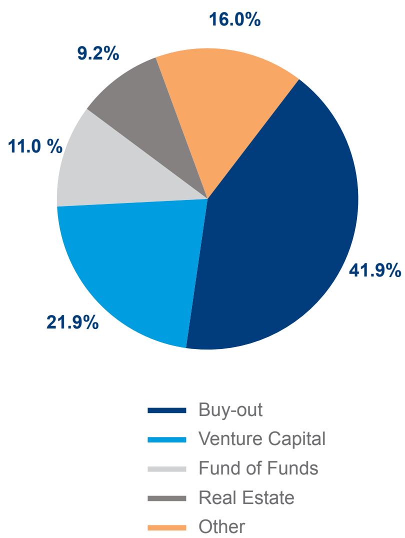
Eric Felix-Faure
Technology Specialist
M&A International Inc., France

Venture capital remains one of the larger asset classes within private equity, a fact which became particularly clear in the aftermath of the recent economic crisis. During the period, it accounted for 21.9% of all private equity raised, compared with an historic five-year average of 14.1% (Figure 14).

Consistent with the broader private equity industry, North America-based funds raised most venture capital. During the period, US-based VC funds accounted for $22.4bn (or 43.6%) of capital raised. However, unlike private equity in general, Asia has proved to be the second most active region for venture capital, raising $21.8bn during the same period.

The technology sector in general has consistently been the largest sector holding for most venture capital firms. A total of 160 technology funds were launched in the period, representing 47.5% of all funds inaugurated during the same period and an increase from 2009 (41.2%) and 2008 (46.6%). In particular, during Q1 2011, technology funds represented 51.5% of all new venture capital funds.

Figure 14: Private equity amount raised by type 2010–Q1 2011



Source: Copal Analysis, Capital IQ

Global Financing Environment

Global Technology IPOs

Approximately 190 companies announced initial public offerings (IPOs) in the period, with the greatest number in Q2 2010 and the lowest in Q1 2011 (Figure 15).

The Mail.ru group, a Russian email provider and investor in Facebook and Zynga, completed the largest middle-market IPO in September 2010, comprising 32.93 million shares (17% of issued share capital) representing a gross offering of $912.0mn. According to published reports, it was oversubscribed by 20x. The company declared its intention to invest the proceeds from the offering in acquiring an additional stake in Vkontakte, a leading Russian networking site. The second largest middle-market IPO was announced by Freescale Semiconductors, worth $783.0mn. Proceeds from the transaction were used to repay debt the company acquired when it was taken private by PE investors Blackstone Group, Carlyle Group, Permira and TPG Capital in 2006.

Smart Technologies was the third company to launch an IPO exceeding $500mn during the period. The company raised $660.1mn in June 2010, of which 23% was retained by the company and the remainder went to prior investors including Apax Partners, Chipmaker Intel Corp. and IFF Holdings Inc. Smart Technology announced that it would use most of the retained proceeds to repay debt.

LinkedIn, the world's largest professional networking website, announced the period's most significant, and widely discussed IPO, raising $352.8mn early in 2011 and becoming the first social media company to be publicly listed. Subsequently, Russia's largest search engine, Yandex, and an internet radio provider, Pandora Media, have also completed IPOs. With large cash coffers generated from these IPOs and a public stock to use as currency, we expect these companies to become extremely active on the M&A front over the next few quarters.

Figure 15: Technology IPOs, value and volume

Source: Copal Analysis, Capital IQ

Going public

"These recent IPOs are expected to encourage other social networking companies to follow suit, with internet and social media players like Groupon and Zynga having already announced their intentions to go public."

Tim Moore
Technology Specialist
M&A International Inc., UK

Global Financing Environment

Aftermarket Stock Price Performance by Recent IPOs

Most technology sector middle-market IPOs listed in the period generated a positive return to investors (most often in up to 50% upside) based on the closing price on their open trading day (Figure 16). Approximately 6% of the IPOs yielded a return of 100% or more based on the first day of trading. Approximately 17% of IPOs produced negative returns based on the first day of trading as a public company.

During the period, the Shenzhen Sunyens Electronic Manufacturing Holding Company IPO generated the highest first-day return (275.3%), while Chinese technology company Zhenjiang Nanyang Technology Company yielded 172.7%, and LinkedIn 109.4%.

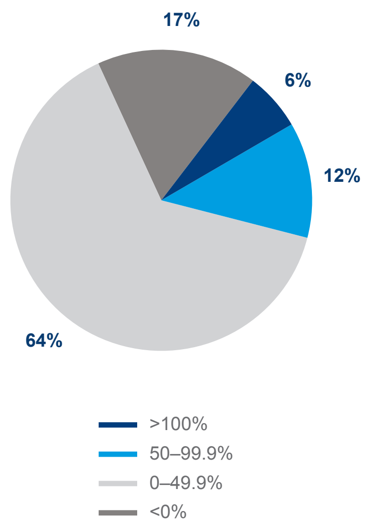
Conversely, Ski-Mobi Limited performed the worst, with its NASDAQ price falling 25% on the first day of trading. Tera Probe, a semiconductor testing services company, also lost 23% on day one.

The number of IPOs showing negative returns after a month of trading increased to 27% from 17% after a single day (Figure 17). At the same time, the number of IPOs generating returns exceeding 100% on the first day decreased to 4% after one month of trading. However, the number of IPOs yielding returns of between 50% and 100% after one month increased to 15% from 12% based on the first day of trading.

TPK Holding Company, a leader in capacitive touch technology, produced the highest yield after one month of being public (157.27%). However, Shenzhen Sunyen, which reported the largest first-day gain, fell back over the subsequent month to close up 113.9%.

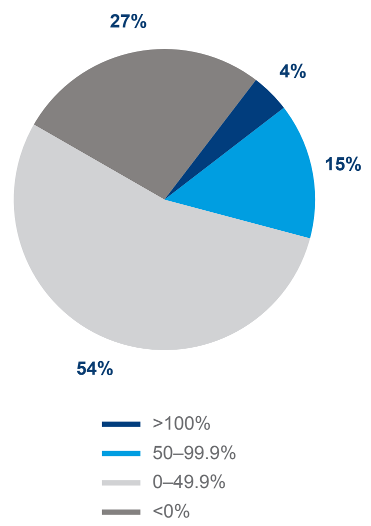
The worst performer over the first month of trading was NetQin, a mobile phone security solutions provider, whose stock decreased around 50% over the period.

Figure 16: One-day return of recent IPOs 2010–Q1 2011



Source: Copal Analysis, Capital IQ

Figure 17: One-month return of recent IPOs 2010–Q1 2011



Source: Copal Analysis, Capital IQ

Fundraising activity, especially in 2011, seems to be enjoying a strong comeback. Total venture capital funds raised in Q1 2011 reached $15.1bn, compared with $36.3bn during 2010 (which itself was an 18.0% YoY increase). And the technology sector clearly has been the center of attention: 51.5% of all venture capital funds launched in Q1 2011 were technology-focused, a record high in the period for which data is available (since 2008). What has been even more exciting has been the completion of technology IPOs this year, signaling some improvement in the IPO market. The much-awaited offerings of social and digital media companies such as LinkedIn, Yandex and Pandora Media were valued at sky-high levels. While the upcoming IPOs of Groupon and Zynga could see a slight reduction in valuation based on the lackluster performance of some of the recent IPOs discussed above, this activity signals renewed investor interest in the technology sector.

Technology M&A — Hot Areas

Business Intelligence

Business Intelligence (BI) is becoming more significant given increasing volumes of warehoused data and the need for its systemic analysis to take informed corporate decisions. BI plays an important role in targeting marketing efforts, enhancing customer relationships, combating fraud, controlling overhead and streamlining operations. BI solutions are comprised of three critical elements:

- **Data warehousing** (operational and archive data)
- **Data mart** (customized data subset created for a specific purpose)
- **Data mining** (tools used to abstract and organize data systemically to aid decision-making).

Organizations from the BI segment are increasingly looking to go further into Business Performance Management (BPM) and advanced analytics, including consulting. In addition to this, cost savings post-recession have pushed up the demand for Software as a Service (SaaS) offerings in place of an on-premise solution, which requires technical capability and necessary infrastructure. Therefore, one of the recent trends in the BI area has been for the mega vendors like IBM/Cognos, SAP/Business Objects, SAS and Oracle/Hyperion to venture into the SaaS space in order to meet clients' cost-sensitive requirements. Such trends encourage large industry players such as Microsoft, Oracle and IBM to look out for suitable targets which would help them access newly emerging segments. However, one challenge they will have to tackle is the increasing shortage of pure play BI opportunities.

Notable Transactions

Among the most significant M&A transactions, Deloitte acquired OCO Business Analytics in May 2011. Previously, Oracle bought Hyperion in 2007, IBM purchased Cognos, and SPSS and SAP took over Business Objects in 2008. Most of these acquisitions intended to deliver advanced analytics and an enhanced product and services portfolio. On the other hand, within the Master Data Management (MDM) space, Informatica purchased Siperian for $130mn and IBM acquired Initiate Systems. TIBCO Systems has entered the BI market with the acquisition of Spotfire. Inc for $195mn, followed by its purchase of Insightful Corp for $25mn a year later.

The Business Intelligence Landscape

Technology M&A — Hot Areas

Compliance Software

One of the most important challenges faced by business organizations is ensuring compliance with changing global regulatory requirements. As various compliance initiatives become increasingly interconnected from both regulatory and organizational perspectives, multiple and disparate solutions result in duplicative, and often contradictory, processes and documentation. Complexity increases with companies operating in many countries and jurisdictions worldwide, each with their own compliance requirements. As a result, it is necessary to adopt a common framework and integrated approach to managing all corporate compliance requirements. Companies manage cross-industry mandates and regulations including SOX, OSHA, EH&S and FCPA as well as industry-focused regulatory guidelines published by the FDA, FERC, FAA, HACCP, AML, Basel II and various data retention laws. Managing compliance software involves four components:

- **Compliance environment and process design**: Defining and maintaining a centralized structure for the overall compliance and control hierarchy including processes and assets involved, risks for processes and assets, controls to address risks and a mechanism to assess controls.

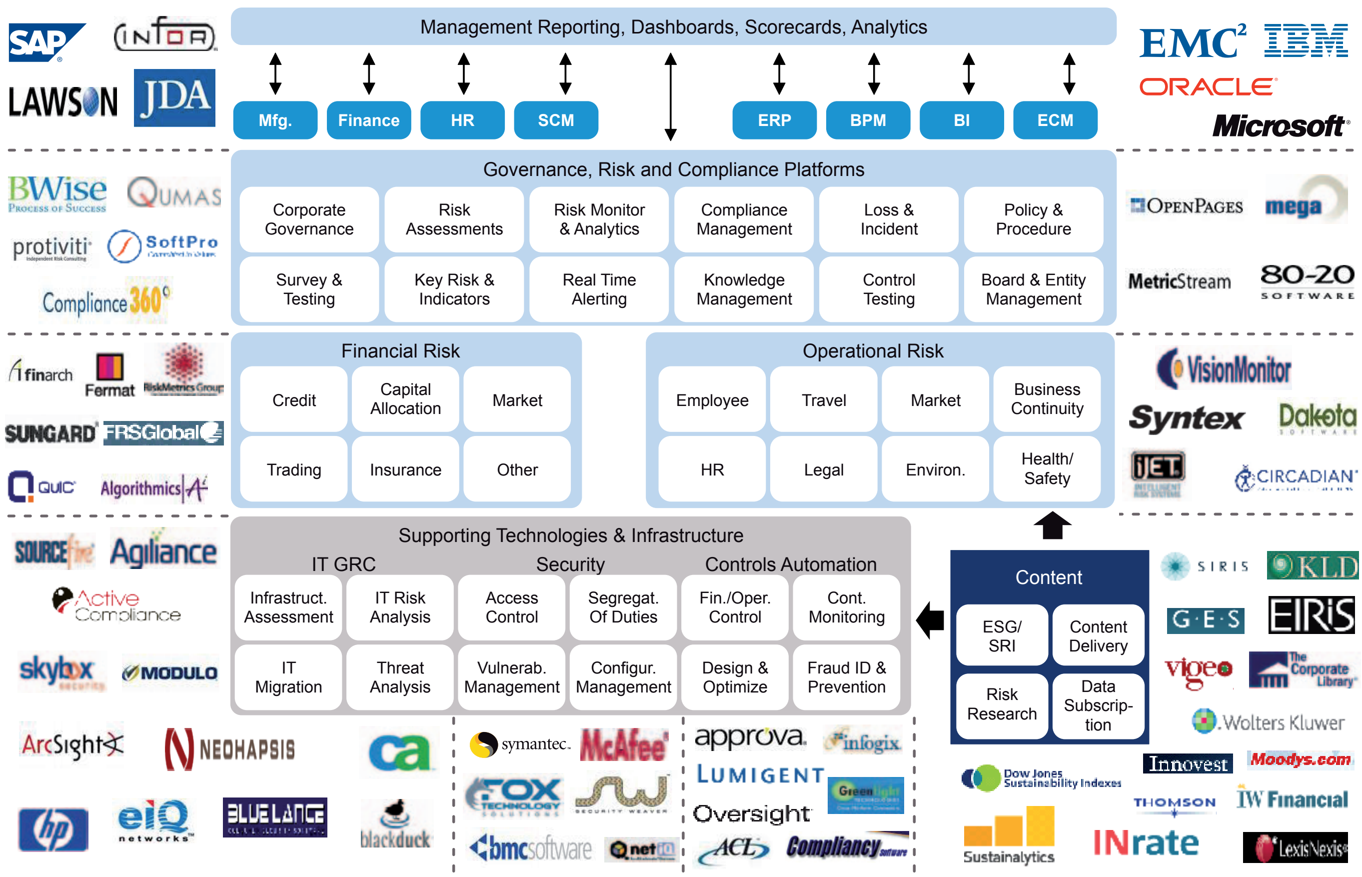
- **Assessing compliance and controls:** Ensuring the effectiveness of controls and activities designed to meet regulatory requirements.

- **Issue management and remediation:** Handling issues and exceptions which threaten non-compliance.

- **Monitoring compliance:** Highlighting issues to be resolved.

Compliance software addresses both internal (internal audit, quality check) and external (given by different regulatory bodies) sets of compliance requirements. Currently, financial services industry-related compliance is becoming increasingly important given current global financial instability, with risk surveillance, internal controls and fraud prevention being key priorities for companies operating in this sector. Further, increasingly stringent worldwide environmental laws on emissions (carbon, heat) are also attracting interest from compliance software

The Compliance Software Landscape



Technology M&A — Hot Areas

designers. Companies in pollution-intensive industries like chemical, power and mining are the key users in this segment. **We expect these two trends, financial and environmental compliance, to be a major driver for compliance software-related M&A going forward. However, diverse requirements due to emerging regulatory trends in various industries could also facilitate the evolution of more sophisticated and developed norms in the future.**

Notable Transactions

Among the notable transactions, MSCI Inc acquired RiskMetrics for $1.55bn in March 2010, seeking to increase its global footprint, leverage revenue opportunities and cost-saving synergies. In August 2010, EMC Corp acquired Archer Technologies. This deal has positioned EMC against competitors with a comprehensive IT-GRC offering. In September 2010, IBM acquired OpenPages Inc, a player within the risk and compliance software space. In January 2011, BAE Systems Ltd acquired Norkom Group PLC for $272.8mn in an all-cash deal. The transaction was consistent with BAE Systems' strategy to grow its services business in the cyber and intelligence segments. The acquisition of Norkom is expected to create a strong global offering of financial crime and compliance products for BAE Systems. IHS Inc.'s acquisition of Atrion International Inc. for $56.0mn was also important, driven by IHS's expectation that Atrion's product compliance and regulatory document authoring solutions will enable it to improve its support for client health and safety compliance requirements.

The Marketing Automation Landscape

All vendors in red were recently acquired.

Marketing Automation

Marketing automation software tools enable marketing departments to design strategies, automate processes, improve customer communications and monitor marketing performance. Their financial return for clients includes improved revenue growth, reduced overhead and optimized organization-wide productivity. The size of the marketing automation sector is currently estimated to be over $2.5bn.

Firms worldwide have automated marketing for various reasons, mainly for keeping up with changes in consumer buying behavior.

Buyers increasingly prefer to conduct more self-directed research (e.g. peer group recommendations) before purchasing products. In response, marketers use automated systems to monitor the information buyers require and the kind of messages to which they respond, and use such information to deliver whatever buyers require to progress to a purchase. Secondly, although buying cycles are becoming longer, fewer consumers are in active buying cycles at any given point. Automation helps marketers to capture buying signals sent by potential buyers, as they interact with gathered data, score buyers based on their propensity to buy and shortlist those worth pursuing by sales representatives. Finally, more stakeholders are now involved in any given buying process (including business managers, IT, finance and procurement personnel). Therefore, marketing must provide information explaining various outcomes to each group, tailored to their interests and concerns. Such detailed information is difficult to obtain without automation procedures.

Although the industry still appears to be in its infancy, it has considerable potential for expansion in the coming years. However, its growth, or the rate at which marketing

Technology M&A — Hot Areas

automation tools are adopted, depends on their contribution to clients' net earnings. In 2009, almost 10 years since the first marketing automation companies appeared, Forrester Research estimated that only between 2% and 5% of B2B firms had invested in full-featured marketing automation functionality. However, by 2011 that share had increased to almost 18%. Furthermore, adoption is likely to rise far more rapidly over the next few years if firms worldwide are made fully aware of the potential of adopting such tools.

Marketing automation vendors are likely to establish partnerships with companies providing complementary software solutions in order to reach the same target audience.

The explosion of consumer-generated data (on blogs, video sharing websites and social networks) has increased consumer-reliance on word-of-mouth in the buying process. Therefore, the abundance of data from these social media sources offers big opportunities for the marketing automation industry, albeit with some problems for storing and turning the data into useful information. Traditional analytic and automation tools have been very adept at analyzing the more structured corporate data but social data is inherently unstructured. The growing importance of this kind of data and its unstructured form are likely to lead to the development of other types of tools within the marketing automation industry so as to enable business clients to predict future consumer buying behaviour with greater accuracy.

We also expect them to initiate more acquisitions, reducing the number of companies operating in this sector and demonstrating the market's increasing maturity.

Notable Transactions

Salesforce.com acquired social media monitoring company Radian6 to help it penetrate the market more aggressively penetrate the market by expanding the company's addressable market to include social media monitoring.

In January 2011, Havas Worldwide acquired a majority equity stake in Socialistic, a new social media driven agency. The agency incorporates an industry leading team of technologists and a network of content creators to deliver a first-ever social agency model to clients. In the same month, GSI Commerce Inc. announced that it had, through its Global Marketing Services division, acquired ClearSaleing, a Columbus-based provider of advanced advertising analytics and attribution management. The acquisition of ClearSaleing broadens and deepens the division's portfolio of marketing services offerings and overall market position.

Teradata's acquisition of Aprimo, a provider of cloud-based marketing automation applications, for $525mn, is also significant. Teradata expects the deal to accelerate revenue growth, with Aprimo reporting annual increases of around 20% although given the latter's relatively small size and subscription-based revenue model, this may take some time. Marketing departments are often an entry point for Teradata. Aprimo's applications may raise Teradata's profile as it seeks to expand its customer base.

Technology M&A — Hot Areas

Internet and Digital Media

There are several trends which we believe will primarily drive internet and digital media M&A going forward:

- **Tablets replacing print media:** The revolutionary tablet has already moved quickly to replace print media, forcing the latter to start embracing the new technology. Apple's iPad was the first to launch a tablet-only newspaper. Other companies have followed with prices as low as $0.99 a week. Collaboration between Wired Magazine and Adobe Digital Publishing resulted in the launch of a digital magazine for the iPad, Amazon's Kindle and other mobile tablets. Competition to distribute by tablet is also intensifying as tablet manufacturers aggressively incentivize publishers. For example, Amazon.com announced that it would pay 70% of the retail price of magazines to their respective publishers, a move which may become a significant trend for future internet and social media developments.

- **Marketing through deals:** Internet users are also being attracted by marketing through targeted, discount deals. Market leader Groupon is making rapid progress within the sub-segment, encouraging other companies including The Dealmap, AOL Wow, Dealradar and Yipit. These developments will provide significant local reach for those companies where radio, television and print have long enjoyed exclusive dominance.

- **Mobile media:** The mobile web has fully matured as an operating platform. With many thousands of new mobile applications emerging daily, the segment continues to enjoy significant potential. Its basic initiator was (and remains) the iPhone, which established mobile devices as a major platform for web usage. This trend was accelerated by the emergence of Google's open source operating system Android, included since 2010 in a wide range of devices produced by many different mobile phone manufacturers. Application companies are well placed to capitalize on opportunities created by these developments especially given increased demand from mobile phone users for applications enabling them to conduct transactions previously executed on laptops such as booking tickets, paying bills and accessing bank accounts.

As the digital audience grows, digital advertising technology is improving in order to increase both the precision and accuracy of a company's reach. While internet advertising still lags print, we expect significant developments this year as new companies enter the market and internet penetration rates increase.

- **Video advertising:** Similarly, the video advertising market is expected to be the next big thing. A slow shift from traditional TV advertising to web-based video advertising has been observed. The new trends for web-based video advertising are expected to emerge in 2011. As a result, in the foreseeable future we expect advertisements to become an inseparable part of web shows.

- **Social media updates:** Web-based emails are to some extent already being superseded by social media updates such as Facebook and tweets. Further developments are expected going forward as users find it more convenient to use social networks to interact, rather than traditional email communication.

The Internet and Digital Media Landscape

Technology M&A — Hot Areas

Notable Transactions

Over the past 12 months, the internet and digital media segment was one of the most popular targets for acquirors. The largest industry transaction was Ebay's acquisition of GSI Commerce for $2.2bn, through which it obtained access to the most comprehensive integrated suite of online commerce and interactive marketing services available, reinforcing its ability to connect buyers and sellers worldwide. In the internet and digital media middle market, the largest deal involved Rovi Corporation's acquisition of Sonic Solutions for $698mn, reinforcing its competitive position. The merged company is expected to provide the next generation of digital entertainment offerings with content discovery, delivery and enhanced interactivity capabilities supporting advertising and driving consumer engagement.

Social Media

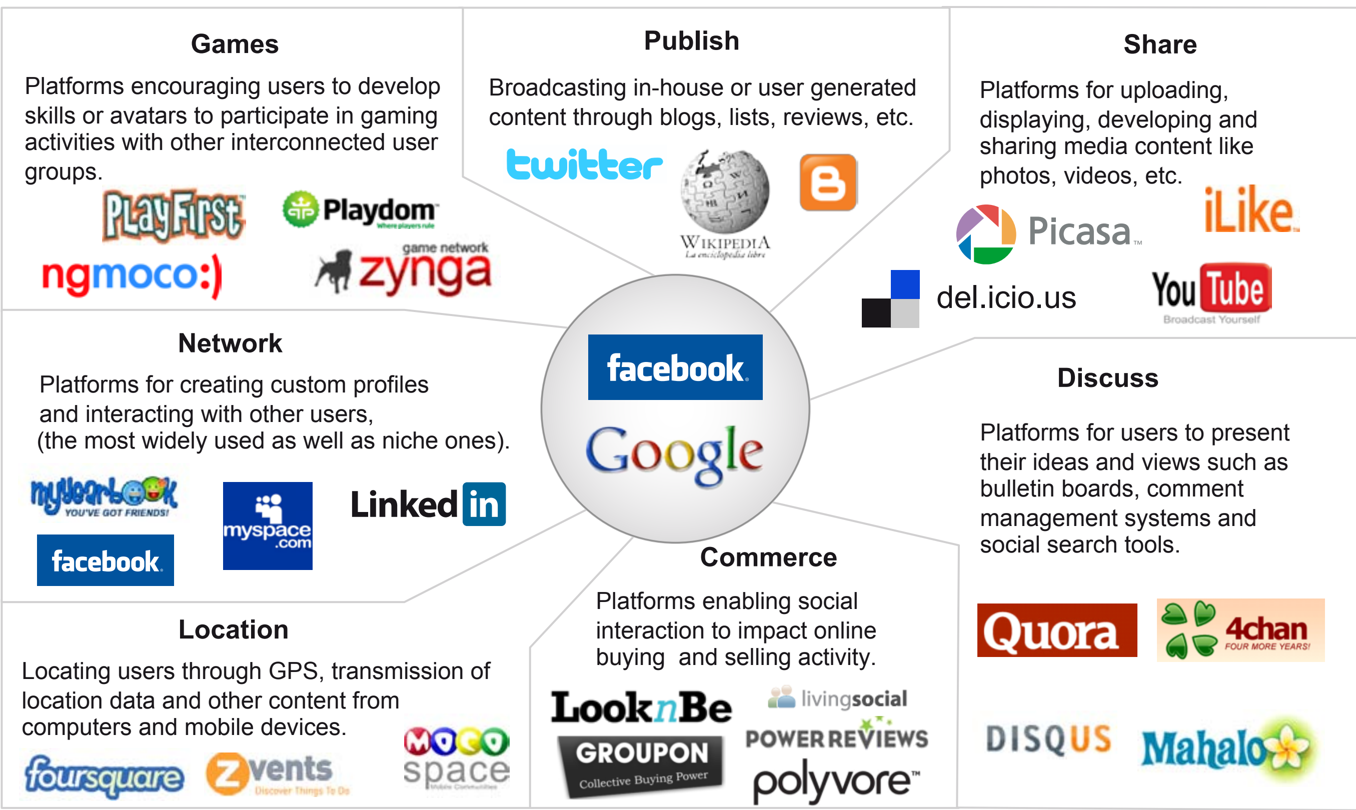
Following its enormous user popularity, social media has attracted considerable commercial attention, supported by the potential offered by its large respective user bases, i.e. Facebook (550mn), Twitter (65mn tweets daily), YouTube (2bn daily video views). Investors are interested in business opportunities associated with seven major social media categories: content, share, discuss, commerce, location, network and gaming.

Increasing commercial interest is currently reflected in greater M&A activity within the social media segment. Since 2009 (during which only a single acquisition was announced), industry leaders including Facebook and Twitter have initiated several transactions.

As an important recent trend, social networking companies such as Facebook and Twitter have begun to acquire owners of innovative technology at early development stages with the intention that they enhance their existing (or add new) capabilities. Similarly, other companies have started acquiring social networking technologies in order to diversify their existing product portfolio. For example, Facebook spent $15mn to acquire Hot Potato Inc, an online chat applications developer for live events. It also bought Divvyshot in order to add the company's photo-sharing platform to its portfolio.

Companies such as Walt Disney and Salesforce.com also emerged as active acquirors. For example, Walt Disney purchased Playdom, a rapidly growing social game developer, together with a portfolio of popular social games such as Mobsters for $563.2mn in July 2010. In addition, in April 2010 Salesforce.com paid $142mn for Jigsaw Data Corporation, a contact-matching service, and for an undisclosed sum eTacts Inc. (a company whose software tracks the social web activity and communications history of an individual's

The Social Media Landscape



Technology M&A — Hot Areas

email contacts). We expect the social media segment to develop further in 2011, generating further M&A activity.

We believe there a few key recent trends within the social media segment which will have a major impact going forward:

- **Device integration and functionality bundling:** We expect companies to move beyond traditional uses of social media to build brand awareness and provide support, triggering the need for increased integration. Social media is likely to be increasingly used to acquire information to improve strategic decisions, marketing plans and product roadmaps. Companies will seek to build socially-informed innovation, customer focus and work environment capabilities. A case in point was Salesforce.com's acquisition of Radian6 in May 2011 for $326mn, which introduced a social customer relationship management (CRM) product to its portfolio.

  This year, we expect increased bundling of social networks, engagement widgets, video, mobile capabilities, cloud services and analytics. Recently, Facebook launched a group deals program to compete with Groupon and Living Social. Previously, Facebook's new instant messaging system integrated SMS, Facebook messages and email at a single location, allowing users to reply using multiple devices to different types of messages. According to Mark Zuckerberg, founder and CEO of Facebook Inc., music, television shows and books are examples of products soon to become "social" through its website. Currently, Microsoft Corp. is introducing a feature on its Bing search engine displaying Facebook data including restaurants, brands and friend-recommended links. Integrating social data is a vital task for search engines to ensure search tasks conducted by expert social network users (with less need of such search engines) are not lost through links and references directly obtained from such portals.

- **Mobile devices:** For the first time, in 2010 sales of smartphones exceeded those of desktops and laptops. iPhone and iPad applications were downloaded more than seven billion times. Email access is increasing on smartphones and decreasing on computers. Mobile device users are expected to expand their use of smartphones and tablets to access content, companies and the internet in general, while use of computers is likely to decline. These trends will impact products and services created by IT and service providers, who will need to adjust their products and services to reflect changing customer behavior. For example, Microsoft is about to introduce a new version of its Windows Phone software (code-named Mango) with an email inbox capable of combining messages from several different accounts and integrating more effectively with social networks including Facebook, Twitter and LinkedIn. Increasingly, even users of simpler "feature" phones are able to utilize applications including Facebook, Twitter and LinkedIn on their phones. In March 2011, Facebook paid an estimated $70mn for Snaptu, an Israeli startup company designing smartphone-like applications for feature phones.

- **New video uses:** Given the decreasing cost of video delivery and the increasing accessibility and flexibility of video management platforms such as Brightcove, Ooyala and the open-source platform Kaltura, companies are adopting custom-use video streamed online products (also used on mobile devices). In the future, we believe video experience will combine filtering, tagging, editing and locating tools in each video feed. Specific video characteristics (compared with texts, tweets and status updates), including its greater ability to highlight behavioral cues, will ensure it becomes a critical component in the social media value chain.

- **Social commerce:** Based on group purchase decisions, social commerce is likely to emerge as a high growth area within the social media segment, benefiting both retailers and users. While servicing larger and more engaged customer groups, it also includes direct recommendations from other users. Further, it is attractively priced. Examples of social commerce companies include Groupon (US) and SnapDeal (India). We expect large retailers to leverage the power of social media. In April 2011, Walmart acquired Kosmix, a social media technology provider and owner of a platform enabling users to filter and organize social network content. Further, Groupon recently completed its IPO, which attracted soaring investor interest.

Facebook expanding further

"Facebook has announced plans to make around 15 acquisitions in 2011 as the company seeks more capabilities to develop features on its site. Key acquisition areas may include social commerce and both mobile and local technology."

Milledge Hart
Technology Specialist
M&A International Inc., USA

Notable Transactions

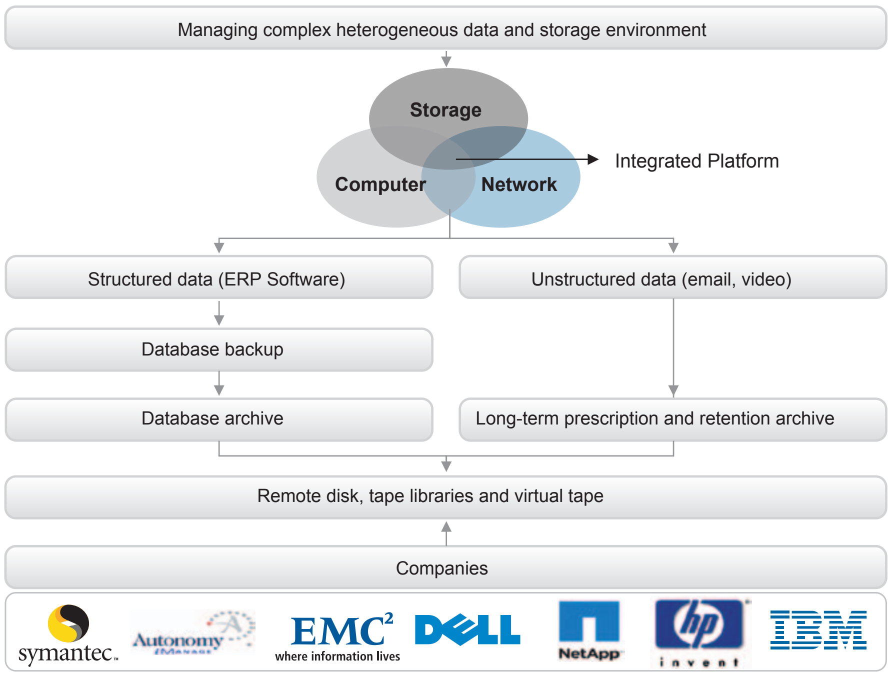
In the largest ever social gaming transaction, Walt Disney acquired Playdom, a social gaming company, for $563.2mn in July 2010. The deal is expected to strengthen Disney's digital gaming portfolio

Technology M&A — Hot Areas

and provide consumers with new ways to interact with the company on popular social networks such as Facebook and MySpace, while at the same time recruiting Playdom's experienced management team. Following the acquisition, Walt Disney intends to place its characters, stories and brands in games on social network sites. The acquisition highlights the rapidly increasing valuations of social game startups with the last major sector acquisition (Playfish by Electronic Arts in 2009) valued at $375.0mn.

Further, in May 2011, another major transaction occurred in the social media sector, with Salesforce.com acquiring Radian6 for $350.0mn. The deal was intended to improve all Salesforce.com products, including Sales Cloud, Service Cloud, Chatter and Force.com. Management expects both companies will bridge conversations occurring on public social networks and those on Salesforce.com's own private social network, Chatter.

The Storage Landscape



Storage

Information technology (IT) is becoming increasingly important in providing solid business strategies to companies in order to enable them to create a competitive advantage. Formulation and implementation of IT strategy involves four key components: electronic commerce, enterprise resource planning, supply chain management and customer relationship management. All require significant investment in enterprise storage resources. At the same time, the impact of regulations and legislation (e.g. SOx, SEC, HIPAA) on standard operating procedures is necessitating increased use of storage. In particular, networked storage is gaining increasing popularity based on its significant advantages in terms of cost, operational efficiency and archived data retrieval.

The primary areas where storage is becoming vital are video surveillance, other company video-related database requirements and cloud computing. Storage in video surveillance is undergoing a major revolution with requirements like scalable larger storage capacities, cost-effective longer retention capability, and centrally managed and stored data. Huge storage requirements with respect to social media content distribution also makes storage system performance critical. Another area that is creating growing demand for storage software is compliance requirement for data and email archiving. Storage compliance is also one of the important considerations for selecting a regulatory compliance solution. There are well over 10,000 regulations that affect data storage backup and protection, however there are no specific dictating mandates. Storage for compliance typically focuses on three areas: retention, integrity and security. Technologies like Tiered Storage and Information Lifecycle Management (ILM) are intended to improve storage efficiency through enhanced backup storage with a reduced cost. Due to the growing virtualization of enterprises which require a higher amount of digital data to be stored and new diverse database needs, we expect further new growth areas to emerge going forward within storage.

Notable Transactions

In May 2011, Autonomy Group acquired Iron Mountain's digital division for $380.0mn. The aim of the transaction was to position Autonomy as a major player in the dynamic areas of unstructured data analysis, processing in cloud-based platforms and desktop virtualization. In December 2010, Dell acquired Insite One, providing the buyer with a storage-as-a-service platform to archive digital content for companies operating in different industries. Further, in March 2011 HP acquired Vertica Systems, focusing strategically on cloud computing and connectivity. Finally, NetApp acquired LSI Corp. for $480.0mn to access emergent digital video surveillance and full-motion video capture space opportunities. In another deal, EMC Corporation acquired Isilon Systems, Inc, a network-attached storage company based in Seattle, Washington, in November 2010 for an aggregate purchase price of approximately $2.25bn.

Conclusion and Outlook

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M&A activity, especially in the technology sector, has been through a turbulent period recently. From the crisis-related lows to the rapidly increasing valuations, it seems difficult to establish where the fundamentals should be. Is the irrational exuberance back — are we seeing a buildup of another tech bubble? Or, rather, is this just a recovery of a strong sector which was dragged down by the recession? In uncertain times like these, it is even more crucial for investors to ensure they have a correct picture of the market. M&A International Inc., with its extensive experience including the technology sector, can help investors on how to make the most of the following trends, which we believe will be the key themes in the coming months:

- Deal-making activity is expected to be buttressed in 2011 by improving industry earnings which should attract financial acquirors.
- Business diversification will remain the main driver behind M&A activity, with companies having the chance to use M&A as a tool to gain crucial access to new operational areas in high-growth markets.
- While valuations seem to be stabilizing, the comfortable cash positions of major industry players will ensure that the strongest targets will not come cheap, highlighting the need for good orientation in the market.
- Stock market recovery is providing opportunities to better utilize increasing stock prices as consideration, thereby making the cash-stock mix more attractive.

M&A International Inc. has a proven track record within the six segments which we see as the main areas of interest going forward: social media; internet and digital media; compliance software; marketing automation software; business intelligence software; and storage. With the landscapes of these segments undergoing constant changes and becoming increasingly complex, our familiarity with the subject allows us to advise on the most effective target areas which would maximize future synergies. With the overall technology sector now gaining pace, it is crucial for players to move forward in order not to be left behind.

About M&A International Inc.

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M&A International Inc.'s members actively represent buyers and sellers in the technology industry M&A market as well as those seeking to raise private equity and debt capital. We possess significant technology sector expertise, industry relationships and experience in successfully executing complex transactions on behalf of our clients.

Bradford A. Adams, CFA

Head of M&A International Inc.'s
Technology Group
badams@tmcapital.com

Representative Transactions

Major Technology M&A Transactions

Date Announced	Target	Acquiror	Deal Synopsis	Value ($mn)	Implied EV/ Revenue
Representative transactions in marketing automation					
Jan, 2011	ClearSaleing, Inc.	GSI Commerce	ClearSaleing, Inc. is a Columbus, Ohio-based provider of advanced advertising analytics and attribution management. The acquisition of ClearSaleing will enhance the division's portfolio of marketing services offerings and overall market position.	NA	NA
Jan, 2011	Socialistic	Havas Worldwide	The acquisition of Socialistic will improve Havas' geographical reach and will help it to increase its product offerings. The cutting edge technology of Socialistic will help Havas to remain ahead of its competition.	NA	NA
Dec, 2010	Aprimo, Incorporated	Teradata Corporation	Aprimo delivers the industry's most comprehensive suite of integrated marketing applications to more than 150,000 professionals worldwide, and more than 36 percent of the Fortune 100 companies rely on Aprimo for Integrated Marketing Management solutions. Together, the two companies will bring powerful business analytics with integrated marketing solutions to enable corporations to improve and optimize marketing performance with data-driven insights. In addition, Teradata will draw on Aprimo's deep expertise in Cloud and Software as a Service (SaaS) functionality.	525.0	7.1x
Representative transactions in internet and social media					
Mar, 2011	GSI Commerce	Ebay	The acquisition of GSI, which offers the most comprehensive integrated suite of online commerce and interactive marketing services available, will significantly strengthen Ebay's ability to connect buyers and sellers worldwide.	2200.0	1.6x
Mar, 2011	Snaptu	Facebook	Facebook acquired the mobile application company Snaptu to bring Facebook onto mobile devices. Facebook chose Snaptu as its technology works on more than 2,500 different mobile devices, which means the deal will give a competitive edge to Facebook and will help it to stay market leader.	70.0	NA
Dec, 2011	Sonic	Rovi	The combined company will be able to power the next generation of digital entertainment offerings with content discovery, delivery and enhanced interactive capabilities that support advertising and drive consumer engagement.	698	7.0x

Representative Transactions

Date Announced	Target	Acquiror	Deal Synopsis	Value ($mn)	Implied EV/ Revenue
Aug, 2010	Hot Potato	Facebook	Facebook acquired the online location "check-in" service Hot Potato in order to use the company's expertise for their own website. Subsequently, Hot Potato shut down its operations and deleted all user data. Facebook's two main motivations were to enter the location service area and to increase its talent pool.	15.0	NA
Aug, 2010	Slide, Inc.	Google	Google acquired the social gaming company Slide, Inc. in order to keep up with the growing competition from rivals, particularly Facebook. Google added the gaming features in its social network venture.	179.0	NA
Jul, 2010	ITA Software	Google	The deal is supposed to help Google develop new methods of locating flight information online and diversify its service offering.	700.0	NA
Jul, 2010	Playdom	Walt Disney	By acquiring Playdom, Disney planned to strengthen its already-robust digital gaming portfolio, acquire a first-rate management team and provide consumers with new ways to interact with the company on popular social networks like Facebook and MySpace.	563.2	NA
Representative transactions in storage					
May, 2011	Iron Mountain Digital	Autonomy Group	This acquisition was expected to make Autonomy a leading provider of cloud platforms capable of processing and understanding 25 petabytes of customer information.	380.0	NA
May, 2011	LSI Corp	NetApp	The acquisition was expected to enable NetApp to address emerging and fast-growing market segments such as video, including full-motion video capture and digital video surveillance as well as high performance computing applications, such as genomics sequencing and scientific research.	480.0	NA
Nov, 2010	Isilon Systems	EMC Group	The acquisition has helped EMC to provide customers with a complete storage infrastructure solution for managing "Big Data" in private or public cloud environments with Isilon being a leader and momentum player in the fast-growing "Scale-out NAS" segment.	2250.0	NA
Representative transactions in compliance					
Sept, 2010	OpenPages Inc	IBM	With this acquisition, IBM expanded its business analytics portfolio with new capabilities supporting integrated risk management solutions.	NA	5.0x

Representative Transactions

Date Announced	Target	Acquiror	Deal Synopsis	Value ($mn)	Implied EV/ Revenue
Feb, 2010	RiskMetrics Group	MSCI	The acquisition of RiskMetrics expanded MSCI's capabilities in the high growth, high margin business of multi-asset class risk management analytics.	1550.0	5.4x
Jan, 2010	Archer Technologies	EMC	The acquisition of Archer Technologies has added best-in-class, IT-centric GRC capabilities to EMC's RSA Security product line.	NA	8.9x
Representative transactions in business intelligence					
May, 2011	OCO	Deloitte	Deloitte acquired a SaaS tool to add managed analytics capabilities. OCO's capabilities include a series of preconfigured BI applications aimed at various functional areas, such as supplier evaluation, inventory performance and product profitability. It also has a range of tools for data extraction and integration, including a Data Exporter tool for SAP systems.	NA	NA
Feb, 2010	Initiate Systems	IBM	IBM's acquisition of Initiate Systems, a market leader in data integrity software for information sharing among healthcare and government organizations, was supposed to enable it to offer clients a comprehensive solution for delivering the information they need to improve the well-being of patients at a lower cost.	NA	NA

Representative Transactions

Transactions Closed by Members of M&A International Inc.

bizanga

has been acquired by

CLOUDMARK

Data Processing and BPO
Advisor to seller
United States

CedarCrestone

has been acquired by

GOLDEN GATE CAPITAL

IT Services
Strategic Advisory
United States

CENTIV
marketing on demand

has been acquired by

Riverside

Marketing Automation
Advisor to seller
United States

EXCLUSIVE networks

has received an equity investment of US$44.4m from

CRÉDIT AGRICOLE PRIVATE EQUITY

IT Services
Advisor to seller
France

Hitachi Consulting

has acquired

edenbrook

IT Services
Advisor to buyer
United States/United Kingdom

HOSTWORKS

has been acquired by

BROADCASTAUSTRALIA

IT Services
Advisor to seller
Australia

Imtech

has acquired

QBRANCH

IT Services
Advisor to buyer
Netherlands/Sweden

microchannel
technologies ltd

has sold its trade and assets to

unica

IT Services
Advisor to seller
United Kingdom

NTT Data
Global IT Innovator
NTT DATA GROUP

has acquired

Business Formula
Adaptive Partnerships

IT Services
Advisor to buyer
Malaysia/Japan

OKERE

has been acquired by

FUJITSU

IT Software
Advisor to seller
United States/Japan

PROACTIVITY

has been acquired by

EMC²

IT Services
Advisor to seller
Israel/United States

webreservations
INTERNATIONAL

has been acquired by

HELLMAN & FRIEDMAN LLC

Internet Media
Advisor to seller
Ireland/United States

Main M&A International Inc.
Technology Specialists

9

Country	Contact	Email
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