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## SOFTWARE INDUSTRY

### 1st Half 2010 Key Highlights

- The most active buyer in the Software Industry was Google Inc., with 9 transactions.
- There were 64 financially sponsored transactions with an aggregate value of \$7.69 billion, representing 13 percent of the total volume and 21 percent of the total value, respectively.

### 1st Half 2010 Key Trends

- Total transaction volume increased by 22 percent from 418 in Second Half 2009 to 509 in First Half 2010.
- Total transaction value in First Half 2010 increased by 74 percent from \$20.27 billion in Second Half 2009 to \$35.30 billion in First Half 2010.
- Consumer Applications increased by 94 percent in volume from Second Half 2009 from 15 to 31 transactions.
- Of the top ten deals, four companies being acquired have been in business since 1995. The sale of Cybersource Corporation, Sybase Inc., Palm Inc., and the exit of Verisign, Inc. from its main authentication business, marks the consolidation of once-prominent software industry brands.

#### M&A Market Dynamics By Half Year

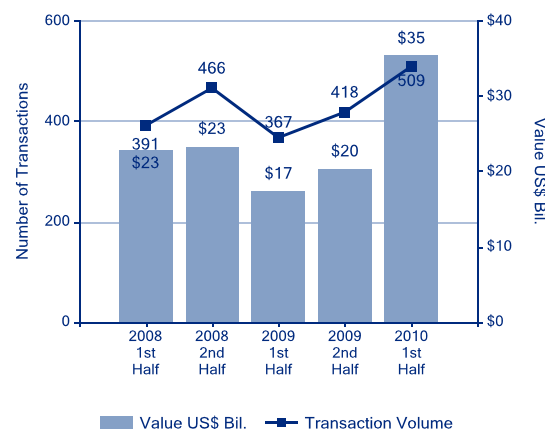


Figure 1. 2008 - 2010 value and volume comparison by half.

### M&A Market Overview

Berkery Noyes tracked 2151 transactions between 2008 and 2010, of which 781 disclosed financial terms, and calculated the aggregate transaction value to be \$95.00 billion. Based on known transaction values, we project values of the 1370 undisclosed transactions to be \$21.68 billion, totalling \$116.69 billion worth of transactions tracked over the past 30 months.

The largest transaction tracked by Berkery Noyes between 2008 and 2010 was Oracle Corporation's acquisition of Sun Microsystems, Inc. for \$7.08 billion.

The most active buyer in the software Industry between 2008 and the 1st Half of 2010 was Google, Inc., with 24 transactions.

#### Median Enterprise Value Multiples By Half Year

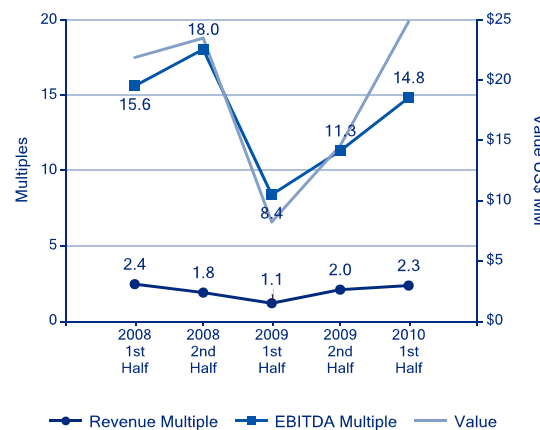
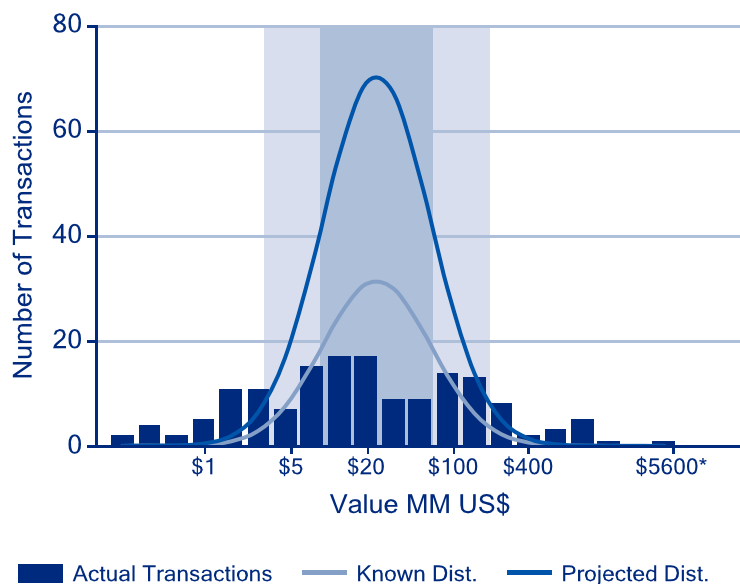


Figure 2. 2008 - 2010 median: Value, Revenue, EBITDA comparison by half.

## Bell Curve - Histogram - 1st Half



**Figure 3.** Shows distribution among software industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had enterprise values of \$1.0 million to \$148.4 million. Based on this data, we estimate the total transaction value of deals done in the 1st Half of 2010 at \$35.3 billion.

\* Indicates largest transaction in the industry from Jan. 1 through June 30, 2010

## Distribution Table - 1st Half

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	2	0	2	1 %	1 %
\$0.4	4	0	4	3 %	4 %
\$0.6	2	0	2	1 %	5 %
\$1.0	5	0	5	3 %	8 %
\$1.6	11	2	12	7 %	15 %
\$2.7	11	6	17	7 %	22 %
\$4.5	7	17	23	4 %	27 %
\$7.4	15	34	49	10 %	36 %
\$12.2	17	55	72	11 %	47 %
\$20.1	17	69	85	11 %	58 %
\$33.1	9	67	76	6 %	64 %
\$54.6	9	51	59	6 %	69 %
\$90.0	14	30	44	9 %	78 %
\$148.4	13	14	26	8 %	87 %
\$244.7	8	5	12	5 %	92 %
\$403.4	2	1	3	1 %	93 %
\$665.1	3	0	3	2 %	95 %
\$1,096.6	5	0	5	3 %	98 %
\$1,808.0	1	0	1	1 %	99 %
\$2,981.0	0	0	0	0 %	99 %
\$4,914.8	1	0	1	1 %	99 %
Total #	157	352	509		
Total \$ Value	\$26,693	\$8,608	\$35,301		

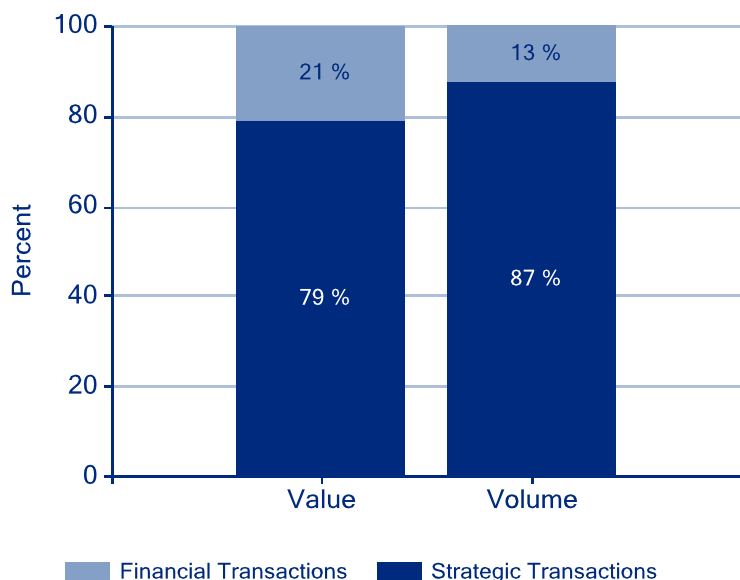
■ Middle 3rd of Industry ■ Middle 2/3rds of Industry

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

note: The projected number column is rounded as result of the Gaussian projection and may produce insignificant errors in the total sum.

## STRATEGIC VS FINANCIAL COMPARISON

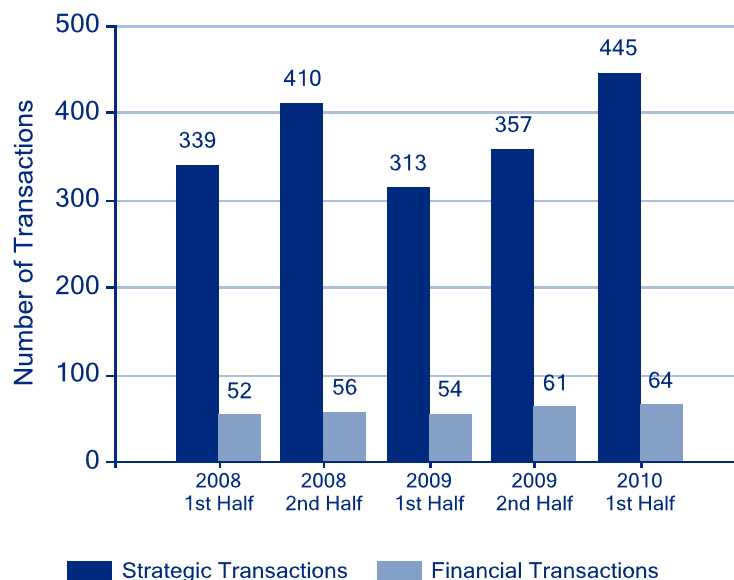
### M&A Dynamics By Transaction Type - 1st Half



**Figure 5.** Out of the 509 transactions tracked by Berkery Noyes in the 1st Half of 2010, we found that financially sponsored transactions accounted for 13% of the volume or 64 transactions and 21% of the value or \$7.69 billion.

note: financially sponsored transactions include PE-backed strategic acquisitions.

### Transaction Type By Half Year



**Figure 6.** Of the 509 total transactions recorded in the 1st Half of 2010, 445 were made by strategic acquirers and 64 by financial acquirers.

## PURCHASER ANALYSIS

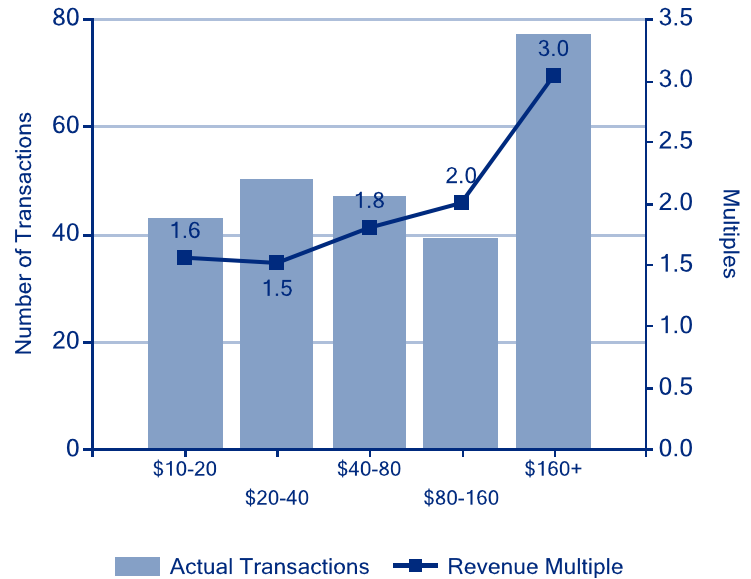
### Top Ten Notable Transactions - 1st Half 2010

Deal Date	Target Name	Buyer	Value MM US\$
05/12/10	Sybase, Inc.	SAP AG	\$5,649
04/21/10	CyberSource Corporation	Visa, Inc.	\$1,842
04/28/10	Palm, Inc.	HP	\$1,401
05/24/10	Sterling Commerce, Inc.	IBM	\$1,400
06/10/10	Vertafore, Inc.	TPG Capital	\$1,400
05/19/10	Authentication Services Business from VeriSign, Inc.	Symantec Corporation	\$1,280
06/09/10	Eclipsys Corporation	Allscripts-Misys Healthcare Solutions, Inc.	\$1,273
02/12/10	SkillSoft PLC	Bain Capital, Berkshire Partners LLC, Advent International Corporation	\$1,065
05/05/10	Ventyx, Inc.	ABB, Ltd.	\$1,000
04/16/10	Phase Forward	Oracle Corporation	\$699
2010 Aggregate Transaction Value			\$35,301
Top 10 Aggregate Transaction Value			\$17,008
Top 10 Aggregate Value as a Percentage of All Transactions			48 %

**Figure 7.** Lists the top ten announced transactions in the 1st Half of 2010 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown on Figure 1 & 4.

note: Transactions data based on announcement date.

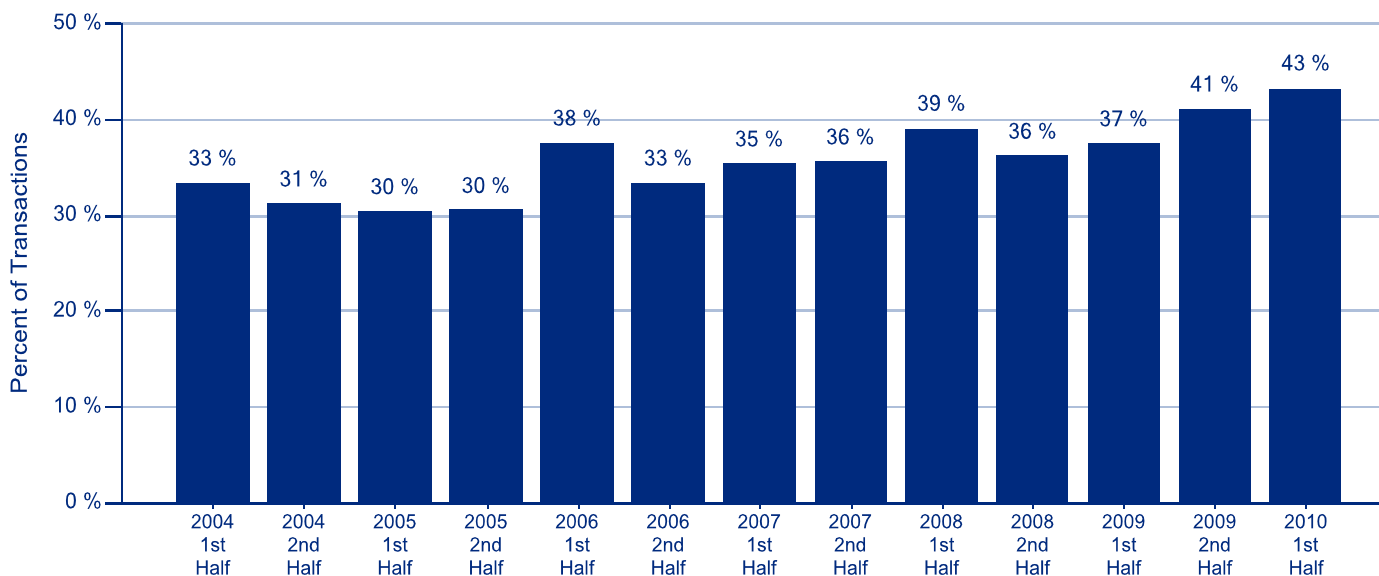
### Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples of transactions in the software industry based on publicly available data between January 2008 and June 2010.

## TRANSACTION VOLUME BY ONLINE | January 1, 2004 through June 30, 2010

### Percent of Online Transactions In Software



**Figure 9.** 2004-2010 percentages of Cloud Computing, SaaS, Mobile, Internet Enabling application transactions by half.



## About Berkery Noyes

*Founded in 1980, Berkery Noyes is the leading independent investment bank specializing in the information content 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 business, technology, education, health, financial and legal information segments. Berkery Noyes is unique among investment banking firms in that we combine truly independent strategic research and industry intelligence with senior information technology banking expertise. With no equity fund or brokerage business to manage, our partners and investment banking professionals are one hundred percent focused on M&A advisory services. Berkery Noyes employs over 40 individuals with deep industry knowledge and experience who strive to exceed our clients' expectations by maximizing the full value of their information technology and content assets.*



*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.*

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