



SOFTWARE INDUSTRY

Q3 2014 :: Mergers and Acquisitions Trend Report

Q3 2014 KEY HIGHLIGHTS

- The largest transaction in Q3 2014 was SAP's acquisition of Concur Technologies, a provider of travel and expense management solutions, for \$7.6 billion.
- Cisco Systems, Inc., one of the major players in the Infrastructure Software segment, was the most active acquirer in that sector year-to-date with four transactions. The largest of these deals was Cisco's acquisition of Tail-f Systems, a configuration management and network automation software company, for \$175 million.

Q3 2014 KEY TRENDS

- Total transaction volume in Q3 2014 declined by 12 percent over Q2 2014, from 496 to 437. This followed a 16 percent increase in Q2 2014 over Q1 2014, which represented the industry's peak for volume throughout the past seven quarters.
- Total transaction value in Q3 2014 nearly doubled over Q2 2014, from \$19.7 billion to \$38.8 billion.

MULTIPLES & VALUE TRENDS

- Both the median revenue and EBITDA multiple saw a slight uptick from 2013 through the 1st 3 Quarters of 2014.
- The median revenue multiple rose from 2.3x to 2.6x, while the median EBITDA multiple improved from 11.7x to 12.2x.

M&A Market Dynamics By Quarter



Figure 1. 2013-2014 value and volume comparison.

Median Enterprise Value Multiples

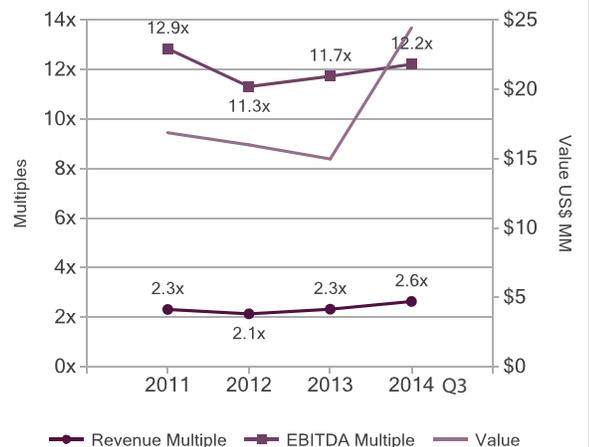


Figure 2. 2011-2014 median value, revenue, EBITDA comparison through Q3 2014.

Top Ten Notable Transactions - 1st 3 Quarters 2014

Deal Date	Target Name	Buyer	Value MM US\$
02/19/14	WhatsApp	Facebook	\$19,468
09/18/14	Concur Technologies, Inc.	SAP America, Inc.	\$7,603
06/23/14	MICROS Systems, Inc.	Oracle Corporation	\$4,426
09/29/14	TIBCO Software Inc.	Vista Equity Partners	\$3,952
09/15/14	TriZetto	Cognizant Technology Solutions	\$2,700
09/15/14	Mojang AB	Microsoft Corporation	\$2,500
09/15/14	Attachmate Group	Micro Focus International Limited	\$2,354
09/02/14	Compuware Corporation	Thoma Bravo, LLC	\$2,052
03/26/14	Oculus VR	Facebook	\$2,000
01/22/14	AirWatch, LLC	VMware, Inc.	\$1,545
2014 Aggregate Transaction Value			\$101,124
Top 10 Aggregate Transaction Value			\$48,599
Top 10 Aggregate Value as a Percentage of All Transactions			48 %

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2014 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value.

Note: Transaction data based on announced date.

TOP TEN DEALS THROUGH Q3 2014

The top ten deals by value have seen six new additions since our half year report. This included three deals in the Business Software segment, which consists of software designed for general business practices and not specific vertical industries. Business Software was also the most represented segment in the list year-to-date with four transactions.

These six transactions, with an aggregate value of \$21.2 billion, represented 21 percent of transaction value in the 1st 3 Quarters of 2014 and 55 percent of Q3 2014 transaction value.

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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.

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