

## SOFTWARE INDUSTRY

### 1ST HALF 2021 :: Mergers and Acquisitions Trend Report

#### 1ST HALF 2021 KEY HIGHLIGHTS

- Three of the industry's top five largest deals year-to-date were healthcare related.
- Along these lines Microsoft announced its acquisition of Nuance Communications, a cloud-based speech recognition and conversational AI company used by healthcare providers and others as Microsoft looks to accelerate its healthcare cloud strategy, for \$19.7 billion; Optum announced its merger with Change Healthcare Corporation, which provides software and data analytics, technology-enabled services, and revenue cycle management offerings, for \$13.44 billion; and Datavant announced its merger with CIOX Health, a clinical data network, for \$7 billion.
- There were 389 financially sponsored transactions with an aggregate value of \$91.72 billion, representing 26 percent of the total volume and 48 percent of the total value, respectively.

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

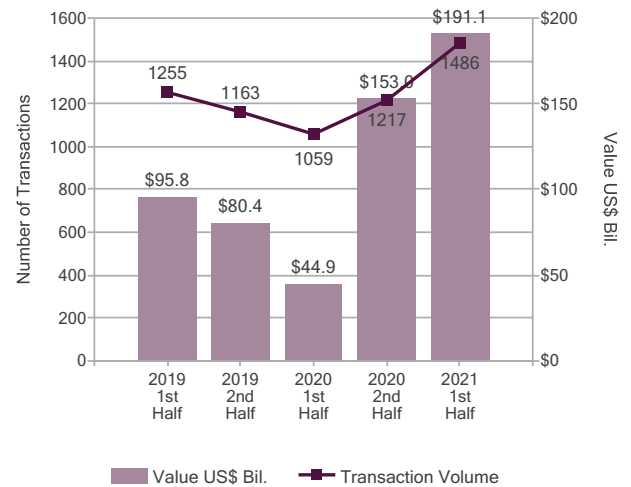


Figure 1. 2019-2021 value and volume comparison.

#### 1ST HALF 2021 KEY TRENDS

- Total transaction volume in 1st Half 2021 increased by 22 percent over 2nd Half 2020, from 1,217 to 1,486.
- Total transaction value in 1st Half 2021 gained 25 percent over 2nd Half 2020, from \$153 billion to \$191.09 billion.
- The median revenue multiple rose from 3.7x in 2nd Half 2020 to 5.4x in 1st Half 2021. The median EBITDA multiple fell from 18.1x in 2nd Half 2020 to 12.2x in 1st Half 2021, which was in line with its 1st Half 2020 level.
- The segment with the largest rise in volume in 1st Half 2021 over 2nd Half 2020 was Niche Software, which is targeted to specific vertical markets, with a 26 percent improvement, from 635 to 801 transactions.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 6,180 Software transactions between 2019 and 1st Half 2021, of which 1,137 disclosed financial terms, and calculated the aggregate transaction value to be 410.74 billion. Based on known transaction values, we project values of 5,043 undisclosed transactions to be \$152.66 billion, totaling \$563.40 billion worth of transactions tracked over the past two and a half years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 3.7x revenue and 14.3x EBITDA.

#### Median Enterprise Value Multiples By Half Year

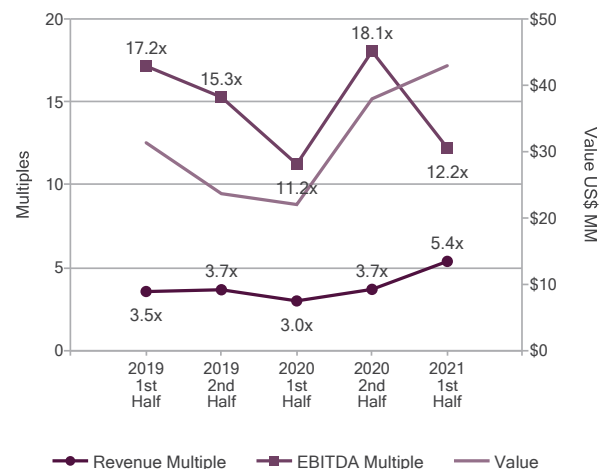
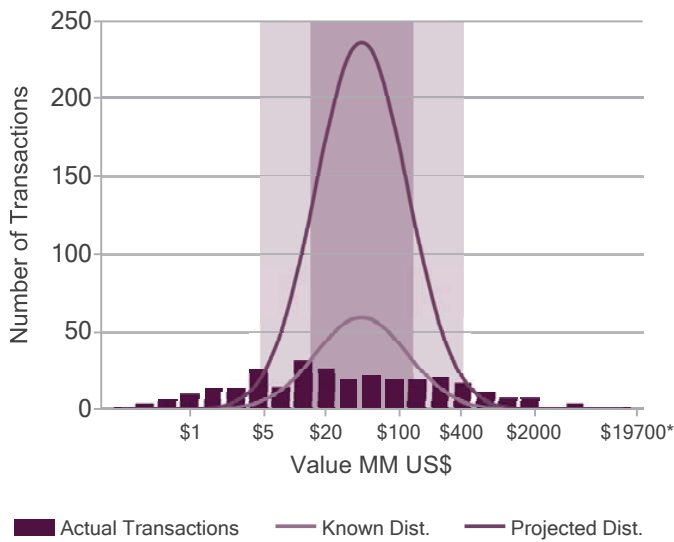


Figure 2. 2019-2021 median: value, revenue, EBITDA comparison.

# Transaction Analysis :: January 1, 2021 – June 30, 2021

**Bell Curve - Histogram - 1st Half**



**Figure 3.** Shows the 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 1st Half 2021 at \$191.1 billion.

\* Indicates largest industry transaction from Jan. 1, 2021 to June 30, 2021.

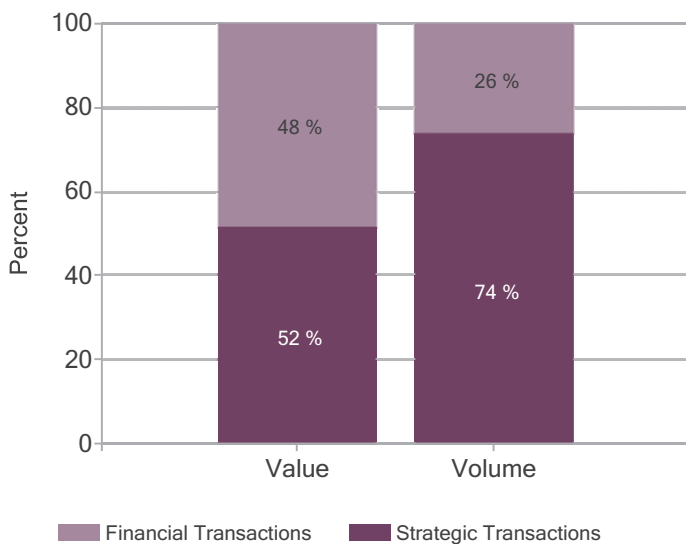
**Distribution Table**

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	0 %	0 %
\$0.4	4	0	4	1 %	2 %
\$0.6	6	0	6	2 %	4 %
\$1.0	10	0	10	3 %	7 %
\$1.6	13	1	14	4 %	11 %
\$2.7	13	5	18	4 %	16 %
\$4.5	25	18	42	8 %	24 %
\$7.4	15	49	64	5 %	29 %
\$12.2	31	105	136	10 %	40 %
\$20.1	27	176	202	9 %	49 %
\$33.1	20	228	248	7 %	55 %
\$54.6	22	231	252	7 %	63 %
\$90.0	19	182	201	6 %	69 %
\$148.4	20	112	131	7 %	76 %
\$244.7	21	53	74	7 %	83 %
\$403.4	17	20	36	6 %	89 %
\$665.1	11	6	16	4 %	92 %
\$1,096.6	7	1	8	2 %	95 %
\$1,808.0	8	0	8	3 %	97 %
\$2,981.0	1	0	1	0 %	98 %
\$4,914.8	4	0	4	1 %	99 %
\$8,103.1	1	0	1	0 %	99 %
\$13,359.7	2	0	2	1 %	100 %
Total #	298	1188	1486		
Total \$ Value	\$139,367	\$51,722	\$191,089		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

## Strategic vs. Financial Comparison

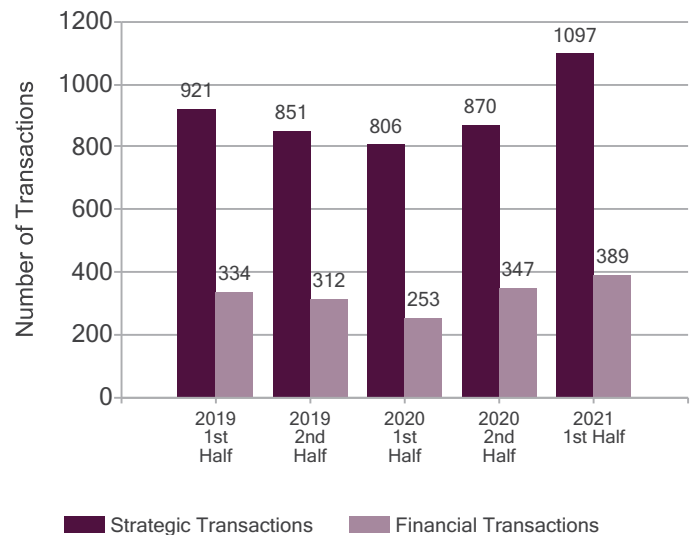
**M&A Dynamics By Transaction Type - 1st Half**



**Figure 5.** 1st Half 2021 value and volume comparison by transaction 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 By Half Year**



**Figure 6.** 2019-2021 acquirer type comparison by half year.

## Purchaser Analysis

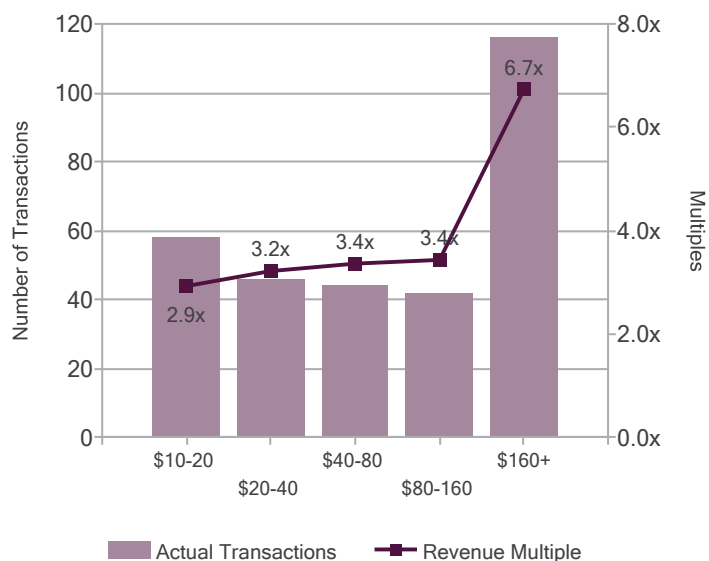
### Top Ten Notable Transactions - 1st Half 2021

Deal Date	Target Name	Buyer	Value MM US\$
04/13/21	Nuance Communications, Inc.	Microsoft Corporation	\$19,700
01/07/21	Change Healthcare Corporation	Optum	\$13,440
04/26/21	Proofpoint, Inc.	Thoma Bravo, LLC	\$12,300
04/23/21	Blue Yonder Group, Inc.	Panasonic Corporation	\$7,098
06/09/21	CIOX Health	Datavant, Inc.	\$7,000
03/04/21	Auth0	Okta	\$6,500
06/02/21	Cloudera, Inc	Kohlberg Kravis Roberts, Clayton, Dubilier & Rice	\$5,300
05/05/21	Boomi	TPG Capital, Francisco Partners	\$4,000
03/30/21	Itiviti AB	Broadridge Financial Solutions	\$2,528
05/06/21	Divvy	Bill.com	\$2,500
2021 Aggregate Transaction Value			\$191,089
Top 10 Aggregate Transaction Value			\$80,366
Top 10 Aggregate Value as a Percentage of All Transactions			42 %

**Figure 7.** Lists the top ten transactions for 1st Half 2021 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**.

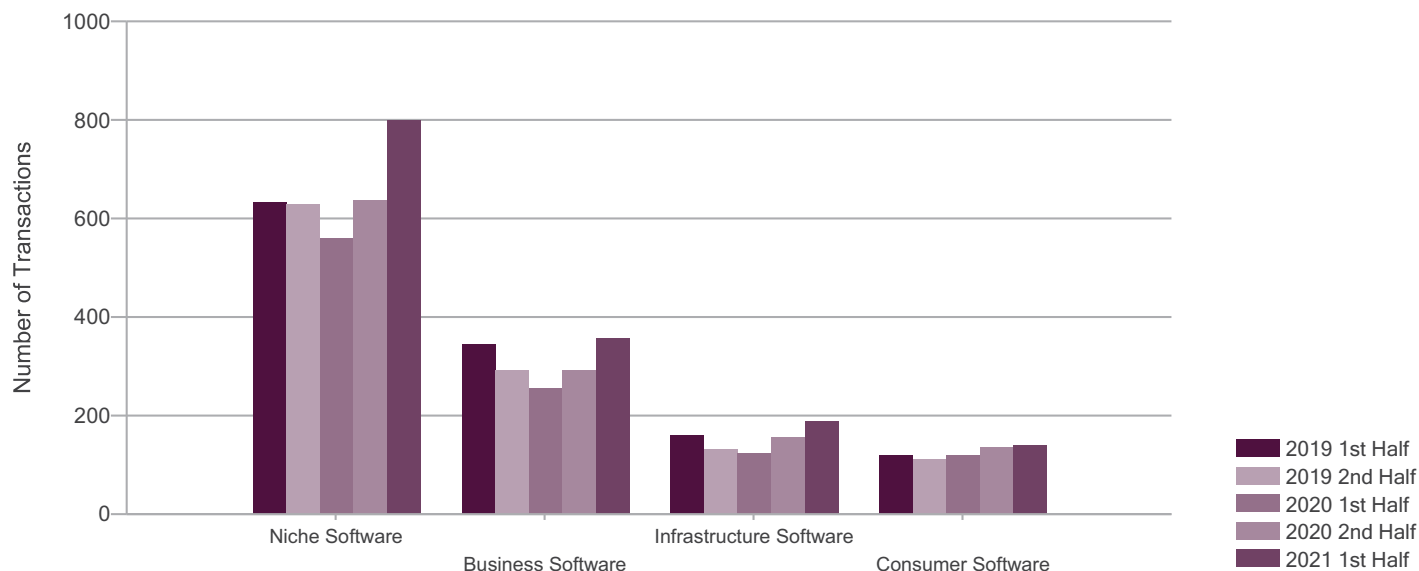
### Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from January 1, 2019 to June 30, 2021 based on publicly available data.

## Transaction Volume by Segment :: January 1, 2019 – June 30, 2021

### Transactions By Market Segment By Half Year



**Figure 9.** Presents transaction volume by target segment within the Software Industry from January 1, 2019 through June 30, 2021.

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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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