



## SOFTWARE INDUSTRY

### 1ST HALF 2012 :: Mergers and Acquisitions Trend Report

#### 1ST HALF 2012 KEY HIGHLIGHTS

- The largest announced transaction for 1st Half 2012 was Cisco Systems, Inc.'s acquisition of NDS Group, a subsidiary of Permira, for \$4.96 billion.
- The most active acquirer, either directly or through a partner or affiliated business, was Constellation Software, Inc. with nine acquisitions.
- There were 119 financially sponsored transactions with an aggregate value of \$8.49 billion, representing 15 percent of the total volume and 22 percent of the total value, respectively.

#### 1ST HALF 2012 KEY TRENDS

- Total transaction volume in 1st Half 2012 increased by six percent over 2nd Half 2011, from 742 to 785.
- Total transaction value in 1st Half 2012 fell by five percent over 2nd Half 2011, from \$40.45 billion to \$38.49 billion.
- The median revenue multiple decreased from 2.5x in 2nd Half 2011 to 2.1x in 1st Half 2012. The median EBITDA multiple moved slightly from 13.3x to 13.2x.
- The segment with the largest increase in volume in 1st Half 2012 over 2nd Half 2011 was Consumer Software with a 29 percent increase from 109 transactions in 2nd Half 2011 to 141 transactions in 1st Half 2012.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 3,596 transactions between 2010 and 1st Half 2012, of which 1,207 disclosed financial terms, and calculated the aggregate transaction value to be \$151.99 billion. Based on known transaction values, we project values of 2,389 undisclosed transactions to be \$37.21 billion, totaling \$189.20 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 were 12.1x EBITDA and 2.2x revenue.

Based on volume, the most active market segment that Berkery Noyes tracked over the past two and a half years was Niche Software with 1,640 transactions. This accounted for an aggregate transaction value of \$69.99 billion.

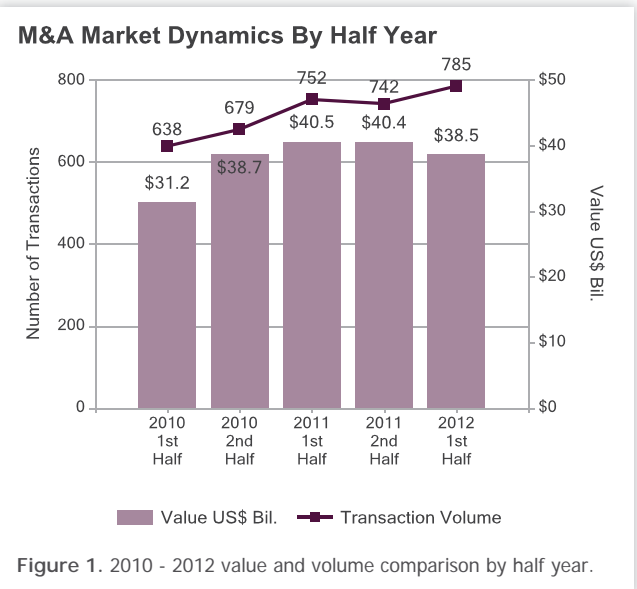


Figure 1. 2010 - 2012 value and volume comparison by half year.

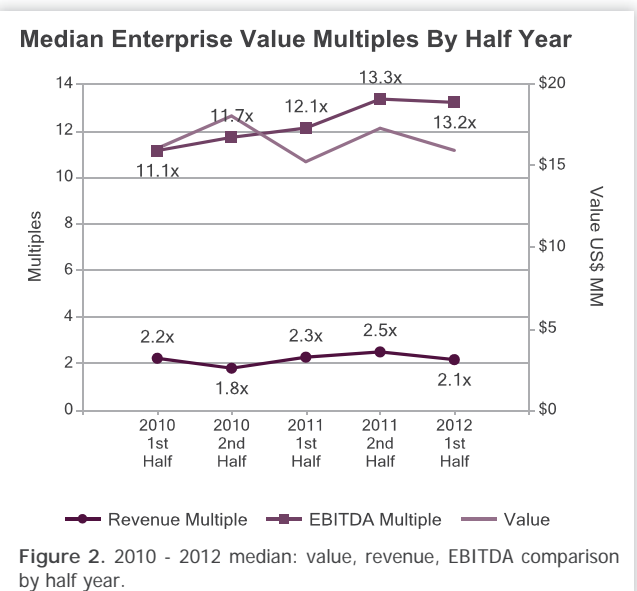
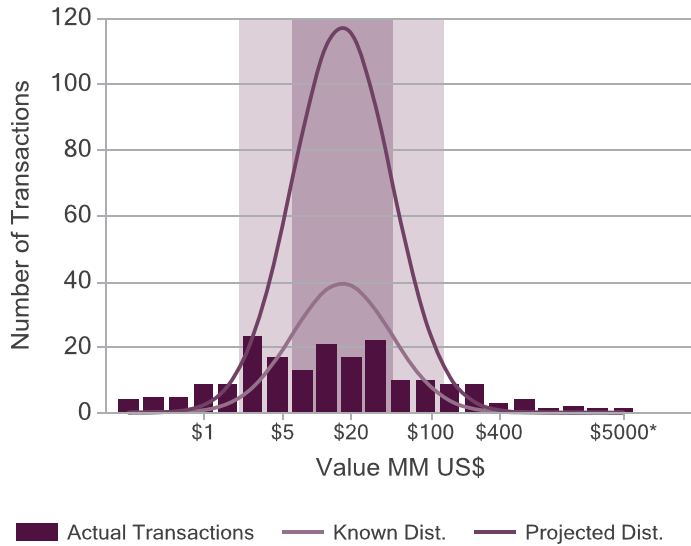


Figure 2. 2010 - 2012 median: value, revenue, EBITDA comparison by half year.

# Transaction Analysis :: January 1, 2012 – June 30, 2012

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



**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 \$1.6 million to \$148.4 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2012 at \$38.5 billion.

\* Indicates largest industry transaction from Jan. 1, 2012 to June 30, 2012.

**Distribution Table**

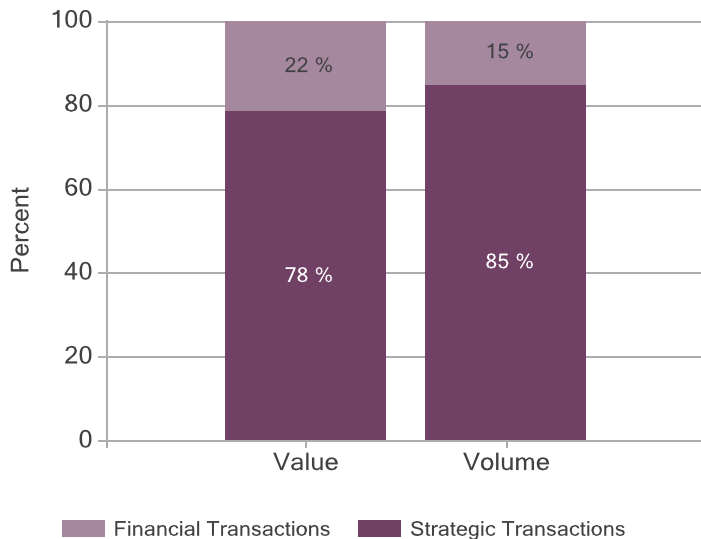
Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	4	0	4	2 %	2 %
\$0.4	5	0	5	3 %	5 %
\$0.6	5	0	5	3 %	7 %
\$1.0	9	2	11	5 %	12 %
\$1.6	9	8	17	5 %	16 %
\$2.7	23	23	45	12 %	28 %
\$4.5	17	50	66	9 %	37 %
\$7.4	13	84	97	7 %	43 %
\$12.2	21	112	132	11 %	54 %
\$20.1	17	115	132	9 %	62 %
\$33.1	22	93	114	11 %	74 %
\$54.6	10	58	68	5 %	79 %
\$90.0	10	28	38	5 %	84 %
\$148.4	9	11	19	5 %	88 %
\$244.7	9	3	12	5 %	93 %
\$403.4	3	1	3	2 %	94 %
\$665.1	4	0	4	2 %	96 %
\$1,096.6	1	0	1	1 %	97 %
\$1,808.0	2	0	2	1 %	98 %
\$2,981.0	1	0	1	1 %	98 %
\$4,914.8	1	0	1	1 %	99 %
<b>Total #</b>	<b>197</b>	<b>588</b>	<b>785</b>		
<b>Total \$ Value</b>	<b>\$28,693</b>	<b>\$9,802</b>	<b>\$38,495</b>		
<b>Middle 3rd of Industry</b>		<b>Middle 2/3rds of Industry</b>			

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

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

## Strategic vs. Financial Comparison

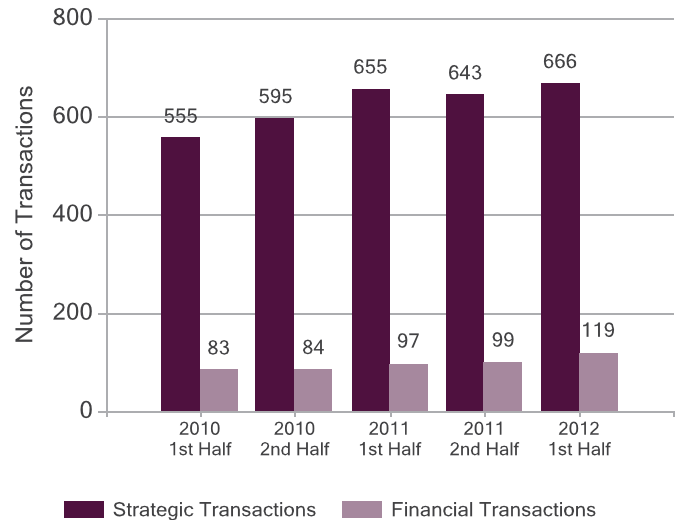
**M&A Dynamics By Transaction Type - 1st Half**



**Figure 5.** 1st Half 2012 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.** 2010-2012 acquirer type comparison by half year.

# Purchaser Analysis

## Top Ten Notable Transactions - 1st Half 2012

Deal Date	Target Name	Buyer	Value MM US\$
03/15/12	NDS Group Ltd.	Cisco Systems, Inc.	\$4,965
05/22/12	Ariba, Inc.	SAP America, Inc.	\$4,402
06/29/12	Quest Software, Inc.	Dell, Inc.	\$2,160
03/19/12	Misys plc	Turaz	\$2,018
02/09/12	Taleo Corporation	Oracle Corporation	\$1,805
04/09/12	Instagram	Facebook	\$1,000
06/11/12	Paradigm Ltd.	Apax Partners, JMI Equity	\$1,000
06/04/12	Buddy Media, Inc.	Salesforce.com, Inc.	\$745
05/09/12	CAMP Systems International	GTCR, LLC	\$675
04/09/12	Hangzhou Bianfeng Network Technology	Zhejiang Daily Media Holding Group Co., Ltd.	\$498
2012 Aggregate Transaction Value			\$38,495
Top 10 Aggregate Transaction Value			\$19,269
<b>Top 10 Aggregate Value as a Percentage of All Transactions</b>			<b>50 %</b>

Figure 7. Lists the top ten transactions for 1st Half 2012 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown on Figure 1 & 4.

Note: Transaction data based on announced date.

## Median EV/Revenue Multiples By Size

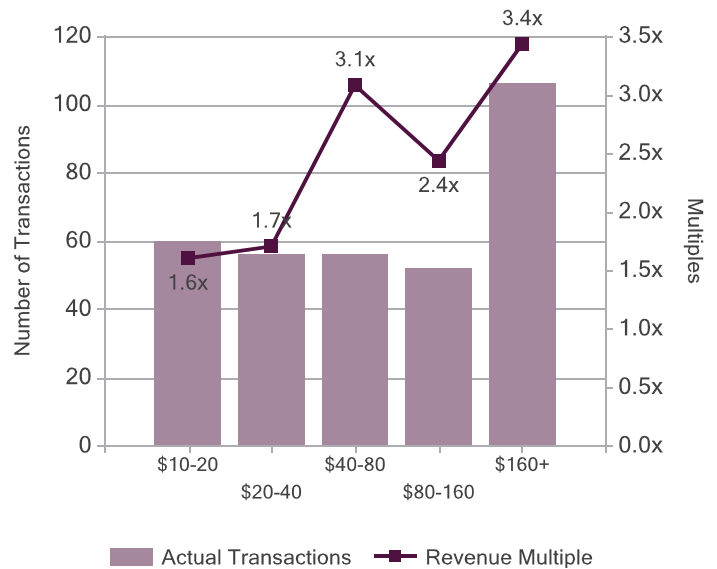


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from Jan. 1, 2010 to June 30, 2012 based on publicly available sales price and revenue data.

# Transaction Volume by Segment :: January 1, 2010 – June 30, 2012

## Transactions By Market Segment By Half Year

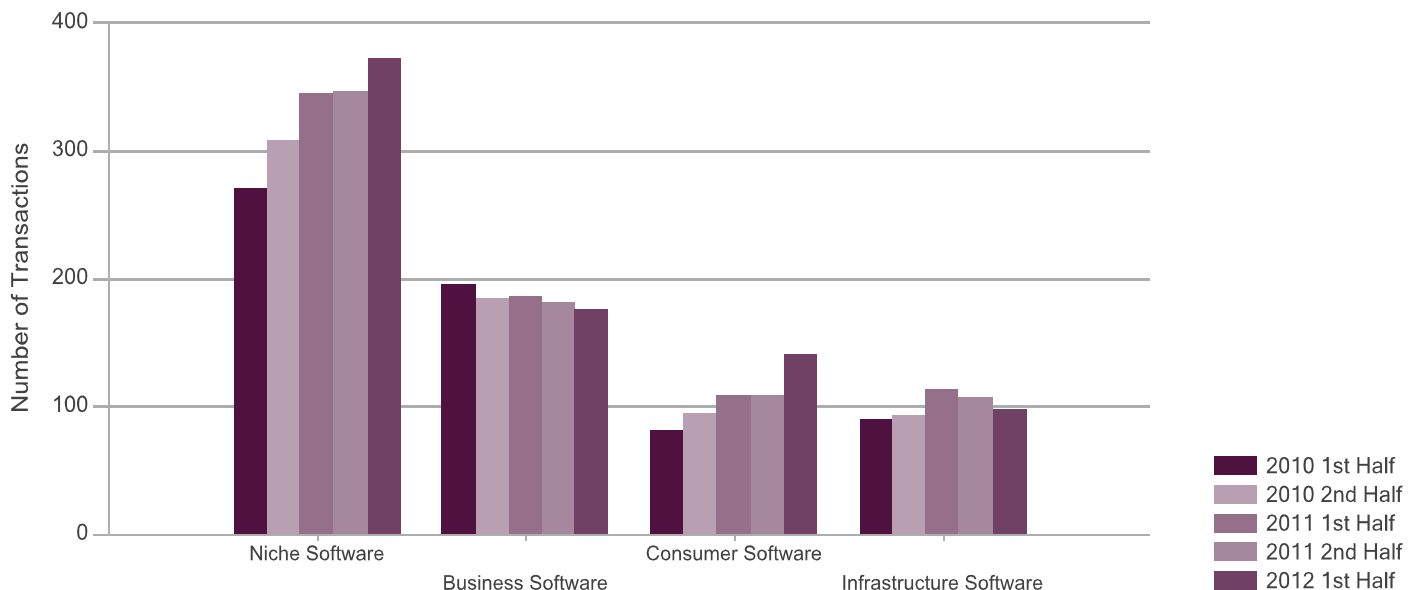


Figure 9. Presents transaction volume by market segment within the Software Industry from January 1, 2010 through June 30, 2012.

# BERKERY NOYES

INVESTMENT BANKERS

Founded in 1980, Berkery Noyes is a leading independent investment bank serving the information, software, marketing, 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 healthcare, financial services, education, and entertainment markets.

Berkery Noyes is unique among investment banking firms in that we combine independent strategic research and actionable intelligence with senior banking expertise.

Berkery Noyes Securities LLC assists middle market companies with raising growth capital in the debt and equity markets.

**CONTACT US TODAY FOR A CONFIDENTIAL DISCUSSION OF YOUR STRATEGIC OPTIONS**

**212-668-3022**

## MANAGING DIRECTORS

**JOHN GUZZO**

*FinTech Group*

**EVAN KLEIN**

*Media, Entertainment & Marketing Services*

**JONATHAN KRIEGER**

*Healthcare Group*

**THOMAS O'CONNOR**

*Healthcare Group*

**DICK O'DONNELL**

*Finance Group*

**PETER OGNIBENE**

*FinTech Group*

**JEFFREY SMITH**

*Healthcare Group*

**KATHLEEN THOMAS**

*Media & Marketing Services Group*

**PETER YOON**

*Education Group*

**MARY JO ZANDY**

*Media, Education, Software & Online*

## PARTNERS

**JOSEPH BERKERY**

*Chief Executive Officer*

**JOHN SHEA**

*Managing Partner*



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.

For current intelligence on Mergers and Acquisitions activity in the Information Industry please visit our online service at [www.mandasoft.com](http://www.mandasoft.com)

## RECENT SOFTWARE TRANSACTIONS

**Healthx**

A PORTFOLIO COMPANY OF

**LIBERTY PARTNERS**

HAS BEEN ACQUIRED  
IN A MAJORITY  
RECAPITALIZATION BY

**FrontierCapital**



**class.com**

HAS BEEN ACQUIRED BY



**Cambium  
LEARNING  
Group**

V S S Veronis Suhler Stevenson

HAS ACQUIRED

**Strata Decision  
Technology**



**Bookette**  
Software Company

HAS BEEN ACQUIRED BY



**CTB  
McGraw-Hill**

A DIVISION OF

*The McGraw-Hill Companies*

**PredictiveMetrics™**  
Turning Probabilities into Profits™

HAS BEEN ACQUIRED BY

**SUNGARD®** AvantGard LLC

A DIVISION OF

**SUNGARD®**

IMAGE SOLUTIONS, INC.



HAS BEEN ACQUIRED BY



**embanet**

a portfolio company of

**Knowledge Universe™** **TCV**  
TECHNOLOGY CROSSOVER VENTURES

HAS MERGED WITH



**COMPASS**  
KNOWLEDGE GROUP



**MortgageCadence®**  
Enterprise Lending Solutions

HAS BEEN ACQUIRED BY



**MONITOR CLIPPER**  
PARTNERS

**VERSA**  
SYSTEMS

HAS BEEN ACQUIRED BY

**IRON DATA**

**RELSYS**



HAS BEEN ACQUIRED BY

**ORACLE®**

One Liberty Plaza | New York, New York 10006

[berkerynoyes.com](http://berkerynoyes.com) | 212.668.3022