

SOFTWARE INDUSTRY

1ST HALF 2013 :: Mergers and Acquisitions Trend Report

1ST HALF 2013 KEY HIGHLIGHTS

- The largest transaction for 1st Half 2013 was the announced acquisition of BMC Software by a private investor group, led by Bain Capital and Golden Gate Capital, for \$6.81 billion.
- The segment with the highest disclosed median revenue multiple was Infrastructure Software at 3.1x revenue.
- There were 120 financially sponsored transactions with an aggregate value of \$12.91 billion, representing 17 percent of the total volume and 43 percent of the total value, respectively.

1ST HALF 2013 KEY TRENDS

- Total transaction volume in 1st Half 2013 decreased by three percent over 2nd Half 2012, from 746 to 727.
- Total transaction value in 1st Half 2013 remained nearly the same over 2nd Half 2012, from \$29.91 billion to \$29.56 billion.
- The median revenue multiple moved slightly from 2.1x in 2nd Half 2012 to 2.0x in 1st Half 2013. The median EBITDA multiple increased from 10.4x in 2nd Half 2012 to 12.5x in 1st Half 2013.
- The segment with the largest increase in volume in 1st Half 2013 over 2nd Half 2012 was Consumer Software with a 24 percent increase, from 106 transactions in 2nd Half 2012 to 131 transactions in 1st Half 2013.

M&A MARKET OVERVIEW

Berkery Noyes tracked 3,804 transactions between 2011 and 1st Half 2013, of which 1,149 disclosed financial terms, and calculated the aggregate transaction value to be \$141.51 billion. Based on known transaction values, we project values of 2,655 undisclosed transactions to be \$39.16 billion, totaling \$180.67 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 2.1x revenue and 12.1x EBITDA.

The most active acquirer between 2011 and 1st Half 2013, either directly or through a partner or affiliated business, was Vista Equity Partners with 35 transactions. The largest of these was the private equity firm's acquisition of Misys plc for \$2.02 billion in 1st Half 2012. Vista Equity Partners' highest value deal in 1st Half 2013 was the acquisition of Websense, Inc. for \$942 million.

M&A Market Dynamics By Half Year

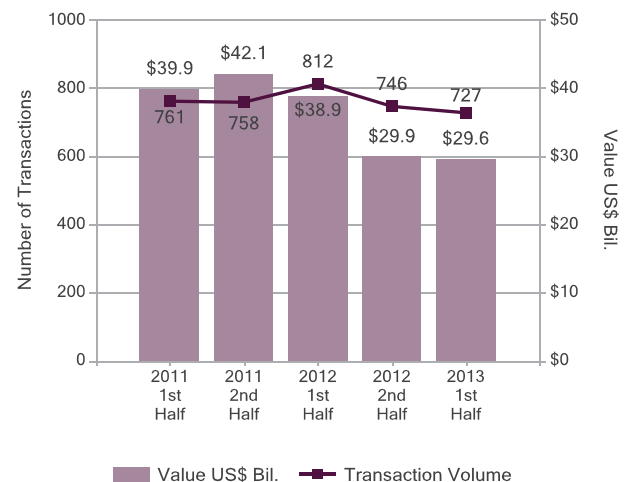


Figure 1. 2011-2013 value and volume comparison.

Median Enterprise Value Multiples By Half Year

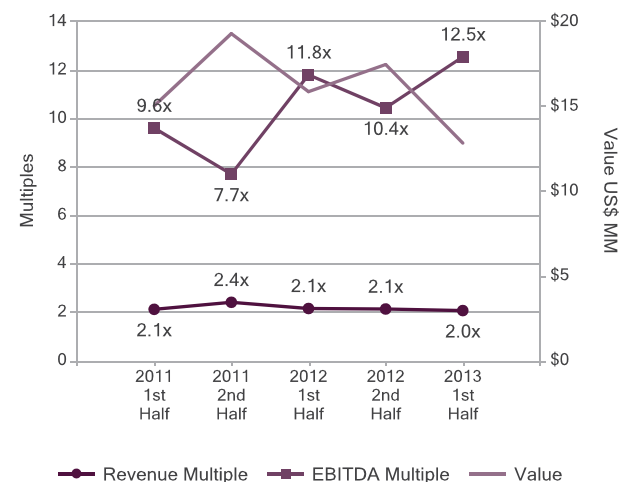


Figure 2. 2011-2013 median: value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2013 – June 30, 2013

Bell Curve - Histogram - 1st Half

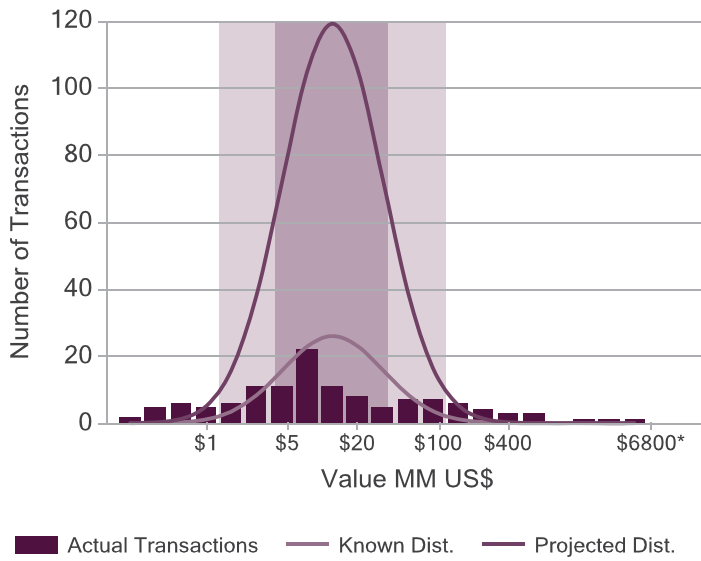


Figure 3. Shows the distribution of Software transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$1.6 to \$244.7 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2013 at \$29.6 billion.

* Indicates largest industry transaction from Jan. 1, 2013 to June 30, 2013.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	2	0	2	2 %	2 %
\$0.4	5	0	5	4 %	5 %
\$0.6	6	1	7	5 %	10 %
\$1.0	5	5	10	4 %	14 %
\$1.6	6	16	21	5 %	18 %
\$2.7	11	38	48	8 %	27 %
\$4.5	11	71	82	8 %	35 %
\$7.4	22	104	126	17 %	52 %
\$12.2	11	119	130	8 %	61 %
\$20.1	8	106	113	6 %	67 %
\$33.1	5	73	78	4 %	71 %
\$54.6	7	39	46	5 %	76 %
\$90.0	7	17	23	5 %	82 %
\$148.4	6	5	11	5 %	86 %
\$244.7	4	1	5	3 %	89 %
\$403.4	3	0	3	2 %	92 %
\$665.1	3	0	3	2 %	94 %
\$1,096.6	0	0	0	0 %	94 %
\$1,808.0	1	0	1	1 %	95 %
\$2,981.0	1	0	1	1 %	95 %
\$4,914.8	1	0	1	1 %	96 %
Total #	130	597	727		
Total \$ Value	\$22,185	\$7,377	\$29,562		
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 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

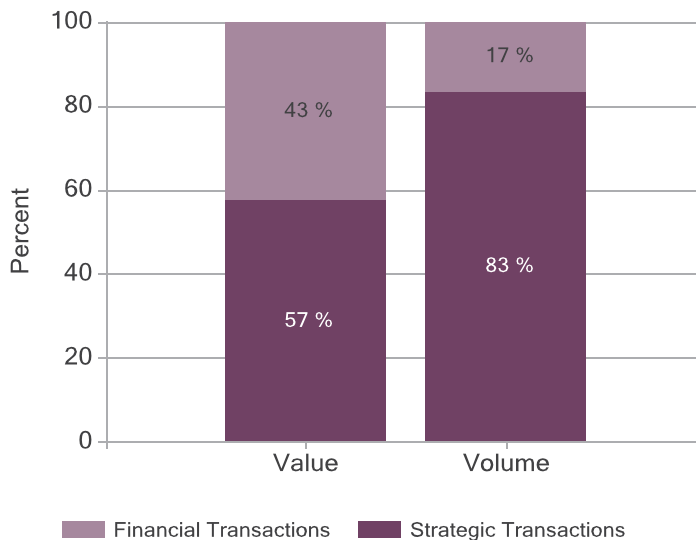


Figure 5. 1st Half 2013 value and volume comparison by transaction type.

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

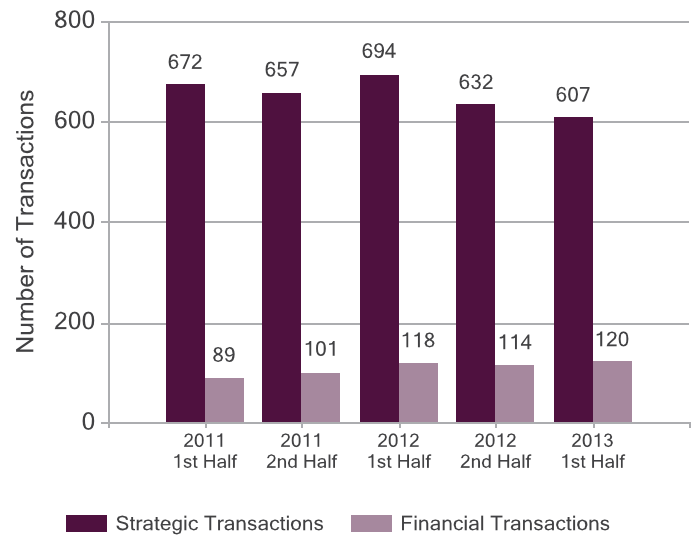


Figure 6. 2011-2013 acquirer type comparison by half year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2013

Deal Date	Target Name	Buyer	Value MM US\$
05/06/13	BMC Software, Inc.	Bain Capital, Golden Gate Capital, GIC, Insight Venture Partners	\$6,814
05/28/13	Lender Processing Services	Fidelity National Financial	\$3,919
06/03/13	ExactTarget	Salesforce.com, Inc.	\$2,250
01/14/13	Open Solutions Inc.	Fiserv, Inc.	\$1,015
05/20/13	Websense, Inc.	Vista Equity Partners	\$942
05/13/13	AsiaInfo-Linkage, Inc.	CITIC Capital	\$890
05/08/13	Civica Group PLC	OMERS Private Equity	\$608
06/27/13	Neolane, Inc.	Adobe Systems Incorporated	\$600
01/23/13	Intucell	Cisco Systems, Inc.	\$475
05/06/13	Stonesoft	McAfee, Inc.	\$352
2013 Aggregate Transaction Value			\$29,562
Top 10 Aggregate Transaction Value			\$17,865
Top 10 Aggregate Value as a Percentage of All Transactions			60 %

Median EV/Revenue Multiples By Size

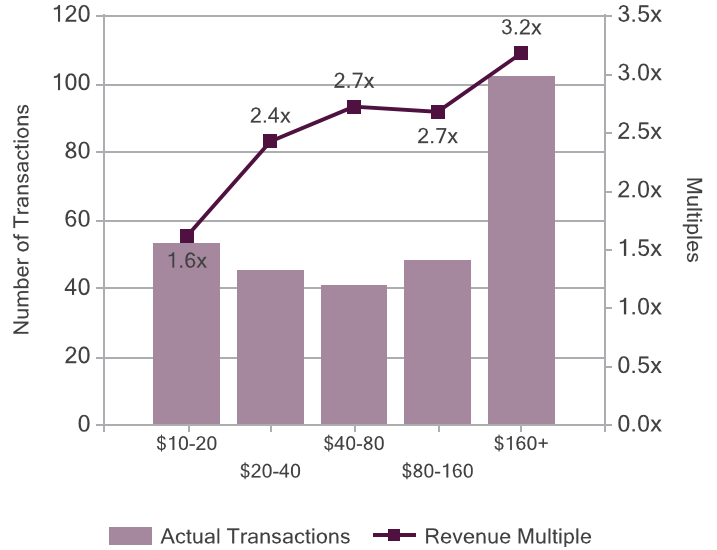


Figure 7. Lists the top ten transactions for 1st Half 2013 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figure 1 & 4.

Note: Transaction data based on announced date.

Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from Jan. 1, 2011 to June 30, 2013 based on publicly available data.

Transaction Volume by Segment :: January 1, 2011 – June 30, 2013

Transactions By Market Segment By Half Year

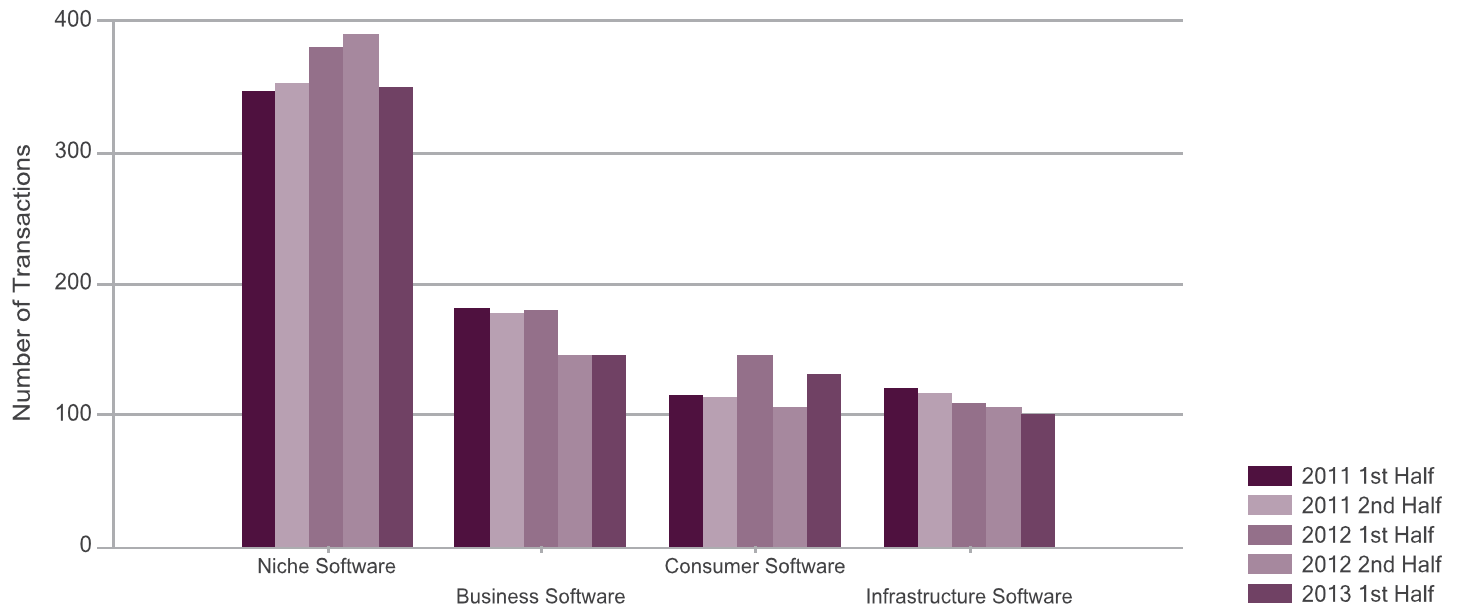


Figure 9. Presents transaction volume by target segment within the Software Industry from Jan. 1, 2011 through June 30, 2013.

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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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