



SOFTWARE INDUSTRY

1ST HALF 2014 :: Mergers and Acquisitions Trend Report

1ST HALF 2014 KEY HIGHLIGHTS

- The most active strategic acquirer year-to-date was Google Inc. with 11 industry transactions: Appurify, mDialog, Divide, Quest Visual, Inc., StackDriver, Adometry, Inc., Spider.io, SlickLogin, DeepMind, Impermium and BitSpin.
- There were 153 financially sponsored transactions with an aggregate value of \$10.95 billion, representing 17 percent of the total volume and 19 percent of the total value, respectively.

1ST HALF 2014 KEY TRENDS

- Total transaction volume in 1st Half 2014 increased by six percent over 2nd Half 2013, from 862 to 914.
- Total transaction value in 1st Half 2014 rose by five percent over 2nd Half 2013, from \$54.90 billion to \$57.61 billion.
- The median revenue multiple remained nearly constant at 2.4x. The median EBITDA multiple declined from 10.9x in 2nd Half 2013 to 9.2x in 1st Half 2014.
- The segment with the largest rise in volume in 1st Half 2014 over 2nd Half 2013 was Niche Software, which is targeted to specific vertical industries. Niche Software saw a 13 percent increase, from 408 to 460 transactions.

M&A Market Dynamics By Half Year

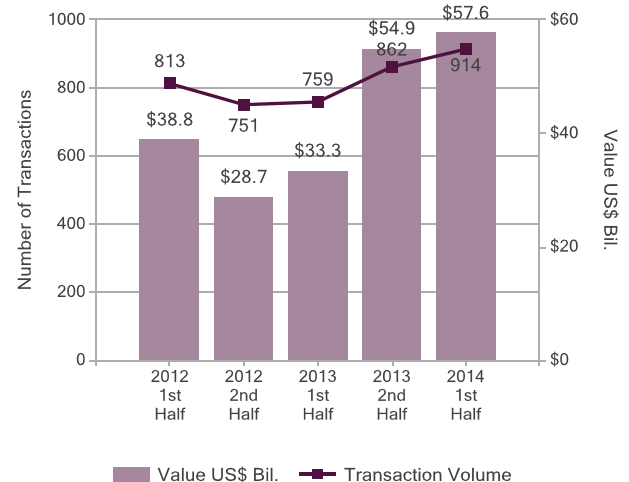


Figure 1. 2012-2014 value and volume comparison.

M&A MARKET OVERVIEW

Berkery Noyes tracked 4,099 Software transactions between 2012 and 1st Half 2014, of which 1,082 disclosed financial terms, and calculated the aggregate transaction value to be \$162.91 billion. Based on known transaction values, we project values of 3,017 undisclosed transactions to be \$48.51 billion, totaling \$211.42 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 2.3x revenue and 11.3x EBITDA.

The most active acquirer between 2012 and 1st Half 2014, either directly or through a partner or affiliated business, was Constellation Software with 45 transactions. The largest of these deals was the acquisition of Total Specific Solutions, a provider of vertical market software, for \$330 million in 2nd Half 2013.

Median Enterprise Value Multiples By Half Year

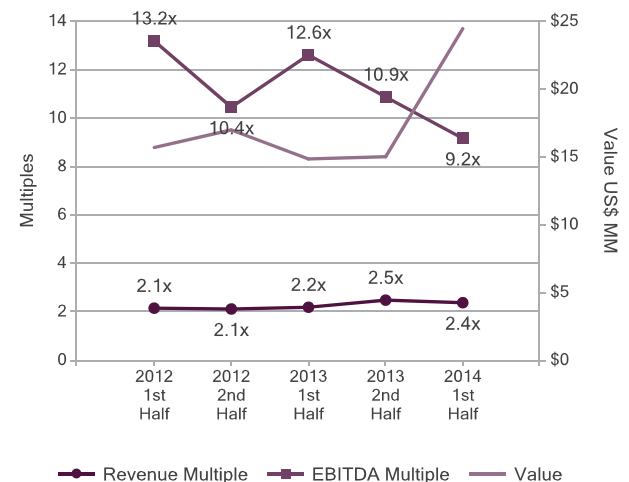


Figure 2. 2012-2014 median: value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2014 – June 30, 2014

Bell Curve - Histogram - 1st Half

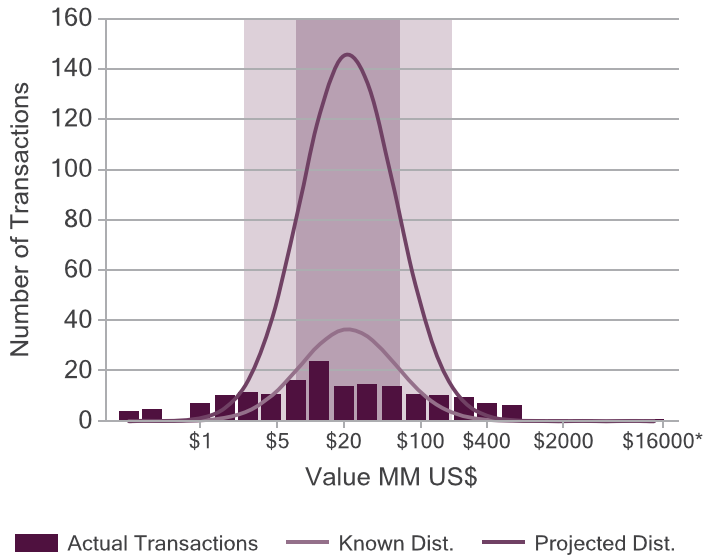


Figure 3. Shows the distribution of Software transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$2.7 to \$244.7 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2013 at \$57.6 billion.

* Indicates largest industry transaction from January 1, 2014 to June 30, 2014.

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	1	0	1	1 %	5 %
\$1.0	7	1	8	4 %	9 %
\$1.6	10	5	15	5 %	15 %
\$2.7	12	16	28	7 %	21 %
\$4.5	11	41	52	6 %	27 %
\$7.4	16	80	96	9 %	36 %
\$12.2	24	122	146	13 %	49 %
\$20.1	14	145	159	8 %	57 %
\$33.1	15	134	149	8 %	65 %
\$54.6	14	97	110	8 %	73 %
\$90.0	11	54	65	6 %	79 %
\$148.4	10	24	33	5 %	84 %
\$244.7	9	8	17	5 %	89 %
\$403.4	7	2	9	4 %	93 %
\$665.1	6	0	6	3 %	96 %
\$1,096.6	1	0	1	1 %	97 %
\$1,808.0	1	0	1	1 %	97 %
\$2,981.0	1	0	1	1 %	98 %
\$4,914.8	0	0	0	0 %	98 %
\$8,103.1	0	0	0	0 %	98 %
\$13,359.7	1	0	1	1 %	98 %
Total #	183	731	914		
Total \$ Value	\$41,510	\$16,098	\$57,608		
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.

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type - 1st Half

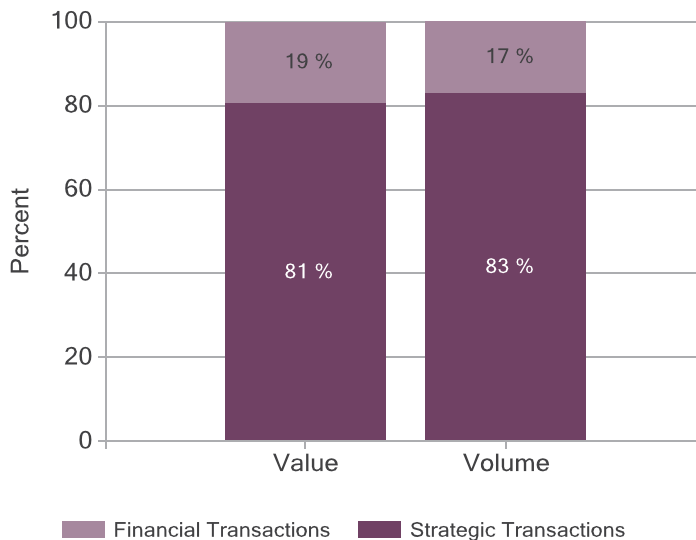


Figure 5. 1st Half 2014 value and volume comparison by transaction type.

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

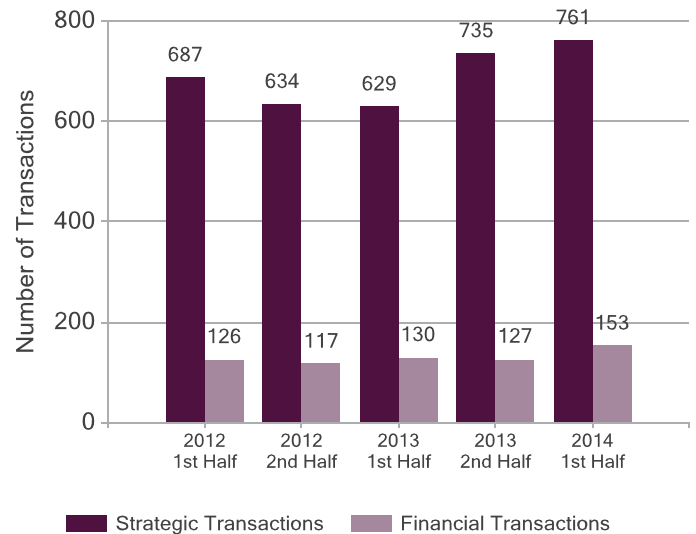


Figure 6. 2012-2014 acquirer type comparison by half year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2014

Deal Date	Target Name	Buyer	Value MM US\$
02/19/14	WhatsApp	Facebook	\$16,000
06/23/14	MICROS Systems, Inc.	Oracle Corporation	\$4,426
03/26/14	Oculus VR	Facebook	\$2,000
01/22/14	AirWatch, LLC	VMware, Inc.	\$1,181
06/16/14	Fusion-io, Inc.	SanDisk Corporation	\$1,038
04/14/14	Ipreo Holdings LLC	Blackstone Group LP, Goldman Sachs Merchant Banking	\$975
03/18/14	Travelclick, Inc.	Thoma Bravo, LLC	\$930
02/14/14	Viber	Rakuten Inc.	\$900
01/02/14	Mandiant Corporation	FireEye	\$826
06/02/14	iParadigms	Insight Venture Partners	\$752
2014 Aggregate Transaction Value			\$57,608
Top 10 Aggregate Transaction Value			\$29,028
Top 10 Aggregate Value as a Percentage of All Transactions			50 %

Median EV/Revenue Multiples By Size

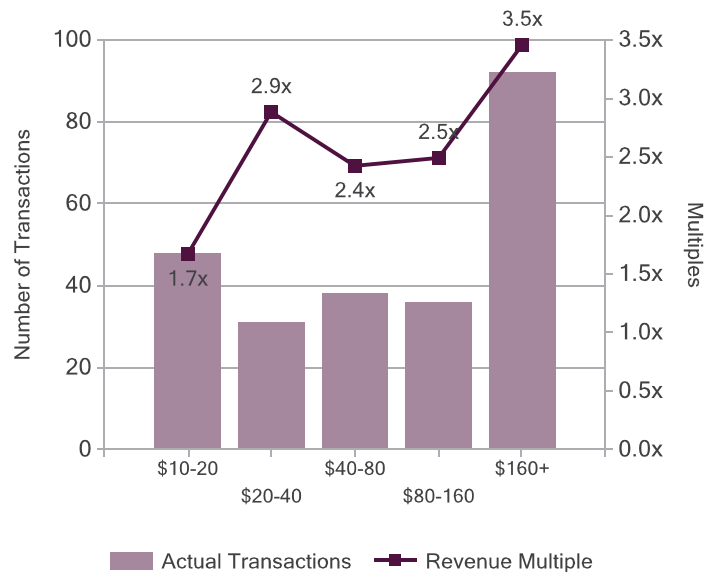


Figure 7. Lists the top ten transactions for 1st Half 2014 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figure 1 & 4.

Note: Transaction data based on announced date.

Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from January 1, 2012 to June 30, 2014 based on publicly available data.

Transaction Volume by Segment :: January 1, 2012 – June 30, 2014

Transactions By Market Segment By Half Year

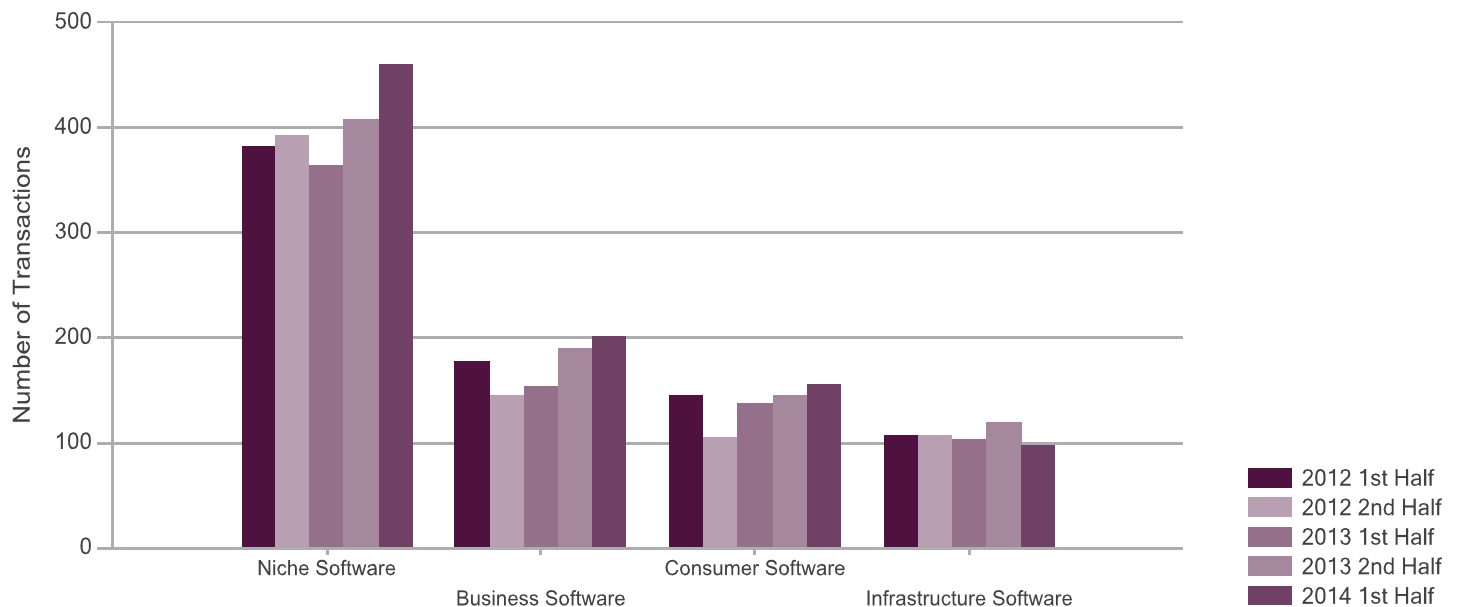


Figure 9. Presents transaction volume by target segment within the Software Industry from January 1, 2012 through June 30, 2014.

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The DNA of M&A

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

RECENT SOFTWARE TRANSACTIONS


AFTER MATH
CLAIM SCIENCE
HAS BEEN ACQUIRED BY

A PORTFOLIO COMPANY OF
Great Point Partners, LLC

ELSEVIER
HAS ACQUIRED

AMIRSYS®


The Roberts Group
Market Data Expertise that FITS™
HAS RECEIVED A STRATEGIC INVESTMENT FROM



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HAS ACQUIRED

A BUSINESS OF


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