



SOFTWARE INDUSTRY

Full Year 2011 :: Mergers and Acquisitions Trend Report

2011 KEY HIGHLIGHTS

- The largest transaction for 2011 was HP's acquisition of Autonomy Corporation for \$10.28 billion.
- Vista Equity Partners and 8 of its portfolio companies: Accruent, Inc., Aderant Holdings, Inc., MicroEdge, LLC, MRI Software LLC, P 2 Energy Solutions, Inc., SumTotal Systems, Inc., Sunquest Information Systems, and Zywave, Inc., combined to be the largest Software Industry acquirer by volume for 2011, with 19 transactions.
- There were 199 financially sponsored transactions with an aggregate value of \$22.40 billion, representing 14 percent of the total volume and 26 percent of the total value, respectively.

2011 KEY TRENDS

- Total transaction volume in 2011 increased by 10 percent over 2010, from 1313 in 2010 to 1450 this year.
- Total transaction value in 2011 increased by 6 percent over 2010, from \$76.42 billion in 2010 to \$80.75 billion this year.
- The median revenue multiple rose from 1.8x in 2010 to 2.2x in 2011. The median EBITDA multiple increased from 11.2x to 13.3x.
- The segment with the largest increase in value, Consumer Software, was primarily due to Microsoft Corporation's acquisition of Skype Technologies SA for \$9.08 billion.

M&A MARKET OVERVIEW

Berkery Noyes tracked 3795 transactions between 2009 and 2011, of which 1315 disclosed financial terms, and calculated the aggregate transaction value to be \$166 billion. Based on known transaction values, we project the value of the 2484 undisclosed transactions to be \$34.30 billion, totaling \$200.30 billion worth of transactions tracked over the past three years.

The most active acquirer by volume in the Software Industry, either directly or through a partner or affiliated business between 2009 and 2011, was Google Inc. with 43 transactions.

Based on volume, the most active market segment that Berkery Noyes tracked between 2009 and 2011 was Niche Software with 1829 transactions. Niche software includes BtoB solutions in niche industries, for example educational institutions and healthcare and pharmaceutical companies.

M&A Market Dynamics

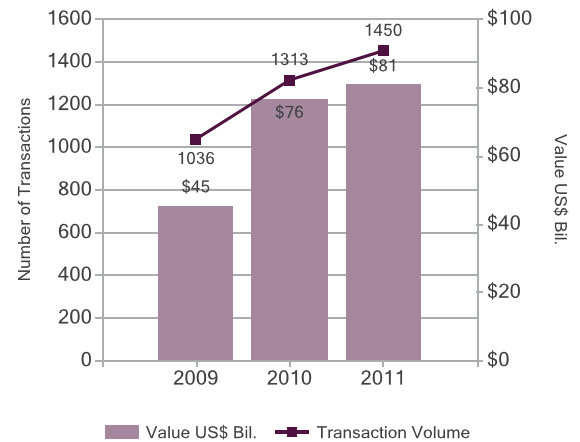


Figure 1. 2009 - 2011 value and volume comparison.

Median Enterprise Value Multiples

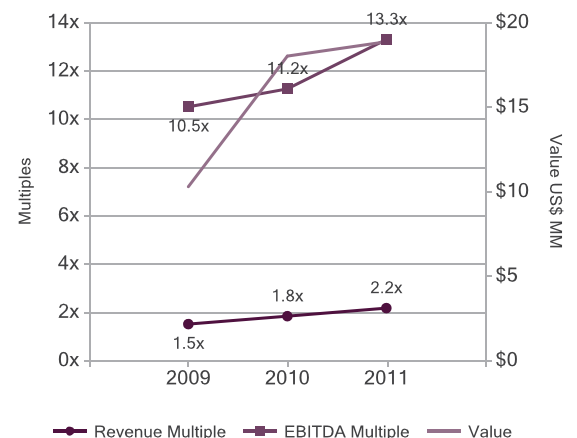


Figure 2. 2009 - 2011 median: value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2011 – December 31, 2011

Bell Curve - Histogram

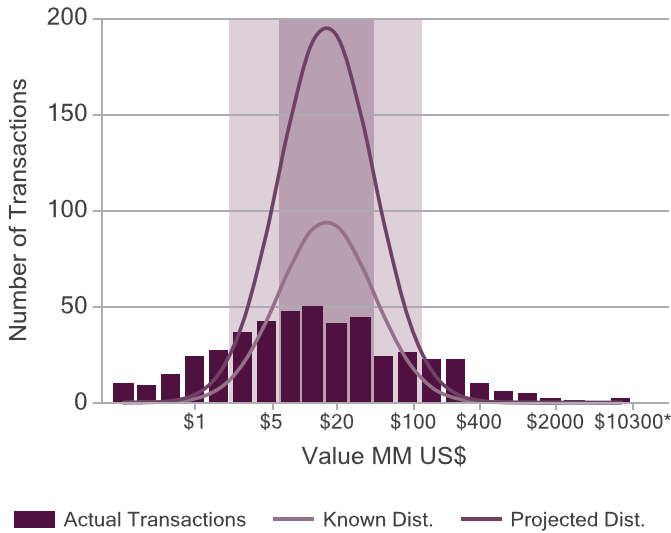


Figure 3. Shows distribution of transactions among Software transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$1.6 million to \$148.4 million. Based on this data, we estimate the total transaction value of deals done in 2011 at \$80.8 billion.

* Indicates largest industry transaction from Jan. 1, 2011 to Dec. 31, 2011.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	10	0	10	2 %	2 %
\$0.4	9	0	9	2 %	4 %
\$0.6	15	1	15	3 %	7 %
\$1.0	24	4	28	5 %	12 %
\$1.6	27	15	41	6 %	18 %
\$2.7	37	40	77	8 %	26 %
\$4.5	42	87	128	9 %	35 %
\$7.4	47	145	191	10 %	45 %
\$12.2	50	188	238	11 %	55 %
\$20.1	41	190	231	9 %	64 %
\$33.1	44	150	194	9 %	73 %
\$54.6	24	92	116	5 %	79 %
\$90.0	26	44	70	6 %	84 %
\$148.4	22	16	38	5 %	89 %
\$244.7	22	5	26	5 %	93 %
\$403.4	10	1	11	2 %	96 %
\$665.1	6	0	6	1 %	97 %
\$1,096.6	5	0	5	1 %	98 %
\$1,808.0	2	0	2	0 %	98 %
\$2,981.0	1	0	1	0 %	99 %
\$4,914.8	0	0	0	0 %	99 %
\$8,103.1	2	0	2	0 %	99 %
Total #	471	979	1450		
Total \$ Value	\$65,038	\$15,716	\$80,755		
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

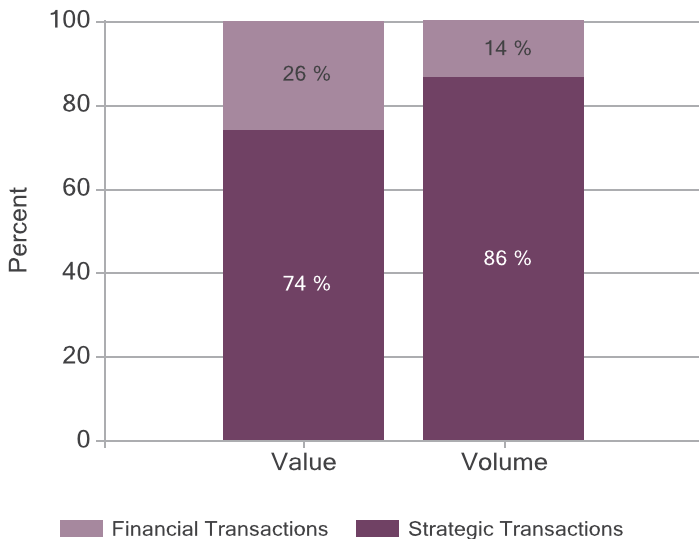


Figure 5. 2011 value and volume comparison by acquirer type.

Note: Financially sponsored 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

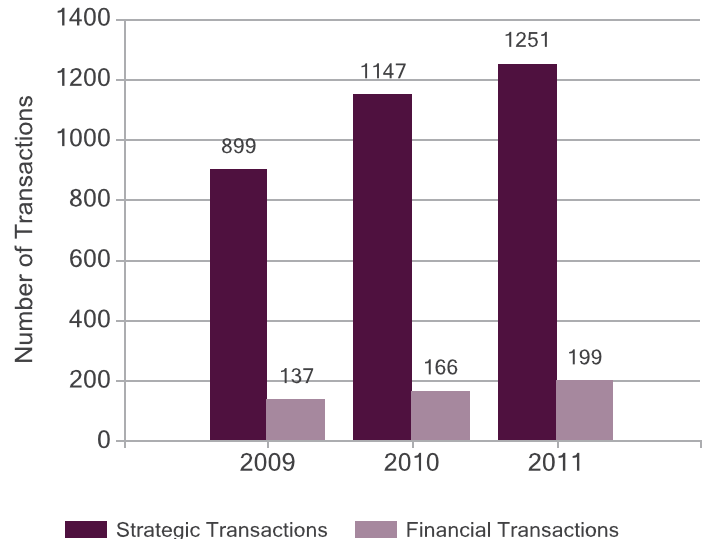


Figure 6. 2009-2011 acquirer type comparison.

Purchaser Analysis

Top Ten Notable Transactions 2011

Deal Date	Target Name	Buyer	Value MM US\$
08/18/11	Autonomy Corporation plc	HP	\$10,284
05/10/11	Skype Technologies SA	Microsoft Corporation	\$9,082
12/05/11	SuccessFactors, Inc.	SAP America, Inc.	\$3,326
03/28/11	GSI Commerce Solutions	eBay	\$2,139
06/01/11	Telvent	Schneider Electric SA	\$1,995
04/26/11	Lawson Software	Infor, a portfolio company of Golden Gate Capital	\$1,779
07/01/11	Blackboard Inc.	Providence Equity Partners Inc.	\$1,712
10/24/11	RightNow Technologies, Inc.	Oracle Corporation	\$1,343
08/24/11	MYOB Limited	Bain Capital	\$1,257
06/14/11	Telcordia Technologies, Inc.	Ericsson AB	\$1,150
2011 Aggregate Transaction Value			\$80,755
Top 10 Aggregate Transaction Value			\$34,066
Top 10 Aggregate Value as a Percentage of All Transactions			42 %

Figure 7. Lists the top ten transactions for 2011 and calculates their aggregate transaction value as a percentage of the 2011 total aggregate transaction value as shown on Figure 1 & 4.

Note: Transaction data based on announced date.

Median EV/Revenue Multiples By Size

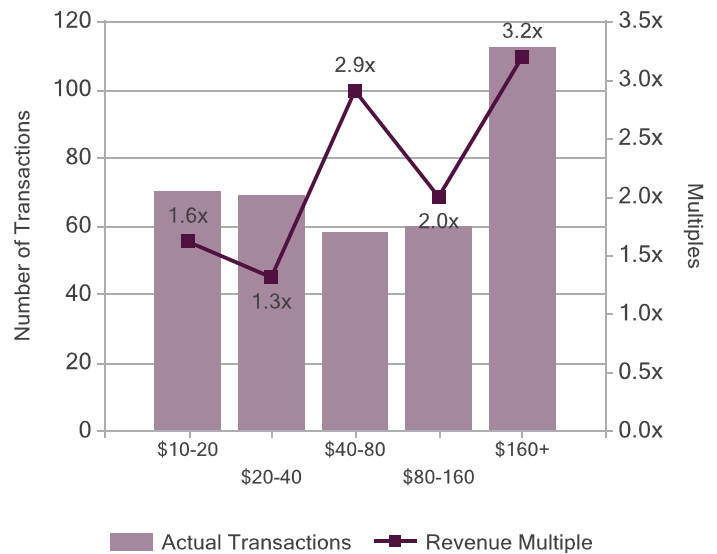


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from 2009 to 2011 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2009 – December 31, 2011

Transactions By Market Segment

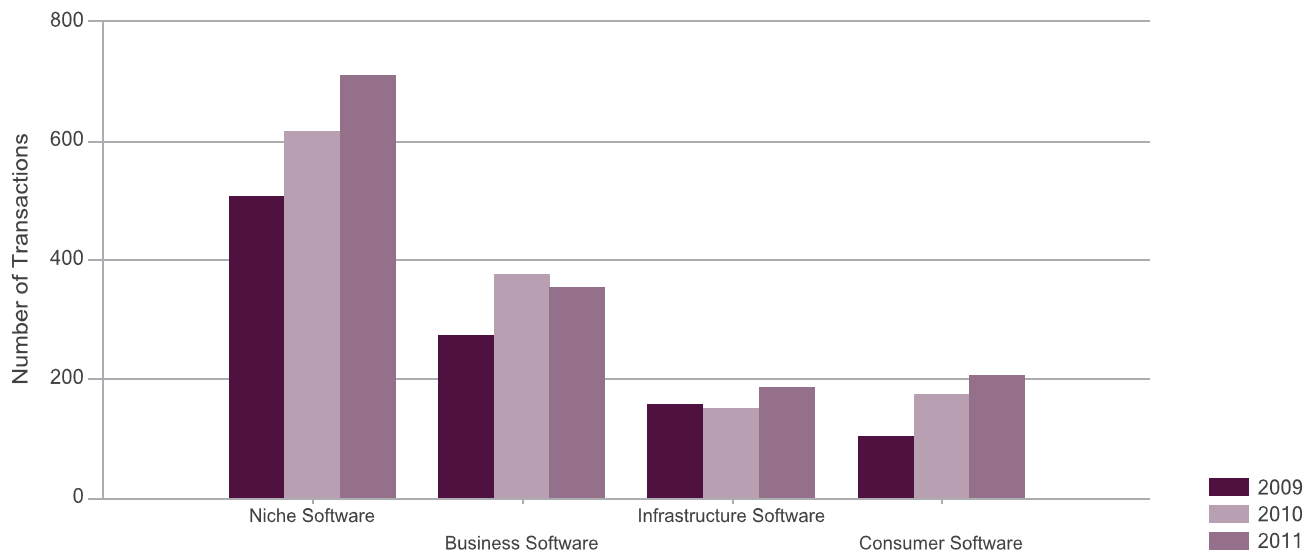


Figure 9. Presents the transaction volume by target segment within the Software Industry from 2009-2011.

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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.

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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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RECENT SOFTWARE TRANSACTIONS

