



SOFTWARE INDUSTRY

FULL YEAR 2013 :: Mergers and Acquisitions Trend Report

2013 KEY HIGHLIGHTS

- Five of the top ten highest value deals occurred in the Niche Software segment, which consists of software designed for use in specific industry markets. Four of these five transactions were located in the finance vertical.
- The most active acquirers in the Infrastructure Software segment during 2013 were EMC Corporation and Intel Corporation with six transactions each.
- There were 255 financially sponsored transactions with an aggregate value of \$29.05 billion, representing 16 percent of the total volume and 32 percent of the total value, respectively.

2013 KEY TRENDS

- Total transaction volume in 2013 experienced a two percent uptick over 2012, from 1,561 to 1,598.
- Total transaction value in 2013 rose by 31 percent over 2012, from \$67.23 billion to \$88.22 billion.
- The median revenue multiple increased from 2.1x in 2012 to 2.4x in 2013. The median EBITDA multiple moved slightly from 11.3x in 2012 to 11.5x in 2013.
- The segment with the largest rise in volume in 2013 over 2012 was Consumer Software with a ten percent increase, from 251 to 276 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 4,685 Software transactions between 2011 and 2013, of which 1,435 disclosed financial terms, and calculated the aggregate value to be \$188.80 billion. Based on known transaction values, we project values of 3,250 undisclosed transactions to be \$48.41 billion, totaling \$237.21 billion worth of transactions tracked over the past three years.

The most active acquirer in the Business Software segment over the past 36 months, either directly or through an affiliated business, was Oracle with 14 transactions. Three of these deals occurred in 2013, the largest of which was the acquisition of Responsys, a provider of marketing software, for \$1.39 billion.

The highest value deal tracked by Berkery Noyes between 2011 and 2013 was HP's acquisition of Autonomy plc in 2011 for \$10.28 billion.

M&A Market Dynamics

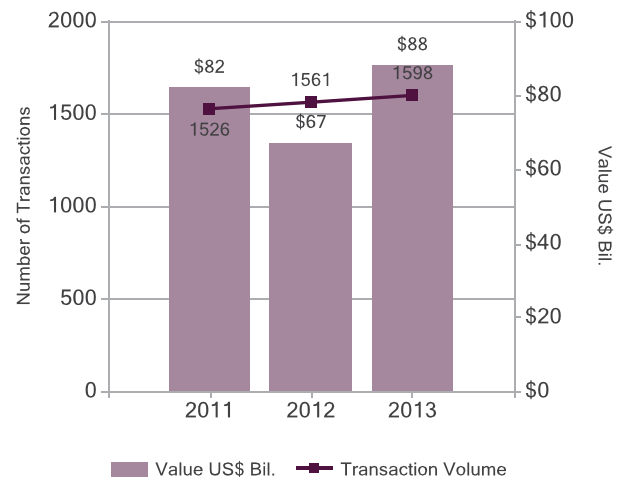


Figure 1. 2011-2013 value and volume comparison.

Median Enterprise Value Multiples

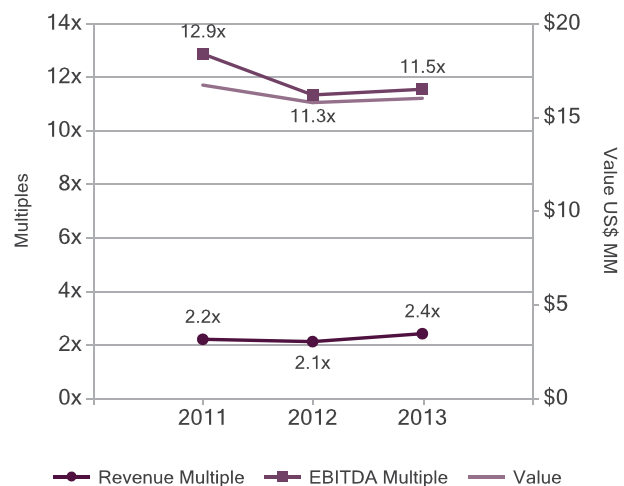


Figure 2. 2011-2013 median value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2013 – December 31, 2013

Bell Curve - Histogram

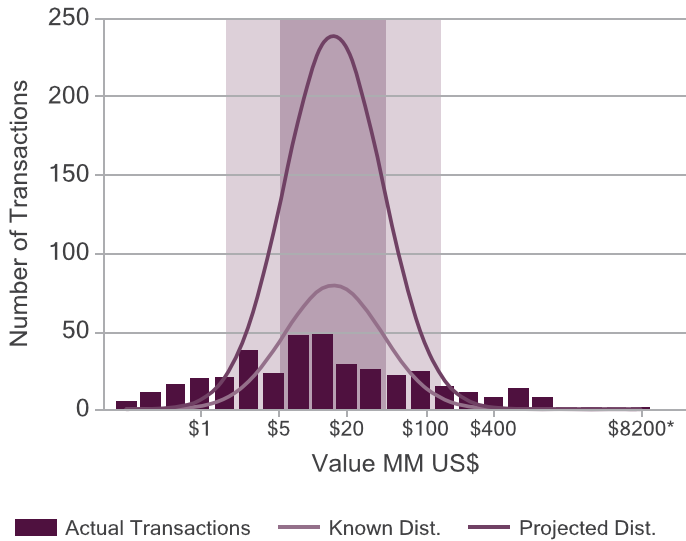


Figure 3. Shows distribution of Software transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$1.6 million to \$244.7 million. Based on this data, we estimate the total transaction value of deals done in 2013 at \$88.2 billion.

* Indicates largest industry transaction from Jan. 1, 2013 to Dec. 31, 2013.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	5	0	5	1 %	1 %
\$0.4	11	0	11	3 %	4 %
\$0.6	16	1	17	4 %	8 %
\$1.0	20	6	25	5 %	13 %
\$1.6	21	20	40	5 %	18 %
\$2.7	37	54	90	9 %	28 %
\$4.5	23	112	135	6 %	33 %
\$7.4	47	183	230	12 %	45 %
\$12.2	48	233	281	12 %	57 %
\$20.1	29	231	259	7 %	65 %
\$33.1	25	178	202	6 %	71 %
\$54.6	22	107	128	6 %	76 %
\$90.0	24	50	73	6 %	82 %
\$148.4	15	18	33	4 %	86 %
\$244.7	11	5	16	3 %	89 %
\$403.4	7	1	8	2 %	91 %
\$665.1	13	0	13	3 %	94 %
\$1,096.6	8	0	8	2 %	96 %
\$1,808.0	2	0	2	1 %	96 %
\$2,981.0	2	0	2	1 %	97 %
\$4,914.8	1	0	1	0 %	97 %
\$8,103.1	1	0	1	0 %	97 %
Total #	398	1200	1598		
Total \$ Value	\$69,821	\$18,399	\$88,220		
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

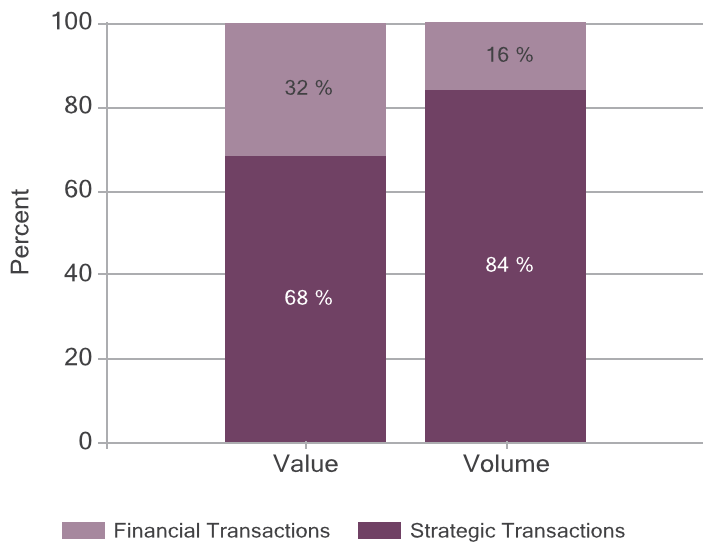


Figure 5. 2013 value and volume comparison by acquirer type.

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



Figure 6. 2011-2013 acquirer type comparison.

Purchaser Analysis

Top Ten Notable Transactions 2013

Deal Date	Target Name	Buyer	Value MM US\$
07/26/13	Activision Blizzard	Activision Blizzard	\$8,200
05/06/13	BMC Software, Inc.	Bain Capital, Golden Gate Capital, GIC, Insight Venture Partners	\$6,686
08/01/13	Invensys Inc.	Schneider Electric SA	\$4,267
05/28/13	Lender Processing Services	Fidelity National Financial	\$3,881
07/23/13	Sourcefire, Inc.	Cisco Systems, Inc.	\$2,700
06/03/13	ExactTarget	Salesforce.com, Inc.	\$2,267
11/26/13	Applied Systems Inc.	Hellman & Friedman LLC	\$1,800
11/18/13	Unit4	Advent International	\$1,709
12/02/13	Digital Insight	NCR Corporation	\$1,645
07/24/13	Harland Financial Solutions	Davis + Henderson Corporation	\$1,629
2013 Aggregate Transaction Value			\$88,220
Top 10 Aggregate Transaction Value			\$34,785
Top 10 Aggregate Value as a Percentage of All Transactions			39 %

Median EV/Revenue Multiples By Size

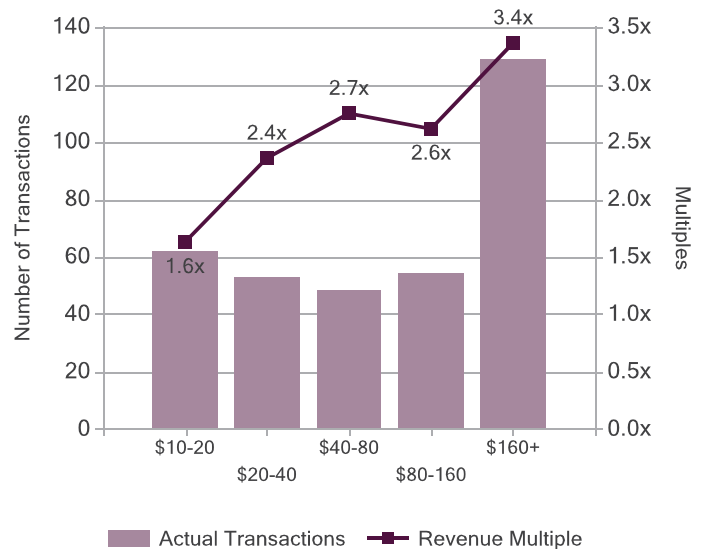


Figure 7. Lists the top ten transactions for 2013 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figure 1 & 4. Includes the buyback of Activision Blizzard from Vivendi.

Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from Jan. 1, 2011 to Dec. 31, 2013 based on publicly available data.

Note: Transaction data based on announced date. Deal value represents total consideration paid by the acquirer.

Transaction Volume by Segment :: January 1, 2011 – December 31, 2013

Transactions By Market Segment

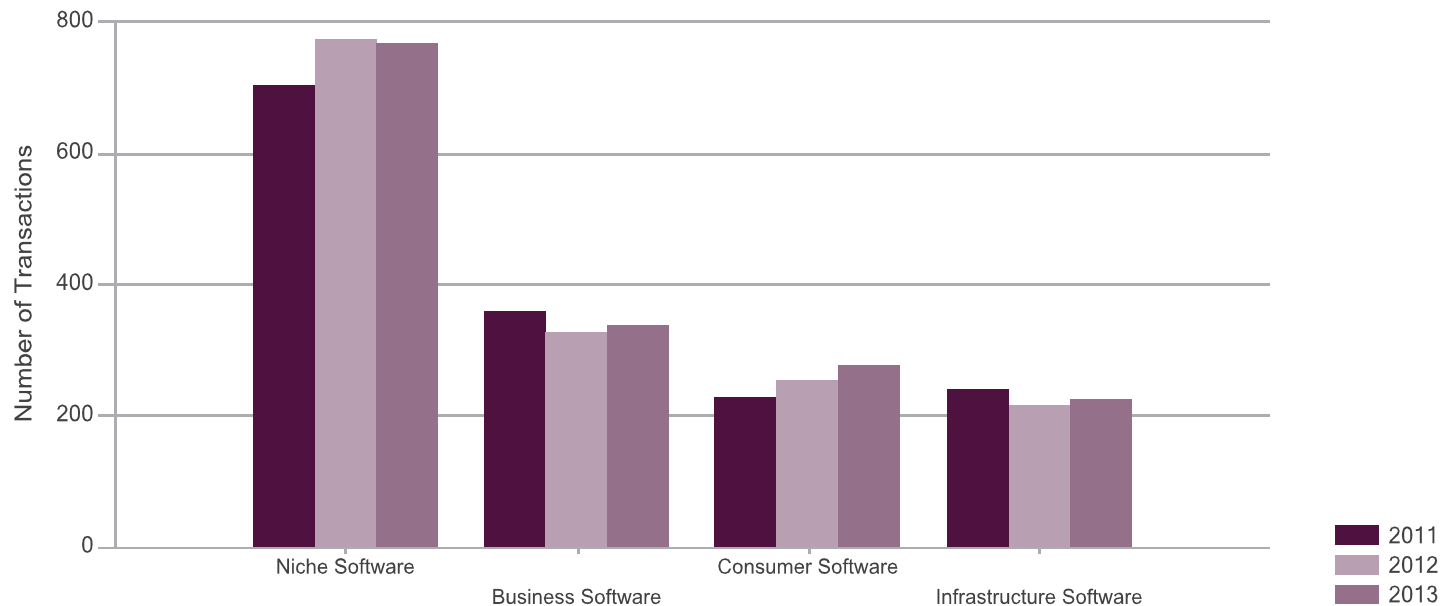


Figure 9. Presents transaction volume by target segment within the Software Industry from Jan. 1, 2013 through Dec. 31, 2013.

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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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INSIGHT VENTURE PARTNERS
HAS ACQUIRED

A BUSINESS OF

Healthx
A PORTFOLIO COMPANY OF
LIBERTY PARTNERS
HAS BEEN ACQUIRED
IN A MAJORITY
RECAPITALIZATION BY
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HAS BEEN ACQUIRED BY

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