

SOFTWARE INDUSTRY

Q1 2013 :: Mergers and Acquisitions Trend Report

Transaction volume in the Software Industry decreased seven percent in Q1 2013, from 362 to 336 acquisitions. Deal value fell 53 percent, from \$15.8 billion to \$7.4 billion. There was one software acquisition above the \$1 billion threshold, compared to three such transactions in Q1 2012. The peak for transaction volume and value during the past 15 months occurred in Q2 2012.

Software-as-a-Service (SaaS) acquisitions accounted for 39 percent of the industry's volume in Q1 2013. Meanwhile, the Consumer Software segment had the largest quarter-to-quarter increase in overall deal flow, rising 28 percent. In the Niche Software segment, which is targeted to specific vertical industries, M&A activity decreased six percent since Q4 2012. However, the segment's volume was nearly the same as it was in Q1 2012.

Finance and healthcare transactions represented five of the top ten highest value software deals in Q1 2013. The largest deal in the finance vertical and the highest value software transaction year-to-date was Fiserv's acquisition of Open Solutions for \$1.0 billion. In addition, there were several notable cloud acquisitions in the Healthcare vertical, such as Allscript's acquisition of dbMotion for \$188 million. The largest software transaction completed by a financial sponsor in Q1 2013 was JLL Partners' announced acquisition of BioClinica for \$105 million.

In the Infrastructure Software segment, volume decreased 45 percent over the past three months. This followed a 65 percent increase in Q4 2012. Cisco completed one of the industry's highest value deals in Q1 2013, acquiring Intucell for \$475 million. Aside from its \$5 billion acquisition of NDS Group in Q1 2012, this was Cisco's largest software transaction since it acquired Starent Networks for \$2.4 billion in Q4 2009.

M&A Market Dynamics By Quarter

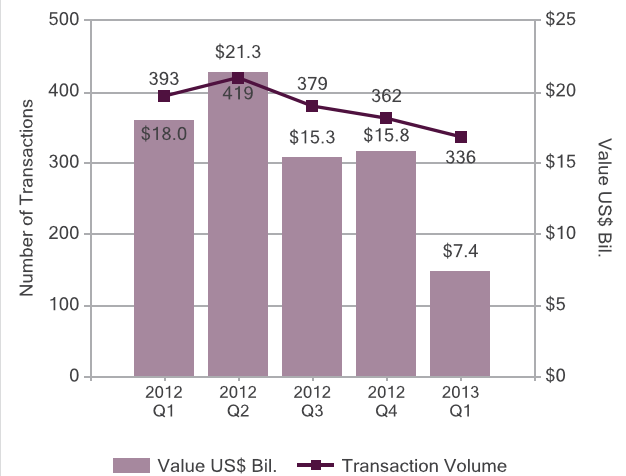


Figure 1. 2012-2013 value and volume comparison by quarter.

Top Ten Notable Transactions Q1 2013

| Deal Date | Target Name | Buyer | Value MM US\$ |
|-----------|------------------------------------|---|---------------|
| 01/14/13 | Open Solutions Inc. | Fiserv, Inc. | \$1,015 |
| 01/23/13 | Intucell | Cisco Systems, Inc. | \$475 |
| 03/11/13 | Tensilica | Cadence Design Systems, Inc. | \$350 |
| 01/28/13 | Pervasive Software Inc. | Action Corporation | \$220 |
| 01/07/13 | Epocrates, Inc. | athenahealth, Inc. | \$214 |
| 03/05/13 | dbMotion, Inc. | Allscripts | \$188 |
| 03/08/13 | Computer Software Holdings Limited | Advanced Computer Software plc | \$165 |
| 02/06/13 | Channel Intelligence, Inc. | Google Inc. | \$125 |
| 01/31/13 | mFoundry, Inc. | FIS | \$120 |
| 02/26/13 | Angel.com Incorporated | Genesys Telecommunications Laboratories | \$110 |

| | |
|---|-------------|
| 2013 Aggregate Transaction Value | \$7,353 |
| Top 10 Aggregate Transaction Value | \$2,983 |
| Top 10 Aggregate Value as a Percentage of All Transactions | 41 % |

Figure 2. Lists the top ten transactions for Q1 2013 and calculates their value as a percentage of the aggregate transaction value as shown in Figure 1.

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

Transactions By Market Segment

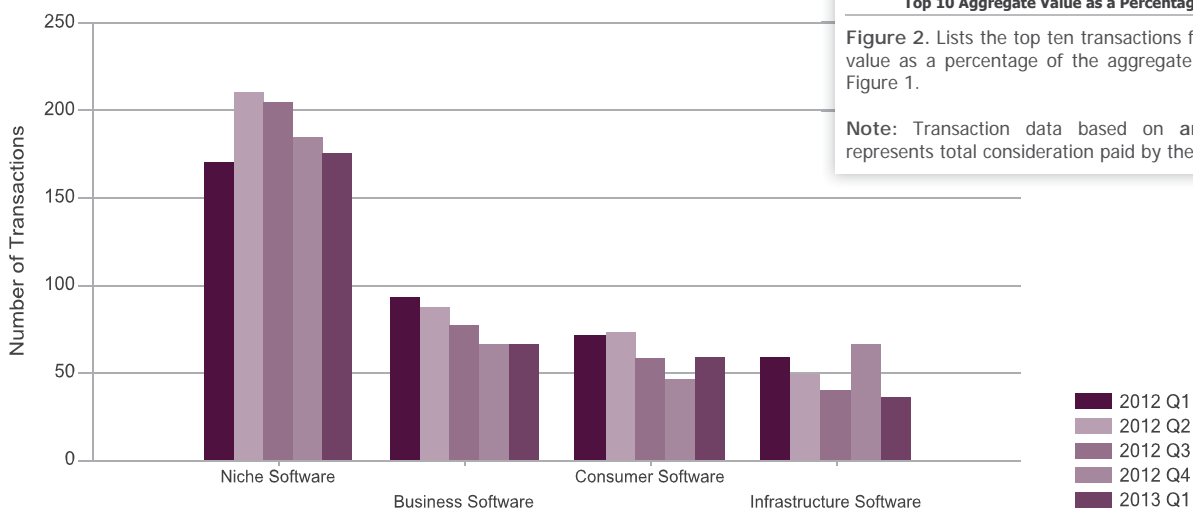


Figure 3. Presents transaction volume by target segment within the Software Industry from Jan. 1, 2012 through March 31, 2013.

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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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