



## SOFTWARE INDUSTRY

### Q1 2014 :: Mergers and Acquisitions Trend Report

Software transaction volume declined four percent over the past three months, from 435 to 419. However, this represented a 14 percent increase compared to Q1 2013. Deal value gained 72 percent, from \$22.6 billion in Q4 2013 to \$38.8 billion in Q1 2014. This rise in aggregate value was attributable in large part to Facebook's acquisition of Whatsapp, a cross-platform mobile messaging application, for \$16 billion. The top ten largest transactions accounted for 61 percent of the industry's total value in Q1 2014, compared to 55 percent in Q4 2013 and 38 percent Q1 2013.

The Niche Software segment, which consists of software that is targeted to specific vertical markets, underwent a ten percent volume increase in Q1 2014. In terms of growth areas within the segment, deal volume pertaining to the Healthcare IT market increased 31 percent. Meanwhile, the largest Niche Software transaction during Q1 2014 was Thoma Bravo's acquisition of Travelclick, which provides cloud-based hotel management software, for \$930 million.

Consumer Software volume remained about constant, moving slightly from 79 to 77 transactions. TiVo's acquisition of Digitalsmiths for \$115 million and Rovi Corporation's acquisition of Veveo for \$62 million in the video search and recommendation subsector were two notable Consumer Software deals. Business Software, after rising 17 percent in Q4 2013, saw a 13 percent decline in volume on a quarter-to-quarter basis. Transaction volume in the segment's human capital management (HCM) subsector increased 33 percent, from 15 to 20 deals.

Infrastructure Software volume decreased 32 percent in Q1 2014. This followed a 13 percent increase from Q3 2013 to Q4 2013. Of note, there were two deals in the cyber-security subset with disclosed values above \$100 million: FireEye's acquisition of Mandiant Corporation for \$826 million and Palo Alto Network's acquisition of Cyvera for \$220 million.

M&A Market Dynamics By Quarter

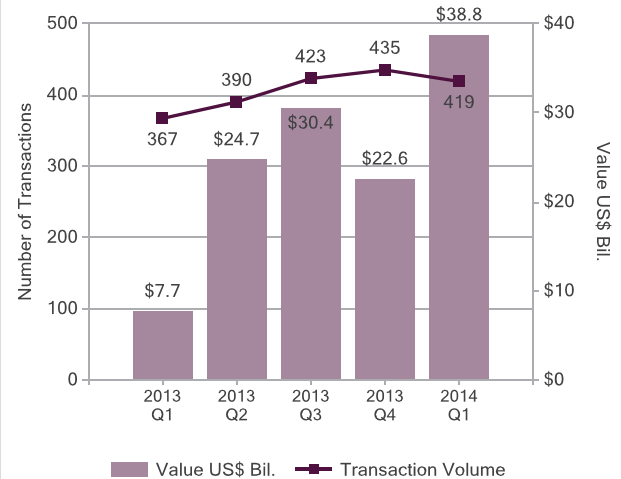


Figure 1. 2013-2014 value and volume comparison by quarter.

Top Ten Notable Transactions Q1 2014

Deal Date	Target Name	Buyer	Value MM US\$
02/19/14	WhatsApp	Facebook	\$16,000
03/26/14	Oculus VR	Facebook	\$1,881
01/22/14	AirWatch, LLC	VMware, Inc.	\$1,181
03/18/14	Travelclick, Inc.	Thoma Bravo, LLC	\$930
02/14/14	Viber	Rakuten Inc.	\$900
01/02/14	Mandiant Corporation	FireEye	\$826
01/30/14	Accelrys Software Inc.	Dassault Systemes SA	\$652
01/06/14	KANA Software	Verint Systems Inc.	\$514
01/30/14	NaturalMotion Games Ltd	Zynga, Inc.	\$477
03/10/14	SERENA Software, Inc.	HGGC, LLC	\$453
2014 Aggregate Transaction Value			\$38,752
Top 10 Aggregate Transaction Value			\$23,815
<b>Top 10 Aggregate Value as a Percentage of All Transactions</b>			<b>61 %</b>

Figure 2. Lists the top ten transactions for Q1 2014 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

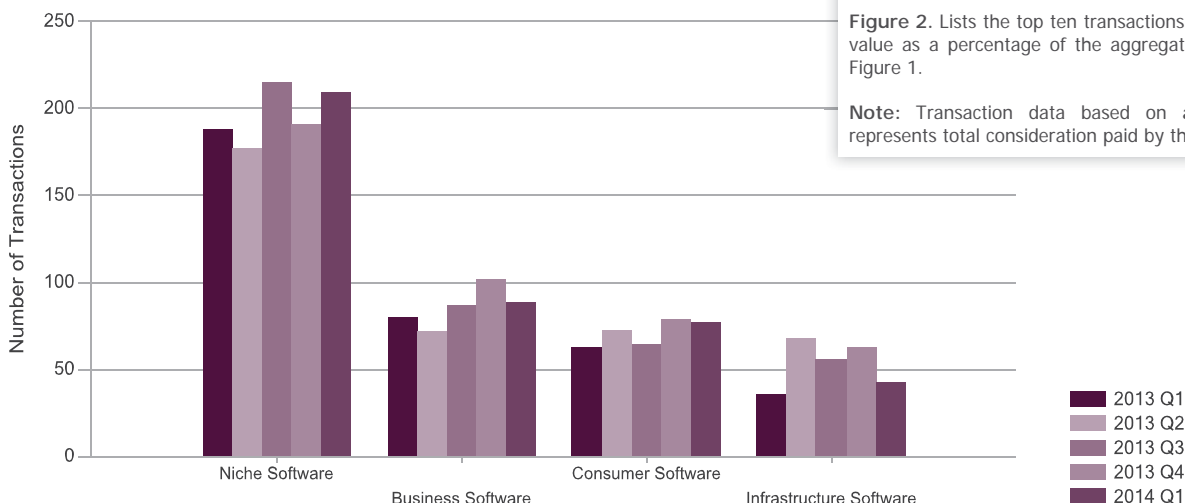


Figure 3. Presents transaction volume by target segment within the Software Industry from January 1, 2013 through March 31, 2014.

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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.

For current intelligence on Mergers and Acquisitions activity in the Information Industry please visit our online service at [www.mandasoft.com](http://www.mandasoft.com)

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