

## SOFTWARE INDUSTRY

### 1ST HALF 2019 :: Mergers and Acquisitions Trend Report

#### 1ST HALF 2019 KEY HIGHLIGHTS

- The largest deal in 1st Half 2019 was Salesforce's announced acquisition of Tableau Software, a data visualization and analysis platform, for \$15.7 billion in an all-stock transaction. This was the highest value acquisition ever completed by Salesforce.
- There were 329 financially sponsored transactions with an aggregate value of \$46.4 billion, representing 26 percent of the total volume and 49 percent of the total value, respectively.

#### 1ST HALF 2019 KEY TRENDS

- Total transaction volume in 1st Half 2019 increased by nine percent over 2nd Half 2018, from 1,145 to 1,243.
- Total transaction value in 1st Half 2019 declined by 35 percent over 2nd Half 2018, from \$144.86 billion to \$94.69 billion.
- The median revenue multiple decreased from 3.6x in 2nd Half 2018 to 3.3x in 1st Half 2019. The median EBITDA multiple remained nearly constant during this timeframe at 17.8x.
- The segment with the largest rise in volume in 1st Half 2019 over 2nd Half 2018 was Business Software with an 18 percent gain, from 132 to 160 transactions. Business Software consists of software designed for general business practices and not specific industry markets.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 5,695 Software transactions between 2017 and 1st Half 2019, of which 1,106 disclosed financial terms, and calculated the aggregate transaction value to be \$342.43 billion. Based on known transaction values, we project values of 4,589 undisclosed transactions to be \$116.17 billion, totaling \$458.6 billion worth of transactions tracked over the past two and a half years.

Transactions from 1st Half 2017 to 1st Half 2019 with enterprise values above \$160 million received a median revenue multiple of 5.1x, whereas those in the \$20-160 million range garnered a median revenue multiple of 3.2x and those in the \$10-\$20 million range had a median revenue multiple of 2.2x.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.8x revenue and 13.5x EBITDA.

#### M&A Market Dynamics By Half Year

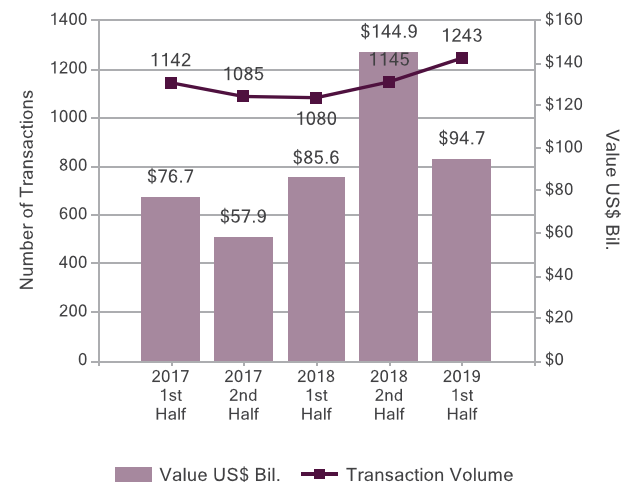


Figure 1. 2017-2019 value and volume comparison.

#### Median Enterprise Value Multiples By Half Year

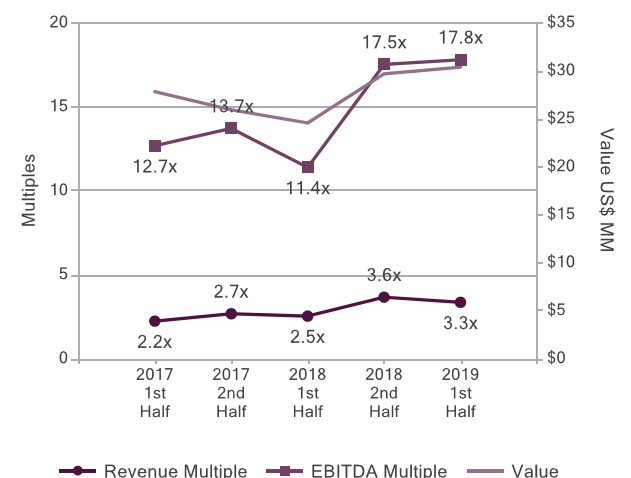
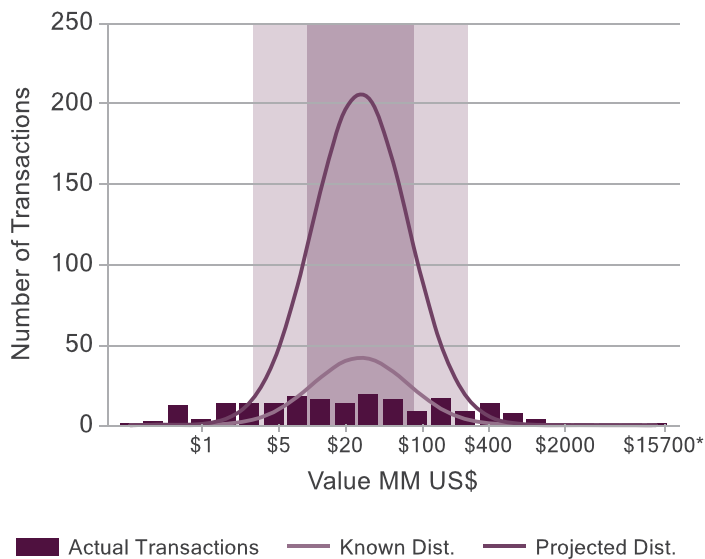


Figure 2. 2017-2019 median: value, revenue, EBITDA comparison.

# Transaction Analysis :: January 1, 2019 – June 30, 2019

## 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 \$1.6 million to \$403.4 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2019 at \$94.7 billion.

\* Indicates largest industry transaction from Jan. 1, 2019 to June 30, 2019.

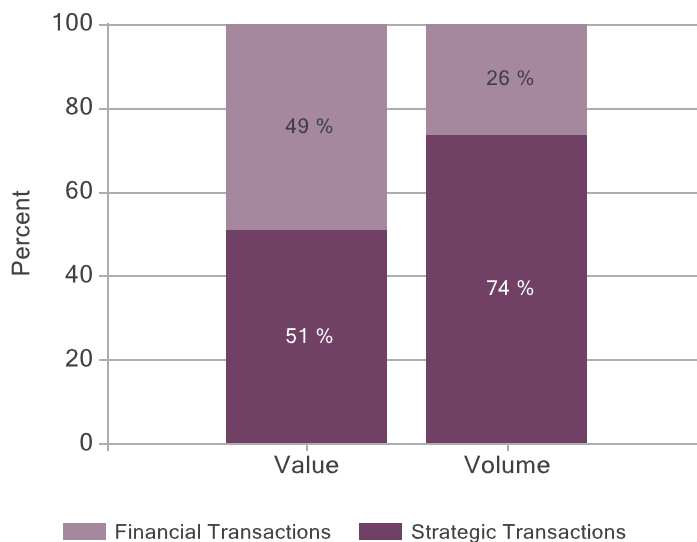
## Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	2	0	2	1 %	1 %
\$0.4	3	0	3	1 %	2 %
\$0.6	12	0	12	6 %	8 %
\$1.0	4	1	4	2 %	10 %
\$1.6	14	4	17	7 %	17 %
\$2.7	13	14	27	6 %	23 %
\$4.5	14	39	53	7 %	30 %
\$7.4	18	86	104	9 %	38 %
\$12.2	16	147	163	8 %	46 %
\$20.1	13	196	208	6 %	52 %
\$33.1	20	203	222	10 %	61 %
\$54.6	16	163	179	8 %	69 %
\$90.0	9	103	111	4 %	73 %
\$148.4	17	50	67	8 %	81 %
\$244.7	9	19	28	4 %	86 %
\$403.4	13	6	18	6 %	92 %
\$665.1	7	1	8	3 %	95 %
\$1,096.6	4	0	4	2 %	97 %
\$1,808.0	1	0	1	0 %	98 %
\$2,981.0	1	0	1	0 %	98 %
\$4,914.8	1	0	1	0 %	99 %
\$8,103.1	1	0	1	0 %	99 %
\$13,359.7	1	0	1	0 %	100 %
Total #	210	1033	1243		
Total \$ Value	\$66,156	\$28,535	\$94,691		
Middle 3rd of Industry		Middle 2/3rds of Industry			

**Figure 4.** Presents the data depicted in the bell curve histogram.

## Strategic vs. Financial Comparison

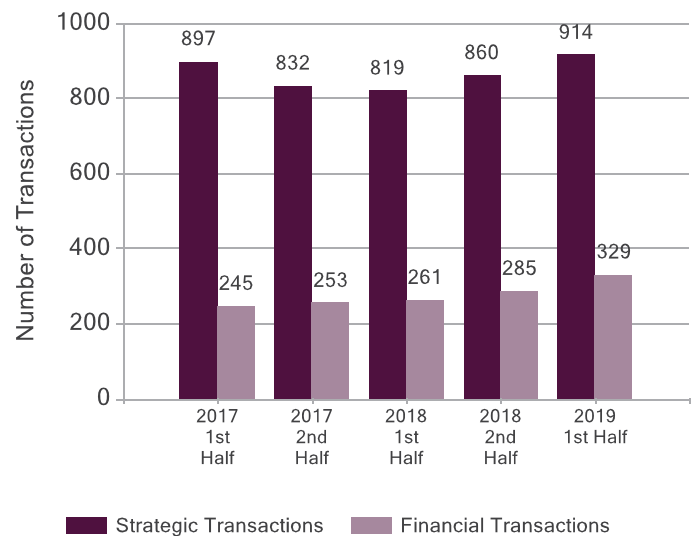
### M&A Dynamics By Transaction Type - 1st Half



**Figure 5.** 1st Half 2019 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.** 2017-2019 acquirer type comparison by half year.

# Purchaser Analysis

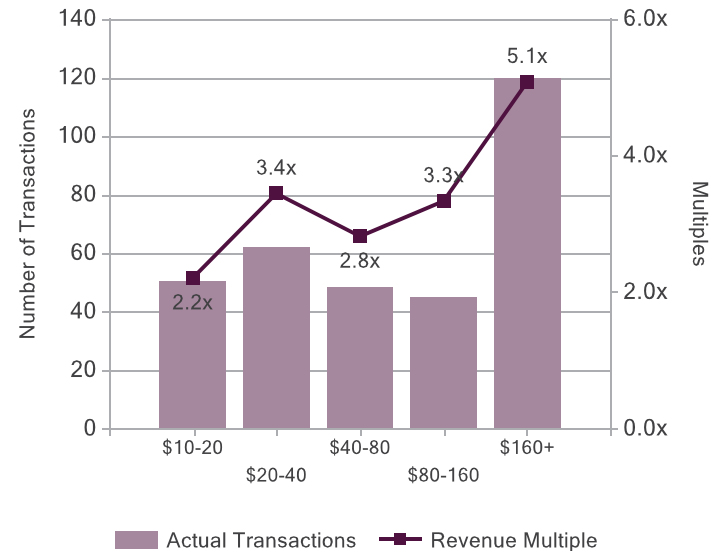
## Top Ten Notable Transactions - 1st Half 2019

Deal Date	Target Name	Buyer	Value MM US\$
06/10/19	Tableau Software	Salesforce.com, Inc.	\$15,700
02/04/19	Ultimate Software Group	Blackstone Group LP, Hellman & Friedman LLC, GIC, JMI Equity, CPP Investment Board	\$10,821
06/12/19	Medidata	Dassault Systemes	\$5,822
02/12/19	Ellie Mae, Inc.	Thoma Bravo, LLC	\$3,306
06/06/19	Looker	Google	\$2,600
03/06/19	Bigo Technology Pte LTD	YY Inc.	\$1,453
04/17/19	MYOB Limited	Kohlberg Kravis Roberts & Co.	\$1,439
03/22/19	eFront	BlackRock, Inc.	\$1,300
03/31/19	TRANZACT	Willis Towers Watson	\$1,200
01/22/19	TomTom Telematics	Bridgestone Europe NV/SA	\$1,040
2019 Aggregate Transaction Value			\$94,691
Top 10 Aggregate Transaction Value			\$44,681
Top 10 Aggregate Value as a Percentage of All Transactions			47 %

**Figure 7.** Lists the top ten transactions for 1st Half 2019 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**.

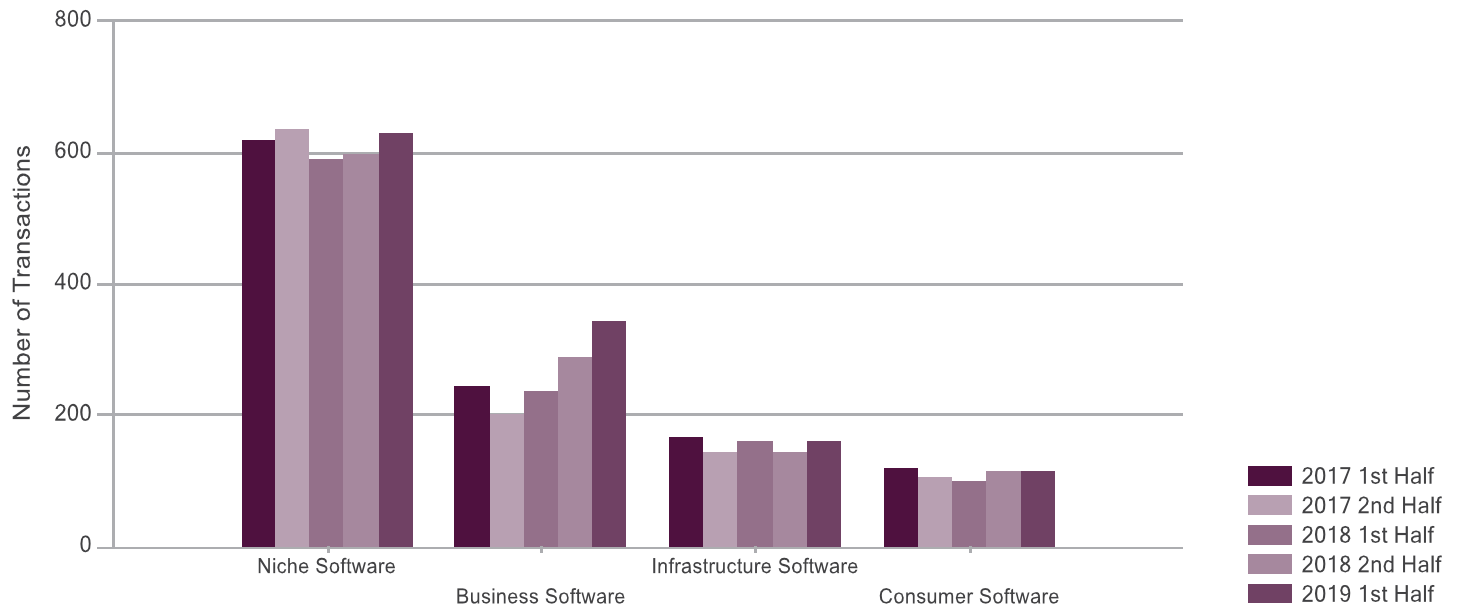
## Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from January 1, 2017 to June 30, 2019 based on publicly available data.

# Transaction Volume by Segment :: January 1, 2017 – June 30, 2019

## Transactions By Market Segment By Half Year



**Figure 9.** Presents transaction volume by target segment within the Software Industry from January 1, 2017 through June 30, 2019.

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## RECENT SOFTWARE TRANSACTIONS



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