

## SOFTWARE INDUSTRY

### Q3 2020 :: Mergers and Acquisitions Trend Report

#### Q3 2020 KEY HIGHLIGHTS

- The largest transaction in Q3 2020 and year-to-date was Intercontinental Exchange's announced acquisition of Ellie Mae, a cloud-based platform provider for the mortgage finance industry, for \$11 billion. Of note, Thoma Bravo acquired Ellie Mae in 2019 for \$3.3 billion.
- There were 418 financially sponsored transactions in the 1st 3 Quarters of 2020 with an aggregate value of \$39.9 billion, representing 26 percent of the total volume and 35 percent of the total value, respectively.

#### Q3 2020 KEY TRENDS

- Total transaction volume in Q3 2020 increased by 25 percent over Q2 2020, from 459 to 575.
- Total transaction value in Q3 2020 more than quadrupled over Q2 2020, from \$14.0 billion to \$62.8 billion. This was the industry's peak for value throughout the last seven quarters.

#### MULTIPLES & VALUE TRENDS

- The median revenue multiple from 2019 through the 1st 3 Quarters of 2020 declined by 19 percent, from 3.7x to 3.0x. This was the same as its 2018 level.
- The median EBITDA multiple from 2019 through the 1st 3 Quarters of 2020 decreased by 16 percent, from 16.0x to 13.5x. This was in line with its 2018 level.

#### Top Ten Notable Transactions - 1st 3 Quarters 2020

Deal Date	Target Name	Buyer	Value MM US\$
08/06/20	Ellie Mae, Inc.	Intercontinental Exchange	\$11,000
09/21/20	ZenilMax Media, Inc.	Microsoft Corporation	\$7,500
08/13/20	Vertafore, Inc.	Roper Technologies, Inc.	\$5,350
01/13/20	Plaid Technologies, Inc.	Visa, Inc.	\$5,300
08/26/20	OSISOFT	AVEVA Group plc	\$5,020
01/10/20	Veeam Software	Insight Venture Partners	\$5,000
09/01/20	Epicer Software Corporation	Clayton, Dubilier & Rice, Inc.	\$4,700
02/18/20	RSA Security	Symphony Technology Group, Alpinvest Partners N.V., Ontario Teachers' Pension Plan	\$2,075
06/01/20	Peak Games	Zynga, Inc.	\$1,800
07/28/20	Optimal Blue	Compass Analytics, LLC	\$1,800
2020 Aggregate Transaction Value			\$113,888
Top 10 Aggregate Transaction Value			\$49,545
Top 10 Aggregate Value as a Percentage of All Transactions			44 %

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2020 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value. Transaction data based on **announced date**.

#### M&A Market Dynamics By Quarter

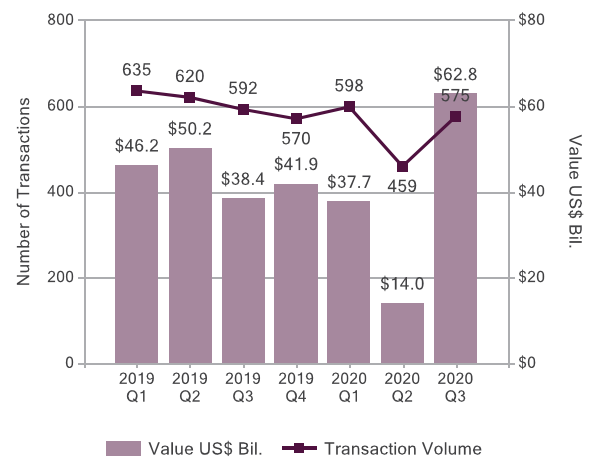


Figure 1. 2019-2020 value and volume comparison.

#### Median Enterprise Value Multiples

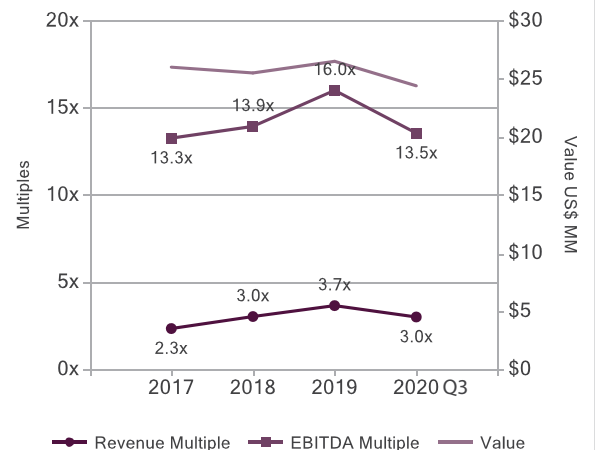


Figure 2. 2017-2020 median value, revenue, EBITDA comparison through Q3 2020.

#### TOP TEN DEALS THROUGH Q3 2020

The top ten deals by value have seen six new additions since our half year report. This includes four of the top five deals year-to-date. In addition, two of the top three deals occurred in the Finance vertical: the previously mentioned acquisition of Ellie Mae for \$11 billion; and Roper Technologies' acquisition of Vertafore in the property and casualty ("P&C") insurance lifecycle sector for \$5.4 billion.

These six transactions, with an aggregate value of \$35.4 billion, represented 31 percent of transaction value in the 1st 3 Quarters of 2020 and 56 percent of Q3 2020 transaction value.

# BERKERY NOYES

INVESTMENT BANKERS

Founded in 1980, Berkery Noyes is a leading independent investment bank serving the information, software, services, and technology industries. The firm has initiated, managed, and closed more than 500 merger and acquisition transactions for privately held and publicly traded companies in the healthcare, financial services, and education markets.

Berkery Noyes Securities LLC assists middle market companies with raising growth capital in the debt and equity markets.

CONTACT US TODAY FOR A CONFIDENTIAL DISCUSSION OF YOUR STRATEGIC OPTIONS

212-668-3022

## MANAGING DIRECTORS

**VINEET ASTHANA**

*Media and Technology Group*

**BRIAN DECICCO**

*Media and Information Services Group*

**MICHAEL GOETTEMÖLLER**

*IT Services, Security & Automation, and Logistics & Supply Chain Group*

**JOHN GUZZO**

*Financial Technology Group*

**JONATHAN KRIEGER**

*Healthcare Group*

**MARTIN MAGIDA**

*Corporate Finance Group*

**PETER OGNIBENE**

*Financial Technology Group*

**JEFFREY SMITH**

*Healthcare Group*

**JASON WHITE**

*Consumer Group*

**MARY JO ZANDY**

*Education, Media, and Generalist Groups*

## PARTNERS

**JOSEPH BERKERY**

*Chief Executive Officer*

**JAMES BERKERY**

*Managing Partner*



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. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity. There can be no guarantee that such information is accurate.

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)

## RECENT SOFTWARE TRANSACTIONS



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF

STONE POINT CAPITAL



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



INTERNATIONAL MARKET CENTERS

A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



A SUBSIDIARY OF



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



HAS RECEIVED AN INVESTMENT FROM



HAS MADE AN INVESTMENT IN



HAS BEEN ACQUIRED BY



ELSEVIER

A SUBSIDIARY OF



245 Park Avenue | New York, New York 10167

[berkerynoyes.com](http://berkerynoyes.com) | 212.668.3022