

SOFTWARE INDUSTRY

FULL YEAR 2020 :: Mergers and Acquisitions Trend Report

2020 KEY HIGHLIGHTS

- The largest deal in 2020 was Salesforce’s announced acquisition of Slack, an enterprise software messaging platform that helps teams and businesses communicate, for \$27.48 billion. This was the highest value acquisition ever completed by Salesforce.
- Two of the top three largest transactions during the year occurred in the mortgage and real estate sector: Intercontinental Exchange’s announced acquisition of Ellie Mae, a cloud-based platform provider for the mortgage finance industry, for \$11 billion; and Thoma Bravo’s announced acquisition of Real Page, which offers property and real estate management software for multifamily, single-family, senior-living, commercial, and other uses, for \$9.77 billion.
- There were 598 financially sponsored transactions with an aggregate value of \$70.31 billion, representing 26 percent of the total volume and 35 percent of the total value, respectively.

2020 KEY TRENDS

- Total transaction volume in 2020 decreased by six percent over 2019, from 2,418 to 2,263. On a half year basis, M&A activity gained 14 percent in 2nd Half 2020 over 1st Half 2020, from 1,058 to 1,205.
- Total transaction value in 2020 rose by 14 percent over 2019, from \$176.49 billion to \$200.89 billion. On a half year basis, M&A value nearly tripled in 2nd Half 2020 over 1st Half 2020, from \$50.68 to \$150.21 billion.
- The median revenue multiple declined from 3.7x in 2019 to 3.2x in 2020. The median EBITDA multiple remained constant during this timeframe at 16.0x.

M&A MARKET OVERVIEW

Berkery Noyes tracked 6,911 Software transactions between 2018 and 2020, of which 1,276 disclosed financial terms, and calculated the aggregate value to be \$455.82 billion. Based on known transaction values, we project values of 5,635 undisclosed transactions to be \$150.90 billion, totaling \$606.72 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 3.3x revenue and 15.6x EBITDA.

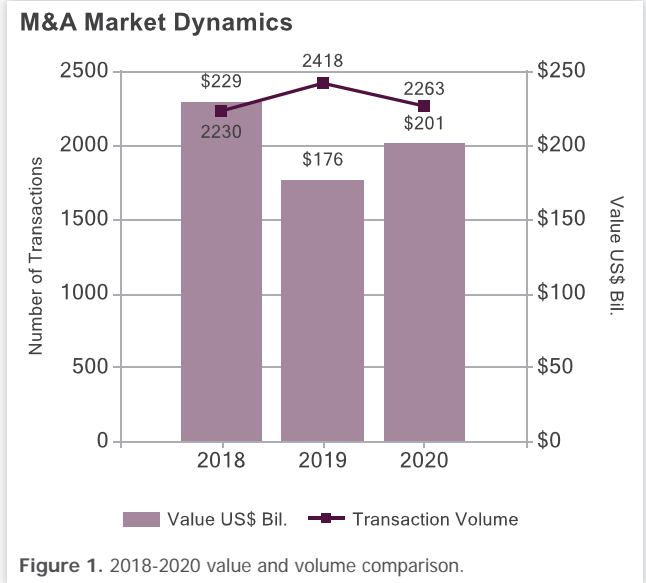


Figure 1. 2018-2020 value and volume comparison.

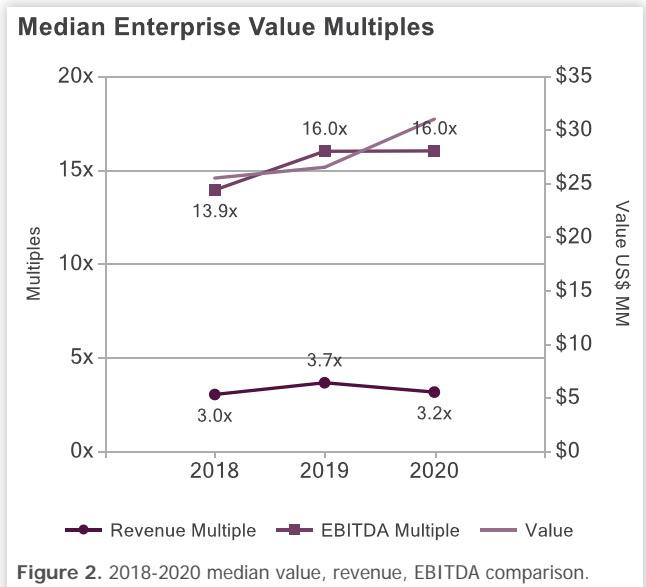


Figure 2. 2018-2020 median value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2020 – December 31, 2020

Bell Curve - Histogram

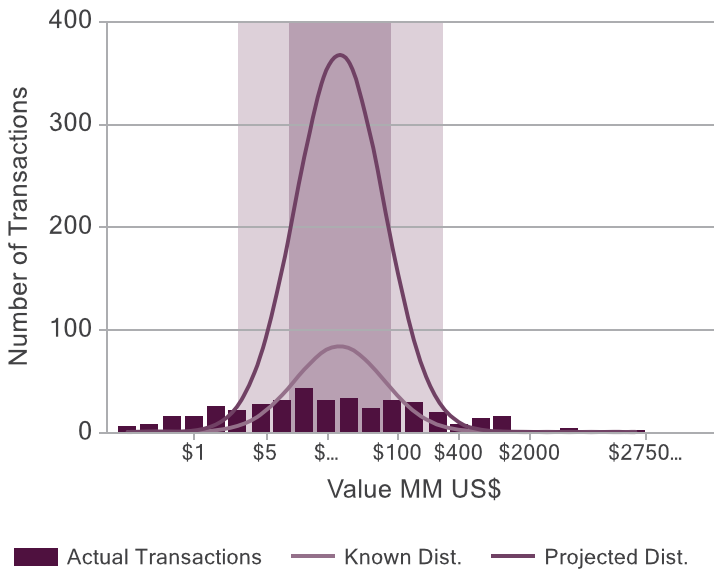


Figure 3. Shows distribution of Software transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$1.6 million to \$403.4 million. Based on this data, we estimate the total transaction value of deals done in 2020 at \$200.9 billion.

* Indicates largest industry transaction from Jan. 1, 2020 to Dec. 31, 2020.

Distribution Table

| Value in MM US\$ | Known Number | Projected Number | Total Number | % | Cumulative % |
|------------------------|--------------|---------------------------|--------------|------|--------------|
| \$0.2 | 7 | 0 | 7 | 2 % | 2 % |
| \$0.4 | 9 | 0 | 9 | 2 % | 4 % |
| \$0.6 | 16 | 0 | 16 | 4 % | 8 % |
| \$1.0 | 15 | 2 | 16 | 4 % | 11 % |
| \$1.6 | 25 | 7 | 32 | 6 % | 17 % |
| \$2.7 | 21 | 26 | 47 | 5 % | 22 % |
| \$4.5 | 28 | 73 | 100 | 7 % | 29 % |
| \$7.4 | 31 | 158 | 189 | 7 % | 36 % |
| \$12.2 | 43 | 267 | 310 | 10 % | 47 % |
| \$20.1 | 32 | 352 | 383 | 8 % | 54 % |
| \$33.1 | 33 | 361 | 393 | 8 % | 62 % |
| \$54.6 | 23 | 288 | 310 | 5 % | 68 % |
| \$90.0 | 32 | 179 | 210 | 8 % | 75 % |
| \$148.4 | 30 | 87 | 116 | 7 % | 82 % |
| \$244.7 | 19 | 33 | 51 | 5 % | 87 % |
| \$403.4 | 9 | 10 | 18 | 2 % | 89 % |
| \$665.1 | 14 | 2 | 16 | 3 % | 92 % |
| \$1,096.6 | 16 | 0 | 16 | 4 % | 96 % |
| \$1,808.0 | 3 | 0 | 3 | 1 % | 97 % |
| \$2,981.0 | 2 | 0 | 2 | 0 % | 97 % |
| \$4,914.8 | 5 | 0 | 5 | 1 % | 99 % |
| \$8,103.1 | 2 | 0 | 2 | 0 % | 99 % |
| \$13,359.7 | 0 | 0 | 0 | 0 % | 99 % |
| \$22,026.5 | 1 | 0 | 1 | 0 % | 99 % |
| Total # | 419 | 1844 | 2263 | | |
| Total \$ Value | \$150,906 | \$49,985 | \$200,891 | | |
| 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

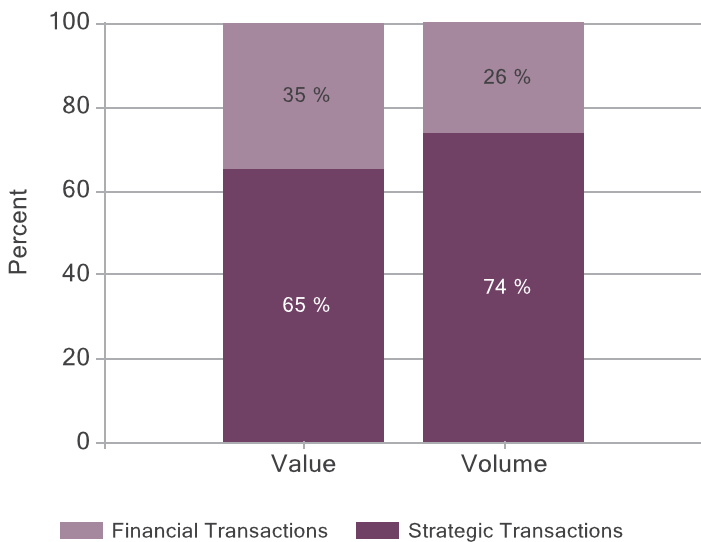


Figure 5. 2020 value and volume comparison by acquirer type.

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

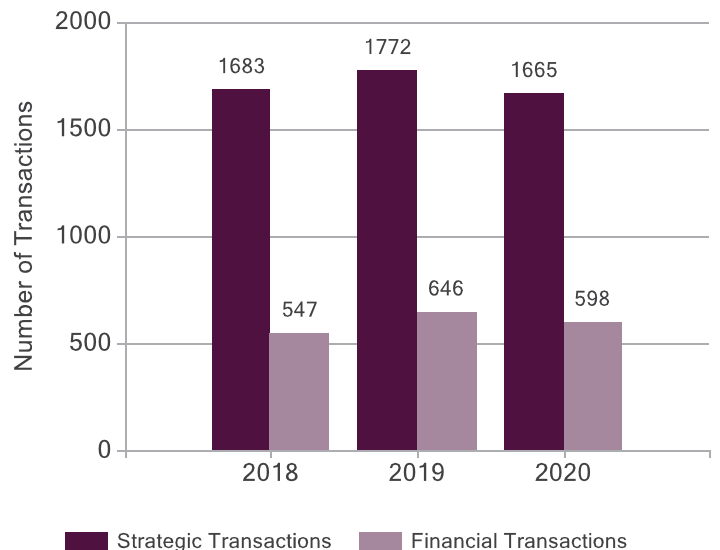


Figure 6. 2018-2020 acquirer type comparison.

Purchaser Analysis

Top Ten Notable Transactions 2020

| Deal Date | Target Name | Buyer | Value MM US\$ |
|---|-----------------------------|--------------------------------|---------------|
| 12/01/20 | Slack Technologies, Inc | Salesforce.com, Inc. | \$27,483 |
| 08/06/20 | Ellie Mae, Inc. | Intercontinental Exchange | \$11,000 |
| 12/21/20 | RealPage, Inc. | Thoma Bravo, LLC | \$9,773 |
| 09/21/20 | ZeniMax 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 | Epicor Software Corporation | Clayton, Dubilier & Rice, Inc. | \$4,700 |
| 10/13/20 | Segment.io | Twilio | \$3,200 |
| 2020 Aggregate Transaction Value | | | \$200,891 |
| Top 10 Aggregate Transaction Value | | | \$84,325 |
| Top 10 Aggregate Value as a Percentage of All Transactions | | | 42 % |

Figure 7. Lists the top ten transactions for 2020 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**. Deal value represents total consideration paid by the acquirer.

Median EV/Revenue Multiples By Size

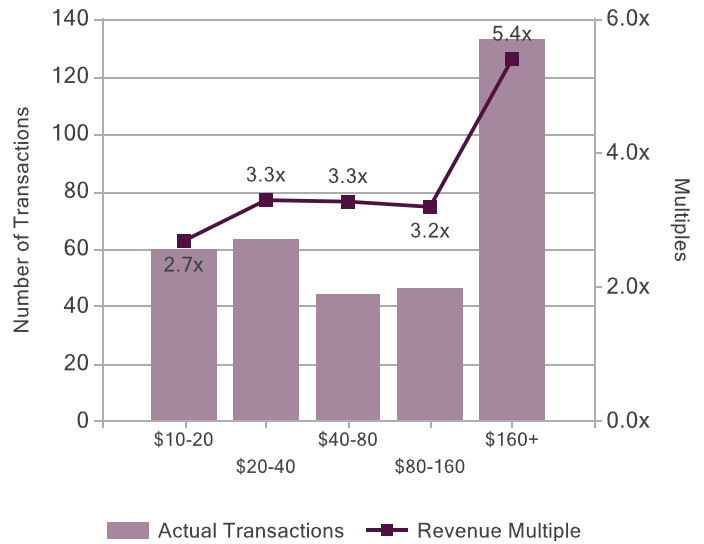


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from Jan. 1, 2018 to Dec. 31, 2020 based on publicly available data.

Transaction Volume by Segment :: January 1, 2018 – December 31, 2020

Transactions By Market Segment

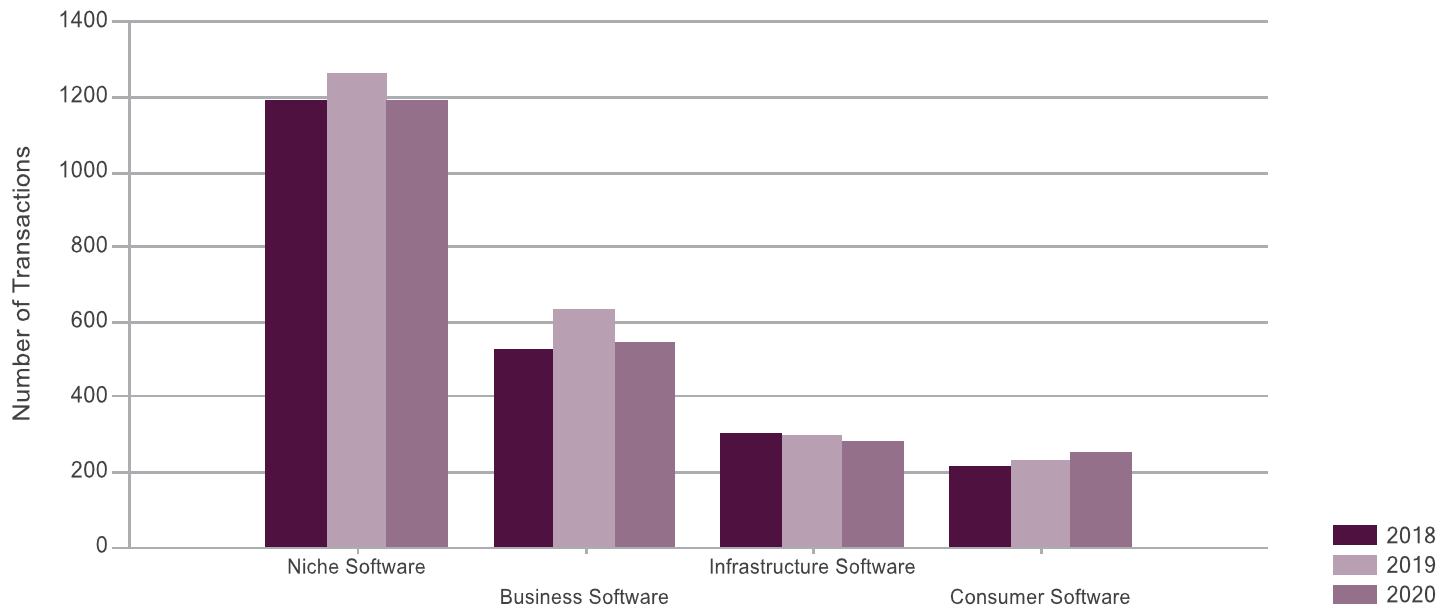


Figure 9. Presents transaction volume by target segment within the Software Industry from Jan. 1, 2018 through Dec. 31, 2020.

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HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF

STONE POINT CAPITAL



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



UNSILO

HAS BEEN ACQUIRED BY

CACTUS



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF

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