

SOFTWARE INDUSTRY

FULL YEAR 2021 :: Mergers and Acquisitions Trend Report

2021 KEY HIGHLIGHTS

- The four largest transactions in 2021 were healthcare related. These four transactions, with a combined value of \$79.30 billion, accounted for one-fifth of the industry's aggregate value during the year.
- The highest value deal in 2021 was Oracle's announced acquisition of Cerner, an electronic health records vendor, for \$29.16 billion. This was the largest acquisition ever completed by Oracle.
- There were 755 financially sponsored transactions with an aggregate value of \$168.42 billion, representing 26 percent of the total volume and 42 percent of the total value, respectively.

2021 KEY TRENDS

- Total transaction volume in 2021 increased by 25 percent over 2020, from 2,275 to 2,854.
- Total transaction value in 2021 doubled over 2020, from \$200.68 billion to \$401.01 billion.
- The median revenue multiple rose from 3.2x in 2020 to 5.1x in 2021. The median EBITDA multiple improved from 15.9x in 2020 to 18.9x in 2021.
- The segment with the largest rise in volume in 2021 over 2020 was Infrastructure, which gained 32 percent, from 277 to 365 deals.

M&A MARKET OVERVIEW

Berkery Noyes tracked 7,548 Software transactions between 2019 and 2021, of which 1,408 disclosed financial terms, and calculated the aggregate value to be \$567.98 billion. Based on known transaction values, we project values of 6,140 undisclosed transactions to be \$205.35 billion, totaling \$773.33 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 3.9x revenue and 16.7x EBITDA.

Over the past three years, deals in the \$10-\$20 million range received a median enterprise value multiple of 2.9x revenue, compared to 3.7x revenue for those in the \$20-\$160 million range and 6.9x revenue for those in the \$160 million and above range.

M&A Market Dynamics

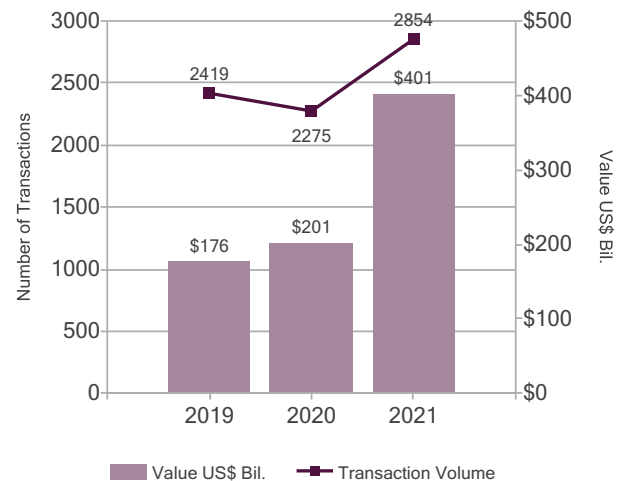


Figure 1. 2019-2021 value and volume comparison.

Median Enterprise Value Multiples

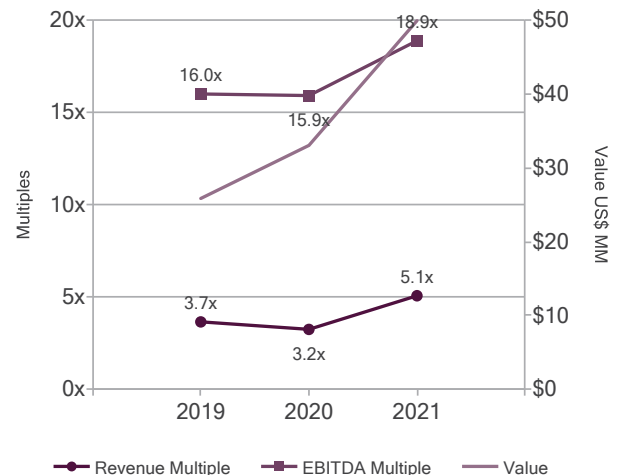


Figure 2. 2019-2021 median value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2021 – December 31, 2021

Bell Curve - Histogram

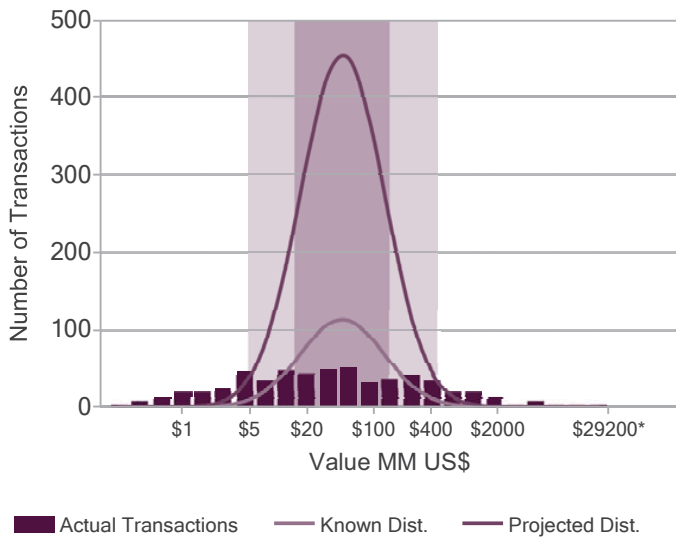


Figure 3. Shows distribution of Software transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$2.7 million to \$665.1 million. Based on this data, we estimate the total transaction value of deals done in 2021 at \$401.0 billion.

* Indicates largest industry transaction from Jan. 1, 2021 to Dec. 31, 2021.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	2	0	2	0 %	0 %
\$0.4	8	0	8	1 %	2 %
\$0.6	12	0	12	2 %	4 %
\$1.0	20	0	20	4 %	7 %
\$1.6	19	2	20	3 %	11 %
\$2.7	25	8	33	4 %	15 %
\$4.5	45	30	74	8 %	23 %
\$7.4	33	84	117	6 %	29 %
\$12.2	48	186	234	8 %	37 %
\$20.1	43	321	363	8 %	45 %
\$33.1	48	431	478	8 %	53 %
\$54.6	51	450	501	9 %	62 %
\$90.0	31	367	397	5 %	68 %
\$148.4	37	232	269	7 %	74 %
\$244.7	42	115	156	7 %	82 %
\$403.4	33	44	77	6 %	88 %
\$665.1	19	13	32	3 %	91 %
\$1,096.6	19	3	22	3 %	94 %
\$1,808.0	13	1	13	2 %	97 %
\$2,981.0	4	0	4	1 %	97 %
\$4,914.8	8	0	8	1 %	99 %
\$8,103.1	2	0	2	0 %	99 %
\$13,359.7	3	0	3	1 %	100 %
\$22,026.5	1	0	1	0 %	100 %
<hr/>					
Total #	567	2287	2854		
<hr/>					
Total \$ Value	\$294,738	\$106,273	\$401,012		
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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

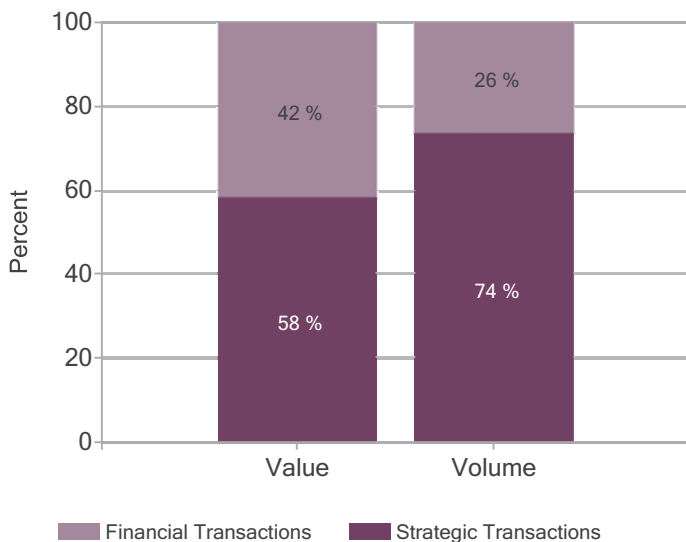


Figure 5. 2021 value and volume comparison by acquirer type.

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

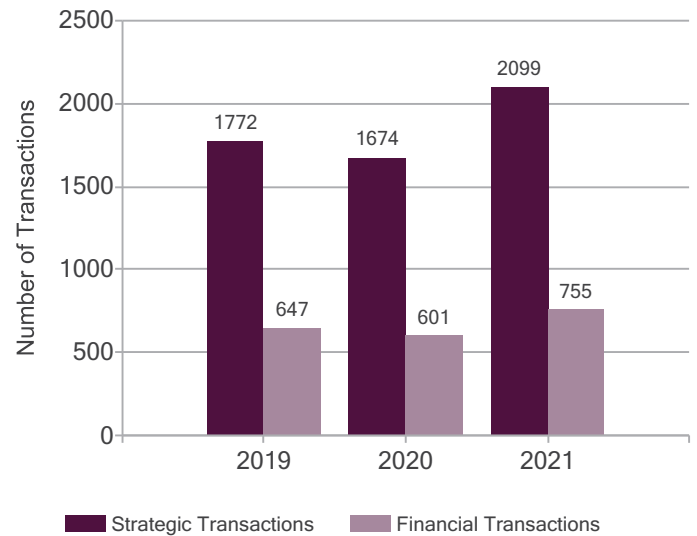


Figure 6. 2019-2021 acquirer type comparison.

Purchaser Analysis

Top Ten Notable Transactions 2021

Deal Date	Target Name	Buyer	Value MM US\$
12/21/21	Cerner Corporation	Oracle Corporation	\$29,164
04/13/21	Nuance Communications, Inc.	Microsoft Corporation	\$19,700
11/23/21	athenahealth, Inc.	Bain Capital, Hellman & Friedman LLC	\$17,000
01/07/21	Change Healthcare Corporation	Optum	\$13,440
04/26/21	Proofpoint, Inc.	Thoma Bravo, LLC	\$12,300
09/15/21	MailChimp	Intuit, Inc.	\$12,000
08/19/21	Inovalon, Inc.	Nordic Capital, Insight Venture Partners	\$7,307
04/23/21	Blue Yonder Group, Inc.	Panasonic Corporation	\$7,098
06/09/21	CIOX Health	Datavant, Inc.	\$7,000
03/04/21	Auth0	Okta	\$6,500
2021 Aggregate Transaction Value			\$401,012
Top 10 Aggregate Transaction Value			\$131,508
Top 10 Aggregate Value as a Percentage of All Transactions			33 %

Figure 7. Lists the top ten transactions for 2021 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

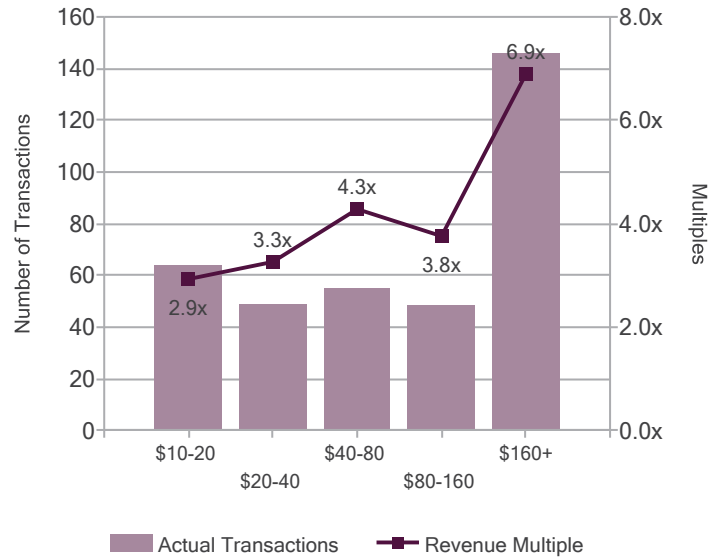


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from Jan. 1, 2019 to Dec. 31, 2021 based on publicly available data.

Transaction Volume by Segment :: January 1, 2019 – December 31, 2021

Transactions By Market Segment

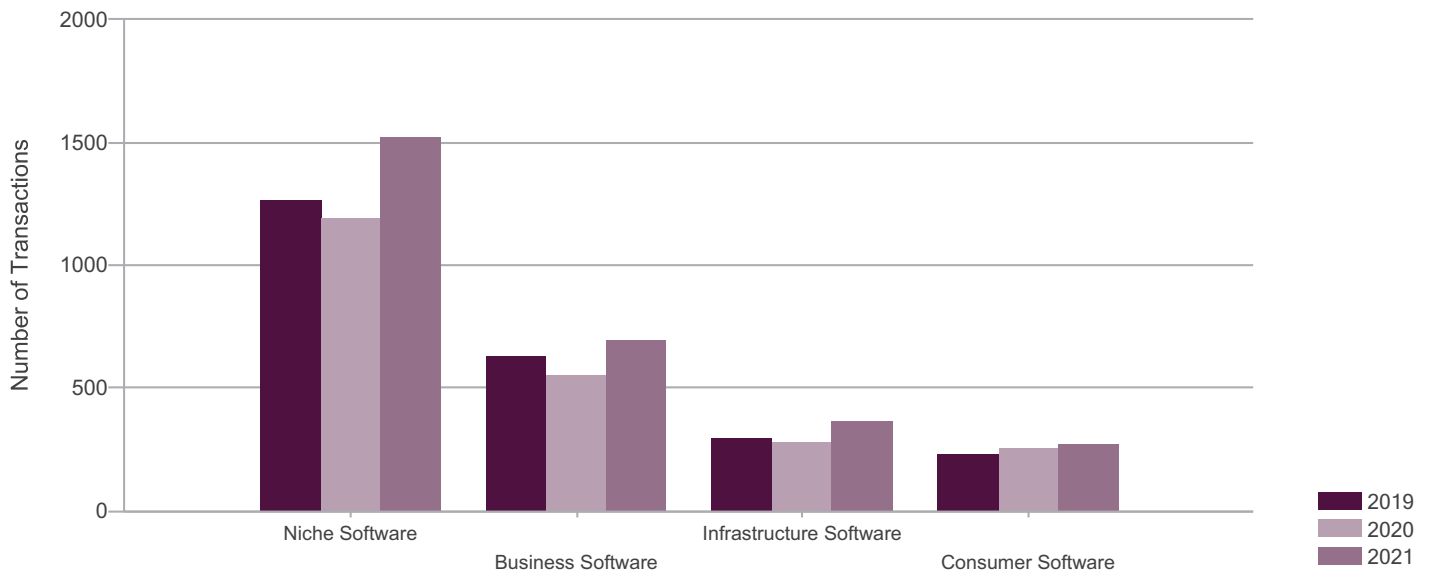


Figure 9. Presents transaction volume by target segment within the Software Industry from Jan. 1, 2019 through Dec. 31, 2021.

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