

SOFTWARE INDUSTRY

1ST HALF 2022 :: Mergers and Acquisitions Trend Report

1ST HALF 2022 KEY HIGHLIGHTS

- The largest transaction in 1st Half 2022 was Broadcom's announced acquisition of VMware, a virtualization and cloud computing technology company, for \$70.36 billion.
- Five of the top ten highest value deals year-to-date were completed by private equity firms.
- There were 292 financially sponsored transactions with an aggregate value of \$91.88 billion, representing 22 percent of the total volume and 26 percent of the total value, respectively.

1ST HALF 2022 KEY TRENDS

- Total transaction volume in 1st Half 2022 declined by four percent over 2nd Half 2021, from 1,368 to 1,314.
- In terms of acquirer type, strategic volume rose two percent on a half year basis, from 1,002 to 1,023. Private equity volume fell 20 percent, from 366 to 293.
- Total transaction value in 1st Half 2022 gained 67 percent over 2nd Half 2021, from \$212.12 billion to \$353.37 billion.
- The median revenue multiple decreased from 5.0x in 2nd Half 2021 to 3.8x in 1st Half 2022. After more than doubling from 13.1x in 1st Half 2021 to 27.6x in 2nd Half 2021, the median EBITDA multiple dropped to 16.7x in 1st Half 2022.

M&A MARKET OVERVIEW

Berkery Noyes tracked 6,467 Software transactions between 2020 and 1st Half 2022, of which 1,259 disclosed financial terms, and calculated the aggregate transaction value to be 762.90 billion. Based on known transaction values, we project values of 5,208 undisclosed transactions to be \$190.47 billion, totaling \$953.37 billion worth of transactions tracked over the past two and a half years.

Transactions from 1st Half 2020 to 1st Half 2022 with enterprise values above \$160 million received a median revenue multiple of 7.2x, whereas those in the \$10-\$20 million range garnered a median revenue multiple of 2.9x.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 4.1x revenue and 16.9x EBITDA.

M&A Market Dynamics By Half Year

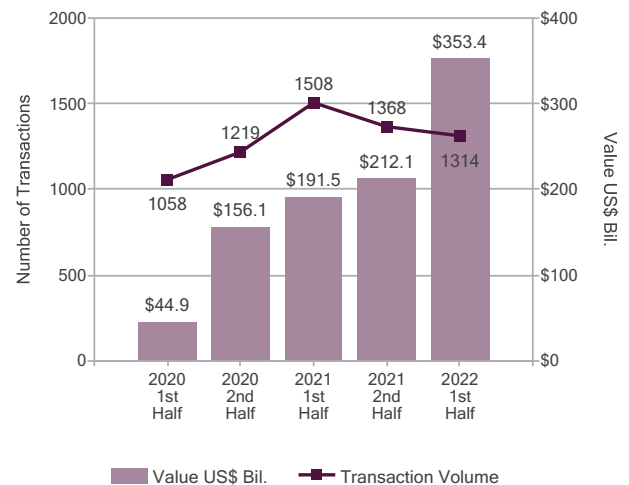


Figure 1. 2020-2022 value and volume comparison.

Median Enterprise Value Multiples By Half Year

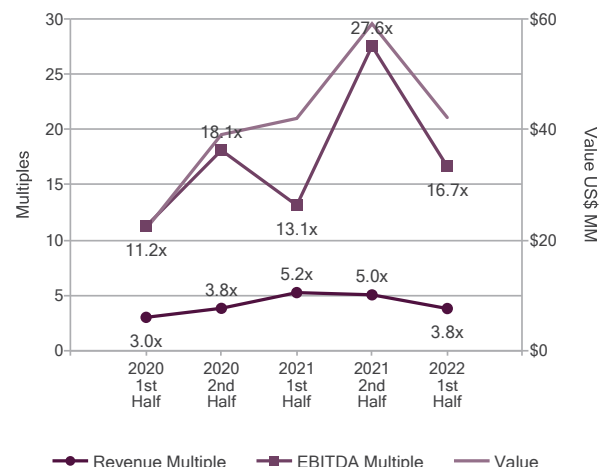


Figure 2. 2020-2022 median: value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2022 – June 30, 2022

Bell Curve - Histogram - 1st Half

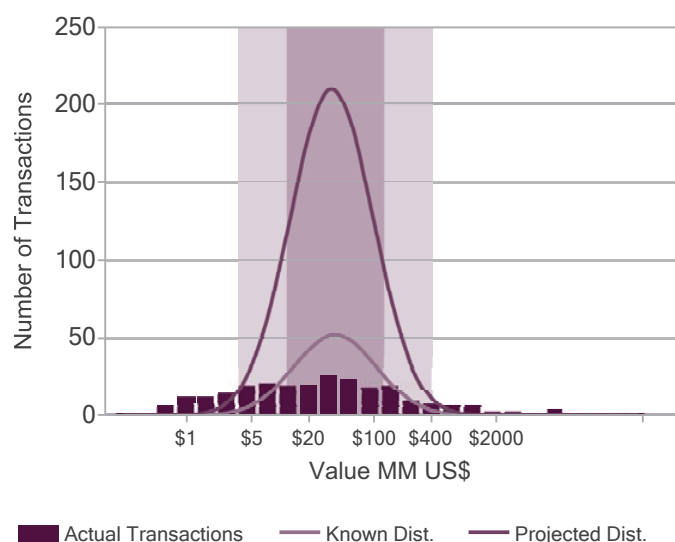


Figure 3. Shows the distribution of Software transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$2.7 million to \$403.4 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2022 at \$353.4 billion.

* Indicates largest industry transaction from Jan. 1, 2022 to June 30, 2022.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	0 %	0 %
\$0.4	2	0	2	1 %	1 %
\$0.6	6	0	6	2 %	3 %
\$1.0	12	0	12	5 %	8 %
\$1.6	12	2	13	5 %	13 %
\$2.7	15	8	23	6 %	18 %
\$4.5	19	25	44	7 %	26 %
\$7.4	21	63	83	8 %	34 %
\$12.2	20	120	140	8 %	42 %
\$20.1	20	180	200	8 %	49 %
\$33.1	26	210	235	10 %	59 %
\$54.6	23	191	213	9 %	68 %
\$90.0	18	135	152	7 %	75 %
\$148.4	19	74	93	7 %	82 %
\$244.7	10	32	41	4 %	86 %
\$403.4	7	11	17	3 %	89 %
\$665.1	6	3	8	2 %	91 %
\$1,096.6	6	1	6	2 %	93 %
\$1,808.0	3	0	3	1 %	95 %
\$2,981.0	3	0	3	1 %	96 %
\$4,914.8	2	0	2	1 %	97 %
\$8,103.1	4	0	4	2 %	98 %
\$13,359.7	2	0	2	1 %	99 %
\$22,026.5	0	0	0	0 %	99 %
\$36,315.5	1	0	1	0 %	99 %
\$59,874.1	2	0	2	1 %	100 %
Total #	260	1054	1314		
Total \$ Value	\$316,443	\$36,926	\$353,369		
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

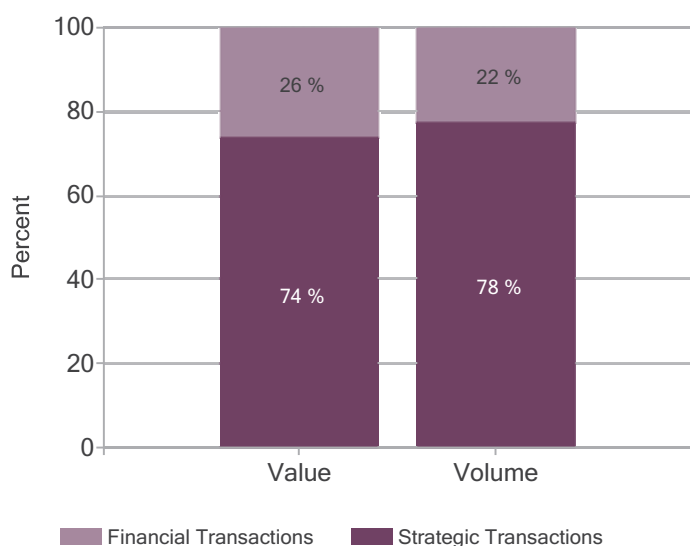


Figure 5. 1st Half 2022 value and volume comparison by transaction type.

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

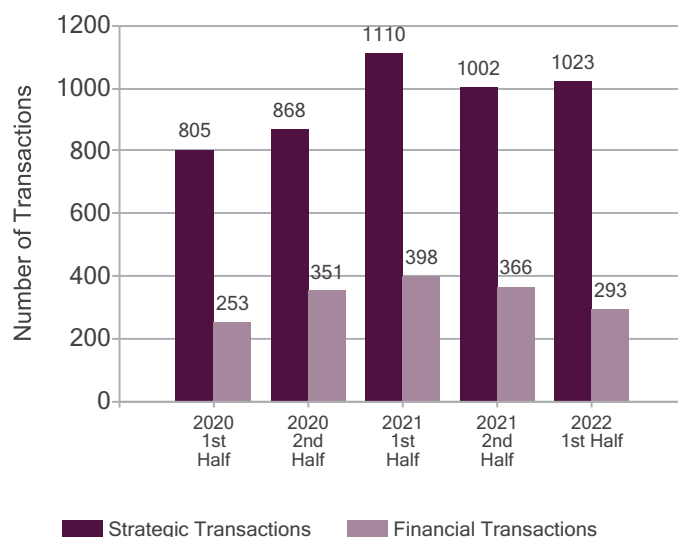


Figure 6. 2020-2022 acquirer type comparison by half year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2022

Deal Date	Target Name	Buyer	Value MM US\$
05/27/22	VMware, Inc.	Broadcom Limited	\$70,358
01/18/22	Activision Blizzard	Microsoft Corporation	\$68,625
04/26/22	Twitter, Inc.	Elon Musk	\$41,989
01/31/22	Citrix Systems, Inc.	TIBCO Software Inc., Elliott Management Corp.	\$16,620
05/04/22	Black Knight, Inc.	Intercontinental Exchange	\$15,916
01/11/22	Zynga, Inc.	Take-Two Interactive Software, Inc.	\$12,510
06/24/22	Zendesk	Hellman & Friedman LLC, Permira	\$10,200
03/21/22	Anaplan, Inc.	Thoma Bravo, LLC	\$9,796
04/07/22	CDK Global	Brookfield Asset Management, Inc.	\$8,198
04/11/22	SailPoint	Thoma Bravo, LLC	\$6,900
2022 Aggregate Transaction Value			\$353,369
Top 10 Aggregate Transaction Value			\$261,112
Top 10 Aggregate Value as a Percentage of All Transactions			74 %

Figure 7. Lists the top ten transactions for 1st Half 2022 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figure 1 & 4.

Note: Transaction data, including the proposed acquisition of Twitter, is based on announced date.

Median EV/Revenue Multiples By Size

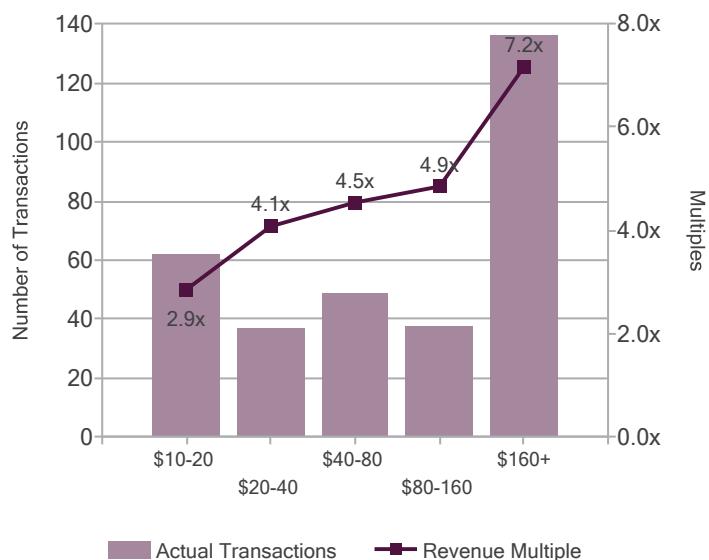


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from January 1, 2020 to June 30, 2022 based on publicly available data.

Transaction Volume by Segment :: January 1, 2020 – June 30, 2022

Transactions By Market Segment By Half Year

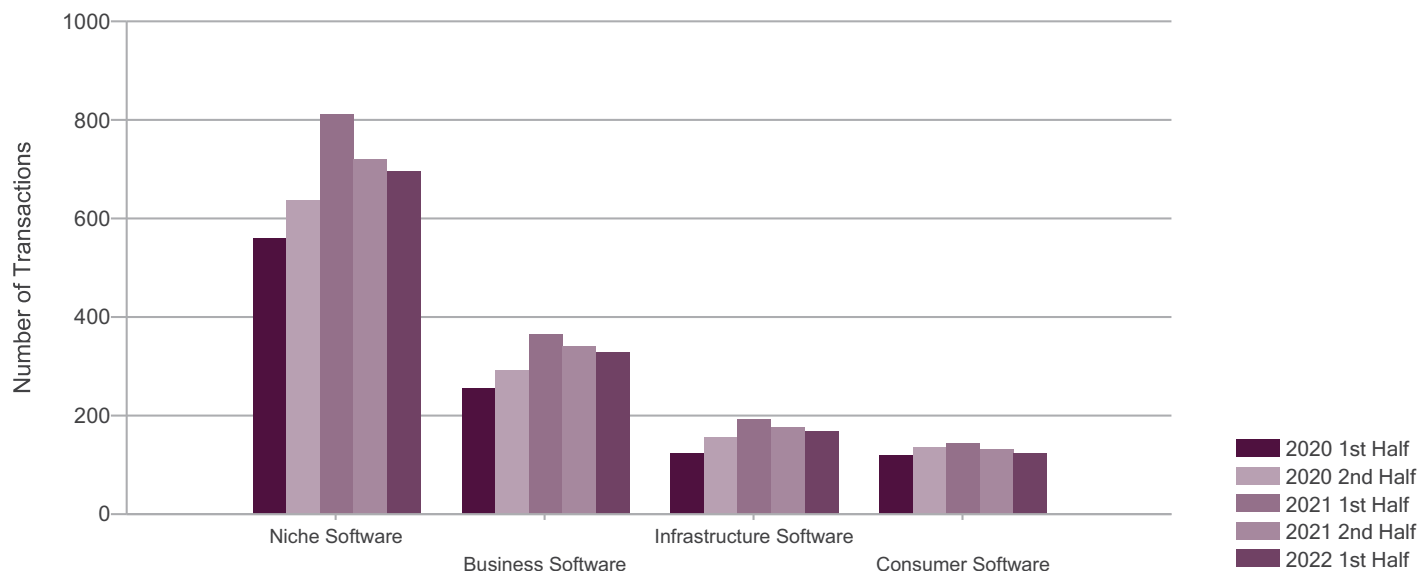


Figure 9. Presents transaction volume by target segment within the Software Industry from January 1, 2020 through June 30, 2022.

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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. 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.

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