



## TECHNOLOGY · MEDIA · TELECOM

THIRD QUARTER

2014

This Industry Practice Group was established to draw on the experience of CFA advisors, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

## Information Technology, Media and Telecom M&A

M&A activity for North American based target companies in the Technology, Media and Telecom sector for Q2 2014 included 750 closed deals, according to data provided by *S&P Capital IQ*. Industry insiders believe M&A activity in the sector for the remainder of 2014 will continue to increase, according to a survey released June 5 by international law firm *Morrison & Foerster LLP* and tech research firm *451 Research LLC*. The report polled 157 C-level and business development executives, general counsel, as well as VC and private equity figures in the Technology, Media and Telecom. Approximately 72 percent of respondents, polled in mid-April, said they planned shift focus toward M&A activity through the end of the year, up from 50 percent last November. Cash on the balance sheet for strategics and good financing conditions for LBO transactions in addition to a desire for growth through acquiring new technologies were cited as factors that should M&A. Only 4 percent of those polled expect activity to decrease, the report said.

## Transactional Overview

Notable closed transactions for the period in the Technology, Media and Telecom sector include:

**June 2014** - Viggle Inc. (NasdaqCM:VGGL) entered into an agreement to acquire Choose Digital Inc. from AmossyKlein Family Holdings, LLLP, Yossi Amossy, Kevin Shone, Stephen Humphreys, Mario Cruz, Integer Investments Ltd, Peter and Irene Baum for \$13.2 million in stock. Choose Digital Inc. provides a digital content supply chain solution for the loyalty and incentive industry.

**June 2014** - Audience, Inc. (NasdaqGS:ADNC) signed a definitive agreement to acquire Sensor Platforms, Inc. from ArrowPath Venture Partners, Newbury Ventures and North Bay Angels for \$40.9 million in cash. Sensor Platforms, Inc. develops and licenses algorithmic software and platforms. The company's FreeMotion technology includes a library of algorithms and firmware that take commodity sensor data and interpret them into position, motion, and contextual information.



MERGERS, ACQUISITIONS, AND  
CAPITAL RESOURCES SINCE 1956

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### Selected Q2 Closed Transactions

Target/Issuer	Buyers/Investors
Assemblage, Inc.	Cisco Systems, Inc. (NasdaqGS:CSCO)
Appurify, Inc.	Google Inc. (NasdaqGS:GOOGL)
Sensor Platforms, Inc.	Audience, Inc. (NasdaqGS:ADNC)
Black Sand Technologies, Inc.	QUALCOMM Incorporated (NasdaqGS:QCOM)
MICROS Systems, Inc.	Oracle Corporation (NYSE:ORCL)
Deutsche Telekom Hosted Business	Deutsche Telekom AG (DB:DT)
Fusion-io, Inc.	SanDisk Corp. (NasdaqGS:SNDK)
Parastructure, Inc.	Dropbox Inc.

**June 2014** - Avago Technologies Wireless (U.S.A.) Manufacturing, Inc. ('Avago') entered into a definitive agreement to acquire PLX Technology Inc. (NasdaqGM:PLXT) ('PLX') from Potomac Capital Partners II, a fund managed by Potomac Capital Management Inc., Discovery Group Holding Company, LLC, certain senior members of management and directors of PLX and other shareholders for approximately \$300 million in cash. PLX Technology, Inc. designs, develops, manufactures, and sells integrated circuits worldwide.

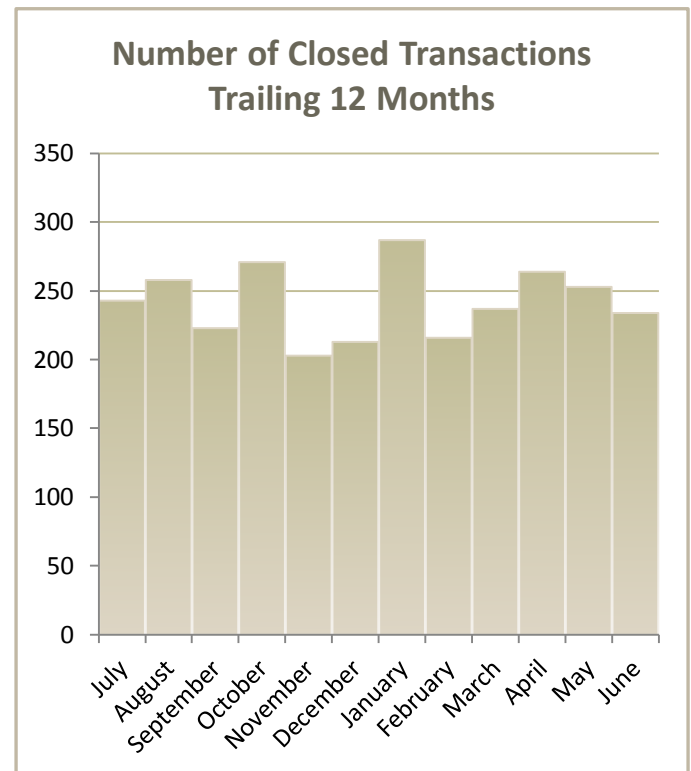
## Industry Dynamics

**Technology** - The technology market, especially on the software and programming side, has been driven by the continued emphasis on moving from local server solutions to the cloud. According to a report from industry research group, *Transparency Market Research*, the cloud computing services market, which is currently valued at more than \$100 billion, is projected to grow steeply at a CAGR of 23.21% and reach a market size of \$148.9 billion before the end of 2014. However, with rising competition and saturation and technology limitations, the market may see a drop in CAGR, but still grow at a CAGR of 8.39% and reach \$206 billion by 2018.

According to a report from international consulting firm *Deloitte*, wearable technologies are project to sell 10 million units in 2014, generating an estimated \$3 billion, with sales to surpass 100 million units by 2020.

**Media** - The US media industry includes over 73,000 firms with combined annual revenue of about \$1.2 trillion. Consumer demand for digital entertainment and information, fueled largely by the adoption of broadband and Internet-connected devices, is a key growth driver. According to a report from First Research, an industry research group, total US consumer spending, an indicator of media product sales, rose 1.6 percent, primarily from service expenditures, in June 2014 compared to the same month in 2013.

**Telecom** - Worldwide, the telecommunications industry generates about \$2 trillion in revenue and is projected to earn \$2.7 trillion by 2018, according to a report from research group Insight Research. According to data from industry research group Budde, mobile technology and smart devices will lead growth in the sector. By the end of 2014 it is expected there will be more mobile subscriptions than the global population. The telecoms sector is also the largest industry in terms of employment in the world; demonstrating what an integral sector to the economy this sector has become.



Collectively, the Technology, Media and Telecom Practice Group provides M&A advice to public and private companies in all sectors of technology, media and telecommunication industries including IT services, equipment, semi-conductors, software, broadcasting, publishing, broadband networks and wireless communication. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.