

TECHNOLOGY · MEDIA · TELECOM

FIRST QUARTER

2015

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 Technology, Media & Telecommunications (TMT) sector for Q4 2014 included 100 closed deals according to data published by industry data tracker FactSet, with an average enterprise value of \$212 million. Among the three subsectors the most activity continues to be in the telecommunication space as the highly competitive mobile market drives consolidation.

Transactional Overview

November 2014 - Mavenir Systems Inc. acquired Stoke Inc., a portfolio company of BDCA Venture Adviser, Samsung Ventures America, Sequoia Capital, Kleiner Perkins Caufield & Byers LLC, Presidio STX LLC, Integral Capital Partners and Pilot House Ventures LLC, for US\$2.9 million in cash and US\$1.9 million in assumed liabilities. Stoke, Inc. provides mobile broadband gateway solutions. Its delivers gateway solutions for the mobile border, securing LTE communications between the radio access network and the operator core, protecting subscribers while safeguarding critical mobile core infrastructure. Mavenir Systems, Inc. is a holding company, which is engaged in the provision of software-based telecommunications networking solutions.

November 2014 - Vonage Holdings Corp acquired Telesphere Networks Ltd for US\$113.7 million in cash and stock. Telesphere Networks Ltd. provides cloud communications and voice over internet protocol business solutions. Vonage Holdings Corp. provides communication services connecting people through people through cloud-connected devices worldwide.

November 2014 - Fusion Telecommunications International Inc. acquired PingTone Communications Inc. for US\$10.1 million in cash and stock. PingTone Communications is an industry-leading hosted VoIP service provider, delivering premier hosted VoIPbusiness solutions as a service since 1999. Fusion Telecommunications International, Inc. provides Internet protocol based digital voice and data communications services to corporations and carriers worldwide. The company operates its business through two segments: Carrier Services and Business Services.



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

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For over 50 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

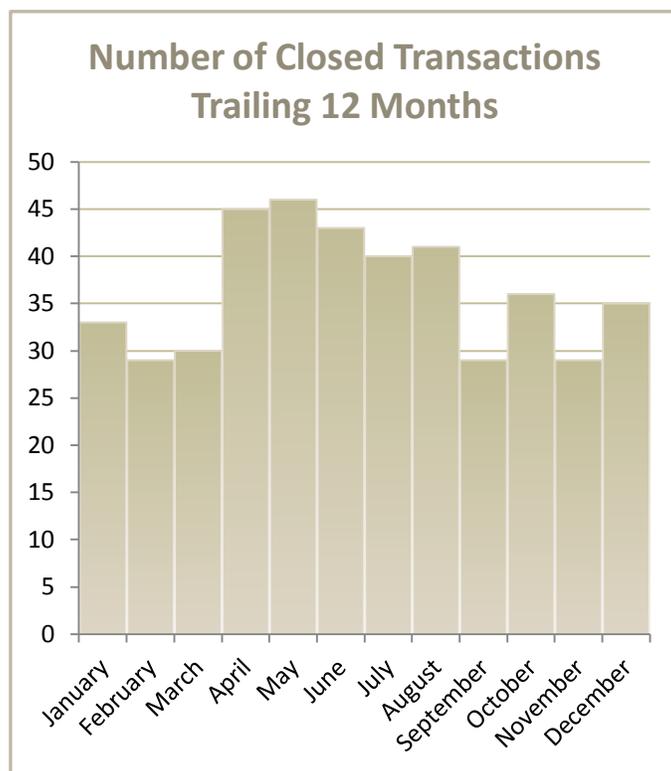
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Selected Q4 Closed Transactions	
Target/Issuer	Buyers/Investors
EchoSat Communications Group, Inc.	Thompson Street Capital Managers LLC
PasswordBox, Inc.	Intel Corp.
Cooliris, Inc.	Yahoo!, Inc.
Critical Mass, Inc.	Omnicom Group, Inc.
DoctorDirectory.com, Inc.	Everyday Health, Inc.
Telesphere Networks Ltd.	Vonage Holdings Corp.
Allegiance Software, Inc.	Maritz Holdings, Inc.
Electronic Payment Exchange, Inc.	North American Bancard, Inc.

Industry Trends

M&A activity in the TMT space over the past 12 months has been driven by megadeals in the social media space by giants like Facebook making defensive buys such as the WhatsApp (\$19 billion) purchase. In addition, smaller deals by companies looking to gain technology and market share have boosted the deal environment.

According to First Research, an industry research organization, Google and Cablevision are introducing new phone services that could disrupt the wireless industry's dominant business model, which supplies service through exclusive agreements with individual phone carriers, according to The Wall Street Journal. Google is reportedly partnering with Sprint and T-Mobile to purchase wholesale access to each of the existing carriers' networks, effectively making Google a wireless reseller or MVNO (mobile virtual network operator). Meanwhile, Cablevision is launching a Wi-Fi-only mobile-phone service called Freewheel, where voice and data are transmitted over Wi-Fi instead of phone carriers' cellular networks. Both services may cost considerably less than traditional wireless services.



The number of Americans who use mobile devices to check email, browse the Web, and access social networks continues to rise, according to a recent study from the US Commerce Department's National Telecommunications and Information Administration (NTIA). Between July 2011 and October 2012, the share of Americans who used mobile devices for downloading mobile apps increased from 22 to 32 percent; for browsing the Web from 33 to 42 percent; for checking email from 33 to 43 percent; and for logging into social networks from 22 to 30 percent. While mobile phone use increased across all demographic categories, rural Americans were 13 percentage points less likely to browse the Web on their phones, 12 percentage points less likely to download apps, and 8 percentage points less likely to use social networks.

The Internet of Things (IoT), defined as a network of dedicated physical objects that contain embedded technology to sense or interact with their internal state or external environment, is expected to grow rapidly in the near future. Some 4.9 billion connected "smart" devices will be in use in 2015, up 30 percent from 2014, according to Gartner.

Total US revenue for wireless telecommunications carriers, except satellite, rose 4.4 percent in the third quarter of 2014 compared to the previous year. US paging, cellular, and wireless telecommunications is forecast to grow at an annual compounded rate of 7 percent over the next three years.

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.