

TECHNOLOGY · MEDIA · TELECOM

SECOND 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 the Technology, Media and Telecom (TMT) sector for Q1 2015 included 638 closed deals according to data published by industry data tracker FactSet, with an average enterprise value of \$274 million. Software & Tech-Enabled Services was the most active segment. Software was a particularly strong driver by software as a service (SAAS) as many large strategics look to modernize their systems from on-premises to web-based. Marketing Services & Technology was the next most active sector as web-based marketing and advertising - big data, social media, pay per click, search engine optimization, etc. - becomes all the more pervasive. This was clearly evidenced by Nielsen's \$200 million acquisition of eXelate.

Transactional Overview

March 2015 - A private group led by Stone Point Capital LLC and management of Black Mountain Systems LLC acquired Black Mountain Systems LLC for US\$100 million to US\$150 million. Stone Point Capital LLC is a global private equity firm located in Greenwich, Connecticut. Black Mountain Systems LLC develops software solutions for credit analysis, portfolio management and reporting and compliance by institutional investors in high-yield loans, bonds and alternative investments. Its clients include hedge funds, private equity firms, investment managers and banks.

March 2015 - Everyday Health Inc. acquired Cambridge BioMarketing LLC for US\$38 million in cash and contingent payout. Everyday Health, Inc. provides digital health and wellness solutions. It also provides consumers, healthcare professionals and brands with content and advertising-based services across a broad portfolio of websites that span the health spectrum-from lifestyle offerings in pregnancy, diet and fitness to in-depth medical content for condition prevention and management. Cambridge BioMarketing provides advertising services for the pharmaceuticals sector.



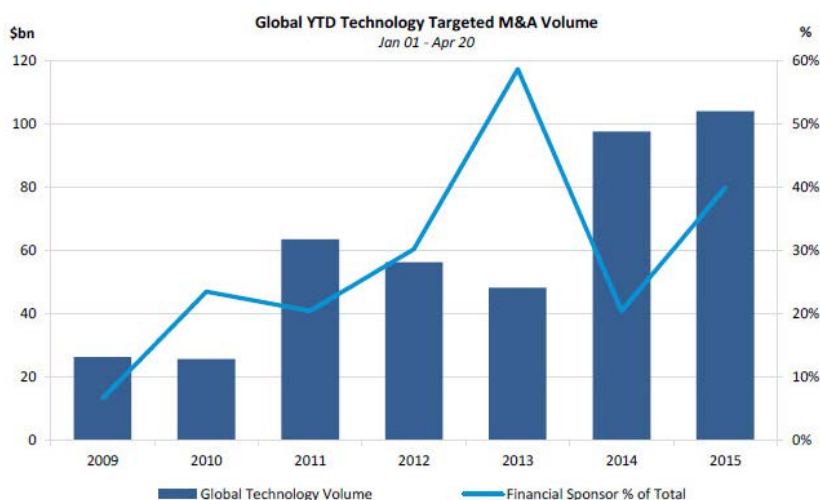
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For over 50 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

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March 2015 - PCTEL Inc. acquired Nexgen Wireless Inc. for US\$22.5 million in cash and contingent payout. PCTEL, Inc. provides propagation and optimization solutions for the wireless industry. It designs and develops software-based radios for wireless network optimization and develops and distributes innovative antenna solutions. Nexgen Wireless, Inc. engages in the provision of software and engineering services for telecommunications.

Selected Q1 Closed Transactions	
Target/Issuer	Buyers/Investors
Agilex Technologies, Inc.	Accenture LLP
Pay Per Cloud, Inc.	Synoptek, Inc.; Toba Capital LLC
Between Two Ferns, Inc.	Fundable LLC
Advanced E Learning Solutions, Inc.	eLearning Innovation LLC
ZeTrip, Inc..	TripAdvisor, Inc.
Cognitive Kid, Inc.	Reed Elsevier Ventures Ltd.
Coversant, Inc.	Ubiquity, Inc.
Revolution Analytics, Inc.	Microsoft Corp.

M&A Trends

In the ever-evolving TMT sector M&A activity is as hot as ever and technologies change and cannibalize obsolescence. Hot sectors for the remainder of 2015 and beyond include cyber security, SAAS and big data.

Industry Update

US state and local government agencies will increase spending on information technology products and services by more than 3 percent annually over the next five years, according to market analysis firm Deltek. IT investments at the state and local levels are forecast to grow from about \$60 billion in 2014 to \$70 billion by 2019. Health care and public education are key growth areas for IT spending as states look to modernize Medicaid and update operational, instructional, and research technologies at schools to meet surging student enrollment. In addition, data center modernization, cloud storage, and mobile communications are expected to drive IT spending growth for general government operations.

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. As many as 25 billion devices are expected to be connected by 2020. The IoT can be viewed as an ecosystem that includes not only things, but also communication, applications, and data analysis, all of which will drive a growing demand for information technology services to support them. Manufacturing, utilities, and transportation are forecast to be the top three verticals using IoT in 2015. Gartner estimates that IoT will support total services spending of \$69.5 billion in 2015 and \$263 billion by 2020.

Total US consumer spending, a driver for the IT needs of consumers, rose 0.3 percent, primarily from service expenditures, in February 2015 compared to the same month in 2014. US corporate profits, an indicator for corporate investment in information technology, fell 0.2 percent in the fourth quarter of 2014 compared to the same period in 2013. Total US revenue for computer systems design and related services rose 4.7 percent in the fourth quarter of 2014 compared to the previous year.

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.

