

Technology, Media and Telecom

INDUSTRY REPORT

Fall | 2021

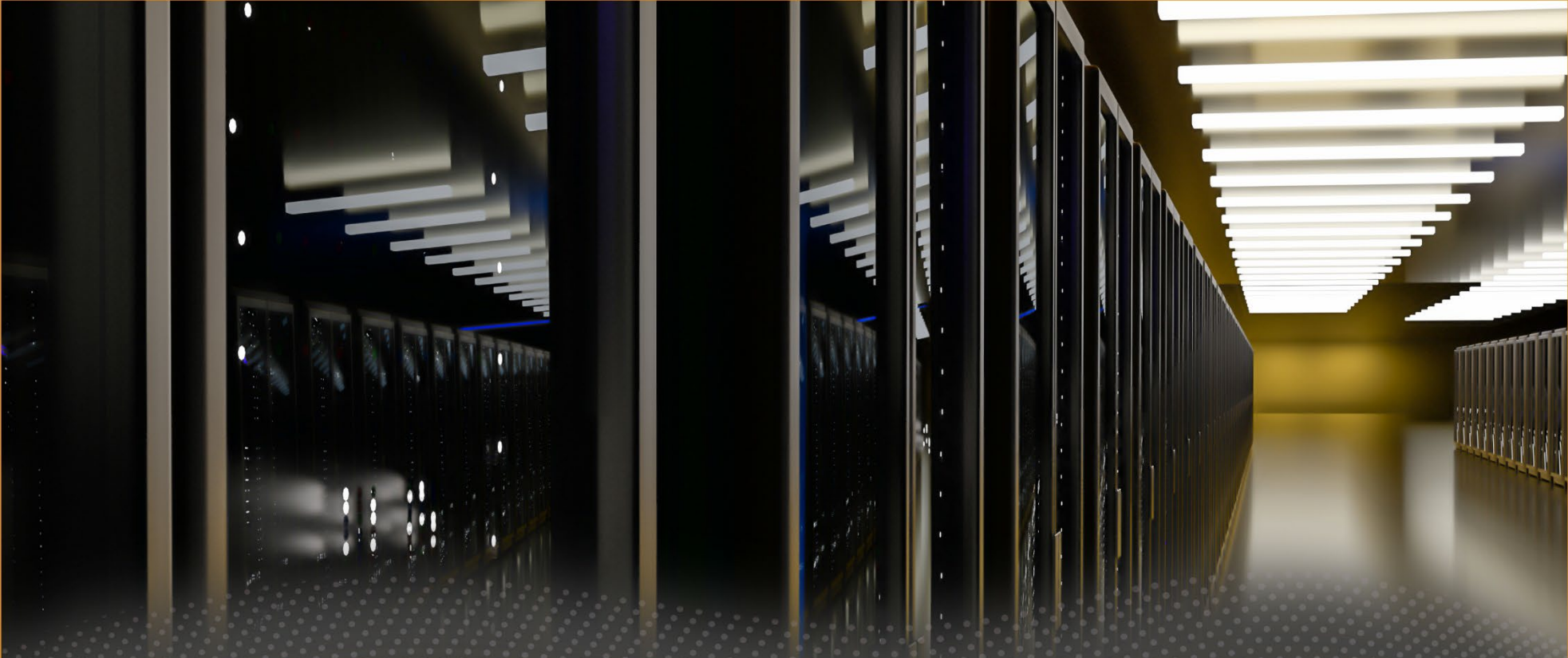
CREATING
M&A STRATEGIES
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Table of Contents

Market Observations	3
Transaction Highlights	11
Public Companies	14
CFA Overview	24



Market Observations

Market Summary

Technology Market

The technology, media, and telecommunications industry is rapidly evolving, due to increased investor interest. The sector experienced increased investments driven by initial public offerings of special-purpose acquisition companies, and venture capital funding during the initial period of 2021. This industry has significant potential for growth due to large capital inflows. The rapid pace of technological change, due to the impact of Covid-19 pandemic, is driving companies to continuously innovate to transform their business and gain a competitive advantage. However, the technology, media, and telecommunications industry's capital, strategic, and operational decisions are being influenced by geopolitical uncertainty, ESG/climate crisis and awareness, and inclusion & diversity realizations. Currently, technology demand is rising due to increased global IT spending and swifter hardware sales recovery. The adoption of 5G networking and devices is increasing, with the prospect of more efficient data processing, lower network costs, and increased network density on the horizon.

Public Company Valuations

The CFAW Select Technology Index was up by 4.0% in the third quarter of 2021, and the 12 months return on the Index was 38.2%. Our index for each of the subsector of Technology was volatile in the third quarter of 2021. Professional and Commercial Equipment and Supplies Merchant Wholesalers outperformed all other indices with 39.3% increase in the third quarter of 2021. Software Publishers had the highest median revenue and EBITDA multiple of 12.9x and 70.0x, respectively. Electronics and Appliance Stores had median revenue and EBITDA multiples of 0.7x and 10.1x, while Professional and Commercial Equipment and Supplies Merchant Wholesalers had median revenue and EBITDA multiples of 0.4x and 12.3x, respectively. Computer Systems Design and Related Services, Data Processing, Hosting, and Related Services, Other Telecommunications, Semiconductor and Other Electronic Component Manufacturing had median revenue multiples of 2.3x, 5.5x, 3.5x, 5.5x and median EBITDA multiples of 13.9x, 16.6x, 21.2x, 28.3x respectively.



The public technology market continued to grow steadily in the third quarter of 2021...

Mergers and Acquisitions

Global technology, media, and telecommunications M&A activity remained positive in the first three quarters of 2021. Increased capital supply and investments triggered by initial public offerings (IPOs) of special-purpose acquisition companies and venture capital funding, led to the rise of M&A activity. Digitization helped in the rise of M&A activity as strategics are using mergers as a tactic to drive innovation and product development. Due to the potential for digitization and increased availability of capital, companies will continue to view M&A to build unique capabilities, reorganize their businesses, and maintain or achieve market leadership for the rest of 2021.

Industry Trends

Cloud Gaming

The global market for cloud gaming is expected to reach 23.7 million paying users and \$1.6 billion revenues in 2021, as per a report published by market researcher Newzoo. Gaming companies are making concerted efforts to help facilitate the shift towards cloud gaming, with the launch of the new cloud-native products. The revenues are expected to reach \$6.53 billion in 2024, and it will represent approximately 3% of the \$200 billion global gaming market. During the pandemic, Cloud gaming provided an accessible alternative for players to play games. Furthermore, global semiconductor shortage hampered the availability of high-end computer components. Hence, this event boosted the demand for cloud gaming as it eliminated the need for expensive hardware. Nvidia's GeForce Now, PlayStation Now, Xbox Games Pass Ultimate/Project xCloud, Google Stadia, Amazon Luna, and Tencent Cloud are some of the prominent examples of cloud gaming services. North America and Western Europe will continue to dominate the market in 2021, as players from these geographic areas are expected to generate more than half of all consumer spending on cloud gaming.

Quantum Computing

Quantum computing is a technology that uses quantum bits to perform highly intensive computing tasks and calculations. The Quantum computing market size is valued at \$472 million in 2021 and is forecasted to grow at a CAGR of 30.2% to reach \$1,765 million by 2026, as per report published by MarketsandMarkets. The early adoption of Quantum computing in the banking and finance sector is expected to fuel growth. In addition to that, increased government investments in quantum computing research and development, will also act as a key factor propelling the growth in the future. Many smaller players have found early success and funding, in this sector. Quantum computers will improve technologies such as Machine Learning, 5G, and bullet trains, which require massive computation power. Quantum computing is critical in today's Big Data era, as fast computers are required to process the massive amounts of data generated daily. Governments and many technology leaders in this industry, are currently investing massively in R&D and contributing to the development of functional quantum computing.



Customer Experience Insights

The COVID-19 pandemic has accelerated the digital transformation, which has led to the growth for customer insights. SaaS companies are in a unique position to capitalize on this demand by combining their existing service packages with business intelligence and customer experience software to provide companies with complete visibility and a holistic view of their customers. The long-term relationships with customers could be achieved by providing customers with a consistent experience. Each interaction with a customer is an opportunity for brands to earn their loyalty and trust. The businesses must continue to put the customer first in their engagement strategy and prioritize creating the best experience for each individual customer.

Significant News

ESPN teams up with Verizon, Microsoft and Accenture on new Edge Innovation Centre

Sports Pro, September 03, 2021

“US sports media giant ESPN is seeking to bolster its fan experience with the launch of its Edge Innovation Centre in collaboration with Verizon, Accenture and Microsoft as founding partners. Through the new initiative, ESPN will explore new technologies such as 5G, augmented reality (AR), and edge computing. The Edge Innovation Centre will also see ESPN work in collaboration with the technology team at Disney Media and Entertainment Distribution (DMED). Accenture's contribution will be on establishing an innovation lab to develop future sports entertainment experiences and production capabilities using emerging technologies. The media company's work with Microsoft will focus on technological efficiencies, as well as exploring cloud-based solutions to deliver optimal content and services to customers.”

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Tech Companies Accelerate Hiring as Other Industries Slow Growth

AZ Big Media, September 03, 2021

“Hiring by U.S. technology companies in August reached a near two-year high, a positive counterweight to slower payroll growth and tech employment in other sectors of the economy, an analysis by CompTIA, the nonprofit association for the information technology (IT) industry and workforce, finds. Tech companies added an estimated 26,800 workers last month in both technical and non-technical positions, according to the “Employment Situation” report released today by the U.S. Bureau of Labor Statistics (BLS) reveals. It's the largest monthly gain in tech industry jobs since November 2018. So far this year tech industry hiring has increased by more than 120,000 positions.”

[Read More >](#)

Google Cloud and C3 AI Create Industry-First Alliance to Accelerate Enterprise AI

PRNewswire, September 01, 2021

“C3 AI and Google Cloud announced a new, first-of-its-kind partnership to help organizations across multiple industries accelerate their application of artificial intelligence (AI) solutions. Under the agreement, both companies' global sales teams will co-sell C3 AI's enterprise AI applications, running on Google Cloud.”

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M&A Metrics

Technology Industry

M&A activity in the Technology sector continued to grow in the third quarter of 2021. Q3 2021 was the most successful quarter in terms of number transactions in the past three years. The number of M&A transactions in the Technology sector increased from 1,798 in Q2 2021 to 1,857 in Q3 2021. The number of sub-\$50 million transactions increased from 1,621 in Q2 2021 to 1,689 in Q3 2021. The number of transactions above \$100 million decreased from 136 in Q2 2021 to 126 in Q3 2021. The total number of M&A transactions increased 35.3% year on year from 1,373 in Q3 2020 to 1,857 in Q3 2021.



M&A Deal Summary Table | Count by Deal Size over Time

Transaction Value	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Not Disclosed	836	869	846	944	903	868	700	1,002	1,158	1,395	1,300	1,411
Under \$10 MM	169	157	154	164	170	140	124	165	191	166	180	179
\$10 - \$25 MM	67	47	68	26	61	45	49	52	88	69	80	57
\$25 - \$50 MM	39	33	33	35	41	35	27	35	60	44	61	42
\$50 - \$100 MM	37	25	19	30	33	25	14	25	47	42	41	42
\$100 - \$500 MM	44	59	47	37	52	40	34	53	68	63	82	66
\$500 MM+	29	24	32	28	24	15	12	41	48	62	54	60
Total Transactions	1,221	1,214	1,199	1,264	1,284	1,168	960	1,373	1,660	1,841	1,798	1,857

Source: FactSet

M&A Metrics – Spotlight on Cybersecurity

Cybersecurity Industry

The number of M&A transactions in the Cybersecurity industry increased from 85 in Q2 2021 to 99 in Q3 2021. The total number of large deals increased in the third quarter of 2021. The number of sub-\$50 million transactions increased from 78 in Q2 2021 to 91 in Q3 2021. The number of transactions above \$100 million increased from 6 in Q2 2021 to 7 in Q3 2021. The total number of M&A transactions increased 62.3% year on year from 61 in Q3 2020 to 99 in Q3 2021.



M&A Deal Summary Table | Count by Deal Size over Time

Transaction Value	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Not Disclosed	25	32	30	29	29	39	29	47	50	71	58	84
Under \$10 MM	4	5	6	4	7	8	7	2	7	7	12	4
\$10 - \$25 MM	2	0	1	1	4	4	1	4	4	6	6	2
\$25 - \$50 MM	0	1	1	1	1	1	1	2	3	1	2	1
\$50 - \$100 MM	2	0	2	2	3	3	1	3	2	5	1	1
\$100 - \$500 MM	6	1	1	0	4	0	3	0	3	2	3	4
\$500 MM+	3	2	2	2	3	1	0	3	1	3	3	3
Total Transactions	42	41	43	39	51	56	42	61	70	95	85	99

Source: FactSet

Industry Metrics

Industry Financial Data and Ratios

NAICs 443142 - Electronics Stores

Financial Metric	Last12 Mo	2020	2019
Current Ratio	3.24	3.01	4.02
Gross Profit Margin	46.36%	46.97%	46.98%
Net Profit Margin	6.23%	5.62%	5.40%
Accounts Receivable Days	27	31.4	27.99
Accounts Payable Days	35.23	49.78	58.27
Debt-to-Equity Ratio	2.53	2.32	2.1
Return on Equity	52.10%	53.32%	54.19%
Sales per Employee	--	--	\$258,206
Profit per Employee	--	--	\$7,622
Sales Growth	2.87%	3.36%	6.90%
Profit Growth	49.67%	51.43%	35.11%
	3.24	3.01	4.02

NAICs 5415 - Computer Systems Design and Related Services

Financial Metric	Last12 Mo	2020	2019
Current Ratio	3.54	3.38	3.28
Gross Profit Margin	60.65%	62.05%	62.05%
Net Profit Margin	8.16%	8.71%	6.71%
Accounts Receivable Days	52.88	49.49	47.63
Accounts Payable Days	29.48	33.02	27.45
Debt-to-Equity Ratio	2.01	2.14	2.18
Return on Equity	57.36%	56.44%	53.60%
Sales per Employee	\$177,563	\$177,563	\$189,289
Profit per Employee	\$21,592	\$21,592	\$29,170
Sales Growth	8.09%	8.73%	14.31%
Profit Growth	33.73%	29.31%	23.15%

Source: Profit Cents

NAICs 423430 - Computer & Computer Peripheral Equipment & Software

Financial Metric	Last12 Mo	2020	2019
Current Ratio	3.32	2.56	3.28
Gross Profit Margin	41.29%	39.49%	40.95%
Net Profit Margin	11.29%	6.99%	3.73%
Accounts Receivable Days	48.53	53.34	52.34
Accounts Payable Days	51.71	54.71	47.2
Debt-to-Equity Ratio	2.8	3.19	1.79
Return on Equity	57.54%	49.02%	31.04%
Sales per Employee	--	--	--
Profit per Employee	--	--	--
Sales Growth	9.54%	11.23%	-4.83%
Profit Growth	72.66%	60.09%	-16.01%

NAICs 5182 - Data Processing, Hosting, and Related Services

Financial Metric	Last12 Mo	2020	2019
Current Ratio	4.31	3.14	2.71
Gross Profit Margin	69.34%	66.16%	66.72%
Net Profit Margin	9.13%	4.80%	1.77%
Accounts Receivable Days	50.83	57.74	55.34
Accounts Payable Days	36.55	44.29	39.87
Debt-to-Equity Ratio	1.89	2.07	2.56
Return on Equity	57.79%	39.19%	30.62%
Sales per Employee	\$103,317	\$176,707	--
Profit per Employee	\$61,616	\$45,933	--
Sales Growth	13.83%	10.27%	13.33%
Profit Growth	37.90%	38.84%	22.20%

Industry Metrics

Industry Financial Data and Ratios

NAICs 5179 - Other Telecommunications

Financial Metric	Last12 Mo	2020	2019
Current Ratio	2.36	2.8	2.21
Gross Profit Margin	53.53%	56.02%	56.65%
Net Profit Margin	9.26%	8.44%	2.55%
Accounts Receivable Days	45.98	47.89	45.33
Accounts Payable Days	58.77	52.93	54.63
Debt-to-Equity Ratio	2.05	2.35	2.22
Return on Equity	62.90%	58.41%	35.06%
Sales per Employee	\$136,616	\$136,616	\$238,146
Profit per Employee	(\$3,184)	(\$3,184)	\$12,270
Sales Growth	0.47%	1.08%	12.69%
Profit Growth	23.75%	26.77%	32.55%

NAICs 5112 - Software Publishers

Financial Metric	Last12 Mo	2020	2019
Current Ratio	3.22	3.54	2.49
Gross Profit Margin	74.16%	74.93%	76.95%
Net Profit Margin	7.05%	0.22%	-4.19%
Accounts Receivable Days	60.83	63.5	67.56
Accounts Payable Days	88.57	88.27	101.26
Debt-to-Equity Ratio	1.8	1.9	2.43
Return on Equity	39.02%	18.75%	22.25%
Sales per Employee	\$196,039	--	\$284,257
Profit per Employee	\$29,800	--	\$52,775
Sales Growth	18.64%	17.96%	18.54%
Profit Growth	38.55%	28.16%	18.72%

NAICs 3344 - Semiconductor & Other Electronic Component Manufacturing

Financial Metric	Last12 Mo	2020	2019
Current Ratio	3.72	3.46	3.31
Gross Profit Margin	35.68%	37.63%	36.88%
Net Profit Margin	3.13%	5.31%	5.34%
Accounts Receivable Days	48.38	52.1	53.32
Accounts Payable Days	40.03	41.1	40.59
Debt-to-Equity Ratio	1.57	1.33	1.45
Return on Equity	29.05%	25.11%	26.29%
Sales per Employee	\$138,279	\$138,279	\$141,805
Profit per Employee	\$43,108	\$43,108	\$38,233
Sales Growth	-2.41%	1.14%	7.75%
Profit Growth	29.30%	23.81%	7.22%

Source: Profit Cents



Transaction Highlights

Notable Transactions



In September 2021, **Akamai Technologies Inc** entered into a definitive agreement to acquire **GuardiCore Ltd** for ILS1,925.9 million (US\$600 million) in cash. The acquisition would enhance Akamai Technologies Inc's extensive zero trust security portfolio. The transaction expands Akamai Technologies Inc's service offerings globally. GuardiCore Ltd is located in Tel Aviv, Israel and provides internet security software and related solutions. GuardiCore Ltd is expected to generate revenue about \$35 million in 2022.



In September 2021, **Endeavor Operating Co LLC**, a subsidiary of Endeavor Group Holdings Inc, entered into an agreement to acquire **OpenBet Technologies Ltd** from Scientific Games Corp for GBP882.6 million (US\$1.2 billion) in cash and stock. The transaction is expected to be funded with cash on hand and additional borrowings under existing credit facilities. The acquisition will complement Endeavor Group Holdings Inc's position within the sports betting ecosystem. OpenBet Technologies Ltd is located in London, Greater London, United Kingdom and provides interactive gaming and betting solutions.



In September 2021, **Fivetran Inc** acquired **HVR Software Inc** for US\$700 million with an undisclosed amount in cash and stock. The acquisition strengthens Fivetran Inc's market position. The transaction complements the capabilities of Fivetran Inc and enhances its service offerings. HVR Software Inc is located in San Francisco, California, United States and provides enterprise data replication technology services.



In August 2021, **Square Inc** entered into a scheme implementation deed to acquire **Afterpay Ltd** for AUD36.6 billion (US\$26.9 billion) in stock, via scheme of arrangement. The transaction is expected to be accretive to Square Inc's gross profit. The acquisition would accelerate Afterpay Ltd's growth in the United States and globally. Afterpay Ltd is located in Melbourne, Victoria, Australia and provides payment processing software and services.



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Select M&A Transactions

Date	Target Name	Acquirer Name	Enterprise Value (MM)	Revenue	EBITDA
9/29/2021	GuardiCore Ltd.	Akamai Technologies, Inc.	600	11	NM
9/27/2021	OpenBet Technologies Ltd.	Endeavor Operating Co. LLC	1,207	NM	NM
9/20/2021	HVR Software, Inc.	Fivetran, Inc.	700	NM	NM
9/13/2021	Express VPN International Ltd.	Kape Technologies Plc	936	279	48
9/13/2021	The Rocket Science Group LLC	Intuit, Inc.	11,700	NM	NM
9/13/2021	NeuStar, Inc.	Trans Union LLC	4,026	NM	NM
8/31/2021	Indialdeas.com Ltd.	PayU Payments Pvt Ltd.	4,700	NM	NM
8/19/2021	Inovalon Holdings, Inc.	Nordic Capital Ltd.; InSight Partners LLC; 22C Capital LLC; Inovalon Holdings, Inc. /Private Group/	7,027	719	212
8/5/2021	Cornerstone OnDemand, Inc.	Clearlake Capital Group LP	4,840	830	202
8/2/2021	Afterpay Ltd.	Square, Inc.	27,027	690	-15
7/26/2021	Medallia, Inc.	Thoma Bravo LP	5,569	495	-64
7/23/2021	Cvent, Inc.	Dragoneer Growth Opportunities Corp. II	5,064	NM	NM
7/21/2021	Core Scientific, Inc.	Power & Digital Infrastructure Acquisition Corp.	3,920	NM	NM
7/15/2021	Aurora Innovation, Inc.	Reinvent Technology Partners Y	11,473	NM	NM
7/14/2021	Avast Plc	NortonLifeLock, Inc.	9,111	931	492
7/9/2021	Bullish Global	Far Peak Acquisition Corp.	7,980	NM	NM
7/8/2021	Circle Internet Financial Ltd.	Concord Acquisition Corp.	5,646	NM	NM

(\$ in millions) Source: Factset



Public Companies

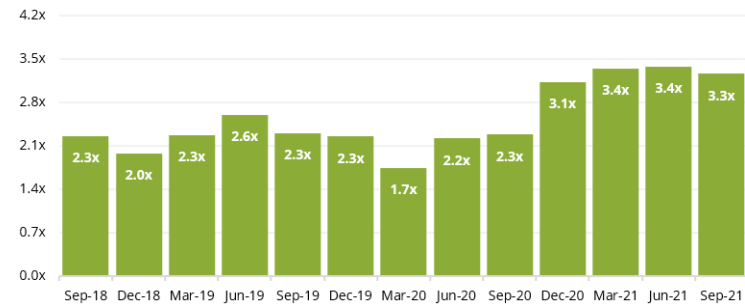
Industry Performance

CFAW Select Technology Index

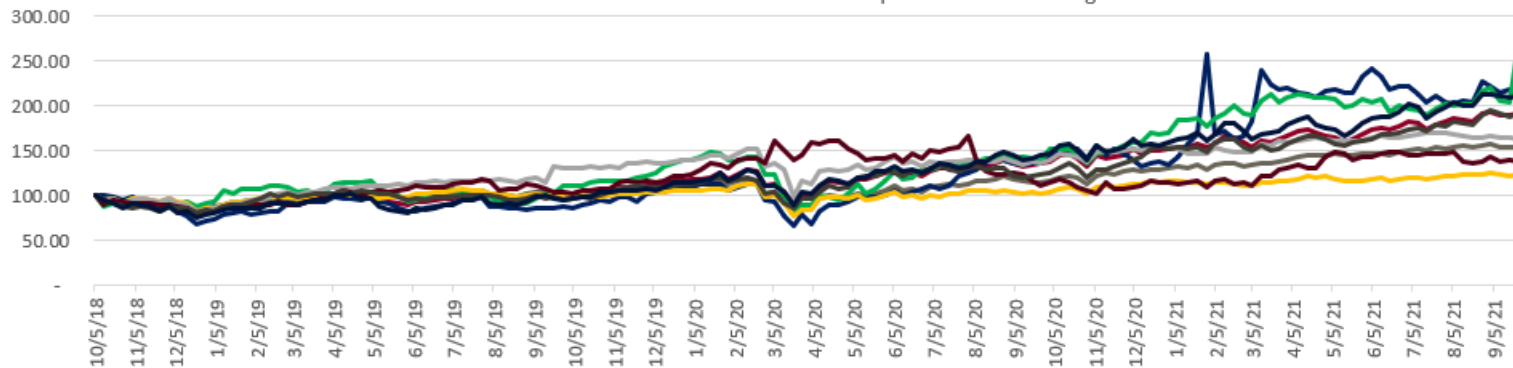
CFAW Select Technology Index | Median EBITDA Multiples



CFAW Select Technology Index | Median Revenue Multiples



- Select CFAW Select Technology Index
- S&P 500
- CFAW Selected Electronics and Appliance Stores Index
- CFAW Selected Professional and Commercial Equipment and Supplies Merchant Wholesalers Index
- CFAW Selected Computer Systems Design and Related Services Index
- CFAW Selected Data Processing, Hosting, and Related Services Index
- CFAW Selected Other Telecommunications Index
- CFAW Selected Software Publishers Index
- CFAW Selected Semiconductor and Other Electronic Component Manufacturing Index

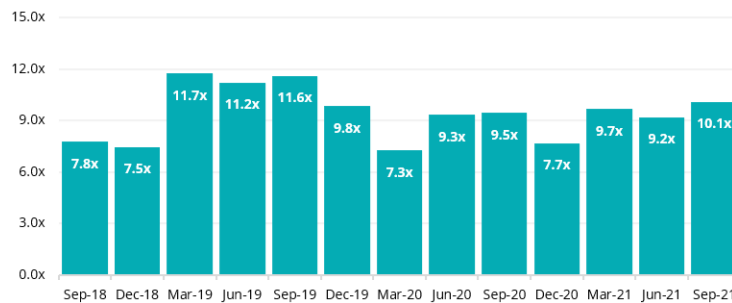


Source: FactSet

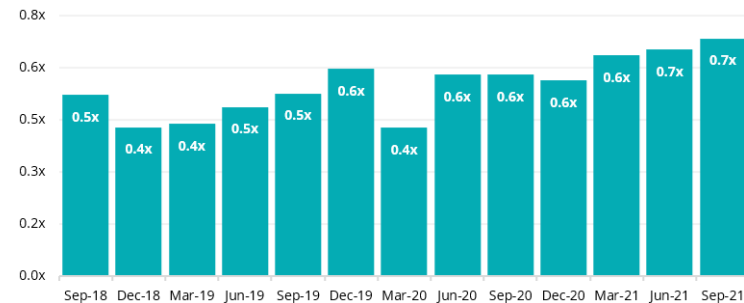
Public Comparables

Electronics and Appliance Stores

Electronics and Appliance Stores | Median EBITDA Multiples



Electronics and Appliance Stores | Median Revenue Multiples



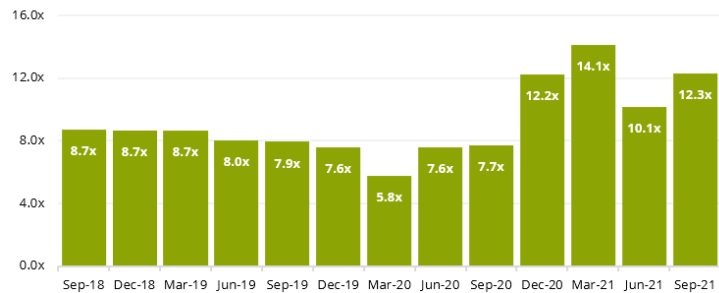
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Best Buy Co., Inc.	\$105.71	246	\$26,001	\$25,562	\$52,276	\$4,237	0.5x	6.0x
Brimag Digital Age Ltd	\$9.63	10	\$97	\$129	\$162	\$26	0.8x	5.0x
Com7 Public Co. Ltd.	\$1.99	1,200	\$2,385	\$2,437	\$1,453	\$101	1.7x	24.0x
Copperwired Public Co. Ltd.	\$0.12	600	\$71	\$73	\$127	\$7	0.6x	10.1x
ePlus inc.	\$102.61	14	\$1,404	\$1,350	\$1,615	\$122	0.8x	11.1x
Frontier Developments Plc	\$33.03	39	\$1,301	\$1,264	\$121	\$50	10.5x	25.4x
GameStop Corp. Class A	\$175.47	76	\$13,422	\$12,366	\$5,587	(\$78)	2.2x	NM
PC Depot Corporation	\$4.20	53	\$221	\$163	\$345	\$29	0.5x	5.6x
Syscom Computer Engineering Co., Ltd.	\$0.79	100	\$79	\$67	\$206	\$12	0.3x	5.7x
Paltek Corporation	\$6.08	0	\$0	\$42	\$282	\$4	0.1x	11.0x
Mean				\$4,345	\$6,217	\$451	1.8x	11.5x
Median				\$714	\$313	\$28	0.7x	10.1x

Source: FactSet

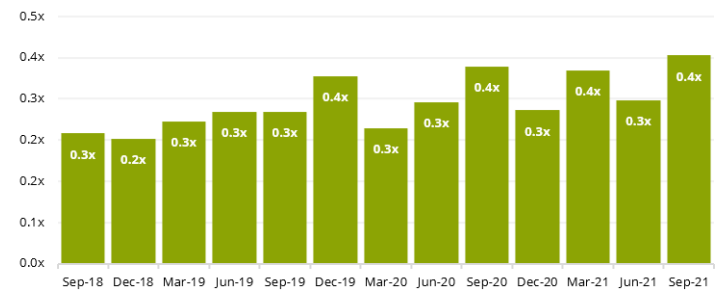
Public Comparables

Professional, Commercial Equipment, Supplies Merchant Wholesalers

Professional, Commercial Equipment, Supplies Merchant Wholesalers | Median EBITDA Multiples



Professional, Commercial Equipment, Supplies Merchant Wholesalers | Median Revenue Multiples



Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Action S.A.	\$4.26	20	\$85	\$76	\$549	\$11	0.1x	7.1x
Argo Blockchain Plc	\$1.64	467	\$768	\$735	\$52	\$33	14.0x	22.3x
D-Link Corporation	\$0.67	652	\$439	\$313	\$547	\$20	0.6x	16.0x
Digiworld Corp.	\$5.22	88	\$461	\$431	\$730	\$18	0.6x	23.6x
Dyntek, Inc.	\$19.00	2	\$43	NM	\$196	\$10	NM	NM
Intevac, Inc.	\$4.78	25	\$118	\$77	\$80	(\$8)	1.0x	NM
Paragon Technologies, Inc.	\$5.75	2	\$9	\$21	\$124	\$6	0.2x	3.2x
ScanSource, Inc.	\$34.79	25	\$887	\$988	\$3,151	\$107	0.3x	9.2x
SoftwareONE Holding Ltd.	\$22.03	159	\$3,493	\$2,948	\$8,994	\$192	0.3x	15.3x
SYNNEX Corporation	\$104.10	96	\$9,992	\$9,967	\$24,675	\$1,131	0.4x	8.8x
Mean				\$1,728	\$3,910	\$152	1.9x	13.2x
Median				\$431	\$548	\$19	0.4x	12.3x

Source: FactSet

Public Comparables

Computer Systems Design and Related Services

Computer Systems Design and Related Services | Median EBITDA Multiples



Computer Systems Design and Related Services | Median Revenue Multiples



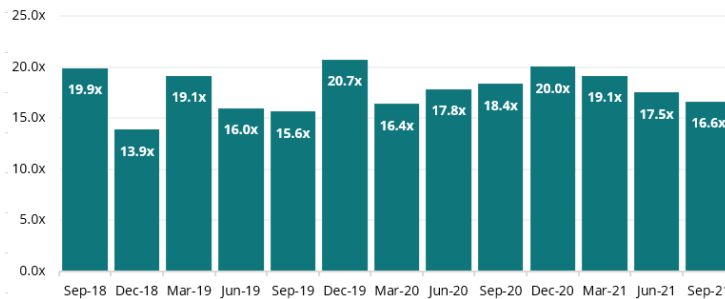
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Amdocs Limited	\$75.71	127	\$9,585	\$9,522	\$4,213	\$790	2.3x	12.0x
Beyondsoft Corporation Class A	\$1.55	533	\$826	\$672	\$715	\$85	0.9x	7.9x
CDW Corp.	\$182.02	137	\$25,027	\$28,991	\$19,697	\$1,652	1.5x	17.5x
Cerner Corporation	\$70.52	296	\$20,845	\$21,796	\$5,608	\$1,453	3.9x	15.0x
Cognizant Technology Solutions Corporation Class A	\$74.21	526	\$39,005	\$38,884	\$17,413	\$3,049	2.2x	12.8x
Jack Henry & Associates, Inc.	\$164.06	74	\$12,143	\$12,253	\$1,758	\$697	7.0x	17.6x
NetScout Systems, Inc.	\$26.95	74	\$1,997	\$1,923	\$838	\$154	2.3x	12.5x
Perficient, Inc.	\$115.70	33	\$3,810	\$3,948	\$674	\$119	5.9x	33.1x
Science Applications International Corp.	\$85.56	58	\$4,925	\$7,565	\$7,249	\$678	1.0x	11.2x
VeriSign, Inc.	\$205.01	112	\$22,935	\$23,601	\$1,291	\$882	18.3x	26.8x
Mean								
				\$14,916	\$5,946	\$956	4.5x	16.6x
Median								
				\$10,888	\$2,986	\$744	2.3x	13.9x

Source: FactSet

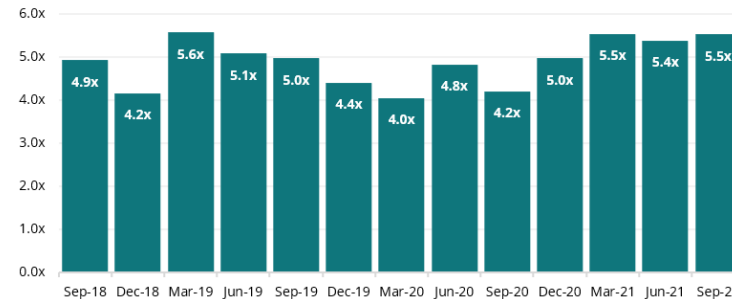
Public Comparables

Data Processing, Hosting, and Related Services

Data Processing, Hosting, and Related Services | Median EBITDA Multiples



Data Processing, Hosting, and Related Services | Median Revenue Multiples



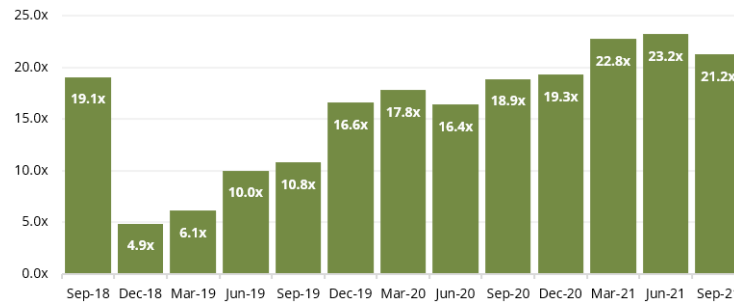
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Alliance Data Systems Corporation	\$100.89	50	\$5,020	\$18,179	\$4,258	\$1,758	4.3x	10.3x
Automatic Data Processing, Inc.	\$199.92	423	\$84,511	\$85,372	\$15,005	\$3,835	5.7x	22.3x
Blucora, Inc.	\$15.59	49	\$759	\$1,119	\$863	\$146	1.3x	7.7x
Computer Services, Inc.	\$59.00	28	\$1,638	\$1,575	\$294	\$94	5.4x	16.8x
Dropbox, Inc. Class A	\$29.22	302	\$8,835	\$11,787	\$2,034	\$377	5.8x	31.3x
Equinix, Inc.	\$790.13	90	\$70,914	\$84,272	\$6,356	\$4,278	13.3x	19.7x
FactSet Research Systems Inc.	\$394.78	37	\$14,787	\$14,935	\$1,563	\$606	9.6x	24.7x
Global Payments Inc.	\$157.58	294	\$46,289	\$55,263	\$7,975	\$3,361	6.9x	16.4x
IDE Group Holdings Plc	\$0.01	497	\$7	\$29	\$34	\$3	0.8x	11.3x
Rackspace Technology, Inc.	\$14.22	209	\$2,974	\$6,824	\$2,868	\$511	2.4x	13.4x
Mean				\$27,935	\$4,125	\$1,497	5.5x	17.4x
Median				\$13,361	\$2,451	\$558	5.5x	16.6x

Source: FactSet

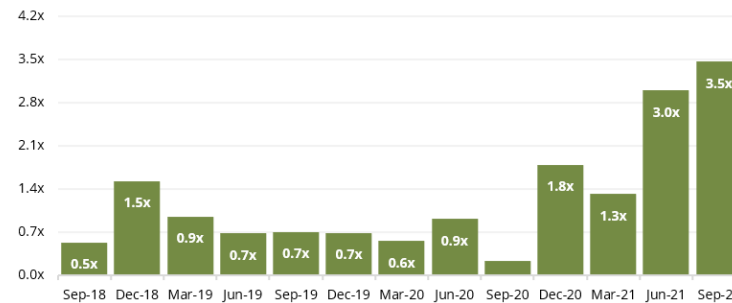
Public Comparables

Other Telecommunications

Other Telecommunications | Median EBITDA Multiples



Other Telecommunications | Median Revenue Multiples



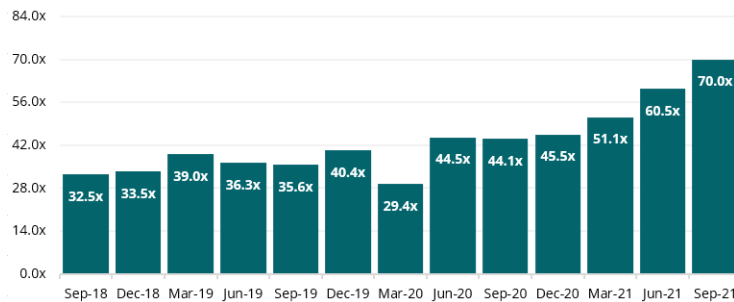
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Alliance Creative Group, Inc.	\$0.33	1	\$0	\$1	\$10	\$0	0.1x	4.5x
Cogent Communications Holdings Inc	\$70.84	48	\$3,377	\$4,268	\$581	\$196	7.3x	21.7x
KonaTel, Inc.	\$0.90	41	\$37	\$36	\$10	\$1	3.5x	40.6x
Liberated Syndication Inc.	\$3.30	35	\$116	\$108	\$25	\$5	4.3x	21.2x
LiveWorld, Inc.	\$0.12	46	\$5	\$3	\$9	\$1	0.3x	4.5x
Mean				\$883	\$127	\$41	3.1x	18.5x
Median				\$36	\$10	\$1	3.5x	21.2x

Source: FactSet

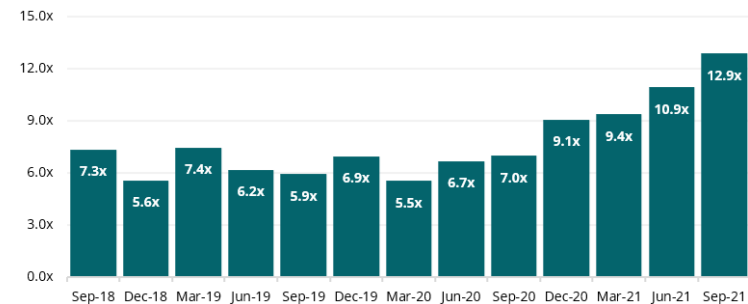
Public Comparables

Software Publishers

Software Publishers | Median EBITDA Multiples



Software Publishers | Median Revenue Multiples



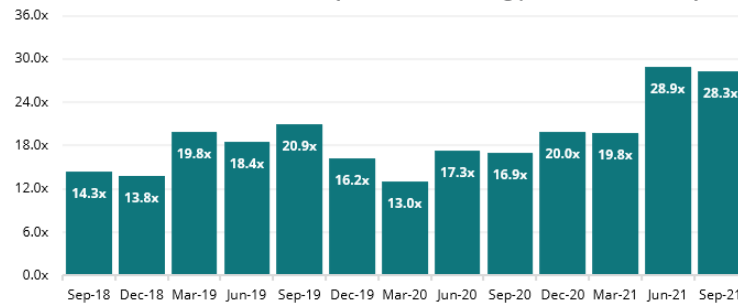
Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Bentley Systems, Incorporated Class B	\$60.64	270	\$16,377	\$18,274	\$868	\$234	21.1x	78.2x
Citrix Systems, Inc.	\$107.37	124	\$13,339	\$16,485	\$3,165	\$718	5.2x	23.0x
Digital Turbine, Inc.	\$68.75	96	\$6,607	\$6,822	\$467	\$82	14.6x	83.2x
Electronic Arts Inc.	\$142.25	285	\$40,482	\$38,716	\$5,781	\$1,197	6.7x	32.3x
Fortinet, Inc.	\$292.04	163	\$47,696	\$45,633	\$2,913	\$633	15.7x	72.1x
McAfee Corp. Class A	\$22.11	169	\$3,736	\$14,994	\$2,414	\$685	6.2x	21.9x
Palo Alto Networks, Inc.	\$479.00	97	\$46,658	\$47,485	\$4,256	\$1	11.2x	59356.7x
Paycom Software, Inc.	\$495.75	60	\$29,792	\$27,761	\$932	\$303	29.8x	91.6x
Tyler Technologies, Inc.	\$458.65	41	\$18,733	\$20,046	\$1,268	\$295	15.8x	67.9x
VMware, Inc. Class A	\$148.70	112	\$16,585	\$62,351	\$12,290	\$3,394	5.1x	18.4x
Mean				\$29,857	\$3,435	\$754	13.1x	5,984.5x
Median				\$23,904	\$2,664	\$468	12.9x	70.0x

Source: FactSet

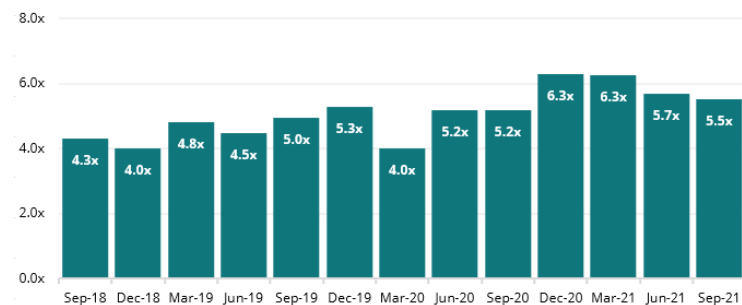
Public Comparables

Semiconductor and Other Electronic Component Manufacturing

Semiconductor and Other Electronic Component Manufacturing | Median EBITDA Multiples



Semiconductor and Other Electronic Component Manufacturing | Median Revenue Multiples



Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
							Revenues	EBITDA
Advanced Micro Devices, Inc.	\$102.90	1,213	\$124,814	\$121,575	\$13,340	\$2,943	9.1x	41.3x
CMC Materials, Inc.	\$123.23	29	\$3,601	\$4,296	\$1,162	\$357	3.7x	12.0x
First Solar, Inc.	\$95.46	106	\$10,149	\$8,851	\$2,969	\$773	3.0x	11.4x
Intel Corporation	\$53.28	4,057	\$216,157	\$226,709	\$77,615	\$34,445	2.9x	6.6x
LightPath Technologies, Inc. Class A	\$2.13	27	\$57	\$65	\$38	\$2	1.7x	38.7x
Micron Technology, Inc.	\$70.98	1,126	\$79,906	\$78,156	\$25,487	\$11,243	3.1x	7.0x
Monolithic Power Systems, Inc.	\$484.68	46	\$22,257	\$21,592	\$1,040	\$236	20.8x	91.4x
NVIDIA Corporation	\$207.16	2,500	\$517,900	\$510,909	\$21,897	\$8,842	23.3x	57.8x
Semtech Corporation	\$77.97	64	\$5,021	\$4,945	\$674	\$137	7.3x	36.1x
Texas Instruments Incorporated	\$192.21	923	\$177,450	\$176,311	\$16,762	\$8,550	10.5x	20.6x
Mean				\$115,341	\$16,099	\$6,753	8.5x	32.3x
Median				\$49,874	\$8,155	\$1,858	5.5x	28.3x

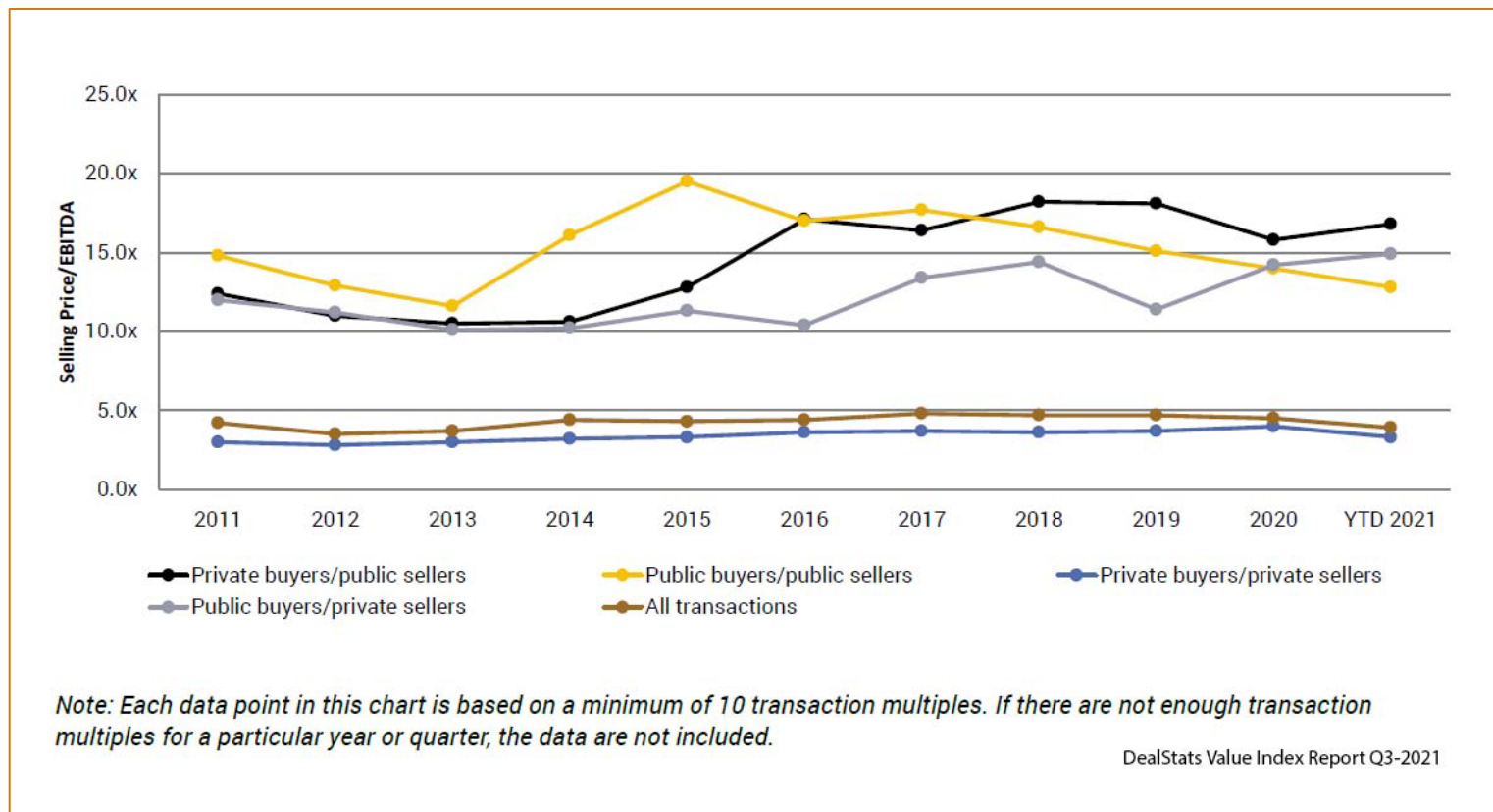
Source: FactSet

Public Vs. Private Comparables

Valuation Premiums Can Be Considerable

Regardless of industry, publicly traded companies often trade at premium valuations to privately held companies. This is reflected in M&A transactions and can lead to unrealistic value expectations for some business owners. The chart below illustrates this variance and shows that the variance has been both long term and growing.

Transactions between private buyer and private seller tend to be small by comparison and thus do not benefit from a “size” premium that is associated with transactions in general. While this chart does not breakout private equity transactions, our analysis indicates those transactions usually fall between public and private and move closer to public as size increases.





CFA Overview

About CFA

Who We Are / What We Do

Corporate Finance Associates (CFA) is an independent international investment banking firm serving middle-market businesses. For over 60 years Corporate Finance Associates has been advocating on behalf of business owners who are restructuring a company, either through divestiture, merger, acquisition or recapitalization. Combining the knowledge and leverage of a larger bank with the customer focused detail of a boutique firm, from inception to completion, our senior principals provide hands-on expertise to clients buying, selling or recapitalizing a business.

This Technology, Media & Telecom 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.



Sell-Side Advisory

Whether as a divestiture strategy or a recapitalization strategy selling all or part of a business requires equal parts creative thinking, critical analysis, expert advice, sound planning and flawless execution. Having the right team of investment banking professionals working for you is critical to ensure success.



Capital Markets

Our commitment to remaining independent from any investment or lending affiliates ensures that we deliver unbiased guidance. It also promotes maximum competition among lending sources, helping to fully leverage value for our clients. Our role is to help you raise the type of capital that best fits your needs.



Buy-Side Advisory

Growth through acquisition is a complex process. It involves strategy, planning, critical analysis, coordination and negotiation. When you want to take advantage of the fast growth offered by a consolidation or roll-up, CFA's broad reach, sources of financing and efficient closings can help you achieve your business growth goals.



Financial Advisory

Now that you have made the decision to raise capital for your business, choosing the right investment banker is critical. Whether you are buying out a partner, financing an acquisition or seeking growth capital, CFA is the right choice to help you achieve your financing goals.



Exit Planning

Every business will ultimately undergo a transfer via sale or merger, a charitable donation, a transfer to a child or relative or even bankruptcy, liquidation or death. Every ownership transfer carries with it a unique set of consequences and the best consequences usually begin with a clearly defined exit plan.



Business Valuation

"What is my business worth" is a question we often hear from business owners contemplating a business sale, merger or recapitalization. Answering this question depends on many factors, including the business valuation methods that are employed in the calculation.

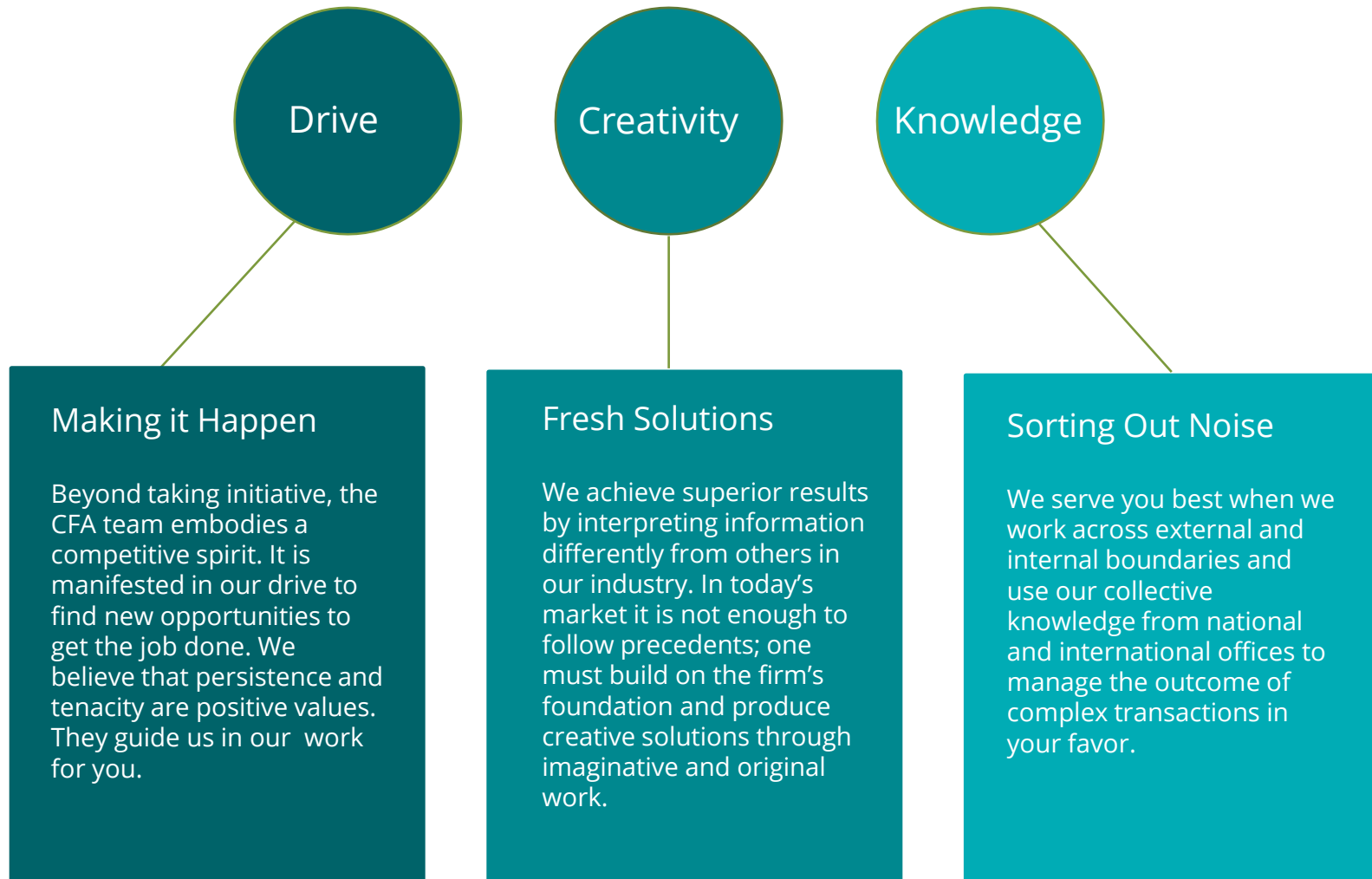
Regional Service, Global Reach

Where We Are

With offices across the USA and in Mexico, India, Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain, Switzerland and the United Kingdom providing middle-market companies with a wide range of M&A, financial advisory services and access to capital resources.



Delivering Results



Founded in 1956 • 70 Managing Directors • 37 Offices Worldwide • Billions in M&A Transactions

Worldwide Transactions

Transaction 1: LAKE2i2 (Be Smart) has been acquired by TRANSPLACE (A Florida Company of GREENBRIAR EQUITY GROUP LLC). The undersigned initiated and acted as exclusive financial advisor to the seller in the transaction.

Transaction 2: Harrison Pet Products Inc. has been acquired by bosch Tiernahrung GmbH & Co. KG. The undersigned initiated and acted as financial advisor in the transaction.

Transaction 3: CHARTER BUS LINES of British Columbia has merged with TRAXX COACHLINES. The undersigned initiated and acted as financial advisor to the seller in the transaction.

Transaction 4: EWEN BOEGERING (United Kingdom) has been acquired by VELJAN (India). CFA London initiated and acted as advisor to the seller in the transaction.

Transaction 5: neratec (Switzerland) has been acquired by WESTERMO (a division of Beijer RESEARCHES (Sweden)). CFA Zurich initiated and acted as advisor to the seller in the transaction.

Transaction 6: O.N.G. ASSOCIATION has been acquired by INDEFF. The undersigned initiated and acted as advisor to the seller in the transaction.

Transaction 7: FUN COMPANY (Louis) has been acquired by BERKSHIRE HATHAWAY. The undersigned acted as an advisor to the seller in the transaction.

Transaction 8: CERVA (Czech Republic) has acquired TB GROUP (Spain). CFA Dublin initiated and acted as advisor to the seller in the transaction.

Transaction 9: South Coast Sales (division of SASTA (Ireland)) has been acquired by BASTA (Ireland). CFA Dublin initiated and acted as advisor to the seller in the transaction.

Transaction 10: CyberMetrix has been acquired by SGS (SGSN). The undersigned initiated and acted as financial advisor to the transaction.

Transaction 11: TRIO SUPPLY COMPANY has been acquired by Office DEPOT. The undersigned initiated the transaction and acted as the exclusive investment banker to the seller.

Transaction 12: creamedix BIOLAB (Germany) has been acquired by WESTLAK PARTNERS (China). CFA Zurich initiated and acted as advisor to the seller in the transaction.

Transaction 13: CORAL SPRINGS (ORANGE, FLORIDA) has been acquired by encore VET GROUP. The undersigned initiated the transaction and acted as the exclusive investment banker to the seller.

Transaction 14: FAICHI (San Jose, California) has been acquired by SAKSOFT (100% U.S. owned and operated, Pune, India and Jersey City, New Jersey). The undersigned initiated and acted as exclusive investment banker to the seller in the transaction.

Transaction 15: Dgari Grupo Dgari has been acquired by Dr.Oetker. The undersigned initiated and acted as exclusive financial advisor to the shareholders of Grupo Dgari in the transaction.

Transaction 16: tyco has been acquired by PEMEX. A member of the Financial Services Industry Practice Group was the exclusive advisor to Earth Tech Mexico S.A. in the transaction.

Transaction 17: Restaurants Sudamerica, L.C. (exclusive operator of Burger King in Argentina and Chile) has been acquired by Alsea. A member of the Food & Beverage Industry Practice Group acted as exclusive financial advisor to Alsea.

Transaction 18: HeadFirst has been acquired by STERIKSEN. Fully Backed by KARTISA (Legal Advisor: HOBBIUS CLEMENT). CFA Amsterdam initiated and acted as advisor to the buyer in the transaction.

Transaction 19: MEDI PRODUCTIONS (France) has been acquired by CARUS (United States). A division of KE (Korea, Japan, Canada, United Kingdom, Japan). The undersigned was the exclusive advisor to the seller in the transaction.

Transaction 20: MINT ARCHITECTURE (Switzerland) has been acquired by AFP (architekten ingenieure Austria). CFA Zurich initiated and acted as advisor to the seller in the transaction.

Transaction 21: AMT APPLIED MEDICAL TECHNOLOGY (United Kingdom) has been acquired by CANE (Medical Technology) (Italy). The undersigned initiated and acted as advisor to the seller in the transaction.

Transaction 22: CERQUISA (Spain) has been acquired by UPL (United Phosphorus Limited) (United Kingdom). CFA London initiated and acted as advisor to the seller in the transaction.

Transaction 23: SPEAR (Central Logistics) has been acquired by FM LOGISTIC. The undersigned acted as financial advisor in the transaction.

Transaction 24: exult. has been acquired by Newgen KnowledgeWorks. The undersigned initiated and acted as advisor in the transaction.

Industry Practice Groups

Technology, Media & Telecom



Technology, Media & Telecom practice group is comprised of accomplished dealmakers with extensive experience in advising both public and private companies in the industry. These dealmakers offer expert service in acquisitions, divestitures, financing, and strategic planning to a wide range of companies operating in multiple subsectors including:

Technology

- IT Services & Business Process Outsourcing
- Servers, Equipment & Systems
- Semiconductors
- Software, including embedded applications
- Web, Mobile and Social Network Applications & Services

Media






- Broadcasting & Entertainment
- Digital Marketing & Media
- Diversified Media & Publishing

Telecommunications

- Broadband Networks
- Maritime Communications
- Satellite Communications
- Wireless & Wireline Communications
- Content Delivery Networks

Agriculture
Aerospace/Defense/Government
Business Services
Commercial Real Estate
Consumer Retail
Energy
Engineering/Construction
Equipment
Financial Services
Food/Beverage
Healthcare
Hospitality/Leisure
Industrials
Metal Fabrication
Plastics/Rubber
Print/Packaging
Semi Conductor
Technology/Media/Telecom
Transportation/Logistics/Supply Chain
Wholesale Distribution

Recent Industry Transactions

<p><i>This announcement appears as a matter of record only</i></p>  <p>Hovik, Norway</p> <p><i>a subsidiary of the listed French-Belgian company AKKA Technologies SE, indirectly acquires 100% of the shares of</i></p>  <p>Hannover, Germany</p> <hr/> <p><i>CFAW Frankfurt initiated and acted as advisor to the seller in the transaction</i></p> <hr/>  <p>CORPORATE FINANCE ASSOCIATES Since 1956</p>	<p><i>This announcement appears as a matter of record only</i></p>  <p><i>has been acquired by</i></p>  <p>A Portfolio Company of</p>  <hr/> <p><i>The undersigned initiated and acted as the exclusive investment banker to the seller in the transaction</i></p> <hr/>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p> <p>American TeleTech, Inc. Fort Collins, Colorado</p> <p><i>has been acquired by</i></p> <p>Yeti Networks, Inc. Gillette, Wyoming</p> <hr/> <p><i>The undersigned initiated and acted as the exclusive investment banker to the seller in the transaction</i></p> <hr/>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Silver Oak Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p><i>has been acquired by</i></p>  <hr/> <p><i>The undersigned initiated the transaction and acted as the exclusive investment banker to the seller</i></p> <hr/>  <p>CORPORATE FINANCE ASSOCIATES Since 1956</p>	<p><i>This announcement appears as a matter of record only</i></p> <p>LimelightHealth</p> <p><i>has been acquired by</i></p>  <hr/> <p><i>The undersigned acted as Purchaser Representative to shareholders of Limelight Health, Inc.</i></p> <hr/>  <p>CORPORATE FINANCE ASSOCIATES Since 1956</p>
<p><i>This announcement appears as a matter of record only</i></p> <p>Diabrasive AG</p> <p><i>has acquired a majority stake in</i></p>  <hr/> <p><i>The undersigned initiated and acted as advisor to the sellers in the transaction</i></p> <hr/>  <p>CORPORATE FINANCE ASSOCIATES Since 1956</p>	<p><i>This announcement appears as a matter of record only</i></p> <p>SLENDERTONE®</p> <p><i>has received funding from</i></p> <p>BEECHBROOKcapital</p> <hr/> <p><i>The undersigned initiated and acted as advisor to Slendertone in the transaction</i></p> <hr/>  <p>CORPORATE FINANCE ASSOCIATES Since 1956</p>	<p><i>This announcement appears as a matter of record only</i></p> <p>Texas CEO MAGAZINE</p> <p><i>has been acquired by</i></p> <p>TheAmericanCEO <small>walking the tightrope</small></p> <hr/> <p><i>The undersigned initiated the transaction and acted as the exclusive investment banker to the seller</i></p> <hr/>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p><i>has been acquired by</i></p>  <hr/> <p><i>The undersigned initiated the transaction and acted as the exclusive investment banker to the seller</i></p> <hr/>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p> <p>architel CLOUD EXPERTS</p> <p><i>has been acquired by</i></p>  <hr/> <p><i>The undersigned initiated and acted as financial advisor in the transaction</i></p> <hr/>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>