GROWTH & EXIT STRATEGIES
FOR SOFTWARE AND IT COMPANIES

San Francisco
February 22, 2018

www.WFS.com
So much of **success** is about timing...

...the same is true when you pick an **exit strategy**

**Tech Trends**

**Valuations**

**Investors**

**Buyers**

**Sellers**

World Financial Symposiums (WFS) is an international organization dedicated to educating technology leaders and encouraging deal flow among key industry colleagues. As a networking facilitator, WFS organizes and promotes forums, seminars and conferences; drawing thousands of senior deal makers including CEOs, CFOs, PE and corporate investors, and other deal participants from software and IT industries worldwide to dozens of events in the past decade. Please visit www.wfs.com to find upcoming events and watch our on-demand webcasts.
Growth & Exit Strategies
San Francisco 2018 Agenda

8:30 – 9:00  Registration and Continental Breakfast

9:00 – 9:15  Chairman’s Welcome
- Bruce Milne, CEO – Corum Group Ltd.
- Charles Morton Jr., Partner – Venable LLP

9:15 – 9:40  Top Ten Disruptive Technology Trends: Ten Disruptive Opportunities
- Steve Jones, SVP – Corum Group Ltd.

9:40 – 10:15 Private Equity Panel: How do you benefit from record cash?
- Matthew Picciano, Principal – Alpine Investors
- Alex Melamud, VP – TA Associates
- John Hodge, Partner – Rubicon Technology Partners
Moderator: Marc O’Brien, VP – Corum Group Ltd.

10:15 – 10:30 Networking Break

10:30 – 11:00 Everything as a Platform: Opportunities in the next round of disruption
- Peter Coffee, VP for Strategic Research - Salesforce

11:00 – 11:30 Technology Equity Capital Markets: The indicators of IPO success
- Lauren Cummings, Executive Director of Global Capital Markets – Morgan Stanley

11:30 – 12:00 Introductions

12:00 – 12:45 Networking Lunch

12:45 – 1:20 Buyers’ Panel: Do you have what the buyers want?
- Steven Mitzenmacher, VP of Strategy and Corp Dev. – NetApp
- Albert Lee, Corp Dev. Director – Google
Moderator: Marc O’Brien, VP – Corum Group Ltd.
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<th>Time</th>
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<tr>
<td>1:20 – 1:30</td>
<td>Networking Break</td>
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<td>1:30 – 2:00</td>
<td><strong>Venable LLP: What really matters in an M&amp;A negotiation</strong></td>
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<td>- Arthur Cirulnick, Partner - <strong>Venable LLP</strong></td>
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<td>- Friedemann Thomma, Partner - <strong>Venable LLP</strong></td>
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<td>2:00 – 2:35</td>
<td><strong>Investors’ Panel: Will your strategy get funded?</strong></td>
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<td>- Jeff Wallace, President &amp; Founder - <strong>Global Kinetics</strong></td>
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<td>- Elana Lian, Investment Director - <strong>Intel Capital</strong></td>
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<td>- Warren Weiss, Managing Partner - <strong>WestWave Capital</strong></td>
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<td>Moderator: James Nelson, Partner - <strong>Venable LLP</strong></td>
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<td>2:45 – 3:30</td>
<td><strong>Advice from CEOs who sold: what to expect and how to prepare for an exit</strong></td>
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<td>Moderators: Jim Perkins, EVP &amp; Rob Griggs, VP - <strong>Corum Group Ltd.</strong></td>
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<td>3:30 – 4:00</td>
<td><strong>Valuations &amp; Process: What are you worth and how do you get it?</strong></td>
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<td>- Bruce Milne, CEO - <strong>Corum Group Ltd.</strong></td>
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<td>4:00 – 5:00</td>
<td><strong>Cocktail Networking Reception</strong></td>
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“At Corum, we fully understand that an M&A transaction may be the most important financial event in your life.

Doing it right requires meticulous preparation, proper positioning, extensive research, aggressive followthrough, patient relationship building, in-depth valuation, professional negotiation, integrity, teamwork and tenacity. These qualities create a successful transaction, and these are the qualities we bring to a relationship with our clients.”

Bruce Milne, CEO
The Corum Group
Our skills and experience allow us to handle all types of deals involving software, hardware, data, and transactions on behalf of companies driving the digital economy. We support and shape each deal with a team that understands the client’s business, technology, and objectives.

- Advisor to start-ups and entrepreneurs as they form their ventures and secure their investments
- Tier 1, National: Mergers, Acquisitions & Buyouts: Middle Market (Sub-$500m), 2014 - 2017; and ranked among the nation’s top firms for Technology: Transactions and Outsourcing, Legal 500
- San Francisco Business Times lists Venable among largest law firms in the Greater Bay Area
- 2016 Technology Deal of the Year Award by the Association of Corporate Growth (ACG) and M&A Advisor
- Tier 1, National: Mergers & Acquisitions Law and Technology Law; “Law Firm of the Year,” U.S. News Rankings 2018

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SPEAKERS
Peter Coffee
VP for Strategic Research - Salesforce

Peter Coffee is VP for Strategic Research at Salesforce where he works with IT managers and application developers to build a global community on the Salesforce1 cloud platform, combining the Force.com, Heroku1 and ExactTarget Fuel service portfolios.

Peter previously spent 18 years with eWEEK (formerly PC Week), the national news magazine of enterprise technology practice, where he reviewed software development tools and methods and wrote regular columns on emerging technologies and professional community issues. Before he began writing full-time in 1989, Peter spent eleven years in technical and management positions at Exxon and The Aerospace Corporation, including management of the latter company’s first desktop computing planning team and applied research in applications of artificial intelligence techniques. His other work has included computer game development and migration of defense-sector management tools from minicomputer to PC platforms.

Peter holds an engineering degree from MIT and an MBA from Pepperdine University, with subsequent faculty appointments in IT management at Pepperdine; expert-systems programming at UCLA; and business analytics at Chapman College. He is the author of two books, “How To Program Java” and “Peter Coffee Teaches PCs”. He is a winner of the Neal Award for excellence in business journalism and the McGan “Silver Antenna” Award for service to amateur radio.

Arthur Cirulnick
Partner - Venable LLP

Arthur Cirulnick is a member of the firm’s Business, Corporate Finance, and Securities practices, where he concentrates primarily on mergers and acquisitions and corporate matters. He represents clients that pursue aggressive acquisition programs in a wide array of industries, with a special concentration in emerging growth companies in the technology, government contracts, e-commerce, and telecommunications fields. Mr. Cirulnick has been lead counsel on major infrastructure projects involving public and private partnerships, including the largest road project in the United States.

Mr. Cirulnick counsels clients on their day-to-day and long-term business issues and transactions, including equity formation and planning, equity and debt financing from venture capitalists, commercial lenders and private investors, key employee incentive compensation arrangements, acquisitions and sales of assets and lines of business, and joint ventures and teaming arrangements.
Lauren Cummings
Executive Director of Global Capital Markets - Morgan Stanley

Lauren Cummings is an Executive Director in the Global Capital Markets Group and a part of the Technology Investment Banking team. She has been covering the equity product since 2001, her entire career at Morgan Stanley, working in New York and London before moving to Silicon Valley in 2013. She has executed and advised hundreds of issuers on raising equity capital through IPOs, follow-ons, block trades, among other more nuanced equity products. She took a sabbatical from banking to write Warren Buffett’s official biography - NY Times bestseller The Snowball: Warren Buffett and the Business of Life.

Lauren holds a BA in Economics and Latin from Colgate University while playing both Division I Soccer and Lacrosse there. She and her husband Derek live in San Mateo, California raising 4-year old daughter Alexandra and 1 year old son Cole, while continuing her hobby of running, most proud of accomplishing a 2:51 marathon.

Rob Griggs
Vice President - Corum Group

As a serial entrepreneur and investment banker, Rob Griggs has had a successful 35+ year career in the high technology arena. Early in his career he was a top performer at Apple before starting his first software company in the mid-1980’s. As a founder of Authorware / MacroMedia, NetRadio, Wit Capital, and many other companies, Rob’s sales, marketing, business development and capital raising skills have been honed over supporting hundreds of company financial transactions during his career.

His success and extensive experience in software M&A uniquely qualify him as an expert in building value and realizing wealth. Rob joined Corum Group, the world’s leading software M&A firm, with a specific focus on educating and helping prospective sellers maximize the value of their technology companies.
Steve Jones  
**Senior Vice President - Corum Group**

Steve joined Corum after 25 years of executive experience in various high-tech industries with both public and private venture-backed startups. He has extensive global experience, opening international markets and growing sales from zero to tens of million in revenue. He has been on the forefront of selling several companies and spinning off software divisions, highlighted by the sale of GetFon to Alestra (AT&T Mexico). He is fluent in Spanish.

Steve was the founding CEO of Solera Networks, a real-time intrusion detection security company. He also co-founded Auction Trust Network, an eCommerce company for online exchanges; which he sold to MediaForge (Rakuten Marketing).

Steve is a board member of several software companies and has industry expertise in several areas: enterprise apps and infrastructure, security, mobile and wireless, media & entertainment, supply chain, and embedded devices/systems (IoT).

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**John Hodge**  
**Partner - Rubicon Technology Partners**

John is a Partner at RUBICON Technology Partners. Previously, John was a Senior Managing Director and Senior Advisor at Blackstone in the Private Equity group focused on the firm's global technology investing activities. John was responsible for sourcing, evaluating, executing, and managing investments across all segments of the technology industry with a primary focus on Blackstone's west coast investing activities. John was directly involved in Blackstone's investments in Freescale Semiconductor, SunGard and SunGard Higher Education. In addition to his technology investing responsibilities, as a Senior Managing Director, John was a member of the firm's Private Equity Investment Committee, which evaluated all investments globally.

John has over 25 years of experience focused exclusively on the technology industry. John currently serves on the Board of Directors of Astute, Inc., 4tell Solutions and 3esi, Inc. John previously served on the Board of Directors of Silicon Image (NASDAQ: SIMG) and Freescale Semiconductor (NYSE: FSL). John was also a member of the Operating Committee of SunGard. Prior to his time at Blackstone, John was one of the original team members of the Credit Suisse First Boston (CSFB) Technology Group where he managed the Global Corporate Finance team with responsibilities for all regions and industry groups. During his career at CSFB, John was involved in over 250 technology financings and M&A transactions mostly focused on assisting middle market technology companies to achieve transformative growth. John received a B.S. in Biology from Stanford University.
Albert Lee
*Corporate Development Director - Google*

Albert joined Google in 2011, where he is currently a Director in Corporate Development, focused on Cloud and Ads & Commerce.

Prior to Google, Albert worked in corporate development at Cisco Systems and Oracle, and in private equity at Francisco Partners. Albert started off his career in investment banking at Lehman Brothers.

Albert holds undergraduate degrees in Computer Science and Business Administration from the University of California, Berkeley and a Masters of Business Administration from The Wharton School at the University of Pennsylvania.

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Elana Lian
*Investment Director - Intel Capital*

An Electrical Engineering and a geek at heart, Elana has 10+ years of operational experiences in US and China across different hi-tech industries and startups. Elana is an Investment Director at Intel Capital investing in Internet of Things (IoT), AI, Robotics, etc. She led and/or supported investments in Rubikloud, Bossa Nova, K4 Connect, Tier3 (acquired by CenturyLink), and Aldebaran (acquired by Softbank), etc. Elana holds an MBA from Northwestern's Kellogg School of Management with an emphasis on entrepreneurship, finance, and marketing. She received BS and MS degree in Engineering Science and Electrical Engineering from University of Toronto and Tufts University. She is an avid Van Gogh follower, and PADI certified advanced scuba diver. She enjoys travelling, reading, and spending time with family.
Alex Melamud  
*Vice President - TA Associates*

Alex Melamud has been Vice President of TA Associates Management, L.P. since August 2009. Mr. Melamud is responsible for investments in Technology and Technology-Based Services companies in North America. He focuses on investments in technology and technology-enabled services companies. He served as an Associate at TA Associates Management, L.P. He was also actively involved in TA’s investments in Aicent, CyOptics, DigiCert and MicroSeismic. Prior to joining TA in 2009, he was employed at Lehman Brothers and Barclays Capital in global technology investment banking group. He was employed at DiscoverOrg - Strategy and Operations. He also worked at MercadoLibre - Business Development. He has been Director of Arxan Technologies since February 23, 2017. He is also the Board Observer at Maintenance Connection and Mitratech. He holds a Bachelor of Science in Business Administration and Management, summa cum laude, from University of Southern California, Marshall School of Business and a Bachelor of Arts, summa cum laude, in Psychology from the University of Southern California. He holds a Master of Business Administration from Stanford Graduate School of Business.

Bruce Milne  
*CEO - Corum Group*

In his capacity as CEO of the Corum Group, Bruce Milne has overseen more technology M&A transactions than anyone in the world, netting sellers over $7 billion in personal wealth. Prior to Corum, he founded or owned four software/IT/internet related firms, including the largest vertical market software company in its time, AMI. This Inc. 500 firm, at its peak, was rated by IDC as the fastest growing computer-related company in the world. He has also been at the vanguard of creative financing and, at one point, raised more venture capital in a single closing than anyone in history without a lead investor. Through Corum, he has helped execute over $1 Billion in financings/recapitalizations with VC and PE firms in the U.S. and Europe.

As a recognized expert in software, he has served on numerous advisory boards including Bill Gates at Microsoft, IBM, and Apple. He was founding investor in a number of firms, including Blue Coat, Bright Star and Sabaki, as well as advisor to two governors, a senator, and the Canadian Government. He was a board member of the Washington Technology Center, and founded the WTIA, the nation’s most active regional technology trade association.

Bruce is a Dean’s List graduate from the University of Washington in International Business, and graduated from Harvard Business School with Distinction. He has authored hundreds of articles on tech M&A, management, and three books on business models, including “Power Planning - How to Structure Your Software Company for Success.”
Recognized as one of the best middle-market deal lawyers in the United States, Chuck Morton co-chairs Venable’s nationally prominent Corporate Practice Group. His practice focuses on the healthcare, technology, and consumer products industries. He assists lenders, investors, and entrepreneurs as they create, build, and buy or sell businesses. He regularly acts on behalf of private equity groups and banks.

Since 2012, The Legal 500, which provides the most comprehensive worldwide coverage on recommended lawyers, has recognized Mr. Morton as one of an elite group of “Leading Lawyers” in the United States conducting middle-market M&A transactions. Mr. Morton is also a Life Fellow of the American Bar Foundation. The Fellows are an honorary organization of attorneys, judges, law faculty, and legal scholars who have demonstrated outstanding achievement and dedication to the welfare of their communities and to the highest principles of the legal profession.

Steven Mitzenmacher
VP, Strategy and Corporate Development - NetApp

Steven Mitzenmacher is currently Vice President, Strategy and Corporate Development at NetApp (NASDAQ: NTAP) responsible for corporate strategy, acquisitions, corporate venture investments and competitive intelligence and for a leading storage and data management company (NASDAQ:NTAP)

Steven has over 15 years’ experience managing corporate development and strategy for leading technology companies, including Business Objects (acquired by SAP for $6.8B), Informatica (acquired by Permira for $5.3B), and Yahoo! (NASDAQ:YHOO). In these roles, he has led the identification, negotiation, and integration of numerous acquisitions representing over $3B in transaction value, divestitures representing over $300M of transaction value, and equity investments representing over $100M of invested capital. Most recently, he completed the acquisition and led the integration of SolidFire, the largest acquisition in NetApp’s history. In his last project at Yahoo, he orchestrated the spinout of Yahoo’s Hadoop engineering team into Hortonworks (NASDAQ: HDP), the leading commercial vendor of Apache Hadoop. Steven also has extensive experience managing corporate strategic planning, competitive intelligence, corporate venture investments, partner and alliance relationships, and strategic initiatives. Steven began his career as a consultant with Arthur Andersen after completing a BA from Stanford University and an MBA and MS, Information Management from Arizona State University.

Charles Morton Jr.
Partner - Venable LLP

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Marc has over 30 years of experience with both large and startup software companies focusing on SaaS, enterprise and digital markets, including as the founder and CEO of two firms that he led to successful acquisitions. He has been an executive managing companies in North America, Europe and Asia Pacific.

Marc was the founder/CEO of WebProject, the first team collaboration internet company with the backing of Cisco and Sun Microsystems. He then led the successful sale of the company to Novient Inc. He subsequently was the founder/CEO of Projity, the leading SaaS project management solution. Marc led the successful acquisition of the company to Serena Software. Serena was a publicly traded company (NASDAQ) taken private by Silver Lake Partners for $1.2 billion.

Marc joined content management powerhouse Acquia as Vice President and General Manager, helping lead Acquia to tremendous growth and raising over $194 million in venture funding with positioning for a future IPO. He is also Chairman of the Board of ProjectLibre Inc, an open source alternative to Microsoft Project with over three million downloads in over 200 countries.

He graduated from Clarkson University with a B.S. in Engineering & Management.

James Nelson
Partner - Venable LLP

James Nelson, partner-in-charge of Venable’s San Francisco office, is a Chambers and Legal 500-ranked corporate attorney who focuses on intellectual property and has significant experience in technology and sourcing transactions. He represents companies engaged in the development, production, and commercialization of intellectual property assets, and a host of corporate matters, including financing, company formation, joint ventures, and general M&A matters.

Mr. Nelson routinely works with internet-centric businesses driving revenue and customer growth through the use of the web for sales and distribution, and those that support and promote technologies that underpin the internet, largely focusing on new media and marketing, security, privacy, and telecommunications.

Mr. Nelson supports businesses from start-ups to members of the Fortune 500 providing support as “outside general counsel” for many early-stage clients.

Marc O’Brien
Vice President - Corum Group

Marc has over 30 years of experience with both large and startup software companies focusing on SaaS, enterprise and digital markets, including as the founder and CEO of two firms that he led to successful acquisitions. He has been an executive managing companies in North America, Europe and Asia Pacific.

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Matthew Picciano joined Alpine Investors in 2007 from The University of Cincinnati where he graduated cum laude with a Bachelor of Business Administration in Finance and Real Estate. Matthew’s previous work experience includes an internship in capital management at The Kroger Co. He also worked as a real estate analyst intern in The Kroger Co.’s Atlanta Division and as a mutual fund accountant intern at Integrated Investment Services. Since joining Alpine Matthew has spent most of his time in the software sector including sourcing and helping close the WebEquity Solutions transaction.

Jim Perkins
Executive Vice President - Corum Group

Entertainment software entrepreneur Jim Perkins is directly responsible for publishing some of the industry’s biggest franchises, including Unreal, Duke Nukem, Wolfenstein, Doom, Hunting Unlimited, and Driver. A well-known senior executive with a 22-year track record of publishing such bestselling hits, he founded and grew two highly successful software publishing companies (FormGen and ARUSH) from start-ups to multi-million dollar enterprises.

His success and extensive experience in software production, marketing and public relations, packaging, online and retail distribution and software M&A, uniquely qualify him as an expert in building value and realizing wealth. Jim joined Corum Group, the world’s leading software M&A firm, with a specific focus on educating and helping prospective sellers maximize the value of their digital media companies.

Matt Picciano
Principal - Alpine Investors

Matthew Picciano joined Alpine Investors in 2007 from The University of Cincinnati where he graduated cum laude with a Bachelor of Business Administration in Finance and Real Estate. Matthew’s previous work experience includes an internship in capital management at The Kroger Co. He also worked as a real estate analyst intern in The Kroger Co.’s Atlanta Division and as a mutual fund accountant intern at Integrated Investment Services. Since joining Alpine Matthew has spent most of his time in the software sector including sourcing and helping close the WebEquity Solutions transaction.
Friedemann Thomma  
*Partner - Venable LLP*

Friedemann Thomma is chair of Venable’s International Tax Practice. Mr. Thomma focuses on corporate international tax planning and U.S. taxation of foreign operations. He has managed large-scale global structuring projects, including the design, implementation, and post-implementation phases, for companies in various industries and jurisdictions. Mr. Thomma has also served as the primary contact for multinational corporate clients, working closely with in-house tax, legal, treasury, and accounting departments to implement international legal and tax restructuring projects and post-M&A-integration projects. His clients include publicly traded multinational corporations in the high-tech sector, start-up companies, mid-market companies, high-end consumer manufacturing corporations, and high-net-worth individuals.

Jeff Wallace  
*President & Founder - Global Kinetics*

Jeff is President of Global Kinetics, a Bay Area based corporate advisor & market development partner to early-to-mid stage clients seeking to establish or expand operations within the U.S. He is co-founder of Silicon Valley in Your Pocket, an online platform allowing global entrepreneurs to access Silicon Valley content, coaching & connections as they build viable businesses. He is a Founding Investor, former President / Managing Partner of Batchery, a global incubator for seed stage startups. Jeff is a SkyAdvisor at UC Berkeley’s startup incubator, SkyDeck, and an investor in SkyDeck Fund. He is a mentor to several startup accelerators where he advises early stage companies. He is an active angel investor. Previously, he worked for Cognizant as founder & Global Head for Mobility, IoT & UX practice areas. He is a frequent keynote speaker at global technology and startup conferences. Jeff earned a BA in Economics from Rutgers College & an MBA in Strategy, Entrepreneurship & Technology from UC Berkeley.

Warren Weiss  
*Managing Partner - WestWave Capital*

Warren Weiss is a four-time successful CEO running public and private companies in the enterprise market. The companies he ran as CEO include, Strategic Mapping Inc., SQribe, Prism Solutions and Asera. Warren has spent the last 15 years investing in Seed and Series A investments at Foundation Capital as a General Partner. He has a proven track record as both a venture capitalist and CEO in Silicon Valley enterprise startups. Some of Warren’s early stage investments include Silver Spring Networks (built IOT infrastructure company from inception to IPO), Mark Monitor (security company acquired by Thomson Reuters for $400m), CliQr (cloud infrastructure company acquired by Cisco for $260m), ForgeRock (pre-IPO identity infrastructure company) and Visier (fast growing business SaaS analytics company in the HR space).
PRESENTATIONS
TOP TEN DISRUPTIVE TRENDS

Leveraging Corum’s Unique Position

Top 10 Disruptive Technology Trends
Why worry about these trends?

1. Trends create **change**
2. Change drives **strategic imperative**
3. Strategic imperative drives **acquisitions**
4. Well-positioned companies get **sold**

Are you part of any of these trends?

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**Corum Top Ten Technology Trends 2018**

**CORE**

- AI Enablement
- Composite Commerce
- IoT Software
- Digital Currency Flow
- Data Science Monetization

**CONTOUR**

- Focused IT Services
- Smart Logistics
- Connected Health
- Regtech Systems
- Data Security
#1: AI Enablement

Putting AI to work by means of big data and feedback

- Machine learning systems need data & feedback loops.
- Major AI platforms have prioritized foundational loops: search, language, images, speech, etc.
- Significant value lies in unexploited feedback loops and unique datasets.
- Use cases exist across all sectors, with deeper, defensible niches more valuable.

#2: Composite Commerce

A new generation of online/offline convergence

- Technology and traditional in-person commerce has been coalescing for decades.
- Amazon/Whole Foods exemplified the phenomenon, sparking new levels of awareness—and deals.
- Force multiplier for:
  - Online exchanges
  - Omnichannel sales/marketing
  - Visual intelligence systems
  - Smart Logistics
  - AR/VR
  - Much more
#3: IoT Software
Emerging platforms, standards & analytics

- Even in the Internet of Things, the value of code outstrips the value of hardware.
- Each ‘thing’ needs integrated platforms, communication, analytics, AI, security, etc.
- Competing platforms and associated ecosystems are beginning to coalesce.
- Defensible solutions to critical problems provide a path to significant M&A value.

#4: Digital Currency Flow
Decreasing friction in payments & exchange

- Blockchain is grabbing headlines, but the key to the trend is decreasing transaction friction.
- Includes alternative currencies; not just crypto, but in-game tokens, Starbucks cards, airline miles, other loyalty programs, etc.
- Digital transformation is driving major consolidation in payments space from megadeals on down.
- Small efficiency improvements with potential to scale make attractive M&A targets.
#5: Data Science Monetization
Maximizing return with real-time analytics

- Proactive monetization is a more valuable use of data science than cost cutting & efficiency gains.
- Robust analytic tools are no longer optional, especially for consumer-facing companies.
- Game companies are leading the way, with video ads close behind and new opportunities in retail, B2B value pricing, and beyond.
- In a world of freemium, free-to-play and declining ad effectiveness, proven ability to turn users into dollars is a valued asset.

#6: Focused IT Services
Differentiation drives new value in a sleepy sector

- Service firms specializing in a technology, sector or problem are seeing increased value.
- Intricate platforms require particular expertise for application, maintenance, and extension of tech stacks.
- Buyers value deep domain knowledge as a driver of defensible long-term customer relationships.
- Firms on the forefront of key trends & high-value verticals seeing particular interest.
#7: Smart Logistics
Moving things & people with a new level of efficiency

- Movement of physical objects must increasingly keep pace with the movement of data.
- At the convergence of trends in AI, latent capacity utilization, ecommerce, consumer demand.
- Impact beyond traditional SCM, in multiple verticals including:
  - Transportation
  - Manufacturing
  - Construction
  - Agriculture

#8: Connected Health
Linking people to their health services & data

- Technical, regulatory and demographic changes drive shift from system-centric to patient-centric health IT.
- Patients demand consumer-grade connections to data and providers.
- Providers need tools that help them compete.
- Notable demand for telemedicine, patient engagement, mobility & transparency solutions.
#9: Regtech Systems
Letting computers keep up with compliance

- The complexity of dealing with regulatory change is increasing.
- Rules in software becoming intrinsic to laws, mandates & agreements.
- Solution sets backed by legal requirements draw significant acquirer interest.
- Interconnected regulatory systems make consolidation of point solutions particularly attractive.

#10: Data Security
Building barriers in an age of blurred lines

- New technologies creating new risks from freer flowing data.
- High impact breaches & attacks (Equifax, Uber, WannaCry) drive broad recognition of security needs.
- Dominant trend is anti-malware, especially automation and AI-enabled tools.
- The Internet of Things opened a new front, from IoT botnets to hijacked smart speakers.
Baskets

Deductible
Seller shall not be required to indemnify Buyer for Losses until the aggregate amount of all such Losses exceeds $300,000 (the “Deductible”), in which event Sellers shall be responsible only for Losses exceeding the Deductible.

First Dollar
Sellers shall not be required to indemnify Buyer for Losses until the aggregate amount of all such Losses exceeds $500,000 (the “Threshold”), in which event Sellers shall be responsible for the aggregate amount of all Losses, regardless of the Threshold.

Combination
Sellers shall not be required to indemnify Buyer for Losses until the aggregate amount of all such Losses exceeds $500,000 (the “Threshold”), in which event Sellers shall be responsible only for Losses in excess of $300,000 (the “Deductible”).
Baskets as Percentage of Transaction Value

Source: ABA Business Law Section, M&A Market Trends Subcommittee of the Mergers & Acquisitions Committee

* Excludes 6 deals with redacted basket amounts.
** Does not account for RWI that may have been required or obtained outside of the express terms of the agreement.

Caps

* Caps generally applicable to contractual indemnification obligations; does not take into account different caps for specific items (see “Cap Carve Outs”).
** Includes 10 deals that were not determinable because caps were stated as percentages of adjustable purchase prices.
Cap Amounts as Percentage of Transaction Value

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<tr>
<td>Minimum</td>
<td>1.7%</td>
<td>1%</td>
<td>1.23%</td>
<td>1.23%</td>
<td>2.7%</td>
<td>0.33%</td>
<td>0.01%</td>
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<tr>
<td>Maximum</td>
<td>137.04%</td>
<td>80%</td>
<td>100%</td>
<td>100%</td>
<td>114.7%</td>
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** Does not account for RMI that may have been required or obtained outside of the express terms of the agreement.

Survival/Time to Assert Claims

* These periods apply to most representations and warranties; certain representations and warranties may be carved out in order to survive for other specified periods. Excludes four deals with redacted or indeterminable survival periods. Only includes categories reflected in deals in 2016-17 (not shown: Silent, <12 months, Statute of Limitations).
** Includes one deal that had survival periods for covenants and fundamental representations only and four deals in which only a minority of the representations survived closing.
Escrows/Holdbacks as Percentage of Transaction Value

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Median</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1.23%</td>
<td>25.00%</td>
<td>10.51%</td>
<td>8.93%</td>
</tr>
<tr>
<td>2008</td>
<td>0.33%</td>
<td>37.30%</td>
<td>9.35%</td>
<td>8.19%</td>
</tr>
<tr>
<td>2010</td>
<td>0.33%</td>
<td>27.34%</td>
<td>7.14%</td>
<td>6.13%</td>
</tr>
<tr>
<td>2012</td>
<td>0.41%</td>
<td>25.16%</td>
<td>7.56%</td>
<td>6.56%</td>
</tr>
<tr>
<td>2014</td>
<td>0.75%</td>
<td>53.68%</td>
<td>9.14%</td>
<td>8.14%</td>
</tr>
<tr>
<td>2016-17</td>
<td>0.60%</td>
<td>41.18%</td>
<td>7.00%</td>
<td>6.66%</td>
</tr>
</tbody>
</table>

Representations and Warranties Insurance (RWI) Contemplated by Definitive Agreement

*Does not account for RWI that may have been required or obtained outside of the express terms of the agreement.*
Earnouts

* Includes three deals with earnout provisions that were not publicly available.
** Includes two deals with multiple earnout mechanisms.
Reduction of U.S. Corporate Tax Rate

- **Prior law**: graduated rate with 35% max
- **New law**: 21% flat rate
  - Modeling assumption including state and local tax: 26%
  - Applies for tax years beginning after December 21, 2017

**Sample countries:**

<table>
<thead>
<tr>
<th>Country</th>
<th>Corporate Income Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>19% (down to 17% in 2020)</td>
</tr>
<tr>
<td>Ireland</td>
<td>12.5% for trading income 25% for passive income</td>
</tr>
<tr>
<td>Netherlands</td>
<td>25%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>8.5% federal; 11.54% - 24.41% (depending on canton/commune)</td>
</tr>
<tr>
<td>Singapore</td>
<td>17%</td>
</tr>
<tr>
<td>China</td>
<td>25%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>16.5%</td>
</tr>
<tr>
<td>India</td>
<td>30% - 34.6% (depending on gross income)</td>
</tr>
</tbody>
</table>

**Limited Territorial Tax Regime**

**Prior Law**
- **Worldwide** Tax Regime
  - U.S. individuals and entities are generally taxable on their worldwide income, regardless of where the income is derived
  - Foreign income earned by a foreign subsidiary of a U.S. corporation generally is not subject to U.S. tax until the income is repatriated

**New Law**
- **Limited Territorial** Tax Regime
  - U.S. corporate taxpayers are generally taxable only on their income generated within the U.S.
  - Achieved via the participation exemption (discussed herein)
  - Does not apply to U.S. individuals or pass-through entities
Mandatory Repatriation

• As part of the transition to the “territorial tax system,” all foreign earnings accumulated offshore by certain U.S. shareholders are mandatorily deemed repatriated to the United States at the following rates:
  – Corporate Shareholders
    • 15.5% for cash earnings
    • 8% for non-cash earnings
  – Individual Shareholders – the rate of tax can be higher for individuals because the rate is computed using a deduction tied to the corporate tax rates in Section 11, rather than the individual rates in Section 1.

• This one-time “toll charge” is imposed regardless of whether the earnings were actually distributed.

• The U.S. shareholder recognizing the deemed or actual repatriation may elect to pay the tax liability over an eight-year period, in annual installments.

Pass-through Deduction

• New “below the line” deduction for “qualified business income” from pass-through entities and sole proprietorships
• Maximum deduction is 20% of the taxpayer’s qualified business income
• Non-corporate taxpayers (including estates and trusts) are eligible to claim the deduction
• Effectively reduces the rate on pass-through income to eligible taxpayers to 29.6%
• Sunsets in 2026
Choice of Entity – Effective Rates

As a result of the new lower corporate rate, should taxpayers reconsider their choice of entity?

<table>
<thead>
<tr>
<th></th>
<th>C-Corporation</th>
<th>Pass-through</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Tax Rate</td>
<td>21%</td>
<td>29.6% (effective)</td>
</tr>
<tr>
<td>Dividend/Exit Tax Rate</td>
<td>20% + 3.8% = 23.8%</td>
<td>0%</td>
</tr>
<tr>
<td>Aggregate Tax Rate</td>
<td>39.8%</td>
<td>29.6%</td>
</tr>
<tr>
<td>State/Local Tax Deduction</td>
<td>100%</td>
<td>Property taxes deductible, SALT income taxes not deductible</td>
</tr>
</tbody>
</table>

Interest Deductibility Limitations

Prior Law
- Interest deductibility limitation equal to 50% of adjusted taxable income (ATI)
  - Corporations only
  - Exceeds debt-to-equity ratio of 1.5 to 1.0 (safe harbor)
  - Related party debt
- ATI is similar to EBITDA

New Law
- Interest deductibility limitation equal to 30% of ATI
  - Must be business interest expense
  - All business entity types
  - No debt-to-equity safe harbor
  - Related-party and third-party debt
- Pre-2022, ATI is similar to EBITDA; thereafter, similar to EBIT
- Exemptions apply
- Special partnership rules
NOL Limitations

• No NOL carrybacks, only carryforwards
• Carryforward is indefinite
• Amount of an NOL carryforward that is deductible in any taxable year is limited to 80% of that year’s taxable income
Valuations & Process

What are you worth and how do you get it?

Bruce Milne
CEO

Offices globally – 70% of transactions cross border
World Tech M&A Leaders…

Research

Education

Valuation

Unsurpassed Buyer Access

Corum Buyer Knowledgebase

- Engagements
- Internal Research
- External Research
- Outside Events
- Education
- Transactions

Outside Advisors (WTC)
Achieving an Optimal Outcome

Detailed, professional process

Team approach

Most senior dealmakers

World Technology Council

Sold more software-related firms than anyone

Recent Corum Transactions

USA / USA

USA / USA

NETHERLANDS / USA

FINLAND / GERMANY

USA / USA

USA / USA
Recent Corum Transactions

- USA / USA
- NETHERLANDS / NETHERLANDS
- USA / USA
- AUSTRALIA / AUSTRALIA

Getting the Highest Valuation

- Timing - when should you sell?
- Process – building the buyer bridge
- Deal Disasters - how to avoid
- Leveraging Bidders - for maximum value
Getting the Highest Valuation

Process: Building Buyer Bridges

Optimal Outcome Process

8 Stages for an Optimal Outcome

Preparation  Research  Contact  Discovery  Negotiation  Due Diligence  Closing  Integration
Stage 1: **Preparation**

- Set tasks, timeline
- Allocate staff resources
- Conduct internal due diligence
- Compile business / marketing plan
- Ready financials / projections
- Ready presentation materials
- Begin collecting due diligence materials

Stage 2: **Research**

- Prepare buyers list (A&B level, financial, non tech)
- Perform strategic analysis on each buyer
- Prepare preliminary valuation
- Determine proper contact (Execs, EA’s, advisors)
- Outside advisor / board / investor influencers
- Prepare position statement for each buyer
Stage 3: **Contact**

- Create introductory correspondence
- Draft/customize executive summary
- Execute NDAs and non-solicitations
- Screen initial interest, valuation expectations
- Establish log on all communications
- Refine position/process based on feedback

---

Stage 4: **Discovery**

- Coordinate conference calls, site visits, and meetings
- Establish technology review process
- Prepare formal valuation report
- Develop synergy and contribution analysis
- Set up NDA with customers, contractors, etc.
- Finish due diligence on buyer
Stage 5: **Negotiation**

- Organize and host final visits
- Provide structure & valuation guidance
- Create an auction environment
- Negotiate with top bidder(s)
- Sign Letter of Intent (L.O.I.)
- Inform other bidders of No Shop

#### Stage 6: **Due Diligence**

- Verification of financial statements / projections
- Determine if outside advisors / opinions needed
- Establish confidential data room
- Technical / Legal / Ownership due diligence
- Written explanation of business model / methodologies
- Complete definitive agreement / attachments
Stage 7: Closing

- Final reps & warranties
- Determine escrow hold-backs
- Final opinion(s)
- Sign contracts
- Arrange payment / distribution
- Regulatory filings
- Disclosure schedules

Stage 8: Integration

- Advanced planning – during negotiation
- Determine synergies
- Best practices analysis
- Interim transition team
- Employee retention plan
- Set up monitoring / reporting
How to Increase Your Valuation

How to Avoid Being a Deal Disaster

What percentage of self-managed M&A transactions fail?

80%

You need a professional process to improve your odds

Source: Corum Group Research
Qualifying the Buyer
Top 10 Questions

1. Why are you interested in my company?
2. What acquisitions has your company done?
3. What is your preferred deal structure?
4. What is your approval process?
5. Who is involved in the decision?

6. How do you see our company fitting into yours?
7. What’s your integration process?
8. Who are your outside advisors?
9. How did your acquisitions work out?
10. Can I talk to companies you have acquired?
Top 10 Deal Killers

1. Dealing with only one buyer
2. Misalignment: shareholders/empl/mgmt
3. Contact at the wrong level
4. Improper research of potential buyers
5. Misunderstanding buyer process/models

6. Inability to portray value properly
7. Improper due diligence preparation
8. Not qualifying buyers properly
9. Not orchestrating all buyers properly
10. Ego – Greed – Arrogance
Top 6 Value Destroyers

1. Confidentiality—internal/external
2. Theft of technology
3. Loss of staff (non-solicitation)
4. Wear on CEO/management
5. Business drop-off—lack of focus
6. Going to market too late

5 Reasons Tech M&A Will Remain Strong

1. Disruptive trends – Strategic imperative to buy
2. Cash – Strategic & financial buyers ($3 trillion)
3. Low cost debt for leveraged buyouts
4. Many new buyers (IPOs, non-tech)
5. Strong financial markets
M&A Uniquely Allows Entry to Top Execs

<table>
<thead>
<tr>
<th>Do you want to buy my company?</th>
<th>CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>J.V. / Alliance</td>
<td>FIN MKT MANF</td>
</tr>
<tr>
<td>Resell / License</td>
<td>DIV DIV DIV DIV DIV</td>
</tr>
</tbody>
</table>

5 Major Benefits of a Professional Process

1. Model
   - The preparation process will help forge a better business model for your firm

2. Research
   - Your strategic position will improve from the research/positioning process

3. Market Feedback
   - Invaluable data/insights straight from the top will help improve your value

4. Relationships
   - 70% of parties that go under NDA may not be able to buy—but could partner, adding value

5. Exit
   - The merger, asset sale, or financial recap of your company
**CASE STUDY**

- **Company 1**
  - $3M revenue
  - US-Based
  - Founder-owned

- **Company 2**
  - $90M revenue
  - Europe-Based
  - Investor-backed

**Tale of Two Companies**

**CASE STUDY – Tale of Two Companies**

- **Company 1** – $3M revenue, got 2 offers $5-8M range
- **Offers Fell Apart** – Stock problems, “champion” left
- **Company went on Hiatus** – used time to improve
  - Built tighter business model based on preparation/research
  - Used market feedback to reposition product lines/pricing
  - Built 4/5 profitable relationships with “non-buyers”
- **Re-entered market 18 months later:** 90% recapitalization at $40 million value

**Sold again in 2 years for $100 million (6x)**
CASE STUDY – Tale of Two Companies

- **Company 2** – $90M revenue, major industry player
- **No Disciplined Process** – No pressure on buyers
- **Soft Approaches to Buyers** – No sense of urgency
- **After 2 years of self-directed process:**
  - Hired Corum
  - Ran global process
  - Received 6 offers in 9 weeks

Market consolidated—Company A bought Company B!
The quality was outstanding. The speakers are all masters of their material— they spoke with conviction based on passion and experience.

Doug Deardorf, NiSoft - CEO
Well organized – good diversity of topics. Nice balance of presentation and real case examples. Excellent stimulus of ideas with practical application.

Thor Bendickson, Go Solutions, Inc. - CEO