

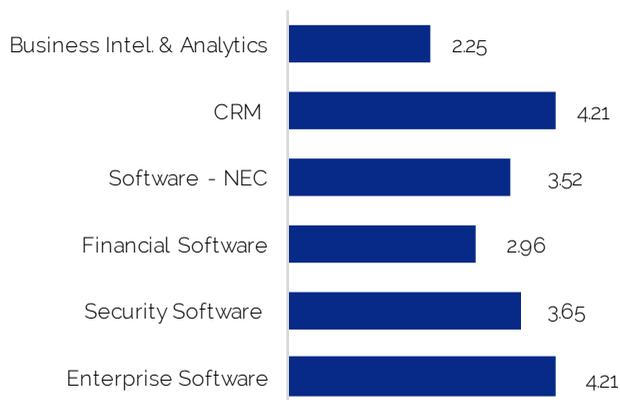
Monthly M&A Update: May 2016

M&A Market Brief

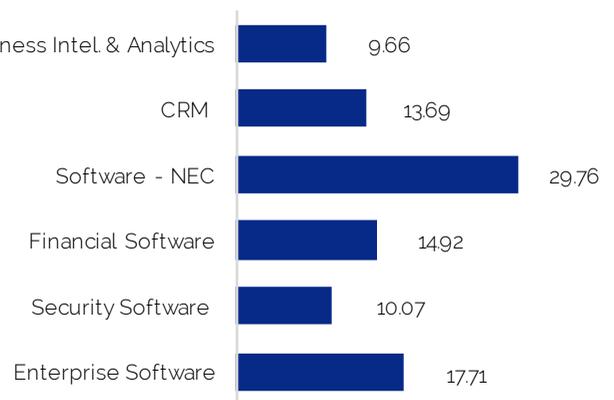
In May, the US software industry struggled to maintain the high deal activity experienced in the first four months of 2016. In the first quarter, deal activity in the technology industry, and especially within the software industry, remained markedly strong despite a global slump brought on by necessary rebalancing after a record year. While the software industry did not sustain the high deal activity levels in May relative to the strikingly strong first quarter as well as April did, the deal climate in the month nonetheless remained relatively healthy.

Strategic buyers acquiring software companies to increase efficiency and enter new verticals were responsible for much M&A deal activity in May. In addition, customer care continued to materialize as a driver for deal activity this year. Part of this trend were Oracle's acquisition of Opower and NICE Systems' acquisition of inContact, which are discussed below. Overall, the Enterprise Software segment fared the best in May. Compared to multiples for April, revenue multiples for the software industry decreased in each segment except for the Enterprise Software. Nonetheless, EBITDA multiples increased modestly in each segment except Security Software. So, despite May's slight slump, we expect deal activity—especially in customer care—to remain healthy.

EV/Revenue



EV/EBITDA



Source: Solganick & Co. Software Index

As of May 31, 2016

Highlight - Deals of the Month



NICE Systems acquired inContact, Inc. for \$940 million

May 18, 2016 – NICE Systems acquired inContact, a leading provider of call center software. inContact's primary offering is a cloud contact center software platform that helps organizations manage the entire lifecycle of customer relationships and analyze data to improve call center efficiencies. The company also offers workforce optimization software that delivers workforce management, call recording, quality management, desktop recording, speech analytics and performance management capabilities to help organizations increase operational efficiency whilst improving the customer experience. NICE Systems provides software solutions that enable organizations to improve customer experience and business results, ensure compliance, fight financial crime, and safeguard people and assets.

NICE has acquired inContact to provide the industry's first fully integrated cloud contact center solution suite that offers both cloud contact center infrastructure and the full range of workforce optimization and analytics applications. The suite will take advantage of NICE's leading workforce optimization and analytics solutions and inContact's leading cloud contact center software. By acquiring inContact, NICE will be able to infuse cloud capabilities into its new contact center to perform analytics for driving real-time personalization and smart action to meet the needs of increasingly demanding customers.



Oracle acquired Opower, Inc. for \$532 million

May 2, 2016 – Opower is one of the latest of Oracle's ever-growing pool of acquisitions. Opower is based in Arlington and provides customer engagement and energy efficiency cloud services to the utilities. Its customer engagement platform is designed to raise customer satisfaction whilst managing consumer energy demand and lowering service costs. Opower has implemented its software into 100 utilities across the globe, reaching more than sixty million homes and businesses. The acquisition is among the many deals this year that have been fueled by customer care.

Cloud-computing services netted Oracle \$735 million in the first quarter, representing a forty percent increase. The company is struggling to compete with the giants of the cloud market, and it is having trouble transitioning to a subscription model. Oracle might see a vertical strategy as the best approach, and acquiring Opower and its supply of customers will expand Oracle's foothold in the \$23 trillion utilities industry. Opower will be joining the Oracle Utilities Industry Cloud Platform team to provide modern, advanced cloud applications to utilities, with a focus on customer engagement.

Select Deals Announced in May 2016

Announcement Date	Target	Acquirer	Target Description	Deal Size
5/31/2016	Marketo	Vista Equity Partners	Provider of engagement marketing software, with platforms for email marketing, lead management, consumer marketing, customer base marketing and mobile marketing.	\$1.790
5/24/2016	Nuiku	Nortek	Provider of a cloud based data driven platform that enables natural language processing for voice control.	NA
5/24/2016	CompuPawn	Bravo Pawn Systems	Provider of pawnshop software for pawnshop automation.	NA
5/24/2016	Woomoo	Pricelin	Developer of an application for presenting, sharing, and building application prototypes.	NA
5/21/2016	Mangrove Software	Asure Software	Provider of cloud software-as-a-service for Human Capital Management applications.	17.3
5/19/2016	Kismatic	Apprenda	Distributor of a software system for automating deployment, operations, and scaling of containerized applications	NA
5/18/2016	inContact	NICE Systems	Provider of cloud contact center software and workforce optimization software for enterprise customer service.	940
5/17/2016	Portfolio Asset Management	RealPage	Provider of a data aggregation, reporting and collaboration platform that provides asset and portfolio managers with software and on-demand analytics	4.8
5/16/2016	SkyEye	AJ Greentech Holdings	Developer of driving management software that analyzes each registered driver's behavior.	NA
5/16/2016	Tecplot	Vela Software	Provider of fluid dynamics visualization and analysis software focused on the aerospace and oil & gas industries.	NA
5/12/2016	Merit	Infor	Provider of consulting services and software for business processes and implementation of enterprise resource planning systems	NA
5/11/2016	Acrosoft	Hyland Software	Provider of content-management software to the insurance sector for document management, imaging and workflow.	NA
5/11/2016	Dojima	Broadridge Financial Solutions	Provider of an electronic trading platform and clearing software for cleared derivatives across asset classes.	NA
5/9/2016	Spikes	Aurionpro	Provider of malware detection software for web browsers that functions as a secure and virtualized browser.	NA
5/2/2016	Serena Software	Micro Focus Group	Provider of Application Lifecycle Management software for application development.	540
5/2/2016	Opower	Oracle	Provider of a software-as-a-service platform for customer engagement and energy efficiency cloud services to utilities	532
5/2/2016	HP (certain software assets)	Open Text	Developer of customer experience software, including asset management software and workforce optimization software.	170
5/2/2016	LeanLogistics	Kewill	Provider of transportation management and logistics services, including LeanTMS, a leading software-as-a-service platform	115

Source: Pitchbook

About Solganick & Co.

Solganick & Co., Inc. is an independent investment banking and M&A advisory firm focused exclusively on the global Software, IT Services and Digital Media industry sectors. We advise buyers and sellers of companies and efficiently execute M&A transactions that help increase shareholder value. Our professionals have advised on \$20+ billion in M&A transactions to date and have current clients and relationships globally with entrepreneurs, companies and leading private equity firms within the sectors we cover. Please contact us for information regarding this report or to inquire about an M&A transaction.

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