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Valuation & Deal Insights

Viewpoint by Marty Wolf

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IN THS ISSUE

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Marty Wolf

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2017 has been an eventful year all across the globe.

For the US, the robust economy has led to the Fed lifting its benchmark interest rate a quarter point to a range of 1.25 percent to 1.5 percent on December 13—the third rate hike this year and the fifth since the financial crisis.

The S&P 500 and Dow—which has risen for five straight sessions and closed at a record four straight times—closed at fresh record highs following the news of the decision on the same day. The S&P climbed 0.2 percent overall and rose 2.8 percent in the telecoms sector, while the Dow climbed 0.3 percent.

Furthermore, unemployment is at the lowest level in 17 years, and is expected to fall even further next year. The current economic expansion is now set to make records in US history; if continued into the second half of 2019, it can possibly exceed the 10-year growth from the economic boom during the 1990s.

Global Uncertainty

However, following the election of President Trump, a wave of uncertainty and anger has taken a hold of the US. There are several components: the ongoing investigation into Russian interference, the debate over tax reform and gun ownership, heated disagreements over international diplomacy, and a myriad of other factors have led to a nation that is more outwardly polarized than it has ever been in recent times.

The nationalist tone that has come to the forefront in the US with the Trump Administration is not only confined to our borders. With the rise of populism in Hungary, Germany, and Russia, a widening resentment against the current political sphere has taken on a new form of power. On a global scale,

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> *"Tax reform will stimulate the economy by creating opportunities for smaller, domestic companies."*

the average person is unhappy with leadership and wants change in immediate, palpable form.

The result is a measurable drop in M&A transaction volume. Correspondingly, the value of announced M&A transactions in the US fell by around a third this year—the lowest since 2013. But I'm convinced there will be a turnaround in 2018. Why? Tax reform.

On the Cusp of Record Growth

Though tax reform is a controversial topic among economists and business leaders, if successful, it will drive immense growth for the economy. Full implementation will most likely occur in late 2018 or 2019, depending on how the House and Senate reconcile their versions. But so far the signs are clear: the US will soon see the largest change to its tax system since 1986, with ripple effects that will change the course of business history.

Much of the discussion has been centered around how giant corporations will react to their tax cuts, but I anticipate the policy will stimulate the economy in another way: it will create opportunities for smaller, domestic companies in the IT space, such as Presidio and Insight, that currently have the highest marginal tax rates. Consider Insight: the company had an effective tax rate of 38.1 percent according to the most recent historical data. Compare that to Apple, with an effective tax rate of 24.6 percent, or GE, who famously pays nothing. The difference and the potential is significant. Expect the freed-up capital to not only help the company's balance sheet, but also open up long-restricted opportunities for M&A and innovation.

Companies of all sizes will stand to benefit from a policy encouraging the repatriation of corporate profits held overseas, an amount currently totaling more than $3 trillion. The imposition of a one-time tax rate as low as 10 percent will make repatriation significantly attractive, leading to a wave of stock buybacks, capital expenditures, dividend payments or M&A. A huge beneficiary will be Apple, whose foreign cash hoard has grown to $268 billion.

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"While markets have rewarded them accordingly, FAANG companies have increasingly fallen out of favor in Europe."

Deal With It

The value of announced deals in North America has fallen to $1.1 trillion this year—a decline of nearly 30 percent. Though North America still constitutes 44 percent of the global M&A market by volume, the value is at its lowest since 2013. It's not a surprise. Due to political uncertainty, stringent guidelines and policy restrictions, the outlook for US M&A this past year was well below the $3 trillion-plus numbers recorded in 2015 and 2016. But the implementation of a new tax policy could revive M&A activity on a broader domestic scale, and put the US back on track to record-beating highs.

Expect an opposite outcome for Europe. Europe undoubtedly set the pace for global M&A this year, with buyers announcing $680 billion of acquisitions targeting European companies—an increase of 23 percent from 2016's total. But when US corporations have the advantage, we can expect to see the loss of a significant amount of capital in Europe after a few years' time.

Juicy Target

The FAANG companies continue to dominate on a global scale. But while markets have rewarded them accordingly, FAANG companies have increasingly fallen out of favor outside of the US, especially in Europe. The European Commission fined Google a record $2.7 billion in June for favoring some of its own services over those of competitors, and ordered Amazon to pay nearly $300 million after citing it for an illegal tax advantage in October. Last year, the commission also demanded that Apple repay $14.5 billion in back taxes in Ireland (Apple reached a deal with Ireland earlier this month) and raised issues with Facebook's data practices.

Though the EU maintains that its actions are designed to force companies to compete on merits, there is deeper political motivation. Giants are being penalized for two critical reasons: they are dominant and they are not European. The FAANG stocks achieved their astronomical growth on merit and smart strategy, but it is unfortunate that the EU is looking to find as many ways to transfer wealth away from the innovators as

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possible. With the continued rise of populism and animosity, we can expect these legal battles to be even more pronounced in the coming years.

From Legends to Corporate Nightmares

A few months earlier, I penned an op-ed articulating something I've said for a long time: it's time for IBM to break up. IBM is a case study of how not to operate a technology company. Throughout the years, I've consistently pointed out how IBM's revenue loss—which has gone on for five consecutive years—was indicative of a greater pattern in the industry. Despite (or perhaps because of) having missed the timing on key trends, IBM's business model has become so convoluted that the company's success in one division will not be able to salvage its losses. When a company doesn't specialize in a high-value market, or grows too big and loses its identity, it will fail to capture significant market share in any market. Thus, IBM's emphasis on growth in future emerging areas will be also fruitless until the company understands that they compete—and also partner with—too many companies to remain competitive in this day and age.

"The IT industry and the channel are not the only places seeing significant disruption."

The IT industry and the channel are not the only places seeing significant disruption. The intensifying competition from renewable energy has placed pressure on traditional power businesses. GE, a 125-year-old company with unparalleled history and legacy, is the worst-performing stock in the Dow this year, down 44 percent. The company also recently reported that disruption has reduced the need for its products by 40 percent. As a consequence, the company is cutting 12,000 jobs—a stark contrast in performance from the growing broader US economy and the legacy it once held.

Perhaps one of the most unfortunate aspects of GE's downfall is that it used to represent the core of American innovation as one of the best thought leaders in the world. The company managed to survive the Great Depression, the dot-com crash and the financial crisis. From a strategic standpoint, it was early in developing players, team members and associates, and was the first company to eliminate the bottom ten percent using the Six Sigma method of quality improvement. Essentially, GE had

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demonstrated how to successfully sell at the bottom and execute at the top.

However, now GE is ahead of the biggest dividend reduction after the market crash—and possibly of all time. The company does not have enough cash flow to pay for investments in the business and dividends for shareholders—the same dividends that once were a staple of its stability. Now, more than $100 billion in market value has disintegrated since November 2016. While effects of GE's disaster have been making headlines for most of this past year, the signs have always been there. The business model grew increasingly complex, and through a series of rather irrelevant acquisitions, GE became a conglomerate that lost its base. We do wish new Chairman and CEO John Flannery good luck. As an American, it's good that GE regain its bearings.

"For the most part, big conglomerates do not work today; jacks of all trades, they are masters of none."

For the most part, it's clear that big conglomerates do not work today; jacks of all trades, they are masters of none. Not only is it hard to be a good retailer in this day and age, it is also hard to be competitive with food, groceries, movies and logistics all at once. History is littered with companies that are too large—just take a look at companies like ITT and Beatrice Foods.

Trends in M&A

Amid the chaos, in the tech space, there have been several game-changing events. In addition to the frenzy surrounding Bitcoin and cryptocurrencies, there were several blockbuster transactions. Intel's $15 billion acquisition of Mobileye, Cisco's $3.7 billion acquisition of AppDynamics and $1.9 billion acquisition of Broadsoft, HPE's $1 billion acquisition of Nimble Storage and Office Depot's $1 billion acquisition of CompuCom Systems were some deals that made a dent in the past year.

The momentum will continue to build in the new one. For the past few years, the volume of deals involving tech targets, private equity's M&A activity, and China's appetite for big-ticket international deals have been on the rise. According to Deloitte, nearly 70 percent of executives at US-headquartered corporations, and 76 percent of leaders at US private equity firms, say deal flow will increase in 2018. In addition, there is

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nearly unanimous agreement that deal size will increase, if not stay the same, compared with deals brokered in 2017.

Perhaps most telling is the research that supports it: technology acquisition is the new number one driver of M&A pursuits and dealmakers now—and unlike the typical business cycle, innovation in the industry means we won't see a decline in the markets any time soon. M&A continues to be the preferred exit for private equity and venture capital-backed companies—and we can expect to see much more in the foreseeable future.

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Antony Walsh

Partner, Eversheds Sutherland

Editor's Note: *Antony Walsh is a Partner at Eversheds Sutherland, a global top 40 law practice with more than 2,400 lawyers. Eversheds Sutherland operates in 66 offices in 32 jurisdictions across Africa, Asia, Europe, the Middle East and the United States. Based in the UK, Antony focuses on cross-border work for global major corporates, often for businesses in the Diversified Industrials and/or Technology sectors.*

A few transactions he has led include acting for shareholders of Cybex GmbH on €70m sale to Goodbaby International; acting for shareholders of Eastern Airways on sale to Bristow Helicopters; acting for LDC and shareholders of Benson Box on $165m sale to Graphic Packaging International; acting for Cisco on the acquisition of Portcullis Computer Security; advising FMC Technologies on its Forsys joint-venture with Technip; acting for Equistone on the buyout of Worldmark and subsequent exit to CCL Industries; and, acting for founder shareholders on the sale of Aquila Insight to Merkle / Dentsu Aegis Network.

In addition to leading the corporate M&A team, Antony is client relationship manager for global clients including: Brady Corp (material solutions), TechnipFMC (energy industry technology), Tesco Corp (oil & gas drilling technology), Louis Dreyfus (global commodities), Avery Dennison (adhesive and packaging technologies), Graphic Packaging International (global packaging) and Eaton (power management).

*In this interview for **martin**wolf VDI, Antony breaks down the fundamental challenges of an M&A transaction, discusses how his team tackles situations both familiar and new, and shares the advice that he has sustained while developing his substantial career.*

How has your background led you to where you are today?

I studied law at university and joined Eversheds Sutherland straight out of law school. I knew before I even started that I wanted to do corporate law, so I tried various things during my training contact but qualified in the corporate team. To progress both my client base and within the firm, I've tried to get as many deals under my belt as I could do over the years. I made partner in 2011. And since, for most of that time, I've focused on diversified industrials and technology businesses, typically

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“I’ve long espoused the view that M&A is about people: M&A is not an academic exercise.”

international. Since most of my client base is in North America, I’ve got a good mix and broad perspective of doing deals internationally.

What is your firm's role in a typical M&A transaction, and what is your role as a partner?

Starting with Eversheds Sutherland’s role, we are typically working directly alongside our clients or working with an investment bank. Either way, there's usually a magic point in an M&A transaction where price is broadly settled. And that is some point throughout the LOI phase. I would summarize our role, typically speaking, as the corporate finance advisor doing about 80 percent of the work up to the point of the LOI being prepared, and the lawyers in the background doing 20 percent of the work. Once the LOI terms are broadly fleshed out by the lawyers, I think that such workload reverses. From the LOI phase onwards, the law firm is doing 80 percent of the work, and the corporate finance advisor or the investment bank is doing 20 percent to support with over-coming key commercial issues. Once we're at the LOI phase, it's really the law firm's job to own and run that deal through to completion.

My role, therefore, as a corporate partner, is to be the head of that team and to be the focal point of that transaction. It really is a project management and quality role. So ultimately, the terms and conditions of that M&A transaction are my responsibility from a quality perspective - I need to be all over the details to make sure the deal is transacted on appropriate terms.

But there is also a very strong project management role in that. The real skill of an M&A lawyer is that ability to bring a very disparate group of stakeholders to a completion on a required deadline.

What makes a transaction particularly difficult?

I've long espoused the view that M&A is all about people; M&A is not an academic exercise. The thing I really like about corporate work is that it is all about people; it's about hearts and minds. And I think what makes a good M&A transaction is the fact that you are working toward the same goal. You might be

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coming at it from opposite angles, because clearly there's a conflict of interest in terms of buyer wants the cheapest price possible and seller wants the highest price possible. If you get back to the fundamentals of course you're at opposite ends of the spectrum. But all of our negotiating energy is a complete waste if you don't produce a conclusion, which is doing the deal. I think what makes a successful M&A transaction is that ability to harness hearts and minds to get to the ultimate end goal of all stakeholders. You must never lose sight of that.

"Eighty percent of an M&A transaction does looks the same wherever you do it. But the skill is in the twenty percent and anticipating that."

What are red flags in an M&A transaction?

The red flags are all around. There are issues that are outside the control of the principal parties. I'm a long-believer of the fact that the two principal parties, the seller and the buyer, should always be able to get to a deal within a sensible time frame and on sensible commercial terms. They should always have the same broad mission. The mistakes I see people making in M&A transactions is not properly project managing deals and making sure they really understand the third-party requirements relating to that deal.

I'm currently buy side on a transaction in South Africa, which, from a legal perspective, we were ready to complete days ago. Rather embarrassingly for them, the sellers weren't able to complete the transaction because they haven't secured the South African exchange control approval that they needed to be able to affect their own transaction.

So, where I see M&A getting delayed or going wrong is where somebody in the process hasn't properly anticipated third-party change of control consent, whether it's Chinese Ministry of Commerce approval or exchange control approval for getting cash out of the country. It usually has something to do with the process rather than the commercial terms.

Have you had to worry about foreign ownership or national security deals?

There are definitely some peculiarities. One of the reassuring things about M&A is that it does cross borders. If you take an 80-20 split, because most things in life are on an 80-20 basis,

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80 percent of an M&A transaction does look the same wherever you do it. But the skill is in the 20 percent and anticipating that. The legislation about getting cash in and out of China or India, the black empowerment legislation in South Africa, or the need to consult with employees in France even in a share deal, are examples of hot spots that every country has. The skill of a good M&A lawyer is, you don't necessarily need to be an expert in every country, but you need to have enough experience to know those types of issues are out there. So, make sure you're asking the real probing questions at the start of the process, and not at the week before signing.

"Make sure you're asking the real probing questions at the start of the process, and not at the week before signing."

How else do you adequately prepare to handle intricacies on a cross-border transaction?

I think different firms develop different project management tools. We have our own project management tool, which we think is particularly innovative. We have our Dealmaster system, and that system, for example, includes information (such as the transfer requirements for different asset classes) from numerous countries around the globe. If I am dealing with an IT transfer in Singapore, for example, I can go onto our Dealmaster system and that will give me an immediate guide to transferring intellectual property in Singapore. That's not quite at the level yet where it could give me a turn-key solution, but it will give me an idea straight away of all the questions and pitfalls, so that when I'm engaging with local counsel in Singapore, I am forewarned enough to ask all the intelligent questions." Like-minded organisations that have invested in this level of technology can benefit from that experience because what is on the Dealmaster database is not just my experience, but the experience of several hundred corporate partners around our business.

What are some legal considerations clients may not realize?

If you talk about the differences between the US and the UK, for example, there are some fundamental differences between measure of damages between the US and Europe, and frankly, between the US and the rest of the world. For example, US buyers are used to having dollar-for-dollar recovery on

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warranties. US buyers might go into a transaction where they think, *“Well, we can afford to do light due diligence here because we've got appropriate warranties”* and have that mindset of dollar-for-dollar recovery.

In most of Europe, that is not the case. You don't always get dollar-for-dollar recovery on warranties; you may have to prove a loss. You may have to go to court and prove that you would have paid less for the business, and actually, that’s quite a difficult thing to prove. If you're paying an earnings multiple, it's hard to go to court and say *“If I'd have known about that $50,000 piece of litigation, I would have paid less on an earnings multiple”* because a one-off piece of litigation doesn't impact on earnings. For US corporate, understanding those differences can be quite fundamental. So, I think measure of damages is often something that comes up.

“Understanding those differences in losses and pricing mechanisms, I’d say, are the two issues that come up on every international deal.”

The other hot topic is pricing mechanisms. Lots of international countries and buyers, particularly in the States, are used to having the price verified after the event through a completion account mechanism. Again, a US corporate might think *“We can afford to pay top dollar for this business now because if the numbers are not what they say they are, then we will recuperate the delta through the completion account mechanisms.”* US buyers use completion account mechanisms as a legitimate price adjustment tool.

Well, for a lot of processes in Europe, completion accounts aren't offered. They're not in vogue enough. For ten years or so, on a lot of European deals and Asian deals, people have been using locked-box pricing mechanisms, where all of that diligence around the financials is done pre-signing, so there is no post-completion price adjustment.

So, understanding those differences in losses and pricing mechanisms, I'd say, are the two — if I had to pick two or three — issues that come up on every international deal.

What are other major differences between US and UK law?

In terms of black letter law, the differences between the UK and the US are relatively modest, which is great. The big one is that

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difference in how you determine a loss. Again, if I go back to my example of a typical M&A transaction, it's an EBITDA multiple. If you're doing a technology deal, you're paying 10 times EBITDA, by way of example. In the US, you'd get some warranties, which would say there's no litigation. To the extent there's an undisclosed litigation for $100,000, you'd expect, in the US, to get paid $100,000.

In the UK, fundamentally that may not be how it would work. In the UK, you'd likely have to go to court and say that you wouldn't have paid 10 times EBITDA but would have paid nine times EBITDA. And that's actually really difficult to do because that piece of litigation is a one-off event; it doesn't really impact earnings. So, the underlying earnings of that business are not impacted by that one-off piece of litigation. Going to court in the UK to prove a loss, a warranty claim, is a different thing. And that is the major difference between US and UK corporate law.

"On a net basis, M&A has not become any more straightforward because of technology."

There are some little nuances. The way you approach disclosure procedurally is slightly different from the way we do it. But fundamentally it's the same kind of concept. If you were to really analyze the key corporate law differences between the US and UK, it is that measure of damages.

How static or dynamic would you say the legal considerations are for the technology sector?

The fundamentals of an M&A deal are pretty static in my mind. They haven't really changed. The technology has not fundamentally altered what a purchase agreement looks like or how an M&A transaction operates. With all the technology, what has happened is that M&A transactions are potentially much easier to do. In the old days, you had to go to a data room for due diligence, or for financial due diligence, the buyer had to send a load of accountants to go sit in the target business to read through ledgers.

Obviously, that doesn't need to happen now. All of that is done online. So, one would assume technology has allowed M&A to become much more dynamic. But, over that same time period, knowing your clients (KYC) processes, governance, anti-bribery corruption, FCPA etc has become prevalent to make M&A

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"The scope of those deals has grown exponentially because of all the increased regulation."

transactions more difficult to do and make buyers more risk-averse. On a net basis, M&A has not become any more straightforward because of technology. It has all pretty much evened out and is just as complicated as it ever was. The deals might be easier to do because of technology on a physical basis, but the scope of those deals has grown exponentially because of all the increased regulation.

What are cases you had to take without much precedent, and how did you adequately prepare for them?

If you look to the mid-2000s when locked-box pricing mechanisms were first starting to come into fashion, precedence for that didn't exist, and all of that was free thinking and free drafting. If you wind the clock back a little bit further than that to the early 2000s, or the late 90s, with the invention of the management buyout, deals just weren't funded in that way prior to that time period. There was a huge legal innovation around that.

More recently, where you find you're doing the most free drafting type work on an M&A transaction is around the regulatory environment of the different businesses. It's that 80-20 percent. If you're cynical about it, 80 percent of any M&A transaction is the same. Well, the 20 percent is the difference in regulatory burden on those businesses. Whether that's consumer credit type legislation, any financial conduct type legislation, or sanctions control, that's where the real added value from the lawyers comes in in overcoming the challenges, which are unique to individual sectors and the regulation of those sectors.

Does the type of company affect the legal considerations at play? For example, does the acquisition of a technology company have different requirements or considerations than the acquisition of an industrial company?

When you're buying an industrials business, you're looking at things like dilapidations and liabilities relating to the large real estate portfolio they typically have. You're looking at customer contracts, at the health and safety record of that business (because that's where the litigation is going to be), at

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environmental policies, pollution policies, and anti-bribery and corruption policies (because manufacturing businesses tend to be in more challenging jurisdictions from an FCPA and ABC perspective). So, you're dealing much more with the physical.

When you're dealing with a technology transaction, you're much more interested in the know-how and the people. On a technology deal, yes, you're looking at registered intellectual property, but what you're really looking at is how source code has been developed and physically who has done the development. Is that the employee of the business? How is the knowledge captured? How is the know-how owned? Does the target business own all the innovations which that technology platform has developed?

"It's not just about the money. Quite often, technology businesses need broader infrastructure."

What is the state of the IPO market?

I think the IPO market is not strong at the moment. If you look at the underlying numbers of companies going to market, it's pretty modest at the moment. It's slightly higher than it was at the height of the crash, but it's not great. I think what's putting technology businesses, and businesses generally, off from going to market is quite a lot of share price volatility. There have been some fairly notable IPOs where the share price has moved pretty radically after IPO, and that is putting people off now. I know in a couple of weeks there have been some fairly high-profile IPOs which have been pulled in the UK because of that share price volatility.

I also think the increased costs of being on the market potentially puts people off. Also, I think there's a sense that to properly exploit new technology, you need a fairly robust and healthy balance sheet. Continuing to burn cash raised on the public markets is quite a high-pressure way of doing that, whereas being within the mothership of a major corporate can give that technology business the support and structural support it needs. It's not just about money. Quite often, technology businesses need broader infrastructure. They need to mature, and the public market is not always the best forum for a business to mature. Quite often, being acquired gives a technology business the structure it needs.

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Do you expect more IPOs going forward, or do you expect the market to be a continuation of how it is today?

I think it will be largely a continuation. I think there will be a steady uptake in IPOs as the major economies continue to grow post-crash, so I think IPOs will steadily increase. But I don't see it turning on its head next year. I see it being more of a steady growth story.

What is a piece of advice you'd like to share with our readers?

From being a hopefully successful partner at a global law practice, I think you need to stay on the tools. There's a danger in a big organization. There's a huge value in client relationships, but as good as a salesperson or a client relationship manager you might be, your clients will show you the most respect if they continue to think that you are fundamentally a very good lawyer—and a very good corporate lawyer, in my case. I think it's a balance to make sure you are maintaining relevance and are continuing to do a high volume of quality transactions.

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Market and Transaction Overview

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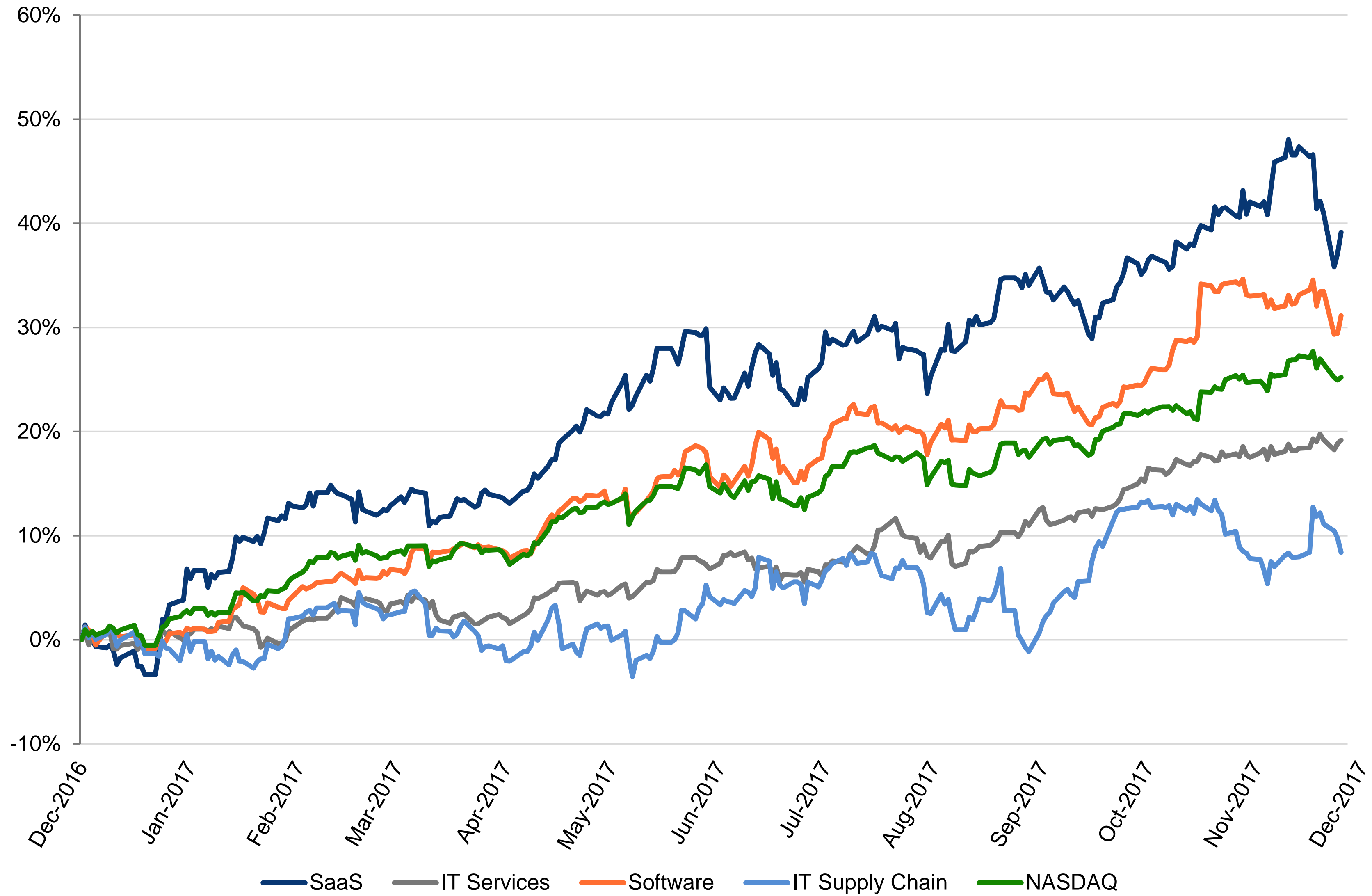

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Source: Capital IQ

Global M&A Values and Volumes

IT Services & BPO

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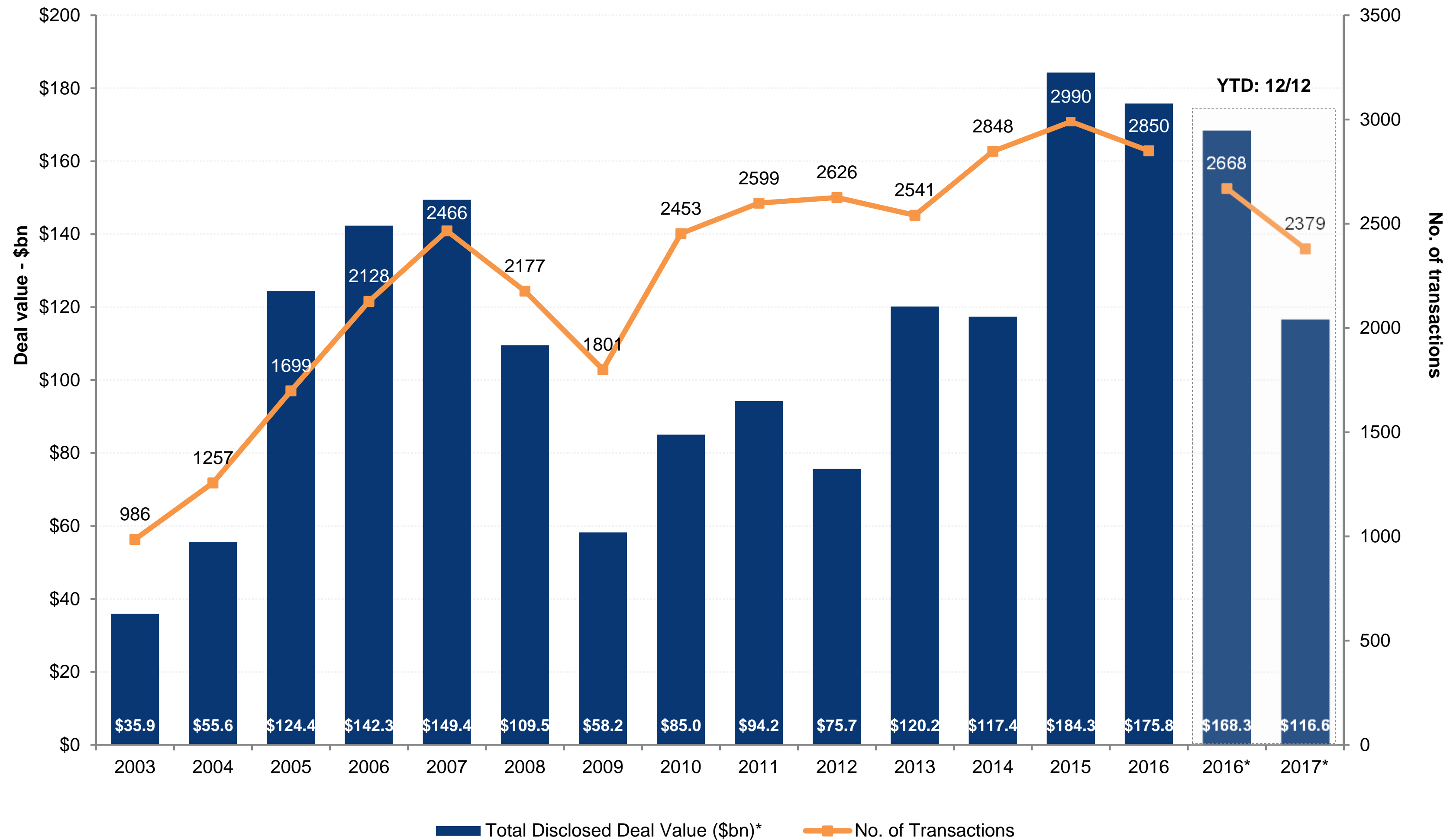
Deal Flow by Deal Value and Number of Transactions



Note: Total deal value can only be used as a proxy to total market deal value due to the large number of undisclosed transactions

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Global M&A Values and Volumes

IT Supply Chain

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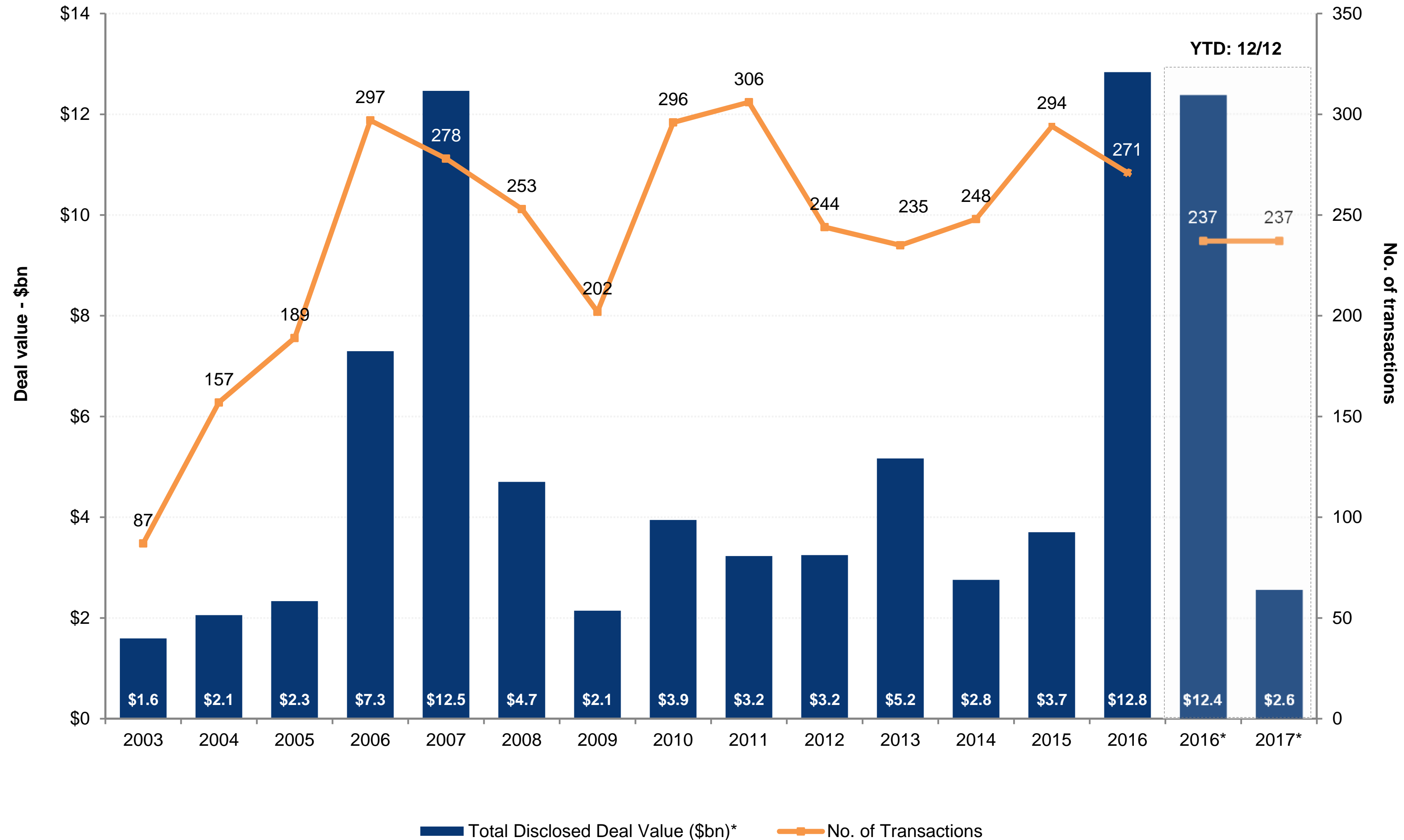
Deal Flow by Deal Value and Number of Transactions



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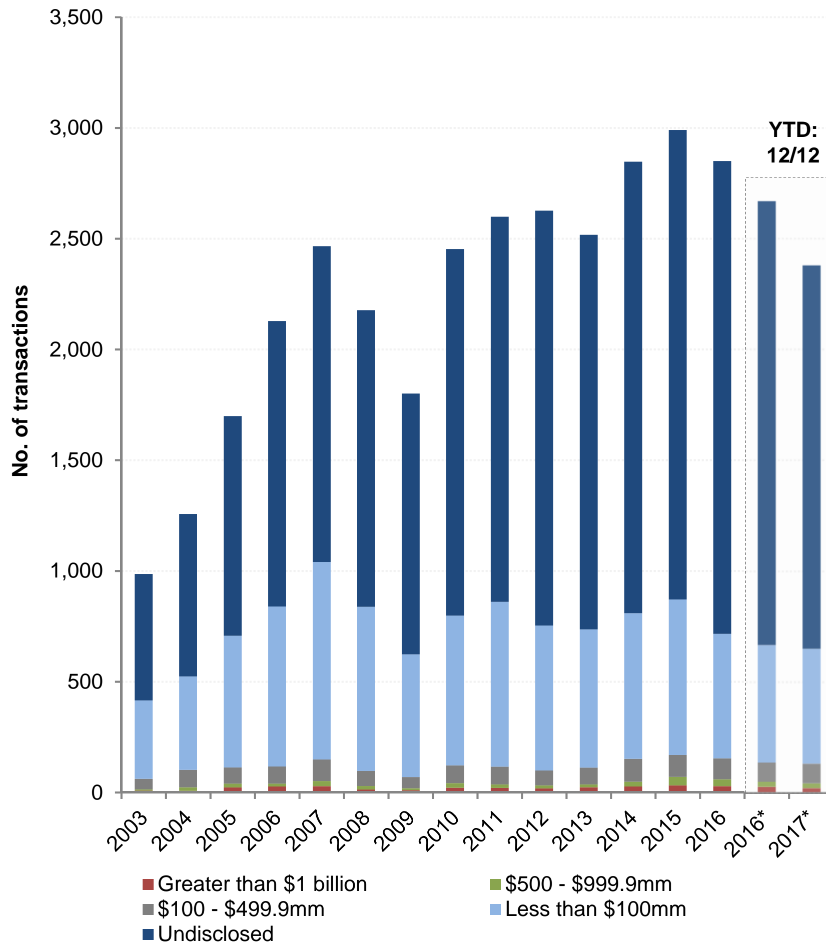
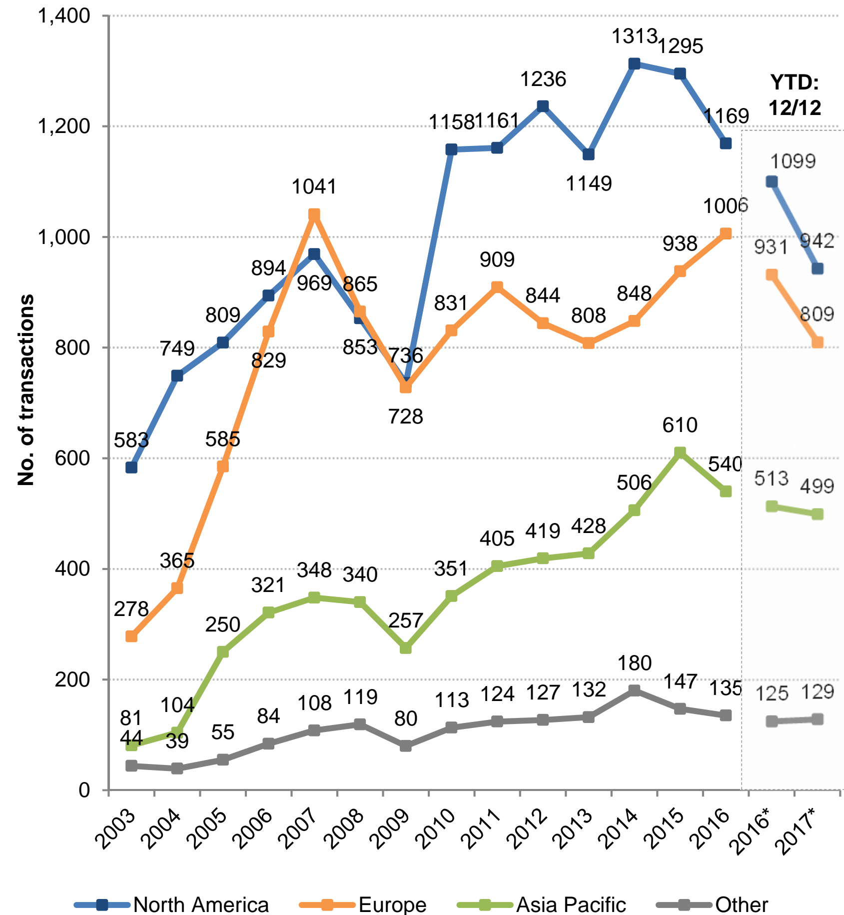
Global M&A By Transaction Ranges And Region

IT Services & BPO

Deal Flow by Deal Value and Number of Transactions





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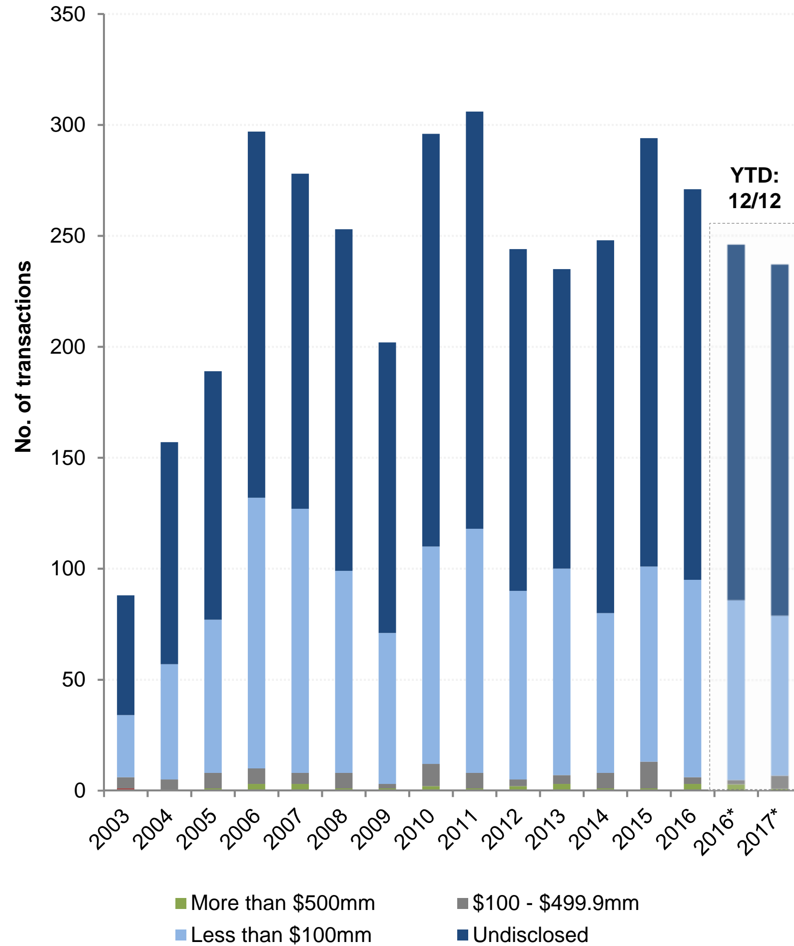
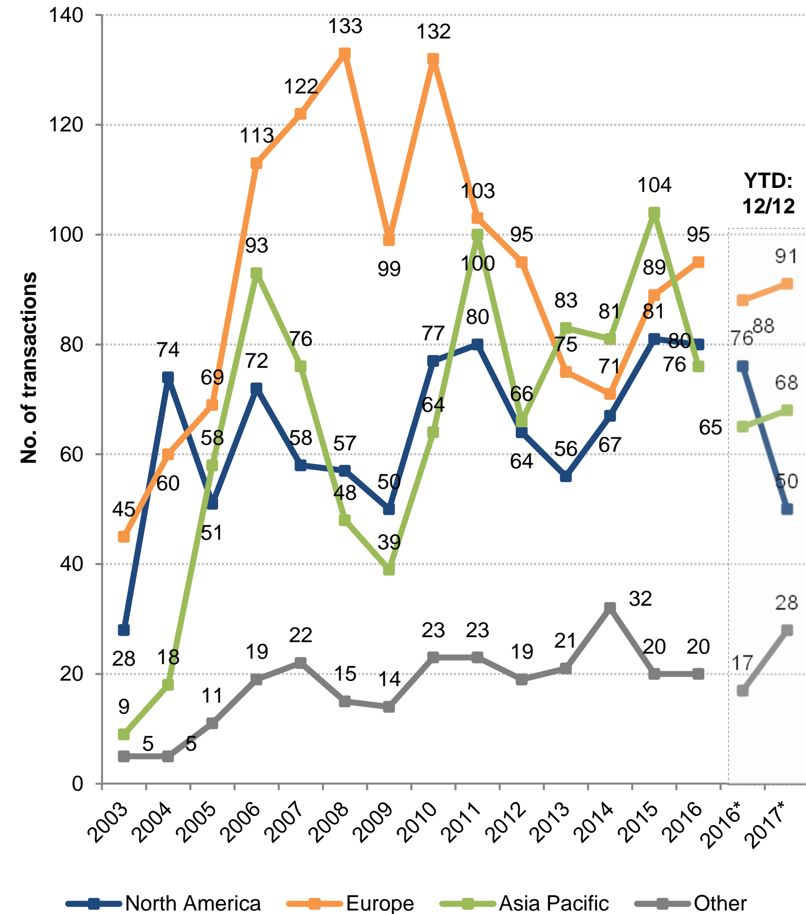
Source: Capital IQ
Note: Includes disclosed transactions only

Global M&A By Transaction Ranges and Region

IT Supply Chain

Deal Flow by Deal Value and Number of Transactions





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Source: Capital IQ
Note: includes disclosed transactions only

Valuations and Financial Statistics by Sector

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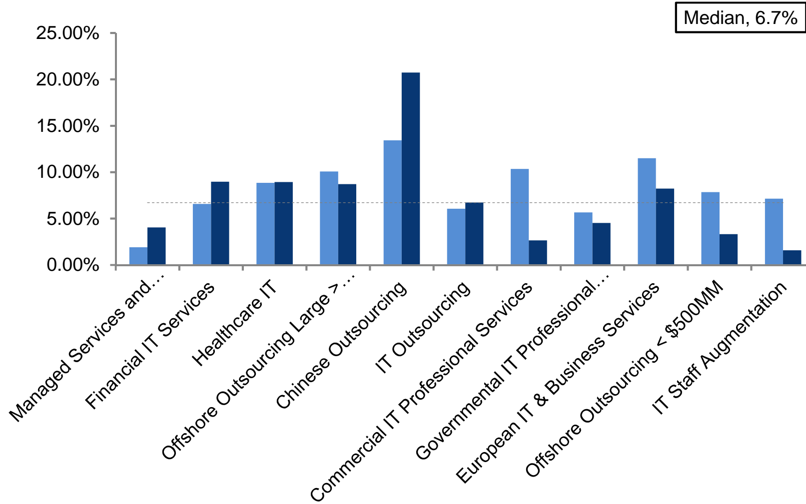
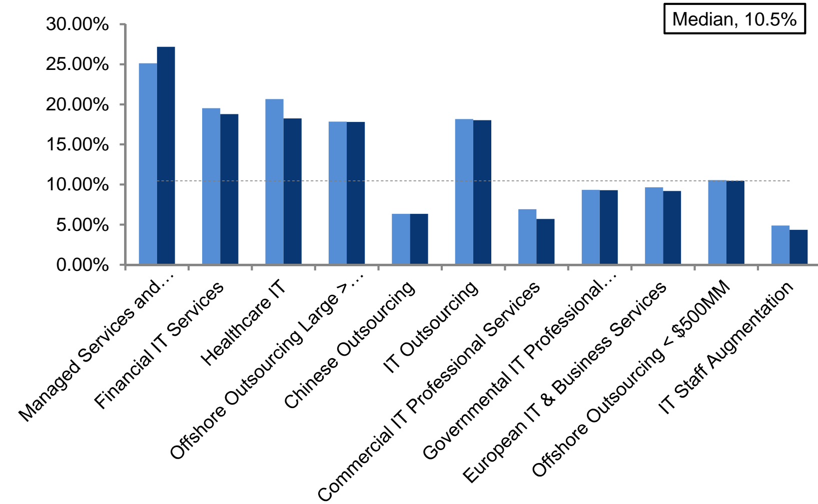
IT & IT-Enabled Outsourced Services

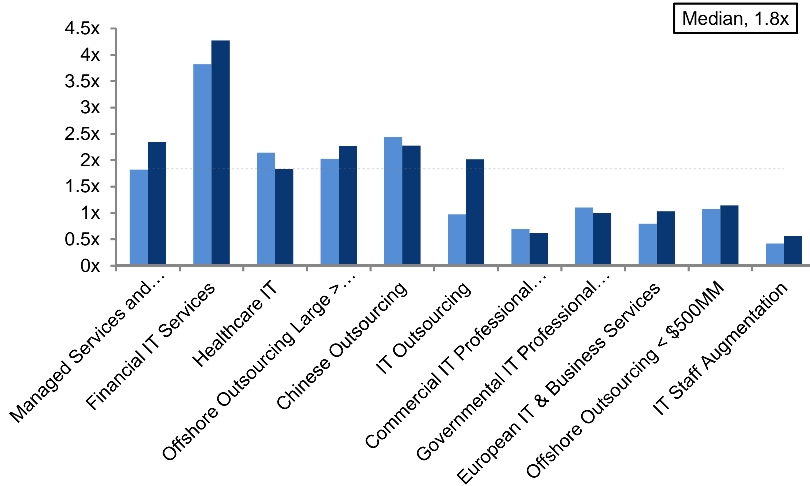
Revenue Growth



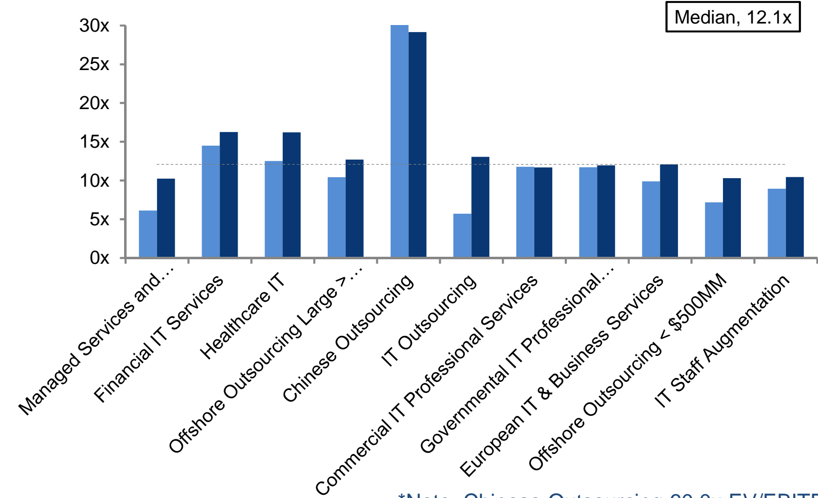
EBITDA Margins



EV/Revenue



EV/EBITDA



YTD 16 YTD 17 Median

*Note: Chinese Outsourcing 60.0x EV/EBITDA

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Source: Capital IQ

IT Supply Chain Services

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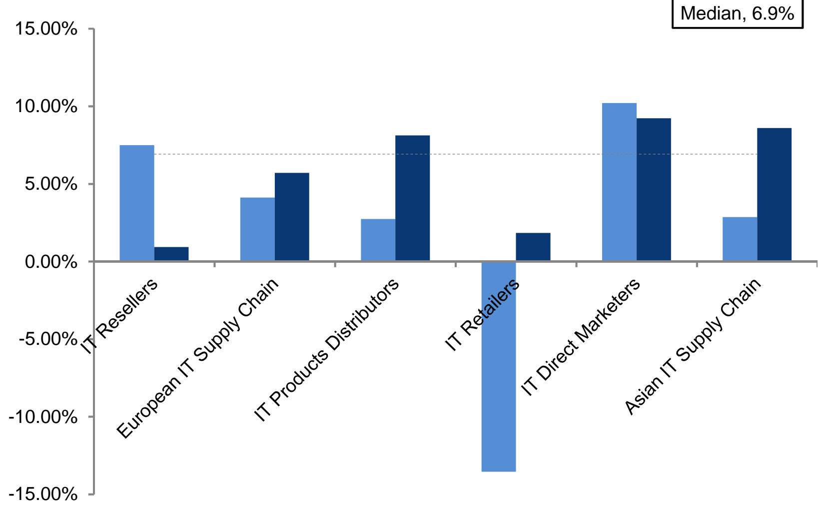
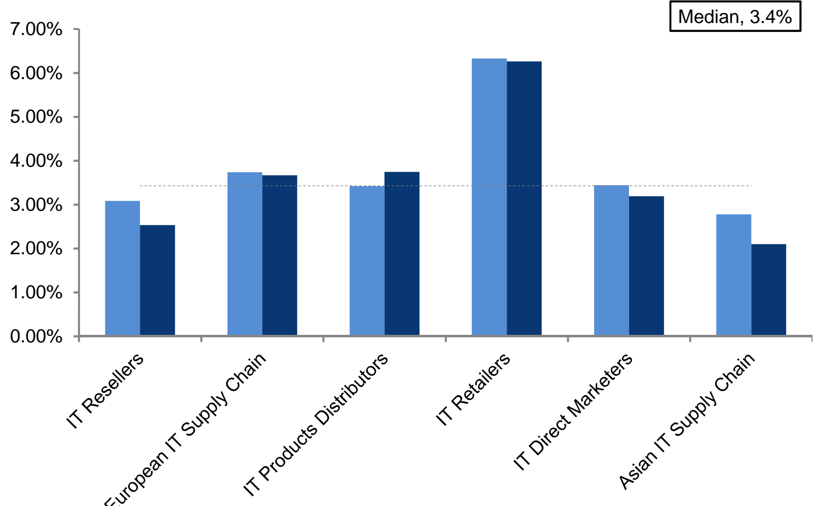
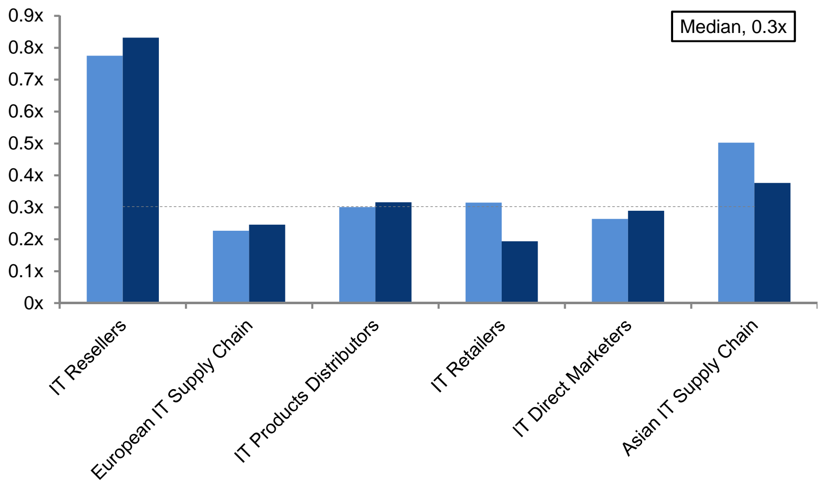
Revenue Growth



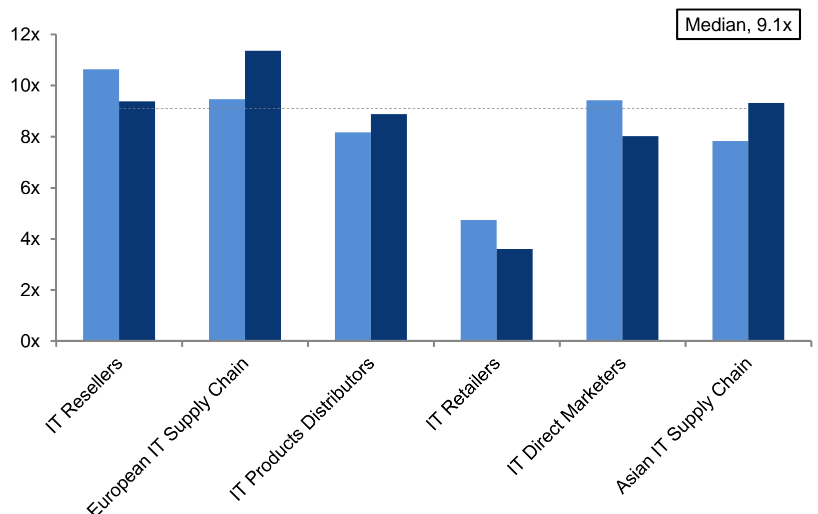
EBITDA Margins



EV/Revenue



EV/EBITDA



YTD 16 YTD 17 Median

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Business Process Outsourcing (BPO)

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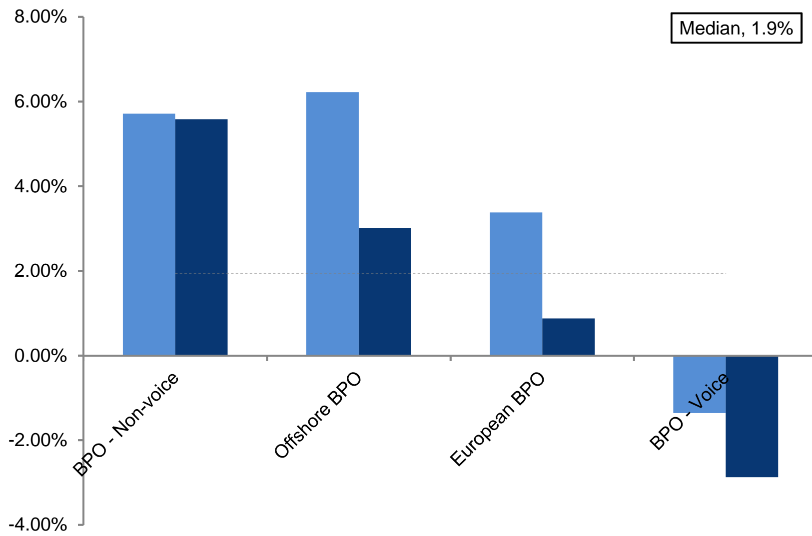
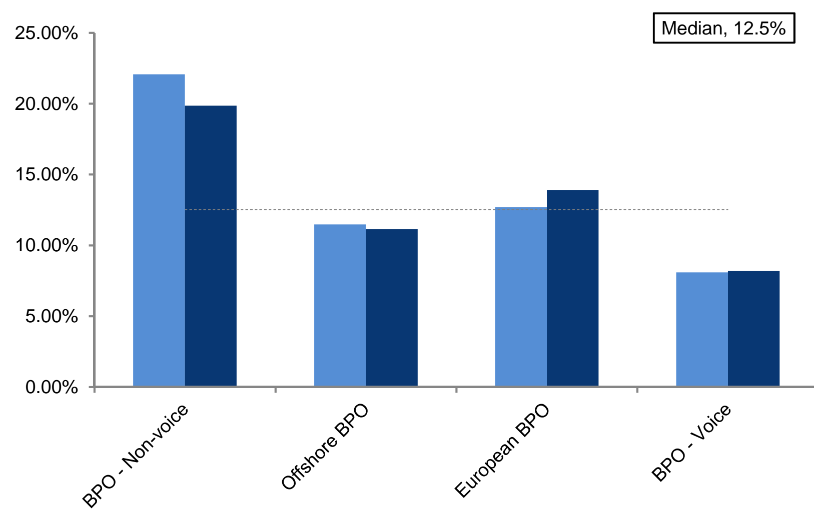
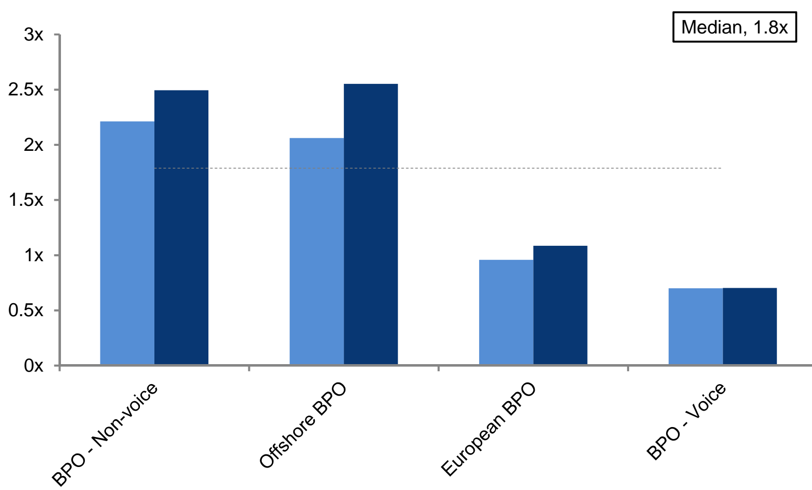
Revenue Growth



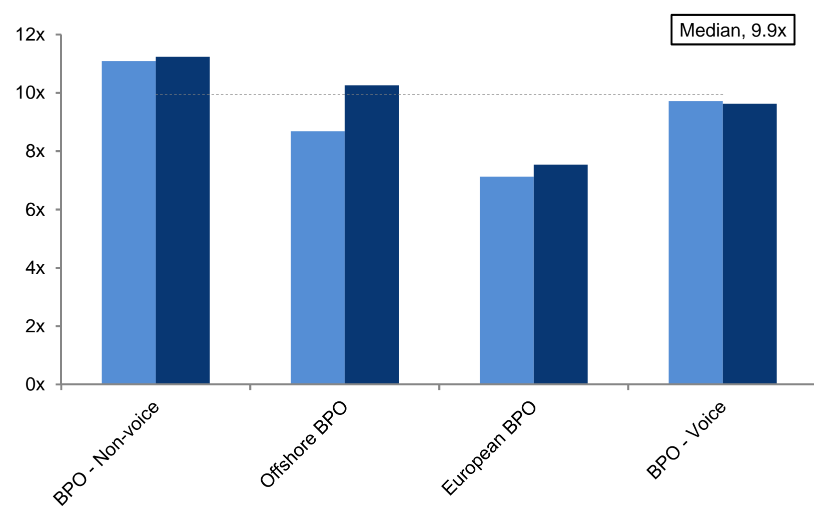
EBITDA Margins



EV/Revenue



EV/EBITDA



YTD 16 YTD 17 Median

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Source: Capital IQ

Software

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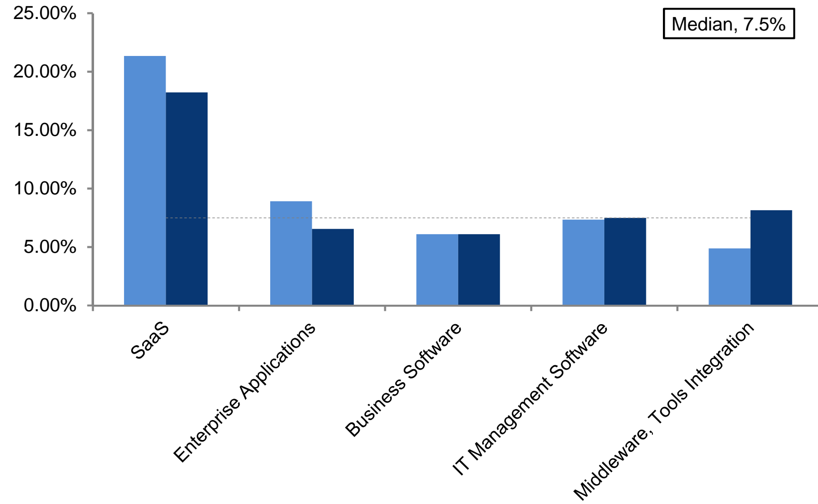
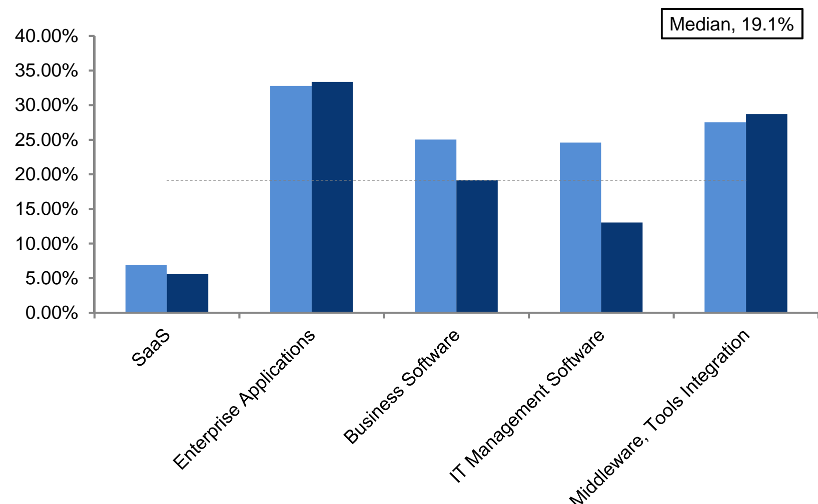
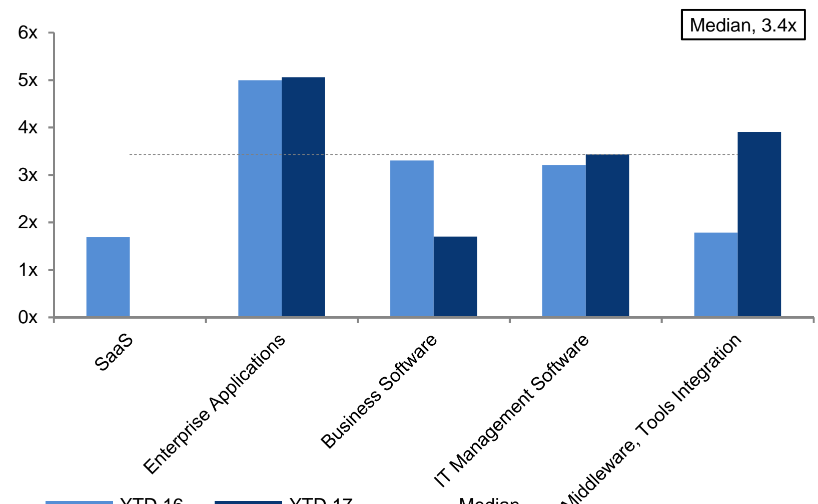
Revenue Growth



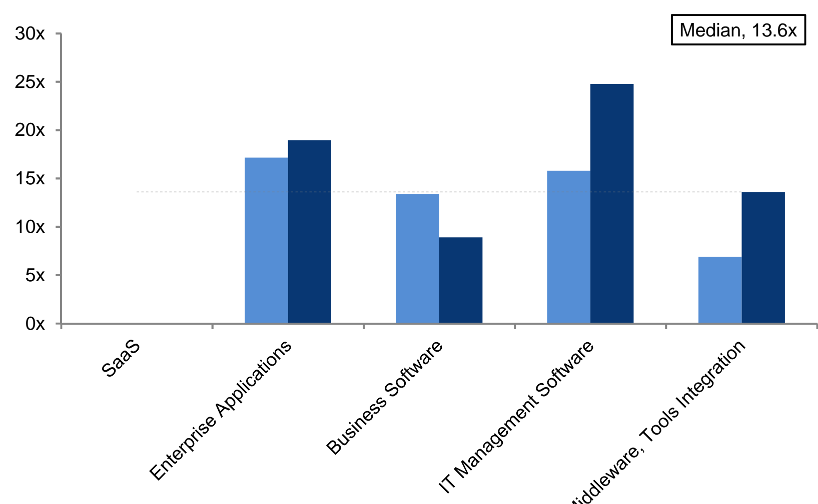
EBITDA Margins



EV/Revenue



EV/EBITDA



YTD 16 YTD 17 Median

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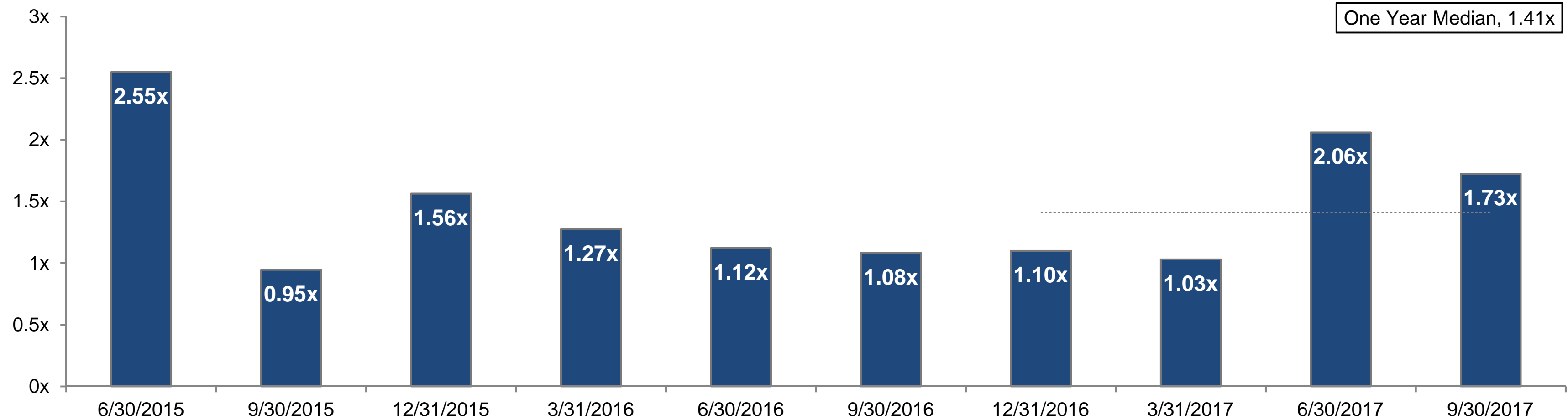
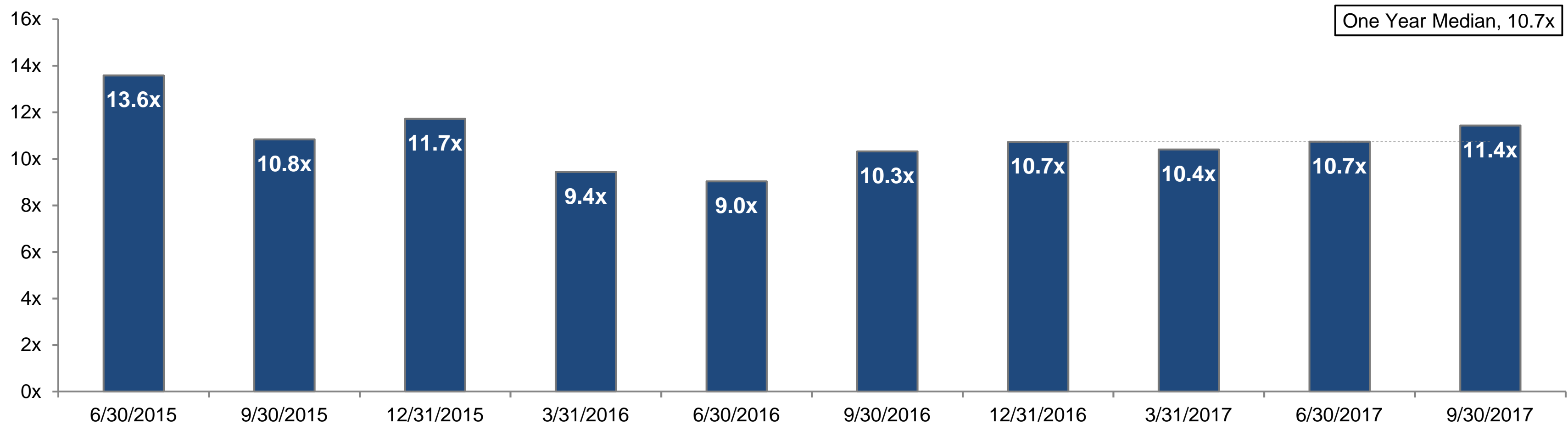
Source: Capital IQ

IT & IT-Enabled Outsourced Services

EV/Revenue



EV/EBITDA



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IT Supply Chain Services

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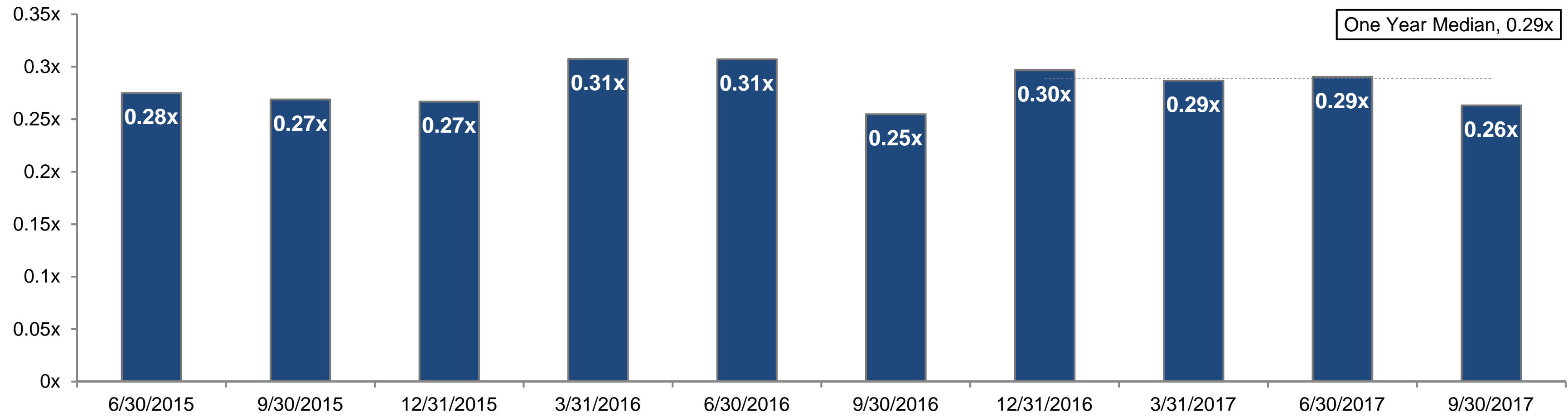
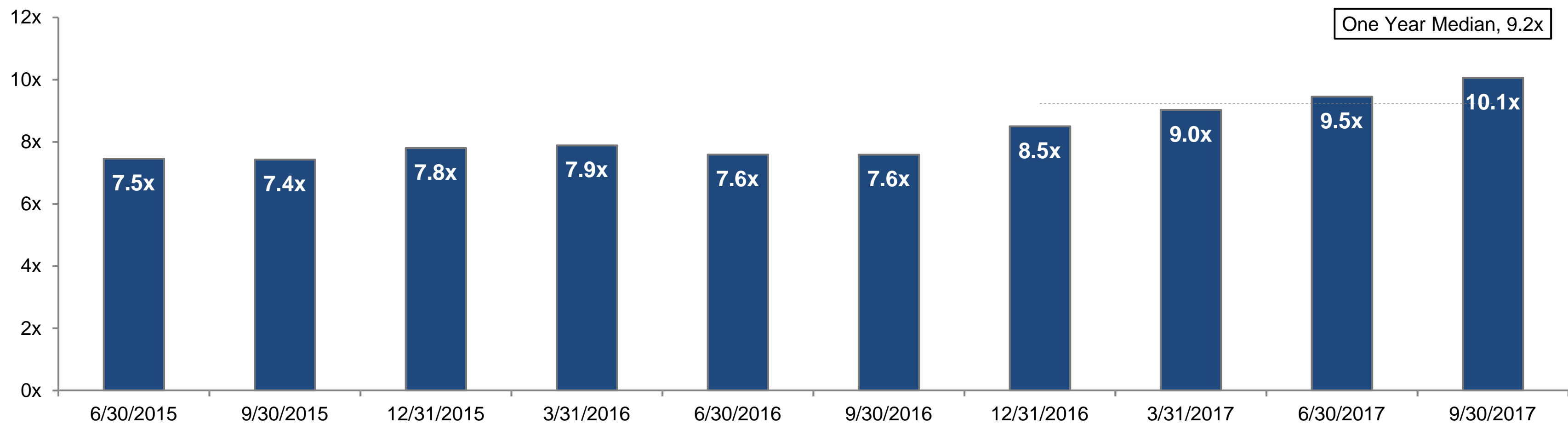
EV/Revenue



EV/EBITDA



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Business Process Outsourcing

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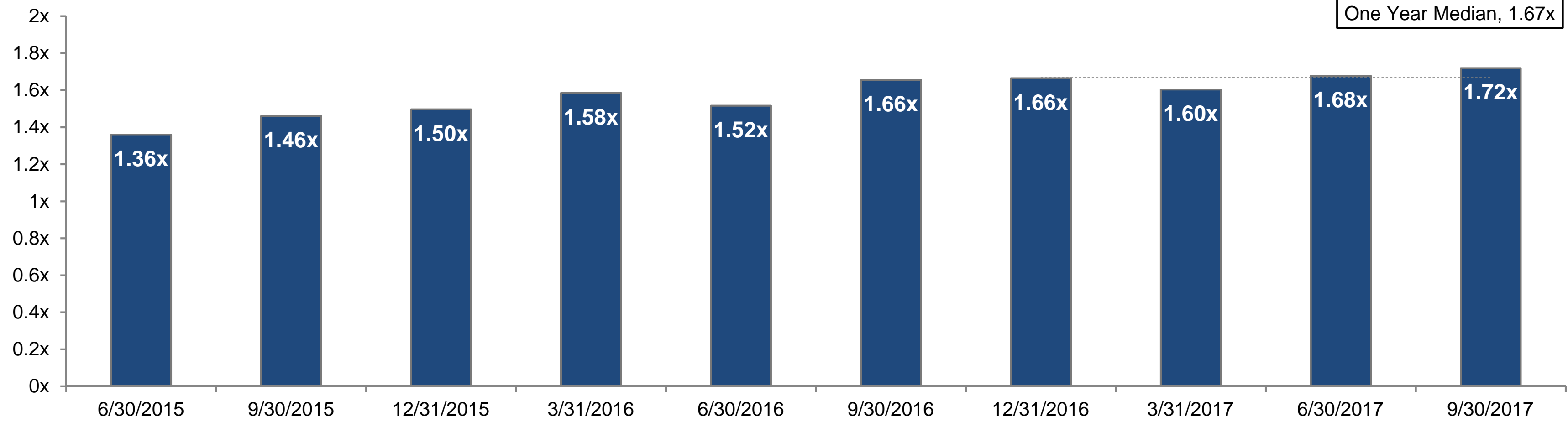
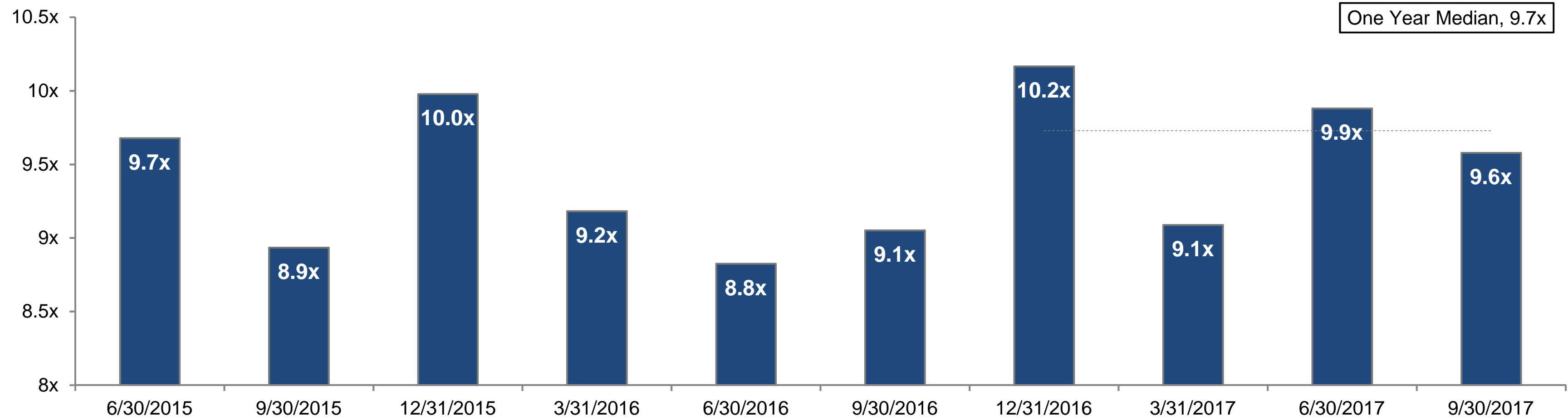
EV/Revenue



EV/EBITDA



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Software

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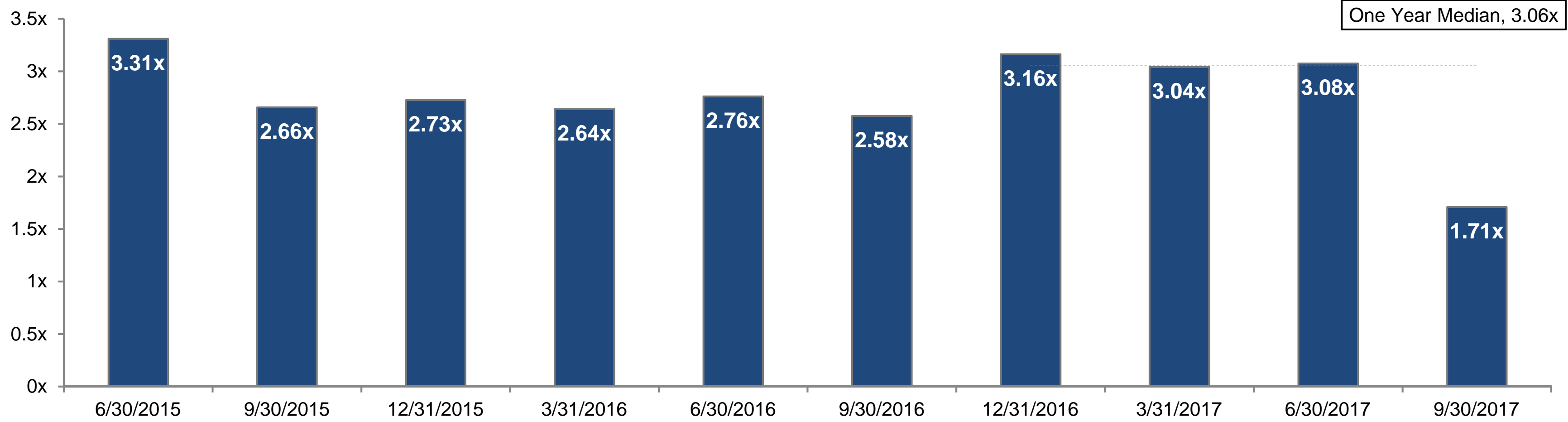
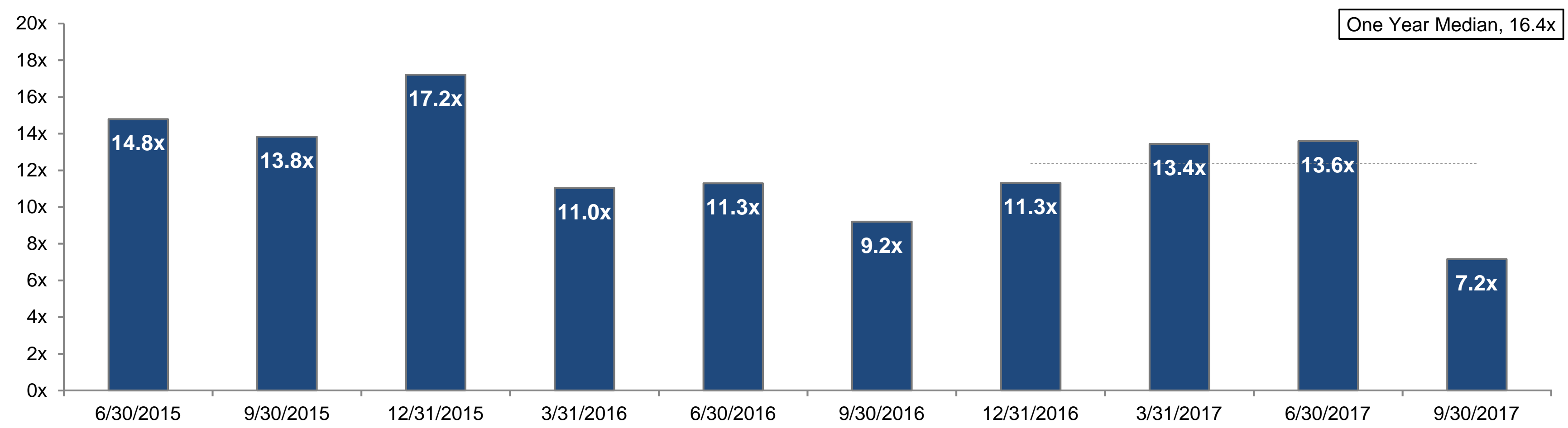
EV/Revenue



EV/EBITDA



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Significant Transactions

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Intel to Acquire Mobileye

Financial Information

Enterprise Value	$13.69 billion
EV/Revenue	38.2x
EV/LTM EBITDA	109.5x

Transaction Facts

- Intel Corporation (Nasdaq: INTC) announced today an agreement to acquire Mobileye (NYSE: MBLY), a technology supplier for autonomous vehicles.
- Intel will pay $63.54 in cash for each share of Mobileye, which represents a 34.5% premium over the stock's Friday closing price. The deal is expected to be immediately accretive to non-GAAP earnings and free cash flow.
- Following the close of the transaction, Intel plans to relocate its automotive unit to Mobileye's headquarters in Israel, joining 10,000 Intel employees already stationed.
- In 2016, Mobileye generated $358 million in revenue and $108 million in net income.

Merging Lanes to Go Faster

- **Growth Carries A Premium**: This represents the biggest-ever purchase of an Israeli tech company -- 30x Mobileye's 2017 revenue and 124x its operating profit. It is a continuation of an ongoing trend of accelerating growth in the self-driving sector, driven by consolidation among hardware and software technology providers.
- **Making It Official**: With the purchase, Intel positions itself to fortify relationships with current partners and solidify its presence in the fast-growing autonomous vehicle market segment. The two companies have worked together in the past and are partners in multiple ongoing initiatives.
- **Taking the Wheel**: Intel seeks to tap into the market related to autonomous driving needs, which it estimates to be at $40 billion by 2030, and find an edge against its main competitor, Nvidia (Nasdaq: NVDA), whose patented GPU technology rivals Mobileye's EyeQ product. Mobileye is developing production-ready Fully Autonomous Vehicles with BMW, and has deals with 27 major automakers.
- **Falling in Line**: This deal draws parallels to several 2016 acquisitions of car technology providers, including GM's purchase of Cruise Automation and Uber's acquisition of Otto (for $690 million and $680 million, respectively). The deal is also reminiscent of Samsung Electronics' $8.0 billion purchase of HARMAN, a connected car solutions provider, completed Saturday.
- **Big Deal**: Intel often breaks out its pocketbook when it senses the opportunity to secure a competitive advantage. This is its second largest transaction of all time, following its $16.8 billion acquisition of semiconductor manufacturer Altera in 2015 and coming before its $7.7 billion acquisition of McAfee in 2010.

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HPE to Acquire Simplivity

Financial Information

- Enterprise Value $650 million
- EV/Revenue 6.5x

Transaction Facts

- Hewlett Packard Enterprise (NYSE: HPE) announced yesterday that it signed a definitive agreement to purchase hyper-converged infrastructure startup SimpliVity for $650 million in cash, subject to adjustments.
- This announcement concludes a series of high-profile announcements and speculations regarding the future of the company - since its founding in 2009, it has raised approximately $275 million.
- Within 60 days of the close of the deal, scheduled for the second quarter of HPE's FY 2017, HPE will release its first SimpliVity-branded hyper-converged appliance.
- The acquisition is expected to be accretive within HPE's first full fiscal year following the closing of the transaction.

In Tighter Market, Fewer Opportunities

- **Shock Value**: Buoyed by hyperconvergence's attractive promise, SimpliVity has enjoyed significant attention and investment, culminating in a Series D round that raised $175 million at a valuation of more than $1 billion. At one point last year, media reports suggested HPE was considering a bid as high as $3.9 billion - a far cry from this deal's ultimate value of $650 million.
- **IP-No**: The prospect of a successful public exit became increasingly scarce as the technology IPO market dried up, with technology stocks instead turning to private equity or strategic acquisition. Hyperconvergence leader Nutanix (Nasdaq:NTNX) is the exception that proved the rule - despite a strong initial pop of 131 percent, the company today trades near $28, down 40 percent from its high of $46.78 per share.
- **Troubled Waters**: Despite its recognition in Gartner's Magic Quadrant report and other awards, there were indications that the company was undergoing some difficulties. Media reports detailed three rounds of layoffs in 2016, ostensibly to cut costs for a potential process.
- **Competition Grows**: For HPE, the deal brings a recognized leader in a fast-growing space, as well as the opportunity to be more focused on product (furthering the company's ongoing transformation into a pure-play vendor). The deal also puts significant pressure on competitors including Cisco, Dell and Lenovo.

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Ciber Files for Bankruptcy

Financial Information

- NA & India Asset Value ≃ $50 million
- EV/LTM Revenue N/A
- EV/LTM EBITDA N/A

Transaction Facts

- Defaulting on its outstanding $28.5 million loan to Wells Fargo, IT consulting firm Ciber Inc. (NYSE:CBR) announced today that it had, along with its certain U.S. subsidiaries, filed for Chapter 11 bankruptcy protection with the United States Bankruptcy Court in the District of Delaware.
- Ciber has a commitment for up to $41 million in debtor-in-possession (DIP) financing to help maintain its U.S. operations during the process.
- Cap Gemini S.A. (EPA:CAP), an IT consulting firm headquartered in Paris, extended a buyout offer of $50 million for Ciber's operations in North America and India, which generated $275 million in revenue. Pending more competitive bids, Ciber is poised to take the offer from its stalking horse purchaser.
- The New York Stock Exchange announced today that it suspended trading of Ciber's stock and is in the process of delisting the stock.

Integration on the Horizon

- **Piece by Piece:** Ciber sold off its European business to various buyers throughout the past two years. It sold off its Dutch and Norwegian units to management consulting company Manpower Group in August and sold its Swedish subsidiary to service provider Bouvet in September. It also a greed to sell its German and Danish subsidiaries, and the majority of its French operations, to IT services firm Allgeier for $8.8 million in February, in the same month it agreed to sell its Spanish business to Manpower. In March, it announced an agreement to sell its Infor Practice to software company Infor.
- **Global Ambitions**: Capgemini seeks to gain a stronger foothold in the North American market, where 30% of its total revenue now comes from. As its strategic acquirement in July 2015 of $1.3 billion solution provider iGate contributed to its North American footprint, Capgemini is pursuing strategic opportunities that could help expand its client reach.
- **The Right Fit**: Ciber had other options it was exploring, but ultimately decided that filing for bankruptcy and entering into an agreement with Capgemini was the best course of action. Earlier in March, solution provider Ameri100, which owns 5.5 percent of Ciber, made an offer to acquire the company. But now it seems that only a higher bid offer could take Ciber into a different direction. Should Capgemini win the bidding process as expected, the transaction should close by the end of the second quarter this year.

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Cisco to Acquire Viptela

Financial Information

▪ Enterprise Value	$610 million
▪ EV/LTM Revenue	N/A
▪ EV/LTM EBITDA	N/A

Transaction Facts

- Cisco Systems (Nasdaq: CSCO) announced yesterday its intent to acquire Viptela Inc., a San Jose-based startup developing software-defined wide area network (SD-WAN) technology, which enables businesses to improve access between their corporate data centers and branches.
- Cisco will acquire Viptela for $610 million in cash and assumed equity awards.
- Viptela raised $108 million in venture funding, and according to PitchBook, was valued at $900 million by its investors last year.
- Pending regulatory proceedings, the deal is expected to close in the second half of 2017.

Adapting to a Changing Landscape

- **M&A Mastery:** With nearly 200 deals under its belt since its founding and over 20 since 2015 alone, Cisco has developed an acquired taste for strategic buys. Viptela marks its second purchase of 2017, following its eleventh hour purchase of business software company AppDynamics for $3.7 billion.
- **Rocky Road**: While Viptela's advanced software gave it a near-unicorn valuation, the realities of intense competition from startups like Aryaka, CloudGenix, and Cisco-backed VeloCloud, in addition to internal company difficulties, made a quick sale the most appealing path forward.
- **Shift to Software**: Cisco's penchant for identifying and integrating valuable targets exemplifies today's trend of larger companies turning to M&A to remain competitive. As the largest networking company in the world, Cisco is positioned favorably to invest in multiple growing technologies, from cloud to Internet of Things. As competitors struggle to differentiate themselves through hardware performance, Cisco is pressing into rapidly changing, newer industries.
- **Deepening Integration**: This transaction is a homecoming of sorts -- Viptela's founders include former Cisco engineers. Post deal, a majority of Viptela's nearly 120 employees will join Cisco.
- **Another Entrance**: As larger players continue to fight for a bigger share of the cloud market, smaller startups and hardware-based companies risk being edged out. This acquisition provides Cisco yet another entrance into the lucrative market, allowing the company access to new customers.

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Office Depot to Acquire CompuCom Systems

Financial Information

- Enterprise Value $1 billion

Transaction Facts

- Office Depot today announced it has entered into a definitive agreement to acquire IT managed services and outsourcing company CompuCom Systems Inc. for a total consideration of ~$1B. The transaction includes the repayment of CompuCom debt and issuance of new Office Depot shares.
- The purchase is expected to close before year-end. Office Depot expects the acquisition to be accretive in the first year, and expects over $40M in estimated annual cost synergies within two years.
- Following the transaction, private equity firm Thomas H Lee Partners (THL) will hold an equity position in Office Depot of ~8% of total shares outstanding.
- In the same press release, the company lowered its outlook for 2017, expecting adjusted operating income to be between $400M- $425M, down from an estimate of $500M.
- Shares of Office Depot fell 11% after hours.

CompuCom.

Reinvention Through M&A

- **Huge Deal**: Office Depot is officially shedding its role as a traditional office products retailer -- now the combined company will be taking its first steps to capture market share in a $25B services and products market. Currently, CompuCom has the largest employee field technician workforce in North America, with ~6,000 licensed technicians, while Office Depot's omnichannel platform offers access to nearly six million SMBs within three miles of its ~1,400 stores.
- **Strategic Placement**: In particular, the company will be targeting SMBs, and the company will focus on taking advantage of the minimal overlap between both sales teams while simultaneously developing an incentive structure focused on driving the more profitable services revenue stream. Office Depot expects an addition of ~$1.1B in revenue directly from CompuCom.
- **Multiple Transitions**: CompuCom's rather convoluted journey testifies of the multiple changes VARs often must go through to remain competitive in today's landscape. Founded in 1987, formerly public CompuCom shrunk from a $2.7B company to a $1.5B company from late 1999 through the end of 2003. In June 2004, Platinum Equity bought the company for ~$254M in an all-cash, public-to-private deal. One month after acquiring CompuCom, Platinum acquired IT infrastructure solutions company GE IT Solutions and merged it into CompuCom. Under the new direction, CompuCom focused on cross-selling and upselling its hardware customers to software and vice versa, eventually resulting in more than half of its revenue coming from software and services. Private equity firm Court Square Capital Partners purchased the company for $628M in July 2007, and THL acquired CompuCom for a reported $1.1B in April 2013.

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Toshiba to Sell Chip Unit to Bain Consortium

Financial Information

- Enterprise Value ¥2T (~$18B)

Transaction Facts

- Toshiba has agreed to sell its chip unit Toshiba Memory Corporation to a consortium led by private equity firm Bain Capital. Under the agreement proposed on Wednesday's board meeting, Bain, Toshiba, South Korea's SK Hynix and Japan's Hoya will pay ~$8B for common and convertible stock, while Apple, Dell, memory product maker Kingston Technology and data storage firm Seagate Technology will contribute ~$4B for convertible and non-convertible preferred stock. According to Bloomberg, Pangea, the special purpose entity making the acquisition, will receive ~$5 billion in loans.
- Toshiba anticipates the deal will close by March 31, 2018 and give a ~$7B boost to the conglomerate after taxes. If the deal comes through before the end of March, Toshiba would avoid reporting a negative net worth for a second straight year -- thus keeping its shares from being delisted on the Tokyo Stock Exchange.
- After the news, shares of Western Digital fell as much as 5.5% Wednesday in early trading.

TOSHIBA

All Eyes on the Memory Market

- **Arduous Road**: The official search for a buyer commenced in March, when Toshiba announced that it would sell its chip business to cover the $6.3B losses incurred from its majority-owned nuclear reactor unit, Westinghouse Electric Co. (Toshiba bought Westinghouse in 2006, but cost overruns at its reactors and a downturn in demand worldwide for nuclear energy led to the company's bankruptcy filing on March 29). Resistance from Western Digital opened up negotiations with other potential bidders and contributed to the delay. The final bidder was unknown even up until Tuesday -- odds were in Western Digital's favor briefly only to change today, for the last time.
- **Shift to Software**: Cisco's penchant for identifying and integrating valuable targets exemplifies today's trend of larger companies turning to M&A to remain competitive. As the largest networking company in the world, Cisco is positioned favorably to invest in multiple growing technologies, from cloud to Internet of Things. As competitors struggle to differentiate themselves through hardware performance, Cisco is pressing into rapidly changing, newer industries.
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Top Ten Largest Announced IT Transactions, YTD 2017

Announce Date	Target	Target Description	Buyer	Implied Enterprise Value ($M)	Implied EV/ Revenue	Implied EV/ EBITDA	Transaction Comments
3/12/2017	Mobileye N.V.	Mobileye N.V., together with its subsidiaries, develops computer vision and machine learning-based sensing products, mapping and driving policy technology solutions for advanced driver assistance systems, and autonomous driving technologies. It operates through two segments, Original Equipment Manufacturing and After Market. The company's sensing products detect vehicles, pedestrians, and general objects, as well as detects roadway markings, such as lanes, road boundaries, barriers, and similar items; identifies and reads traffic signs, directional signs, and traffic lights; and provides mapping for autonomous driving. Its sensing products and technologies also creates a RoadBook of localized drivable paths and visual landmarks using proprietary Road Experience Management technology; and provides proprietary software algorithms and EyeQ chips that perform interpretations of the visual field to anticipate possible collisions with other vehicles, pedestrians, cyclists, animals, debris, and other obstacles. In addition, the company provides enhanced cruise control, pre-lighting of brake lights, and Bluetooth connectivity, as well as related smartphone application. It serves original equipment manufacturers, tier 1 system integrators, fleets and fleet management systems providers, insurance companies, leasing companies, and others through distributors and resellers in the United States, Europe, Asia, and South America. Mobileye N.V. was founded in 1999 and is headquartered in Jerusalem, Israel. As of August 21, 2017, Mobileye N.V. operates as a subsidiary of Intel Corporation.	Intel Corporation	15,026.9	42.0x	120.2x	Intel Corporation (NasdaqGS: INTC) entered into a definitive agreement to acquire Mobileye N.V. (NYSE:MBLY) from Ziv Aviram, Amnon Shashua, Sailing Capital International of Sailing Capital Advisors (HK) Limited and other shareholders for $14.2 billion on March 12, 2017. Intel will pay $63.54 in cash for each share of Mobileye. The transaction will be financed from the cash on the balance sheet. Ziv Aviram and Amnon Shashua signed a tender offer and support agreement to tender their 2.7% and 3.6% stakes in Mobileye respectively. Amnon Shashua is also a holder of 12.33 million Mobileye options which is part of the support agreement. Following the acquisition the combined global autonomous driving organization, which will consist of Mobileye and Intel's Automated Driving Group will be led by Amnon Shashua, Mobileye's Co-Founder, Chairman and Chief Technical Officer. Intel Senior Vice President Doug Davis will oversee the combined organization's engagement across Intel's business groups and will report to Amnon Shashua after the closing. Pursuant to the transaction, Amnon Shashua, Ziv Aviram, Tomaso A. Poggio, Eli Barkat and Judith Richter will resign as members of the Board of Directors of Mobileye. Eyal Desheh and Peter Seth Neustadter would continue to serve on the Board of Directors, as non-executive directors, after the transaction. Tomaso Poggio, Eli Barkat and Judith Richter will be re-elected as non-executive Directors of Mobileye. Tiffany D. Silva and David J. Miles will serve as executive Directors of Mobile eye and Nicholas J. Hudson, Mark L. Legaspi and Gary Kershaw as non-executive Directors of Mobileye. The combined organization will be headquartered in Israel. The tender offer commenced as of April 5, 2017.
7/5/2017	Worldpay Group plc	Worldpay Group plc, together with its subsidiaries, provides payments processing technology and solutions for merchant customers. The company offers technology-led solutions to merchants enabling them to accept various payments from consumers. Its Global eCom division provides online and mobile payment services to accept, validate, and settle payments. The company's Worldpay UK division provides in-store, phone, online, and mobile payment acceptance solutions. Its Worldpay US division provides in-store, online, and mobile payment acceptance solutions with a focus on developing omni-channel and integrated payment solutions for its small and medium enterprise customers; and vertical-specific solutions for its enterprise customers in the grocery, petroleum, restaurant, and retail industries. The company was incorporated in 2013 and is headquartered in London, United Kingdom.	Vantiv, Inc.	11,527.3	7.5x	19.7x	Vantiv, Inc (NYSE:VNTV) agreed to acquire Worldpay Group plc (LSE:WPG) for £7.6 billion on July 5, 2017. As on August 9, 2017, Vantiv, Inc (NYSE:VNTV) signed an agreement to acquire Worldpay Group plc (LSE:WPG). Under the terms of the agreement, the ordinary shareholders of Worldpay will receive £0.55 in cash and 0.0672 new Vantiv shares. Post-acquisition, Worldpay shareholders will own approximately 43% and Vantiv shareholders will own approximately 57% of the combined company.
9/25/2017	Nets A/S	Nets A/S provides digital payment services and related technology solutions. The company operates a network, which connects merchants, corporate customers, financial institutions, and consumers enabling them to make and receive payments. It operates through three segments: Merchant Services, Financial & Network Services, and Corporate Services. The Merchant Services segment offers in-store, online, and mobile payment acceptance solutions, including Visa, MasterCard, JCB, American Express, Union Pay, and local payment methods to merchants, including large corporate chains, small and medium-sized enterprises, and micro-merchants. This segment serves merchants through a set of distribution channels, including indirect partnership relationships, such as banks referrals, value-added resellers, and Web developers, as well as through its direct sales force. The Financial & Network Services segment provides outsourced processing services to issuers of payment cards, primarily banks, as well as complementary services, including card management systems, fraud and dispute solutions, and mobile wallet technology services. This segment also operates and processes the national debit card schemes. The Corporate Services segment offers a payment platform for recurring bills and credit transfer transactions for corporates. It also provides solutions for real-time clearing comprising instant payments across bank accounts, as well as the digital ID systems. Nets A/S operates in the Nordic region primarily in Denmark, Norway, Finland, and Sweden, as well as in Estonia and other Baltic countries. The company was founded in 1968 and is headquartered in Ballerup, Denmark.	Advent International Corporation; Hellman & Friedman LLC; GIC Special Investments Pte. Ltd.; Sampo Oyj; Fisher Lynch Capital; StepStone Group LP; Bain Capital Private Equity (Europe), LLP	6,430.6	5.3x	19.0x	Fisher Lynch Capital, StepStone Group LP, Sampo Oyj (HLSE:SAMPO), Bain Capital Private Equity (Europe), LLP, GIC Special Investments Pte. Ltd., Advent International Corporation and Hellman & Friedman LLC made an offer to acquire Nets A/S (CPSE:NETS) from AB Toscana (Luxembourg) Investment S.à r.l., GIC Pte. Ltd. and others for DKK 33.1 billion in cash on September 25, 2017. The buyers offered DKK 165 per share. The offer will be conditional on relevant competition authorities and Danish, Norwegian, Finnish and Swedish regulatory approvals and offer acceptance from more than 90% of the share capital and voting right of Nets. Nets' shareholders AB Toscana (Luxembourg) Investment S.r.l., controlled directly or indirectly by funds managed and/or advised by Advent and Bain respectively and GIC Pte Ltd., have, subject to certain conditions, irrevocably agreed to accept the Offer in relation to all of their shares. Shareholders representing 46% of Nets' share capital have agreed to accept the offer.

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Top Ten Largest Announced IT Transactions, YTD 2017

Announce Date	Target	Target Description	Buyer	Implied Enterprise Value ($M)	Implied EV/ Revenue	Implied EV/ EBITDA	Transaction Comments
11/28/2017	Gemalto N.V.	Gemalto N.V. provides digital security products and services worldwide. It operates through Payment & Identity, Mobile, and Patents & Others segments. The Payment & Identity segment offers chip cards, mobile financial services, and contactless payment solutions, as well as sells subscriber authentication and rights management solutions to Pay TV service providers. It also provides secure electronic identity documents, such as ePassports and badges; multi-factor online authentication and transaction solutions, as well as a range of support services; and data encryption systems and software monetization solutions. This segment serves financial institutions, retailers, mass transit authorities, and government agencies and service providers, as well as enterprises of various sizes. The Mobile segment offers various solutions for mobile network operators, including subscriber identification modules and universal integrated circuit cards, and back-office platforms; and services comprising roaming optimization, mobile payment and marketing, personal data management, and trusted services management. This segment also provides industrial solutions that enable machine-to-machine (M2M) data exchange through hardware modules and operating software, which connect machines to digital networks, as well as cloud-based M2M application enablement and late-stage personalization platforms to enhance operations, productivity, and efficiency in the Internet of things for the utilities, health, and automotive markets. The Patents & Others segment licenses its intellectual property and provides security and other technology advisory services. The company was formerly known as Axalto Holding N.V. and changed its name to Gemalto N.V. in June 2006. Gemalto N.V. was incorporated in 2002 and is headquartered in Amsterdam, the Netherlands.	Atos SE	5,994.9	1.7x	10.9x	Atos SE (ENXTPA:ATO) offered to acquire Gemalto N.V. (ENXTAM:GTO) for €4.2 billion on November 28, 2017. Under the offer, Atos will acquire the shares of Gemalto at €46 per share in cash. The acquisition will be entirely financed with Atos' existing cash resources and fully committed external debt. The offer will be subject to pre-offer and offer conditions, including but not limited to a minimum acceptance level and regulatory and anti-trust approvals.
2/9/2017	Aon plc, Benefits Administration and HR Business Process Outsourcing Platform	Aon plc, Benefits Administration and HR Business Process Outsourcing Platform comprises a benefits administration platform which provides cloud-based HR management services.	The Blackstone Group L.P.	4,800.0	2.1x	12.1x	The Blackstone Group L.P. (NYSE:BX) entered into an agreement to acquire the benefits administration and HR business process outsourcing platform from Aon plc (NYSE:AON) for $4.8 billion on February 9, 2017. Blackstone will pay cash consideration of $4.3 billion at closing and additional consideration of up to $500 million based on future performance. Under the terms of the agreement, the deferred consideration is payable in cash in an amount equal to 20% of the incremental cash proceeds realized by the affiliates of the sponsor and certain other equity holders of Blackstone from a liquidity event if total realized cash proceeds to the sponsor and such other equity holders over the life of their respective investments upon the closing of the transaction exceeds 2.25 times the amount of their equity investments in Blackstone at the closing of the transaction and the internal rate of return over the life of their respective investments exceeds 15%. Blackstone has obtained an equity commitment from affiliates and debt financing commitments from BofA Merrill Lynch, Barclays, Credit Suisse, Citigroup, Macquarie, Deutsche Bank, and Morgan Stanley. Blackstone will be required to pay to Aon a $215 million termination fee in case of termination. Both Aon and Blackstone have the right to terminate the purchase agreement if the closing has not occurred on or before August 9, 2017.
7/21/2017	Paysafe Group Plc	Paysafe Group plc provides online processing of direct debit, credit card, and alternative payment services to businesses and individuals in Europe, North America, and internationally. It operates through Payment Processing, Digital Wallets, and Prepaid segments. The company is involved in e-money issuer, property leasing, mobile development, and financing activities; and provides full service payment processing, sales and administration, call center and customer support, employment and administration, money transmission, identification verification, and e-money transfer, as well issuing, distribution, and merchant services. It also provides consultancy, development, and implementation of software solutions. The company was formerly known as Optimal Payments Plc and changed its name to Paysafe Group plc in November 2015. Paysafe Group plc was founded in 1996 and is based in Douglas, the United Kingdom.	CVC Capital Partners Limited; The Blackstone Group L.P.	4,013.7	3.8x	15.1x	CVC Capital Partners Limited and The Blackstone Group L.P. (NYSE:BX) (buyers) offered to acquire Paysafe Group Plc (LSE:PAYS) from Old Mutual Global Investors, Threadneedle Asset Management Limited and other shareholders for £2.9 billion on July 21, 2017. Under the terms of offer, the buyers will pay £5.9 in cash for each share of Paysafe Group Plc. The transaction will be financed from a combination of equity provided by the Blackstone Funds and CVC Funds on a 50:50 basis and debt to be provided under an Interim Facilities Agreement arranged by Credit Suisse AG, London Branch, Jefferies and Morgan Stanley Bank International Limited. Paysafe will also transfer its 1 million deferred shares of £0.01 each to buyers. The management will re-invest the part of proceeds from the sale of their holdings in Paysafe. Post-completion, Paysafe will be de-listed from the official list of UK Listing Authority and from the main market of London Stock Exchange and will operate as a subsidiary of buyers. Old Mutual Global Investors and Threadneedle Asset Management entered into a non-binding letter of support in respect of their stake in Paysafe Group Plc on August 3, 2017.

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Top Ten Largest Announced IT Transactions, YTD 2017

Announce Date	Target	Target Description	Buyer	Implied Enterprise Value ($M)	Implied EV/ Revenue	Implied EV/ EBITDA	Transaction Comments
1/24/2017	AppDynamics LLC	AppDynamics, Inc. provides an integrated suite of software application and IT infrastructure monitoring and analytics products. It offers monitoring software application and IT infrastructure performance solutions in real time; solutions to deploy, configure, and manage at scale; enterprises to view the performance of their software applications and IT infrastructures through the lens of a business transaction by monitoring and analyzing all code execution to automatically discover business transactions; and solutions to view and understand end-to-end software application and IT infrastructure performance. The company also provides diagnosing performance issues in production-first environments quickly, with low overhead; understanding the business context of software application performance; solutions that leverage machine learning to glean insights from massive data sets in real time to drill down to the root cause of performance issues; and a range of deployment options, including public cloud providers, on-premises, and hybrid approaches to meet regulatory and compliance needs. It operates in the Americas, EMEA, and the Asia Pacific. The company was formerly known as Singularity Technologies, Inc. and changed its name to AppDynamics, Inc. in 2009. AppDynamics, Inc. was founded in 2008 and is headquartered in San Francisco, California. As of March 22, 2017, AppDynamics LLC operates as a subsidiary of Cisco Systems, Inc.	Cisco Systems, Inc.	3,902.9	18.9x	NM	Cisco Systems, Inc. (NasdaqGS:CSCO) agreed to acquire AppDynamics, Inc. for $3.7 billion on January 24, 2017. Under the terms of the agreement, Cisco paid approximately $3.7 billion in cash and assumed equity awards. AppDynamics will continue to be a led by Chief Executive Officer, David Wadhwani, as a new software business unit in Cisco's Internet of Things and Applications business, reporting to Rowan Trollope. The acquisition is subject to customary closing conditions and is expected to close in third quarter of fiscal year 2017. As of February 14, 2017, the deal was granted early termination by Federal Trade Commission. Doug Cogen, Mark Gorman, Connie Chen, Gil Ohana, Douglas Cogen and Lynda Twomey of Fenwick & West LLP acted as legal advisor and Centerview Partners LLC acted as financial advisor for Cisco Systems. Mike Ringler of Wilson Sonsini Goodrich & Rosati, Professional Corporation acted as legal advisor and Nadir Shaikh of Qatalyst Partners LP acted as financial advisor for AppDynamics. Daniel Weight acted as general counsel for the transaction. Barclays Capital Inc. acted as the financial advisor to AppDynamics, Inc.
7/24/2017	WebMD Health Corp.	WebMD Health Corp. provides health information services to consumers, physicians and other healthcare professionals, employers, and health plans through its Websites, mobile platforms, and health-focused publications in the United States. Its primary portal, WebMD.com enables consumers to obtain information on health and wellness topics or on a particular disease or condition; assess personal health status; use online trackers, tools, and quizzes; locate physicians; receive periodic e-mailed newsletters and alerts on topics of individual interest; and participate in online communities with peers and experts. The company's portal, Medscape.com enables physicians and healthcare professionals to access clinical reference sources; stay abreast of the latest clinical information; learn about new treatment options; earn continuing medical education credit; and communicate with peers, as well as offers other sites and apps that provide branded health and wellness content, tools, and services.	MH SUB I, LLC	2,641.2	3.7x	14.3x	MH SUB I, LLC entered into a definitive agreement to acquire WebMD Health Corp. (NasdaqGS:WBMD) from Banwell Ian, Manning James V, Adler Mark J Md, Desimone Blake, Dimick Neil F, Glick Michael B and other shareholders for $2.5 billion on July 24, 2017. On April 6, 2017, Kohlberg Kravis Roberts & Co. L.P., parent company of Internet Brands Inc., executed a confidentiality agreement with WebMD. Under the terms of agreement, buyer will pay $66.5 per share to acquire all of the issued and outstanding shares of WebMD common stock. A tender offer will be commenced in the next 10 business days. In the merger, each share that is not tendered and accepted price of $66.5 per share, other than holders of treasury shares, stockholders who have properly exercised their pursuant to the offer will be cancelled and converted into the right to receive cash in an amount equal to the offer appraisal rights and shares already owned by MH SUB I, LLC. Each option that is outstanding and unexercised and for which the merger consideration exceeds the exercise price of such WebMD stock option, will be automatically cancelled and in consideration of such cancellation, the holder thereof will receive a cash payment in an amount equal to the excess of the merger consideration over the exercise price of each such WebMD stock option multiplied by the aggregate number of shares issuable upon exercise of such WebMD stock option.
3/13/2017	DH Corporation	DH Corporation provides payments, lending, and financial solutions to banks, specialty lenders, credit unions, governments, and corporations worldwide. The company operates through three segments: Global Transaction Banking, Lending and Integrated Core, and Canada. It offers a payment platform to capture, manage, and process payments; Global PAYplus, a payment hub software that enables banks to originate, process, transact, and settle payments; integrated wire and compliance solution for the U.S. financial institutions; and Canadian mortgage lending platform, a software as a service (SaaS) based origination solution for brokers and lenders. The company also provides cash management, financial messaging, and merchant services; SaaS and Web-based solutions that allow mortgage lenders to obtain qualified applications from various point-of-sale channels; and consumer and commercial lending solutions.	Misys Limited (nka:Finastra Group Holdings Limited)	3,458.7	2.8x	14.6x	Misys Limited entered into a definitive arrangement agreement to acquire DH Corporation (TSX:DH) for CAD 2.8 billion on March 13, 2017. As per terms, Vista Equity Partners, parent of Misys, will acquire all of the outstanding shares of DH for CAD 25.50 per share in cash including the assumption of all debt obligations including the issued convertible debentures. Within 30 days following the close of the transaction, as required in accordance with their terms, DH will make a cash offer to purchase all of the outstanding convertible debentures of DH at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest (the "debenture offer"). In addition, beginning ten trading days before the anticipated date of the closing of the transaction, until 30 days after the debenture offer is delivered, holders of the 6.0% convertible debentures will be entitled to convert their debentures and receive, subject to the completion of the transaction, an additional number of DH shares as set out in the 6.0% convertible debentures prospectus. In case of termination a fee of CAD 81.9 million will be paid by DH or CAD 177.4 million will be paid by Misys.
4/4/2017	General Communication, Inc.	General Communication, Inc., through its subsidiaries, provides a range of wireless, data, video, voice, and managed services to residential customers, businesses, governmental entities, and educational and medical institutions primarily in Alaska under the GCI brand. It offers Internet and local access services. As of December 31, 2016, the company had 222,500 wireless subscribers; 140,800 cable modem subscribers; and 125,800 basic video subscribers. General Communication, Inc. was founded in 1979 and is based in Anchorage, Alaska.	Liberty Ventures	2,716.6	2.9x	10.0x	Liberty Ventures (NasdaqGS:LVNT.A) entered into a definitive agreement to acquire General Communication, Inc. (NasdaqGS:GNCM.A) ('GCI') for $1.2 billion on April 4, 2017. Under the terms, General Communication shareholders will receive 0.63 shares of Class A common stock and 0.2 shares of Series A preferred shares of GCI Liberty, Inc. ('GCI Liberty'), the combined company formed by merging the operations of Liberty Ventures and GCI. The consideration received per share of GCI is valued at $32.5 based on Liberty Ventures reference price of $43.65 per common share as of February 3, 2017 and $25 per share preferred par value. Options to purchase shares of GCI common stock will be converted into options to purchase shares of reclassified GCI Class A common stock, shares of restricted GCI common stock will be converted into shares of restricted reclassified GCI Class A common stock and restricted GCI preferred stock and stock appreciation rights will terminate and Searchlight will receive a cash payment in settlement of the stock appreciation rights. Former GCI shareholders will hold 23% of equity of GCI Liberty. Pursuant to the transaction, name of GCI will be changed to GCI Liberty, Inc. In case of the termination of the agreement, GCI will pay Liberty a termination fee of $40 million and Liberty will pay GCI a termination fee of $65 million.

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