

# TECHNOLOGY · MEDIA · TELECOM

THIRD QUARTER

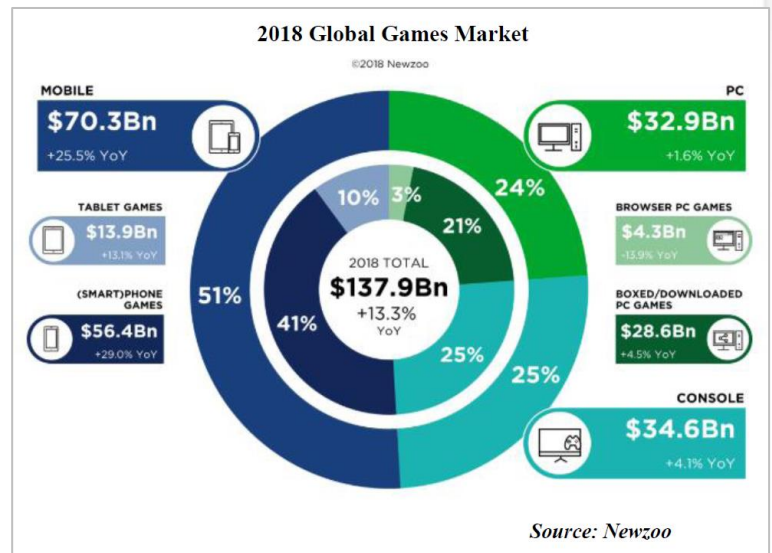
2018

The Technology, Media & Telecom Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Technology, Media and Telecom category. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

## Information Technology, Media and Telecom M&A

M&A activity for North American based target companies in the Technology, Media and Telecom (TMT) sector for Q2 2018 included 429 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions was announced in May when Cisco Systems, Inc. acquired Accompani, Inc., trading as Accompany, a portfolio company of Resolutevc, LLC, Ignition Venture Partners, ICONIQ Capital, FLOODGATE Fund LP, Cowboy Capital LLC and Charles River Ventures, Inc., for US\$270 million in cash and assumed equity awards. The acquisition enhances Cisco's portfolio of software solutions. Accompani develops and publishes software tools for relationship intelligence. Its platform integrates email, contacts and social feeds to keep users informed on professional connections. The company was founded in 2013 and is headquartered in Los Altos, CA.



The video game market is experiencing explosive growth on mobile platforms. According to data from industry research group *Newzoo*, in 2018 the mobile video game market will generate \$70.3 billion comprising 51% of the global video game market.

## Transactional Overview

Notable closed lower middle market transactions for the period in the Technology, Media and Telecom sector include:

**June 2018** - The Descartes Systems Group, Inc. acquired Velocity Mail, LLC, trading as vMail, for US\$25.5 million in cash. The transaction was funded from The Descartes Systems Group's existing line of credit. The acquisition strengthens The Descartes Systems Group's position in the ecommerce market and also expands its foothold in the global air cargo community. Velocity Mail is located in Denver, Colorado and provides electronic transportation scanning and tracking solutions.

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**June 2018** - S&P Global, Inc. acquired Bankers Financial Products Corp from TheStreet, Inc. for US\$33.5 million in cash, subject to working capital adjustments. S&P Global engages in the provision of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide. Bankers Financial Products offers pricing solutions for banks and credit unions. It provides deposit reports, loan reports, fee reports, competitive analysis and a database search tool. The company was founded in 1989 and is headquartered in Fort Atkinson, WI.

**June 2018** - Showpad NV acquired VLinks Media, LLC, trading as LearnCore and a portfolio company of Bedrock Investments, LLC, Lakewest Venture Partners and Foley Ventures, LLC for US\$50 million. The acquisition would allow Showpad to expand its online cloud platform capabilities. Showpad operates a sales enablement platform. VLinks Media develops a cloud-based learning platform. Its products include Learn, Test, Pitch IQ, Integrations and mobile app. The company was founded in 2010 and is headquartered in Chicago, IL.

Selected Q3 Closed Transactions	
Target/Issuer	Buyers/Investors
SV Crypto Lab	360 Blockchain, Inc.
SiteLock LLC	ABRY Partners LLC
Sageworks, Inc.	Accel-KKR LLC
Car360, Inc.	Carvana Co.
Accompani, Inc.	Cisco Systems, Inc.
RedBrick Health Corp.	Marlin Management Co. LLC
Slice Capital, Inc.	StraightUp Technologies, Inc.
orderTalk, Inc.	UberEATS, Inc.

## Industry Update

Software companies continue to pour resources into blockchain development in a bid to capture growing market demand. Worldwide spending on blockchain technology will grow at a compound annual rate of 73% between 2017 and 2022, reaching \$11.7 billion, according to a forecast released by IDC in July 2018. The US is expected to lead the market, accounting for more than 36% of worldwide spending through IDC's forecast period, followed by Western Europe and China. The growth prospects of the distributed ledger technology, which underpins cryptocurrencies and has wide applications in financial services and data management, is fueling major investments by industry stalwarts such as IBM and attracting a host of well-funded startups. The Wall Street Journal's "Top 25 Tech Companies to Watch 2018," a list of young companies with valuations of \$50 million to \$500 million, includes five companies involved in blockchain development.

## Industry Indicator

- US corporate profits, which indicate corporate demand for computer software, rose 4.3% in the first quarter of 2018 compared to the same period in 2017.
- US retail sales for electronics and appliance stores, a potential measure of demand for computer software, increased 2.1% in the first six months of 2018 compared to the same period in 2017.
- Total US revenue for software publishers rose 15.9% in the first quarter of 2018 compared to the previous year.
- Total US revenue for computer systems design and related services rose 2.3% in the first quarter of 2018 compared to the previous year.

Collectively, the Technology, Media and Telecom Practice Group provides M&A advice to public and private companies in all sectors of technology, media and telecommunication industries including IT services, equipment, semi-conductors, software, broadcasting, publishing, broadband networks and wireless communication. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.

