

TECHNOLOGY · MEDIA · TELECOM

FOURTH QUARTER

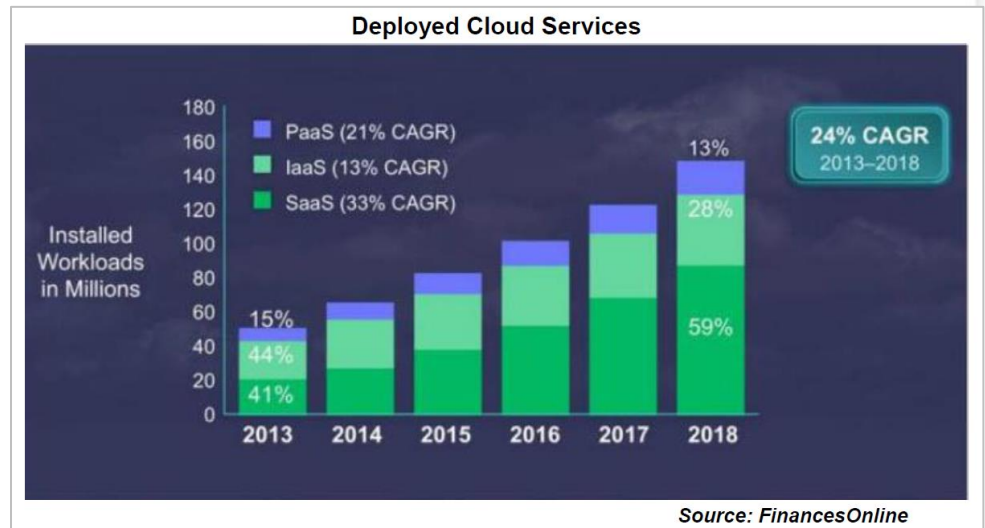
2018

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 sector for Q3 2018 included 429 closed deals, according to data published by industry data tracker FactSet.

One of the notable middle market transactions was announced in September when GrubHub, Inc. acquired Tapingo, Inc., a portfolio company of Viola Ventures Ltd, Khosla Ventures LLC, Shanghai Fosun Kinzon Equity Investment Management Co Ltd, QUALCOMM Ventures and Doll Capital Management, Inc., for US\$150 million in cash, subject to standard closing conditions. Founded in 2012, Tapingo is located in San Francisco, California and offers a mobile shopping application.



Software, hardware and platforms are migrating to the cloud at a rapid rate as on-premise solutions phase out.

Transactional Overview

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

September 2018 - AppFolio Utility Management, Inc., a wholly-owned subsidiary of AppFolio, Inc., acquired WegoWise, Inc., a portfolio company of the venture capital unit of Boston Community Capital, Inc. for US\$15 million. AppFolio Utility Management develops web-based property management software. WegoWise, provides web-based utility analytics platform for the building-performance industry. It accommodates multi-family buildings, single-family homes and niche commercial applications. The company was in March 2010 and is headquartered in Boston, MA.

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September 2018 - Tabula Rasa Healthcare, Inc. acquired Mediture LLC for US\$22.5 million in cash and stock. Tabula Rasa Healthcare engages in the development of pharmaceutical software that optimizes medication regimens. Mediture provides healthcare information technology solutions for Programs of All-Inclusive Care for the Elderly (PACE) organizations. Its software and services include TruChart LIFE Electronic Health Record (EHR) solution that helps track measurable outcomes for the frail senior population. The company is headquartered in Eden Prairie, MN.

August 2018 - The Descartes Systems Group, Inc acquired PinPoint GPS Solutions, Inc. for CAD18 million (US\$13.8 million). The Descartes Systems Group is an information technology company, which provides logistics technology solutions. PinPoint GPS Solutions provides real-time location information on trucks and mobile workers using technology. Its services include training and consulting services, custom reports and geofences. The company was founded in 2006 and is headquartered in Mississauga, ON.

Selected Q4 Closed Transactions	
Target/Issuer	Buyers/Investors
Reasoning Mind, Inc.	Imagine Learning, Inc.; Weld North Education LLC
Centrify Corp.	Thoma Bravo LLC
Cross Match Technologies, Inc.	HID Global Corp.
Juicer LLC	SaaS.group LLC
Donuts, Inc.	ABRY Partners LLC
CloudHealth Technologies, Inc.	VMware, Inc.; Dell Technologies, Inc.
CourtesyCloud Management Solutions LLC	H.I.G. Capital LLC (Private Equity); Velocity Solutions LLC
Conquest RT LLC	Wolfepak Software LLC

Industry Update

Companies are increasingly using low-code platforms to expand their programming resources and accelerate application development. Rather than requiring developers to produce lines of programming code, such platforms utilize visual interfaces, reusable components, drag-and-drop tools, and process modeling so that non-technical users (sometimes called "citizen developers") can prototype, test, and build applications. The low-code development platform market is forecast to grow from about \$4 billion today to beyond \$21 billion by 2022, according to Forrester. In addition to standalone platforms, low-code development tools are increasingly being integrated into existing software platforms. For example, CRM specialist Salesforce.com has a low-code development environment that allows customers to customize its software.

Industry Indicator

- US corporate profits, which indicate corporate demand for computer software, rose 7.7% in the second 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 3.0% in the first nine months of 2018 compared to the same period in 2017.
- Total US revenue for software publishers rose 17.4% in the second quarter of 2018 compared to the previous year.
- Total US revenue for computer systems design and related services rose 3.7% in the second 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.

