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INDEPENDENT INVESTMENT BANKING FOR MEDIA,
INFORMATION, MARKETING & TECHNOLOGY

Tech M&A Update

This month's letter is written by David Clark, Managing Director (see bio below)

A notable, though not readily apparent theme in the transactions covered in this month's report:

The prominent role played by private equity in the large-cap (~\$1+ billion) technology transaction market.

For March, the three largest tech transactions with recorded values each involved PE purchases of highly specialized technology-based solution vendors:

- **Skillsoft** (on demand training for the enterprise and government marketplace);
- **Renaissance Learning** (computer-based assessment programs for K-12 students, schools and school districts); and
- **TravelClick** (cloud-based reservation and inventory management systems for the hotel and lodging industry).

But, PE buyers are not the theme...

While diverse in terms of markets served, these deals have some uncanny similarities, beginning with the fact that all three deals were PE "secondary" transactions – a private equity firm selling to a PE buyer. The very high levels of debt financing currently available in the market – up to 6x EBITDA in senior financing – certainly make it easier for PE firms to prevail as buyers in the technology sector. But, that alone would not attract the interest of smart buyers like those involved here: Charterhouse; Hellman and Friedman; and Thoma Bravo.

So, high levels of debt financing for PE buyers is not the theme...

These businesses have other, similar features that appeal to private equity (and lenders) in terms of market and model. Those similarities include: a broad set of targeted fee-paying "parent" customers that in turn have large networks of end-users for whom a vendor's solution is bought and deployed. In these cases, (i) large corporations delivering shared training and assessment materials to different classes of employees; (ii) large school districts performing assessment on district schools and their individual students; and (iii) large hotel networks (with perishable inventory) deploying marketing, inventory management and online booking systems across its local hotel properties and to consumers who want to book a room.

Sell high. Serve many. Drive adoption. Get sticky. That's a good theme.

And in terms of model, each of these acquired companies involves a certain degree of content syndication: standardized training materials; standardized student assessment tests; and purpose built business management software. Hosted and delivered online. Under sizable, multi-period contracts with base licensing fees (for customization, on-boarding and on-going customer support) with seat or usage-based revenue streams running on top. Invoiced monthly.

Make once. Sell often. Sell high. Serve many. Establish revenue visibility. Drive adoption. Lift revenue. Deliver to end-users, as needed. Efficiently update content when needed. Stay sticky. That’s a really good theme.

So while the good old days of “PE secondaries” may still be at work (think multiple arbitrage and “financial engineering”), the PE deals that you are likely to see in the tech sector – such as these – will involve far more focus on markets, and how technology can enable efficient product development and delivery, through procurement and into the enterprise, with strong revenue models attached.

These are our brief highlights for April. Stay tuned for the next issue, and please don’t hesitate to reach out to us to discuss any topics related to the “JEGI Tech Coverage” or your company’s M&A strategy.

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March M&A Transactions in JEGI Tech Coverage

Buyer	Seller	Target Description	Enterprise Value (\$mm)
<i>Deals with Values (by size)</i>			
Charterhouse Capital Partners	SkillSoft (SSI Investments)	Developer of on-demand training and e-learning solutions.	\$2,300
Hellman & Friedman	Renaissance Learning (Permira Advisers)	Provider of computer-based assessment technology and school improvement programs.	\$1,100
Thoma Bravo	TravelClick (Genstar Capital)	Provider of cloud-based revenue-generating solutions for hoteliers worldwide.	\$930
Comcast	FreeWheel	Provider of online video advertising solutions for global media companies.	\$360
Intel	Basis Science	Developer of wearable devices.	\$100
Spotify	Echo Nest	A music intelligence platform that provides artist and song data and powers music applications for media companies.	\$100
Kabam	Phoenix Age	Developer of online and mobile games.	\$90
Flipboard	Zite (Time Warner)	A magazine application for iPad that collects and delivers articles, interviews and stories built around specific subjects.	\$60
Corporate Executive Board	KnowledgeAdvisors	Provider of learning and talent management solutions.	\$52
Healthstream	Health Care Compliance Strategies	Provider of online training courses and learning management systems to hospitals and healthcare institutions.	\$16

Buyer	Seller	Target Description	Enterprise Value (\$mm)
Yahoo	Vizify	A startup that enables users to create visualizations of social media data for an interactive profile.	\$10
Prime Focus (Standard Chartered/Top Class)	Sample Digital Holdings	Provider of workflow applications to companies that produce, distribute and license rich media content.	\$9.1
Dropbox	Readmill	An ebook reader application for iPhone, iPad and Android that allows users to read and share books.	\$8
Digirad Imaging Solutions	Telerhythmics	Provider of cardiac monitoring services, including mobile cardiac telemetry and traditional cardiac event recording services.	\$4.1
AnalytixInsight	OneUp Insights	Developer of a mobile marketplace suite aimed to disrupt user acquisition and engagement.	\$2
Raine Group	Immediate Edge (3oDC)	Provider of an online education program that offers marketing strategies for experienced online commerce practitioners.	\$1.4

Deals without Announced Values (alphabetical by buyer)

500px	Authentic Analytics Technologies	An analytics technology company that provides opt-in personal social data to marketers.	
Adknowledge	Giant Media	Enables brands and media companies to distribute branded videos.	
Advice Media	E6 Interactive	Provider of medical web site design and development services for medical, dental, dermatology and ophthalmic markets.	
AirStrip Technologies	Sense4Baby	Developer of a wireless fetal monitor for high-risk pregnancies in remote clinics.	
Altegra Health (Parthenon/Stockwell)	Outcomes Health Information Solutions	Provider of healthcare data acquisition, auditing and analytics solutions.	
Beats Music	Topspin Media	Developer of an integrated direct-to-consumer marketing and retail software platform for musicians, filmmakers, artists, etc.	
Cytta Corp.	Visual Telecommunications	Provider of telehealth monitoring, referral telemedicine and emergency telemedicine solutions.	
Dell (Silver Lake)	StatSoft	Provider of advanced analytics solutions that deliver a wide range of data mining, predictive analytics and data visualization.	
Desire2Learn	Achievement Standards Network (JES)	Developer of digital data representations of K-12, higher ed and professional standards to measure outcomes tied to curriculum.	
Dydacomp Development Corp.	ChannelBrain	Provider of e-commerce integration solutions to multi-channel retailers for their order management systems.	
Enlighten	TagMan	Provider of tag management solutions for agencies, advertisers and analytics companies to manage online marketing tags/pixels.	
Fair Isaac Corporation	InfoCentricity	An analytics solutions company that helps clients discover and leverage key insights hidden in clients' data.	
Genesys Telecommunications	Solariat	A social media analytics firm that enables brands to enter conversations to give consumers targeted information.	
Google	Green Throttle Games	Developer of mobile games and hardware.	
Ian Martin Limited (Granary Enterprises)	Fitzii	Provider of online recruiting software and applicant tracking systems for corporations.	
IgnitionOne (ABS, Persimmon, Dentsu)	Knotice	A data management platform that united customer data, analytics and message delivery into a single system.	
Jaroop	ServiceKick	Developer of an online customer review management platform.	

Buyer	Seller	Target Description	Enterprise Value (\$mm)
Live Nation Entertainment	YourTrove	A social data and analytics platform that monitors consumer information across multiple social media networks.	
Lotame Solutions	AdMobius	Developer of a mobile audience management platform for publishers and advertisers to target relevant audiences at scale.	
MDI Achieve (OMERS)	Signature Solutions	Provider of Right Click, an integrated assisted living software solution.	
MedStatix	Blue Ocean Solutions & Support	Provider of IT and practice management consulting services for medical practice efficiency.	
Mobile Technologies	ArmorActive	Provider of hardware, software and mobile apps for tablets.	
Mozido	StickyStreet	Operator of an API-based loyalty platform for agencies and Fortune 500 companies.	
Netchemia (Mainsail Partners)	SchoolSpring	Provider of online recruiting and application management solutions.	
News Corp.	CloudPress	A cloud platform designed to easily create and share rich visual content, including storybooks, recipes, buying guides, etc.	
OverDrive	Teachers Notebook	An online marketplace that enables teachers to find, buy, share and sell handcrafted resources and instructional materials.	
Physicians Interactive	Tomorrow Networks	Provider of data-driven and location-based mobile advertising solutions for healthcare marketers.	
Shutterstock	WebDAM	Provider of cloud-based digital asset management, brand management and marketing fulfillment solutions.	
Tagboard	Tvinteract	An iPad app for broadcast professionals to allow the display of tweets on-air and in broadcast-ready fashion.	
TELUS Health Solutions	Med Access	Designer of electronic medical records system for family physicians, specialists and healthcare professionals.	
TSL Education (TPG Capital)	Wikispaces	A social writing platform that works on modern browsers, tablets and phones for education.	
VacationRoost	LeisureLink	Provider of integrated hotel distribution, revenue management and competitive intelligence solutions to drive more bookings.	
Varian Medical Systems	Assets of Velocity Medical Solutions	Software to aggregate unstructured treatment and imaging data from diverse systems to show complete patient history.	
Vimeo (IAC/ InterActiveCorp)	Cameo	A video-making mobile app.	
Vista Equity Partners	PeopleAdmin (Summit Partners)	Provider of talent management solutions for government and higher ed institutions in North America.	
VitalSource Technologies (Ingram)	CourseSmart	Supplier of digital course materials.	
Vobile	Blayze	An online platform for video audience development.	
WellTok	Mindbloom	An interactive media company that develops mobile apps for personal development and health.	

About David Clark



David Clark, a Managing Director with JEGI, provides M&A advisory services to traditional and technology-enabled marketing services companies. Mr. Clark's focus and transaction experience also includes companies in adjacent markets, such as business information, market research, application software and information technology services.

Mr. Clark has nearly 20 years of experience in investment banking and business development consulting. Prior to joining JEGI, he was a Managing Director at Deloitte & Touche Corporate Finance and a senior member of Deloitte's global TMT (Technology, Media & Telecom) industry practice. At Deloitte, Mr. Clark acted as financial and strategic advisor to US and international companies on cross-border M&A assignments, joint ventures and growth capital financings. Previously, he served as Vice President of the Bank of Tokyo's New York

Investment Banking Group where his responsibilities included managing the bank's US venture capital and private equity relationships and investment portfolio.

In 2008, Mr. Clark was elected to the Board of Directors of the Massachusetts Information & Technology Exchange (MITX), the leading industry association bringing together digital technology, marketing, and media professionals to engage in "what is next" for the web and how it impacts the marketing and business worlds.

Mr. Clark earned an MBA from the University of Virginia-Colgate Darden School of Business, an MA in International Studies from the University of Virginia College of Arts and Sciences, and a BS in Economics from Washington University in St. Louis. Mr. Clark is a certified NASD representative.

About Daniel Avrutsky



Daniel Avrutsky, Managing Director and Global Head of Technology at JEGI, joined the firm in February 2013 to lead its M&A advisory practice in technology and software, focused on the US, Europe and Israel.

Mr. Avrutsky has 17 years of experience in global technology M&A. Prior to joining JEGI, he was Founder and Managing Partner of Avrika Group, where he provided cross-border advisory services to US-based and European clients seeking technology investments and M&A opportunities in Eastern Europe. Mr. Avrutsky continues to be an independent member of the Grant Committee of the Skolkovo Foundation, Russia's largest technology development agency. For the prior five years, Mr. Avrutsky was with Perella Weinberg Partners in New York, most recently as a Managing Director in the firm's technology practice. He started his career

at JP Morgan and held various positions at Salomon Brothers, Bank of America and Warburg Pincus.

Mr. Avrutsky holds a BA with cum laude in Mathematics and Economics from Duke University and an MBA from Stanford University Graduate School of Business. He also studied Mathematical Economics and Computer Science at Moscow State University.

About The Jordan, Edmiston Group, Inc.

The Jordan, Edmiston Group, Inc. (JEGI) of New York has been the leading independent investment bank for the media, information, marketing and technology sectors for more than 26 years. The firm has completed over 500 high-profile M&A transactions for global corporations; middle-market and emerging companies; entrepreneurial owners; and private equity and venture capital firms. For more information, visit www.jegi.com.

Select Recent JEGI Technology Transactions

Competitrack
 a full service competitive advertising tracking firm
 has been sold to
MarketTrack
The Power of Market Intelligence
 a portfolio company of
AURORA CAPITAL GROUP

MWG
MYWEBGROCER
 a leading provider of shopping and shopper marketing software and services
 has received a significant investment from
HGGC

infogroup
 a portfolio company of
CCMP
 has sold
OneSource
 the leading provider of sales enablement and business intelligence SaaS solutions
 to
CANNONDALE INVESTMENTS & GTCR

MEDIABOX
 SaaS-based applications for the consumer products licensing industry
 has been sold to
Jonas
 Software for Life

ePrize
 a global leader in digital engagement specializing in promotions and loyalty campaigns across mobile, social and web
 has been sold to
CATTERTON | partners

CONVERSEN
 a SaaS marketing platform (CRM) for real-time, multi-stage, and multi-channel marketing including social media, email, and mobile
 has been sold to
Experian

The Retail Equation
 the leading SaaS platform for retail transaction optimization solutions
 has been sold to
NVP
NORWEST VENTURE PARTNERS.

@-Behavior
 the leading provider of consumer shopping predictive targeting data
 has been sold to
KBM GROUP
 a division of
WPP

Accela COMMUNICATIONS
 a leading marketing technology company providing interactive video communications
 has been sold to
kit digital
vision of the future

acerno
 an online behavioral targeting network
 has been sold to
Akamai
 for approximately \$95,000,000

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