

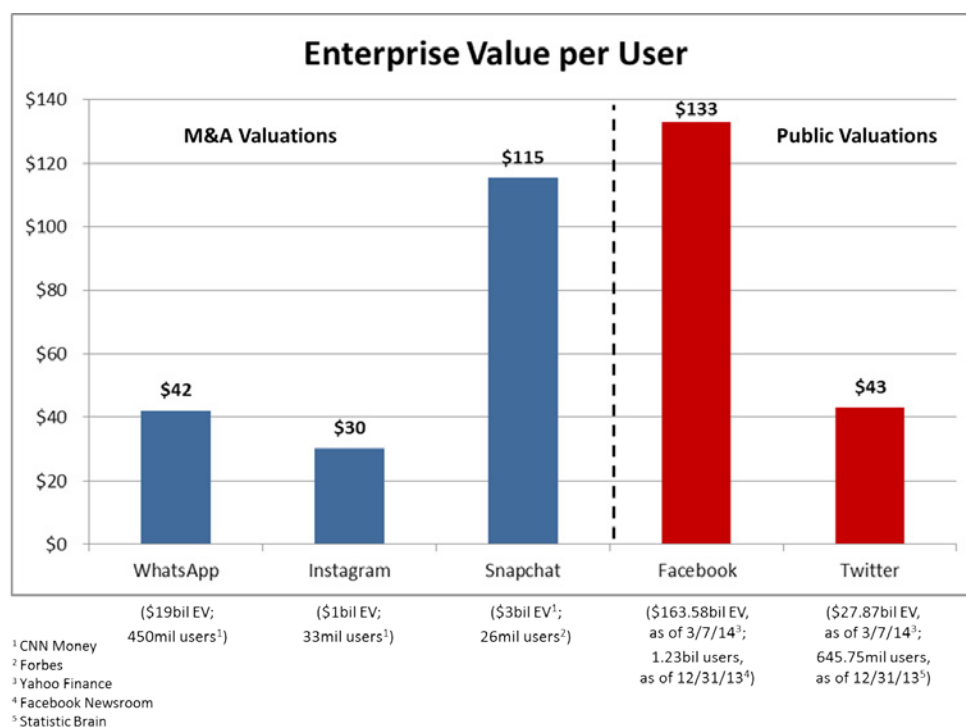
Tech M&A Update

Last month, we went out on a limb to say that tech M&A was coming back! And sure enough, it was...well, sort of. The number of deals actually declined in February to 45, as compared to 65 in January. But the volume skyrocketed to over \$20 billion, and our reputation as forecasters was spared...by a single deal – Facebook’s \$19 billion purchase of WhatsApp, the largest tech acquisition since HP acquired Compaq in 2001.

It is an astonishing price tag indeed. While Ukraine and Russia can’t seem to get along for the moment, they continue to produce incredible entrepreneurial tech talent, including WhatsApp’s strong-willed and now very wealthy founder, Jan Koum. The transaction is the largest venture company sale ever, dwarfing Google’s purchases of YouTube (\$1.6 billion) and Nest (\$3.2 billion), and Facebook’s own acquisition of Instagram (\$1.0 billion).

Check out TechCrunch’s interactive M&A chart to compare recent transactions in the tech space: <http://techcrunch.com/2014/02/25/the-age-of-acquisitions/>.

The deal puts WhatsApp’s value on par with Sony’s, and the company employs only 50 people (30 or so engineers)! What makes the deal worth it for Facebook? WhatsApp’s 450 million active monthly users, with one million being added daily, across the globe. It is not so visible, perhaps, to our clients in the U.S., but WhatsApp has built a fanatical following across Europe, Asia and South America. In fact, in many of those markets, whether emerging or developed, WhatsApp’s penetration far exceeds Facebook’s. And, Mark Zuckerberg is clearly willing to spend money to buy demographics,



whether it is a global audience (WhatsApp) or younger age segments (Instagram and the failed Snapchat deal.) Is WhatsApp still too expensive? No, if measured on an EV/user basis. Facebook essentially used its \$133/user currency to buy an asset for \$42/user. Not all users are made equal, of course, but in the new post-P/E world of tech banking, the deal is definitely “accretive.”

A number of other sizable tech deals took place in February, including several in the very active consumer data analytics segment, specifically in marketing, credit and social media. Oracle purchased BlueKai for a reported \$350-400 million, yet another nine-figure transaction in the continued building of its marketing stack via acquisitions (driven in large part by Oracle’s growing rivalry with Salesforce.com).

Lithium acquired Klout, the online influence measuring company, for a reported \$100 million; it’s a very “hip” business, but yielded a relatively modest exit for a group of top tier sponsors that had invested nearly \$40 million since Klout’s founding in 2008. And, GTCR acquired Callcredit for nearly \$600 million, partnering with management to continue building this fast-growing provider of real-time data, mainly around consumer fraud protection and authentication.

Besides the deals mentioned above, we continue to see healthy activity in Big Data, predictive analytics, and personalization. While the tech M&A market remains somewhat volatile, we see strengthening secular trends around unstructured real-time data of all types, which will continue driving momentum in our content-centric software segment.

These are our brief highlights for March. 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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February M&A Transactions in JEGI Tech Coverage

Buyer	Seller	Target Description	Enterprise Value (\$mm)
<i>Deals with Values (by size)</i>			
Facebook	WhatsApp	A cross-platform mobile messaging application.	\$19,000
GTCR	Callcredit Information (Vitruvian Partners)	Offers consumer marketing data products and services, including data cleaning, segmentation, fraud and verification services, etc.	\$586
Oracle	BlueKai	A big data platform that enables companies to personalize targeted online, offline and mobile marketing campaigns.	\$350
Lithium Technologies	Klout	Measures influence on topics across the social web.	\$100
Rovi Corporation	Veveo	Provides personalized search and discovery solutions for TV providers, mobile device manufacturers, and mobile operators.	\$69
Sungy Mobile	GetJar	Operates a mobile application online store.	\$35.7
OpenTable	Ness Computing	A mobile platform with personalized restaurant recommendations.	\$17.2

Buyer	Seller	Target Description	Enterprise Value (\$mm)
BioTelemetry	Mednet Healthcare Technologies	Offers cardiac monitoring products and surveillance services with software-based telemedicine solutions.	\$16.0
Premier	Meddius	Operates an integration platform that simplifies information sharing across healthcare service providers and communities.	\$8.1

Deals without Announced Values (alphabetical by buyer)

3M Company	Treo Solutions	Operates as a healthcare payment transformation company.
3Q Digital	iSearch Media	Provides search engine marketing services.
A6 Corporation	ReachLogic Media	Develops a real time bidding platform for digital marketers and publishers.
Acentia	Business Computer Applications	Develops health IT solutions for the healthcare industry and public health infrastructure.
Amazon	Double Helix Games	A video game developer.
Apple	Burstly	Offers a marketplace where mobile developers can buy or sell advertising.
Blueocean Market Intelligence (Cross-Tab)	Cognicient	Provides technology solutions that help companies maximize the value of their market research data.
BlueStep Systems (SilverStream Capital)	BridgeGate International	Integration solutions that connect disparate applications and technologies in healthcare organizations.
CloudFlare	Jaal	Provides website security services to safeguard websites.
Conversant	SET Media	A digital video technology company that operates a contextual online video advertising platform.
CUSTOPharm	Aspire eCTD	Offers electronic drug submission software solutions to pharmaceutical companies for the drug approval process.
DoubleVerify	Assets of RealTargeting	Intellectual property and technology assets for online fraud prevention.
Google	Spider.io	Develops online products to weed out fraudulent clicks around online ads.
Google	SlickLogin	A mobile tool that connects to your computer or tablet to allow automatic login, bypassing additional passwords.
Greenway Medical (Vitera Healthcare)	PeopleLYNK	Develops software to help manage patient relationships.
INFOR (Golden Gate Capital)	GRASP Systems International	Provides workload data management systems for healthcare organizations worldwide.
Integral Ad Science	Simplytics	A mobile ad server and analytics platform managing mobile ad campaigns across smartphones, tablets, in-app and mobile web.
Kroger Co.	YOU Technology Brand Services	Provides solutions for interactive promotions, coupon management, and more.
McGraw-Hill Education (Apollo)	Areag Aps	Provides software technologies that help content providers develop personalized educational and training solutions.
McGraw-Hill Education (Apollo)	Engrade	Operates an online platform that unifies people, tools, data, and curriculum in schools.
Monster Worldwide	Gozaik	Develops social jobs aggregation and distribution technology.

Buyer	Seller	Target Description	Enterprise Value (\$mm)
Monster Worldwide	TalentBin	A social profile talent search engine.	
MyWebGrocer (HGGC)	Buy4Now	Provides online shopping site design and ecommerce software ASP services.	
Ocuco Limited	EMRlogic Systems	Provides practice management and electronic health records application software.	
OTOY	AppSlingr	Develops software that enables streaming of desktop applications from popular cloud storage providers, such as Box, Dropbox, etc.	
Pamlico Capital	Valued Relationships	Provides health monitoring solutions to seniors and persons with disabilities or illness.	
Private Investment Group	codeMantra	A leader in online data and content management solutions.	
R.R. Donnelley & Sons	MultiCorpora R&D	Provides translation technology services.	
SearchDex	Altruik	Provides search engine optimization solutions for ecommerce companies, online retailers, and publishers.	
Square	BookFresh (PopSugar)	Provides online scheduling and appointment booking software for small businesses.	
SuperAwesome	MobiGirl Media	A mobile ad network that focuses on girls.	
Thoma Bravo	Global Healthcare Exchange	Provides a cloud-based technology for healthcare organization supply chain management.	
Vook	Booklr	A real-time data and analytics platform that delivers actionable insights to book publishers about their market, customers, etc.	
Xaxis (WPP)	Bannerconnect (TechConnect Group)	Offers display advertising solutions.	
Yahoo	Distill	Operates a video interviewing platform to help companies to hire candidates.	
Yahoo	Wander	Develops a photo blogging and visual diary application that lets users capture and share their whole day.	

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

<p>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</p>	<p>MWG MYWEBGROCER a leading provider of shopping and shopper marketing software and services has received a significant investment from HGGC</p>	<p>infogroup a portfolio company of CCMP CAPITAL has sold OneSource the leading provider of sales enablement and business intelligence SaaS solutions to CANNONDALE INVESTMENTS & GTCR</p>	<p>My MEDIABOX™ SaaS-based applications for the consumer products licensing industry has been sold to JONAS Software for Life</p>	<p>ePrize a global leader in digital engagement specializing in promotions and loyalty campaigns across mobile, social and web has been sold to CATTERTON partners</p>
<p>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™</p>	<p>The Retail Equation the leading SaaS platform for retail transaction optimization solutions has been sold to NVP NORWEST VENTURE PARTNERS.</p>	<p>Behavior™ the leading provider of consumer shopping predictive targeting data has been sold to KBM GROUP a division of WPP</p>	<p>Accela COMMUNICATIONS a leading marketing technology company providing interactive video communications has been sold to kitdigital made of the future</p>	<p>acerno an online behavioral targeting network has been sold to Akamai for approximately \$95,000,000</p>

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