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SECTOR SNAPSHOT



UK SOFTWARE M&A ACTIVITY AND VALUATIONS FOR Q3 2018

Significant progress in AI and low-code as M&A volumes grow substantially

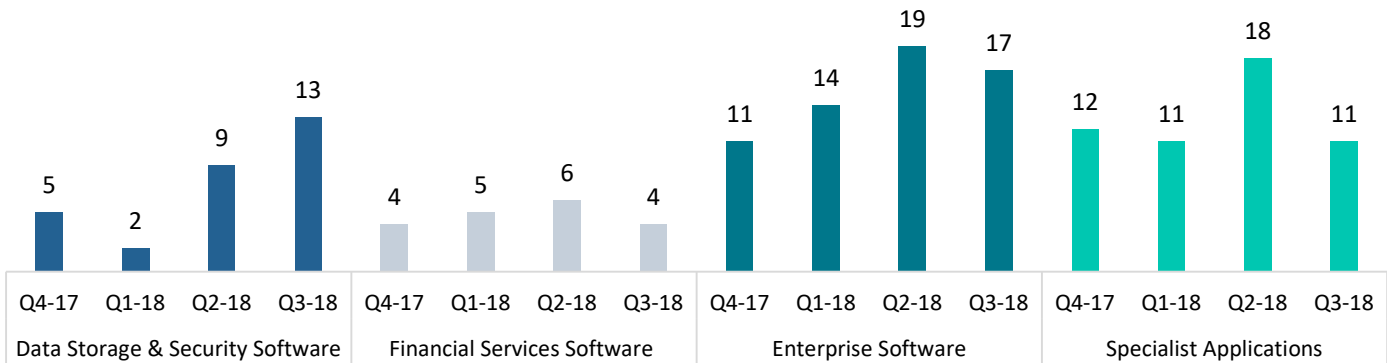
We have seen significant growth in low-code platform developers. Such platforms, which use tooling that supports drag and drop composition to support the development and management of applications, increase app development potential for non traditional developers while enabling traditional app developers to increase their talent pool by reducing coding requirements.

Large corporates are looking to integrate low-code platforms with existing offerings to improve their service portfolio. The main challenge for low-code vendors is to add new technologies, such as machine learning, to keep up with the rapid development of business applications.

The growth of Artificial Intelligence and Machine Learning continues to be an important topic within the software industry. At the start of the year Google released Cloud AutoML, a suite of machine learning products that allow customers to train algorithms to suit specific needs. Amazon also launched Amazon AI which operates as AI-as-a-Service under its AWS brand and has recently announced new capabilities for the text-to-speech service Amazon Polly, the real-time translation service Amazon Translate, and the multi-language transcription service Amazon Transcribe.

Q3 2018 Software M&A Volumes

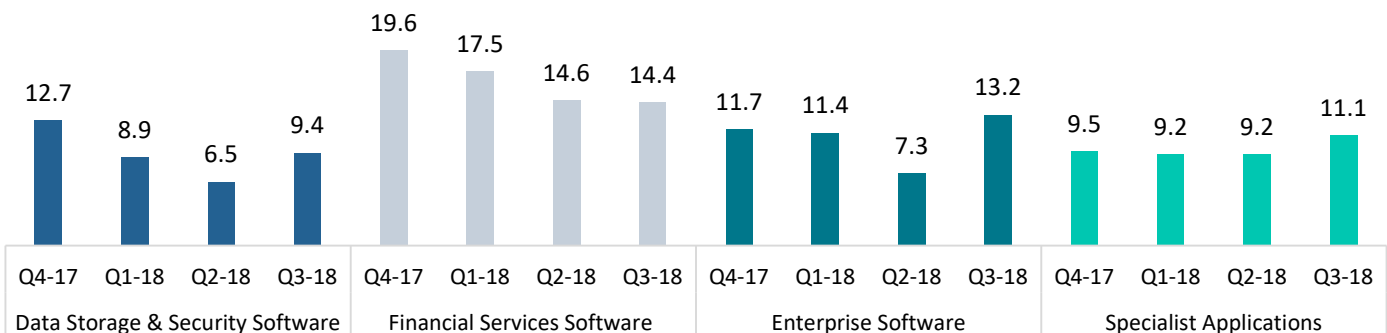
UK Software M&A Volumes by Quarter



Over Q2-Q3 2018, M&A, private equity and capital market deals combined to give a completed deals total of 97, a significant increase on the 64 deals completed in the previous two quarters.

Q3 2018 Software Average EV/EBITDA Multiples

Average EV/EBITDA Multiples for Software

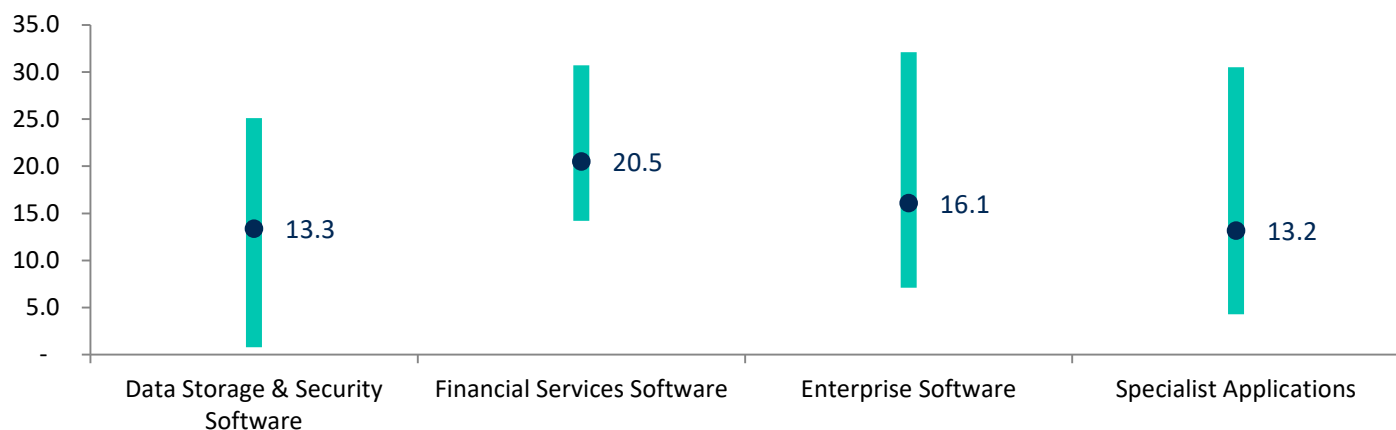


On a trailing 12 month basis, EBITDA valuations for all disclosed transactions in the software sector increased from Q2-18 to Q3-18 for all subsectors apart from financial services software, which was broadly consistent.

Q3 2018 Software Average Quoted Company Multiples

Q3 2018 average quoted company multiples across all software sub-sectors ranged from 13.2x to 20.5x

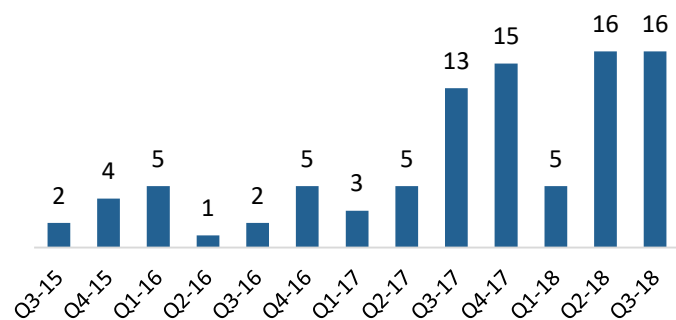
Range and Average EV/EBITDA Software Trading Multiples



Private Equity Transactions

Private equity activity in the software sector has recovered from a dip in Q1-18 to see 16 deals completed in each of the last 2 quarters.

Number of Software PE Transactions Split by Quarter



EQT Partners announced the acquisition of **SUSE** from Micro Focus International PLC for an enterprise value of approximately £1.9 billion. SUSE is a leading provider of open source infrastructure software for enterprises. SUSE hopes the investment will help to further build the brand. The deal is set to complete in early 2019.

Private equity firms **HgCapital Trust** and **Intermediate Capital Group** announced a joint investment in **IRIS Software Group**, valuing the business at £1.3bn. Hg's investment will come from the HG Saturn Fund which targets software companies with enterprise values over £1bn. IRIS is a provider of business-critical software and services to the UK accountancy, education and business services markets.

HgCapital Trust also announced an investment in **The Access Group**, a leading UK business management software provider to mid-market companies, valuing the company close to £1bn. The current majority shareholder TA Associates will retain joint control of Access Group. The investment will provide significant resources and expertise to continue the development of cloud-enabled business application software.

Vista Equity Partners acquired **Allocate Software** for £220m. Allocate is a leading international provider of healthcare workforce management software. The investment will be used to support the next phase of strategic growth through geographical expansion and product innovation. Allocate recently acquired **Wambiz** as a follow-on acquisition. Wambiz provides social networking platforms that deliver customer-critical content to the healthcare sector.

Orbis Software Transaction

Business Overview

Satrak provides specialist state of the art security tracking and telematics products designed specifically to meet the needs of operators of vehicles and mobile plant in the construction sector. Based in Leeds, the Satrak customer base covers over 1,500 clients operating more than 23,000 assets with installed systems.

Our Role

Over a 12 month period Orbis worked with Satrak's shareholders to evaluate a number of exit opportunities. Strong financial backing provided by Goldman Sachs and GRO Capital has enabled Trackunit to strengthen its position in the European market through M&A and complement its strong organic growth, providing a clear strategic rationale for the transaction. The acquisition takes Trackunit's installed base of telematics units to over 300,000 vehicles worldwide.



Have acquired



Value undisclosed

Private Equity Transactions

The sector has seen 56 trade deals completed in the last 2 quarters as the M&A environment for software remains healthy.

ION Investment Group has agreed to acquire **Fidessa** for £1.5bn. Fidessa is a leading supplier of computer software products to customers in the financial trading systems market. Despite fears that the merger could be anti-competitive the CMA authorised the deal. Fidessa is expected to fit within Ion's non-organic growth strategy of integrating its systems within complementary businesses.

Siemens announced the £565m acquisition of leading low-code platform developer **Mendix**. Siemens plans to accelerate Mendix' leadership in low-code by increasing R&D, geographical expansion and extending the Mendix platform to develop integrated industry SaaS solutions. Mendix will operate as a division within Siemens' Digital Factory Division.

Bomgar announced the acquisition of **Avecto**, a global leader in endpoint privilege management, for £200m. Bomgar believes that Avecto's technology will complement the company's existing privileged access management (PAM) solutions. The combined solution will allow users to improve compliance, productivity and performance while defending against privileged access threats.

Ecommerce delivery platform, **MetaPack**, has been acquired by **Stamps**, a shipping software solution from the US, for £175m. Metapack's continued growth levels across the UK and continental Europe served as a key driver for the acquisition. Metapack will operate as wholly owned subsidiary of Stamps with Metapack's market leading platform in the retail enterprise space expected to complement the success of Stamps.com postage online and shipping software products in the SME market.

Elsewhere, **Oracle** announced the acquisition of **Grapeshot**, a provider of brand safety and pre-bid contextual solutions for £125m. Additionally, **Learning Technologies Group**, a leading technology driven workplace learning provider, announced the £107m acquisition of **PeopleFluent**, an independent provider of cloud based recruiting and talent management solutions.



Have acquired



For GBP 1.5bn



Have acquired



For GBP 565m



Have acquired




For GBP 200m




Have acquired



For GBP 175m



Have acquired



For GBP 125m



Have acquired



For GBP 107m

Orbis Software Transactions



Have acquired



For undisclosed value



Invested in



For undisclosed value

About Orbis

Orbis is a mid-market corporate finance boutique advising on a wide range of M&A transactions covering the technology, media and telecoms sector in addition to industrials, technology, food & beverage and healthcare. Orbis also has an active investment portfolio held through its investment vehicle Intrinsic Equity.

If you are considering your strategic options for enhancing the value of your business or your client's business, please contact either Shah or Nick.

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Orbis is an independent corporate finance advisory firm, working with business owners, management teams and investors to advise them through every aspect of corporate finance.

The partners have over 100 years of deal-making experience and combine their broad network of global relationships with deep sector knowledge and investor skills to deliver a specialist M&A experience.

Orbis is the UK partner for Clairfield International, a global investment bank, offering clients access to over 400 corporate finance professionals situated in over 20 countries across the globe.

Orbis Partners : Services

A complete range of M&A services providing a wealth of experience to our clients

- Company Sales**
- Extensive mid market M&A expertise and experience across the team.
 - International reach – over 20 countries and growing.
 - Over 90% of all sale mandates involve an overseas party.

- Acquisition Support**
- Listed and private clients.
 - Research and origination - internal research team and tools.
 - Strategic and financial assessment.
 - Deal management.

- Due Diligence**
- Experienced and informed advice.
 - Extensive experience within the UK and of international transactions.
 - Tailored reports.
 - Partner led.

- Management Buy Out**
- Deal leadership and fund raising.
 - Align interests with management team.
 - Co-investors on 15 deals.

- Capital Raising**
- Supporting existing business to fund development.
 - Supportive investor bringing focus on value creation.
 - Co-investors on 3 deals.

- Business Improvement**
- Independent advice and planning strategy led by sector insights.
 - Turnaround and profit improvement credentials.
 - Leading the team through uncertainty whilst developing a game plan.
 - Co-investors and principal.

Orbis Partners : Sectors

Experience across a range of sectors

Technology, Media
and Telecoms

Business Services

Industrial

Healthcare

Food & Consumer

