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SECTOR SNAPSHOT



UK SOFTWARE M&A ACTIVITY AND VALUATIONS FOR Q1 2019

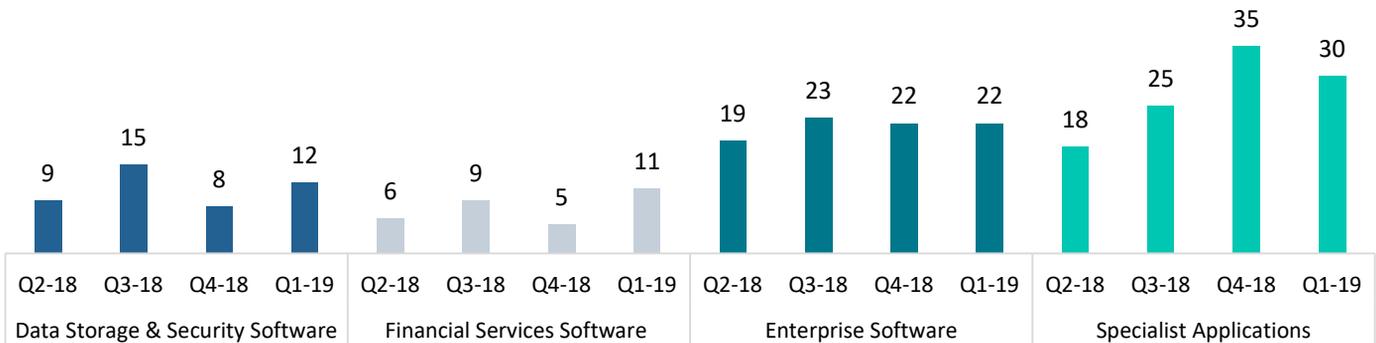
Blockchain looks set for a significant breakthrough in 2019

In 2019 we are expecting a number of blockchain projects to transition from test stage to end-user accessibility. While the development of blockchain within financial services is now seemingly dependent on regulatory change, there have been a number of major blockchain projects released in other industries including cybersecurity, healthcare and agriculture. In late 2018, IBM launched its food-tracking blockchain project, having signed up European supermarket Carrefour as its first user. The IBM Food Trust commercial offering allows users to trace items through the supply chain and pinpoint ingredients back to a specific field or factory. In the event of a contamination incident, the trace can be brought forward to recall the specific range of products that may have been affected.

Elsewhere, financial institutions are looking for ways to incorporate AI and machine learning into the fraud monitoring sector. The ability of AI to analyse large data sets while simultaneously reducing the manual aspect of monitoring transactions is expected to reduce the cost of anti-fraud practices. In 2019 we are also expecting to see a transition from DevOps to DevSecOps. Security software companies are expected to develop their software using DevOps in order to reduce time-to-market and develop new features quickly and easily.

Q1 2019 Software M&A Volumes

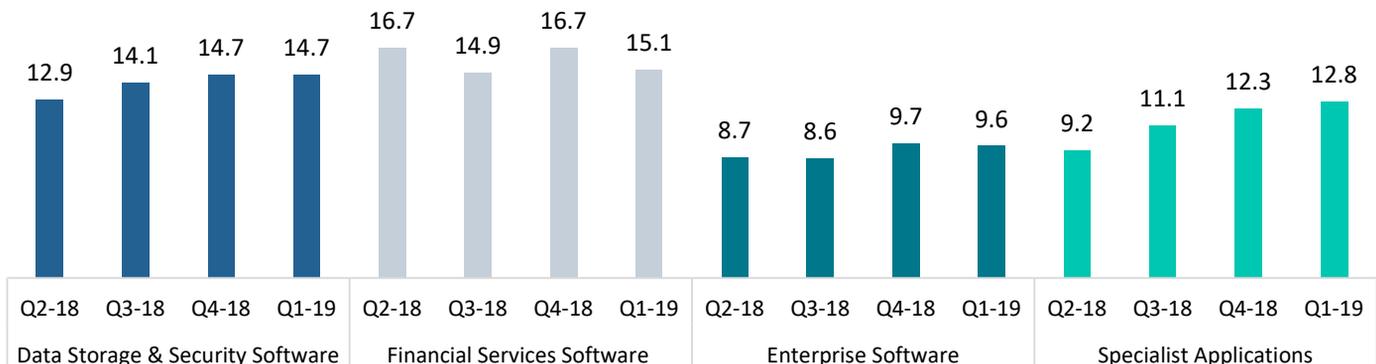
UK Software M&A Volumes by Quarter



Over the last two quarters, M&A activity increased in comparison to the previous two quarters, totalling 145 deals, a significant increase over the 124 deals in the previous two quarters.

Q1 2019 Software Average EV/EBITDA Multiples

Average EV/EBITDA Multiples for Software

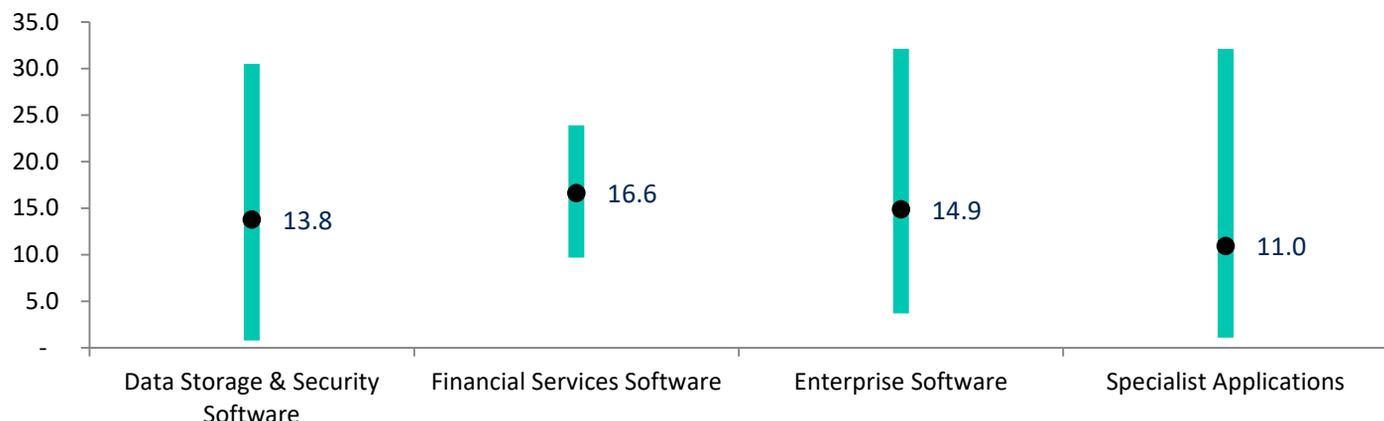


On a trailing 12 month basis, EBITDA valuations for all disclosed transactions in the software sector have broadly increased when compared to the previous two quarters with the exception of Financial Services Software which saw greater variability.

Q1 2019 Software Average Quoted Company Multiples

Q1 2019 average quoted company multiples across all software sub-sectors ranged from 11.0x to 16.6x.

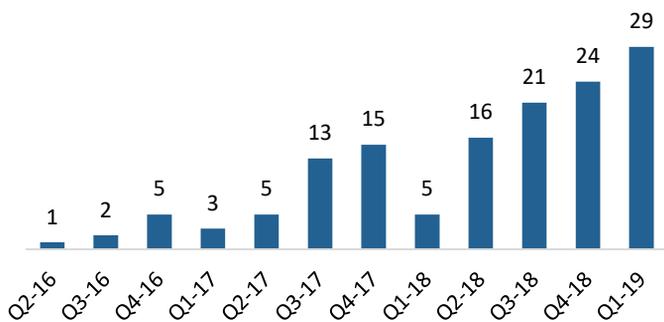
Range and average EV/EBITDA Software trading multiples



Private Equity Transactions

Private equity activity in the software sector has continued to increase since Q1-18 culminating in 53 deals being completed in the last two quarters.

Number of Software PE Transactions Split by Quarter



Astorg Partners has acquired a minority stake in **Acturis Group**, a leading supplier of insurance software. Astorg will support Acturis' future organic growth as the insurance software market becomes more digital and connected. Existing investor Summit Partners will exit, while Acturis employees will remain majority shareholders.

AI Gore's **Generation Investment Management LLP** and Canadian fund **Caisse** announced the £1.65bn acquisition of leading fintech company **FNZ**, one of the largest FinTech deals of 2018. FNZ specialises in providing investment platforms to major financial institutions in the wealth management and financial services sectors. FNZ hopes the deal will enable share growth in the wealth management platform market from billions to trillions.

Bowmark Capital has announced the acquisition of compliance software developer, **Tax Systems PLC**, for £100m. Tax Systems develops software to help businesses with their tax reporting with clients including FTSE 250 corporates and 23 accounting firms. Bowmark is set to support Tax Systems in taking advantage of opportunities arising from the digitalisation of tax compliance.

Inflexion Private Equity has announced the buyout of **MYCOM OSI**, a leading provider of service assurance software to telecommunication companies. MYCOM OSI is expected to use the backing to capitalise on telecommunication companies adopting its automated solutions in order to reduce operational costs and maintain focus on digital, IoT and 5G services.

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

Strategic Trade Transactions

The software sector has seen 76 trade deals completed in Q4-18 and Q1-19, an increase from 73 in the previous two quarters.

Leading technology company **Roper Technologies Inc.** has announced the acquisition of **Foundry**, an established developer of CG industry tools such as Modo, Nuke, Katana and Marl, for £410m subject to regulatory approval.

Identity Data Intelligence specialist **GBG** has announced the acquisition of **IDology**, a US-based provider of identity verification and fraud prevention services, for £233m. The deal is expected to provide GBG with a strong foothold in North America while strengthening its product portfolio.

Taptica has announced the acquisition of **RhythmOne**, a multiscreen digital advertising solutions provider, in a deal worth £135m. The deal, which will see Taptica hold 50.1% of the enlarged group, is pending shareholder approval and is expected to be finalised in early April. RhythmOne is expected to enhance Taptica's media exchange capability through its private marketplace.

SimplyBiz Group, the UK's largest provider of compliance and business support to advisers in the financial services sector, has acquired **Defaqto**, a leading financial technology and research business, for £74m. The acquisition will enhance the enlarged group's service portfolio for the banking and insurance sectors.

Managed services and business-critical software application provider, **Civica Group**, acquired **ERS Group**, a specialist election and civic engagement services provider. The acquisition is expected to enhance Civica's overall cloud software strategy through ERS's broad software portfolio which includes cloud applications from paperless meetings to mobile canvassing.

Elsewhere, **Upland Software** acquired a leading provider of cloud-based customer engagement solutions, **Rant & Rave**, and email technology developer, **Aedra**, for £44.4m and £44.6m respectively. **EMIS Group** acquired the remaining 21.1% of outstanding shares in pharmacy and software services company **Rx Systems** for £8m.



Have acquired



For GBP 410m



Have acquired



For GBP 233m



Have acquired



For GBP 135m



Have acquired



For GBP 74m



Have acquired



For an undisclosed sum



Have acquired



For GBP 38m

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

