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SECTOR SNAPSHOT



UK SOFTWARE M&A ACTIVITY AND VALUATIONS FOR Q3 2019

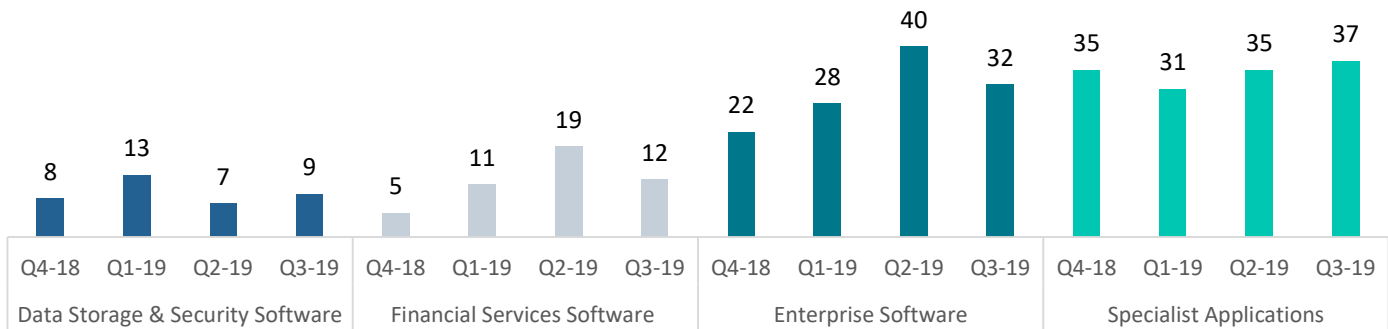
Low Code continues to reshape the software development world

Digital transformation remains a strong focus for many key decision makers heading into 2020. Converting traditionally manual, human-centric tasks into an automatic digital equivalent can drastically change business processes and uncover significant efficiency gains. The speed of implementation is critical as failed or delayed transformation processes can set a company back years and prove costly. As such it is predicted that more and more companies will start to adopt low code in order to facilitate faster innovation cycles and increase development agility. This will open the door for non specialists to be able to create brand new customer experiences and digital processes that were previously reliant on the skillset of software developers.

Artificial Intelligence (AI) and Machine Learning (ML) will remain key components of the software testing world. Teams are using AI/ML to operate more effectively and optimise their automation strategies. Test automation has become an important part of the development process, particularly as an increasing number of businesses are adopting DevOps and Agile processes to improve development speed. Elsewhere in the Artificial Intelligence space, robotics process automation continues to be utilised by companies to replace or supplement human labour in repetitive tasks.

Q3 2019 Software M&A Volumes

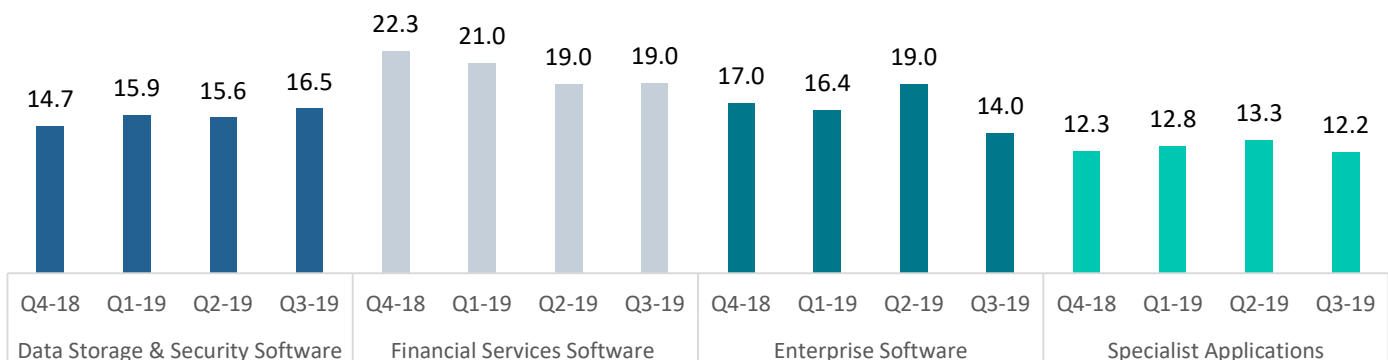
UK Software M&A Volumes by Quarter



Over the last two quarters, M&A activity increased in comparison to the previous two quarters, totalling 191 deals, a significant increase over the 153 deals in the previous two quarters, driven by the activity uplift in the enterprise software sub-sector.

Q3 2019 Software Average EV/EBITDA Multiples

Average EV/EBITDA Multiples for Software

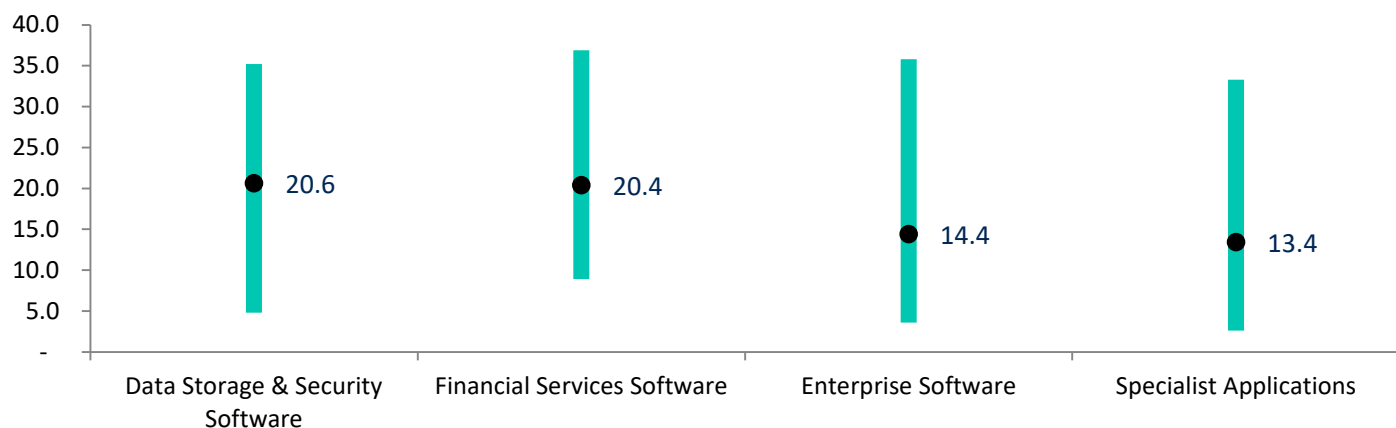


On a trailing 12 month basis, EBITDA valuations for all disclosed transactions in the software sector have broadly decreased compared to the previous two quarters, with the exception of Data Storage & Security Software which saw a slight increase.

Q3 2019 Software Average Quoted Company Multiples

Q3 2019 average quoted company multiples across all software sub-sectors ranged from 13.4x to 20.6x.

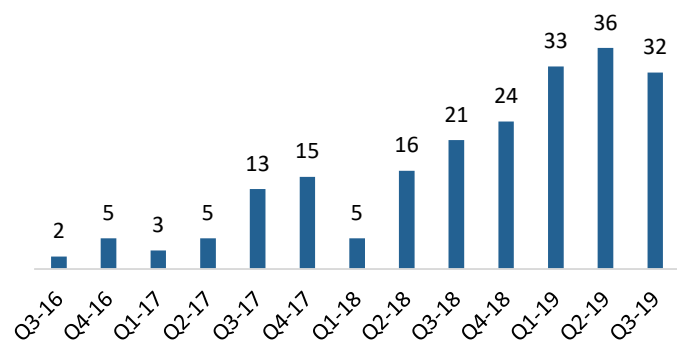
Range and average EV/EBITDA Software trading multiples



Private Equity Transactions

Despite a decline in Q3-19, 2019 has seen a significant increase in private equity deal volumes compared to 2016 to 2018.

Number of Software PE Transactions Split by Quarter



BC Partners has acquired a 50% stake in **Advanced Computer Software Group**, a leading cloud based solutions provider, for £2bn from current private equity owners **Vista Equity Partners**. Vista Equity Partners, who originally acquired Advanced for £725m back in 2015, will retain their remaining 50% shareholding.

Three Hills Capital Partners has acquired a significant minority stake in **Trak Global Group**, one of the world's leading telematics technology companies. Three Hills plans to use the £40m of invested capital to accelerate the development of Trak Global's new products and services. The investment will also be used to support growth by acquisition and further expansion in North America.

Horizon Capital announced a £20m equity commitment from their Horizon 2018 Fund into education software and services specialist, **Juniper Education**, representing their second buy and build platform of 2019. Horizon is supporting Juniper Chairman, Gavin Freed, together with the wider management team and has since acquired **EES for Schools** as the first of its planned acquisitions.

Temasek, a Singapore based investment company, announced the \$90m investment into London based **BenevolentAI**. The funding will be used to accelerate scientific, and product, innovation and be used to scale the Benevolent Platform for drug discovery and development. BenevolentAI also announced long term collaborations with AstraZeneca and Novartis which could generate significant revenue streams over a long period.

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 108 trade deals completed in Q2-19 and Q3-19, an increase from 80 in the previous two quarters.

In Q2-19, **Thomson Reuters** completed the acquisition of **HighQ Solutions**. HighQ provides secure project and client collaboration to the legal and professional services sectors. The deal is expected to underpin Thomson Reuters' strategy to provide more cloud-based software offerings as they continue to focus on legal, tax, compliance and risk.

Alight Solutions announced the acquisition of leading multi-country payroll and digital HR solutions provider, **NGA Human Resources**. Alight, a leading HCM platform provider, hopes to increase its service offering by adding NGA's capabilities in HR and payroll to its core businesses of health, HCM, wealth and financial solutions.

Confluence Technologies, a leader in investment data management automation for regulatory, financial and investor reporting, announced the acquisition of **StatPro Group PLC** for an all-cash offer of £161m. StatPro is a provider of portfolio analytics and data management tools for the asset management market. Confluence hopes to use the acquisition to add considerable scale outside of its core US market while adding complementary asset management and fund administration solutions.

Wealth management software provider, **FNZ**, has entered into an agreement to acquire 100% of the shares of rival fintech provider, **GBST**, by way of scheme of arrangement. FNZ will hope to capitalise from GBST's established products and deep relationships with major financial institutions in Australia and worldwide. The deal, which is worth £150m, is subject to CMA review.

Kerridge Commercial Systems, a leading provider of end-to-end ERP software for the distribution and manufacturing markets, announced the acquisition of software solutions provider, **MAM Software Group**. Elsewhere, **Ascential**, a global specialist information company, acquired a 35% equity stake in **Jumpshot** valued at c.£47m as part of a strategic partnership. As part of the alliance Jumpshot can increase global coverage and accelerate product development.



THOMSON
REUTERS

Have acquired



HighQ

For undisclosed value




alight

Have acquired



NGA Human
Resources

For undisclosed value



CONFLUENCE

Have acquired



statpro

For GBP 161m



FNZ

Have acquired



GBST

For GBP 150m




Kerridge
Commercial Systems

Have acquired




MAM
SOFTWARE

For undisclosed value



ASCENTIAL

Have acquired



jumpshot

For GBP 47m

Orbis Software Transactions



SAG Global

Have acquired



M4 systems
your trusted technology partner

For undisclosed value



INTRINSIC
EQUITY

Invested in



STORM
GAMING TECHNOLOGY

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

