

# Technology, Media and Telecom

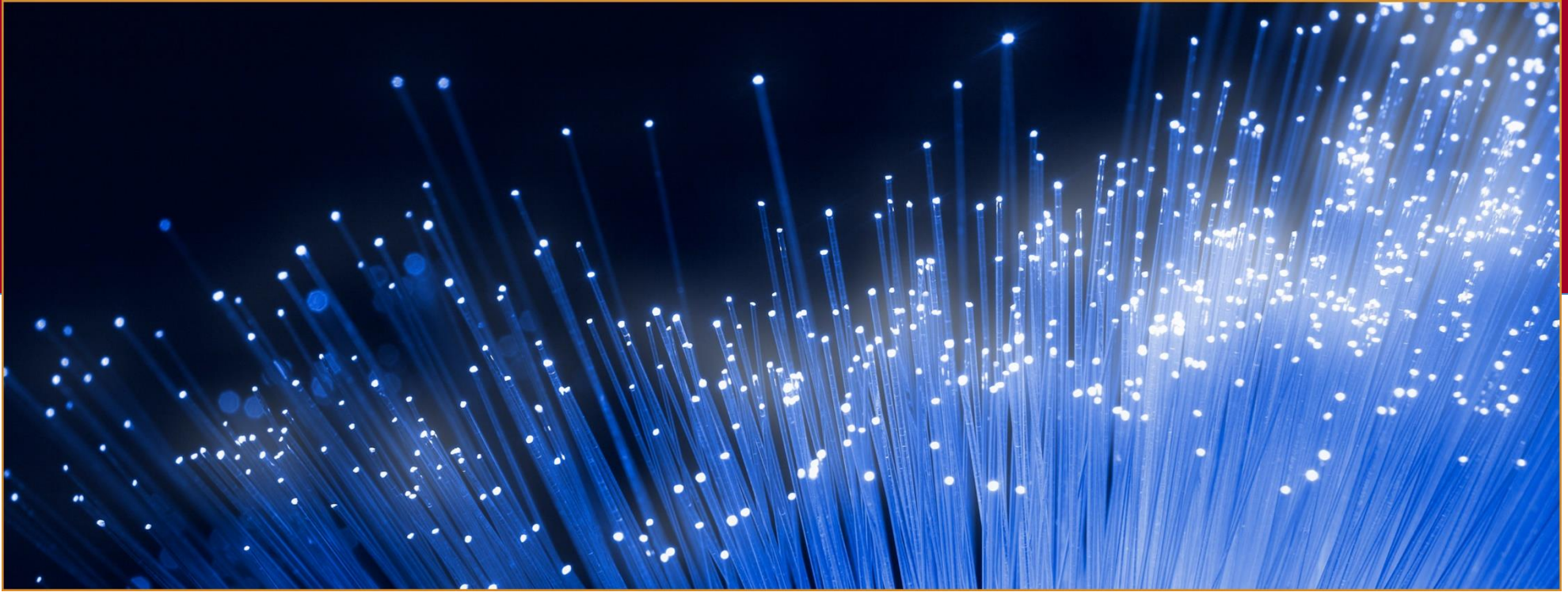
INDUSTRY REPORT

Winter | 2024

CREATING  
M&A STRATEGIES  
FOR BUSINESS OWNERS

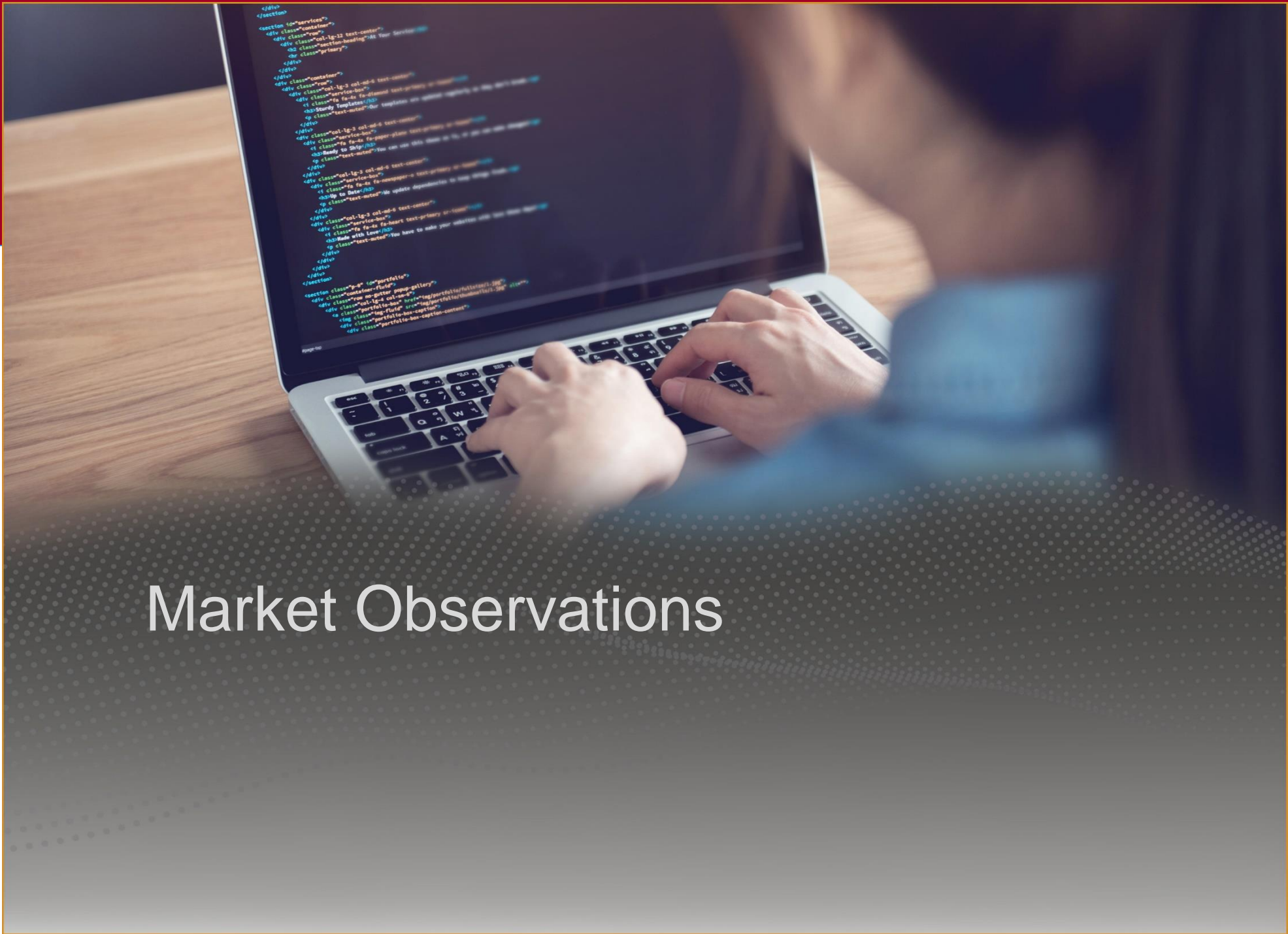
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# Market Observations

# Market Summary

## Technology Market

The telecommunications industry is rapidly transforming, driven by the demand for innovative applications such as autonomous vehicles, robotic surgery, and a myriad of seamless digital interactions. These advancements are made possible by significant investments in 5G infrastructure by telecommunications companies, reflecting the industry's dynamic evolution to meet the diverse needs of businesses and consumers. According to a McKinsey report, over the next decade, specific tech roles are predicted to see a 20 to 30 percent increase in demand across US industries, potentially surpassing the growth in the supply of recent STEM graduates, which was only 5 to 10 percent annually from 2015 to 2019. Telcos, especially, are expected to face higher demand for roles like electrical engineers, with a projected growth of 24.4 percent by 2031 compared to 5.9 percent in other sectors. Based on "The Global Economic Impact of 5G" by PwC, 5G technology has the potential to add \$1.3 trillion to global GDP by 2030, with more than 80% of the economic potential lying in healthcare applications, smart utilities management, and consumer and media applications. The report also states that 5G will be a key part of the new operating environment and technology toolkit for businesses, enabling new use cases and business models, and resulting in the creation of higher value for businesses, employees, customers, and entire economies. As economic pressures tighten, consumers in the media industry face increased challenges, with 32 million U.S. users canceling streaming services in Q3 2022 due to inflation. A saturated streaming market will witness significant consolidation in 2023, emphasizing key performance indicators like ARPU, churn, and profitability. Ad markets anticipate slower growth, with a 5.9% YoY increase in overall ad spend from 2022. Sports teams experience a vibrant market with increased M&A activity and the rise of direct-to-consumer sports offerings. Media companies shift focus to profitability, conducting strategic reviews amid economic uncertainties, labor costs, and inflation.

## Public Company Valuation

The CFAW Select Technology Index increased by 13.7% in the fourth quarter of 2023 and the 12-month return on the index was up by 70.2%. Other Telecommunications Index recorded the highest increase of 23.3% amongst all the indices in the fourth quarter, whereas Semiconductor and Other Electronic Component Manufacturing had the increase of 142.2% in the 12-month period. Semiconductor and Other Electronic Component Manufacturing had the highest median EBITDA multiple of 41.8x while Software Publishers had the highest median revenue multiple of 7.1x. Professional and Commercial Equipment and Supplies Merchant Wholesalers had the lowest median revenue multiple of 0.5x while Electronics and Appliance Stores had the lowest median EBITDA multiple of 11.1x. Computer Systems Design and Related Services, Data Processing, Hosting, and Related Services and Other Telecommunications had median EBITDA multiples of 15.5x, 19.0x, 11.6x and median revenue multiples of 2.0x, 4.8x and 1.6x respectively.



*The public technology market decreased in the fourth quarter of 2023...*

## Merger & Acquisition

The number of mergers and acquisitions in the technology, media, and telecom industry declined in the fourth quarter of 2023. In the near term, the M&A landscape in the Technology, Media, and Telecommunications (TMT) sector mirrors the challenges encountered in global dealmaking. Factors such as capital limitations, elevated interest rates, geopolitical strains, and increased regulatory oversight have collectively subdued both deal volumes and values in TMT M&A during the initial half of 2023. Anticipated to persist, these influences are likely to maintain a comparable trajectory in the latter half of the year.

# Industry Trends

## Companies Embrace Integrated Next-Best-Experience Engines for Enhanced Customer Satisfaction and Business Performance

Telcos are increasingly relying on customized commercial marketing. For sustained growth, the integration of marketing efforts with service-related outreach into a comprehensive next-best-experience engine is considered indispensable. Many telcos are leveraging engines to enhance cross-selling, upselling, customer retention, and acquisition. Yet, the efficacy of these marketing endeavors is jeopardized without predictive, proactive, and personalized engagement on service-related matters. Instead of relying on separate engines, the integration of commercial and service-related capabilities into a unified engine emerges as a strategic approach. This holistic approach ensures highly personalized communication with customers, addressing the right issues at the right time and through the right channels. Over the next three years, it is anticipated to reduce costs associated with specific use cases by up to 30%, elevate overall B2C revenues by 2 to 4%, boost customer satisfaction by 10 to 20%, and decrease early-life churn by as much as 30%. Telcos venturing into this transformative frontier early on are poised to set new standards for customer expectations, while those slow to adapt risk falling behind in meeting evolving customer demands over the next three to five years. The focus on service is particularly crucial as digital-native providers reshape customer expectations, emphasizing the correlation between customer experience and retention, with some markets exhibiting overlap as high as 80 to 90 percent.

## ESG Reporting Software Market Surges Past \$1 Billion Amid Growing Global Demand and Regulatory Compliance

Sales of software facilitating the tracking and reporting of ESG metrics are poised to exceed \$1 billion in the current year, driven by EU and US regulations, as well as reporting mandates in Asia, Australia, and the UK, coupled with rising demand for ESG disclosures in investments. Projections suggest a CAGR between 19% and 30% for ESG reporting software over the next five years, reaching a tipping point in 2024 with a surge to over 30% growth and revenue surpassing \$1 billion in 2024 from an estimated under \$800 million in 2023. Challenges and regulations are anticipated to propel increased adoption of ESG reporting. While many global corporations voluntarily release ESG reports yearly, concerns arise due to inconsistent and inaccurate tracking approaches, especially with the expansion beyond "Scope 1 and Scope 2" emissions to include "Scope 3" in assessing overall impact. The lack of standardized data remains a significant hurdle, with regulatory requirements in the EU, US, UK, Hong Kong, New Zealand, and other nations taking effect between 2024 and 2025. The evolving landscape demands robust ESG tracking and reporting software solutions to navigate complexities and capitalize on emerging opportunities.



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## Addressing Privacy Concerns Amidst Growing Connectivity and Tech Giant Dominance

The rise of connected devices, exemplified by Amazon's Halo fitness tracker, accentuates the need to address data concerns. Tech giants such as Google, Amazon, Facebook, and Apple play pivotal roles in this interconnected landscape, holding substantial customer data. As consumer awareness about data collection grows, these companies are navigating diverse approaches to monetize and safeguard the acquired data. However, regulations and privacy rules struggle to keep pace with the evolving data landscape. Urgent exploration of two trends—data trusts, entrusting data to a board of trustees for beneficiary interests, and data wallets, enabling users to manage data through a trusted party—becomes crucial. Adapting to evolving data rights and regulations is imperative for organizations across levels to ensure compliance and, more significantly, to build and maintain consumer trust.

# Significant News

## Tech, media, and telecom industry leaders learn to thrive amid volatility at 2023 Crowe Tech Multiplier

*The Business Journals, November 30, 2023*

“The technology, media, and telecommunications (TMT) industry remains a source of innovation and positive disruption across industries. Business leaders recently gathered for the second annual Crowe Tech Multiplier to find out how to thrive amid volatility and keep up with the speed of change. The conference included in-person discussions, networking sessions, and a virtual experience.”

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## 5G to boost telecom’s share in GDP, create 2.2 crore jobs by 2025

*Deccan Herald, October 29, 2023*

“The fifth generation (5G) telecom service, which was launched in India in 2022, is likely to create 2.2 crore jobs in the sector and related activities like cloud computing, robotics, and the Internet of Things (IoT) by 2025 and further boost its share in the country’s GDP, Arvind Bali, CEO, of Telecom Sector Skill Council, said.”

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## Nokia to cut up to 14,000 jobs as US demand shrinks, growth uncertain

*Reuters, October 19, 2023*

“Nokia (NOKIA.HE) will cut up to 14,000 jobs to reduce costs, it said on Thursday, warning it did not expect a market recovery soon after posting a 20% drop in third-quarter sales on weaker demand for 5G equipment.”

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# M&A Metrics

## Technology, Media, and Telecom Industry

The number of transactions in the Technology, Media and Telecom industry decreased in Q4 2023. The number of transactions decreased from 326 in Q3 2023 to 304 in Q4 2023. The number of sub- \$50 million transactions decreased from 307 in Q3 2023 to 275 in Q4 2023. The number of transactions above \$100 million increased from 14 in Q4 2023 to 20 in Q4 2023. The total number of M&A transactions year on year decreased by 32.3% from 449 in Q4 2022 to 304 in Q4 2023.



M&A Deal Summary Table | Count by Deal Size over Time

Transaction Value	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
<b>Not Disclosed</b>	379	352	326	272	246
<b>Under \$10 MM</b>	43	33	25	22	18
<b>\$10 - \$25 MM</b>	6	8	16	5	5
<b>\$25 - \$50 MM</b>	6	4	9	8	6
<b>\$50 - \$100 MM</b>	2	6	6	5	9
<b>\$100 - \$500 MM</b>	9	11	9	8	10
<b>\$500 MM+</b>	4	5	3	6	10
<b>Total Transactions</b>	449	419	394	326	304

Source: FactSet

# M&A Metrics – Spotlight Sector

## Cybersecurity Service Providers

M&A activity in the Cybersecurity Service Providers industry decreased in Q4 2023. The number of transactions decreased from 61 in Q3 2023 to 56 in Q4 2023. The number of sub- \$50 million transactions decreased from 59 in Q3 2023 to 52 in Q4 2023. The number of transactions above \$100 million increased from 2 in Q3 2023 to 4 in Q4 2023. The total number of M&A transactions decreased 8.2% year on year from 61 in Q4 2022 to 56 in Q4 2023.



M&A Deal Summary Table | Count by Deal Size over Time

Transaction Value	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
<b>Not Disclosed</b>	55	53	63	52	49
<b>Under \$10 MM</b>	3	3	4	6	3
<b>\$10 - \$25 MM</b>	0	0	3	1	0
<b>\$25 - \$50 MM</b>	0	0	2	0	0
<b>\$50 - \$100 MM</b>	1	1	1	0	0
<b>\$100 - \$500 MM</b>	1	3	0	2	1
<b>\$500 MM+</b>	1	1	1	0	3
<b>Total Transactions</b>	61	61	74	61	56

Source: FactSet



# Industry Metrics

## Industry Financial Data and Ratios

NAICs 443142 - Electronics Stores

Financial Metric	Last12 Mo	2023	2022
Current Ratio	2.56	2.56	3.28
Gross Profit Margin	30.26%	30.26%	41.33%
Net Profit Margin	1.36%	1.36%	4.24%
Accounts Receivable Days	29.92	29.92	27.47
Accounts Payable Days	50.13	50.13	47.44
Debt-to-Equity Ratio	1.54	1.54	2.5
Return on Equity	3.63%	3.63%	36.96%
Sales per Employee	--	--	--
Profit per Employee	--	--	--
Sales Growth	--	--	13.59%
Profit Growth	--	--	2.19%

NAICs 423430 - Computer & Computer Peripheral Equipment & Software

Financial Metric	Last12 Mo	2023	2022
Current Ratio	2.92	2.92	2.78
Gross Profit Margin	32.03%	32.03%	34.58%
Net Profit Margin	-4.34%	-4.34%	2.07%
Accounts Receivable Days	52.4	52.4	57.84
Accounts Payable Days	47.64	47.64	51.08
Debt-to-Equity Ratio	2.37	2.37	2.64
Return on Equity	11.62%	11.62%	44.68%
Sales per Employee	--	--	--
Profit per Employee	--	--	--
Sales Growth	--	--	13.73%
Profit Growth	--	--	44.23%

NAICs 5415 - Computer Systems Design and Related Services

Financial Metric	Last12 Mo	2023	2022
Current Ratio	2.99	2.99	3.64
Gross Profit Margin	58.84%	58.84%	60.74%
Net Profit Margin	5.83%	5.83%	5.80%
Accounts Receivable Days	68.16	68.16	51.62
Accounts Payable Days	36.61	36.61	29.71
Debt-to-Equity Ratio	2.79	2.79	2.14
Return on Equity	40.32%	40.32%	46.35%
Sales per Employee	\$213,777	\$213,777	\$238,544
Profit per Employee	\$129,486	\$129,486	\$24,512
Sales Growth	4.52%	4.52%	18.78%
Profit Growth	16.75%	16.75%	3.06%

NAICs 5182 - Data Processing, Hosting, and Related Services

Financial Metric	Last12 Mo	2023	2022
Current Ratio	2.93	2.93	2.75
Gross Profit Margin	65.70%	65.70%	70.34%
Net Profit Margin	7.41%	7.41%	3.63%
Accounts Receivable Days	76.38	76.38	62.11
Accounts Payable Days	49.85	49.85	48.16
Debt-to-Equity Ratio	3.92	3.92	3.19
Return on Equity	33.15%	33.15%	31.00%
Sales per Employee	--	--	\$420,456
Profit per Employee	--	--	\$23,544
Sales Growth	12.07%	12.07%	12.05%
Profit Growth	5.65%	5.65%	3.68%

Source: Profit Cents

# Industry Metrics

## Industry Financial Data and Ratios

### NAICs 5179 - Other Telecommunications

Financial Metric	Last12 Mo	2023	2022
Current Ratio	2.41	2.41	2.61
Gross Profit Margin	57.44%	57.44%	54.54%
Net Profit Margin	-3.30%	-3.30%	1.79%
Accounts Receivable Days	43.18	43.18	47.89
Accounts Payable Days	60.9	60.9	63.9
Debt-to-Equity Ratio	3.84	3.84	2.96
Return on Equity	29.23%	29.23%	35.16%
Sales per Employee	--	--	--
Profit per Employee	--	--	--
Sales Growth	--	--	16.36%
Profit Growth	--	--	-14.36%

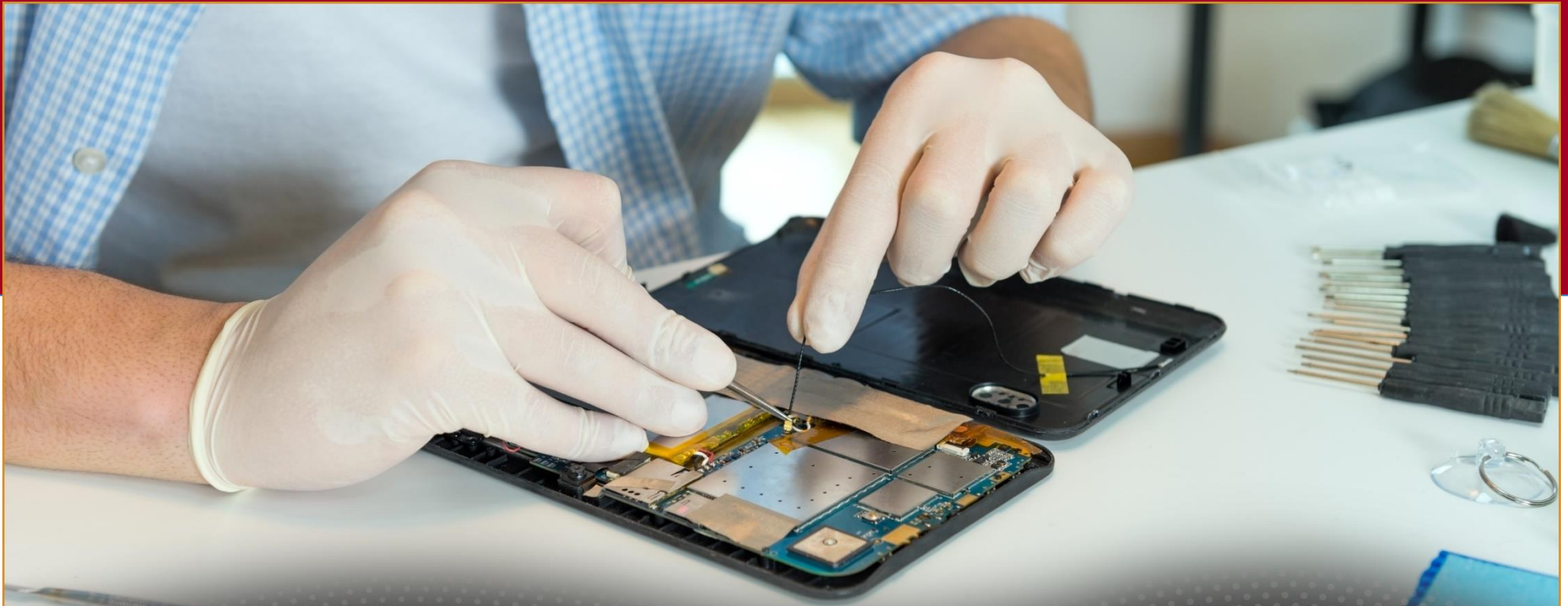
### NAICs 5112 - Software Publishers

Financial Metric	Last12 Mo	2023	2022
Current Ratio	2.03	2.03	3.42
Gross Profit Margin	73.13%	73.13%	70.78%
Net Profit Margin	-7.35%	-7.35%	-16.07%
Accounts Receivable Days	89.25	89.25	66.06
Accounts Payable Days	147.2	147.2	109.93
Debt-to-Equity Ratio	1.98	1.98	1.54
Return on Equity	36.15%	36.15%	12.15%
Sales per Employee	--	--	\$80,984
Profit per Employee	--	--	(\$77,229)
Sales Growth	9.54%	9.54%	17.07%
Profit Growth	1.50%	1.50%	16.07%

### NAICs 3344 - Semiconductor & Other Electronic Component Manufacturing

Financial Metric	Last12 Mo	2023	2022
Current Ratio	2.27	2.26	3.51
Gross Profit Margin	31.00%	30.19%	34.25%
Net Profit Margin	2.55%	2.32%	5.63%
Accounts Receivable Days	52.44	52.95	51.54
Accounts Payable Days	55.3	54.61	46.2
Debt-to-Equity Ratio	2.31	2.41	1.66
Return on Equity	17.71%	15.68%	20.31%
Sales per Employee	\$237,658	\$237,658	\$246,139
Profit per Employee	(\$94,450)	(\$94,450)	(\$1,458)
Sales Growth	52.84%	52.84%	18.10%
Profit Growth	140.60%	140.60%	34.64%

Source: Profit Cents



# Transaction Highlights

# Notable Transactions



In December 2023, **Palo Alto Networks Inc** acquired **Talon Cyber Security Ltd**, a portfolio company of Ballistic Ventures Alpha LLC, Evolution Equity Partners LLC, CrowdStrike Falcon Fund, Merlin Ventures, SYN Ventures Management LLC, Lightspeed Management Co LLC, Sorenson Ventures and Team8 Labs Ltd for ILS2,746 million (US\$700 million). The deal value could be valued at US\$600 million - USD\$700 million. The acquisition extends Palo Alto Networks Inc's networks best-in-class secure Access service edge solutions. Co-founded by Ofer Ben-Noon and Ohad Bobrov in 2021, Talon Cyber Security Ltd is located in Tel Aviv, Israel and provides cyber security solutions. It currently has 130 employees.



In December 2023, **N Harris Computer Corp**, a subsidiary of Constellation Software Inc, acquired **MEDHOST Inc** for an undisclosed amount. Following the acquisition, N Harris Computer Corp would continue to operate MEDHOST Inc as a stand-alone business headquartered in Franklin, Tennessee. MEDHOST Inc is located in Franklin, Tennessee, United States and provides market-leading enterprise, departmental and healthcare engagement solutions.



In November 2023, **VC3 Inc** acquired **Go Concepts Inc** for an undisclosed amount. The acquisition reinforces VC3 Inc's Midwestern market presence and strengthens the business. Founded in 1997, Go Concepts is headquartered in Ohio, United States and focuses with both professional businesses and governmental entities with their IT needs. Go Concepts Inc operates with 29 employees.



In October 2023, RAB Aggregator LLC, formerly known as **AmpliX** and a portfolio company of Gemspring Capital Management LLC acquired MJM Enterprises LLC, doing business as **nQuery Communications** for an undisclosed amount. The transaction expands RAB Aggregator LLC's market presence in Florida. Following the acquisition MJM Enterprises LLC would join RAB Aggregator LLC. Founded in 2003, MJM Enterprises LLC is located in Florida, United States and provides technology advisory services. It has three employees.



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# Select M&A Transactions

Date	Target Name	Acquirer Name	Enterprise Value (MM)	Revenue	EBITDA
28-Dec-2023	Talon Cyber Security Ltd.	Palo Alto Networks, Inc.	700.00	-	-
22-Dec-2023	MEDHOST, Inc.	N. Harris Computer Corp.	-	-	-
20-Dec-2023	Middleground Technologies LLC	Ntiva, Inc.	-	-	-
19-Dec-2023	Datacom FC LLC	Hyper Networks, Inc.	-	-	-
14-Dec-2023	TalentKeepers, Inc.	Quantum Workplace, Inc.	-	-	-
13-Dec-2023	Validdatum Ltd.	ERP Technology Partners	-	-	-
11-Dec-2023	Full Scale LLC	Full Scale LLC / Watson/	-	-	-
11-Dec-2023	The Network Pro, Inc.	IT Solutions Consulting LLC	-	-	-
04-Dec-2023	Alder Technology, Inc. (Virginia)	Acclaim Technical Services, Inc.; Blue Delta Capital Partners LLC	-	-	-
01-Dec-2023	Diversified Technical Services, Inc.	Cityflag, Inc.	-	-	-
30-Nov-2023	U.S. Data Mining Group, Inc.	Hut 8 Mining Corp.	98.26	-	-
14-Nov-2023	Go Concepts, Inc.	VC3, Inc.	-	-	-
07-Nov-2023	Spade Technology, Inc.	IT Solutions Consulting LLC	-	-	-
06-Nov-2023	Arcion Labs, Inc.	Databricks, Inc.	100.00	-	-
30-Oct-2023	M.J.M. Enterprises LLC	Gemspring Capital Management LLC; RAB Aggregator LLC	-	-	-
23-Oct-2023	The Plum Group, Inc.	Sharpen Technologies, Inc.; TELEO Capital Management LLC	-	-	-
04-Oct-2023	Left Click Investments LLC	Nedelco, Inc.	-	-	-
04-Oct-2023	Usnet	Hexatronic Group AB	-	10.00	-
(\$ in millions) Source: Factset					

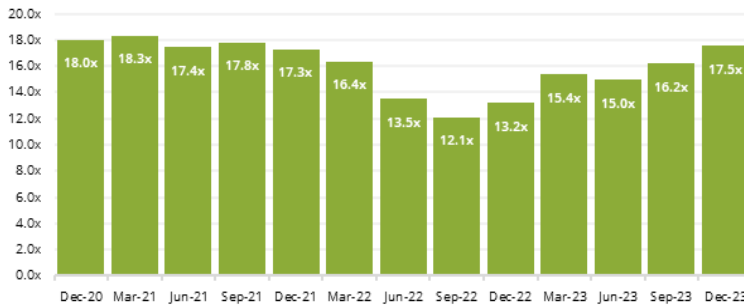


# Public Companies

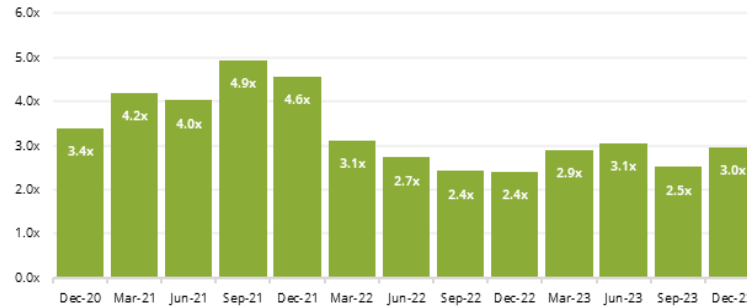
# Industry Performance

## CFAW Select Technology Index

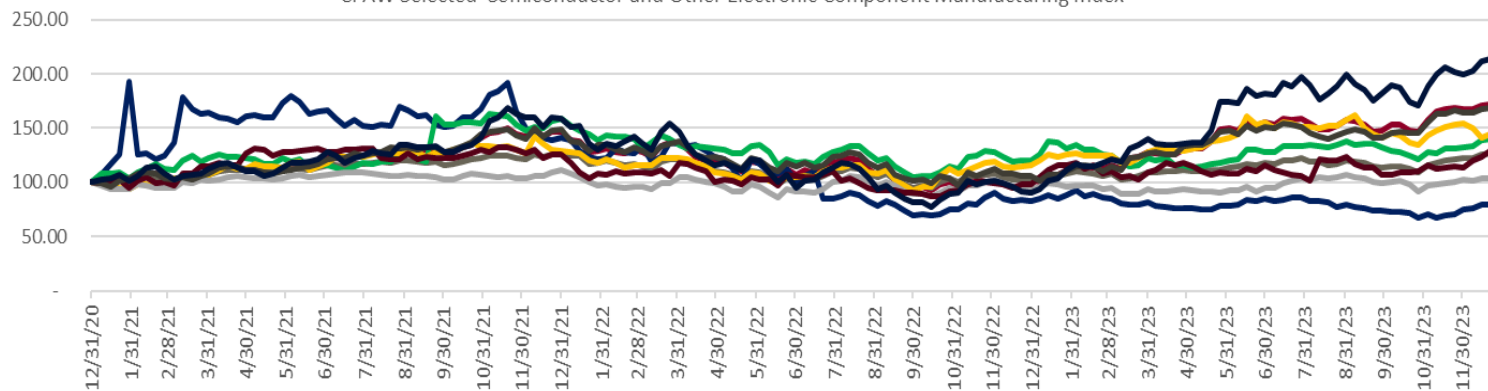
CFAW Select Technology Index | Median EBITDA Multiples



CFAW Select Technology Index | Median Revenue Multiples



- Select CFAW Select Technology Index
- S&P 500
- CFAW Selected Electronics and Appliance Stores Index
- CFAW Selected Professional and Commercial Equipment and Supplies Merchant Wholesalers Index
- CFAW Selected Computer Systems Design and Related Services Index
- CFAW Selected Data Processing, Hosting, and Related Services Index
- CFAW Selected Other Telecommunications Index
- CFAW Selected Software Publishers Index
- CFAW Selected Semiconductor and Other Electronic Component Manufacturing Index

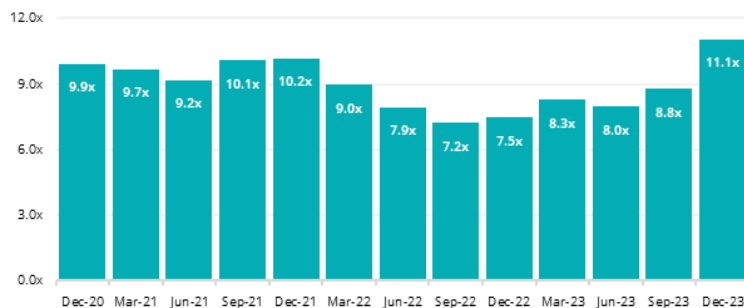


Source: FactSet

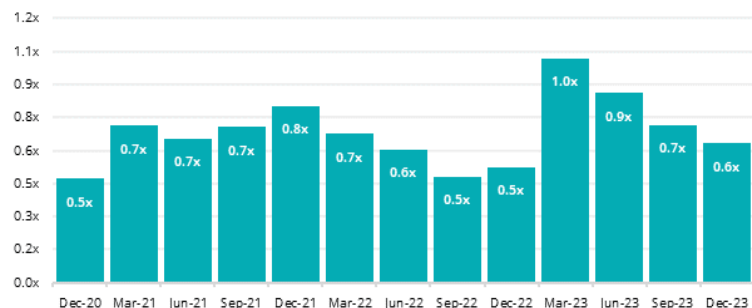
# Public Comparables

## Electronics and Appliance Stores

Electronics and Appliance Stores | Median EBITDA Multiples



Electronics and Appliance Stores | Median Revenue Multiples



FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
BBY-US	Best Buy Co., Inc.	\$78.28	215	\$16,861	\$19,580	\$43,541	\$2,592	0.4x	7.6x
COM7-TH	Com7 Public Co. Ltd.	\$0.70	2,400	\$1,673	\$1,853	\$1,954	\$146	0.9x	12.7x
CPW-TH	Copperwired Public Co. Ltd.	\$0.07	600	\$43	\$56	\$212	\$10	0.3x	5.5x
PLUS-US	ePlus inc.	\$79.84	27	\$2,150	\$2,121	\$2,263	\$192	0.9x	11.1x
FDEV-GB	Frontier Developments Plc	\$1.67	39	\$66	\$53	\$126	\$38	0.4x	1.4x
GME-US	GameStop Corp. Class A	\$17.53	306	\$5,356	\$4,755	\$5,706	(\$33)	0.8x	NM
2414-TAI	Unitech Computer Co., Ltd.	\$1.12	162	\$181	\$234	\$768	\$19	0.3x	12.3x
2453-TW	Syscom Computer Engineering Co., Ltd.	\$1.81	100	\$181	\$163	\$200	\$14	0.8x	11.8x
<b>Mean</b>					\$3,602	\$6,846	\$372	<b>0.6x</b>	<b>8.9x</b>
<b>Median</b>					\$1,044	\$1,361	\$29	<b>0.6x</b>	<b>11.1x</b>

Source: FactSet



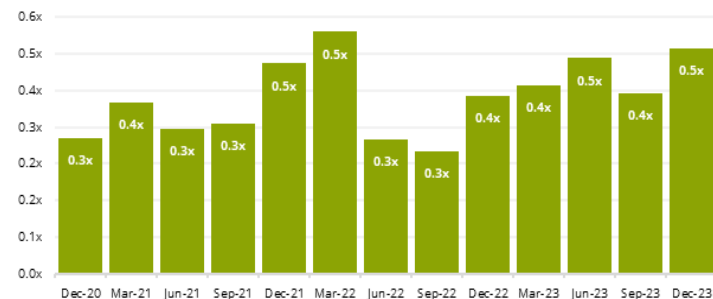
# Public Comparables

## Professional,Commercial Equipment, Supplies Merchant Wholesalers

Professional,Commercial Equipment, Supplies Merchant Wholesalers | Median EBITDA Multiples



Professional,Commercial Equipment, Supplies Merchant Wholesalers | Median Revenue Multiples



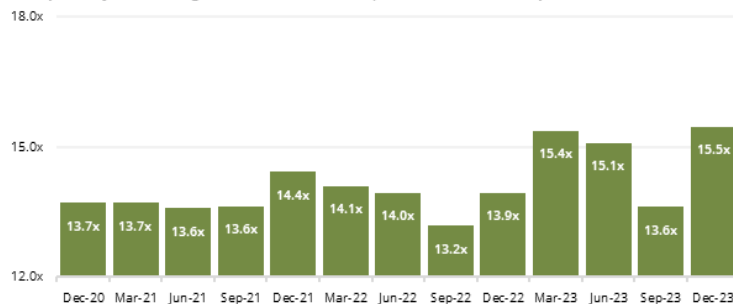
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
ACT-PL	Action S.A.	\$4.89	19	\$92	\$79	\$178	-	0.4x	
ARB-GB	Argo Blockchain Plc	\$0.37	537	\$199	\$259	\$50	\$13	5.2x	19.6x
2332-TW	D-Link Corporation	\$0.65	603	\$392	\$363	\$536	\$29	0.7x	12.5x
DGW-VN	Digiworld Corp.	\$2.16	167	\$360	\$372	\$756	\$24	0.5x	15.6x
IVAC-US	Intevac, Inc.	\$4.32	26	\$114	\$55	\$51	(\$13)	1.1x	NM
PGNT-US	Paragon Technologies, Inc.	\$9.00	2	\$14	\$27	\$117	\$7	0.2x	4.0x
SCSC-US	ScanSource, Inc.	\$39.61	25	\$995	\$1,213	\$3,720	\$154	0.3x	7.9x
SWON-CH	SoftwareOne Holding Ltd.	\$19.49	159	\$3,090	\$3,141	\$1,061	\$156	3.0x	20.1x
SNX-US	TD SYNnex Corporation	\$107.61	90	\$9,642	\$12,591	\$59,396	\$1,802	0.2x	7.0x
<b>Mean</b>					\$2,011	\$7,318	\$272	<b>1.3x</b>	<b>12.4x</b>
<b>Median</b>					\$363	\$536	\$26	<b>0.5x</b>	<b>12.5x</b>

Source: FactSet

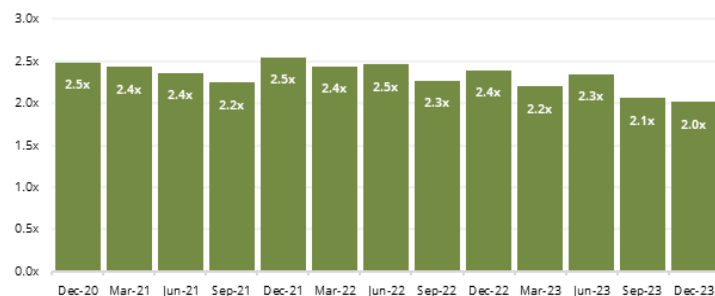
# Public Comparables

## Computer Systems Design and Related Services

Computer Systems Design and Related Services | Median EBITDA Multiples



Computer Systems Design and Related Services | Median Revenue Multiples



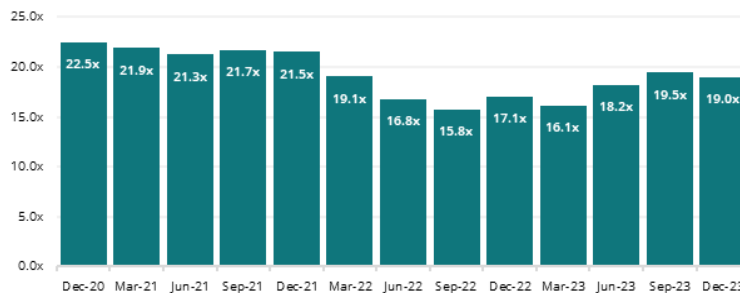
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								Revenues	EBITDA
DOX-US	Amdocs Limited	\$87.89	117	\$10,275	\$10,383	\$4,886	\$972	2.1x	10.7x
002649-CN	Beyondsoft Corporation Class A	\$1.73	592	\$1,023	\$803	\$927	-	0.9x	
CDW-US	CDW Corporation	\$227.32	134	\$30,452	\$36,501	\$21,796	\$2,041	1.7x	17.9x
ORCL-USA	Oracle Corporation	\$105.43	2,749	\$289,819	\$370,430	\$51,628	\$21,065	7.2x	17.6x
CTSH-US	Cognizant Technology Solutions Corporation Class A	\$75.53	501	\$37,872	\$36,949	\$19,434	\$3,404	1.9x	10.9x
JKHY-US	Jack Henry & Associates, Inc.	\$163.41	73	\$11,901	\$12,162	\$2,120	\$694	5.7x	17.5x
NTCT-US	NetScout Systems, Inc.	\$21.95	71	\$1,558	\$1,385	\$886	\$174	1.6x	8.0x
PRFT-US	Perficient, Inc.	\$65.82	35	\$2,289	\$2,630	\$918	\$170	2.9x	15.5x
SAIC-US	Science Applications International Corp.	\$124.32	52	\$6,472	\$8,552	\$7,675	\$704	1.1x	12.1x
VRSN-US	VeriSign, Inc.	\$205.96	102	\$21,029	\$21,883	\$1,482	\$1,035	14.8x	21.1x
<b>Mean</b>					\$50,168	\$11,175	\$3,362	<b>4.0x</b>	<b>14.6x</b>
<b>Median</b>					\$11,273	\$3,503	\$972	<b>2.0x</b>	<b>15.5x</b>

Source: FactSet

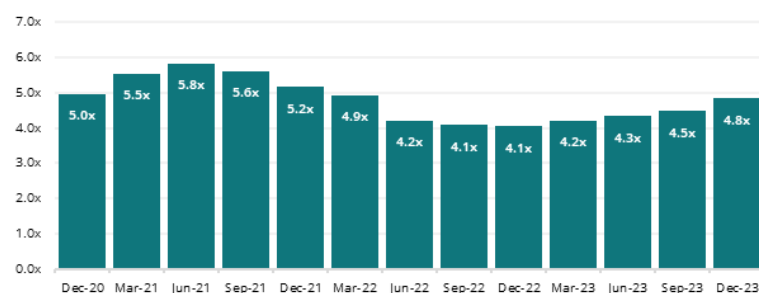
# Public Comparables

## Data Processing, Hosting, and Related Services

Data Processing, Hosting, and Related Services | Median EBITDA Multiples



Data Processing, Hosting, and Related Services | Median Revenue Multiples



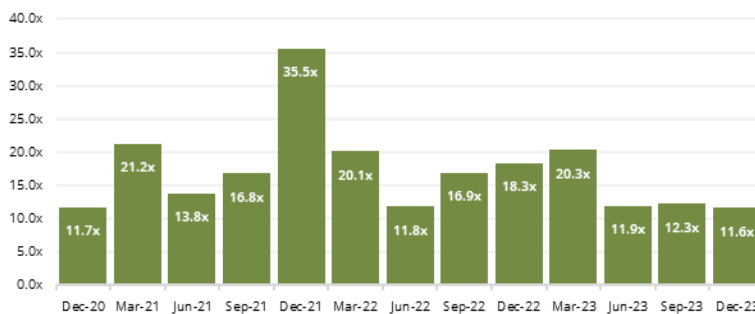
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
BFH-US	Bread Financial Holdings, Inc.	\$32.94	49	\$1,625	\$2,453	\$4,912	-	0.5x	
ASGN-USA	ASGN Incorporated	\$96.17	47	\$4,539	\$5,495	\$4,527	\$472	1.2x	11.6x
ADP-US	Automatic Data Processing, Inc.	\$232.97	411	\$95,822	\$98,000	\$18,309	\$5,157	5.4x	19.0x
DBX-US	Dropbox, Inc. Class A	\$29.48	265	\$7,814	\$11,145	\$2,465	\$522	4.5x	21.3x
EQIX-US	Equinix, Inc.	\$805.39	94	\$75,613	\$90,661	\$7,948	\$3,206	11.4x	28.3x
FDS-US	FactSet Research Systems Inc.	\$477.05	38	\$18,169	\$19,485	\$2,123	\$833	9.2x	23.4x
GPN-US	Global Payments Inc.	\$127.00	260	\$33,069	\$49,039	\$9,474	\$3,971	5.2x	12.3x
RXT-US	Rackspace Technology, Inc.	\$2.00	216	\$433	\$3,796	\$3,024	\$310	1.3x	12.2x
<b>Mean</b>					\$35,009	\$6,598	\$2,067	<b>4.8x</b>	<b>18.3x</b>
<b>Median</b>					\$15,315	\$4,719	\$833	<b>4.8x</b>	<b>19.0x</b>

Source: FactSet

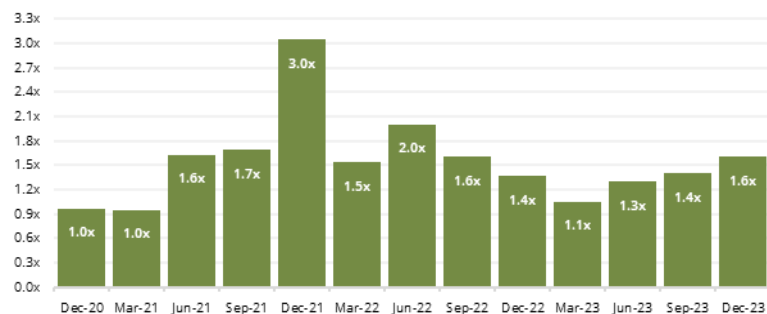
# Public Comparables

## Other Telecommunications

Other Telecommunications | Median EBITDA Multiples



Other Telecommunications | Median Revenue Multiples



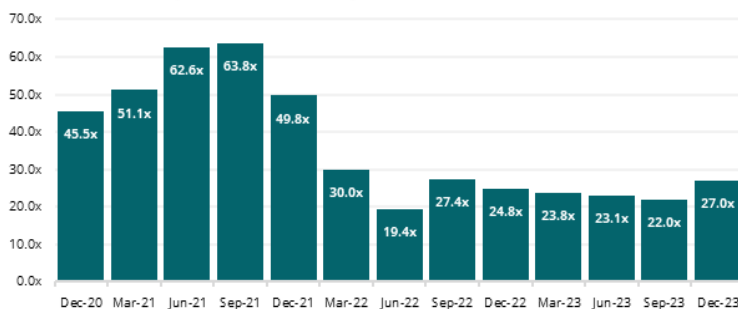
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
ACGX-US	Alliance Creative Group, Inc.	\$0.20	1	\$0	\$4	\$5	\$0	0.9x	11.6x
CCOI-US	Cogent Communications Holdings Inc	\$76.06	49	\$3,698	\$5,360	\$821	\$156	6.5x	34.3x
KTEL	KonaTel, Inc.	\$0.89	43	\$38	\$41	\$18	(\$2)	2.3x	NM
LVWD-US	LiveWorld, Inc.	\$0.29	46	\$13	\$8	\$12	\$1	0.7x	7.5x
<b>Mean</b>					\$1,353	\$214	\$39	<b>2.6x</b>	<b>17.8x</b>
<b>Median</b>					\$25	\$15	\$1	<b>1.6x</b>	<b>11.6x</b>

Source: FactSet

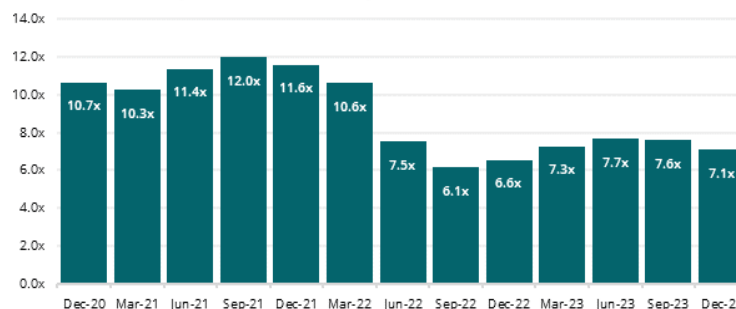
# Public Comparables

## Software Publishers

Software Publishers | Median EBITDA Multiples



Software Publishers | Median Revenue Multiples



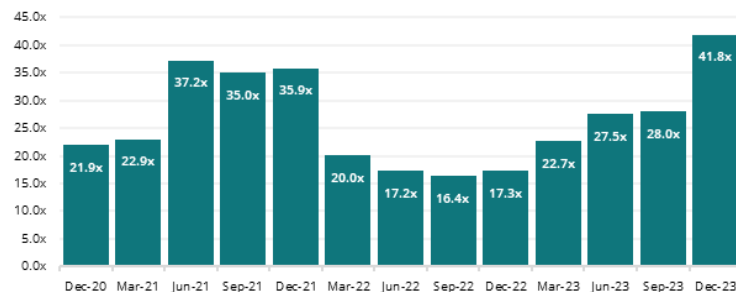
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
BSY-US	Bentley Systems, Incorporated Class B	\$52.18	284	\$14,838	\$17,007	\$1,205	\$304	14.1x	55.9x
APPS-US	Digital Turbine, Inc.	\$6.86	101	\$695	\$1,020	\$592	\$74	1.7x	13.8x
EA-US	Electronic Arts Inc.	\$136.81	269	\$36,797	\$36,443	\$7,447	\$1,821	4.9x	20.0x
FTNT-US	Fortinet, Inc.	\$58.53	768	\$44,946	\$42,769	\$5,173	\$1,319	8.3x	32.4x
PANW-US	Palo Alto Networks, Inc.	\$294.88	315	\$92,976	\$91,298	\$7,207	\$901	12.7x	101.3x
PAYC-US	Paycom Software, Inc.	\$206.72	58	\$11,928	\$11,473	\$1,630	\$660	7.0x	17.4x
TYL-US	Tyler Technologies, Inc.	\$418.12	42	\$17,613	\$18,259	\$1,923	\$385	9.5x	47.5x
AVGO-US	Broadcom Inc.	\$1,116.25	468	\$522,562	\$548,021	\$35,819	\$20,290	15.3x	27.0x
RPD-US	Rapid7 Inc.	\$57.10	61	\$3,509	\$4,209	\$757	(\$9)	5.6x	NM
CHKP-US	Check Point Software Technologies Ltd.	\$152.79	121	\$18,451	\$16,995	\$2,386	\$938	7.1x	18.1x
<b>Mean</b>					\$78,749	\$6,414	\$2,668	<b>8.6x</b>	<b>37.0x</b>
<b>Median</b>					\$17,633	\$2,154	\$781	<b>7.7x</b>	<b>27.0x</b>

Source: FactSet

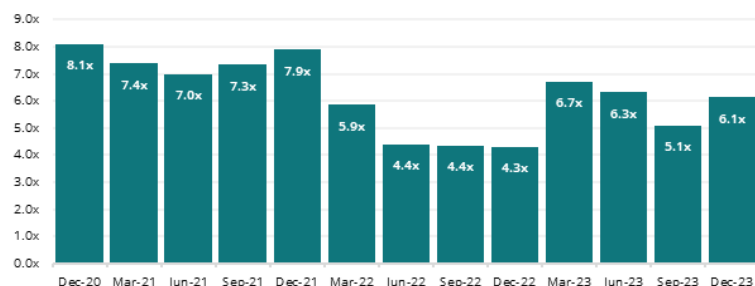
# Public Comparables

## Semiconductor and Other Electronic Component Manufacturing

Semiconductor and Other Electronic Component Manufacturing | Median EBITDA



Semiconductor and Other Electronic Component Manufacturing | Median Revenue



FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
AMD-US	Advanced Micro Devices, Inc.	\$147.41	1,615	\$238,141	\$235,218	\$22,111	\$4,085	10.6x	57.6x
FSLR-US	First Solar, Inc.	\$172.28	107	\$18,407	\$17,120	\$3,161	\$878	5.4x	19.5x
INTC-US	Intel Corporation	\$50.25	4,216	\$211,854	\$239,576	\$52,864	\$8,294	4.5x	28.9x
LPTH-US	LightPath Technologies, Inc. Class A	\$1.26	38	\$47	\$53	\$34	(\$0)	1.6x	NM
MU-US	Micron Technology, Inc.	\$85.34	1,104	\$94,208	\$99,328	\$16,181	\$1,625	6.1x	61.1x
MPWR-US	Monolithic Power Systems, Inc.	\$630.78	48	\$30,222	\$29,188	\$1,827	\$551	16.0x	53.0x
NVDA-US	NVIDIA Corporation	\$495.22	2,470	\$1,223,193	\$1,213,959	\$44,870	\$22,161	27.1x	54.8x
SMTC-US	Semtech Corporation	\$21.91	64	\$1,408	\$2,675	\$843	\$87	3.2x	30.7x
TXN-US	Texas Instruments Incorporated	\$170.46	908	\$154,812	\$157,086	\$18,112	\$9,186	8.7x	17.1x
<b>Mean</b>					\$221,578	\$17,778	\$5,207	<b>9.2x</b>	<b>40.3x</b>
<b>Median</b>					\$99,328	\$16,181	\$1,625	<b>6.1x</b>	<b>41.8x</b>

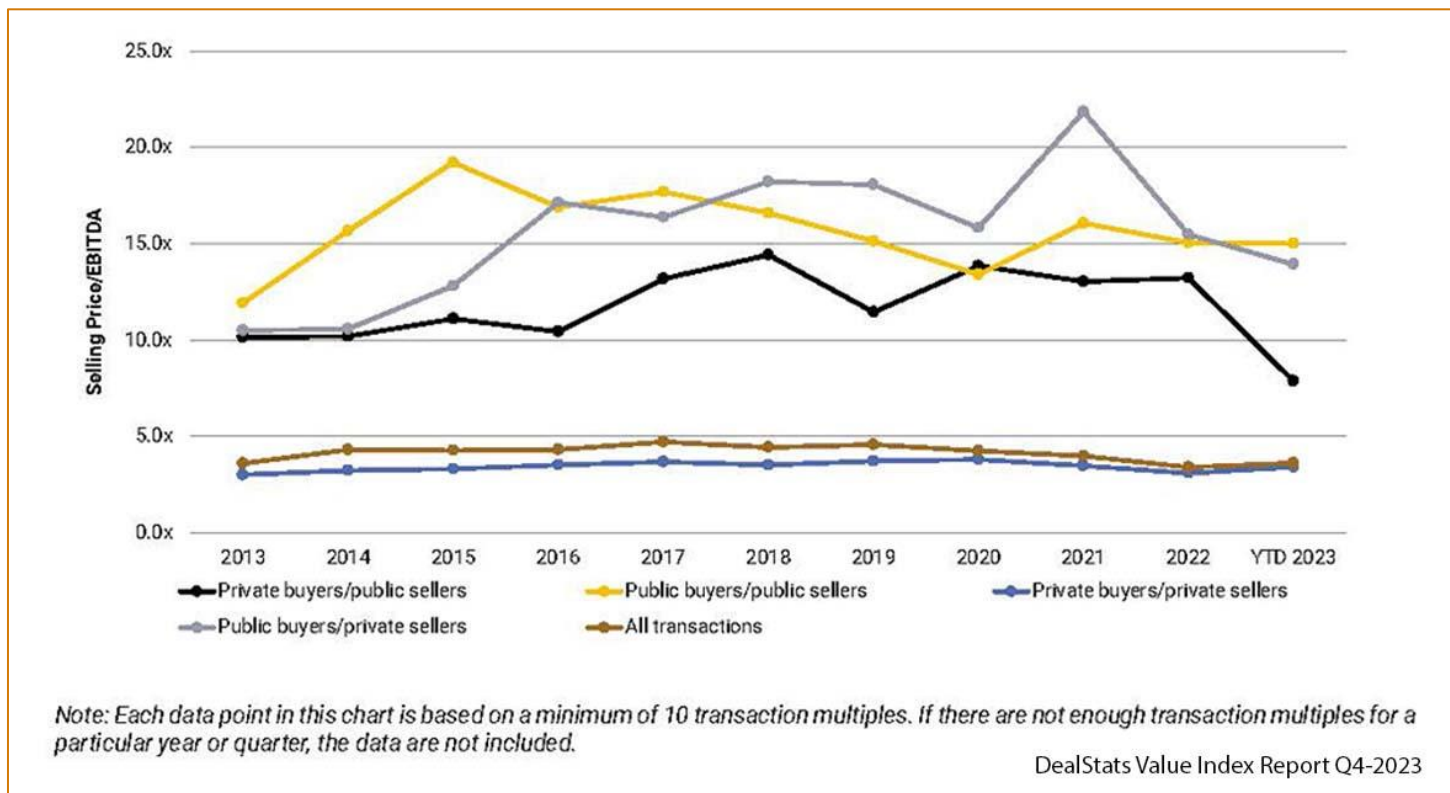
Source: FactSet

# Public Vs. Private Comparables

## Valuation Premiums Can Be Considerable

Regardless of industry, publicly traded companies often trade at premium valuations to privately held companies. This is reflected in M&A transactions and can lead to unrealistic value expectations for some business owners. The chart below illustrates this variance and shows that the variance has been both long term and growing.

Transactions between private buyer and private seller tend to be small by comparison and thus do not benefit from a "size" premium that is associated with transactions in general. While this chart does not breakout private equity transactions, our analysis indicates those transactions usually fall between public and private and move closer to public as size increases.





# CFA Overview



# About CFA

## Who We Are / What We Do

Corporate Finance Associates (CFA) is an independent international investment banking firm serving middle-market businesses. For over 60 years Corporate Finance Associates has been advocating on behalf of business owners who are restructuring a company, either through divestiture, merger, acquisition or recapitalization. Combining the knowledge and leverage of a larger bank with the customer focused detail of a boutique firm, from inception to completion, our senior principals provide hands-on expertise to clients buying, selling or recapitalizing a business.

This Technology, Media & Telecom Industry Practice Group was established to draw on the experience of CFA advisors, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.



### Sell-Side Advisory

Whether as a divestiture strategy or a recapitalization strategy selling all or part of a business requires equal parts creative thinking, critical analysis, expert advice, sound planning and flawless execution. Having the right team of investment banking professionals working for you is critical to ensure success.



### Capital Markets

Our commitment to remaining independent from any investment or lending affiliates ensures that we deliver unbiased guidance. It also promotes maximum competition among lending sources, helping to fully leverage value for our clients. Our role is to help you raise the type of capital that best fits your needs.



### Buy-Side Advisory

Growth through acquisition is a complex process. It involves strategy, planning, critical analysis, coordination and negotiation. When you want to take advantage of the fast growth offered by a consolidation or roll-up, CFA's broad reach, sources of financing and efficient closings can help you achieve your business growth goals.



### Financial Advisory

Now that you have made the decision to raise capital for your business, choosing the right investment banker is critical. Whether you are buying out a partner, financing an acquisition or seeking growth capital, CFA is the right choice to help you achieve your financing goals.



### Exit Planning

Every business will ultimately undergo a transfer via sale or merger, a charitable donation, a transfer to a child or relative or even bankruptcy, liquidation or death. Every ownership transfer carries with it a unique set of consequences and the best consequences usually begin with a clearly defined exit plan.



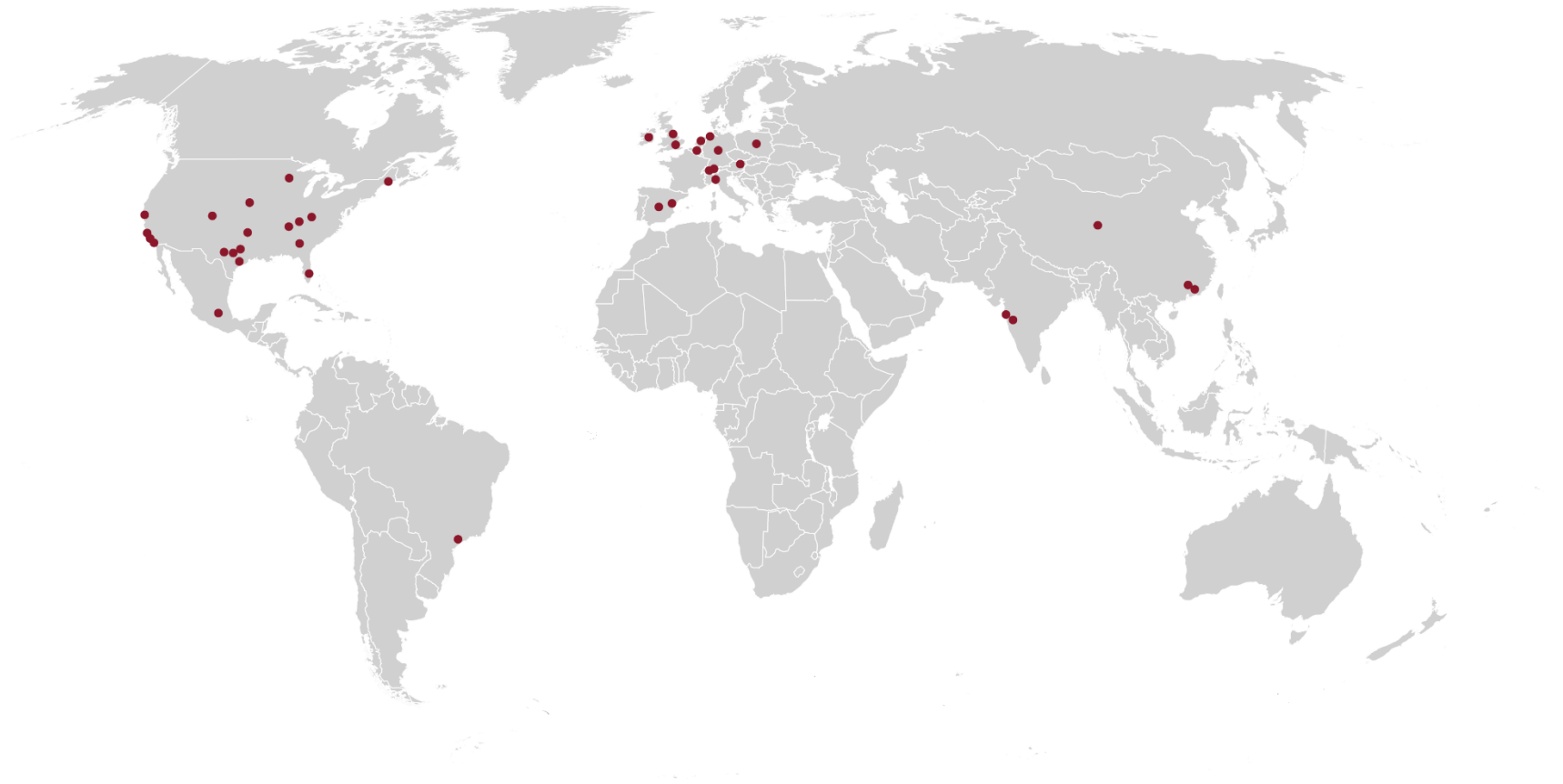
### Business Valuation

"What is my business worth" is a question we often hear from business owners contemplating a business sale, merger or recapitalization. Answering this question depends on many factors, including the business valuation methods that are employed in the calculation.

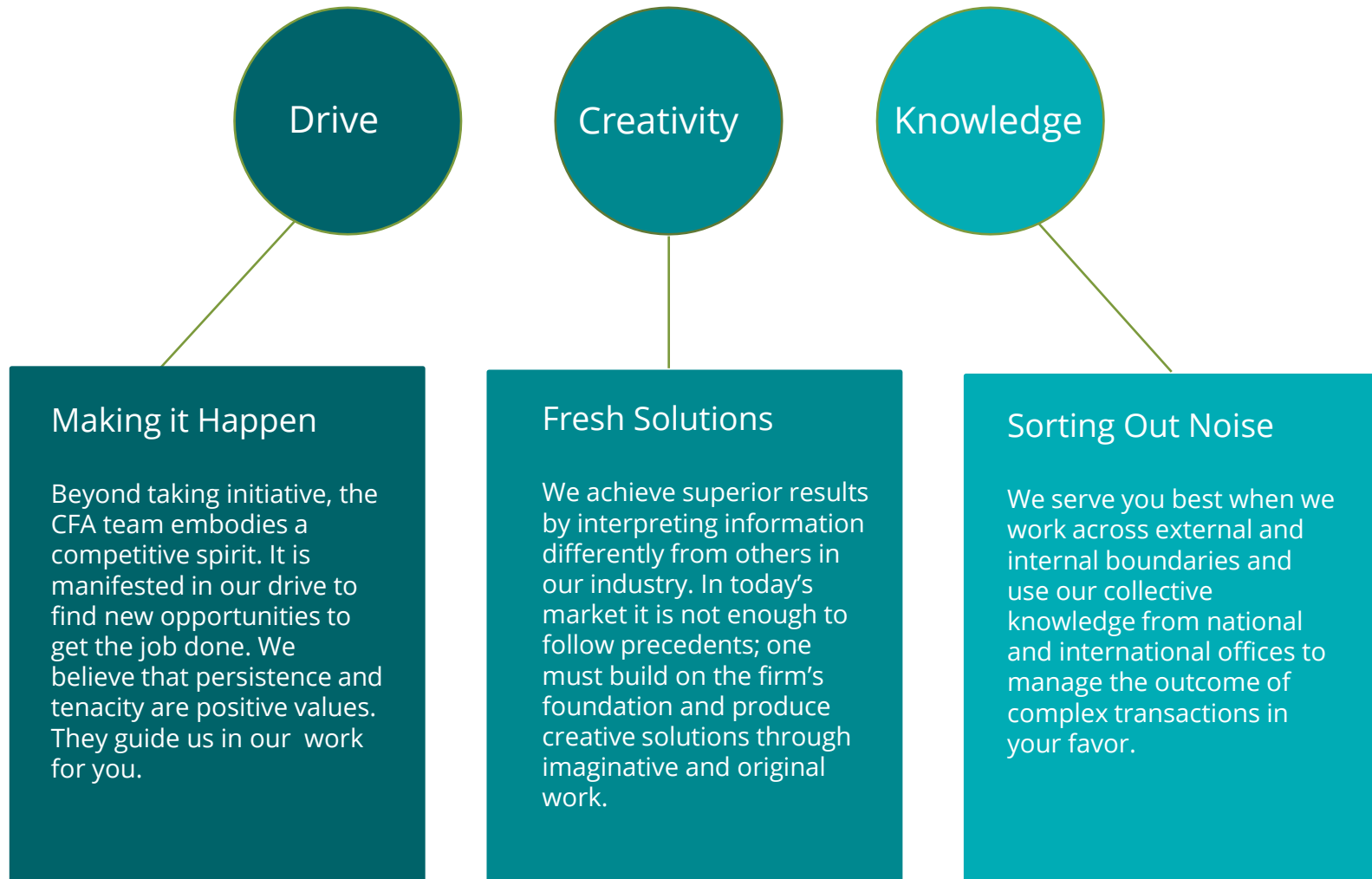
# Local Service, Global Reach

## Where We Are

With offices across the USA and in Austria, Belgium, Brazil, Germany, Hong Kong, India, Ireland, Italy, Mexico, Netherlands, Poland, Spain, Switzerland and the United Kingdom providing middle-market companies with a wide range of M&A, financial advisory services and access to capital resources.



# Delivering Results



Founded in 1956 • 70 Managing Directors • 37 Offices Worldwide • Billions in M&A Transactions

# Worldwide Transactions

The following table summarizes the transactions shown in the image, organized by row and column. Each entry includes the client, the transaction type, and the role of Corporate Finance Associates (CFA).

Client	Transaction Type	CFA Role
LAKE212 (Be Smart)	has been acquired by	exclusive financial advisor to the seller
Harrison Pet Products Inc.	has been acquired by	underwritten, initiated and acted as financial advisor to the seller
CHARTER BUS LINES of British Columbia	has merged with	underwritten, initiated and acted as financial advisor to the transaction
EWEN ENGINEERING (United Kingdom)	has been acquired by	CFA London initiated and acted as advisor to the seller in the transaction
neratec (Switzerland)	has been acquired by	CJAW Zurich initiated and acted as advisor to the seller in the transaction
0-N-G ASSOCIATION	has been acquired by	underwritten, initiated and acted as advisor to the seller in the transaction
FUN COMPANY (Luis)	has been acquired by	underwritten, initiated and acted as advisor to the seller in the transaction
CERVA (Czech Republic)	has acquired	CFA Dublin initiated and acted as advisor to the seller in the transaction
South Coast Sales (division of SASTA)	has been acquired by	CJAW Dublin initiated and acted as advisor to the seller in the transaction
CyberMetrix	has been acquired by	underwritten, initiated and acted as advisor to the transaction
TRIO SUPPLY COMPANY	has been acquired by	underwritten, initiated and acted as the exclusive investment banker to the seller
creamedix BIOLAB (Germany)	has been acquired by	CFA Zurich initiated and acted as advisor to the seller in the transaction
encore VET GROUP	has been acquired by	underwritten, initiated and acted as the exclusive investment banker to the seller
FAICHI (Yosemite, California)	has been acquired by	underwritten, initiated and acted as the exclusive investment banker to the seller in the transaction
Grupo Dgari	has been acquired by	underwritten, initiated and acted as exclusive financial advisor to the shareholders of Grupo Dgari in the transaction
tyco	has been acquired by	exclusive financial advisor to South Tech Wines, S.A. and C.F. O'NEILL in connection with the acquisition of any new AMM units
Restaurants Sudamerica, L.C.	has been acquired by	exclusive financial advisor to SISA in connection with the acquisition of Restaurants Sudamerica, L.C.
HeadFirst	has acquired	CJAW Amsterdam initiated and acted as advisor to the buyer in the transaction
MINT ARCHITECTURE (Switzerland)	has been acquired by	CFA Zurich initiated and acted as advisor to the seller in the transaction
AMT APPLIED MEDICAL TECHNOLOGY (United Kingdom)	has been acquired by	underwritten, initiated and acted as advisor to the seller in the transaction
CERQUISA (Spain)	has been acquired by	CJAW London initiated and acted as advisor to the seller in the transaction
SPEAR (Central Logistics)	has been acquired by	underwritten, initiated and acted as financial advisor to the transaction
STERIKSEN	has acquired	CJAW Zurich initiated and acted as advisor to the seller in the transaction
AMT APPLIED MEDICAL TECHNOLOGY (United Kingdom)	has been acquired by	underwritten, initiated and acted as advisor to the seller in the transaction
UPL (United Phosphorus Limited)	has been acquired by	CJAW London initiated and acted as advisor to the seller in the transaction
exult.	has been acquired by	underwritten, initiated and acted as advisor to the transaction

# Industry Practice Groups

## Technology, Media & Telecom



Technology, Media & Telecom practice group is comprised of accomplished dealmakers with extensive experience in advising both public and private companies in the industry. These dealmakers offer expert service in acquisitions, divestitures, financing, and strategic planning to a wide range of companies operating in multiple subsectors including:

### Technology

- IT Services & Business Process Outsourcing
- Servers, Equipment & Systems
- Semiconductors
- Software, including embedded applications
- Web, Mobile and Social Network Applications & Services

### Media

- Broadcasting & Entertainment
- Digital Marketing & Media
- Diversified Media & Publishing

### Telecommunications

- Broadband Networks
- Maritime Communications
- Satellite Communications
- Wireless & Wireline Communications
- Content Delivery Networks

Aerospace/Defense/Government

Agriculture

Animal Health

Business Services

Commercial Real Estate

Consumer Retail

Energy

Engineering/Construction

Financial Services & FinTech

Food/Beverage

Healthcare/Life Sciences

Industrials

Metal Fabrication

Print/Packaging

Semiconductors

Technology/Media/Telecom

Transportation/Logistics/Supply Chain

Wholesale Distribution

# Recent Industry Transactions

*This announcement appears as a matter of record only*

An investment fund managed by  
Maxburg Capital Partners, Munich, Germany



acquired 100% of the shares of  
*AraCom IT Services AG*



Gersthofen, Germany

---

CFAW Frankfurt acted as  
exclusive M&A advisors to the sellers  
in a structured international sales process

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**cfa** | CORPORATE FINANCE ASSOCIATES  
Since 1956

*This announcement appears as a matter of record only*



Data-Basics, Inc.

has been acquired by



CONSTELLATION SOFTWARE INC.

---

The undersigned initiated the transaction  
and acted as the exclusive  
investment banker to the seller

---

**cfa** | CORPORATE FINANCE ASSOCIATES  
Securities transacted through Corporate Finance Securities, Inc.  
Since 1956

*This announcement appears as a matter of record only*



has been acquired by



Equity Backed By:



Five Arrows  
Principal Investors

Legal Advisor:  ycORPORATE

Auditor:  STP TAX

---

CFAW Amsterdam initiated and acted as  
advisor to the seller in the transaction

---

**cfa** | CORPORATE FINANCE ASSOCIATES  
Since 1956

*This announcement appears as a matter of record only*



AIMAX Software

has been acquired by



JDM Technology Group

---

The undersigned initiated the transaction  
and acted as the exclusive  
investment banker to the seller

---

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Since 1956

*This announcement appears as a matter of record only*



Freework

has acquired



Technojobs


---

The undersigned initiated and acted as  
advisor to the buyer in the transaction

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*This announcement appears as a matter of record only*



ALB

has been acquired by



SANWA HOLDINGS CORPORATION


---

CFAW Zurich supported by  
CFAW Hong Kong initiated and acted as  
advisor to the seller in the transaction

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Since 1956

*This announcement appears as a matter of record only*




doculayer.

has been acquired by





ProcessMaker

Equity Backed By



ALDRICH CAPITAL PARTNERS

 BENVALOR Legal Advisors  Lexence


---

CFAW Amsterdam initiated and acted as  
advisor to the seller in the transaction

---


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Since 1956

*This announcement appears as a matter of record only*




ACTOS GROEP

with equity backing from



VE PARTNERS

has acquired



resultaatgroep


---

CFAW Amsterdam initiated and acted as  
advisor to the buyer in the transaction

---


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*This announcement appears as a matter of record only*




Transnetyx<sup>®</sup>  
Serving research. Saving time.

a portfolio company of



THOMPSON STREET CAPITAL PARTNERS

has acquired




a-tune  
make IT simple  
Darmstadt, Germany

---

DMF Group and Corporate Finance Associates  
jointly acted as exclusive M&A advisors to a-tune  
Software AG in a structured global sales process

---

 DMF Capital **cfa** | CORPORATE FINANCE ASSOCIATES  
Since 1956

*This announcement appears as a matter of record only*



FutureCom  
Cybersecurity Delivered.

has been acquired by



e+  
Where Technology Means More<sup>®</sup>







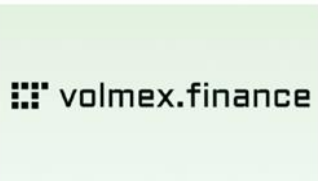





















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The undersigned initiated the transaction  
and acted as the exclusive  
investment banker to the seller

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**cfa** | CORPORATE FINANCE ASSOCIATES  
Securities transacted through Corporate Finance Securities, Inc.  
Since 1956

# Recent Industry Transactions

<p><i>This announcement appears as a matter of record only</i></p>  <p><b>CorrectCare</b> INTEGRATED HEALTH</p> <p><i>has been acquired by</i></p>  <p><b>Health Comp</b> a portfolio company of NEW MOUNTAIN CAPITAL LLC</p> <hr/> <p><i>The undersigned initiated and acted as exclusive advisor to Correct Care in the transaction</i></p>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p><b>eGroup</b> together we make IT happen</p> <p><i>has been acquired by The Leadership Team and</i></p>  <p><b>EVOLUTE</b> Capital</p> <p>HUNT TECHNOLOGY VENTURES, L.P.</p> <hr/> <p><i>The undersigned acted on behalf of eGroup</i></p>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p><b>volmex.finance</b></p> <hr/> <p><i>The undersigned acted as Purchaser Representative to recipients of VOLX Token Interest</i></p>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p><b>moxit</b></p> <p><i>has been acquired by</i></p>  <p><b>Wonderschool</b></p> <hr/> <p><i>The undersigned acted as Purchaser Representative to shareholders of Moxit, Inc.</i></p>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p><b>swiss commerce</b> and <b>PIEMONTANA</b></p> <p><i>have entered into a joint venture to form</i></p>  <p><b>SMILE 365</b></p> <p>a B2C e-Commerce Sales Platform for Dental Consumer Items</p> <hr/> <p><i>CFAW Zurich initiated the discussions between the two joint venture partners and supported the preparations for the joint venture</i></p>  <p>CORPORATE FINANCE ASSOCIATES <small>Since 1956</small></p>
<p><i>This announcement appears as a matter of record only</i></p>  <p><b>3D-P</b> Technology II Connected</p> <p><i>has been acquired by</i></p>  <p><b>Epiroc</b></p> <hr/> <p><i>The undersigned initiated the transaction and acted as the exclusive investment banker to the seller</i></p>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p><b>Hero Research, Inc.</b></p> <p><i>has been acquired by</i></p>  <p><b>people.ai</b></p> <hr/> <p><i>The undersigned acted as Purchaser Representative to shareholders of Hero Research, Inc.</i></p>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p><b>PRODIGY</b></p> <p><i>has been acquired by</i></p>  <p><b>Upstart</b> (NASDAQ: UPST)</p> <hr/> <p><i>The undersigned acted as Purchaser Representative to shareholders of Prodigy Software, Inc.</i></p>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p><b>Goldfinch</b></p> <hr/> <p><i>The undersigned acted as Purchaser Representative to recipients of GFI Token Interest</i></p>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>	<p><i>This announcement appears as a matter of record only</i></p>  <p><b>HiQo solutions</b></p> <p><i>has been acquired by</i></p>  <p><b>LIBERTY STREET</b> GLOBAL MACRO INVESTMENTS</p> <hr/> <p><i>The undersigned initiated and acted as the exclusive investment banker to the seller in the transaction</i></p>  <p>CORPORATE FINANCE ASSOCIATES <small>Securities transacted through Corporate Finance Securities, Inc.</small></p>