

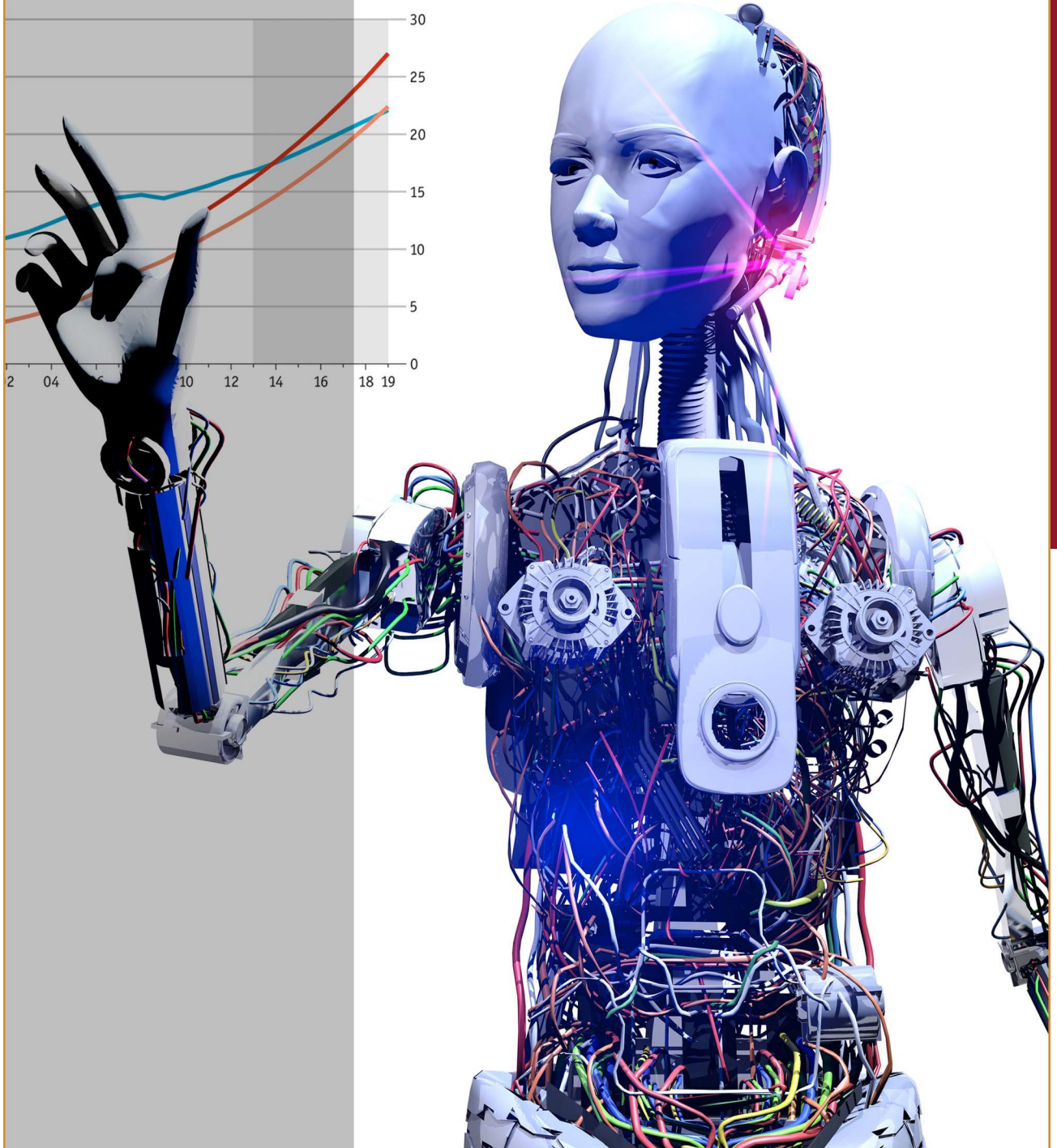
# Technology, Media and Telecom

INDUSTRY REPORT

Spring | 2024

CREATING  
M&A STRATEGIES  
FOR BUSINESS OWNERS

SINCE 1956





# Table of Contents

Market Observations .....	3
Transaction Highlights .....	11
Public Companies .....	14
CFA Overview .....	24



# Market Observations

# Market Summary

## Technology Market

In recent years, the landscape of the technology, media, and telecommunications (TMT) industry has been marked by a fervent pursuit of growth, often at the expense of profitability. This strategy flourished in an era characterized by low interest rates and ample access to tech-friendly funding. However, the tide has shifted. Based on a report by Simon Kucher, as interest rates rise and financial institutions face instability, the once abundant capital for tech ventures has become scarce. Consequently, companies within the TMT sector find themselves navigating a challenging terrain where growth must be balanced with sustainability. In the year 2024, the imperative for TMT enterprises is clear: to integrate new technologies strategically into their growth strategies while safeguarding profitability. The advent of Generative AI, in particular, holds significant promise for TMT companies, reshaping operations, innovation, and service delivery. Amidst these technological advancements, companies must also grapple with the reality of customer tech-stack consolidation, driven by tighter capital constraints. With reduced spending on tech solutions, competition within TMT markets intensifies, underscoring the need for innovative approaches to sustain growth. As companies confront these challenges, the focus shifts towards understanding core value propositions, nurturing existing customer bases, and effectively monetizing new technologies. In this dynamic landscape, prioritizing customer retention emerges as a pivotal strategy, leveraging the inherent value of loyal clientele to drive revenue and ensure long-term viability. Moreover, as market dynamics evolve unpredictably, companies must remain agile, embracing defensive pricing strategies and sales approaches to navigate economic uncertainties. In 2024, those leading the TMT industry will be individuals who not only adjust to market shifts but also actively influence them, utilizing technology, innovation, and customer-centric approaches to excel in a continually changing environment filled with both opportunities and challenges.

## Public Company Valuation

The CFAW Select Technology Index increased by 29.1% in the first quarter of 2024 and the 12-month return on the index was up by 71.3%. Semiconductor and Other Electronic Component Manufacturing Index recorded the highest increase of 60.0% amongst all the indices in the first quarter, as well as the highest increase of 143.4% in the 12-month period. Other Telecommunications Index had the highest decline of 14.7% in the three months period whereas Electronics and Appliance Stores Index had the highest decline of 1.0% in the 12 months period. Semiconductor and Other Electronic Component Manufacturing had the highest median EBITDA multiple of 48.0x while Software Publishers had the highest median revenue multiple of 8.4x. Electronics and Appliance Stores Index had the lowest median revenue multiple of 0.6x while Professional and Commercial Equipment and Supplies Merchant Wholesalers Index had the lowest median EBITDA multiple of 10.2x. Computer Systems Design and Related Services; Data Processing, Hosting, and Related Services and Other Telecommunications had median EBITDA multiples of 14.0x, 16.3x, 12.8x and median revenue multiples of 2.0x, 4.4x and 1.4x respectively.



*The public technology market increased in the first quarter of 2024...*

## Merger & Acquisition

The number of mergers and acquisitions in the technology, media, and telecom industry increased in the first quarter of 2024. According to a report by PwC, in 2024, TMT sector anticipate an uptick in dealmaking, buoyed by advances in generative AI, stability in interest rates, robust private equity (PE) capital, and heightened demand for deals. A focused effort on extracting maximum value from each deal is expected, particularly given the increased cost of capital. Hot spots for M&A activity include software, driven by its subscription-based models, telecom consolidation, and the resurgence of Netco models, especially in Europe. Additionally, streaming services, benefiting from reduced ambiguity in production costs and enhanced consumer insights, are poised for consolidation.

# Industry Trends

## Smartphone authentication: The killer app that can augment the smartphone's utility

In 2024, the smartphone is poised for one of its most successful years to date, despite modest sales forecasts. With authentication emerging as a pivotal addition to its value, smartphones are anticipated to authenticate processes across an expanding spectrum of actions, from accessing websites to controlling entry into physical buildings. While the usage of smartphones as authenticators may still be a fraction of its long-term potential, it is expected to gain traction, particularly in managing fraudulent access to online accounts. Two-factor authentication (TFA) and passkeys are anticipated to play crucial roles in enhancing security, repelling automated bot attacks and bulk phishing attempts. Passkeys, in particular, are poised to become the medium-term replacement for passwords, offering a more secure and convenient alternative. The momentum behind passkeys is further bolstered by the support from major tech giants like Apple, Microsoft, and Google. Additionally, smartphones are anticipated to play an increasingly significant role in authenticating transactions, both online and in stores, as well as validating physical access into buildings. As society migrates towards smartphone-based authentication, it is imperative to ensure a smooth transition for all users, recognizing the transformative potential of smartphones in reshaping authentication processes across various domains.

## 5G Expansion and Network Densification Driving Efficiency and ROI Across Industries

Enterprises are prioritizing efficient network capacity for better ROI, with global mobile data traffic which drives the proliferation of 5G private networks and small-cell densification across sectors like manufacturing, mining, healthcare, shipping, and the public sector. Operators focus on standalone 5G deployments for security, compliance, high throughput, and ROI, leveraging integrated SIMs/eSIMs for differentiated pricing tiers and network slicing options on 5G SA networks. Public sector enterprises, manufacturers, healthcare organizations, and retail enterprises anticipate over 20% cost reductions via proven use cases and collaboration. Private 5G sites and network slicing integrate broadband push-to-talk, collaboration, messaging, and RCS-interoperable messaging services. B2B2X relationships and B2B applications rely heavily on video-centric solutions for factory vision inspection, environmental monitoring, surveillance, intelligent transport, remote collaboration, live broadcasting, and personalized advertisements. In-building 5G solutions extend operators' ROI in dense urban areas through location-based ads and e-commerce-supported streaming. OTTs and operators bundle services beyond video-only content, including telephony, conferencing, voice, and chat. ISG forecasts these trends driving acquisitions in the TME industry midmarket, focusing on 5G, gaming, eSports, ad-supported streaming, TV commercials, digital media, retail media networks, and international productions in 2024.



## Evolving Enterprise Connectivity Landscape: Integration, Competition, and Opportunities

According to Deloitte, enterprise connectivity is undergoing a transformation, marked by increased integration within provider ecosystems and a proliferation of connectivity offerings from cloud providers. Cloud providers are expanding their role by offering connectivity solutions that enhance performance for their cloud services, intensifying competition with traditional Cloud Service Providers (CSPs). This shift may prompt some connectivity service buyers to view cloud companies as potential alternatives to CSPs, placing added pressure on CSPs to differentiate their offerings while capitalizing on their strengths. The transition to cloud-based workloads, coupled with factors like hybrid work models and diverse endpoints, has spurred many companies to adopt hybrid networks spanning multiple cloud regions and on-premise data centers. This shift alters their connectivity landscape significantly and presents opportunities for CSPs to enhance integration within this evolving ecosystem. By facilitating better connectivity across these ecosystems, CSPs can position themselves to replace legacy product revenues with next-generation solutions focused on advisory services, integration, and management.

# Significant News

## Disney harnesses AI to drive streaming ad technology

February 10, 2024, ET Telecom

“Walt Disney is harnessing artificial intelligence to power a new advertising tool that will help brands tailor their commercials to fit the mood of specific scenes within a movie or television series.”

[Read More >](#)

## Houthis could cut undersea global internet cables, minister warns

February 05, 2024, Business Insider

“Yemen's UN-recognized government has warned of the possibility that Houthi rebels could cut undersea internet cables off the country's Red Sea coast, calling it "a serious threat to one of the most important digital infrastructures in the world.”

[Read More >](#)

## Faced with slow 5G rollout, EU telcos single out Big Tech again

January 29, 2024, Reuters

“European telecommunications lobbying group ETNO on Monday again urged Big Tech to help pay for the rollout of 5G and broadband as it released data showing Europe trails the United States and Asia in 5G networks, cloud computing, investments and revenues.”

[Read More >](#)

# M&A Metrics

## Technology, Media, and Telecom Industry

The number of transactions in the Technology, Media and Telecom industry decreased in Q1 2024. The number of transactions decreased from 304 in Q4 2023 to 300 in Q1 2024. The number of sub- \$50 million transactions increased from 275 in Q4 2023 to 295 in Q1 2024. The number of transactions above \$100 million decreased from 20 in Q4 2023 to 3 in Q1 2024. The total number of M&A transactions year on year decreased by 28.4% from 419 in Q1 2023 to 300 in Q1 2024.



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

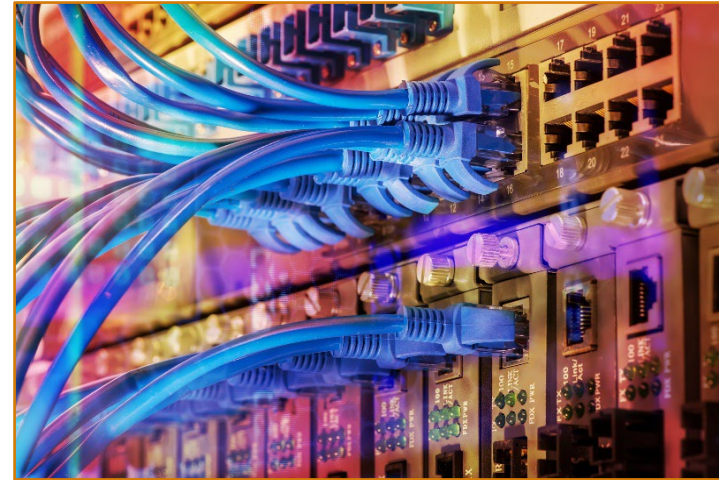
Transaction Value	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Not Disclosed	352	326	272	246	272
Under \$10 MM	33	25	22	18	15
\$10 - \$25 MM	8	16	5	5	4
\$25 - \$50 MM	4	9	8	6	4
\$50 - \$100 MM	6	6	5	9	2
\$100 - \$500 MM	11	9	8	10	2
\$500 MM+	5	3	6	10	1
<b>Total Transactions</b>	<b>419</b>	<b>394</b>	<b>326</b>	<b>304</b>	<b>300</b>

Source: FactSet

# M&A Metrics – Spotlight Sector

## M&A Metrics – Spotlight Sector: IT

M&A activity in the IT industry increased in Q1 2024. The number of transactions increased from 241 in Q4 2023 to 254 in Q1 2024. The number of sub- \$50 million transactions increased from 225 in Q4 2023 to 248 in Q1 2024. The number of transactions above \$100 million decreased from 9 in Q4 2023 to 3 in Q1 2024. The total number of M&A transactions decreased 11.8% year on year from 288 in Q1 2023 to 254 in Q1 2024.



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

Transaction Value	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Not Disclosed	260	241	221	207	217
Under \$10 MM	19	20	21	12	21
\$10 - \$25 MM	3	11	4	2	3
\$25 - \$50 MM	1	6	5	4	7
\$50 - \$100 MM	2	5	1	7	3
\$100 - \$500 MM	2	4	6	5	3
\$500 MM+	1	1	6	4	0
<b>Total Transactions</b>	<b>288</b>	<b>288</b>	<b>264</b>	<b>241</b>	<b>254</b>

Source: FactSet



# Industry Metrics

## Industry Financial Data and Ratios

NAICs 443142 - Electronics Stores

Financial Metric	Last12 Mo	2023	2022
Current Ratio	2.26	2.5	3.28
Gross Profit Margin	32.57%	30.25%	41.33%
Net Profit Margin	2.46%	1.50%	4.24%
Accounts Receivable Days	24.44	29.52	27.47
Accounts Payable Days	47.82	49.33	47.44
Debt-to-Equity Ratio	1.84	1.73	2.5
Return on Equity	17.50%	12.99%	36.96%
Sales per Employee	--	--	--
Profit per Employee	--	--	--
Sales Growth	52.14%	52.14%	13.59%
Profit Growth	136.37%	136.37%	2.19%

NAICs 423430 - Computer & Computer Peripheral Equipment & Software

Financial Metric	Last12 Mo	2023	2022
Current Ratio	2.62	2.85	2.75
Gross Profit Margin	30.71%	31.40%	34.40%
Net Profit Margin	-0.08%	-4.03%	2.06%
Accounts Receivable Days	49.06	50.66	59.03
Accounts Payable Days	36.64	45.54	52.38
Debt-to-Equity Ratio	2.72	2.4	2.69
Return on Equity	18.59%	13.45%	44.10%
Sales per Employee	--	--	--
Profit per Employee	--	--	--
Sales Growth	--	--	13.06%
Profit Growth	--	--	38.18%

NAICs 5415 - Computer Systems Design and Related Services

Financial Metric	Last12 Mo	2023	2022
Current Ratio	3.18	3.05	3.65
Gross Profit Margin	58.20%	58.26%	60.55%
Net Profit Margin	8.34%	5.58%	5.76%
Accounts Receivable Days	56.59	68.12	51.64
Accounts Payable Days	36.43	36.02	29.94
Debt-to-Equity Ratio	2.77	2.73	2.13
Return on Equity	50.53%	41.76%	46.59%
Sales per Employee	\$220,783	\$196,681	\$231,140
Profit per Employee	\$59,046	\$59,046	\$27,515
Sales Growth	2.71%	3.85%	18.65%
Profit Growth	48.88%	46.72%	2.96%

NAICs 5182 - Data Processing, Hosting, and Related Services

Financial Metric	Last12 Mo	2023	2022
Current Ratio	3.16	2.88	2.76
Gross Profit Margin	63.64%	65.35%	70.00%
Net Profit Margin	7.77%	5.49%	3.03%
Accounts Receivable Days	63.87	70.57	62
Accounts Payable Days	40.82	46.32	48.01
Debt-to-Equity Ratio	3.66	3.75	3.18
Return on Equity	37.73%	32.59%	30.94%
Sales per Employee	--	--	\$420,456
Profit per Employee	--	--	\$23,544
Sales Growth	13.40%	14.74%	11.60%
Profit Growth	9.12%	9.56%	6.13%

Source: Profit Cents

# Industry Metrics

## Industry Financial Data and Ratios

### NAICs 5179 - Other Telecommunications

Financial Metric	Last12 Mo	2023	2022
Current Ratio	1.6	2.44	2.63
Gross Profit Margin	64.79%	57.14%	55.36%
Net Profit Margin	-8.60%	-2.27%	1.94%
Accounts Receivable Days	34.85	42.35	47.62
Accounts Payable Days	42.04	59.37	63.7
Debt-to-Equity Ratio	2.72	3.84	2.93
Return on Equity	-1.70%	29.23%	34.86%
Sales per Employee	--	--	--
Profit per Employee	--	--	--
Sales Growth	--	--	16.09%
Profit Growth	--	--	-15.19%

### NAICs 5112 - Software Publishers

Financial Metric	Last12 Mo	2023	2022
Current Ratio	2.08	2	3.39
Gross Profit Margin	77.77%	73.06%	70.71%
Net Profit Margin	-8.00%	-6.93%	-15.83%
Accounts Receivable Days	102.42	86.51	65.67
Accounts Payable Days	106.71	144.9	108.79
Debt-to-Equity Ratio	1.75	1.91	1.61
Return on Equity	13.98%	35.34%	12.22%
Sales per Employee	\$287,204	\$287,204	\$139,375
Profit per Employee	\$1,209	\$1,209	(\$43,046)
Sales Growth	10.19%	9.41%	17.02%
Profit Growth	-1.03%	-4.25%	14.06%

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

Financial Metric	Last12 Mo	2023	2022
Current Ratio	2.89	2.61	3.49
Gross Profit Margin	34.23%	29.99%	34.05%
Net Profit Margin	6.94%	3.83%	5.57%
Accounts Receivable Days	43.74	50.36	51.33
Accounts Payable Days	47.32	50.11	45.95
Debt-to-Equity Ratio	2.25	2.32	1.65
Return on Equity	22.86%	16.79%	19.98%
Sales per Employee	--	\$237,658	\$246,139
Profit per Employee	--	(\$94,450)	(\$1,458)
Sales Growth	20.74%	26.95%	18.10%
Profit Growth	52.34%	52.34%	34.64%

Source: Profit Cents



# Transaction Highlights

# Notable Transactions



**Yahoo Inc**, a portfolio company of Apollo Management LP acquired **Nokto Inc**, doing business as Artifact from Instagram's co-founders Kevin Systrom and Mike Krieger for an undisclosed amount. The acquisition expands service offerings of Yahoo Inc. Artifact (California) is located in San Francisco, California, United States and develops software. The transaction was closed on March 29, 2024.



In February 2024, **Integrus**, a portfolio company of **Frontenac Co LLC**, acquired Network People Inc for an undisclosed amount. The transaction allows Integrus to expand its service offerings. Following the acquisition, Network People LLC would join Integrus. Founded in 1997 by Cofounder, Nate Freeman, Network People Inc is located in Tampa, Florida, United States and Provides IT services. It has 20 Employees.



In January 2024, **Accenture** Plc acquired **Navisite LLC** from Remote DBA Experts LLC for an undisclosed amount. The acquisition bolsters Accenture Plc's application and infrastructure managed services capabilities. Navisite LLC is located in Andover, Massachusetts, United States and provides information technology consulting services. It has approximately 1,500 employees. The transaction was subject to customary closing conditions.



In January 2024, **Synagex Modern It** acquired **Ascentek Inc** for an undisclosed amount. This acquisition would strengthen their combined offerings in IT consulting, cybersecurity, and outsourcing services. Founded in 2000, Ascentek's areas of expertise include desktop and server support, network design and maintenance, email systems, network security, and help desk services and is located in Massachusetts, United States. It has three employees.



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# Select M&A Transactions

Date	Target Name	Acquirer Name	Enterprise Value (MM)	Revenue	EBITDA
29-Mar-2024	Nokto, Inc.	Apollo Management LP; Yahoo, Inc.	-	-	-
26-Mar-2024	SoftTech Solutions LLC (Maryland)	Falfurrias Capital Partners; Synergy ECP LLC	-	-	-
21-Mar-2024	Digital Seattle LLC	Tower Arch Capital LLC; Intelligent Technical Solutions LLC	-	-	-
12-Mar-2024	SuperSync	Netgain Solutions, Inc.	-	-	-
06-Mar-2024	CompuData, Inc.	CBIZ, Inc.	-	20.00	-
29-Feb-2024	Vcpi	h LLC; DAS Health Ventures LLC	-	-	-
28-Feb-2024	ServerCentral, Inc.	Silver Oak Services Partners LLC; Summit Hosting LLC	-	-	-
27-Feb-2024	Big Green IT LLC	Sourcepass, Inc.	-	-	-
26-Feb-2024	Network People LLC	Frontenac Co. LLC; Integris (United States)	-	-	-
20-Feb-2024	Kolide, Inc.	AgileBits, Inc.	-	-	-
31-Jan-2024	Vandata LLC	MHV Software LLC	-	-	-
30-Jan-2024	Navisite LLC	Accenture Plc	-	-	-
29-Jan-2024	Peak Resources, Inc. /Certain Assets/	ePlus, Inc.	-	-	-
25-Jan-2024	i-Tech Support, Inc.	Evergreen Services Group LLC	-	-	-
18-Jan-2024	Strategic Telecom Partners, Inc.	UPSTACK, Inc.	-	-	-
09-Jan-2024	Tail Wind Informatics Corp.	Trace3 LLC (California)	-	-	-
04-Jan-2024	Tech Team LLC	CloudScale365, Inc.	-	-	-
01-Jan-2024	Ascentek, Inc.	Synagex Modern IT	-	-	-

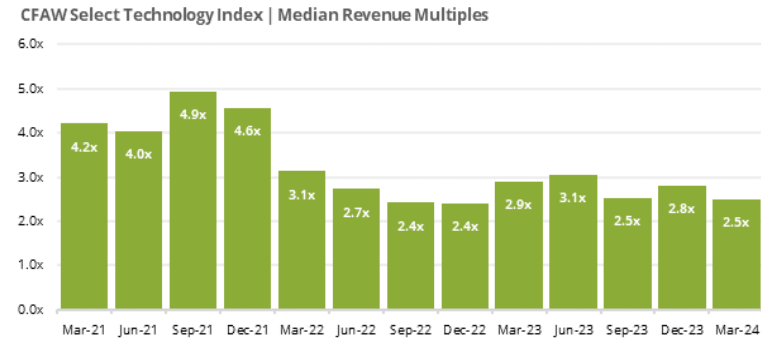
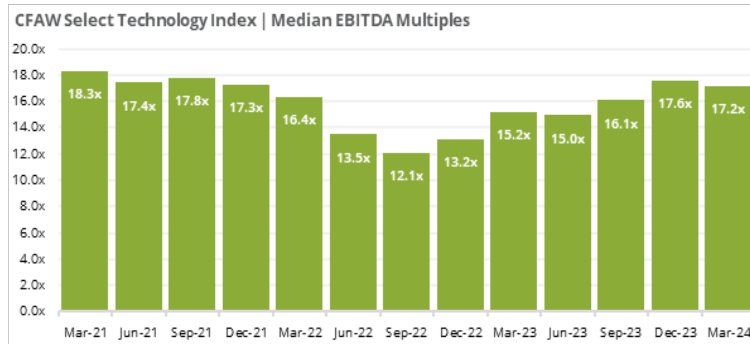
(\$ in millions) *Source: Factset*



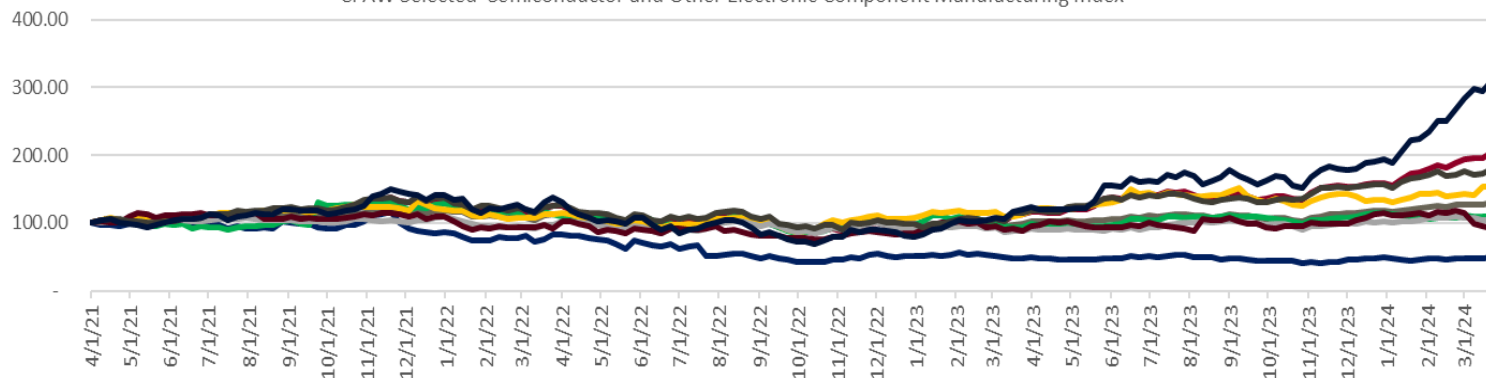
# Public Companies

# Industry Performance

## CFAW Select Technology Index



- 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

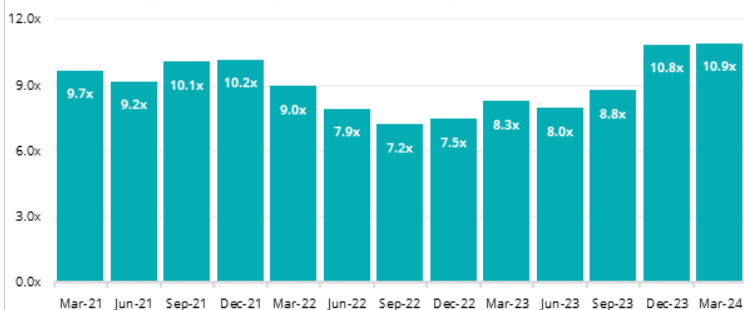


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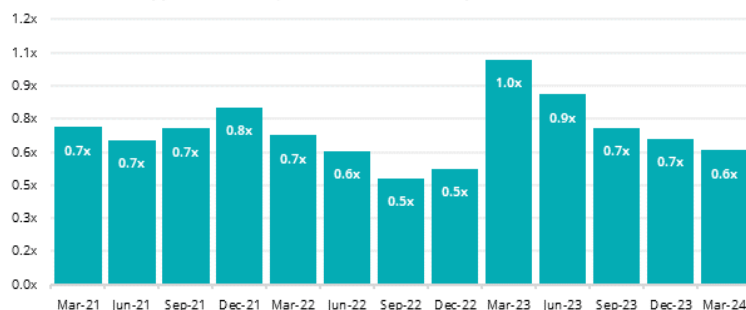
# Public Comparables

## Electronics and Appliance Stores

Electronics and Appliance Stores | Median EBITDA Multiples



Electronics and Appliance Stores | Median Revenue Multiples



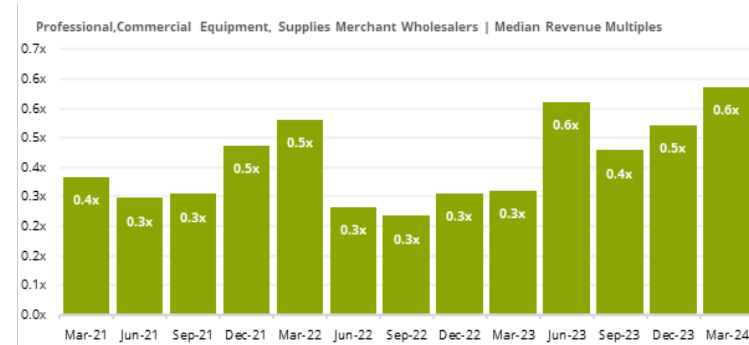
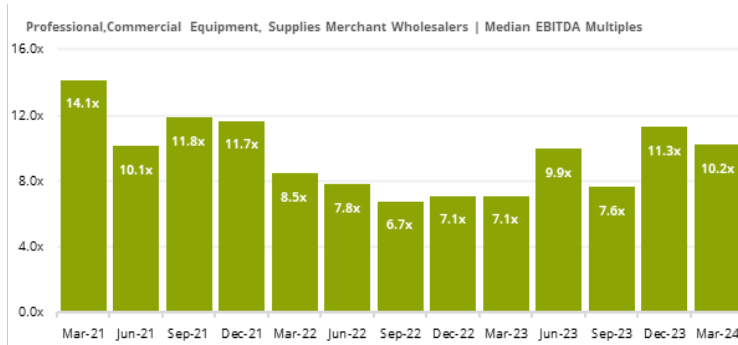
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
BBY-US	Best Buy Co., Inc.	\$82.03	215	\$17,669	\$20,204	\$43,452	\$2,639	0.5x	7.7x
COM7-TH	Com7 Public Co. Ltd.	\$0.52	2,400	\$1,256	\$1,462	\$1,999	\$133	0.7x	11.0x
CPW-TH	Copperwired Public Co. Ltd.	\$0.06	600	\$37	\$50	\$212	\$10	0.2x	4.9x
PLUS-US	ePlus inc.	\$78.54	27	\$2,117	\$2,023	\$2,146	\$183	0.9x	11.1x
FDEV-GB	Frontier Developments Plc	\$1.78	39	\$70	\$71	\$118	\$8	0.6x	9.2x
GME-US	GameStop Corp. Class A	\$12.52	306	\$3,830	\$3,230	\$5,273	\$27	0.6x	121.9x
2414-TAI	Unitech Computer Co., Ltd.	\$1.12	162	\$181	\$214	\$742	\$20	0.3x	10.8x
2453-TW	Syscom Computer Engineering Co., Ltd.	\$1.91	100	\$191	\$164	\$205	\$13	0.8x	12.9x
<b>Mean</b>					\$3,427	\$6,768	\$379	<b>0.6x</b>	<b>23.7x</b>
<b>Median</b>					\$838	\$1,370	\$23	<b>0.6x</b>	<b>10.9x</b>

Source: FactSet



# Public Comparables

## Professional,Commercial Equipment, Supplies Merchant Wholesalers

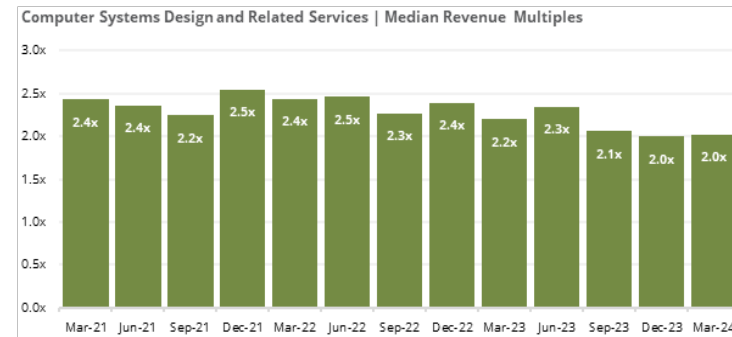
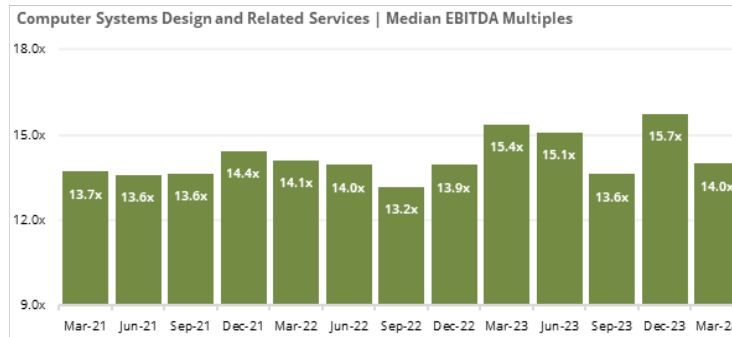


FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
ACT-PL	Action S.A.	\$5.67	19	\$106	\$93	\$568	\$13	0.2x	7.4x
ARB-GB	Argo Blockchain Plc	\$0.17	578	\$100	\$153	\$50	\$13	3.1x	11.6x
2332-TW	D-Link Corporation	\$0.58	603	\$350	\$316	\$511	\$15	0.6x	20.7x
DGW-VN	Digiworld Corp.	\$2.67	167	\$445	\$483	\$756	\$24	0.6x	20.2x
IVAC-US	Intevac, Inc.	\$3.84	27	\$102	\$41	\$53	(\$12)	0.8x	NM
PGNT-US	Paragon Technologies, Inc.	\$7.96	2	\$12	\$20	\$125	\$4	0.2x	4.4x
SCSC-US	ScanSource, Inc.	\$44.04	25	\$1,109	\$1,244	\$3,594	\$142	0.3x	8.8x
SWON-CH	SoftwareOne Holding Ltd.	\$18.45	159	\$2,926	\$2,514	\$1,125	\$184	2.2x	13.7x
SNX-US	TD SYNNEX Corporation	\$113.10	88	\$9,913	\$12,800	\$57,555	\$1,746	0.2x	7.3x
<b>Mean</b>					\$1,963	\$7,149	\$237	<b>0.9x</b>	<b>11.8x</b>
<b>Median</b>					\$316	\$568	\$15	<b>0.6x</b>	<b>10.2x</b>

Source: FactSet

# Public Comparables

## Computer Systems Design and Related Services

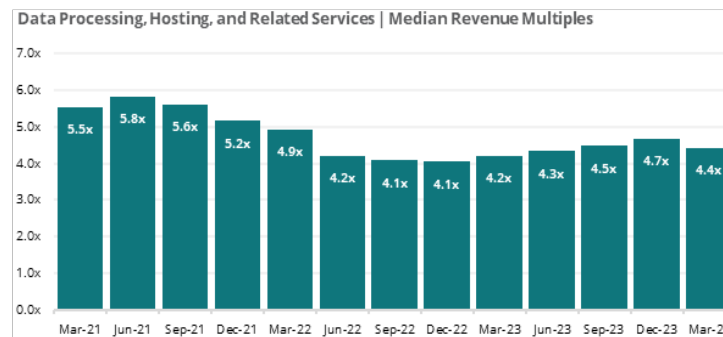
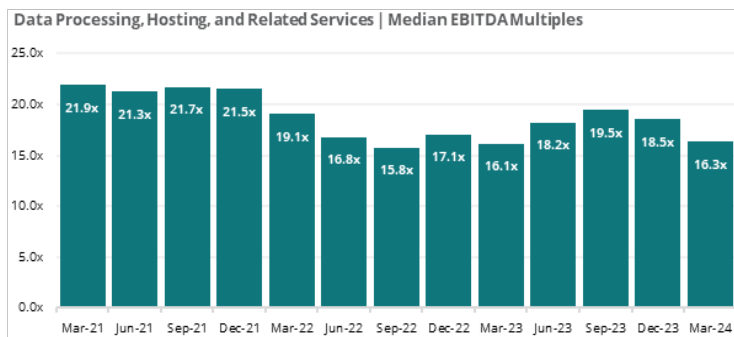


FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
DOX-US	Amdocs Limited	\$90.37	117	\$10,528	\$10,774	\$4,946	\$981	2.2x	11.0x
002649-CN	Beyondsoft Corporation Class A	\$1.48	592	\$876	\$657	\$927	-	0.7x	
CDW-US	CDW Corporation	\$255.78	134	\$34,330	\$40,015	\$21,376	\$1,995	1.9x	20.1x
ORCL-USA	Oracle Corporation	\$125.61	2,749	\$345,241	\$423,875	\$52,510	\$21,687	8.1x	19.5x
CTSH-US	Cognizant Technology Solutions Corporation Class A	\$73.29	498	\$36,487	\$35,167	\$19,353	\$3,463	1.8x	10.2x
JKHY-US	Jack Henry & Associates, Inc.	\$173.73	73	\$12,659	\$12,951	\$2,160	\$694	6.0x	18.7x
NTCT-US	NetScout Systems, Inc.	\$21.84	71	\$1,551	\$1,375	\$834	\$140	1.6x	9.8x
PRFT-US	Perficient, Inc.	\$56.29	35	\$1,968	\$2,259	\$907	\$162	2.5x	14.0x
SAIC-US	Science Applications International Corp.	\$130.39	52	\$6,734	\$8,921	\$7,444	\$646	1.2x	13.8x
VRSN-US	VeriSign, Inc.	\$189.51	101	\$19,122	\$19,993	\$1,493	\$1,045	13.4x	19.1x
<b>Mean</b>					\$55,599	\$11,195	\$3,424	<b>3.9x</b>	<b>15.1x</b>
<b>Median</b>					\$11,863	\$3,553	\$981	<b>2.0x</b>	<b>14.0x</b>

Source: FactSet

# Public Comparables

## Data Processing, Hosting, and Related Services



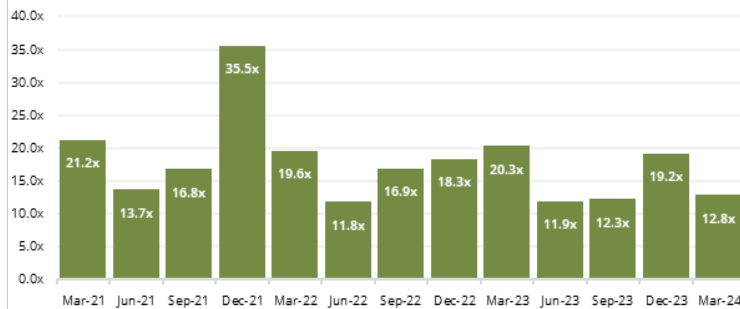
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
BFH-US	Bread Financial Holdings, Inc.	\$37.24	49	\$1,841	\$6,845	\$4,938	-	1.4x	
ASGN-USA	ASGN Incorporated	\$104.76	47	\$4,871	\$5,801	\$4,451	\$464	1.3x	12.5x
ADP-US	Automatic Data Processing, Inc.	\$249.74	411	\$102,591	\$104,361	\$18,586	\$5,263	5.6x	19.8x
DBX-US	Dropbox, Inc. Class A	\$24.30	263	\$6,399	\$9,033	\$2,502	\$554	3.6x	16.3x
EQIX-US	Equinix, Inc.	\$825.33	95	\$78,094	\$93,433	\$8,188	\$3,322	11.4x	28.1x
FDS-US	FactSet Research Systems Inc.	\$454.39	38	\$17,306	\$18,568	\$2,123	\$833	8.7x	22.3x
GPN-US	Global Payments Inc.	\$133.66	258	\$34,482	\$50,802	\$9,654	\$4,117	5.3x	12.3x
RXT-US	Rackspace Technology, Inc.	\$1.58	216	\$342	\$3,580	\$2,957	\$305	1.2x	11.8x
<b>Mean</b>					\$36,553	\$6,675	\$2,123	<b>4.8x</b>	<b>17.6x</b>
<b>Median</b>					\$13,801	\$4,694	\$833	<b>4.4x</b>	<b>16.3x</b>

Source: FactSet

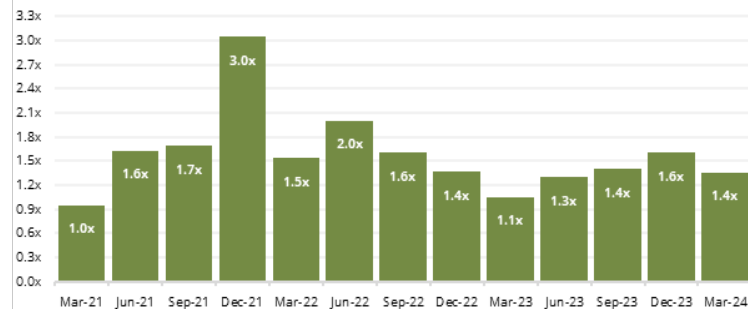
# Public Comparables

## Other Telecommunications

Other Telecommunications | Median EBITDA Multiples



Other Telecommunications | Median Revenue Multiples



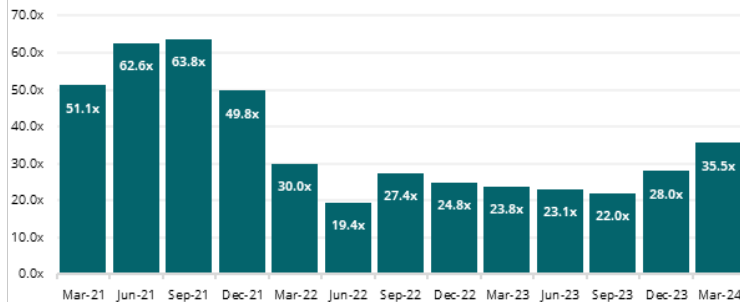
FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
ACGX-US	Alliance Creative Group, Inc.	\$0.31	1	\$0	\$5	\$5	\$0	1.0x	12.8x
CCOI-US	Cogent Communications Holdings Inc	\$65.33	47	\$3,098	\$4,813	\$941	\$121	5.1x	39.7x
KTEL	KonaTel, Inc.	\$0.64	43	\$27	\$30	\$18	(\$2)	1.7x	NM
LVWD-US	LiveWorld, Inc.	\$0.17	46	\$8	\$3	\$11	\$0	0.3x	6.4x
<b>Mean</b>					\$1,213	\$244	\$30	<b>2.0x</b>	<b>19.6x</b>
<b>Median</b>					\$18	\$15	\$0	<b>1.4x</b>	<b>12.8x</b>

Source: FactSet

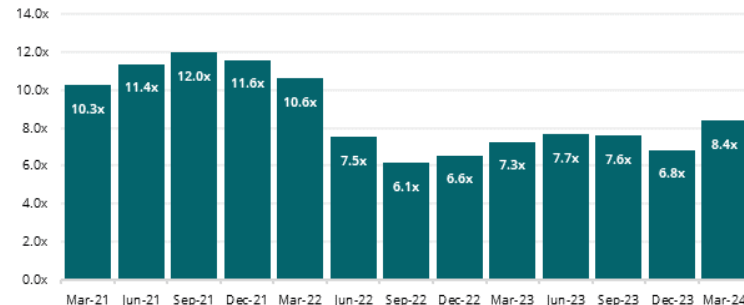
# Public Comparables

## Software Publishers

Software Publishers | Median EBITDA Multiples



Software Publishers | Median Revenue Multiples

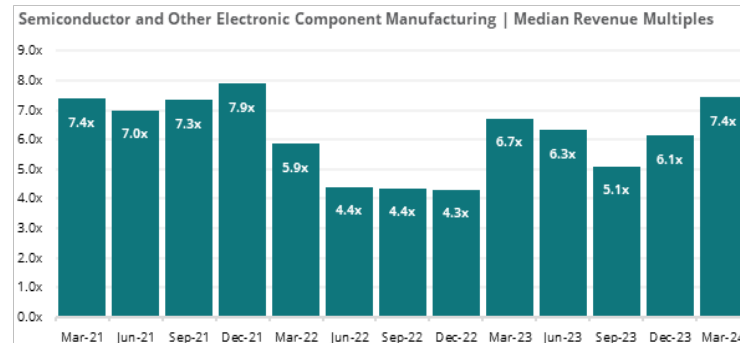
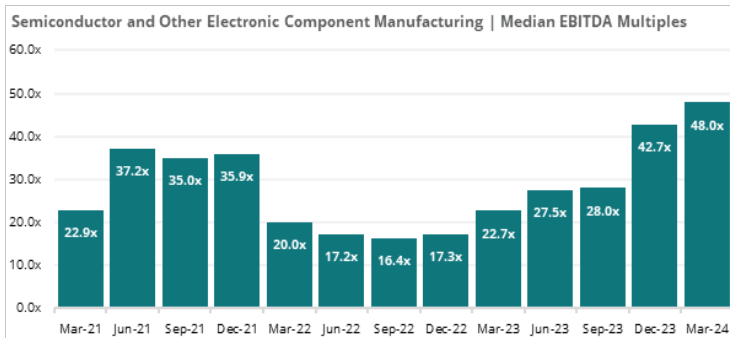


FactSet Identifier	Company \$USD in Millions	Share Price	Shares O/S	Market Cap	Enterprise Value	Revenues (LTM)	EBITDA (LTM)	Enterprise Value /	
								Revenues	EBITDA
BSY-US	Bentley Systems, Incorporated Class B	\$52.22	286	\$14,924	\$17,029	\$1,228	\$302	13.9x	56.3x
APPS-US	Digital Turbine, Inc.	\$2.62	102	\$267	\$592	\$572	\$56	1.0x	10.6x
EA-US	Electronic Arts Inc.	\$132.67	267	\$35,469	\$34,317	\$7,565	\$1,938	4.5x	17.7x
FTNT-US	Fortinet, Inc.	\$68.31	763	\$52,123	\$50,754	\$5,305	\$1,350	9.6x	37.6x
PANW-US	Palo Alto Networks, Inc.	\$284.13	323	\$91,802	\$90,610	\$7,527	\$901	12.0x	100.6x
PAYC-US	Paycom Software, Inc.	\$199.01	58	\$11,453	\$11,235	\$1,694	\$673	6.6x	16.7x
TYL-US	Tyler Technologies, Inc.	\$425.01	42	\$17,968	\$18,489	\$1,952	\$389	9.5x	47.5x
AVGO-US	Broadcom Inc.	\$1,325.41	463	\$614,223	\$678,260	\$38,865	\$20,283	17.5x	33.4x
RPD-US	Rapid7 Inc.	\$49.04	62	\$3,040	\$3,681	\$778	\$19	4.7x	198.1x
CHKP-US	Check Point Software Technologies Ltd.	\$164.01	121	\$19,806	\$17,643	\$2,386	\$938	7.4x	18.8x
<b>Mean</b>					\$92,261	\$6,787	\$2,685	<b>8.7x</b>	<b>53.7x</b>
<b>Median</b>					\$18,066	\$2,169	\$787	<b>8.4x</b>	<b>35.5x</b>

Source: FactSet

# Public Comparables

## Semiconductor and Other Electronic Component Manufacturing



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.	\$180.49	1,616	\$291,633	\$288,864	\$22,680	\$4,176	12.7x	69.2x
FSLR-US	First Solar, Inc.	\$168.80	107	\$18,036	\$16,550	\$3,319	\$1,252	5.0x	13.2x
INTC-US	Intel Corporation	\$44.17	4,228	\$186,751	\$215,789	\$54,228	\$9,633	4.0x	22.4x
LPTH-US	LightPath Technologies, Inc. Class A	\$1.38	38	\$52	\$59	\$32	(\$1)	1.8x	NM
MU-US	Micron Technology, Inc.	\$117.89	1,107	\$130,548	\$135,922	\$18,312	\$3,799	7.4x	35.8x
MPWR-US	Monolithic Power Systems, Inc.	\$677.42	49	\$32,964	\$31,830	\$1,821	\$522	17.5x	61.0x
NVDA-US	NVIDIA Corporation	\$903.56	2,500	\$2,258,900	\$2,243,972	\$60,922	\$34,480	36.8x	65.1x
SMTC-US	Semtech Corporation	\$27.49	65	\$1,775	\$3,027	\$869	\$50	3.5x	60.1x
TXN-US	Texas Instruments Incorporated	\$174.21	909	\$158,407	\$161,621	\$17,519	\$8,569	9.2x	18.9x
<b>Mean</b>					\$344,182	\$19,967	\$6,942	<b>10.9x</b>	<b>43.2x</b>
<b>Median</b>					\$135,922	\$17,519	\$3,799	<b>7.4x</b>	<b>48.0x</b>

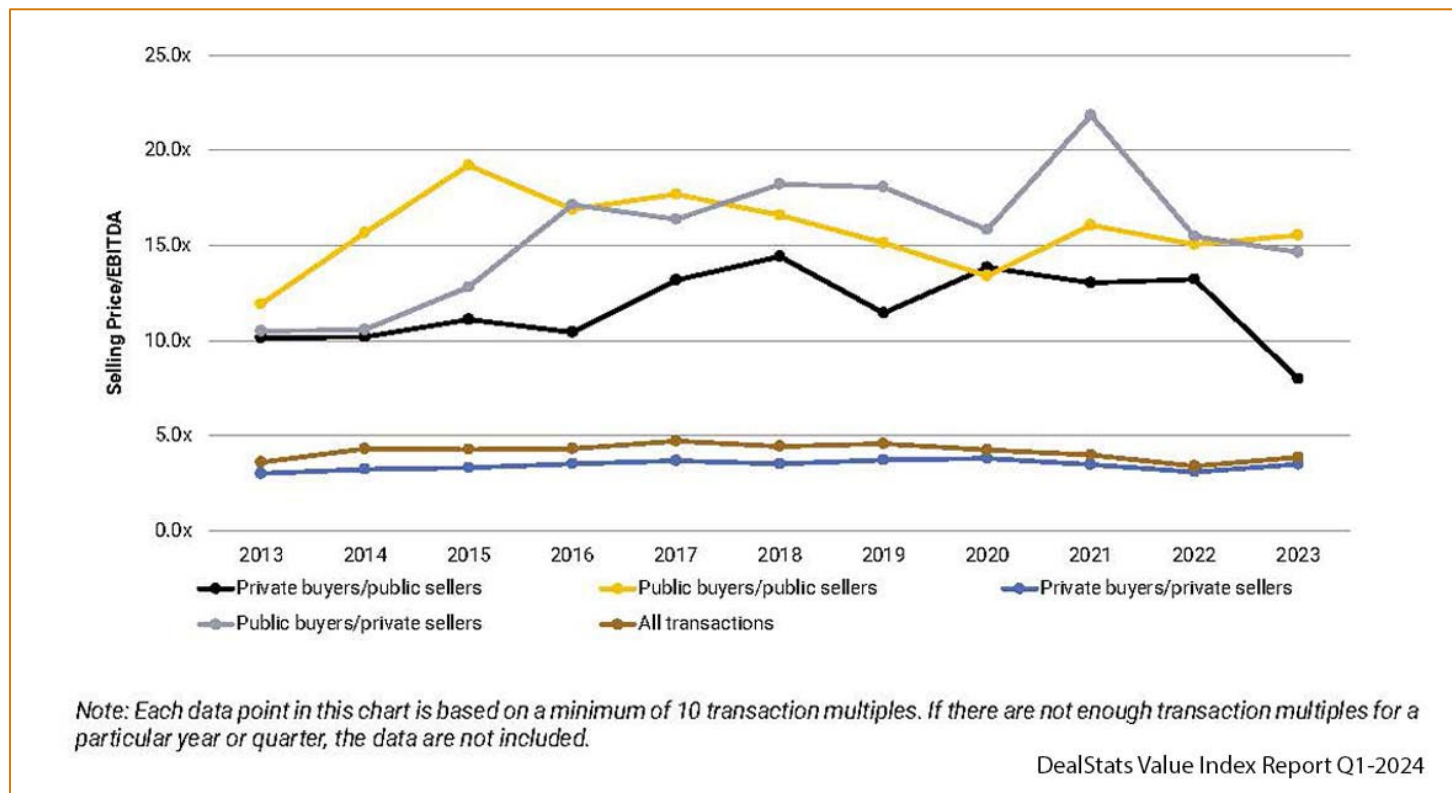
Source: FactSet

# 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.

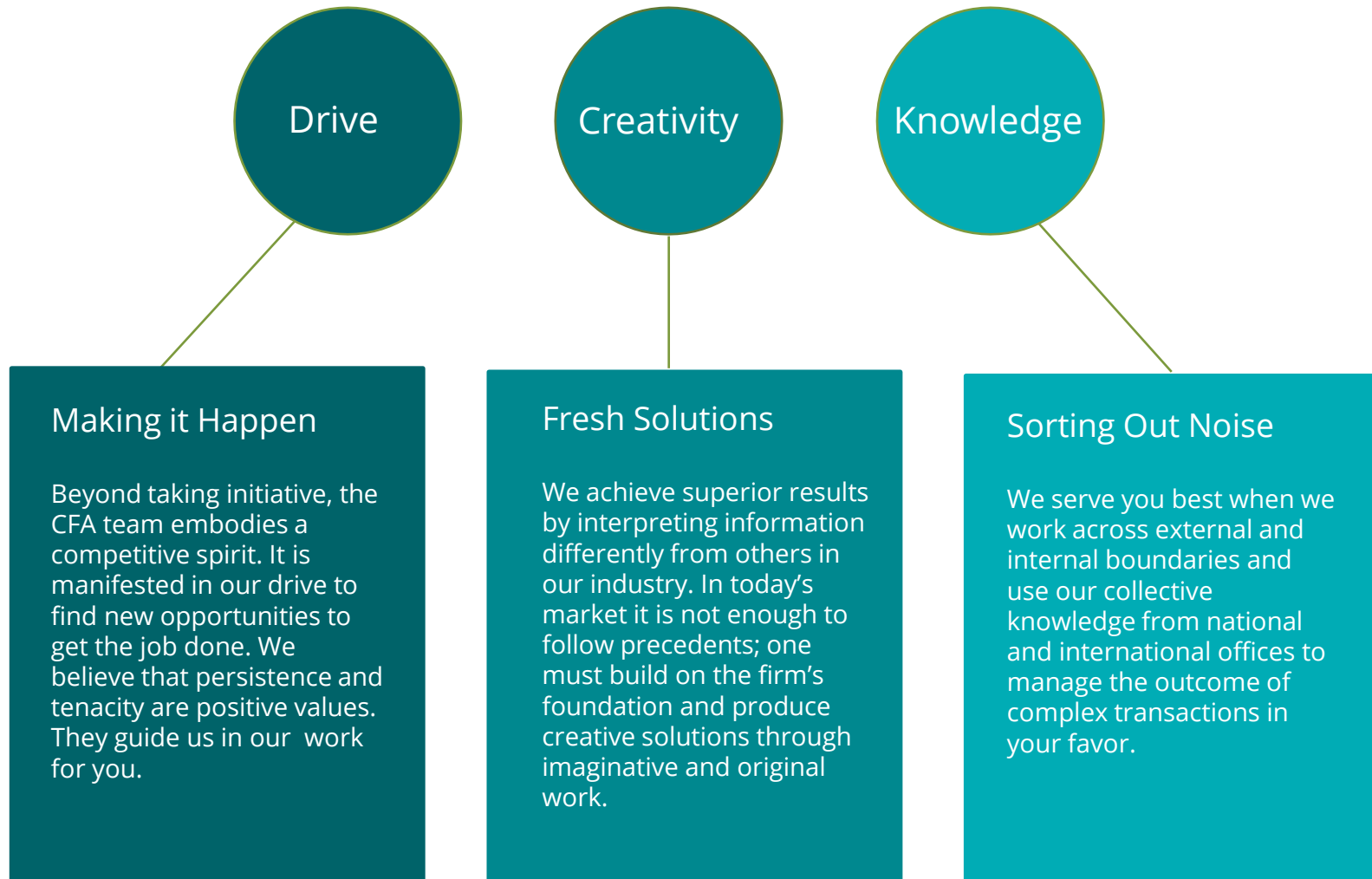
# Local Service, Global Reach

## Where We Are

With offices across the USA and in Austria, Belgium, Brazil, Germany, Hong Kong, India, Ireland, Italy, Mexico, Netherlands, 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



# 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

---

**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



kidskonnct

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

---

**cfa** | CORPORATE FINANCE ASSOCIATES  
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

---


**cfa** | CORPORATE FINANCE ASSOCIATES  
Since 1956

*This announcement appears as a matter of record only*



AUR

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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Since 1956

*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>

---

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

# Recent Industry Transactions

*This announcement appears as a matter of record only*



**CorrectCare**  
INTEGRATED HEALTH

*has been acquired by*



**Health Comp**  
a portfolio company of  
NEW MOUNTAIN CAPITAL LLC


---

*The undersigned initiated and acted as exclusive advisor to Correct Care in the transaction*




**CORPORATE FINANCE ASSOCIATES**  
Securities transacted through Corporate Finance Securities, Inc.

*This announcement appears as a matter of record only*



**eGroup**  
together we make IT happen

*has been acquired by  
The Leadership Team and*




**EVOLUTE**  
Capital

HUNT TECHNOLOGY VENTURES, L.P.

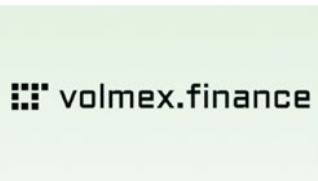
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*The undersigned acted on behalf of eGroup*



**CORPORATE FINANCE ASSOCIATES**  
Securities transacted through Corporate Finance Securities, Inc.


*This announcement appears as a matter of record only*



**volmex.finance**

---

*The undersigned acted as Purchaser Representative to recipients of VOLX Token Interest*



**CORPORATE FINANCE ASSOCIATES**  
Securities transacted through Corporate Finance Securities, Inc.

*This announcement appears as a matter of record only*



**moxit**

*has been acquired by*



**Wonderschool**

---

*The undersigned acted as Purchaser Representative to shareholders of Moxit, Inc.*



**CORPORATE FINANCE ASSOCIATES**  
Securities transacted through Corporate Finance Securities, Inc.

*This announcement appears as a matter of record only*



**swiss commerce**  
and  
**PIEMONTANA**

*have entered into a joint venture to form*



**SMILE 365**

a B2C e-Commerce Sales Platform for Dental Consumer Items

---

*CFAW Zurich initiated the discussions between the two joint venture partners and supported the preparations for the joint venture*



**CORPORATE FINANCE ASSOCIATES**  
Since 1956

*This announcement appears as a matter of record only*



**3D-P**  
Technology II Connected

*has been acquired by*



**Epiroc**

---

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



**CORPORATE FINANCE ASSOCIATES**  
Securities transacted through Corporate Finance Securities, Inc.

*This announcement appears as a matter of record only*



**Hero Research, Inc.**

*has been acquired by*



**people.ai**


---

*The undersigned acted as Purchaser Representative to shareholders of Hero Research, Inc.*




**CORPORATE FINANCE ASSOCIATES**  
Securities transacted through Corporate Finance Securities, Inc.

*This announcement appears as a matter of record only*



**PRODIGY**


*has been acquired by*



**Upstart**  
(NASDAQ: UPST)


---

*The undersigned acted as Purchaser Representative to shareholders of Prodigy Software, Inc.*



**CORPORATE FINANCE ASSOCIATES**  
Securities transacted through Corporate Finance Securities, Inc.


*This announcement appears as a matter of record only*



**Goldfinch**

---

*The undersigned acted as Purchaser Representative to recipients of GFI Token Interest*



**CORPORATE FINANCE ASSOCIATES**  
Securities transacted through Corporate Finance Securities, Inc.

*This announcement appears as a matter of record only*



**HiQo solutions**

*has been acquired by*



**LIBERTY STREET**  
GLOBAL MACRO INVESTMENTS

---

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



**CORPORATE FINANCE ASSOCIATES**  
Securities transacted through Corporate Finance Securities, Inc.