Technology M&A Review – Mid Year

July 2020

ICON | GLOBAL TECH BANKING

Contents

Key Findings

NASDAQ - WHAT CRISIS?

- Massive government stimulus launched in response to coronavirus – whatever it takes
- Interest rates fall to record lows and look set to stay low for longer
- Wave of cheap money fuels strong equity market rebound
- Technology sector is a clear winner – NASDAQ hits new highs
- Lots of UK Technology M&A activity only 20% lower than normal in H1
- Active sectors are Cybersecurity, FinTech, Logistics, Property related and Cloud services
- Overseas buyers are key in UK, accounting for a record 49% of deals
- Busy acquirers in UK in 2020 are MRI Software, Descartes, HelpSystems, Microsoft and ClearCourse
- 2019 was Year of The Pig. For many, 2020 looks like a Pig of a Year.

Key M&A Statistics

No. GLOBAL TECH M&A DEALS H1
3,899
-20%
5-YEAR AVERAGE 4854 / 3899 2020

No. UK TECH M&A DEALS H1
323
-20%
5-YEAR AVERAGE 405 / 323 2020

No. GLOBAL TECH M&A DEALS Q2
1,686
-30%
5-YEAR AVERAGE 2421 / 1686 2020

Note that because of the record jump in deals in 2019 comparison is made to 5 year average deal volume

No. UK TECH M&A DEALS Q2
124
-37%
5-YEAR AVERAGE 197 / 124 2020

UK PERCENTAGE of CROSS BORDER DEALS
49%
2019 37% / 49% 2020

UK PRICE to EBIT (x) 12mth AVERAGE
16.3
2019 16.7 / 16.3 2020

Key Macro Statistics

FTSE
6,170
-18%
DEC 31 2019 7542 / 6170 JUN 30 2020

US$/£ EXCHANGE RATE
1.24
-6%
DEC 31 2019 1.33 / 1.24 JUN 30 2020

FTSE techMARK
3,705
-11%
DEC 31 2019 4167 / 3705 DEC 31 2018

NASDAQ
10,059
+15%
DEC 31 2019 8733 / 10059 JUN 30 2020

BITCOIN (US$)
7,386
+2%
DEC 31 2019 7217 / 7386 DEC 31 2020

NYSE FANG+
4,114
+32%
DEC 31 2019 3111 / 4114 JUN 30 2020

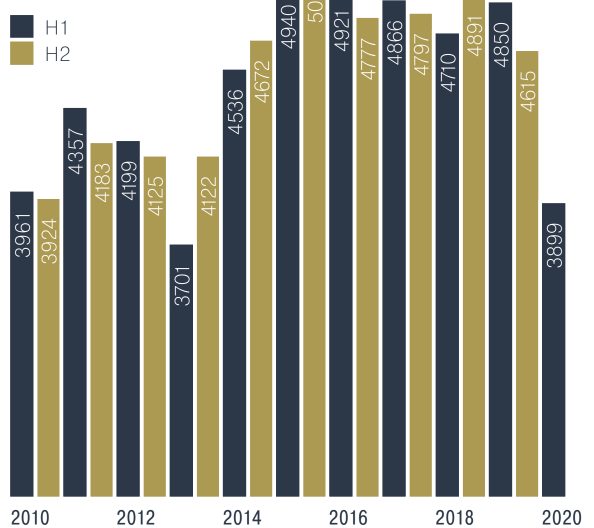
UNICORNS
478
+9%
DEC 31 2019 438 / 478 JUN 30 2020

Highlights

Clearly COVID-19 (and the resultant lockdown) has had a massive impact on everyone globally. Economic activity has dropped across the board and Technology M&A is not totally immune from that. Clearly M&A activity has fallen, but perhaps surprisingly there are lots of deals closing, thanks to Microsoft Teams and digital working. The purpose of this report is to demonstrate to interested readers the wide selection of tech deals that have closed so far this year.

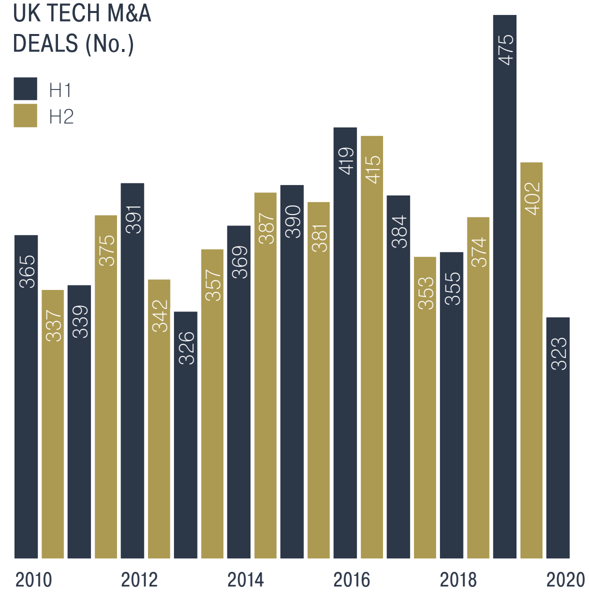
The Year of the Pig has been replaced by a Pig of a Year. Having said that, most equity markets have made significant recoveries from the COVID induced slump. Technology has been a clear winner, with the NASDAQ up an impressive 15% this year and the FANG+ index is up an unbelievable 32%. Central Banks are doing "whatever it takes" to reduce the economic impact of the pandemic. As a result, interest rates are at record lows and look set to remain at near zero for the foreseeable future. Many bonds are now negative yielding, which has pushed more money into riskier assets and the Technology sector has been a prime beneficiary of that.

GLOBAL TECH M&A DEALS (No.)



"124 UK deals closed in Q2 – a clear example of the acceleration of digital transformation"

UK TECH M&A DEALS (No.)



"UK tech deals down 20% in H1 compared to normal"

Despite strong stock markets, IPO volumes remain at near record lows. There have been a few notable successes in the USA (Zoom/Vroom/Lemonade) but shareholders looking to exit are still looking at either trade or private equity exits.

The M&A activity in UK Tech M&A has been pretty resilient, falling 20% in H1 to 323 deals. In lockdown, Q2 was 37% lower than normal (ie the 5-year average) but it is remarkable that 124 M&A deals closed. Despite everyone working from home, deals get done because of the acceleration in digital working in the form of video conferencing, virtual datarooms and cloud computing. It is a clear example of the acceleration of digital transformation. If COVID-19 had hit a decade earlier, then hardly any deals would surely have made it across the finish line.

Highlights continued...

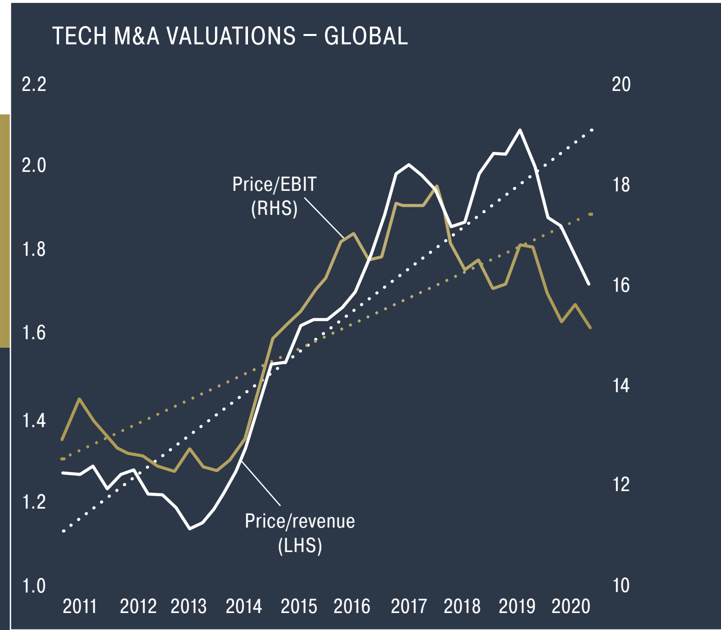
Overall UK Tech M&A valuations are the same as last year - at about 16x EBIT. Some valuations are significantly higher than that, particularly for higher growth, cloud-based, software businesses, where demand remains high and valuations of 5-9x revenues are not uncommon.

There are three main drivers in UK Tech M&A:

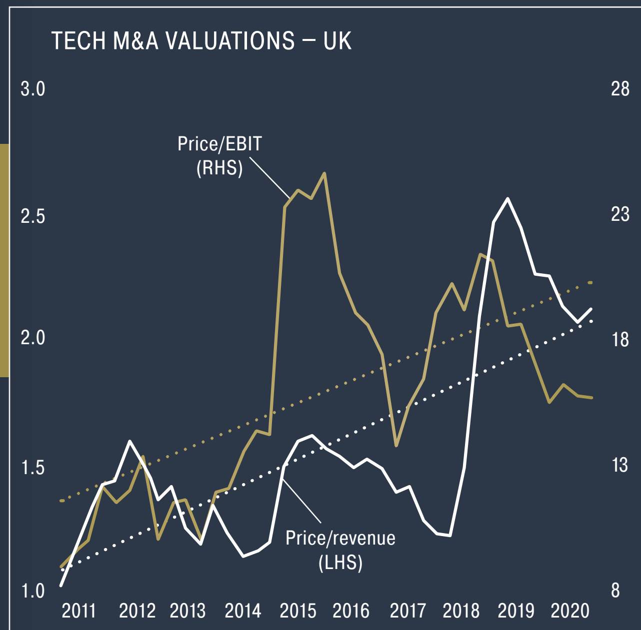
- **Overseas acquirers** now account for a record high, 49% of all Tech deals in UK (up from 37% last year). This year we have seen significant activity in the UK from Aptean, MRI Software, Descartes, HelpSystems, Microsoft, Broadridge, Accenture and Keysight, amongst others
- **Private equity funded buy-and-build programs** continue at pace notably: ClearCourse Partnership, Advanced, Access Group, Iris and Civica. They seem to be pigging out on a wave of cheap money
- **Restructuring.** A series of restructurings started before COVID-19 hit and is likely to continue as business refocuses. For example, in the UK we have seen Babcock sell its cyber arm to Accenture, BT have exited their legal software business to Advanced and Capita have exited their legal software assets to Access.

These are uncertain times, but we remain very busy on both funding and exit mandates and have closed 5 deals in lockdown. Despite working from home, it is not far off business as usual for many in the Tech sector. Sadly, for many others it looks a Pig of a Year.

"Global valuations slightly lower at 15x EBIT"



"UK valuations holding up well with EV/EBIT of 16"

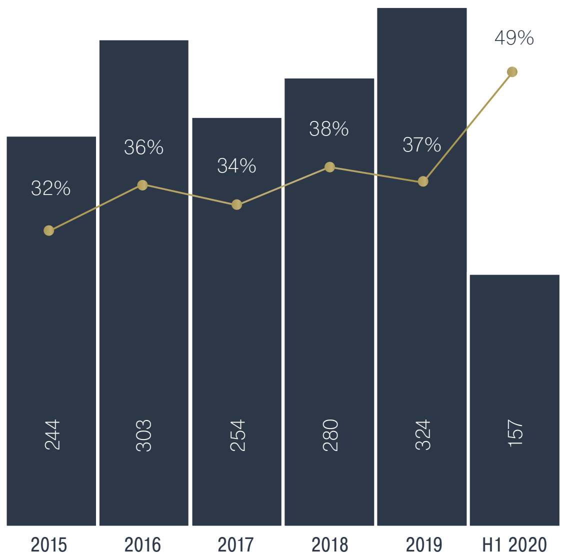


UK Tech M&A

Last year was a record one for UK Technology M&A activity with the number of deals up a massive 20%. The domestic fears and political uncertainty over Brexit did not deter buyers, far from it. This year started strongly but has inevitably been impacted by lockdown. Activity is lower than last year but, compared to normal activity in the past 5 years, the volume was down 20% in H1 and 37% in full lockdown in Q2.

> "Foreign buyers jump to nearly 50% of UK deals"

UK TECH M&A – OVERSEAS ACQUIRERS

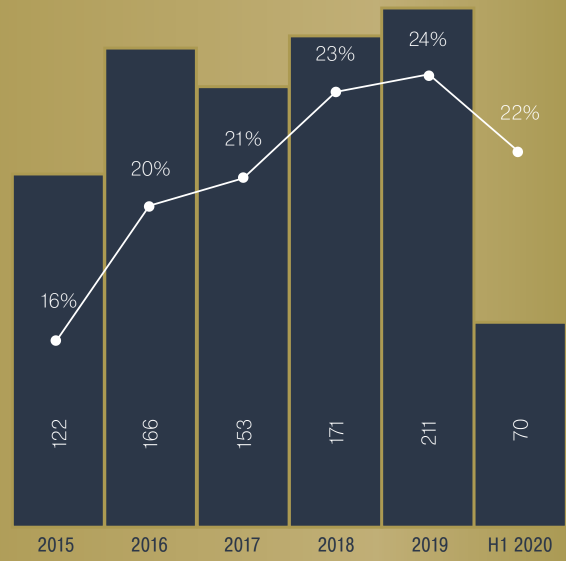


A total of 124 deals closed in Q2 with the help of Zoom / Teams and the main driving force was the strong overseas buying interest, which is at record levels. In fact, the cross-border deals accounted for a record high 49% of all deals.

Private equity funded acquisitions also remain one of the key drivers to tech M&A activity in 2020. The total VC/PE backed acquisitions account for 22% of all deals in H1, which is similar to 2019. With significant funds raised yet to be spent, this is set to remain high.

> "All the big buyers are still looking for deals"

UK TECH M&A – PE/VC BACKED ACQUIRERS

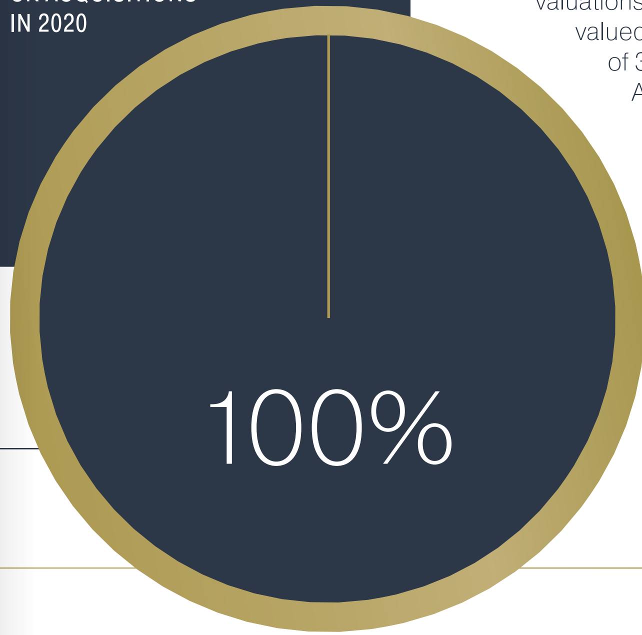


Interest from buyers of UK Tech companies remains strong. This was evidenced by the result of an **ICON Snap Survey** we carried out in the midst of lockdown in May when we asked all the Top UK acquirers of 2019 what their appetite for acquisitions was in 2020. Surprisingly, 100% of those who responded indicated that they are still interested in acquiring Tech businesses in 2020.

The valuations of UK tech deals have held up strongly in 2020. This is substantiated by a couple of UK private equity revaluations during the worst of lockdown. Firstly, Draper Esprit revalued their 66 tech companies in the portfolio and showed a 10% uplift in overall valuations as of the end of March. They valued the portfolio at an average of 3.2x current year revenues. Another example is from Hg Capital, their Top 20 portfolio companies (Visma, Iris, Access...) were revalued at end of Q1 at an average EV to EBITDA multiple of 19.6x which is a 7% fall since 31 December. Given the jump in the NASDAQ since then I imagine their next valuation will be higher.

ICON Snap Survey

TECH ACQUIRERS SEEKING UK ACQUISITIONS IN 2020



Largest UK Tech M&A Targets in H1 2020

EV £m	PURCHASER	TARGET	EV / T/o (x)
265	Keysight Technologies	eggplant	8.7
200	CityFibre	FibreNation	
107	accenture	context	4.1
104	DEMATIC	DAI	3.0
98	Wiley	mthree	2.2
82	mri Real Estate Software	Castleton Technology PLC	3.2
65	Sovereign Capital Partners	Murgitroyd	1.4
56	access	Eclipse	3.7
52	Broadridge	Funds Library	7.0
35	xerox	Arena group	2.0
30	ascent software	Purepoint	1.5
30	helpsystems	boldonjames	3.3
29	Motorola Solutions	IndigoVision	0.7
28	everbridge	CNL	3.0

FinTech

Broadridge has acquired **FundsLibrary**, a leader in fund document and data dissemination from Hargreaves Lansdown. FundsLibrary's services link fund managers to distributors and investors to provide information supporting fund sales. The solution helps fund managers increase distribution opportunities and comply with both UK domestic and EU regulations such as Solvency II and MiFID II. It makes information accessible for investors in a digital format. Bristol based FundsLibrary manages data for around 40,000 investment products and supports over 180 million requests each year. The cost of £53m equates to an impressive 7x revenues or nearly 30x profits.

M&G acquired Royal London's platform business **Ascentric**, a leading digital wrap and wealth management platform for advisers, with FUM of £14bn. It has around 1,500 adviser relationships and over 90,000 underlying customers. The acquisition gives M&G the capability to offer third-party fund management services, as well as ISA, SIPP and GIA wrappers on a single platform. Shareholders clearly approved, as the shares have jumped since the announcement.

Scottish based, **Beeks Financial Cloud**, has acquired **Velocimetrics** for £1.3m in cash and equity, plus earn-out. Velocimetrics provides real time network monitoring and trade analytics software to the financial services industry such as banks, brokers, exchanges, hedge funds and payments providers. It is paying about 1x revenues plus earn out. Earlier this year, Beeks had a £2m cash injection from the Scottish Government which looks like it will provide funding. With almost all its revenues being recurrent Beeks seems well placed and its shares are recovering after the COVID correction.

Interactive Investor acquired **The Share Centre** in a cash and shares deal worth around £62m, the two companies had been in talks for some time. Again, it's about gaining scale to sustain profits with continued investment in the platform technology. Shareholders will be happy as it's a 41% premium to the share price beforehand. Share Centre executive chairman Gavin Oldham said it would "transform" its business and work towards "a more egalitarian form of capitalism" in the coming years.

> "Cash is no longer king it seems"

One of the clear beneficiaries of COVID-19 has been in digital payments which has seen a huge wave of M&A activity in the past few years. With cash withdrawals in lockdown from UK ATMs down 60% (according to research by LINK) the digitalisation of payments has been accelerated by a lot of years in a few weeks. That is good news for Worldline who made by far the largest acquisition so far this year, acquiring Ingenico (see below for details).

Legal & Compliance

Acquisitive AIM-listed, compliance and risk management software specialist **Ideagen** has acquired health & safety e-learning brand **Workrite** from ergonomics company Posturite for a net cash consideration of £6.8m. That equates to about 4x revenues or about 10 forward profits. Its SaaS-based e-learning courses and applications help employers meet legal regulations, including first aid, equality and diversity. Clients include Credit Suisse, LSE, Panasonic, Kings College and The Law Society. There are just 16 staff so it's a nice tuck in following others such as **Redland Solutions**, (RegTech) and **Optima Diagnostics** (compliance) in 2019.

Mitratech, a US provider of legal and compliance software, acquired **ClusterSeven** to boost its data privacy and information governance efforts. ClusterSeven, based in London, provides a solution for discovering, managing and monitoring "Shadow IT" – the hidden, sensitive End User Computer (EUC) applications, spreadsheets, data assets and other applications that lie outside of IT's control.

Capita has sold Eclipse Legal Systems, to **Access** UK for £56m. Eclipse is a software provider to the UK legal market. It had pre-tax profit of £5.5m last year, so looks like an earnings multiple of 10, although oddly they announced it was quite a bit better at 14x adjusted EBITDA. I guess that shows how buyer and seller can see the same deal differently. The money from the sale will be used to strengthen Capita's balance sheet. "This disposal forms part of Capita's strategy to simplify, strengthen and succeed," said Chief Executive Officer Jon Lewis. They will retain software assets that are catalysts for growing Capita's other services but the clear out continues – next up is its Education Software. Meanwhile, Access Group is another successful PE owned buy-and-build factory focused mainly on the mid-market- it is accelerating with 6 acquisitions in 2019, supported by backers Hg Capital and TA Associates. They included People HR, The Payroll Service Company, Eazy Collect, Reliance, and Volcanic.

BT has sold its legal, accounting and professional services software business **Tikit**, which it acquired for more than £64m back in 2012. It was a strange deal at the time and looks to have found a better home in **Advanced**, who acquired Tikit in March. It is clearly non-core for BT and continues the trend of large corporates exiting non-core assets to re-focus. Advanced received funding last year from PE (BC Partners, with Vista Equity Partners remaining an investor) and this has accelerated their acquisitions having acquired Careworks, Kirona and Oyez, to name a few.

> "Advanced is moving forward"

Property Related

Bentley Systems announce twins. Reading based **GroupBC** has been acquired by the US giant AEC software vendor Bentley Systems. GroupBC is a leading provider of information management systems for construction-related projects and asset owners. Its UK-hosted Common Data Environment (CDEs) makes it easy for teams to collaborate, manage and share documents and data from a central, secure cloud-based platform.

Simon Horsley, UK regional executive for Bentley Systems, said: "Our many UK users, projects, and owners in common with GroupBC will gain a lot from our joining forces to advance CDEs through digital twins". Wes Simmons, CEO of GroupBC, added: "Here's to BC CDE and digital twins advancement!". GroupBC has an interesting back story, formerly known as Business Collaborator, it launched over 20 years ago as part of Enviros Environmental Consulting. It has since been owned by CodaSciSys, then demerged, acquired by Unit4 Agresso before a YFM funded £4m MBO in 2014. YFM Equity Partners generated a return "well in excess of 3x" for its investors.

> "Here's to digital twins advancement"

Barclays CEO, Jes Staley said "The notion of putting 7,000 people in a building may be a thing of the past". No-one told **MRI Software**. It is fast becoming a leader in real estate software solutions, through an aggressive acquisition programme. In March they acquired **Orchard Information Systems**, who provide software solutions for the UK social housing sector. With locations in Newcastle and Donegal. Orchard, which is not acquisitive, also made a rare acquisition just beforehand, buying Internetalia, a maintenance software business in January. A week after its Orchard deal **MRI Software** agreed to acquire **Castleton**, the UK listed social-housing focused software provider. Castleton has revenues of £23m (down 12%) and so the £83m price equates to 3.6x revenues and a 40%+ premium on its share price. That seems a pretty full price for a business with falling revenues that is still migrating to the cloud. Having made over 30 acquisitions, funded by PE investors including TA Associates and Vista, it is approaching $300m in revenues, competitors face a tough decision to compete or sell to MRI.

> "MRI has made over 30 acquisitions"

Logistics & Supply Chain

US based **Aptean**, made a significant move in March, acquiring Dorking based **Paragon Software Systems**, a market-leading provider of transportation management software solutions serving the food and beverage, distribution and retail industries. Its software manages routing, logistics, scheduling, and home delivery. Founded in 1991, Paragon has more than 4,700 systems deployed globally and is growing rapidly. William Salter, Managing Director of Paragon said: "In joining the Aptean family, we are excited by the opportunity to accelerate innovation, advance product development, expand geographically and tap into its best practice frameworks". Aptean was formed by the merger of CDC and Consoma back in 2012 and is now focused on supply chain, ERP and compliance software. It has developed a healthy appetite for acquisitions having bought 7 companies in the past 2 years including UK listed **Sanderson** for just over £90m (2.5x revs). Aptean is ultimately controlled by funds managed by TA Associates and Vista Equity Partners, although a change in PE ownership may be imminent.

> "Aptean makes a significant move"

Logistics and supply chain automation is hot. **Dematic** acquired **Digital Applications** for £104m in March with £85m in cash paid at closing and further payments of £20m will be made over a period of 3.5 years. It equates to 3x revenues. Digital Application developed logistics software Matflo but has taken a while as it was founded back in 1971. Digital Applications and Dematic (previously Demag) know what they are getting into as they have worked together for 25 years. Dematic is part of £5bn German listed group Kion.

Two years ago, LDC made a £20m investment in **Mandata** who provide software solutions for the transport and logistics industry. The company offers transport management software that manages road haulage business and has fleet tracking, telematics etc. In June, Mandata made their first acquisition acquiring Essex based **ReturnLoads** which is an online marketplace for hauliers and freight forwarders. The platform helps hauliers improve their productivity by reducing the amount they travel without cargo.

In February, US listed **Descartes Systems** acquired **Peoplevox**, a cloud-based ecommerce warehouse management solution. Jonathan Bellwood founded Peoplevox in 2009 following 8 years at Zebra Technologies. Based in London they serve B2C ecommerce customers connecting webshop front ends, translate order information into a mobile-driven pick and pack process within the warehouse and then feed parcel delivery systems for shipment execution. Descartes paid £19m.

Then in June **Descartes** acquired Newcastle based **Cracking Logistics** (aka **Kontainers**) for £9.5m (circa 6x revenues) of which 50% was paid upfront and the balance in a 2 year earn out based on future revenues. Kontainers digital freight platform offers quoting, booking, tracking and dashboard analytics. "The last few months have shown how quickly the world can change, and the shift to digitization is accelerating as a result," said Edward J. Ryan, Descartes' CEO. "Logistics services providers operate on tight margins. Those that don't move quickly to digitize their customer experience will be faced with higher costs".

> "Descartes get a cracking deal"

UK listed, transport software and services company **Tracsis** has acquired **iBlocks** for a maximum of £21m, which is a very attractive looking 7x revenues or 19x profits. iBlocks, established in 2000, specialises in the provision of a full-cycle of smart ticketing solutions including the development of mission critical back-office systems that are used by the Rail Delivery Group, the wider community of train operating companies (TOCs), and the rail supply chain. The acquisition consideration comprised an initial cash payment of £12.5m plus a 3 year earn out paying a further £8.5m on reaching profit targets. In a post Covid-19 world, smart ticketing and contactless payment will only be accelerated.

With the wave of M&A activity in the sector, it is perhaps a surprise that **Kerridge** have yet to join the party in 2020. KCS (ERP and supply chain solutions) has made 11 acquisitions since Accel-KKR's investment in 2015. Notable deals include Electronic Data Processing (EDP) for £12m, Insphire (heavy plant software) and MAM Software for $155m. MAM Software has solutions for the automotive parts, tyre and vertical distribution industries. Yet another PE backed buy-and-build story.

Good Energy Group, the 100% renewable electricity supplier and energy services provider has taken control of Zap-Map's parent company, Next Green Car. **Zap-Map** is an app for the UK's fast growing 300,000 electric vehicle (EV) drivers - planning routes, identifying charge points, checking their availability, and sharing power. With more than 250,000 app downloads and 100,000 registered users, Zap-Map (based in Bristol) is used by a significant amount of the fully electric EV market.

Hardware

South Korean listed **Hanwha Systems** acquired UK antenna maker **Phasor Solutions** out of administration in June. Phasor Solutions' proprietary technologies include flat electronically steered antennas for use on aircraft, maritime, trains and military vehicles. Its' an exciting market, supporting connectivity over Low Earth Orbit satellites with wireless Internet services like video streaming on planes, and autonomous vehicle telematics. Phasor's parent was about to close a significant funding round in March but, unluckily for them, that was pulled due to COVID-19 and the resulting chaos in the airline sector.

Siemens has announced the acquisition of Cambridge, based **UltraSoC Technologies**, a provider of instrumentation and analytics solutions that put intelligent monitoring, cybersecurity and functional safety capabilities into the core hardware of system-on-chip (SoC). UltraSoC is a pioneer of embedding monitoring hardware into complex SoCs to enable "fab-to-field" analytics capabilities designed to accelerate silicon bring-up, optimize product performance, and confirm that devices are operating "as designed" for functional safety and cybersecurity purposes.

Motorola acquired UK listed **IndigoVision** for just under £30m which equates to 0.7x revenues and 17x EBIT. IndigoVision is based in Edinburgh and designs, develops, manufactures, and sells networked IP video security systems. The price of 405p seems really attractive given that it has spent most of the past 6 months at about half that valuation, so shareholders will be very happy - unless they were unlucky to have bought at the top of the dotcom bubble when it reached £13, albeit very briefly.

Robotic Process Automation – RPA

In May Microsoft acquired London based Robotic Process Automation (RPA) software provider Softomotive from investor Grafton Capital, who only invested less than 2 years ago. Softomotive has developed WinAutomate which helps more than 9,000 customers automate business processes across legacy and modern desktop applications. Together with Microsoft's Power Automate, WinAutomation will provide customers additional options for RPA desktop authoring, so anyone can build a bot and automate Windows-based tasks. As CEO Marios Stavropoulos explained "Since less than two percent of the world population can write code, we believe the greatest potential for both process improvement and overall innovation comes from business end users". Build bot and automate, simples.

> "Build bot and automate, simples."

Appetite for funding in Tech was shown by Robotic Process Automation (RPA) specialist **Blue Prism** raising a huge £100m to fund continued investment and security. At the same time, CEO and co-founder Alastair Bathgate, is stepping down - although he remains a significant shareholder. In a post COVID world we may well see an acceleration of and adoption of digital and automation technologies. So perhaps not a big surprise that they could easily raise such significant funding. Revenues grew over 80% last year but cash burn is still significant.

Cybersecurity

Founder Keith Bloodworth has sold **CNL Software**, which develops Physical Security Information Management (PSIM) software for the homeland defence sector. The 19 yearold company provides a situation management and web-based video monitoring software to protect physical assets (HQs etc..). Its software offers risk management, security surveillance, facilities management, and environmental and danger zone monitoring services. It was acquired for £28m (approx. 3x revenues) by US based **Everbridge**, which is a $3bn listed US group that was founded in 2002 in the aftermath of the tragic events of 9/11 with the mission of "helping to keep people safe amid critical situations". They have a Critical Event Management platform. With the number of IoT devices expected to approach 75bn by 2025, the Everbridge CEM platform enables organisations to utilise vast amounts of electronic data, including IoT sensors, to digitally transform how they manage the safety and security of their assets. It has also been used to mitigate risks from COVID-19.

RELX will acquire Arizona-based **Emailage** for $480m as RELX continues to re-invent itself from a publisher to a business and data information provider, boosting its presence in the fraud prevention market. Using machine learning, its own data and its network of partner companies, Emailage can predict fraud with email addresses and online identities. In the previous month it also spent $375m to buy San Diego-based **ID Analytics**. Before that, in 2018, it paid $817m for **ThreatMetrix** — a digital identity firm that tracks around 1.2bn people worldwide, looking at digital patterns to assess risks. RELX is being transformed, it sold Farmers Weekly, its last remaining trade magazine, in December 2019.

In March, **Accenture** acquired **Context Information Security**, a UK-based cybersecurity consultancy from its parent company Babcock International Group. Context was founded in 1998 and has its HQ in London. Babcock acquired Context back in 2013 for £32m which equated to a heady 3x revenues back then and is still pretty high for a consulting business. They offer high-end cyber defence, intelligence, vulnerability research and incident response services. They sold Context for £107m (4x revenues) making a chunky profit and having grown to 250 staff but at £0.4m per member of staff, it is again no bargain and equates to a EBIT multiple of about 50x. Accenture are an acquisition machine and have acquired an impressive 15 companies this year (so far) including **Symantec's Cyber Security**

Services business for $200m adding 300 staff (or equivalent to £0.5m per member of staff) which follows other cyber deals like including those of Deja vu Security, iDefense, Maglan, Redcore, Arismore, FusionX and most recently Revolutionary Security.

> "Accenture are hungry, acquiring 15 companies in H1"

HelpSystems is an increasingly aggressive acquirer since it took Charlesbank and TA Associates onto its share register last year. In June they acquired **Boldon James** a data classification and secure messaging solutions business, from defence business Qinetiq. It was acquired for £30m which is a reasonable sounding 3.3x revenues and is actually similar to the amount that Qinetiq paid 13 years ago. In March HelpSystems also acquired penetration testing software platform **Cobalt Strike** to expand the company's cybersecurity business. Cobalt Strike describes their business as threat emulation software, executing targeted attacks against enterprises with "one of the most powerful network attack kits available to penetration testers. This is not compliance testing". HelpSystems has been steadily beefing up its cybersecurity presence acquiring two companies last year – including Reading-based data loss prevention (DLP) provider **ClearSwift** (from RUAG).

IoT/AI & Machine Learning

Reading based **Ascent Software** has acquired **Purepoint**, a London-based software development provider focused on the IoT market. At 1.5x this year's estimated revenues, the multiples look quite low. Purepoint CEO Alex James, who founded the IoT business in 2011 and has built it to over 25 people and joins Ascent as group CTO. It is another PE backed buy and build of a relatively small business with sector specialism. Horizon Capital invested in Ascent, a provider of custom software development enabling digital transformation, in November 2019 backing CEO Stewart Smythe (ex Adapt which was acquired by Rackspace) in a £30m transaction.

> "9x revenues for Eggplant"

In June, US listed **Keysight Technologies** acquired **Eggplant**, a software test automation platform provider that uses artificial intelligence (AI) and analytics to automate test creation and execution. It was acquired from The Carlyle Group for $330m which equates to a very attractive sounding 9x revenues. London HQ'd Eggplant was founded by John Bates who might know a thing or two about IoT having wrote the book "Thingalytics: Smart Big Data Analytics for The Internet of Things". Eggplant enables organizations to test, monitor, analyse, and report on the quality and responsiveness of

software applications across different interfaces, platforms, browsers and devices, including mobile, IoT, desktop, and mainframe.

> "Thingalytics. Is that a thing?"

In June **RWS Holdings** (IP support services and localization) acquired **Iconic Translation Machines** and **Webdunia** for up to $41m of which $10m is deferred. Iconic is based in Dublin and specializes in developing neural machine translation (NMT) solutions. It uses machine translation (MT) and artificial intelligence (AI) in the application of language technology. Iconic was valued at 8-16x revenues, depending on earn out and Webdunia a translations services business only 1.5x revenues, as it is more of a translation services business. Another interesting deal in lockdown and unusually a UK listed buyer.

HCM/EdTech

US listed **John Wiley** acquired **mthree** from ECI Partners for £98m. mthree is a rapidly growing (20%pa) education services provider that addresses the IT skills gap by finding, training and placing job-ready technology talent in roles with leading corporations worldwide. Valuation was a healthy 3x revenues. "Wiley is committed to bridging the gap between education output and industry need," said Brian Napack, President and CEO of Wiley. They forecast at the time that in 2020, there will be over 1.8m unfilled computer-related job opportunities in the US and EMEA, yet only 100,000 computer science grads. Those numbers may have changed but the logic is sound.

Juniper Education has acquired school management information system (MIS) and pupil analytics provider **Pupil Asset**. Owners Horizon Capital created Juniper when it acquired **EES for Schools** as a buy-and-build platform investment in July 2019. It is in a hurry, having already acquired **OTrack**, **Classroom Monitor** and **Maze Education**, all of which provide analytics platforms to help schools track pupil progress. The market is dominated by Capita but Juniper are catching up fast in school management. Interestingly, in 2019 Horizon completed a total of 15 add-on acquisitions for their portfolio of 13 Technology and Business Service companies.

Business Process Services (BPS) specialist **Liberata** was acquired by **Outsourcing** of Japan for £43m back in 2016 and 4 years later they have made their first acquisition, buying outplacement and career transitioning services specialist **Renovo** based in York. Charlie Bruin, CEO of Liberata, said: "Outplacement and career transition services is a growing sector, and in the current business climate, organisations will need access to the suite of services that Renovo can offer." We think Charlie might be right given the huge number of people on furlough or supported by the Government. Worth the wait.

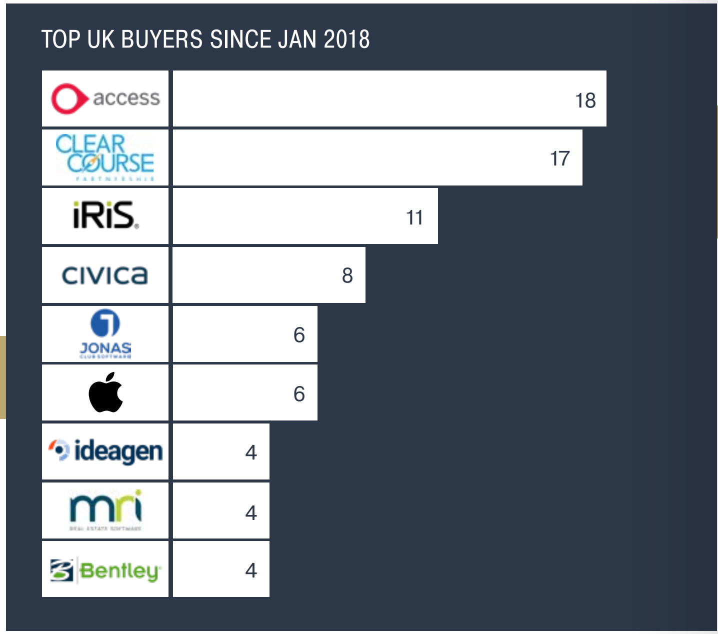
Cloud Software

Swedish based **Hexagon AB** acquired Farnham based **CAEfatigue**, a provider of mechanical fatigue simulation solutions used to improve manufacturing product design, quality, and reliability. Fatigue analysis of a digital twin enables manufacturers and engineers to predict in-service durability and improve quality before production starts. Its solutions are used by global manufacturers across automotive and aerospace and are interoperable with leading computer-aided engineering (CAE) packages. CAEfatigue offers solutions for validating design and manufacturing methods - from choice of material to fabrication - that improves quality and product life, while saving time, reducing costs and eliminating waste." Hexagon President and CEO Ola Rollén says: "Not only do these technologies provide a valuable addition to our Smart Factory solutions portfolio, but they also enhance our portfolio of Smart Industrial Facility solutions".

"The future is Clear"

As we highlighted in our last M&A Review **ClearCourse Partnership** is a buy-and-build platform that is absolutely smoking. They have added another 2 companies to their stable and have now acquired 16 companies in less than 2 years. Backed by US based Aquiline Partners, their target companies are focused on membership organisations and they help their customers to manage their members and administer their business workflow. The plan is to automate and monetise their payment processes too. This year they have added **Felinesoft** (Microsoft software development) and **Hart Square** (CRM consultancy).

"The Top 5 UK acquirers are all PE backed"



eCommerce

Feedr (meal delivery to office workers) has been acquired by **Compass Group** for a rumoured $24m to use the platform to serve its own corporate client base. It was valued at just £2.8m prior to a crowdfunding round in June 2018. So it's a great price but lockdown would not have been great for Feedrs business.

Just Eat Takeaway.com was only formed with an all-share merger of UK based Just Eat with Dutch based Takeaway.com for £10bn 4 months ago. Now it is sinking its teeth into **Grubhub**, the US based online food delivery operator, for $7.3bn in shares to create a global online food delivery giant. It is clearly one of the beneficiaries of the COVID-19 crisis as people stay home but it's an ambitious expansion program. Have they bitten off more than they can chew?

"Have they bitten off more than they can chew?"

Michael Spencer, one of the City of London's most successful entrepreneurs, has been taken to the cleaners! **Laundrapp**, a start-up touted as the "Uber of dry cleaning" collapsed into administration, wiping out all of its investors, including Mr Spencer who had stumped up £2m of the £15m raised. He was in good company as shareholders included Hambro Perks, partners at asset manager Toscafund, investment manager Hargreave Hale, and others.

"Taken to the cleaners"

Boohoo (online fashion retailer) was having a terrific lockdown and its shares bounced strongly having more than doubled since March. Although timing is everything, as things have soured quickly more recently. Taking advantage of the high shares, they raised more equity and tidied up their structure by acquiring the remaining 33% of **Pretty Little Thing** for £330m from founder Umar Kamani valuing it at £1bn. That compares with the valuation of just £5m when Boohoo bought its original 66% of PrettyLittleThing back in 2014. Pretty nice.

"Pretty good timing"

Communications

US listed **Affluence** acquired Nottingham based **Flexiscale** and its platform Flexiant in June. As James Honan, Jr. Affluence's CEO explains: "Flexiant is a leading cloud orchestration business and provides solutions aimed solely at helping (telco) service providers capture the cloud market opportunity". Rajinder Basi, CEO of Flexiant said: "We believe that the Flexiscale technology will change the datacentre paradigm as we know it today. The technology is based on our nano nodes which enables the mass reduction in footprint so the datacentre can exist in a Nano-cloud at the tower base station or be expanded to create micro-clouds or metro-clouds by stringing multiple nodes together using Flexiant, our edge orchestration software." Leading edge.

> "Nano clouds in Nottingham"

Microsoft acquired London based **Metaswitch Networks** a virtualisation provider for telcos who have heavyweight investors such as Sequoia and Francisco. As Microsoft explain: "As the industry moves to 5G, operators will have opportunities to advance the virtualization of their core networks and move forward on a path to an increasingly cloud-native future". The 800 strong team will help Microsoft's push into cloud telephony. COVID-19 had minimal impact on Microsoft's performance, it delivered revenue growth of 15% in their Q3, in fact commercial cloud, including Azure, Office 365, Dynamics, was up 39%.

> "Microsoft pushes deeper into cloud telephony"

In February US listed **Medallia** (CX management), acquired Liverpool based **LivingLens** for £20m. The video feedback platform is high growth and interesting as it" humanizes feedback and brings the voice of the customer and employee to life". By capturing video signals and transforming them to speech, emotion and sentiment, LivingLens gives businesses insight into customers and employees feelings, wants and needs. "Video feedback is one of the most powerful innovations in experience management today. Video brings 6x more feedback signals than text responses" said Carl Wong, CEO. With 3.5bn smartphone users and 54% of all mobile brand experiences being video and image-based it is clearly a big potential market. Then in April Medallia completed the circle by acquiring the US speech-to-text platform, **Voci** Technologies. Voci's artificial intelligence (AI) and deep learning capabilities used by contact centres provides feedback from customer calls including emotion, sentiment and voice biometric identity.

Highly leveraged TalkTalk have sold **FibreNation** to Goldman Sachs backed **CityFibre Infrastructure** for £200m. If CityFibre has ambitions to challenge the likes of Openreach and Virgin Media nationwide then this will be a useful addition of scale on that journey. However, Harrogate, Ripon, Knaresborough and Dewsbury are not the heartbeat of the nation's fibre network. Good timing though, as the demand for home broadband in lockdown must have jumped.

Wiltshire-based **Vysiion Group** has been acquired by **Exponential-e**. The communications infrastructure and outsourced IT service provider has been taken over by Exponential-e, a cloud, network and unified communications company. The deal sees the exit of BGF – who invested £4m in 2015 and returned over 3x their investment. Founder Bruce Brain said: "The business is well placed to further build upon its strategy of utilising its strong reputation within the Utilities market of delivering and supporting Critical National Infrastructure (CNI)". Patience is sometimes a handy attribute and it certainly was here as Bruce Brain started Vysiion way back in 1971, which was the year the microprocessor was invented and the first pocket calculator was released by Texas Instruments.

ICT Managed Services

The ICT managed service sector is very much at the forefront of the convergence between IT and Telecoms. With the forced adoption of IP telephony in lockdown, the long talked about convergence is accelerating rapidly. As a result, Telecoms Service suppliers are seeking IT skills and vice versa (see Microsoft acquisition above). A wave of PE owned consolidators are expanding aggressively. Almost all the mid-tier PE houses have backed portfolio companies to buy and build. Examples include: ECI/ITLab, Mayfair/GCI, Inflexion/Ridgewall, LDC/babble and Horizon/Timico.

> "Big demand for Microsoft Teams specialists"

Gamma Telecoms acquired **Exactive** (a fast growth Scottish based provider of Microsoft focused Unified Communications solutions) just before lockdown for around 2x revenues. Given the huge boost in video conference calls in the past few months as the world works from home, then the timing looks good. Exactive helps customers to fast-track their digital transformation by helping them transition from legacy telephone systems to cloud based Microsoft Teams telephony. It has also developed an exciting multi-tenant Microsoft Teams PSTN routing platform, Cloud UCX™, enabling customers to use the public telephone network direct from Teams. Scott Millar, Chief Executive of Exactive, commented:" Maximising our shareholder value was important, but getting the right cultural fit was also very important to us as owner/managers. Gamma ticked all the boxes". Exactive is one of the few independent Teams specialists (or was). It looks a well-timed deal from Gamma.

Another example of strong demand for Microsoft skills was **IT Lab** acquired leading Azure specialist, **Sol-Tec**, which is public sector focused and counts the DWP, HMRC and the DoE among its customers with revenues of £9m (down 9%). Nik Topham, CEO and founder of Sol-Tec commented that: "IT Lab was the natural home for Sol-Tec, with its dedicated focus on Microsoft and the deep expertise already established across Modern Workplace and Dynamics 365". Since getting investment from ECI in 2016, IT Lab has completed four acquisitions, including SMB specialist, Mirus, in 2019 and leading Microsoft Office365 and SharePoint partner, Content and Code, in September 2018. Revenues are now around £85m. IT Lab is one of the very few partners able to provide services to its clients across all three elements of Microsoft's Cloud, Office 365 and Modern Workplace; Azure and Dynamics 365. To re-enforce the message, IT Lab has since changed its name to the slightly clunky sounding Content and Cloud.

Microsoft-focused systems integrator **Avanade** has upped its acquisitions with the purchase of **Concert**, a Milan-based Microsoft Dynamics 365 and AX solutions provider. This is the company's 3rd acquisition recently, compared with just 5 in the preceding 6 years. Other deals include Altius (data and AI solutions) and the German Alnamic, (Microsoft Dynamics 365).

> "An extensive collection"

AIM listed and digitally native tech group **The Panoply Holdings** is starting to live up to its name. Panoply means "an extensive or impressive collection" and although its latest acquisition was not all that impressive as Pontypool based technology services business **Arthurly** was acquired in June for a max of just £1.5m (and only £0.41m upfront). However, having now made 11 acquisitions in its short life it's certainly becoming increasingly "extensive". They further added to the collection, buying business change consultancy **Ameo** for a total of £7m in April. That equates to 1x revenue or 7x EBIT in another part cash and shares deal. It would seem to make a lot of sense in acquiring these people-based businesses to align interests by paying a significant amount in shares and sit alongside 17% shareholder, and Panoply CEO, Neal Gandhi.

In June, cloud services technology firm **Babble** acquired Lancashire based communications provider **Lake Technologies**. The transaction, which was funded by LDC, marks the 4th deal completed by Babble, after it was backed by LDC in 2017 – the others being Arden Group, Direct Response Plus and Diva Telecom.

Computacenter has started a steady overseas push. In 2018 it bought San Francisco based, FusionStorm, (Sourcing and Professional Managed Services) for $70m plus an additional $20m depending on profit levels. That was followed by a Dutch business called Misco Solutions, a value-added reseller and service provider which had revenue of €134m. In 2019 they then acquired Pathworks in Switzerland, (a tiddler) and then in March this year announced their intention to acquire BT France which has circa £200m in revenues. Computacentre is a beneficiary of digital transformation and despite COVID -19 it expects profits to be similar to last year and as a result its shares have made a strong recovery.

Sovereign Capital funded the acquisition of AIM listed **Murgitroyd Group** for £65m. The management team, led by Edward Murgitroyd, CEO, aims to deliver a greater global presence through a strategy of Buy & Build, that sounds familiar. The Group delivers patent and trademark legal advice together with a breadth of IP support services to meet the IP needs of its international client base. Established in 1975 in Glasgow, by Edward's father, the business has grown to 300 staff and sold for a lowish 1.4x revenues.

Digital Media & Marketing

MSQ Partners (which is backed by LDC) intends to acquire UK listed **Be Heard PLC** for an EV of £13m, which is just 0.2x revenue. The acquisition will create a much larger digital marketing and communications group, but only if shareholders approve. Given the low valuation, it looks cheeky and so shareholder approval is far from certain. Be Heard shares haven't made much noise recently though! They have been on a 5-year downward trend after an acquisition spree a few years back.

> "Be Heard goes quietly"

ITM POWER +230%

IDOX +45%

WANDISCO +40%

BANGO +32%

AVAST +13%

UK Listed Tech Companies **Rising & Falling Stars – H12020**

Risers

ITM Power (+230%) shares have been among the best performing in UK market, rising nearly 3.5x and is valued at £1.4bn. Revenues are still small but its electrolysers, which are a low carbon way to produce hydrogen, have significant potential in decarbonising power in the not too distant future, so is a good play on the green agenda.

WANdisco (+40%) the distributed computing company has seen its shares jump. WANdisco keeps geographically dispersed data at any scale consistent between on-premises and cloud environments, allowing businesses to collaborate and operate seamlessly in a hybrid or multi-cloud environment. Trading around 20x revenues gives a sense of its big potential and a recent reseller agreement with a large SI may help deliver. Its shares are dancing.

IDOX (45%) has recovered strongly after a tough couple of years. It now trades on about 3x revenues and has shown solid progress in helping digitalise the public sector.

Bango (+32%) is also recovering after a tough couple of years. The mobile payments business is a clear beneficiary of the jump in e-commerce during the lockdown and has made progress in expanding around the world to mobile telcos, allowing their customers to pay Google Amazon et al through the telco.

Avast (+13%) slumped in March but has recovered strongly and is approaching all-time highs. Avast has over 400m users and is a leader in consumer cybersecurity products. It now trades at 5x revenues and around 10x cashflow and is the sort of solid sizeable tech business that is rarely listed for long in UK.

Fallers

Finablr (-95%) (which owns Travelex) originally announced a $100m hole in its funding, that has since risen to $1bn. Its problems may not be quite as big as Wirecard, but it may not be too far behind. As a result, its market value has slumped.

Micro Focus (-60%) who acquired the rump of HPs software assets back in 2016 is still suffering from a severe case of indigestion and remains highly leveraged with chunky net debt of over $4.3bn. Further restructuring may be needed and a bit more focus.

Actual Experience (-46%) provides digital data analytics-as-a-service and quite why it is listed is a mystery. Investors are certainly not enjoying the actual experience. Its shares touched £3 a few years ago but are now around 56p and that is after a bit of a rally when management announced homeworking had helped some discussions.

Accesso (-40%) provides ticketing, mobile and e-commerce technologies and virtual queuing solutions for the attractions and the leisure industry. Clearly it is not a sector to be in at the moment. Its shares actually peaked in 2018 and have slid 90% since. Trading at circa 1x revenues it is cheap. Its saviour may come in the form of a take-over, meanwhile they have joined the queue and raised £33m of new funding.

Seeing Machines (-36%) (driver monitoring technologies) is in an interesting sector with lots happening in autonomous driving (Amazon recently acquired Zoox) and it has net cash so should be able to navigate this crisis safely.

SEEING MACHINES -36%

ACCESSO -40%

ACTUAL EXPERIENCE -46%

MICRO FOCUS -60%

FINABLR -95%

Largest US Tech M&A Deals in H1 2020

EV $m	PURCHASER	TARGET	EV / T/o (x)
10,154	Worldline	ingenico GROUP	3.1
5,000	Veritas Capital	DXC.technology HEALTH	3.5
5,000	Insight Partners	veeam	5.0
4,900	VISA	PLAID	35.0
2,080	STG	RSA SECURITY	2.0
1,933	zynga	peak GAMES	3.2
1,880	Advent International GLOBAL PRIVATE EQUITY	FORESCOUT	5.2
1,295	Cornerstone	SABA	4.3
1,200	SAIC	UNISYS FEDERAL	1.7
1,200	salesforce	Vlocity	7.5
1,000	leidos	L3HARRIS AIRPORT SECURITY	2.0

US Tech M&A

Worldline continues the rapid consolidation of the payments space with the acquisition of **Ingenico**, the point-of-sale terminal provider that controls 37% percent of the market globally, in a cash and share deal with an EV of €10.1bn which equates to an EV / Revenue: 3.1x and an EV / EBITDA: 18.7x and a 24% premium to its share price. The deal highlights both the shift in payments and spending habits to more digital platforms and the never-ending drive to gain economies of scale. It will certainly create scale in a move that will create the World's 4th largest payments company with net revenues of around €5.3bn.

Whilst the Ingenico deal grabbed the headlines, the biggest news in the sector must be the demise of **Wirecard** which went from one of the largest technology groups in Europe worth €13bn to insolvency in a week or two. Somehow the auditors EY forgot to check that €1.9bn of cash in the bank was actually there! The cash may not exist and Wirecard may not exist. It looks like fraud on an Enron scale.

> "Plaid sells for impressive 35x revenues"

Payments giant **Visa** bought Silicon Valley start-up **Plaid** for $5.3bn, which is over 30x current revenues. The question is why pay such a huge valuation? The answer may well be that Plaid's API software, is referred to as the "plumbing" behind fintech companies, it allows them to connect to users' bank accounts so its well-known among financial technology developers. Plaid reckon 25% of US bank accounts have connected to the fintech company through an app. The company says it integrates with more than 11,000 banks and connects to more than 200 million consumer accounts. The other justification for the valuation is revenue growth which has been 100% since 2015. On the face of it the deal looks bold and impressive. There has been massive disruption/consolidation taking place in the payments space such as: the acquisition of Worldpay by FNIS for £43bn 11x revenues, Fiserv acquiring First Data for $41.2bn or 5x revenues and Global Payments acquiring Total Systems Services for $26.2bn or 6.4x revenues.

In the semi-conductor space **TiVo** announced at the end of last year that it was merging with technology licensor **Xperi** in a $3bn deal. That has now closed despite the efforts of PE fund Metis Ventures which made an unsolicited bid in a late attempt to gate-crash the party. Looks like they failed.

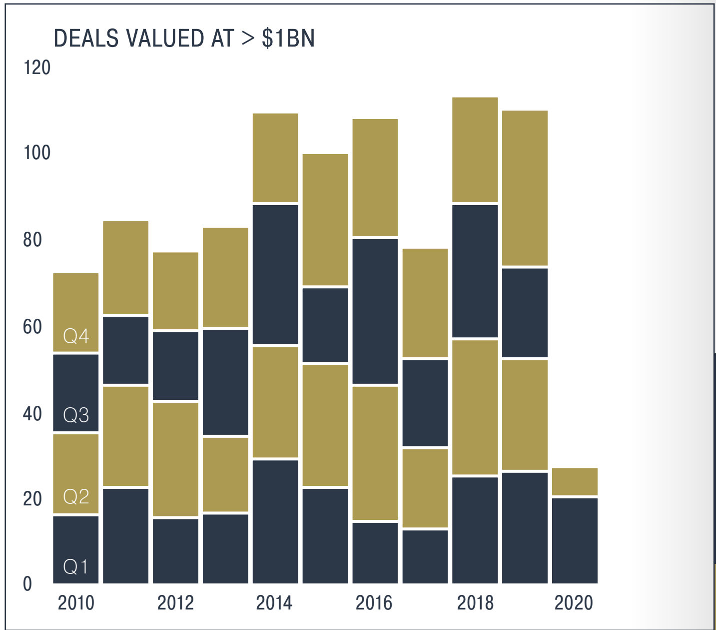
Network security company **Forescout** was also sold for $1.9bn in February (for an attractive sounding 5x revenues) to private equity (Advent/Crosspoint). "We are still in early innings of a large market opportunity as every organization needs visibility into what is connecting to their network and how to mitigate against high-risk devices, including non-traditional devices," said Forescout CEO and President Michael DeCesare.

"We are still in early innings of a large market opportunity"

Salesforce has paid some eye watering valuations in the past few years. Last year it was $16bn for **Tableau Software**, (data analytics software), for 13x and the year before paid $6bn for **Mulesoft**, (data integration platform) in 2018 for 22x revenues. This year Salesforce has acquired **Vlocity** for $1.2bn or just 7.5x revenues. Vlocity looks a natural fit as it was built natively on the Salesforce platform, Vlocity is a leading provider of industry-specific cloud and mobile software. Salesforce shares have bounced back strongly since March and valued at $178bn have reached new highs and are trading on 10x their revenues.

In addition to its UK purchases **Microsoft** also acquired Massachusetts-based 5G cloud startup **Affirmed Networks** for nearly $1.4bn at the end of March and IoT cybersecurity startup **CyberX** for $165m in May. It's very much business as usual for them, in fact CEO Satya Nadella said "We have seen two years' worth of digital transformation in two months". No wonder the shares have been popular, boosting their value by 50% since last year and is now worth $1.6trn.

Verizon has paid circa $400m to buy **BlueJeans Network**, which is not a chain of casual wear retailers, it is a videoconferencing business which competes with Teams / Zoom et all. Lockdown has been an accelerator to these businesses and has helped communications enormously while the world works from home.



Restructuring

In Q1 we saw the start of a wave of restructuring as the mega-cap tech groups try to reposition themselves for the growth areas of digital transformation by culling lower growth and non-core activities. So far this year we have seen quite a few of these, namely:

DXC Technology formed in the 2017 merger of HPE Enterprise Services and CSC is selling its health business to PE firm **Veritas Capital** in a $5bn cash deal as part of a continued re-sharpening of its focus on enterprise clients and digital offerings. It is also looking to exit its business process services and its workplace and mobility business. The deal valued in excess of 3x revenues looks a decent price, but the deal has not had much impact on DXC shares which have not participated in the recovery of US technology stocks as they are down more than 50% this year.

"Microsoft shares are up 50% this year"

L3Harris Technologies sold its airport security and automation business for $1bn in cash to US listed **Leidos**. This is another reshaping of the business following the merger last year of L3 and Harris. With annual revenues of approximately $500m it represents a value of 2x revenues. L3Harris' Security & Detection Systems and MacDonald Humfrey Automation solutions are used by the aviation and transportation industries, regulatory and customs authorities, government and law enforcement agencies, and commercial and other high-security facilities.

Unisys Corporation sold its U.S. Federal business to **Science Applications International Corp**. (SAIC) for $1.2bn. The transaction multiple of approximately 1.7x revenues or 13x adjusted EBITDA sounds a solid valuation for a public sector focused business with 2,000 staff. The main driver looks to be to strengthen the balance sheet and reduce pension deficits. This will certainly help with net debt/EBITDA reducing from over 4.0 to 2.4x. Unisys shares are down about 10% this year but have not been in an upward trajectory for some time.

Dell is also continuing its clear out after the mega acquisition of EMC 5 years ago. In February it sold **RSA Security** for $2.1bn (a low sounding 2x revenues) to PE investors (Symphony/Ontario Teachers and AlpInvest). EMC had bought RSA back in 2006 for the same price tag. So, on the face of it, that's not a great return. Dell still owns SecureWorks.

Alternatives – IPOs & Private Equity

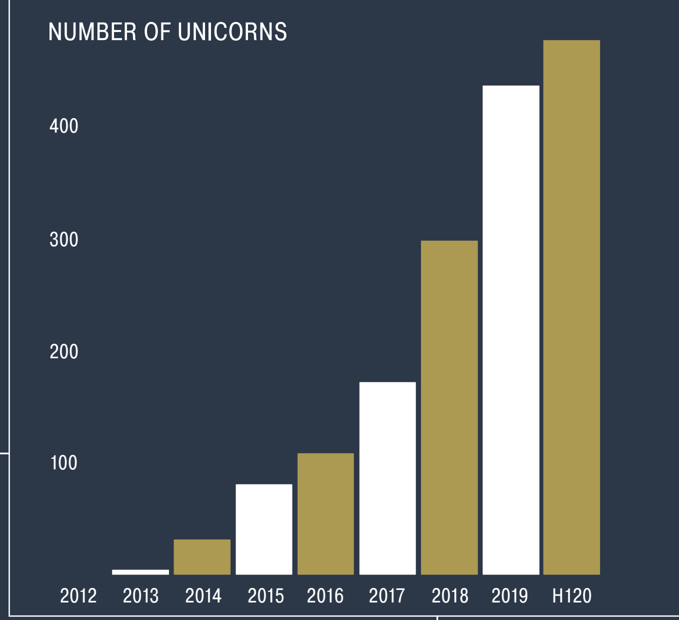
> "Are investors being taken for a ride?"

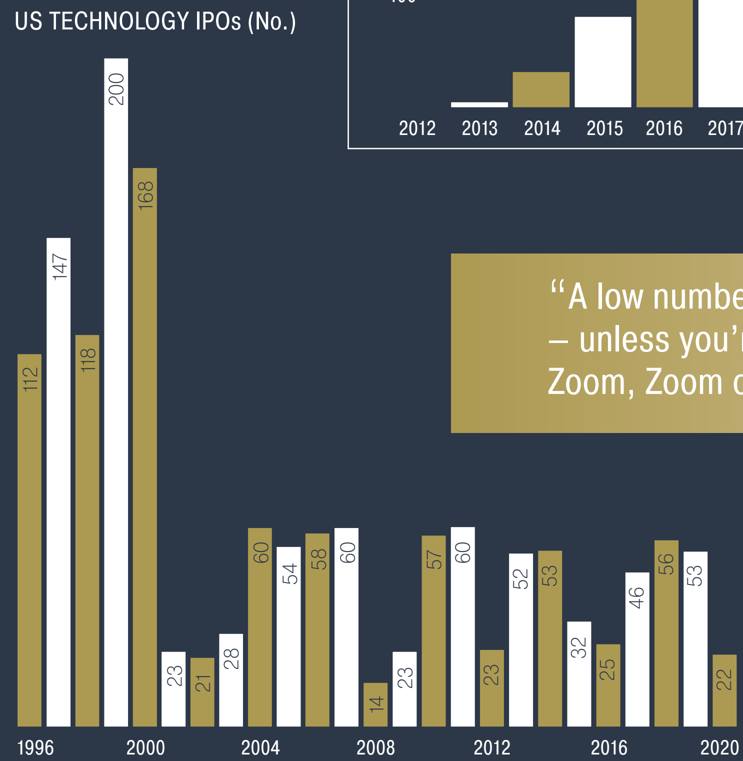
The number of IPOs remains very low everywhere. There were few to speak of in UK so far this year (or in the past few years for that matter – Trainline being the exception). It's only slightly better in the US, although there have been one or two spectacular successes. Last year saw a few unicorn IPO flops like **Lyft** and **Uber**. Both looked over valued and as a result both shares have fallen significantly (-60% and -25% respectively). IPO investors were being taken for a ride! Other US tech firms with strong revenue growth that listed in 2019 have done well, including **Zoom** (video conferencing software), **Slack** (workplace collaboration chat) and **Pinterest** (social media). This year **ZoomInfo** (no relation) also zoomed with its shares up 140%. Jumping on the zippy named bandwagon, **Vroom** IPO'd in June and they raced ahead too (+140%). The used-car website timing seems canny at a time when many car showrooms were closed. Then in July, **Lemonade** (InsurTech), the Softbank backed home insurance start-up rose 180% in the first few days valuing it at a racy 30x revenues.

Snowflake the cloud data analytics firm which just raised nearly $500m in February from Dragoneer and Salesforce Ventures has announced plans to IPO later this year. Its platform helps clients unify and analyse large amounts of data across multiple cloud platforms such as AWS and Azure and visualise it with business intelligence tools. Valuation is muted to be up to $20bn which is 20x current revenues and 60% higher than in February. When your revenues are growing 170% then valuations are stratospheric. There is a long list of potential IPOs in the pipeline like Palantir, AirBnB, and WeWork but the market only seems open for a small number of very high growth Unicorns.

The main reason that IPO volumes have remained low, is not COVID (although it had a short term impact this year) but simply that alternative valuations are more attractive, be it trade sales or PE backed buyouts. That is one of the reasons there are only half the number of listed companies compared with 20 years ago. There remains a wall of private equity cash that the industry has raised from investors that is still looking for a home; it is estimated to be over $2tn. With firepower like that the IPO will continue to face stiff competition.

The wall of private equity funding is clearly shown by the number of **Unicorns** (i.e. valued at more than $1bn) which has now exceeded 470 globally, with a staggering 60% of them created in the past 2.5 years as young higher growth technology companies stay in private hands longer. UK unicorn additions in 2020 include **Cazoo** (car e-commerce), **Synk** (cybersecurity) and **Arrival** (auto/transport).





> "A low number of IPOs – unless you're called Zoom, Zoom or Vroom"

ICON Selected Deals

Company	Deal	Counterparty	Sector
Exactive	SOLD TO	Gamma	Enabling Tech
Paragon	SOLD TO	aptean / Vista Equity Partners / TA Associates	Logistics Software
nano Interactive	FUNDING	Maven Capital Partners / Foresight Group	Digital Media
beyonic	SOLD TO	MFS Africa	FinTech
juriba	PE INVESTMENT	BGF	Digital Transformation
silverbear	SOLD TO	Aquiline Capital Partners LLC / Clear Course Partnership	Membership software
Marimatech	SOLD TO	Trelleborg	IoT
BusinessIntegrity	SOLD TO	Thomson Reuters	LegalTech
Cypad	SOLD TO	ParentPay	FinTech
redland	SOLD TO	ideagen	RegTech
Optimum Contact	SOLD TO	IQVIA	HealthTech
mosaic smart data	FUNDING	J.P.Morgan / Commerz Ventures Commerzbank Group / octopus ventures	FinTech
clinicalcomputing	SOLD TO	QMS / Constellation Software Inc.	HealthTech
SentryBay	MBO	Thincats	Cyber security
wealthify	FUNDING	Aviva	FinTech
pleasetech	SOLD TO	ideagen	Collaborative Doc Mgmt
Focus Group Europe	SOLD TO	accenture	ITSM Consulting
Applicable	SOLD TO	NTT Communications	Unified Comms

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Note: The information and opinions in this report were prepared by ICON Corporate Finance Ltd. The data was partly provided by S&P CapIQ, plus various other sources and includes estimates, as often full financial info is not disclosed. We have endeavoured to provide accurate and timely information, but we cannot guarantee it. The brief sector overview is provided for general information purposes only and is based on deals announced in the period under review. Note EV referred above is Enterprise Value which is the value of the deal adjusted for the level of debt/cash held by the target.

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