ICON CORPORATE FINANCE

TECHNOLOGY M&A REVIEW

January 2016

ICON CORPORATE FINANCE

MACRO OVERVIEW

DEC 14 4,736/5,007 DEC 15
NASDAQ
5,007
+5.7%

DEC 14 3,522/4,027 DEC 15
FTSE TECHMARK
4,027
+14.3%

DEC 14 6,566/6,242 DEC 15
FTSE
6,242
–4.9%

DEC 14 233/140 DEC 15
GLOBAL TECH IPOs PER YEAR
140
–40%

DEC 14 272/366 DEC 15
TECH M&A DEALS VALUE ($Bn)
366
+34.8%

DEC 14 4,899/4,978 DEC 15
TECH M&A DEALS VOLUME (No.)
4,978
+1.6%

DEC 14 1.56/1.47 DEC 15
US$ GB£ EXCHANGE RATE
1.47
–5.8%

DEC 14 21.1/21.5 DEC 15
TECH M&A DEALS PRICE TO EBIT (X) 12m AVERAGE
21.5
+1.8%

DEC 14 2.6/2.6 DEC 15
TECH M&A DEALS PRICE TO REVENUE (X) 12m AVERAGE
2.6
+0%

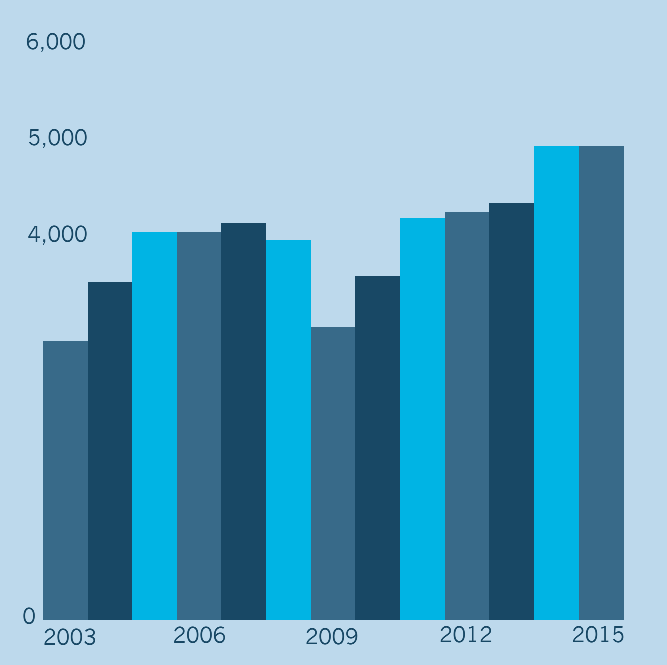
INTEREST RATES HAVE FINALLY nudged up in the US, but remain low, very low; reflecting a continued low growth, low inflation world. Equity markets have plenty to worry about, notably: the collapse in commodity prices, China, Brexit/Grexit, ISIS attacks and elections. However, the key driver is growth, which remains stubbornly low everywhere. Most pundits are forecasting more of the same.

> **“The key driver is growth, which remains stubbornly low everywhere”**

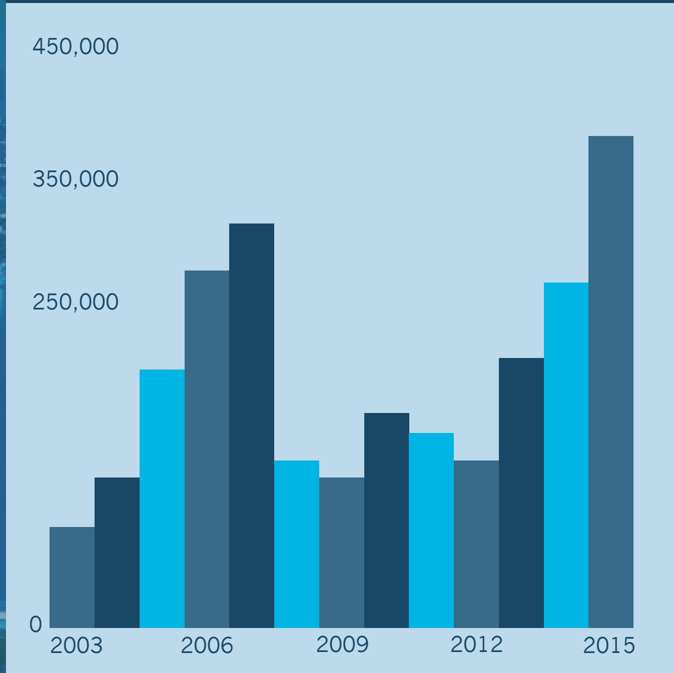
Most equity markets peaked in Q2 2015 and have started 2016 poorly, mainly due to the collapse in commodity prices. Although, it has not all been bad, technology companies continue to outperform. In a low growth world, the growth from technology becomes ever more valuable. The Techmark was up 14% in 2015, outpacing the NASDAQ rise of nearly 6%. In the US, the FANGS as they are known (Facebook, Amazon, Netflix and Google/Alphabet) did rather well, rising over 70% last year. FANGtastic.

TRENDS & VALUATIONS

GLOBAL TECHNOLOGY M&A DEALS (No.)



TECHNOLOGY M&A DEALS (VALUE – $M)



CONFIDENCE IN TECHNOLOGY IS shown by another increase in the number of Global Tech M&A deals. They rose for the 6th year in a row (albeit marginally) to record levels with nearly 5,000 technology deals.

The value of deals ballooned 35% – mainly due to the effect of the $69bn Dell/EMC deal – the largest ever tech M&A deal, plus a few very big semi-conductor deals.

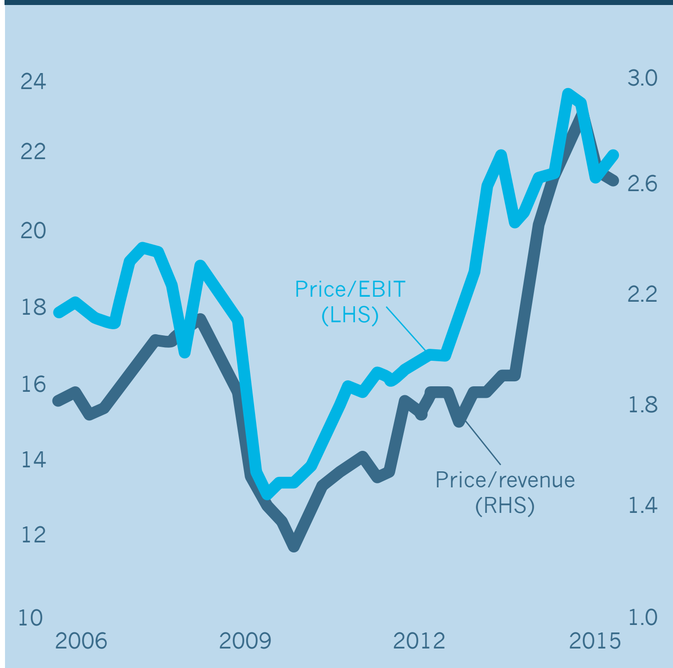
> **"Although the M&A market is undoubtedly looking toppy, the party may kick on for a bit yet"**

With macro conditions remaining mixed, interest rates are unlikely to rise much. So there is still plenty of funding from cheap debt and cash laden corporates. As a result, although the M&A market is undoubtedly looking toppy, the party may kick on for a bit yet.

The valuation of Global Technology M&A deals are in record territory. The median price to revenue multiples are at similar levels to last year at 2.6x revenue and EBIT multiples are well over 20. Note this is the aggregate of all deals and does not suggest that all companies will be valued at these multiples. Values are trending higher due to a combination of factors, including; more cross-border strategic deals and more acquisitions of start-ups in high growth sectors, such as social media, e-commerce, big data, digital marketing and niche software, where multiples of revenues paid are pretty exciting. More young, innovative, high value M&A deals inflate the overall valuation and there is strong interest for these higher growth businesses in a low growth world.

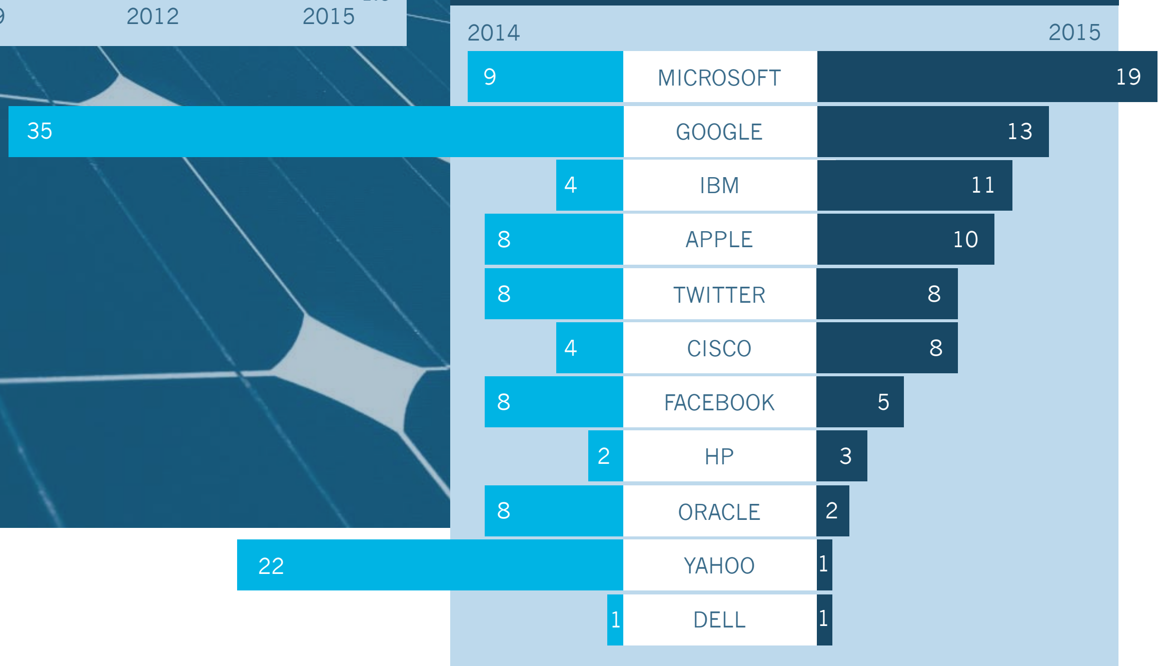
Interestingly, although most indicators of Volume and Value are pointing upwards, the activity of the largest US Technology companies is more complicated than that. Google and Yahoo each acquired over 50 companies in 2013-14 and understandably faced indigestion in 2015. Nevertheless there is lots of M&A activity at the top of the market. **Dell** may have done the biggest deal but **Microsoft** was the busiest acquirer with 19 deals in 2015. Microsoft and IBM each ramped up their acquisition machines to kick start growth. Good to see HP acquiring again, having taken a major bath from its Autonomy deal 4 years ago. Also HP, eBay and CSC have split their business into two in 2015 and many others are looking at similar moves to accelerate growth.

TECHNOLOGY M&A VALUATIONS



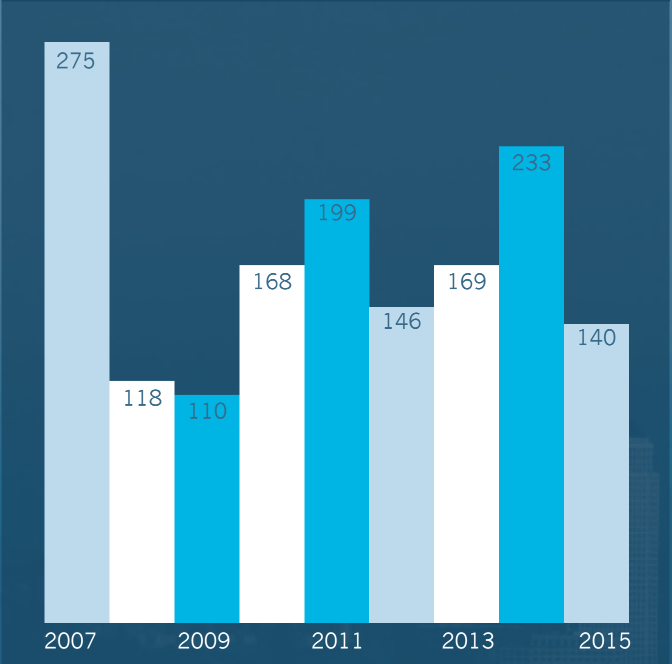
“Dell may have done the biggest deal but Microsoft was the busiest acquirer with 19 deals in 2015”

TECHNOLOGY M&A ACTIVITY: US MEGAGROUPS

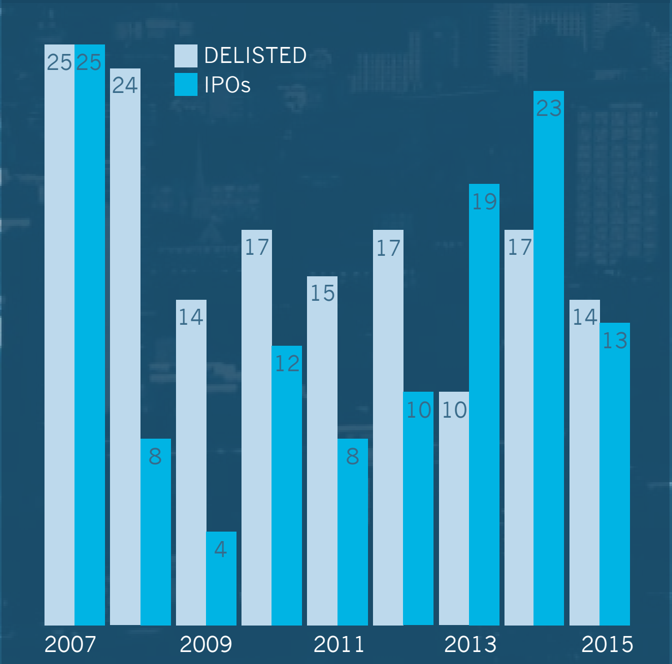


IPOs

GLOBAL TECHNOLOGY IPOs (No.)



UK TECHNOLOGY IPOs (No.)



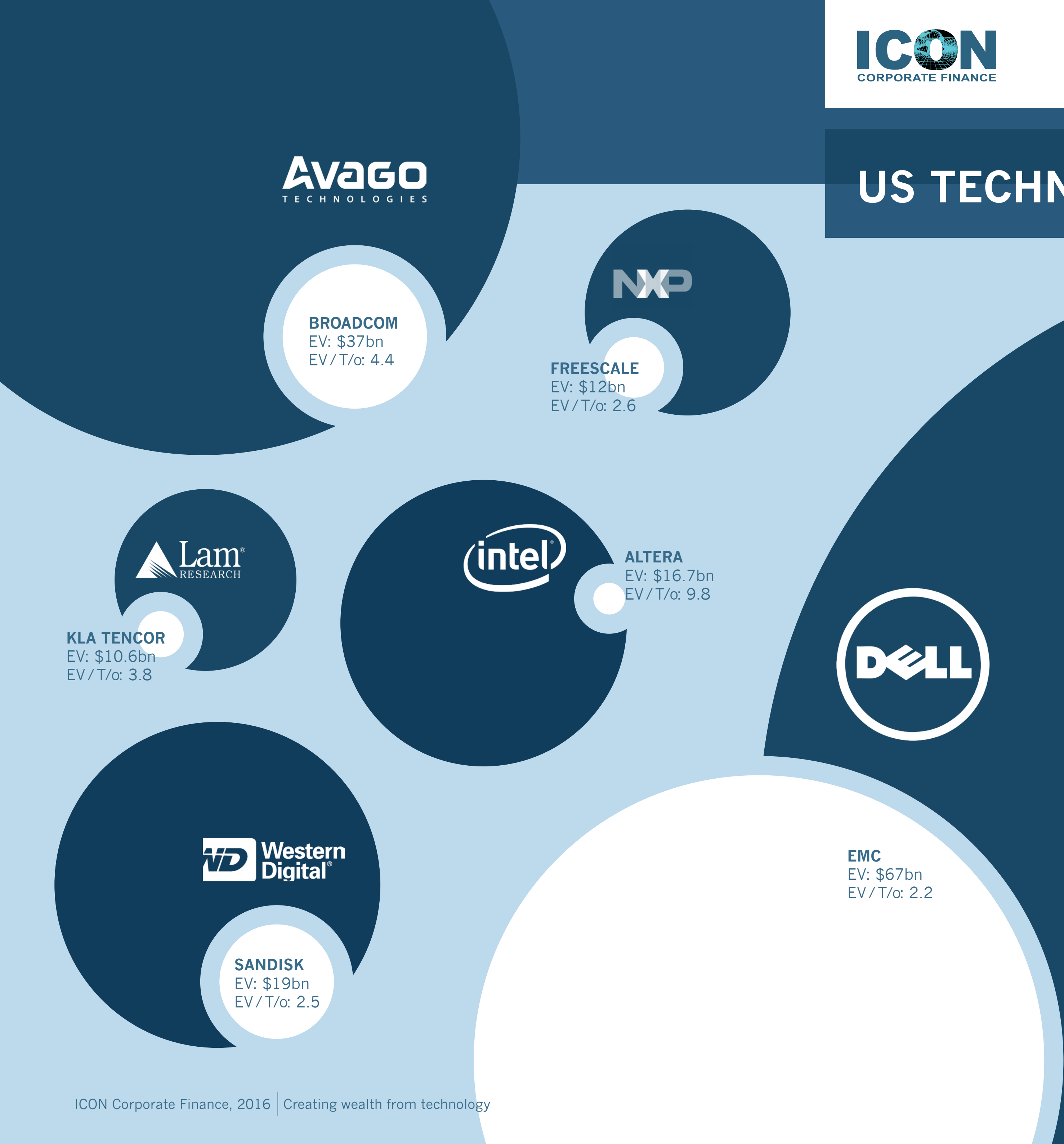
BACK IN 2014, IPOS were dominated by the hugely successful listing in the US of **Alibaba**, which raised a staggering $25bn – by far the biggest IPO ever. 2015 has been much quieter with the number of global tech IPOs falling by 40% to 140, reflecting the fragile nature of the markets. **Fitbit** was perhaps the highest profile US IPO while **PayPal** (which was spun out of eBay) added a major new listed player.

> **“UK Tech IPOs - never mind the quantity but feel the width”**

In the past few years there has been a reasonable uptick in the UK IPO activity. However in truth, much of it was tech enabled businesses such as AO World, Just Eat, Zoopla etc and quite a few small companies such as Rosslyn Data Analytics (big data), Actual Experience (supply chain) and Allied Minds. In 2015 that has changed – never mind the quantity but feel the width. The quality has ballooned. In fact, we have seen the biggest tech IPO ever in the UK – namely, **Sophos**, the Abingdon based IT security company. Having previously flirted with an IPO in 2007 and 2009, it opted for an Apex investment, valuing it at $800m in 2010. After a successful float in June, it is currently valued at nearer $1.5bn. Perhaps that’s no surprise as it has margins of over 25% and has over 80% of revenues from recurrent subscriptions.

The Sophos IPO is really positive for the UK market after the privatisation of so many of the larger Tech companies listed in London (Autonomy, Northgate, Logica) in the past decade. This trend has continued in 2015 with the delisting of the likes of CSR, ACS, Anite, Daisy and Pace. So it’s great to see a quality new listing.

Other important IPOs in 2015, included: **Kainos**, the IT services supplier, which is good news for Queens University Belfast which founded Kainos in 1986. They will be delighted with the shares, which have risen by 40% since IPO. Other UK listings included **Softcat** (cyber security), **Mimecast** (email), and quite a few technology enabled businesses and e-commerce businesses such as **Equiniti**, **Purplebricks**, **AutoTrader** and the biggest IPO since Royal Mail, namely **WorldPay** which raised £2.5bn. Most of these shares have performed really well.

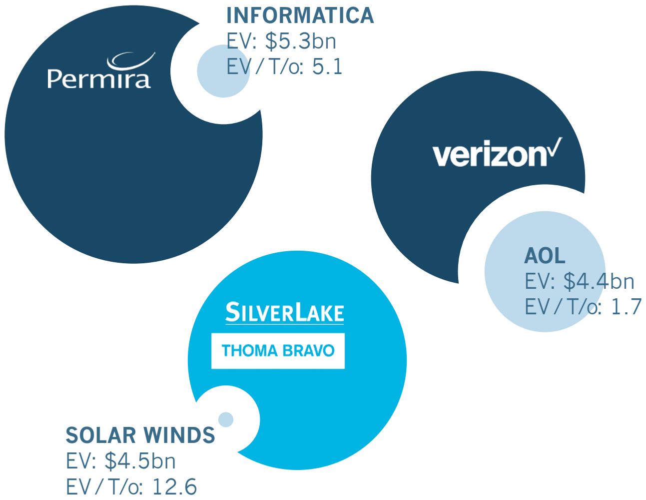


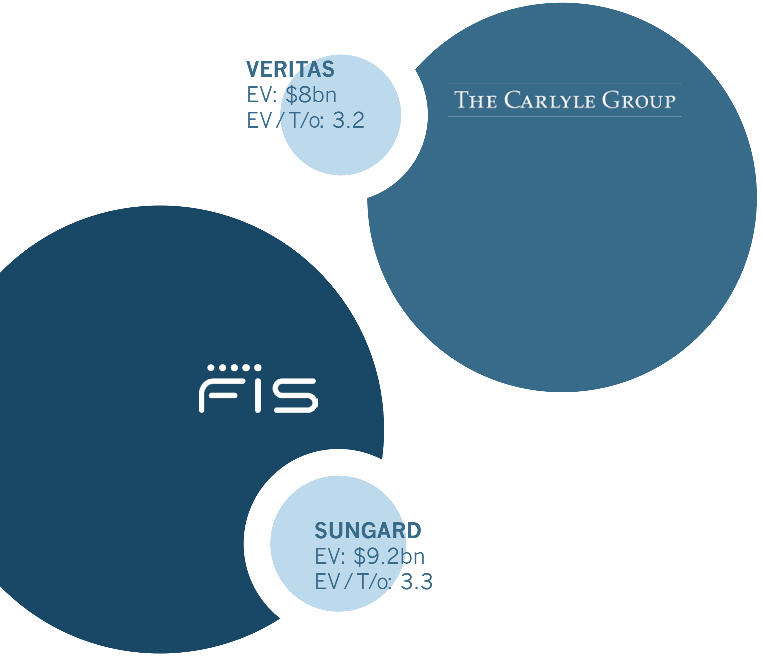
US TECHNOLOGY M&A

IN MAY, SINGAPORE BASED Avago agreed to acquire US rival, **Broadcom**, in a $37bn deal for the chip maker. Although it's not as high profile as say the WhatsApp $19bn acquisition by Facebook in 2014, it was in fact the largest acquisition in the technology space since the dotcom era and the ill-fated merger of AOL/TimeWarner. Three other mega deals in semi-conductors, **Intel/Altera** ($17bn), **NXP/Freescale** ($12bn) and **Lam/KLA-Tencor** have led to a rapid consolidation in that sector and accounts for quite a slug of the transaction volume in 2015. The push for scale and new products that can meet demand in fast growing sectors, such as Internet of Things, is the key driver.

However, the Broadcom deal was the largest deal for just 5 months. It was trumped in October by the $67bn acquisition by **Dell** of **EMC**, the storage business and owner of VMWare. This is now by far the largest IT M&A deal ever. Dell was privatised in 2013 and is now PE owned. After the deal, Dell will have a huge debt pile of over $60bn, setting it apart somewhat from its cash laden peers.

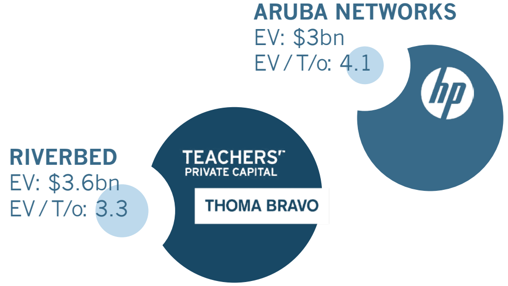
There is no doubt that, alongside these mega deals, the main story of 2015 was the extraordinary amounts of money and eye-watering valuations put on unlisted technology companies. This is part of the reason behind the reduction in the number of IPOs in 2015, as companies delay floating because they can access capital at great valuations in private markets. **Uber** is the daddy, with implied value greater than General Motors, followed by **Snapchat**, **Airbnb** etc who have all raised capital at ever eye popping valuations. A few UK unicorns (i.e. companies valued at over $1bn) include **TransferWise**, **Shazam**, **Funding Circle** and more recently **SkyScanner**. Is it a bubble or a new world order? I think for most of them, the former.





Aside from the Dell deal and semi-conductor mania the remainder of high value deals in the US were mainly at 3–5x trailing revenues. Key activity centred around cloud services, FinTech, infrastructure/storage management, mobile and security. Buyers remain a mix of private equity and trade. Highlights included the sale of **Sungard** after a decade long (and not particularly profitable) period under Fidelity ownership. Again, after a decade long period as part of Symantec, it was announced that **Veritas**, the storage software arm was to be spun out. However, before the split happened, Carlyle snuck in and acquired it for $8bn. **Informatica** the integration/data management and big data solutions provider was acquired by Permira Private Equity for $5.3bn or a whopping 5x revenue.

For once the M&A scene was not dominated by **Google/Alphabet** who have plenty of cash (over $70bn) but having acquired over 170 companies in a myriad of sectors, investment in these “moon-shot” projects is now slowing as it refocuses on driving profit.



HP may have turned the corner. It made a significant £3bn acquisition of Aruba Networks (mobile networks) this year and is by far its biggest deal since 2011, when it acquired Autonomy for nearly 12x revenues. HP is expected to split in two, later this year, in what could be the next big trend if markets stay kind. An HP PC/printer unit spin-off would help make a 300,000 employee business a bit more agile. **PayPal** was recently spun out of eBay and others rumoured to be looking at this are **Yahoo**, **Microsoft** and **IBM**.

ADVENT SOFTWARE
EV: $2.7bn
EV / T/o: 6.8

SS&C

BainCapital

BLUECOAT
EV: $2.4bn
EV / T/o: 4.9

NETSCOUT

ABOR
EV: $2.3bn
EV / T/o: 5.8

> **"Microsoft is using acquisitions as a way of entering new and adjacent markets"**

IBM

WEATHER CHANNEL
EV: $2bn
EV / T/o: 3.6

The ever acquisitive SS&C Technologies acquired **Advent Software** for US$2.7bn. That makes over 40 deals (including DST just 6 months ago). Advent generated US$397m of revenues in 2014, so the deal equates to over 6x trailing revenues and creates a very significant player in the investment management software space.

Microsoft is using acquisitions as a way of entering new and adjacent markets. They've made some odd looking big deals such as Skype ($8.5bn), Yammer ($1.2bn), Nokia mobile ($7.9bn) and Mojang the Swedish creator of Minecraft for $2.5bn in 2014. Despite taking a $7.6bn write off against its Nokia investment (yes almost all the amount they paid), it is still peddling hard. Revenues are falling, so management need to kick start growth. As a result, in 2015 it bought a massive 19 companies in a range of sectors, particularly data analytics, gaming, security and organisation apps.

Lexmark the printer company has taken a further step to diversify into business process automation (BPA) by acquiring document capture and smart process applications player **Kofax**. It's paying a hefty $1bn or 3.4x revenue. This will nearly double the size of Lexmark's enterprise software revenues which comprises the earlier acquisitions of **Readsoft** and **Perceptive Software** and will help in its strategic shift towards greater exposure into BPA.

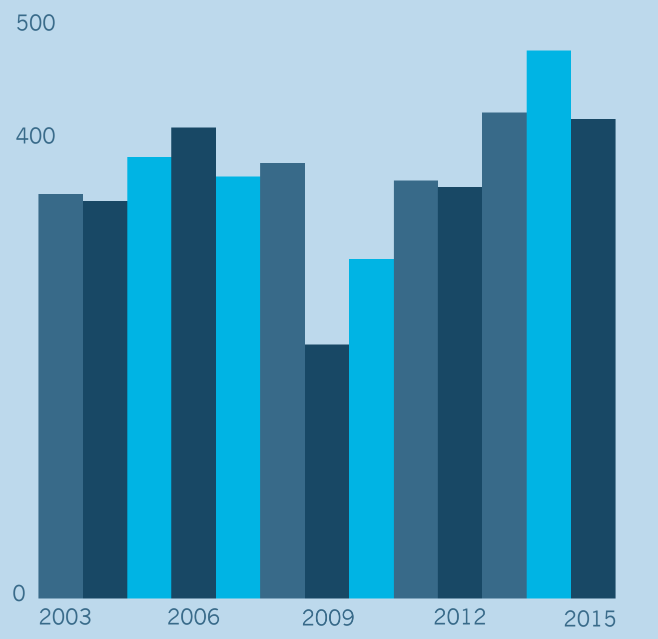
Blackberry has been squeezed out of the handset market by gorillas like Samsung and Apple but it is re-inventing itself with a number of acquisitions in 2015, including Good Technology (mobile security) and AtHoc (Govt security).

CSC has had an unbelievably busy year, not only has it bid for **Xchanging** in the UK, acquired Australia's **UXC** and **Fixnetix** but it has also split in two. Its commercial business separated from the US public sector operations, and at the same time merged with **SRA International**. They were creatively named **CSRA**.

In cyber security there continues to be strong interest from defence companies to move into commercial security. This year US based **Raytheon** acquired **Websense** for $1.9bn or 5x revenue.

UK TECHNOLOGY M&A

No. OF M&A DEALS WITH UK TECH TARGETS



THE NUMBER OF TECH M&A deals with UK targets actually fell by 15% in 2015 compared with the prior year. Nonetheless, the number is still well above average and shows good confidence of buyers.

The UK venture capital market also had a strong 2015 with UK technology companies raising £2.4bn in VC funding, an increase of 70% from 2014.

Three important M&A strategy lessons were re-inforced in 2015.

LESSON 1: Getting **SHAREHOLDER APPROVAL** for an exit is a rather obvious sounding pre-requisite for a successful M&A process. It's obviously trickier if you are a PLC and this is done in public. Customer engagement provider **Eckoh** was in 'advanced discussions' with rival **Netcall**, about a £88m takeover. However the offer was rejected just a week later, as a large Netcall shareholder would not support the merger.

LESSON 2: COMPETITIVE TENSION adds significant value to a transaction. **Telecity** (the data centre provider) thought they had agreed a merger offer from InterXion at £2.2bn. That alerted **Equinix** who trumped the offer with a £150m uplift. At 28x EBIT the offer is certainly a full one, but Telecity is a rare opportunity to add scale (they own 37 data centres across Europe) in a sector where scale is key. The same thing happened to **Capita** who thought they had sown up a cosy deal with insurance outsourcer **Xchanging** but ended up being outbid by a £480m offer from **CSC**, to the delight of Xchanging shareholders who are 20% better off.

LESSON 3: Manage a tight timetable to maintain momentum and try and **AVOID OVERLY COMPLEX DEAL TERMS.** After months of talks, the complex £1.3m merger agreed between **Aveva**, the UK energy software provider, and part of **Schneider Electric** fell apart. Due diligence unearthed "integration challenges" but it would seem the reason was as much about the deal complexity and the collapsing oil price. Aveva shares fell 30%.

FINTECH

WorldPay IPO was the biggest FinTech deal. The payments processing company also became a disrupter as it started adding loans to its 300,000 small business customers. With banks still reluctant/unable to lend, they look likely to face rising disruption in their core market from other tech companies such as Apple, Google and PayPal not to mention Blockchain P2P lending etc.

UK listed **Optimal Payments (renamed) Paysafe** acquired **Skrill** for $1.2bn taking them into the Premier League of digital payments. They paid just over 9x adjusted EBITDA.

Monitise had a very tough year, joining the 90% club. The mobile payment provider crucially lost support of one of its larger shareholders, VISA. In fact, the shares have now fallen 97% valuing it at just £60m.

Similarly, **Quindell**, is living up to its new name **Watchstone**. Having watched Quindell shares fall like a stone, with a 90% drop, it then sold its key insurance claims business to Australian listed Slater and Gordon for £637m in 2015. Then, would you believe it, Slater and Gordon shareholders have watched their own shares also fall 90%!!

It was another busy year in FinTech with the sale of a number of trading and payments platforms such as **TradeFX** (4x revenue), **AVA Trade** (5x), **Trayport** (9x) and others being absorbed included **Proquote** and **Fixnetix**.

Other notable Fintech deals included: the privatisation of **The Innovation Group**, Barclays sale of its Risk Analytics platform to **Bloomberg** for 11x revenue, **First Derivatives** made several smaller acquisitions and London based (but US listed) **Markit** was very busy acquiring CoreOne, DealHub and Info Mosaic. Finally, **Aberdeen Asset Management** diversified by acquiring **Parmenion**, a portfolio platform for wealth managers.

DIGITAL MEDIA

In the broadcasting space, **Pace** who provide Pay TV hardware solutions was acquired by US group **ARRIS** for $2.1bn or 8x EBITDA. **Ooyala** (a US subsidiary of **Telstra**) acquired Nativ - a provider of cloud-based media logistics and workflow software. Telstra is clearly in an acquisitive mood having also acquired **Dr Foster** (healthcare work management). The broadcasting and media space is facing an explosion in social video streaming (Facebook already have 8bn video views a day) and having the right technology to capture and handle this is key. Other deals included **NewsCorp** acquiring video ad platform **Unruly** for £114m or 3.5x revenue, MBO of **The Foundry** and **Telestream** acquired online video platform **Mediacore**.

CYBER SECURITY

Accumuli has been accumulated. The IT security managed services buy and build operator, was acquired for £55m or about 2x sales by **NCC Group PLC** (the listed testing and escrow management provider). Accumuli had itself been a busy acquirer in the past few years. Not content with that NCC also made a fairly bold move in acquiring Dutch based **Fox Group** for €133m or over 5x revenue.

> **“Cyber security is clearly now a boardroom priority”**

Sophos which listed in 2015 immediately spent £32m acquiring Dutch based SurfRight which provides signature-less threat detection and response, and US based Reflexion Networks (email security).

Cyber security is clearly now a boardroom priority and as a result buyers remain very active in the sector, including **Herjavec** which acquired IT security reseller **Sysec**, **Intelisecure** acquired **Pentura**, and **Cisco** acquired pen tester **Portcullis**.

One of the stranger sounding deals was the £40m acquisition by **AVG** of **HideMyAss** at 3.5x revenue. The target offers personal privacy solutions, using its VPN encryption service. It was started by Jack Cator in a small village in Norfolk when he was 16. Initially it was started on a sofa and used by school kids to access social media while at school, but it now has 100 staff and 10m users a month.

TOP20 TECH M&A DEALS WITH UK TARGETS

ICON CORPORATE FINANCE

EV / T/o	PURCHASER	TARGET	EV
6.7	EQUINIX	TELECITY	£2.35bn
0.8	ARRIS	PACE	£1.4bn
1.8	SLATER & GORDON	QUINDELL SERVICES	£637m
11.3	BLOOMBERG	BARCLAYS RISK ANALYTICS	£520m
1.2	CSC	XCHANGING	£480m
4.4	KKR	THETRAINLINE.COM	£450m
45	CISCO	ACANO	£450m
9.1	INT. EXCH.	TRAYPORT	£427m
2.7	INTEROUTE	EASYNET	£402m
3.7	KEYSIGHT	ANITE GROUP PLC	£388m
4.1	PLAYTECH	TRADEFX	£335m
4.2	TA ASSOCIATES	ACCESS TECHNOLOGY	£225m
3.0	LDC	SSP	£207m
9.0	HGC	THE FOUNDRY	£200m
3.0	ZOOPLA	USWITCH	£190m
2.3	CHARLESBANK	SIXDEGREES	£160m
	COMVERSE	ACISION	£158m
0.6	DAISYGROUP	PHOENIXIT	£130m
3.5	NEWS CORP	UNRULY	£114m
2.0	LDC	SYNEXUS	£83m
2.4	NCC GROUP	ACCUMULI	£65m

ENERGY

The Energy management sector has also seen a plethora of deals. Starting at the end of 2014 when **M&C Energy Group** was acquired by **Schneider Electric** after a busy 30 months as part of the Lyceum stable, when it made 5 acquisitions itself. Then in 2015 **RWE npower** acquired Welsh based **RUMM**, a university spinout that uses the latest innovations in cloud-based data analytics to help businesses monitor and control their energy in real time. **Utilitywise** acquired **T-mac Technologies** (real-time energy management software) and Inspired Energy acquired STC. Similarly **Zoopla**, making a big move out of its property focus, acquired **uSwitch** (comparison website) for £190m. All were on attractive multiples.

Access Group, the mid-market business software group which was sold to TA Associates for 4x revenue. Lyceum owned it for 3.5 years and in that time did 18 acquisitions and increased the EBITDA from £4.3m to circa £12m.

The pace of acquisitions in the public sector has slowed a bit but this has not stopped **Capita** who impressively acquired another 16 businesses in 2015, spending over £360m. They range from online construction to business intelligence, networking, e-learning and include its first push into Europe. Capita is a very well-oiled acquisition machine that enhances its growth through an on-going acquisition program.

> “Energy management and legal software sector activity exploded”

TRAVEL

The travel market exploded in 2014 with transactions involving Cheapflights, Griffin, GoCompare, LastMinute.com and Anite Travel. In 2015 **thetrainline.com**, which was looking to float in London, was acquired by private equity with KKR paying £450m or 4.5x revenue for the online rail ticket business.

> “Another UK listed company departs to a US acquirer”

Anite shed its travel business in 2014, clearing the way for a bid for the core wireless testing business. It didn’t take long. Anite which started life as Cray Electronics in 1973, was acquired by US based **Keysight Technologies** for 3.7x sales. Interestingly, Keysight is a spin out of Agilent, who in turn were a spin out of HP back in 1999. Another UK listed company departs to a US acquirer.

INFORMATION MANAGEMENT

In 2014 **Micro Focus** made a transformational $2.5bn acquisition of US **Attachmate**. With the shares up 40% in 2015, revenues and profits trebled – things seem to have worked out pretty well.

Restore also made a transformational £60m move for Wincanton Records storage business. **St.Ives** continued its push into digital services, continuing to reinvent itself from printer to new media.

Easynet was previously the networks arm of BskyB but after 5 years under LDCs wing, it was sold for £402m to Interoute in 2015. **Comverse** acquired Acision the messaging infrastructure business that was previously part of LogicaCMG.

It is funny how sectors explode into life – such as travel in 2014 and semi-conductors in 2015. The legal sector has been particularly active with **Mitratech** being acquired by TA Associates in the US and Dutch **Wolters Kluwer** acquiring both Third Coast and Effacts. In the UK, document automation software leader **Business Integrity** was acquired by **Thomson Reuters** who had previously acquired Capital Law.

CONSULTING

There were also quite a lot of consulting business sales, which indicates where we are in the M&A cycle. Notable deals include **Solucom/Kurt Salmon**, **Altran/Tesella**, **KPMG/Crimson Wing**, **Carlyle/PA Consulting**, **Accenture/Tquila/Javelin** and **AON/Kloud**.

IT / MANAGED SERVICES

Jon Moulton's Better Capital was no doubt quite pleased with the sale of **Calyx Managed Services** (CMS) for a total consideration of £9m to MXC Capital. However, within a month MXC had doubled their money selling the Break Fix division (to **Daisy Group**) and Carrier Services (to **Chess Limited**), for £5.55m and then, selling the rump of the business to **Redcentric** for £12m. Ouch.

It has been a busy period for Tony Weaver's related businesses (**Redcentric** and **Castleton**) with the latter acquiring again to build a mid-sized IT managed services business. It has made over 6 acquisitions now including, a £10m duo in social housing and financial modelling at 6x forward EBITDA.

MXC Capital owns part of both Redcentric and Castelton and the octopus has just grown another leg. In January 2016, MXC is transforming ex-dating stock **Cupid** (now called **Castle Street**) into another listed IT managed services arm. It is acquiring Selection Services for £35m or 1x revenue / 10x EBITDA.

> **"The octopus has grown another leg"**

Computacenter sold its IT disposal and recycling subsidiary, **RD Trading Ltd** to **Arrow Electronics**, for £56m. It equates to 1.1x sales or 15x EBIT. This will let Computacenter focus on its infrastructure services and also lead to another cash return to shareholders.

There is no doubt that private equity buyers are still throwing their weight about, albeit a bit more quietly than a year ago. In 2015, targets such as thetrainline, SSP, Access and Six Degrees have completed buyouts. This refinancing has in turn led to a much more aggressive acquisition strategy of some targets. For example, **Six Degrees** acquired IT managed services provider **Capital Support Group** just barely two weeks after refinancing by US based Charlesbank Capital.

Big US buyers get a high profile. For example, **Facebook**, whose virtual reality business Oculus acquired **Surreal Vision**, a Watford based computer vision/augmented reality business in May. **Apple** acquired three UK businesses, including **Semetric** a $50m music analytics business. Semetric tracks music streaming, downloads and social analytics and is expected to form part of new Beats streaming music services. **Google** has acquired five UK companies recently, including DeepMind, spider.io, Rangespan, Dark Blue Labs and Vision Factory. **Cisco** acquired Acano, the Uxbridge based business. Having paid £450m for the three year old collaboration and conferencing business it is a great looking price for the vendors.

> **"Overseas acquirers are very active in UK, including many small and medium sized deals that sneak under the radar"**

Overseas acquirers are very active in UK, including many small and medium sized deals that sneak under the radar including: **Altran**, **Pivotal**, **Claranet**, **Gemalto**, **Elsevier**, **Siemens**, **Fujitsu**, **CACI**, **Ricoh**, **Akamai**, **Canon**, **Rakuten**, **Accenture**, **KPMG**, **Roper** and **Bentley Systems**.

OUTLOOK

WITH NO INFLATION, INTEREST rates are likely to remain very low for the foreseeable future. The macro outlook is therefore likely to be generally more of the same.

However, this is the sixth year of rising M&A market activity and there is no doubt a fair bit of exuberance about - particularly in Unicorn funding. With the value of M&A activity exceeding the previous peak in 2007, the key question is whether we have reached the peak in the cycle or whether it “really is different this time”. Is this the top of the cycle? Possibly, but not necessarily, we gain comfort from fact that:

(i) Corporates hold $1.8trn in cash, which is more than double the level in 2007.

(ii) Nearly 50% of global M&A in 2015 was partly financed with equity, again more than double the amount in 2007.

(iii) Thirdly, only $300bn of private equity deals were agreed in 2015, in 2007 it was double that level. So M&A is being driven by trade buyers.

The hotter areas in Technology M&A in 2016 are likely to be in data analytics, mobile, video, Internet of Things, wearables, machine learning, cyber security/compliance and FinTech. However, we still see a lot of demand for well managed and growing software and service companies.

> **“Is this the top of the cycle? Possibly, but not necessarily”**

The FANGS are major investors in the fastest growing and most innovative end of the Technology spectrum. They massively outperformed the market in 2015, although the New Year has started somewhat tougher. Innovation and growth are likely to remain at the forefront of investors’ minds in a slow growth world in 2016. That is something for all wannabe FANGS to get their teeth into.

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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 Zephyr, a Bureau Van Dijk database product plus various public 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 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 including earn out adjusted for the level of debt/cash held by the target.