



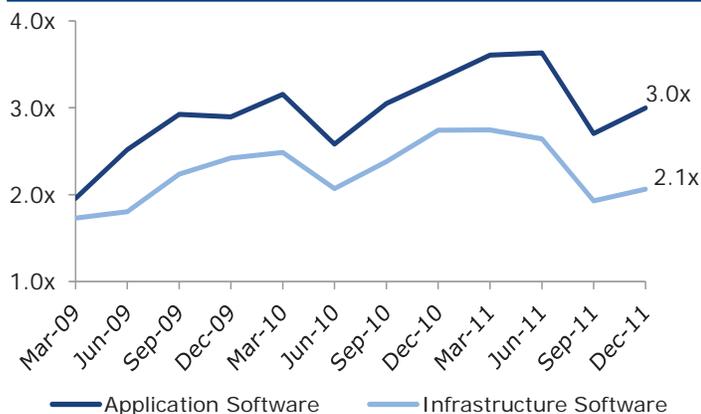
## Software Commentary

December 2011

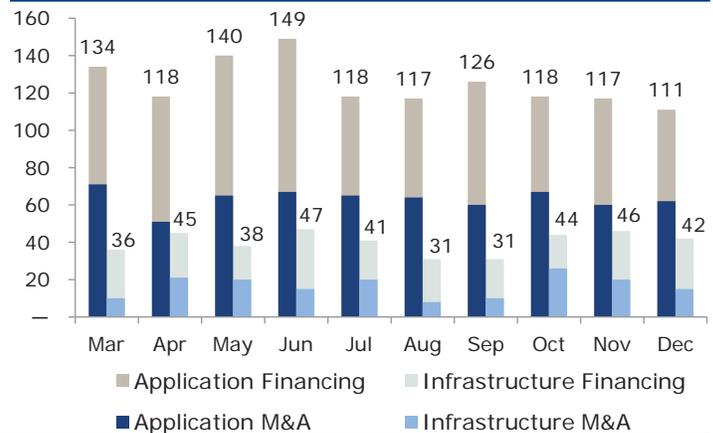
M&A deal volume in the Enterprise Software sector was flat in the month of December, as compared to November; however, reported total deal value was the highest for all of 2011 due primarily to SAP's agreement to acquire SuccessFactors, Inc. SAP announced that it will pay in excess of \$3.6 billion to acquire SuccessFactors, which provides cloud-based business execution software solutions to help organizations bridge the gap between business strategy and business results. With this acquisition, SAP now establishes an advanced end-to-end offering of both on-premise and cloud solutions for managing all relevant business processes, and accelerates its competition with archrival, Oracle, in the overall cloud computing market.

Another player making waves in the cloud-based business analytics software arena is IBM, which agreed to acquire both DemandTec and Emptoris during the month of December. IBM has set its sights on inorganic expansion through its Smarter Commerce initiative, which launched in March 2011. Smarter Commerce is aimed at helping companies respond to shifting customer buying patterns by providing retailers and consumer products companies (CPG's) with actionable intelligence tools and applications on consumer spending behavior. IBM agreed to acquire DemandTec, which delivers cloud-based analytics software that enables businesses to better define the best price points and product mixes based on customer buying trends. A week later, IBM agreed to acquire Emptoris, a developer of cloud-based supply-chain management analytics tools and applications. With the acquisitions of DemandTec and Emptoris, IBM has bolstered its Smarter Commerce initiative to bring end-to-end solutions for retailers and CPG producers, from supply chain management strategy to marketing and pricing policies. IBM estimates the market opportunity for Smarter Commerce at \$20 billion in software alone.

## Software Valuation Environment (TEV/LTM Revenue)



## Enterprise Software Transaction Volume



## Application Software Transaction Activity

**SAP America, Inc.** agreed to acquire **SuccessFactors, Inc.**, a provider of cloud-based human capital management business execution solutions, at an implied enterprise value of \$3.5 billion

**IBM** agreed to acquire **DemandTec, Inc.**, which provides collaborative optimization software connecting retailers and CPG manufacturers, at an implied enterprise value of \$426.9 million

**IBM** agreed to acquire **Emptoris, Inc.**, which provides strategic supply, category spend, and contract management software solutions

**Salesforce.com** agreed to acquire **2Catalyze Inc.** (doing business as **Rypple**), a cloud-based performance management player that creates customer reviews, email polls, and Web surveys

**Cidron Intressenter AB** made an offer to acquire **Orc Group AB**, which provides trading and market access software solutions for trading and market-making firms, at an implied enterprise value of \$250.7 million

**LDC Ltd.** made a bid to acquire **Workplace Systems International plc**, which develops software products for workforce management, for an implied enterprise value of \$60.2 million

## Infrastructure Software Transaction Activity

**SolarWinds Worldwide** acquired **DameWare Development LLC**, which provides remote system management software for Windows

**Quest Software** acquired **BITKOO, LLC**, which develops and provides extensible access control markup language (XACML) and authorization software solutions

**Allen Systems Group** acquired **Atempo, Inc.**, which develops and markets software for a range of data protection, backup, recovery management, and archiving needs for Windows, Mac, Linux, and UNIX

**AVG Technologies** acquired **Bsecure Technologies, Inc.**, which provides internet safety solutions, including internet filter software for the family PC, and an All-in-One Security Suite for the home and small-office

## Software News

SOPA, an acronym for the Stop Online Piracy Act, is a proposed bill that aims to crack down on copyright infringement by restricting access to sites that host or facilitate the trading of pirated content. SOPA's goal is to cut off pirate sites' oxygen by requiring U.S. search engines, advertising networks and other providers to withhold their services. The proposed legislation, which is currently making its way through Congress, continues to gain more and more vocal opponents from the cloud computing and Web community, including some of the largest tech players in the world like Google, Twitter, Facebook, and AOL.

TM Capital has ongoing relationships with the companies mentioned above. If your company fits the acquisition criteria, or to learn more about additional sell-side and buy-side opportunities, contact Brad Adams at 617.259.2203 or badams@tmcapital.com.

## Providing Tech M&A Advisory Services on a Global Scale



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