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## PRIVATE EQUITY IN INFORMATION

Financially Sponsored Transactions within the Information Industry

### 2010 Key Highlights

- The largest transaction in 2010 was the acquisition of Interactive Data Corporation, a subsidiary of Pearson plc, by Warburg Pincus and Silver Lake Partners for \$3.25 billion.
- Thoma Bravo was the most active financial acquirer in the information industry by volume, with 10 acquisitions: UPS Logistics Technologies, Computer Systems Company, Inc., Hershey Systems, Inc., LANDesk Software, Inc., Beyond Appraisal, Inc., SonicWALL, Inc., Double-Take Software, ManageSoft Corporation, PLATO Learning, Inc. and eWebHealth.

### 2010 Key Trends

- Total transaction volume in 2010 increased by 24 percent over 2009 from 222 in 2009 to 275 in 2010.
- Total transaction value in 2010 increased by 57 percent over 2009 from \$16.21 billion in 2009 to \$25.45 billion in 2010.
- The median revenue multiple increased 53 percent over 2009, from 1.3 to 2.0 in 2010.

### M&A Market Overview

Berkery Noyes tracked 1048 transactions between 2007 and 2010 of which 359 disclosed financial terms, and calculated the aggregate transaction value to be \$120.83 billion. Based on known transaction values, we project values of 689 undisclosed transactions to be \$28.85 billion totaling \$149.68 billion worth of financially sponsored transactions within the information industry tracked over the past four years.

Large, active financial buyers have focused their acquisitions on adding to existing portfolio companies rather than the acquisition of new, stand alone investments. Over 80 percent of their transactions have been incorporated into existing investments, where across the acquisition landscape in the information industry, the number has been closer to 60 percent.

Berkery Noyes determined that the nearly one-third of companies sold between 2007 and 2010 received transaction values between \$12 million to \$90 million.

#### M&A Market Dynamics

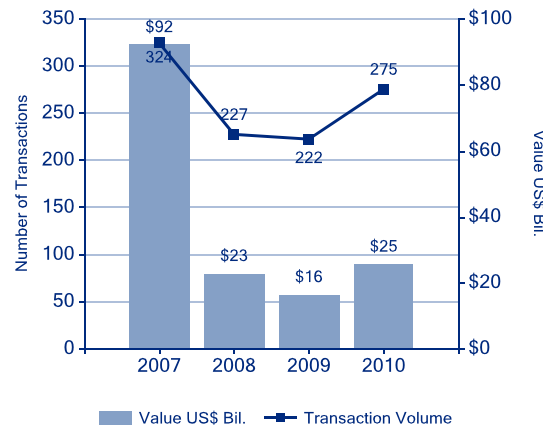


Figure 1. 2007 - 2010 value and volume comparison.

#### Median Enterprise Value Multiples

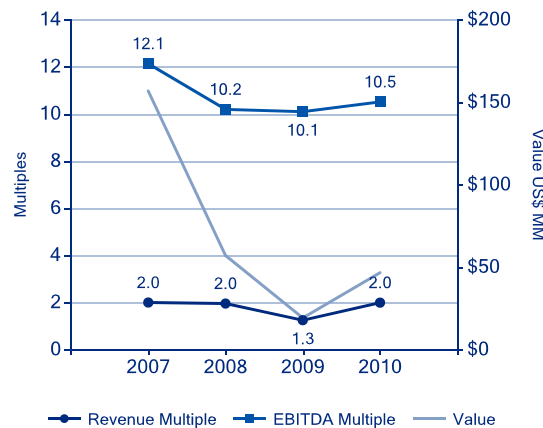
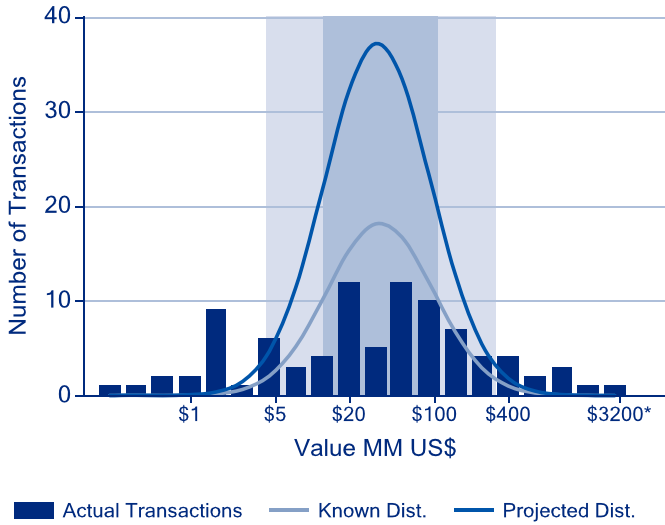


Figure 2. 2007 - 2010 median: Value, Revenue, EBITDA comparison.

Bell Curve - Histogram



**Figure 3.** Shows distribution of transactions among the private equity transactions in the information industry based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one third of companies purchased had transaction values of \$20.1 million to \$90 million. Based on this data, we estimate the total transaction value of deals done from Jan. 1 to Dec. 31, 2010 at \$25.4 billion.

\* Indicates largest transaction in the industry from Jan. 1 through Dec. 31, 2010.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	1 %	1 %
\$0.4	1	0	1	1 %	2 %
\$0.6	2	0	2	2 %	4 %
\$1.0	2	0	2	2 %	7 %
\$1.6	9	0	9	10 %	17 %
\$2.7	1	2	2	1 %	18 %
\$4.5	6	5	11	7 %	25 %
\$7.4	3	12	15	3 %	28 %
\$12.2	4	22	26	4 %	33 %
\$20.1	10	33	42	11 %	44 %
\$33.1	5	37	42	6 %	49 %
\$54.6	12	33	44	13 %	63 %
\$90.0	10	23	32	11 %	74 %
\$148.4	7	12	19	8 %	82 %
\$244.7	4	5	9	4 %	87 %
\$403.4	4	2	5	4 %	91 %
\$665.1	2	0	2	2 %	93 %
\$1,096.6	3	0	3	3 %	97 %
\$1,808.0	1	0	1	1 %	98 %
\$2,981.0	1	0	1	1 %	99 %
<b>Total #</b>	<b>89</b>	<b>186</b>	<b>275</b>		
<b>Total \$ Value</b>	<b>\$19,283</b>	<b>\$6,164</b>	<b>\$25,447</b>		

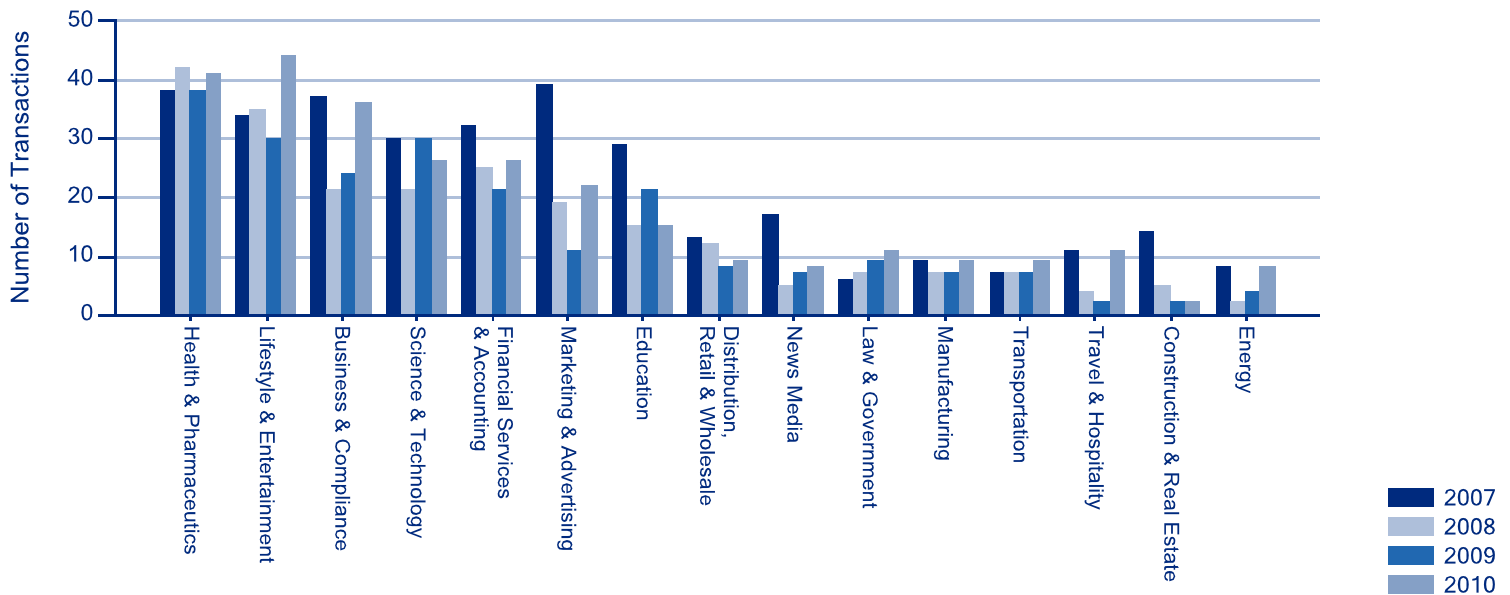
■ Middle 3rd of Industry ■ Middle 2/3rds of Industry

**Figure 4.** Presents the data depicted in the bell curve-histogram.

**note:** The projected number column is rounded as a result of the projection and may produce insignificant errors in the total sum.

TRANSACTION VOLUME BY SEGMENT | Jan. 1, 2007 - Dec. 31, 2010

Transactions By Market Segment



**Figure 5.** Presents the transaction volume by target segment within private equity transactions in the information industry.

# PURCHASER ANALYSIS

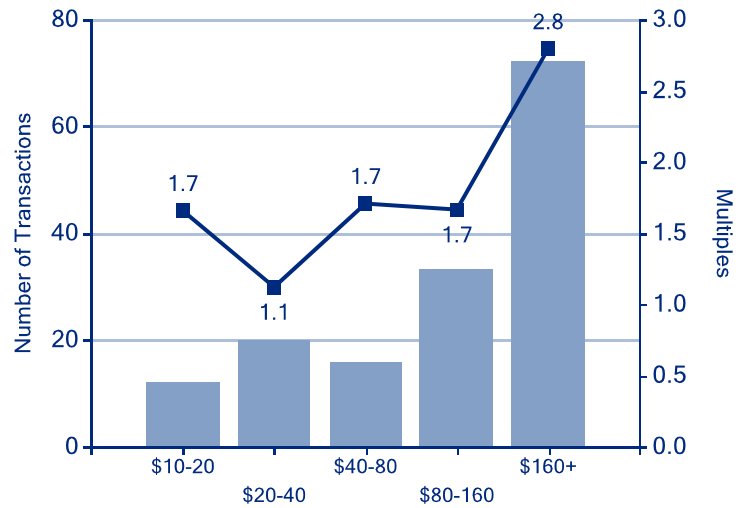
## Top Ten Notable Transactions 2010

Deal Date	Target Name	Buyer	Value MM US\$
05/04/10	Interactive Data Corporation	Warburg Pincus, Silver Lake Partners	\$3,245
09/26/10	Visma ASA	Kohlberg Kravis Roberts & Co.	\$1,902
08/06/10	RBS WorldPay, Inc.	Bain Capital, Advent International Corporation	\$1,700
06/10/10	Vertafore, Inc.	TPG Capital	\$1,400
03/01/10	RiskMetrics Group, Inc.	MSCI Inc.	\$1,380
02/12/10	SkillSoft PLC	Bain Capital, Berkshire Partners LLC, Advent International Corporation	\$1,065
11/05/10	Property Information Business from MacDonald Dettwiler	TPG Capital	\$850
06/03/10	SonicWALL, Inc.	Thoma Bravo, LLC, Teachers Private Capital	\$637
09/20/10	Internet Brands, Inc.	Hellman & Friedman LLC	\$625
05/03/10	Sophos, Plc	Apax Partners	\$580
2010 Aggregate Transaction Value			\$25,447
Top 10 Aggregate Transaction Value			\$13,383
<b>Top 10 Aggregate Value as a Percentage of All Transactions</b>			<b>53 %</b>

**Figure 6.** Lists the top ten transactions for 2010 and calculates their aggregate transaction value as a percentage of the 2010 total aggregate transaction value as shown on Figure 1 & 4.

**note:** Transaction data based on **announced date**.

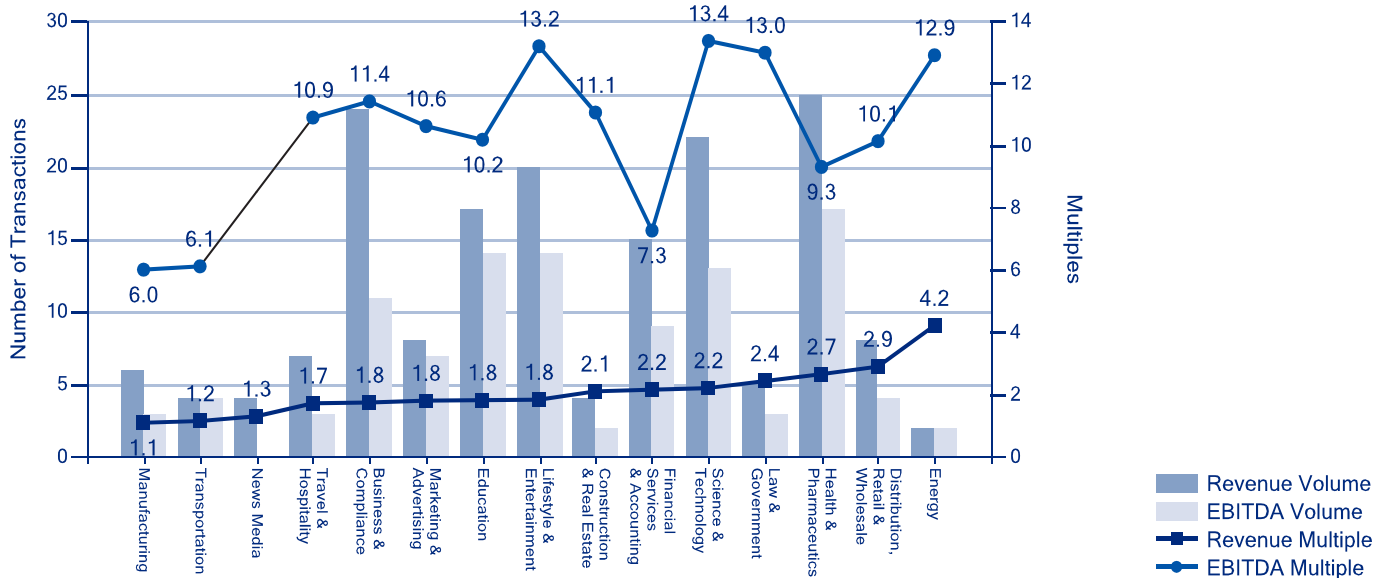
## Median EV/Revenue Multiples By Size



**Figure 7.** Presents the median enterprise value/revenue multiples in private equity transactions in the information industry from 2007 to 2010 based on publicly available sales price and revenue data.

# TRANSACTION VOLUME & VALUE BY SEGMENT | Jan. 1, 2007 - Dec. 31, 2010

## Median EV/Revenue and EBITDA Multiples By Market Segment



**Figure 8.** Presents the financially sponsored transaction values by target segments within the information industry from 2007 to 2010. Revenue volume reflects the number of deals used to calculate the median EV/Revenue multiples in their respective segments. EBITDA volume reflects the number of deals used to calculate the median EV/EBITDA multiples in their respective segments.

**Note:** The actual deal volume of transactions in each segment is higher, the deal volume only counts transactions where the transaction multiple is publicly available. The higher the volume the more reliable the median multiple is. No transaction appears in more than one market segment.

(See Figure 9 for a description of what we classified within each of these segments)

## About Berkery Noyes

Founded in 1980, Berkery Noyes is the leading independent investment bank specializing in the information content and technology industries. The firm has initiated, managed and closed more than 475 merger and acquisition transactions for privately held and publicly traded companies in the business, technology, education, health, financial and legal information segments. Berkery Noyes is unique among investment banking firms in that we combine truly independent strategic research and industry intelligence with senior information technology banking expertise. With no equity fund or brokerage business to manage, our partners and investment banking professionals are one hundred percent focused on M&A advisory services. Berkery Noyes employs over 40 individuals with deep industry knowledge and experience who strive to exceed our clients' expectations by maximizing the full value of their information technology and content assets.



All charts in this report are based on data gathered by Berkery Noyes research department. All time period statistics are based on the transaction announcement date.

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**JOSEPH BERKERY** | *Chief Executive Officer*

**JOHN SHEA** | *Chief Operating Officer*

### Market Segments

Market Segment	Description
Business & Compliance	Business Management, Regulatory Compliance, Risk, Customer Support, Human Resource
Construction & Real Estate	Construction, Real Estate Management, Sales and Rental
Distribution, Retail & Wholesale	Distribution, Retailing, and Wholesaling
Education	K-12, Higher Ed, Professional Training
Energy	Electricity, Fossil Fuels, Alternative Energy, Clean Tech, Energy Utilities
Financial Services & Accounting	Capital Markets, Investing, Commercial Banking, Mortgage, Insurance, Tax, Accounting
Health & Pharmaceuticals	Healthcare, Health Insurance, Pharmaceuticals
Law & Government	Federal, State, Local Government, Defense, Homeland Security, Law Enforcement, Politics, Law
Lifestyle & Entertainment	Film, Music, Television, Video Games, Literature, Sports, Fashion, Home & Garden
Manufacturing	Electronics, Computers, Automobiles, Aerospace, Plastics, etc...
Marketing & Advertising	Marketing, Advertising, Market Research, Demographics
News Media	Television, Radio Broadcasting, General News Agencies & Newspapers
Science & Technology	Engineering, Security, Communications, Internet Technology
Transportation	Trucking, Shipping, Rail, Logistics, Navigation
Travel & Hospitality	Travel, Hotel, Dining, Food and Beverages

**Figure 9.** Represents what types of Financially Sponsored companies are included in Figure 8.

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