

# TMT Quarterly Update

Q3 2021



# DCF's TMT Practice

Deloitte Corporate Finance LLC (DCF) is a leading global middle-market M&A adviser. Our professionals have extensive knowledge in the TMT space and use their experience to help clients enhance value.



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## Firm Overview

#1

2020 Global M&A  
 Advisor by deals  
 completed <sup>(1)</sup>.

487

Completed deals  
 in the last 12  
 months.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, Deloitte has **2,400 Corporate Finance professionals** across 60 countries that serve as value-add partners to the North American team.
- **Top global middle-market financial advisor** in 2020 according to Mergermarket <sup>(1)</sup>.

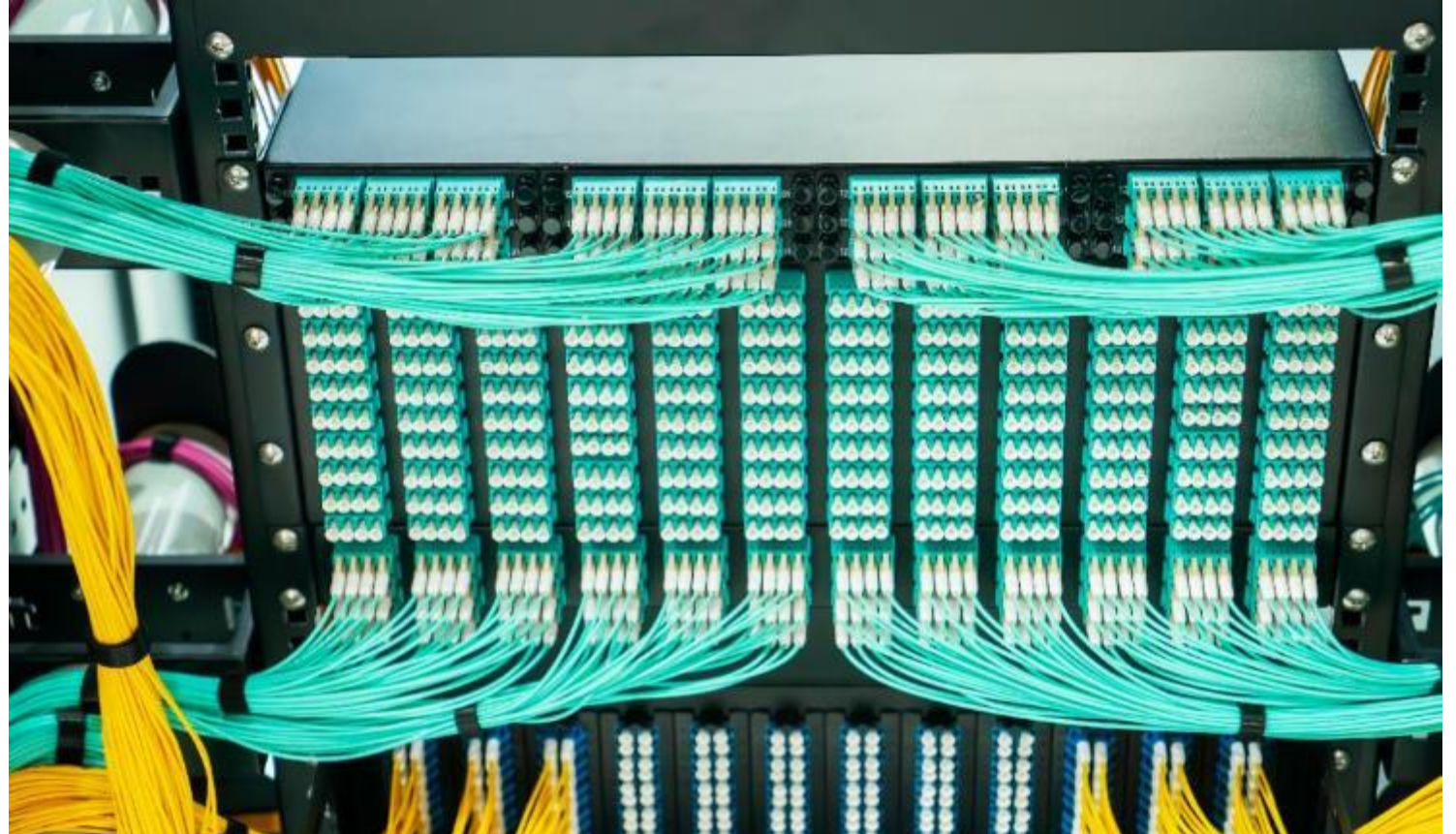


## Sector Focus







- Application Software / SaaS
- Cloud & Infrastructure Software / Services
- Data Analytics and Business Intelligence
- Diversified IT Services
- Hardware
- Horizontal & ERP Software
- Information Technology Security
- Internet & Digital Media
- Tech Enabled Services
- Telecommunications
- Traditional Media

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# Notable recent M&A transactions <sup>(1)</sup>

<p><b>Application Software / SaaS</b></p> 	<p><b>Intuit Inc.'s acquisition of The Rocket Science Group, LLC.</b></p> <ul style="list-style-type: none"> <li>The Rocket Science Group (MailChimp) operates an online marketing platform for small businesses.</li> <li>Intuit provides financial management and compliance products for small businesses and accounting professionals.</li> <li>Intuit and MailChimp will work to deliver an end-to-end customer growth platform for small and mid-market businesses.</li> </ul>	<p><b>Close Date:</b> Pending  <b>EV:</b> \$12,000.0 MM  <b>Rev:</b> \$800.0 MM  <b>EV/Rev:</b> 15.5x  <b>EV/EBITDA:</b> N/A</p>
<p><b>Internet &amp; Digital Media</b></p> 	<p><b>Magnite, Inc.'s acquisition of SpotX, Inc.</b></p> <ul style="list-style-type: none"> <li>SpotX, Inc. develops and provides an online video advertising platform for publishers and advertisers.</li> <li>Magnite, Inc. operates an independent sell-side advertising platform in the United States and internationally.</li> <li>Magnite's expanded capabilities and teams will be able to cater to a broader set of client needs.</li> </ul>	<p><b>Close Date:</b> February 2021  <b>EV:</b> \$1,141.2 MM  <b>Rev:</b> \$170.5 MM  <b>EV/Rev:</b> 6.7x  <b>EV/EBITDA:</b> 32.6x</p>
<p><b>Diversified IT Services</b></p> 	<p><b>Norwest Equity Partners' acquisition of Coretelligent, LLC</b></p> <ul style="list-style-type: none"> <li>Coretelligent provides managed and co-managed IT support services.</li> <li>Norwest Equity Partners is a middle-market investment firm headquartered in Minneapolis, MN.</li> <li>NEP expects to acquire and tuck more managed service providers into Coretelligent.</li> </ul>	<p><b>Close Date:</b> October 2021  <b>EV:</b> N/A  <b>Rev:</b> N/A  <b>EV/Rev:</b> N/A  <b>EV/EBITDA:</b> N/A</p>
<p><b>Hardware</b></p> 	<p><b>Nordson Corporation's acquisition of NDC Technologies, Inc.</b></p> <ul style="list-style-type: none"> <li>NDC Technologies Inc. produces a manufacturing process measurement and control instrumentation products.</li> <li>Nordson Corporation is an industrial machinery engineering and manufacturing company.</li> <li>NDC expands Nordson's test and inspection platform beyond electronics into new end markets.</li> </ul>	<p><b>Close Date:</b> August 2021  <b>EV:</b> \$180.0 MM  <b>Rev:</b> N/A  <b>EV/Rev:</b> N/A  <b>EV/EBITDA:</b> 12.0x</p>
<p><b>Traditional Media</b></p> 	<p><b>Magnum Opus Acquisition's acquisition of Forbes Global Media Holdings, Inc.</b></p> <ul style="list-style-type: none"> <li>Forbes Global Media Holdings is a business information brand convening and curating influential leaders.</li> <li>Magnum Opus Acquisition is a Hong Kong-based blank check company sponsored by L2 Capital.</li> <li>This SPAC transaction will enable Forbes to further capitalize on its digital transformation.</li> </ul>	<p><b>Close Date:</b> Pending  <b>EV:</b> \$620.0 MM  <b>Rev:</b> N/A  <b>EV/Rev:</b> N/A  <b>EV/EBITDA:</b> 17.7x</p>
<p><b>Telecom</b></p> 	<p><b>Rogers Communications, Inc. acquisition of Shaw Communications, Inc.</b></p> <ul style="list-style-type: none"> <li>Shaw Communications operates a connectivity company in North America.</li> <li>Rogers Communications operates as a communications and media company in Canada.</li> <li>The transaction will create Canada's most robust wholly-owned national wireline and wireless broadband network.</li> </ul>	<p><b>Close Date:</b> Pending  <b>EV:</b> \$21,180.0 MM  <b>Rev:</b> N/A  <b>EV/Rev:</b> N/A  <b>EV/EBITDA:</b> N/A</p>

# Application Software / SaaS

## Sector trends

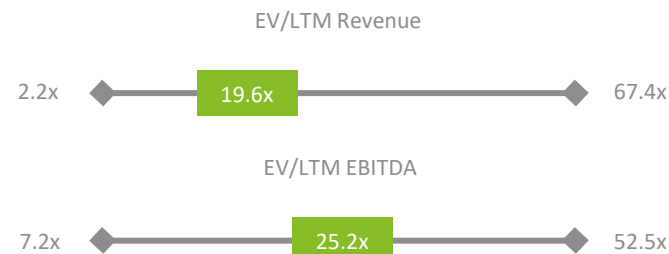
- The increasing **adoption of work-from-home** continues to be a primary driver of **market growth for application software platforms** that help enable employees to be productive and secure on remote devices.
- **Progressive web applications (PWAs)**, a technology that combines the best aspects of native applications and traditional websites, are **changing modern web development practices**. A recent study conducted by Google has shown user engagement to increase by 137% with the use of PWAs.<sup>(1)</sup>
- **Vertical software solutions** are becoming more prevalent as customers are looking for more **specific solutions to their business problems** instead of a one size fits all solution found in popular horizontal SaaS products.



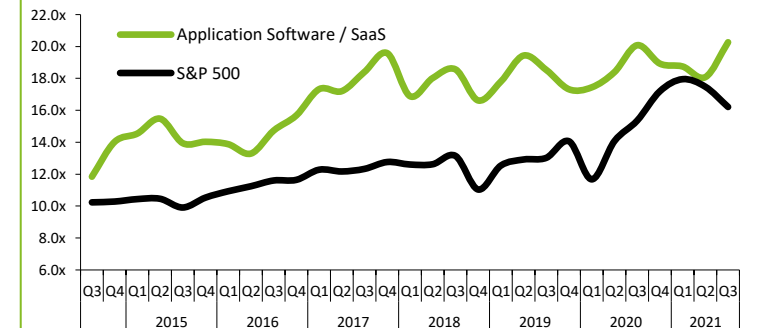
### Select public comparables <sup>(2)</sup>

Company Name	Enterprise Value (MM)
Autodesk, Inc.	\$65,178.3
Fiserv, Inc.	\$92,712.1
Intuit Inc.	\$149,400.4
Salesforce.com, Inc.	\$291,659.1
Workday, Inc.	\$66,045.4
Zoom Video Communications Inc.	\$74,126.1

### Trading metrics <sup>(3)</sup>



### Historical EV/EBITDA multiples <sup>(3)</sup>



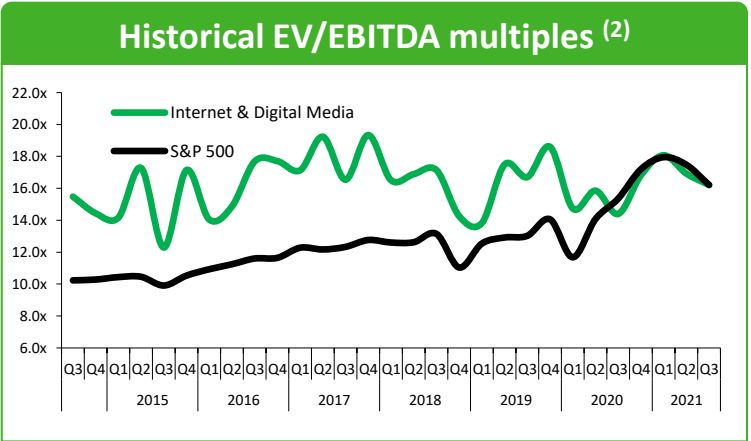
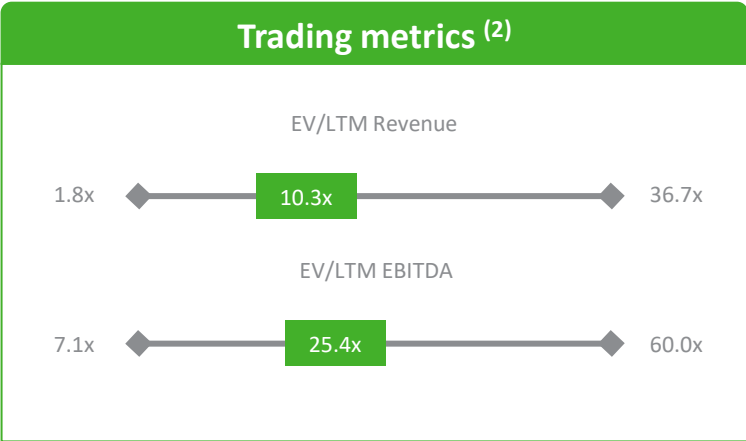
# Internet & Digital Media

## Sector trends

- As consumer businesses have transitioned to be more online since COVID-19, **social media platforms have rushed to develop more online business marketing solutions, providing convenience to consumers who can buy a product viewed in a post without leaving the app they are using.**
- **Data privacy will continue to be at the forefront of regulators' minds** as governments seek to catch up to the latest internet trends with laws such as the **General Data Privacy Regulation (GDPR)** and the **California Consumer Privacy Act (CCPA)** being the starting point for any new legislation. In response, companies have sought to **develop data privacy automation technologies** to maintain compliance and avoid the risks of exposing personal information to data breaches.



Select public comparables <sup>(1)</sup>	
Company Name	Enterprise Value (MM)
Alphabet Inc.	\$1,778,769.0
eBay, Inc.	\$40,818.2
Meta Platforms, Inc.	\$864,125.8
Pinterest, Inc.	\$31,930.9
Snap, Inc.	\$122,474.8
Twitter, Inc.	\$47,807.7



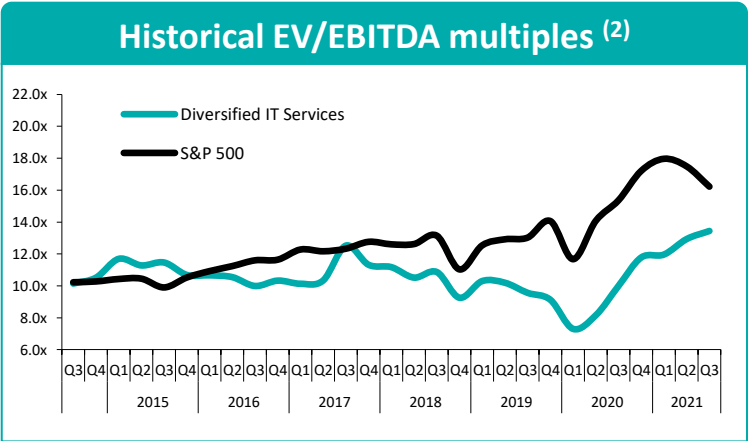
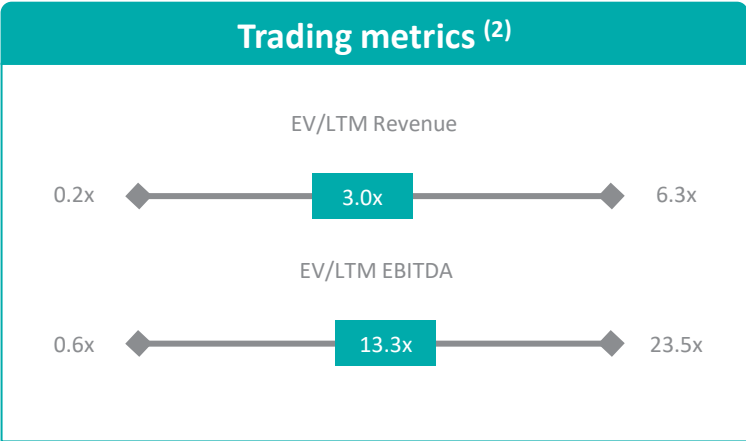
# Diversified IT Services

## Sector trends

- Many organizations are considering **low-cost outsourcing options** in the United States, Canada, and Mexico as part of a **larger trend toward nearshoring** due to COVID-19 related uncertainties overseas.
- **Robotic Process Automation (RPA)**, the usage of applications to automate business processes such as processing transactions, analyzing information, or responding to emails, **has helped enable employees to devote more time to higher value activities**, thereby increasing productivity.
- **Digital twins**, or digital representations of physical objects or processes such as buildings or a supply chain system, are changing how IT professionals can optimize new technologies such as IoT, AI and cloud computing applications by using simulations before deployment.



Select public comparables <sup>(1)</sup>	
Company Name	Enterprise Value (MM)
Accenture plc	\$211,809.3
Capgemini SE	\$37,760.5
Cognizant Technology Solutions Corporation	\$41,311.8
HCL Technologies Limited	\$43,455.0
Infosys Limited	\$92,547.5
Wipro Limited	\$49,155.3



# Hardware

## Sector trends

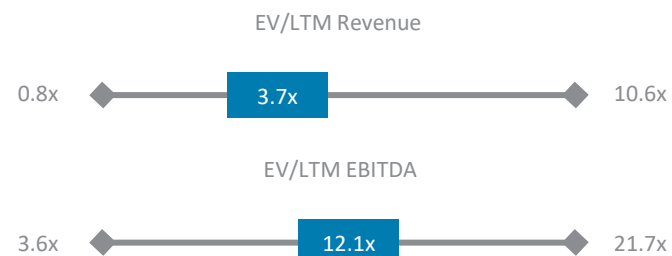
- Many cloud computing providers are looking to **integrate edge computing into their cloud service offerings**, thereby increasing the amount of computing resources that are closer to enterprise applications. The shorter distance enables **faster insights, improved response times and better bandwidth availability** for businesses.
- **Continued investment is being poured into the development of quantum computers as new end uses are being discovered** such as the following: the pricing of complex assets and high frequency trading algorithms in financial applications, drug development for “incurable” diseases in medical applications, and new encryption methods in cybersecurity applications. However, **the first quantum computers to be made available for commercial usage remain years away.**



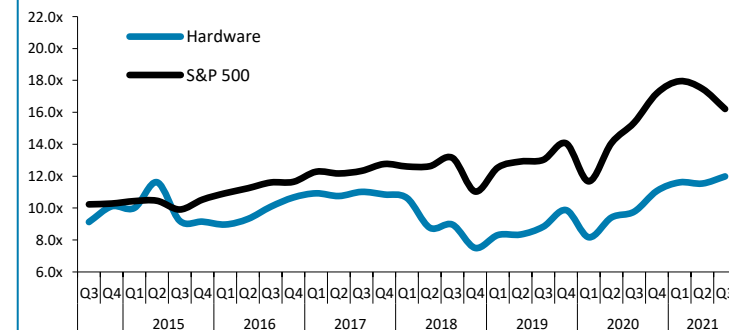
### Select public comparables <sup>(1)</sup>

Company Name	Enterprise Value (MM)
Apple, Inc.	\$2,336,076.2
Applied Materials, Inc.	\$118,025.4
Intel Corporation	\$229,881.2
International Business Machines Corporation	\$181,580.8
Samsung Electronics Co., Ltd.	\$385,595.6
Texas Instruments Incorporated	\$178,379.2

### Trading metrics <sup>(2)</sup>



### Historical EV/EBITDA multiples <sup>(2)</sup>





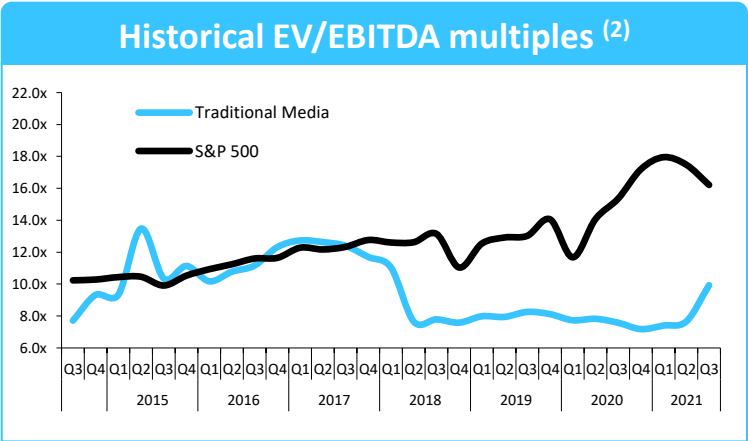
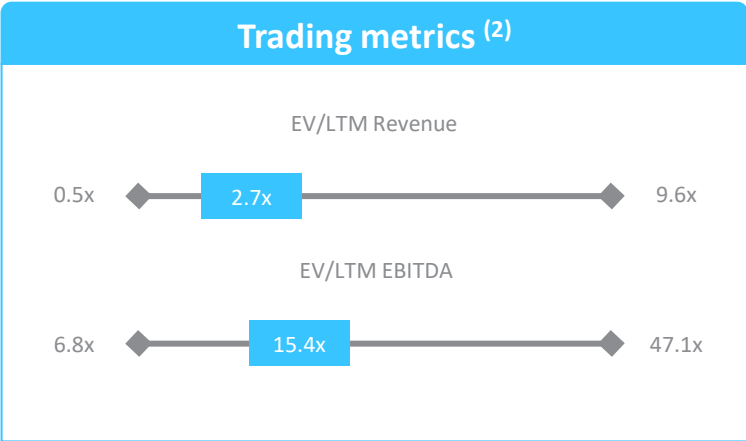
# Traditional Media

## Sector trends

- In response to COVID-19 and declining box office revenues, several streaming video providers have experimented with **premium video on demand (PVOD) releases** whereby consumers can watch movies from home. This serves as another marketing tactic for streaming video providers to **acquire and retain customers and stand out amongst the plethora of competitive, subscription-based offerings.**
- While video streaming remains popular for older generations, **Generation Z is moving away from traditional media sources** and instead **seeking video games and streaming music** as their preferred entertainment channels, forcing advertisers to **reallocate dollars and be more creative** in their outreach to capture the **ever-decreasing attention spans of younger generations.**



Select public comparables <sup>(1)</sup>	
Company Name	Enterprise Value (MM)
Discovery, Inc.	\$28,384.5
Fox Corporation	\$26,388.3
News Corporation	\$15,526.8
Omnicom Group, Inc.	\$18,370.2
The Walt Disney Company	\$374,291.2
Thomson Reuters Corporation	\$59,429.7



# Telecommunications

## Sector trends

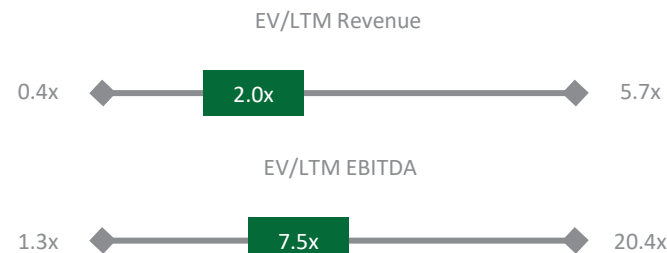
- The Global System for Mobile Communications Association estimates that **5G will generate \$700 billion in economic value**, with enterprises representing 68% of the market, led by retail, government, and finance applications.<sup>(1)</sup>
- The **largest risk of the adoption of advanced wireless technologies is security**. High bandwidth and the increasing number of devices provide hackers with a **larger attack surface to manipulate networks**. Moreover, security systems that are operational for 4G technology need to be reconfigured to meet 5G specifications.



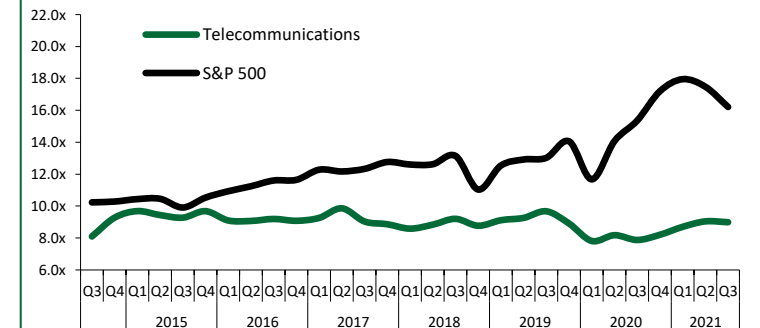
### Select public comparables <sup>(2)</sup>

Company Name	Enterprise Value (MM)
AT&T Inc.	\$397,143.3
América Móvil, S.A.B. de C.V.	\$88,201.7
Comcast Corporation	\$341,421.6
Deutsche Telekom AG	\$251,112.4
Softbank Corporation	\$102,003.1
Verizon Communications Inc.	\$393,001.9

### Trading metrics <sup>(3)</sup>



### Historical EV/EBITDA multiples <sup>(3)</sup>



# Appendix

## Sources Cited

### Page 2:

1. Mergermarket. Accessed October 17, 2021. Data as of January 19, 2021.

### Page 4:

1. Relevant transactions announced in Q3, 2021.
  - a. S&P Capital IQ. Accessed October 17, 2021. Data as of October 17, 2021.
  - b. Mergermarket. Accessed October 17, 2021. Data as of October 17, 2021.

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1. Forbes. *How Progressive Web Apps Will Change Online Business*. Accessed October 17, 2021.
2. Select public comparables set in Q3, 2021.
  - a. S&P Capital IQ. Accessed October 17, 2021. Data as of October 17, 2021.
3. Expanded public comparables set in Q3, 2021.
  - a. S&P Capital IQ. Accessed October 17, 2021. Data as of October 17, 2021.

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1. Select public comparables set in Q3, 2021.
  - a. S&P Capital IQ. Accessed October 17, 2021. Data as of October 17, 2021.
2. Expanded public comparables set in Q3, 2021.
  - a. S&P Capital IQ. Accessed October 17, 2021. Data as of October 17, 2021.

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2. Expanded public comparables set in Q3, 2021.
  - a. S&P Capital IQ. Accessed October 17, 2021. Data as of October 17, 2021..

### Page 9:

1. Select public comparables set in Q3, 2021.
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  - a. S&P Capital IQ. Accessed October 17, 2021. Data as of October 17, 2021.

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1. Deloitte. *2021 Telecommunications Industry Outlook*. Accessed October 17, 2021.
2. Select public comparables set in Q3, 2021.
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3. Expanded public comparables set in Q3, 2021.
  - a. S&P Capital IQ. Accessed October 17, 2021. Data as of October 17, 2021.



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