

TMT Quarterly Update

Q1 2022



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

#2 2021 Global M&A
 Advisor by deals
 completed ⁽¹⁾.

662 Completed deals
 in the last 12
 months.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- **A top global middle-market financial advisor** in 2021 according to Mergermarket ⁽¹⁾.



Sector Focus

- Application Software / Software as a Service (SaaS)
- Cloud & Infrastructure (Infra.) Software / Services
- Data Analytics and Business Intelligence (BI)
- Diversified Information Technology (IT) Services
- Hardware
- Horizontal & Enterprise Resource Planning (ERP) Software
- Information Technology (IT) Security
- Internet & Digital Media
- Technology (Tech) Enabled Services
- Telecommunications
- Traditional Media

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Case study

iland Internet Solutions Corporation

Deal Contacts

Phil Colaco, Jamie Lewin, Byron Nelson, Matt Brooks

iland
iland Internet Solutions Corporation
has been acquired by
11:11
SYSTEMS
11:11 Systems, Inc.
a portfolio company of
Tiger Infrastructure Partners
Tiger Infrastructure Partners

The undersigned acted as exclusive financial advisor to iland Internet Solutions Corporation

Deloitte.
Deloitte Corporate Finance LLC

Client Overview

- Founded in 1994 and headquartered in Houston, Texas, iland Internet Solutions Corporation (iland or the Company) is an award-winning, global cloud service provider of secure and compliant hosting for infrastructure (IaaS), disaster recovery (DRaaS), and backup as a service (BaaS) solutions.
- Leveraging over 20 years of cloud services excellence and award-winning, proprietary technologies, iland is highly regarded in the cloud hosting and data protection services market. Industry analysts recognize iland as the market leader in DRaaS, having been named a leader for four consecutive years in the Gartner Magic Quadrant.

Situation Overview

- The Company engaged Deloitte Corporate Finance LLC (DCF) to run a broad sell-side marketing process, including both strategics and financial sponsors, to create a competitive dynamic for the full sale and exit of the business which resulted in multiple offers from potential suitors.
- DCF added significant value by:
 - Creating detailed marketing materials and positioning the Company based on its platform and product offerings, strong partner relationships, diversified customer base, and expanding ARR economics, while educating investors on iland's unique technical capabilities.
 - Providing guidance on the benefits and considerations associated with partnering with each of the various interested parties, including in-depth analyses of the economic and non-economic implications of each offer, to help iland select the ideal partner for the Company.
 - Leveraging 11:11's eager pursuit of an acquisition in the space to secure a full sale offer for the Company.
 - Managing extensive due diligence, deal structure complexity, and negotiation process on an expedited timeline to maximize sellers' after-tax proceeds.

Case study

US Digital Designs, Inc.

Deal Contacts

Phil Colaco, Jamie Lewin, Lorin DeMordaunt, Byron Nelson, Max Wilhelm



US Digital Designs, Inc.

has been acquired by the Building Technologies division of a publicly traded Industrial Conglomerate

The undersigned is acting as financial advisor to US Digital Designs, Inc.

Deloitte.

Deloitte Corporate Finance LLC




Client Overview

- US Digital Designs, Inc. (USDD or the Company) is a provider of dispatch center and fire station alerting systems that help enable fire departments to reduce response times, loss of property, and loss of life.
- The Company provides public safety communications technology solutions and was a first mover in addressing the communication automation needs of dispatchers and first responders.
- Through integrations with computer-aided dispatch software providers, the Company offers a suite of connected hardware and software solutions, including web-based dashboards and interfaces, illuminated speakers, message signs, and mobile monitoring and alerting tools to over 2,000 fire stations.

Situation Overview

- The Company engaged Deloitte Corporate Finance, LLC (DCF) to run a broad sell-side marketing process, including both strategic and financial sponsors, to create a competitive dynamic for the sale of the business.
- Through a carefully engineered process, the Company received over 20 initial bids, which helped enable DCF to leverage competitive tension throughout Letter of Intent (LOI) negotiations.
- DCF has added significant value to the process by:
 - Guiding the Company through a sell-side quality of earnings, including cash to accrual translation of historical financial statements.
 - Effectively highlighting USDD's differentiated product offerings and market leading position within the public safety communications technology sector.
 - Driving strategic negotiation of key economic and legal terms among multiple LOIs to help enable the shareholders to meet their post-close objectives and meet valuation expectations.

Notable recent M&A transactions ⁽¹⁾

<p>Cloud & Infra. Software/Services</p> 	<p>Vista Equity Partners and Evergreen Coast Capital's acquisition of Citrix Systems, Inc. ⁽²⁾</p> <ul style="list-style-type: none"> Vista Equity Partners and Evergreen Coast Capital are global investment firms which focus on technology investing. Citrix Systems is a multinational cloud computing and virtualization technology company that provides server, application and desktop virtualization, networking, software as a service, and cloud computing technologies. Vista and Evergreen intend to combine Citrix and TIBCO Software, one of Vista's portfolio companies and a global leader in enterprise data management. 	<p>Close Date: Pending EV: \$16,655 MM Rev: \$3,217 MM EBITDA: \$639MM EV/Rev: 5.2x EV/EBITDA: 26.1x</p>
<p>Data Analytics and BI</p> 	<p>SS&C Technologies Holdings, Inc.'s acquisition of Blue Prism Group plc. ⁽³⁾</p> <ul style="list-style-type: none"> SS&C Technologies provides software products and software-enabled services to the financial services and health care industries. Blue Prism Group provides enterprise robotic process automation software. The combined company will be able to deliver a full suite of intelligent automation technologies and enables SS&C to cross-sell Blue Prism's products to SS&C's global client base. 	<p>Close Date: March 2022 EV: \$1,537 MM Rev: \$229 MM EBITDA: N/M EV/Rev: 6.9x EV/EBITDA: N/M</p>
<p>Horizontal & ERP Software</p> 	<p>Thoma Bravo LLC's acquisition of Anaplan, Inc. ⁽⁴⁾</p> <ul style="list-style-type: none"> Thoma Bravo is a global investment firm which focuses on software and technology investing. Anaplan, Inc. provides a cloud-based business-planning software-as-a-service platform enabling connected strategy and planning across enterprises. Upon completion of the transaction, Anaplan will become a privately held company and Thoma Bravo expects to use the company as a platform for further acquisitions 	<p>Close Date: Pending EV: \$10,454 MM Rev: \$592 MM EBITDA: N/M EV/Rev: 17.7x EV/EBITDA: N/M</p>
<p>IT Security</p> 	<p>Google LLC's acquisition of Mandiant, Inc. ⁽⁵⁾</p> <ul style="list-style-type: none"> Google, a technology conglomerate, provides consumer and business facing technology solutions in the areas of artificial intelligence, search engine, online advertising, e-commerce, cloud and quantum computing. Mandiant, Inc. offers intelligence-based cybersecurity solutions for enterprises, governments, and law enforcement agencies worldwide. Google's acquisition of Mandiant should serve to complement Google Cloud's existing security platform. 	<p>Close Date: Pending EV: \$5,357 MM Rev: \$483 MM EBITDA: N/M EV/Rev: 11.1x EV/EBITDA: N/M</p>
<p>Tech Enabled Services</p> 	<p>Bain Capital and NB Renaissance Partners' acquisition of Inetum SA. ⁽⁶⁾</p> <ul style="list-style-type: none"> Bain Capital and NB Renaissance Partners are global investment firms which focus on a variety of industries. Inetum is an international agile IT services company providing digital transformation services and solutions. Bain Capital and NB Renaissance Partners intends to use the company as a platform for further acquisitions while helping the company grow organically. 	<p>Close Date: January 2022 EV: \$2,100 MM Rev: N/A EBITDA: N/A EV/Rev: N/A EV/EBITDA: N/A</p>

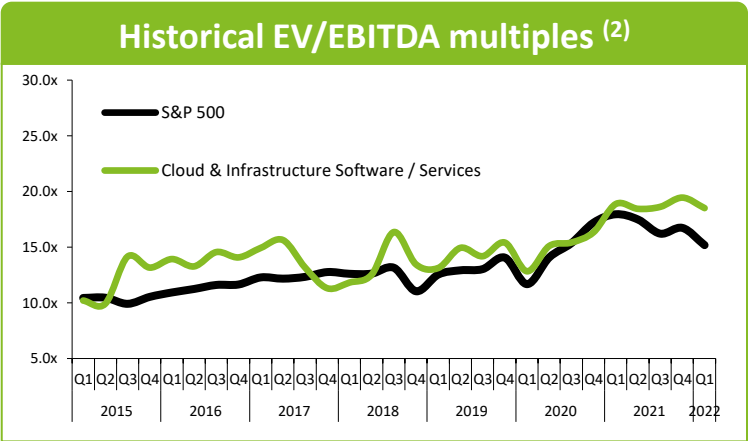
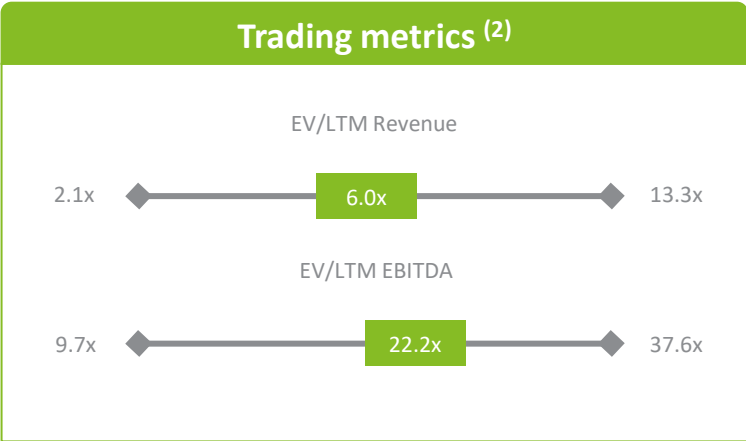
Cloud & Infrastructure Software / Services

Sector trends

- Growing political fragmentation and industry compliance are driving the formation of regional and vertical cloud ecosystems. Companies, especially those in highly regulated industries, are looking to reduce their reliance on critical lock-in and single points of failure when contracting with cloud providers. Therefore, regions able to provide secure ecosystems with limited political pressure may be better positioned to capture market interest and private investment in cloud infrastructure.⁽³⁾
- With greater scrutiny toward organizations’ environmental impact, many cloud computing providers are instituting more aggressive carbon-neutral corporate goals, coined as ‘Carbon Intelligent Computing,’ to increase their sustainability efforts in the fight against climate change. For instance, VMware has promised that by 2030 all their public clouds will be powered with zero carbon from data centers using 100% renewable energy. Likewise, Google has vowed that by 2030 it plans to decarbonize their electricity use in their data centers. These initiatives are not only positive for the environment, but also serve as a competitive differentiator, as indicated by a recent survey that found 80% of consumers view sustainability as the most important consideration when evaluating a company.^{(4) (5)}



Select public comparables ⁽¹⁾	
Company Name	Enterprise Value (MM)
Snowflake, Inc.	\$67,182.3
Datadog, Inc.	\$46,685.3
Arista Networks, Inc.	\$39,395.1
Rackspace Technology, Inc.	\$6,199.7
DigitalOcean Holdings, Inc.	\$6,134.7



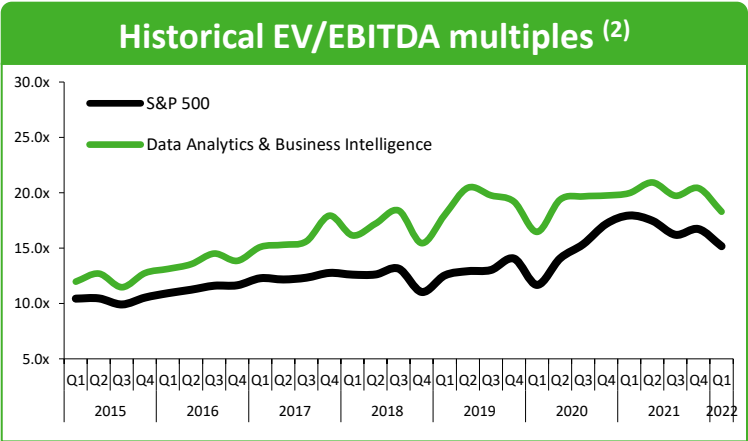
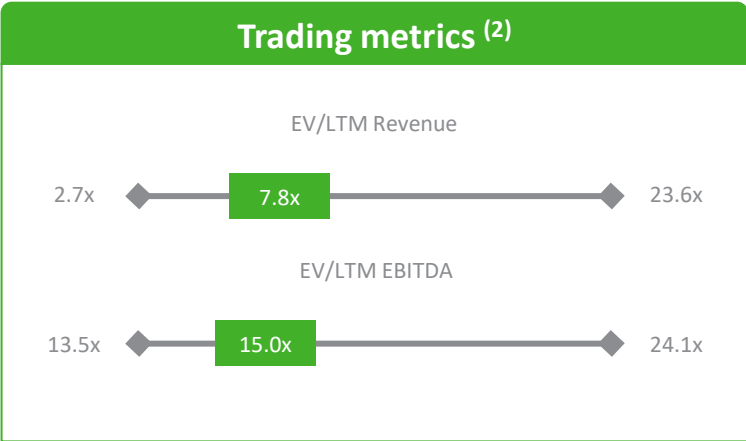
Data Analytics and Business Intelligence

Sector trends

- Previously, the use of data analytics and business intelligence was viewed as an ancillary support function to assist revenue generating teams. However, many business leaders are beginning to embrace the importance of utilizing data and analytics to accelerate digital business initiatives. Data analytics is now viewed as a more mission critical function and specific teams are being carved out to drive value within the structure of large organizations. ⁽³⁾
- As the use of data analytics has become more prevalent, the ability to glean insight from advanced methods has become more democratized. Systems and applications, with the help of cloud computing and open-source tools, are being designed to facilitate a greater ease of use and automate important functions. However, even with the right tools, the ability to effectively utilize analytics resides within the individual companies themselves. Specifically, by allowing managers and employees, who are closest to the day-to-day operations, the freedom and training to identify and scope key business problems that can be solved with data. ⁽⁴⁾
- With the advent of remote work and increasing mobile device adoption rate, a greater amount of data is beginning to live outside of the traditional data center or cloud environments and closer to physical assets. By shifting data analytics to the edge, businesses can enable data teams to scale proficiencies and enable real-time value to generate faster insights.



Select public comparables ⁽¹⁾	
Company Name	Enterprise Value (MM)
SAP SE	\$138,184.4
Splunk, Inc.	\$25,573.9
Dun and Bradstreet Holdings, Inc.	\$11,017.2
Confluent, Inc.	\$10,320.1
Coupa Software, Inc.	\$8,559.3



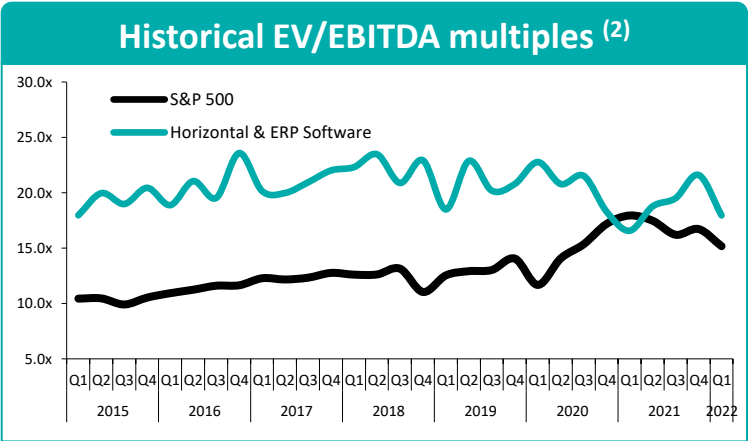
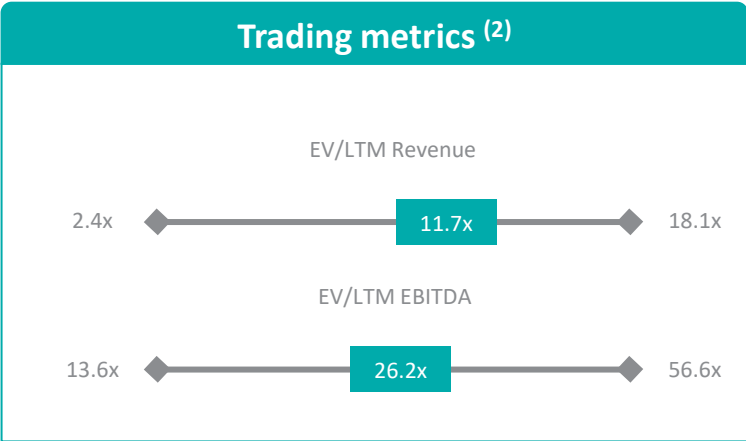
Horizontal & ERP Software

Sector trends

- As corporations mature through their corporate life cycle, they often turn to acquisitions to facilitate growth. However, there are many post-acquisition integration challenges that persist in the M&A landscape. To alleviate potential headaches, many companies have been turning to a two-tier ERP strategy, enabling organizations to leverage their investment in existing ERP systems while subsidiaries use a different, more specialized and often cloud-based ERP system. For companies in high growth stages, a tier 2 solution is often less costly than retrofitting an organization’s entire ERP system and provides subsidiaries with flexibility to respond to changing business conditions.⁽³⁾
- While employing a modern ERP is a main component in a company’s digital transformation, companies are beginning to integrate their business applications with other new technologies, including IoT and AI, to improve core processes. Moreover, many companies are seeking insights from new data sources, such as social media, to gain a deeper understanding of how their products/services are perceived in the market. When these new data sources are cross layered with sales and marketing data, there exists the potential to unearth additional sales and marketing opportunities related to the customer journey.⁽³⁾



Select public comparables ⁽¹⁾	
Company Name	Enterprise Value (MM)
Adobe, Inc.	\$215,244.5
Salesforce.com, Inc.	\$213,817.5
Inuit, Inc.	\$141,810.6
ServiceNow, Inc.	\$109,571.0
Workday, Inc.	\$58,563.1



Information Technology Security

Sector trends

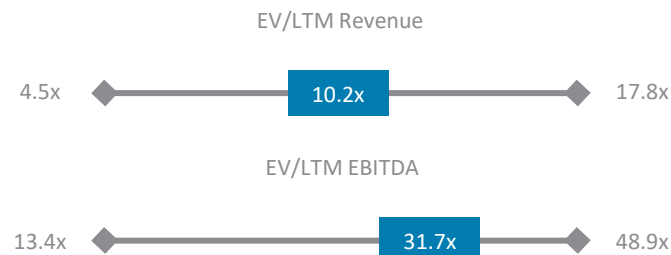
- As companies have increased the digitization of their systems, data, and infrastructure, ransomware attacks have become more prevalent, wrecking havoc on operations. According to IBM Security's 2021 Cost of a Data Breach Report, the average cost for a data breach in the US in 2021 was \$9.05 million, up from \$8.64 million in 2020. The same study also showed that it takes a company an average of 287 days to identify and contain a data breach. All the while, ransomware actors are beginning to employ more targeted and sophisticated attacks, often targeting critical infrastructure to put greater pressure on companies to pay or risk even costlier downtime. Ransomware actors have also been utilizing double or triple extortion schemes to profit from stealing a business' data, encrypting its file system, and simultaneously applying a DDoS attack. The number of threat actors launching attacks has substantially increased due to the development of "ransomware-as-a-service," where ransomware variants are licensed to individuals and accomplices to execute attacks. The resulting emergence of new attackers has led to increased uncertainty and volatility for companies in responding to attacks due to the lack of information on the growing number of ransomware threat actors.^{(3) (4) (5)}
- Until recently, cybercriminals have acted with the knowledge that the understanding of their activities is weak due to the fast-changing nature of technology. However, regulators and law makers are starting to turn more attention toward ways to police malicious cyber-activity by enacting rules and laws that will force greater oversight of companies' security policies and processes. These rules and laws could take the shape of the expansion of penalties that extend to address the vulnerabilities of companies' security systems and exposure to potential damage. Further, there are an increasing number of jurisdictions passing laws to discourage payments in response to ransomware attacks. Naturally, CISOs can expect increased scrutiny and expectations, alongside an increase in support and resources to limit the impact of data thefts, losses, and breaches on customers.⁽³⁾



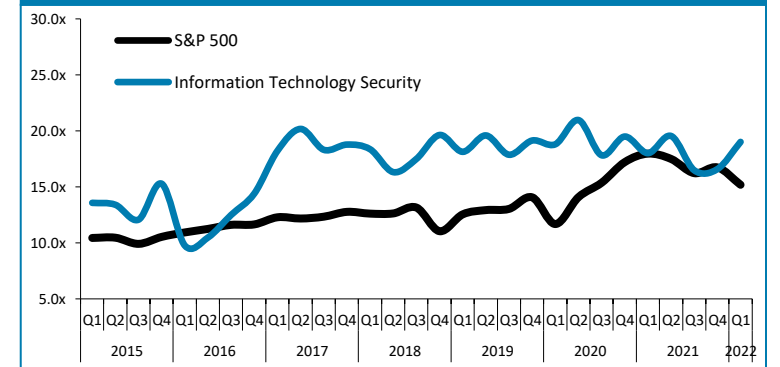
Select public comparables ⁽¹⁾

Company Name	Enterprise Value (MM)
Palo Alto Networks, Inc.	\$61,923.5
Fortinet, Inc.	\$53,804.4
CrowdStrike Holdings, Inc.	\$51,180.8
Zscaler, Inc.	\$33,409.5
Okta, Inc.	\$23,182.1

Trading metrics ⁽²⁾



Historical EV/EBITDA multiples ⁽²⁾



Technology Enabled Services

Sector trends

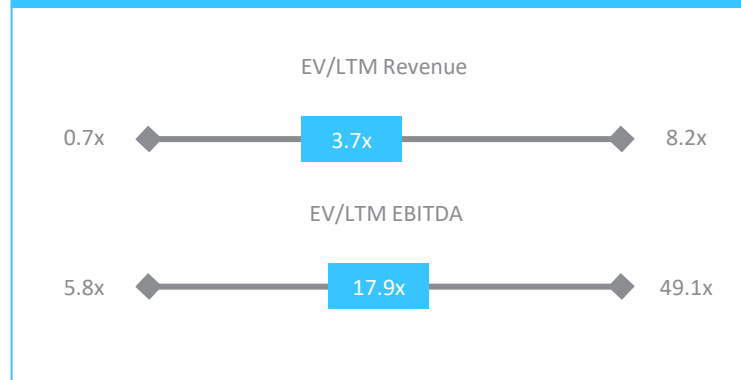
- The supply chain disruption that occurred as a result of the pandemic exposed critical chokepoints across complex distribution and supply chains. To effectively deal with future supply chain challenges, many companies are beginning to place outsized emphasis on visibility and automation, incorporating technologies such as automated robotic tools and machines, blockchain, and AI. Similarly, company sourcing operations are often being outsourced to nearshore third-party contractors and technology-enabled services providers that work to help their clients solve unpredictable and opaque supply chain issues.⁽³⁾
- Due to the years of training and multidisciplinary skills required to become an IT professional, there exists a limited talent pool available to fill the large demand of open positions across the global economy, with talent shortages expected to persist into the near future. According to a recent study by Korn Ferry, the United States could forego \$162 billion worth of revenues annually if unable to find more high-skilled technology workers. One of the largest beneficiaries of this talent trend stands to be technology enabled services companies who will be relied upon even more frequently to help solve some of the largest technological challenges facing the rest of the economy.⁽⁴⁾



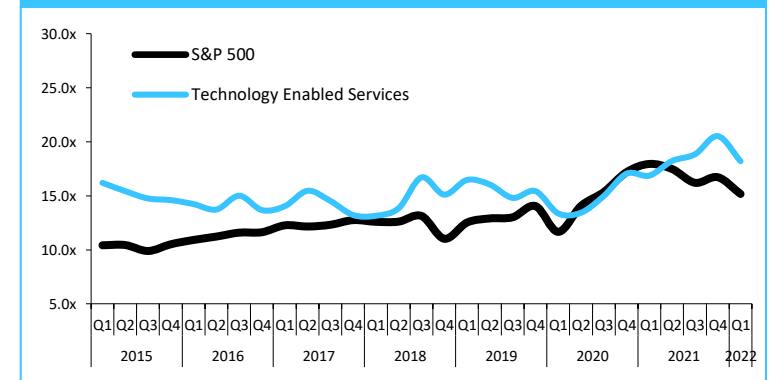
Select public comparables ⁽¹⁾

Company Name	Enterprise Value (MM)
Accenture, plc	\$211,682.7
Tata Consultancy Services Limited	\$174,964.5
Capgemini SE	\$43,827.6
Wipro Limited	\$40,407.2
Cerner Corp.	\$28,176.9

Trading metrics ⁽²⁾



Historical EV/EBITDA multiples ⁽²⁾



Appendix

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Page 6:

1. Relevant transactions announced in 2022.
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