

Selling out vs. Scaling up

Software buyers findings & The 3 hats

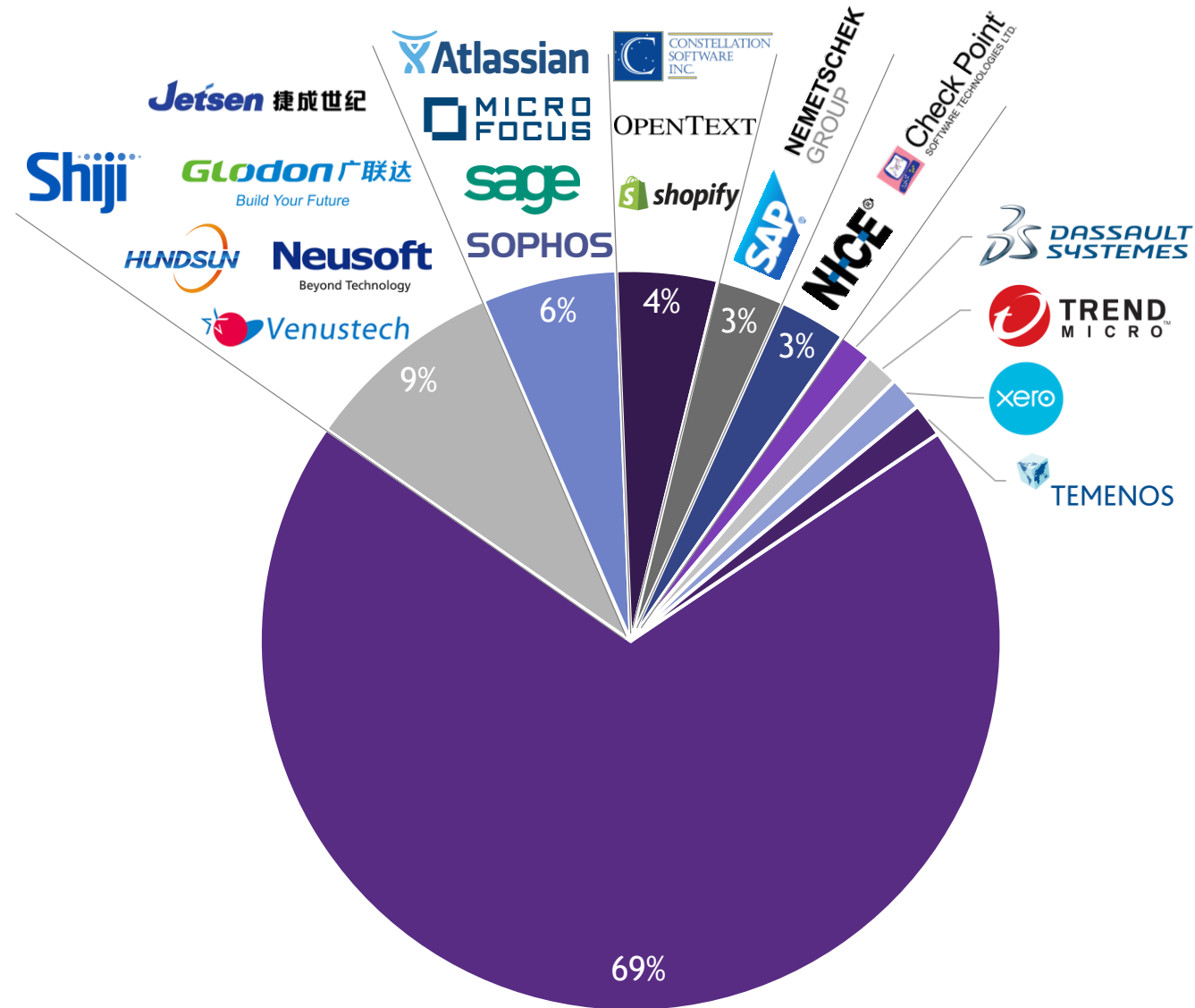
Paddy MccGwire, Managing Director

London, 31st January 2018



Geographical distribution of software leaders: US dominates

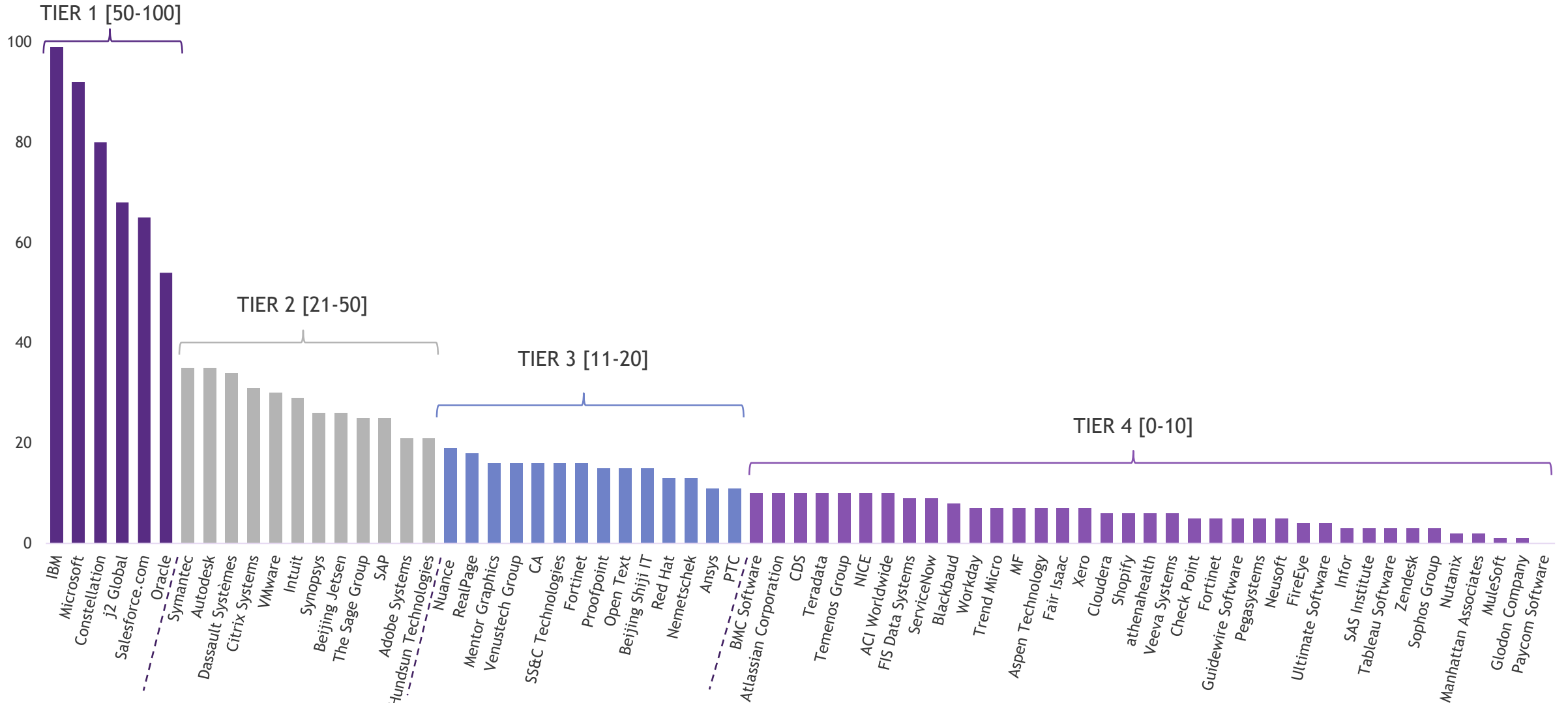
- USA
- China
- UK
- Canada
- Germany
- Israel
- France
- Japan
- New Zealand
- Switzerland



Note: based on HQ location, source: CapitalIQ

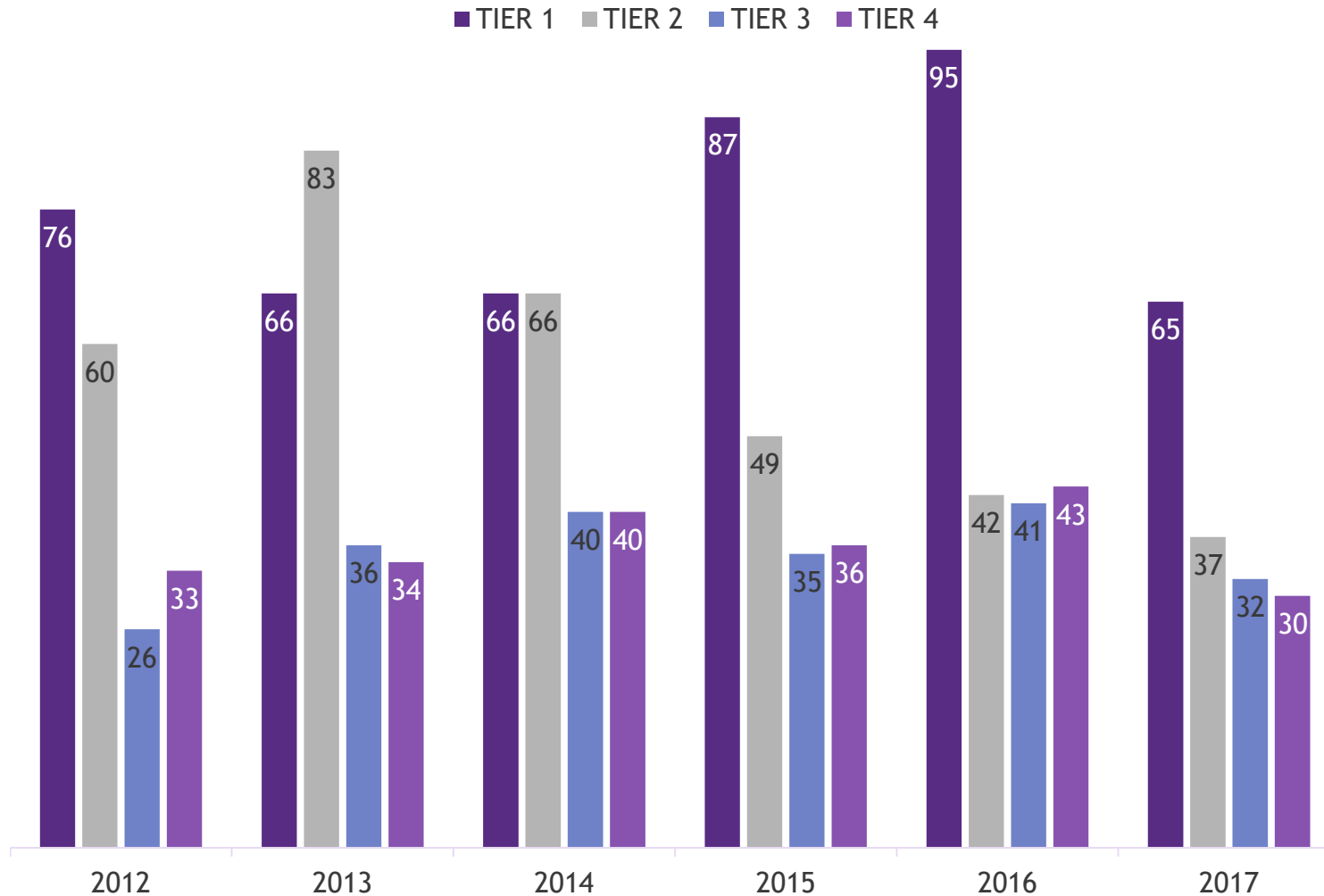
Ranking by acquisition propensity of software leaders

Aggregate number of acquisitions per company since 2012



Acquisition trends across years

Aggregate number of acquisitions per company since 2012





Commentaries:

- 2017 has seen a decrease in the number of deals across all tiers of buyers
- More marked for Tier 1 buyers
- Tiers 3 and 4 are more stable and have similar levels
- 2015 and 2016 have seen very active Tier 1 buyers
- 2013 has seen a peak of activity for Tier 2 buyers

As of 11th December 2017, source: CapitalIQ, Silverpeak analysis



Take away points

- Of European software exits:
 -  25% to US buyers
 -  65% to European buyers
- Financial buyers completed c.10% of all deals within the last 3 years
- Few strategic and financial acquirers are repeat-buyers of European software businesses
- Dassault is the most acquisitive European large software company (Ranked #9)
- **9 of the 16 most active buyers of software companies are NOT one of the 69 global software leaders**



The 3 hats



Company



Shareholder




Management

Identify individual objectives




Different positive outcomes



DeepMind

Artificial Intelligence

sold to





DELPHIS

IT consultancy

sold to



morse
inspiring business



Shareholder refresh

€20m growth capital
€25m existing share sale

Private Equity

