

## TMT Quarterly Update

Q2 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.



## TMT Leadership



**Kevan Flanigan**  
Managing Director  
Los Angeles, CA  
keflanigan@deloitte.com



**Byron Nelson**  
Managing Director  
Head of TMT  
Dallas, TX  
bnelson@deloitte.com



**Max Wilhelm**  
Vice President  
TMT  
Los Angeles, CA  
mwilhelm@deloitte.com



**Connor Lovelace**  
Senior Associate  
TMT  
Los Angeles, CA  
clovelace@deloitte.com



**Alex Gitkin**  
Associate  
TMT  
Charlotte, NC  
agitkin@deloitte.com



## Firm Overview

#2

2021 Global M&A  
Advisor by deals  
completed <sup>(1)</sup>.

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 <sup>(1)</sup>.



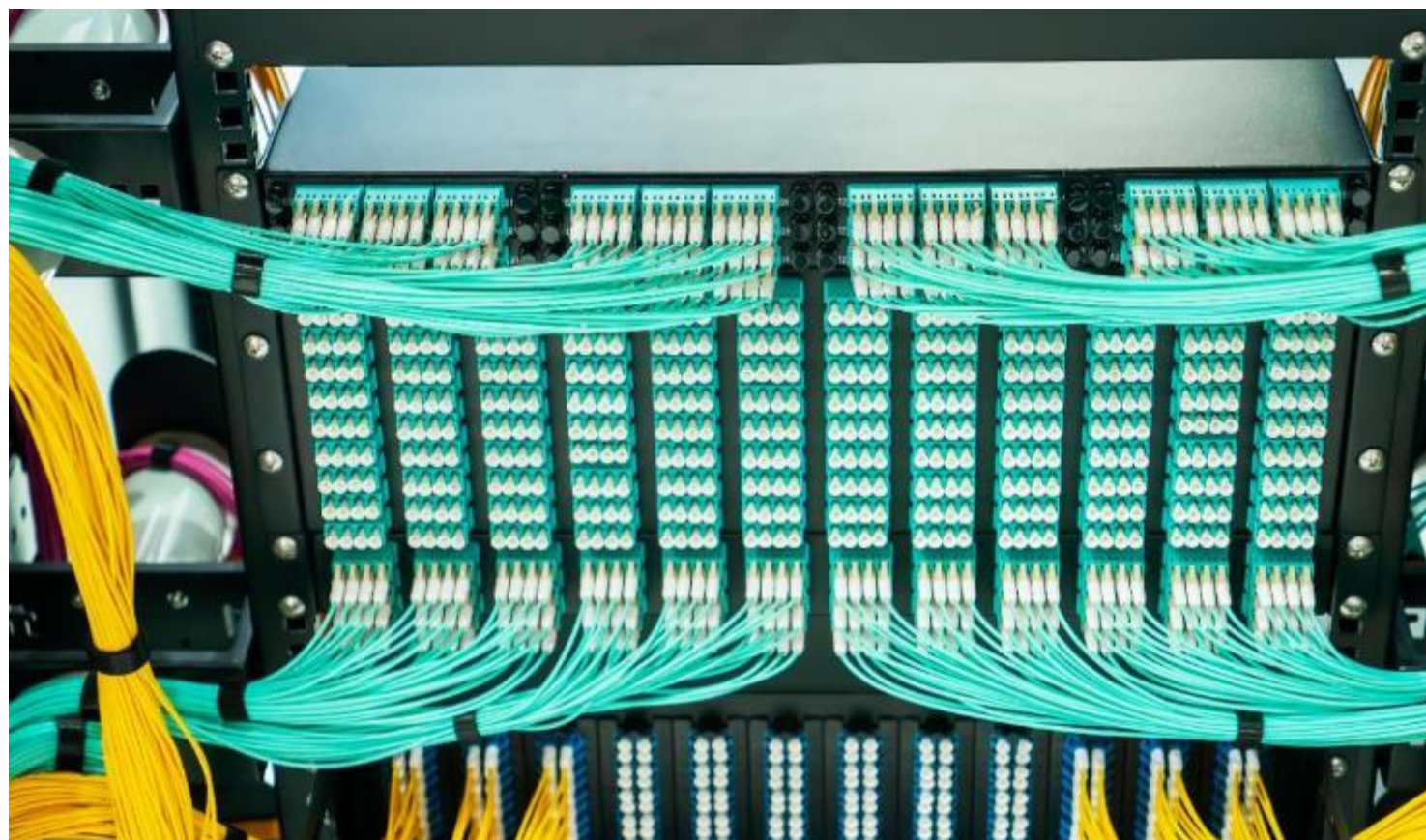
## Sector Focus

- 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

  
**iland Internet Solutions Corporation**  
*has been acquired by*  
  
**11:11 Systems, Inc.**  
*a portfolio company of*  
  
**Tiger Infrastructure Partners**  
*The undersigned acted as exclusive financial advisor to iland Internet Solutions Corporation*

  
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.
  - 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 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.

# Case study

## Exigo, LLC

Deal Contacts

Tom Spivey, Byron Nelson, Max Wilhelm



**Exigo, LLC**

*Has completed a growth recapitalization*

*The undersigned acted as exclusive financial advisor to Exigo, LLC*



**Deloitte**

Deloitte Corporate Finance LLC

### Client Overview







- Exigo, LLC (Exigo or the Company) is the direct selling industry’s premier platform-as-a-service (PaaS) provider, providing an end-to-end, customizable platform supporting order fulfillment, payments, commissions, and customer relationship management (CRM) solutions among other functions. Exigo’s solutions help enable companies in a variety of consumer end-markets to access their data in real-time with extensive flexibility in application development via Exigo’s fully-documented application programming interfaces (APIs).
- Exigo also offers a professional services team to implement custom front- and back-end solutions that address client’s technical and system requirements, along with data center and colocation services to certify uninterrupted connectivity and access to client’s first-party datasets.

### Situation Overview

- The Company engaged Deloitte Corporate Finance, LLC (DCF) to provide consultation with closing negotiations and coordinate confirmatory diligence processes.
- DCF added significant value by:
  - Leading a complex due diligence process across multiple entities and jurisdictions, which included detailed financial, legal, human resources, and tax inquiries.
  - Providing guidance in negotiating critical financial and legal terms to decrease potential tax implications in conjunction with an asset sale.
  - Providing advice and consultation to shareholders, leveraging DCF's understanding of Exigo's addressable market and future growth potential. DCF worked with the Company's shareholders and management team to create materials that effectively highlighted Exigo's customer market penetration, product advantages, and international growth opportunities, mitigating buyer concerns and avoiding a material re-trade.
  - Achieving a transaction close on an accelerated timeline that allowed shareholders to meet timing priorities while preserving the competitive tension entailed from the threat of entering into a broader process.

*Prior engagement performance is no guarantee of future performance and may not be representative of the experience of other clients. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security.*

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

<b>Application Software / SaaS</b> 	<b>Intercontinental Exchange Inc.'s (ICE) acquisition of Black Knight, Inc.</b> <ul style="list-style-type: none"> <li>Black Knight provides integrated technology, services, data and analytics to the real estate industries.</li> <li>Intercontinental Exchange operates regulated financial exchanges and clearing houses across the globe.</li> <li>Black Knight will complement and strengthen ICE's growing mortgage technology business, helping to improve the mortgage lending process for all parties involved via increased automation and cost efficiencies.</li> </ul>	<b>Close Date:</b> Pending <b>EV:</b> \$16,355.3 MM <b>Rev:</b> \$1,512.7 MM <b>EV/Rev:</b> 10.8x <b>EV/EBITDA:</b> 19.4x
<b>Internet &amp; Digital Media</b> 	<b>carsales.com Ltd.'s acquisition of Trader Interactive, LLC.</b> <ul style="list-style-type: none"> <li>Trader Interactive offers digital services to the powersports, RV, commercial truck, and equipment segments.</li> <li>carsales.com is an online marketplace in Australia focusing on the automotive, motorcycle, and marine realms.</li> <li>carsales' backing aims to help Trader Interactive to accelerate innovation across its verticals, while refining and improving both the buying and selling experiences for consumers and dealers alike.</li> </ul>	<b>Close Date:</b> Pending <b>EV:</b> \$1,586.3 MM <b>Rev:</b> \$125.0 MM <b>EV/Rev:</b> 12.7x <b>EV/EBITDA:</b> 23.0x
<b>Diversified IT Services</b> 	<b>Larsen &amp; Toubro Infotech Limited's acquisition of Mindtree Limited</b> <ul style="list-style-type: none"> <li>Mindtree provides digital transformation and technology services to its enterprise customer base.</li> <li>Larsen &amp; Toubro Infotech is an Indian multinational technology consulting and digital solutions company.</li> <li>This transaction will help enable the combined company to capitalize on outsized enterprise demand for digitalization.</li> </ul>	<b>Close Date:</b> Pending <b>EV:</b> \$7,115.5 MM <b>Rev:</b> \$1,386.9 MM <b>EV/Rev:</b> 5.2x <b>EV/EBITDA:</b> 25.0x
<b>Hardware</b> 	<b>MaxLinear, Inc.'s acquisition of Silicon Motion Technology Corporation</b> <ul style="list-style-type: none"> <li>Silicon Motion develops NAND flash controller integrated circuits for solid-state storage devices.</li> <li>MaxLinear provides integrated, radio-frequency analog, and mixed-signal semiconductor solutions.</li> <li>The transaction is anticipated to drive scale and diversify the combined company's product portfolio.</li> </ul>	<b>Close Date:</b> Pending <b>EV:</b> \$3,711.3 MM <b>Rev:</b> \$981.7 MM <b>EV/Rev:</b> 3.8x <b>EV/EBITDA:</b> 12.8x
<b>Traditional Media</b> 	<b>Astorg Asset Management S.A.R.L. and Epiris GP Limited's acquisition of Euromoney Institutional Investor PLC</b> <ul style="list-style-type: none"> <li>Euromoney is a global B2B information-services business providing actionable data, analysis, intelligence.</li> <li>Astorg and Epiris are European investment firms which focus on a variety of industries.</li> <li>Astorg and Epiris will assist Euromoney to build out its "3.0 strategy" to become more embedded in customer workflows.</li> </ul>	<b>Close Date:</b> Pending <b>EV:</b> \$1,990.4 MM <b>Rev:</b> \$480.0 MM <b>EV/Rev:</b> 4.5x <b>EV/EBITDA:</b> 19.0x
<b>Telecom</b> 	<b>Videotron Ltd.'s acquisition of Freedom Mobile Inc.</b> <ul style="list-style-type: none"> <li>Freedom Mobile is a provider of mobile and wireless services in Canada.</li> <li>Videotron is a Canadian integrated telecommunications company offering a variety of communication services.</li> <li>The transaction will allow the combined company to operate as a national wireless carrier, offering competitive high-quality 5G services across Canada.</li> </ul>	<b>Close Date:</b> Pending <b>EV:</b> \$2,183.2 MM <b>Rev:</b> N/A <b>EV/Rev:</b> N/A <b>EV/EBITDA:</b> N/A



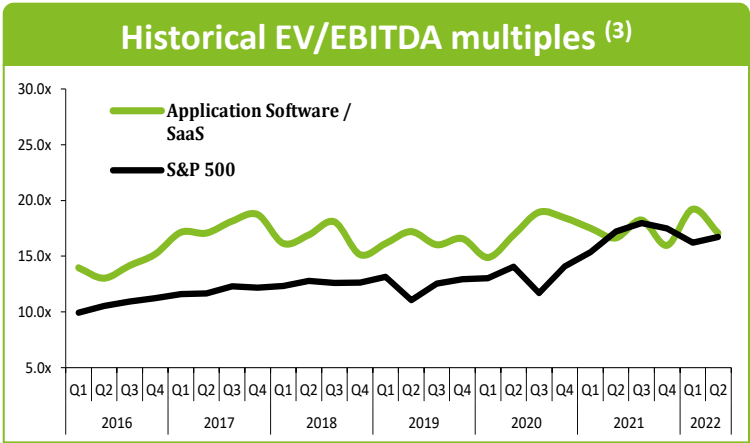
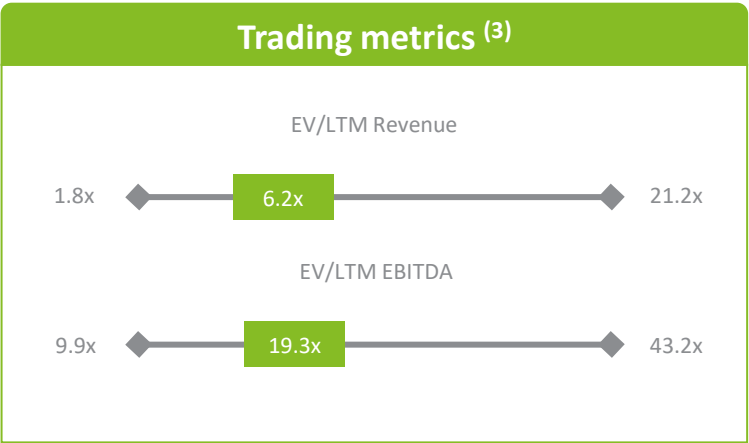
# Application Software / SaaS

## Sector trends

- The COVID-19 pandemic made working from home a necessity for many individuals across the world. However, companies are discovering that communicating by email is not sufficient to keep everyone on the same page. As a result, an increasing number of collaboration tools are being adopted by organizations with the understanding that keeping a connected workforce is important to maintain productivity.
- As digital transformation across industries continues to accelerate, businesses are looking for ways to analyze complex data systems and gain deeper insights into their customers or users. As a result, investment in analytics-centric SaaS products is expected to increase in order to provide companies with data-driven decision-making tools.  
(1)



Select public comparables <sup>(2)</sup>	
Company Name	Enterprise Value (MM)
Microsoft Corporation	\$1,894,491.1
Oracle Corporation	\$243,782.4
Adobe Inc.	\$170,675.1
SAP SE	\$117,181.5
Intuit Inc.	\$112,164.8
VMware Inc.	\$57,363.3





# Internet & Digital Media

## Sector trends

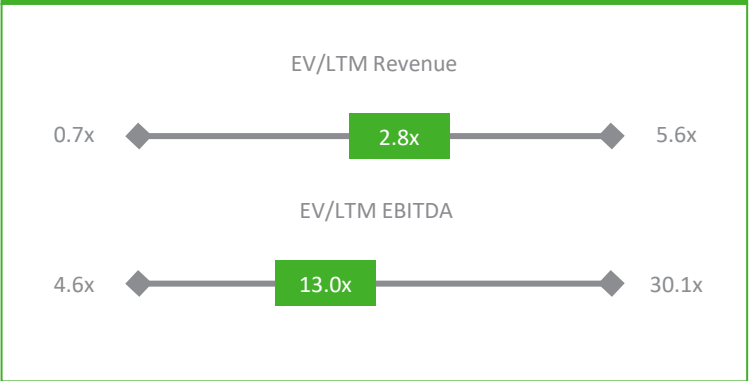
- The future of media, particularly video, will require a mobile-first strategy. According to a recent survey, 74% of US households in the 18-34 age range have cut their cable TV cord or have never subscribed.<sup>(1)</sup> With younger generations shifting to consuming media through streaming platforms or applications on their mobile devices, media producers should develop new strategies to reach a younger audience.
- Personalized digital media has continued to gain traction as engagement levels of audiences have increased. Rather than creating “catch-all” content that casts a wide net, content creators and advertisers are producing specific content that better captures the attention of a targeted audience. <sup>(2)</sup>



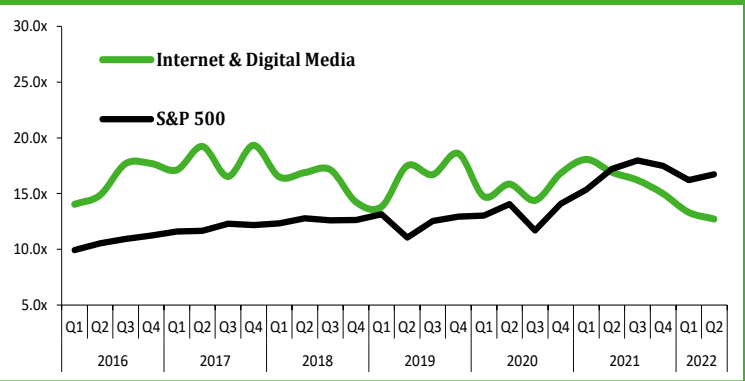
### Select public comparables <sup>(3)</sup>

Company Name	Enterprise Value (MM)
Alphabet Inc.	\$1,338,855.4
Amazon.com, Inc.	\$1,177,474.0
Meta Platforms, Inc.	\$427,144.5
Snap, Inc.	\$20,876.2
Twitter, Inc.	\$29,121.7
eBay Inc.	\$28,416.6

### Trading metrics <sup>(4)</sup>



### Historical EV/EBITDA multiples <sup>(4)</sup>



# Diversified IT Services

## Sector trends

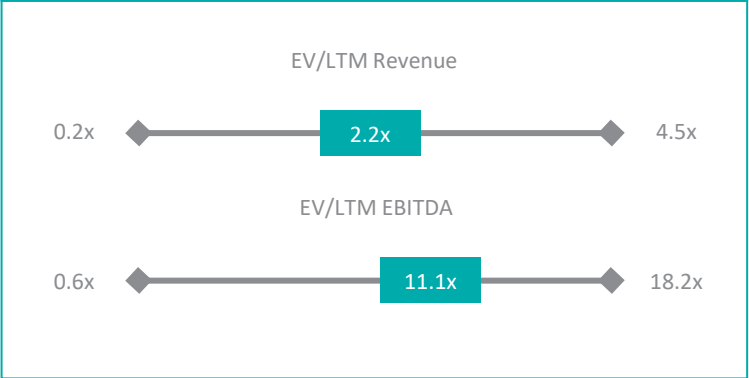
- Over the past year, tickets in IT service management have increased 35% as companies struggle to manage their IT systems. However, with fixed budgets and IT headcount, many companies lack the internal resources to solve this problem on their own. As a solution, IT service firms have been developing AI-based tools to automate DevOps processes and reduce the amount of labor required to build and maintain IT systems.<sup>(1)</sup>
- Organizations are maturing in their ability to collect data, but still require guidance in how to properly set up their data infrastructure across the span of their back-end systems. As a result, data engineering and integration solutions will continue to play a large role in the service offerings of IT services firms as these technologies improve overall efficiency and empower IT practitioners to uncover opportunities to support business objectives.



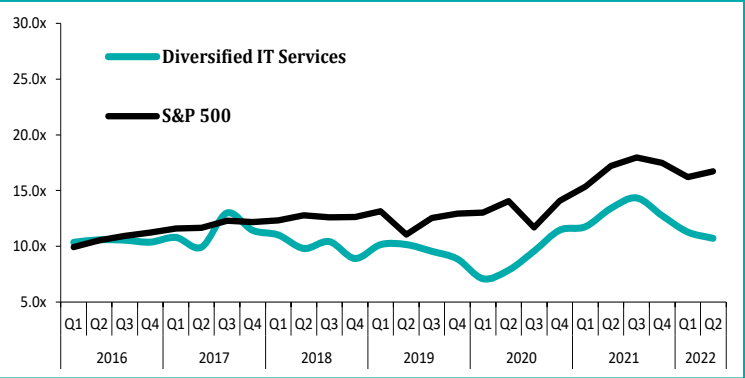
### Select public comparables <sup>(2)</sup>

Company Name	Enterprise Value (MM)
Accenture plc	\$172,407.6
Infosys Limited	\$75,558.7
Capgemini SE	\$34,982.9
Cognizant Technology Solutions	\$34,425.0
HCL Technologies Limited	\$32,292.5
Wipro	\$27,385.4

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



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



# Hardware

## Sector trends

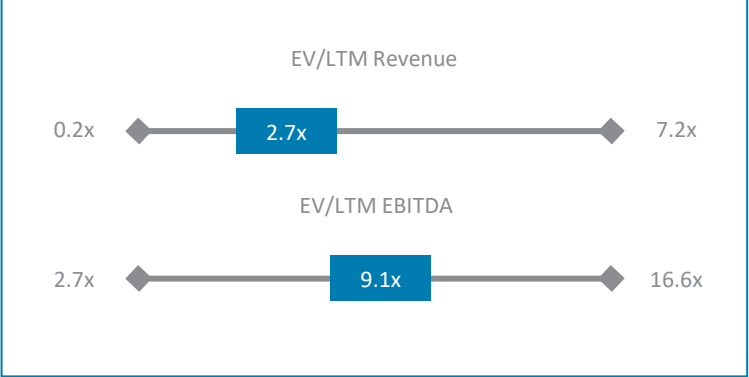
- One of the biggest conundrums of edge computing is achieving high performance for intensive applications like machine learning while also reducing power consumption. To remedy this, there has been a massive shift from single-core to multi-core processing architecture, which will be encompassed in many devices such as wearable systems, smartphones, cameras, games, automobiles, cloud servers, and exa-scale supercomputers.<sup>(1)</sup>
- Quantum computers can be too expensive and difficult to maintain for the average business. As a result, companies are expected to offer Quantum Computing as a Service (QCaaS), allowing users to access quantum capabilities in the cloud. While the current QCaaS market is small, it is rapidly growing and expected to become a major component of the quantum computing industry.



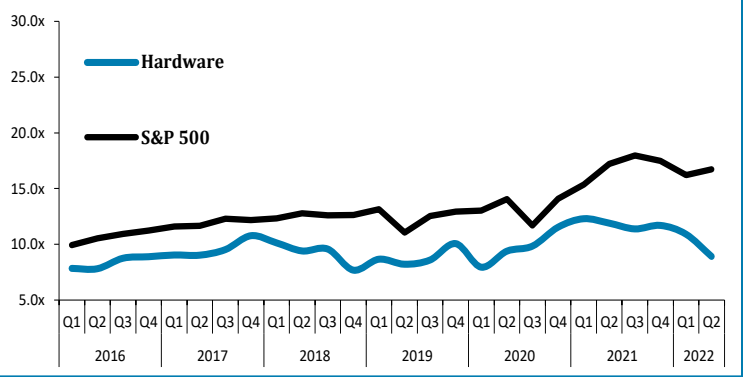
### Select public comparables <sup>(2)</sup>

Company Name	Enterprise Value (MM)
Apple, Inc.	\$2,153,220.9
Samsung Electronics Co., Ltd.	\$215,572.8
International Business Machines	\$172,808.3
Intel Corporation	\$149,743.8
Texas Instruments Incorporated	\$140,542.9
Applied Materials, Inc.	\$81,075.8

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



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



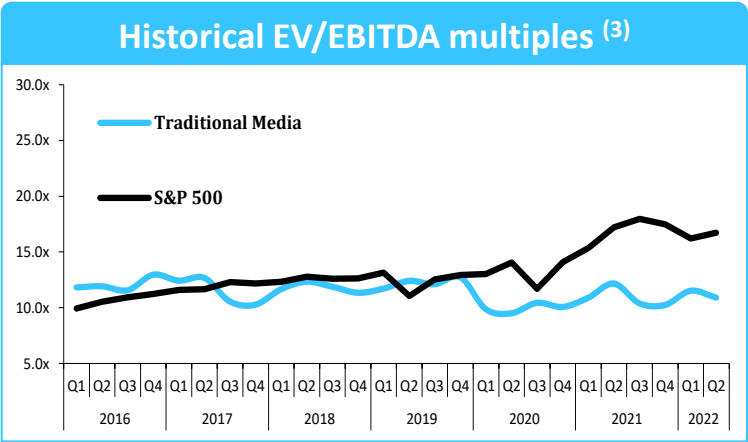
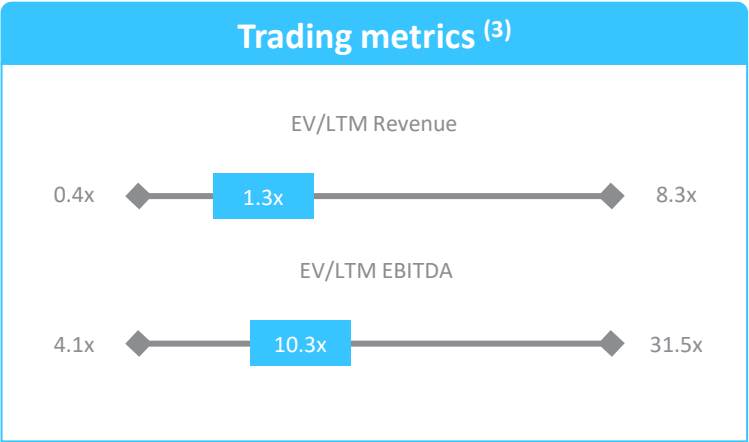
# Traditional Media

## Sector trends

- Many film and television producers are looking to add virtual reality (VR) technology to their productions in order to offer a more immersive viewing experience. Several companies are leading the charge for implementation of this technology and full VR productions are expected to be released in the near future. <sup>(1)</sup>
- Film and television producers have also recently started to adopt the use of 3D printing into their productions. Artists are now able to design costumes, props, and sets virtually and print them at scale, making the entire production process more efficient, less labor intensive, and cheaper.



Select public comparables <sup>(2)</sup>	
Company Name	Enterprise Value (MM)
The Walt Disney Company	\$210,699.1
Thomson Reuters Corporation	\$54,039.4
Fox Corporation	\$20,423.1
Omnicom Group, Inc.	\$16,260.9
News Corporation	\$11,375.5
The New York Times Company	\$4,219.3





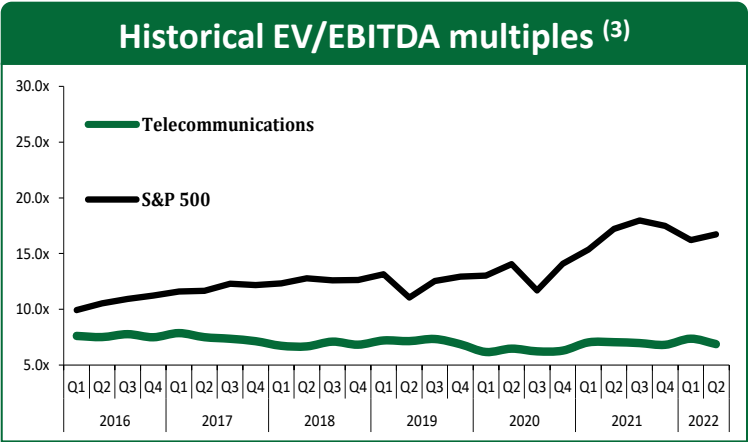
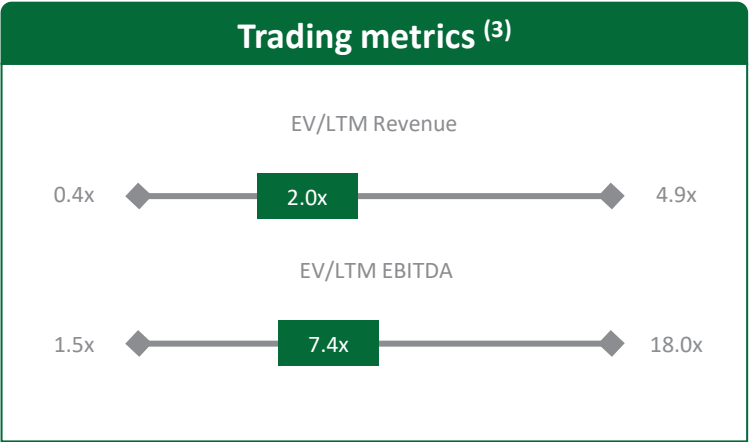
# Telecommunications

## Sector trends

- 5G satellite access will bring connectivity to new heights. Going forward, there is likely to be an increase in satellite access for Non-Terrestrial Networks (NTNs) that use airborne vehicles for transmission. 5G NTN will bring global connectivity to users in rural and remote areas and fill the gaps in existing 5G networks.<sup>(1)</sup>
- With new computing-intensive technologies like the metaverse and autonomous vehicles growing in adoption, the demand for data processing and storage is projected to significantly increase. To support this demand, additional capital will be required to build out the infrastructure underlying these technologies.



Select public comparables <sup>(2)</sup>	
Company Name	Enterprise Value (MM)
Verizon Communications Inc.	\$390,337.9
AT&T Inc.	\$308,286.5
Comcast Corporation	\$267,686.8
Deutsche Telekom AG	\$257,106.8
Softbank Group Corp.	\$192,760.6
América Móvil, S.A.B. de C.V.	\$90,660.5



# Appendix

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