



Q2'21 Global TMT M&A Update

KPMG Corporate Finance Insights

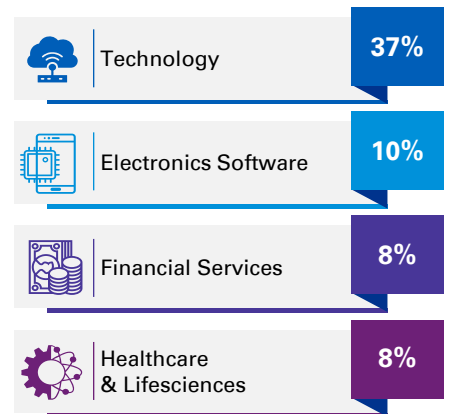
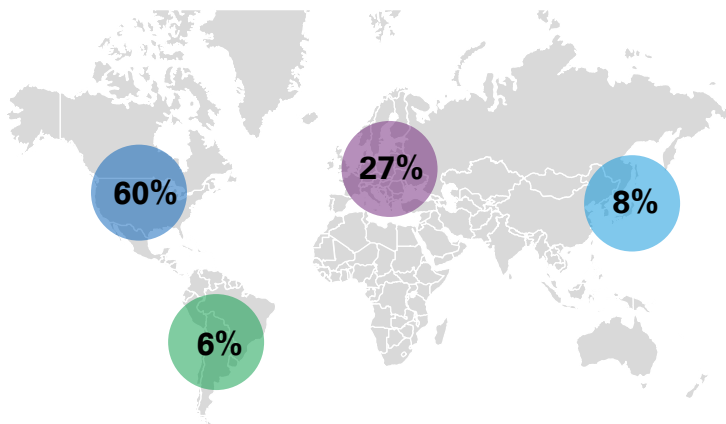
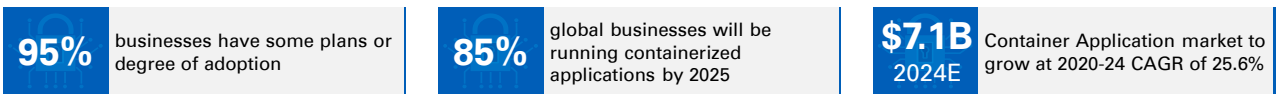


Containers & Kubernetes Grow in Prominence

Containers & Kubernetes Emerge as Growth Engine for IT Innovation and Digital Transformation

Containers have evolved into a fundamental part of IT infrastructure that package an application or a microservice along with the libraries, binaries and configuration files required by application to run successfully. These help decompose applications into self managed components that can be updated independently across physical servers, thereby eliminating the need to rebuild the whole application. Containers are lightweight solutions that run on shared operating systems and can run in any environment without modification.

Strengthening Container Adoption Across Regions and Sectors



Note: Represents container adoption across major sectors

Each container needs an orchestration platform that enables declarative configuration for managing container orchestration and automating deployment, scaling, and operations of the container.

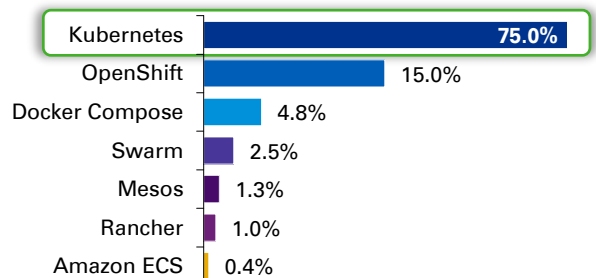
Kubernetes, introduced as an open-source platform by Google in 2014, has emerged as the leading orchestration platform of choice for containers. Kubernetes shift the burden of running the applications on the cloud and eliminate manual tasks involved in deploying and scaling containerized applications.

Hosted by the Cloud Native Computing Foundation (CNCF), Kubernetes (K8 or Kubes) along with an ecosystem of supporting tools, handle service discovery, load balancing, storage orchestration, self-healing, automated rollouts and rollbacks, and configuration management of containers.

Container and Kubernetes Benefits



Kubernetes are the Orchestration Platform of Choice

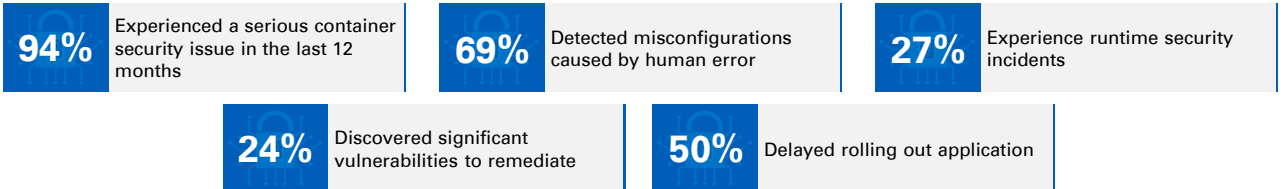


Sources: (1) Sysdig, "Sysdig 2021 Container Security and Usage Report", January 2021; (2) Canonical, "Five strategies to accelerate Kubernetes deployment in the enterprise", September 2020 (3) StackRox, "State of Container and Kubernetes Security", Fall 2020 (4) 451 Research (proprietary database accessed on June 30, 2021)

Containers & Kubernetes Grow in Prominence (Cont.)

Rising Container & Kubernetes Adoption Necessitates Collaboration Across Security and DevOps

As container and Kubernetes gain traction and environment matures, security teams are coming to terms with the presence of numerous manual knobs and dials that increase the chances of human errors capable of causing major security breaches



These security challenges have emerged as strong headwinds that prevent organizations from making the most of the container and Kubernetes and force ~50% of business to delay app deployment into production. In order to prevent delays in application deployment and realize possible benefits, security teams have started to integrate security with application development and operations from the get-go, allowing them to address critical security challenges successfully.

Security Initiatives to Overcome Headwinds Inhibiting Business Acceleration and Innovation



Leverage Kubernetes-Native Security Architectures and Controls

- Enhanced security on the back of risk-based insights into configuration management, compliance, segmentation, and Kubernetes-specific vulnerabilities

Implement Full life-Cycle Security

- End-to-end security integration, from build/deploy to runtime, allows developers focus on feature delivery and transform security into a business accelerator

Establish Portability Across all Kubernetes Environments

- Need of Kubernetes for containers across on-premise or on public cloud platforms, makes them the point of enforcement to ensure consistent security across assets

Bridge the Gap between DevOps and Security

- Enables security teams to apply controls that help identify riskiest deployments, understand the riskiness, and suggest remedial actions that improve security posture

Business Acquire Capabilities to Ensure Cloud-Native Assets are Built, Deployed, and Run Securely

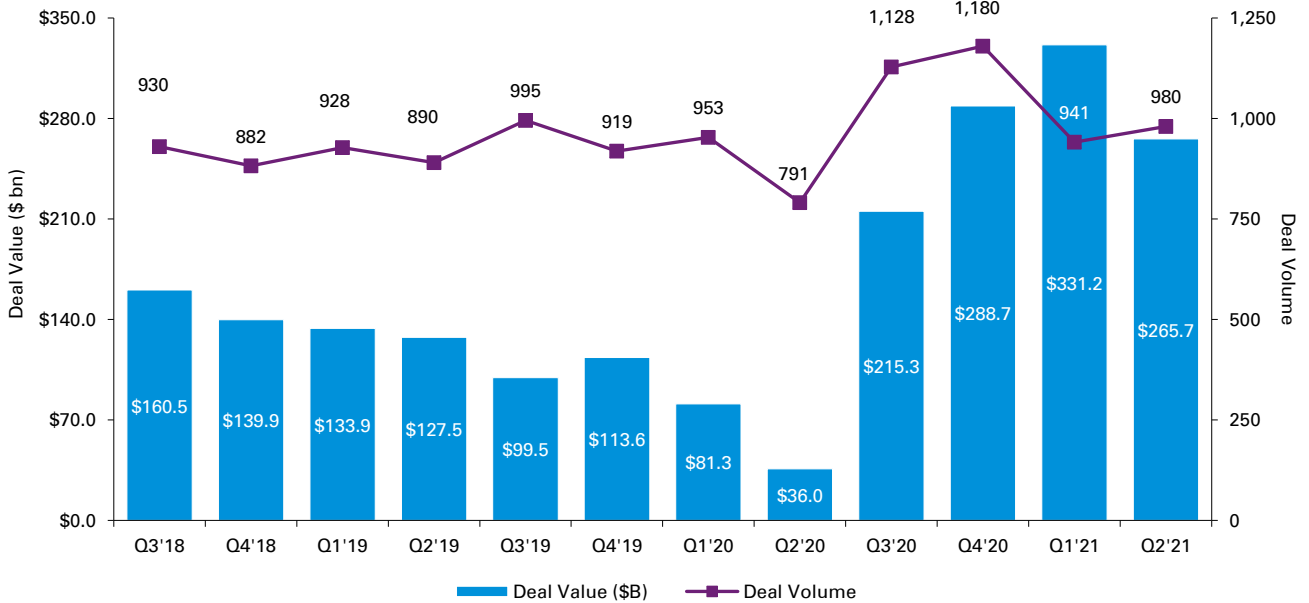
Date	Acquirer	Target	Deal Value	EV / Revenue	Rationale
01-Feb-2021	Rapid 7	Alcide.IO	\$50M	-	Solutions that help continuously secure & protect growing Kubernetes deployments
07-Jan-2021	RedHat	StackRox	-	-	Bolsters Kubernetes security capabilities to meet rising demand
08-Jul-2020	SUSE	Rancher Labs	\$600M	24.0x	Experienced open-source software team and a suite of Kubernetes software
06-Nov-2018	VMWare	Heptio	\$550M	NM	Enhances talent and training support for Kubernetes container orchestration
28-Oct-2018	IBM	Red Hat	\$33.4B	10.8X	Capabilities to scale and secure open-source technologies across platforms
30-Jan-2018	RedHat	CoreOS	\$250M	-	Drive business from Kubernetes container management and orchestration software

Sources:

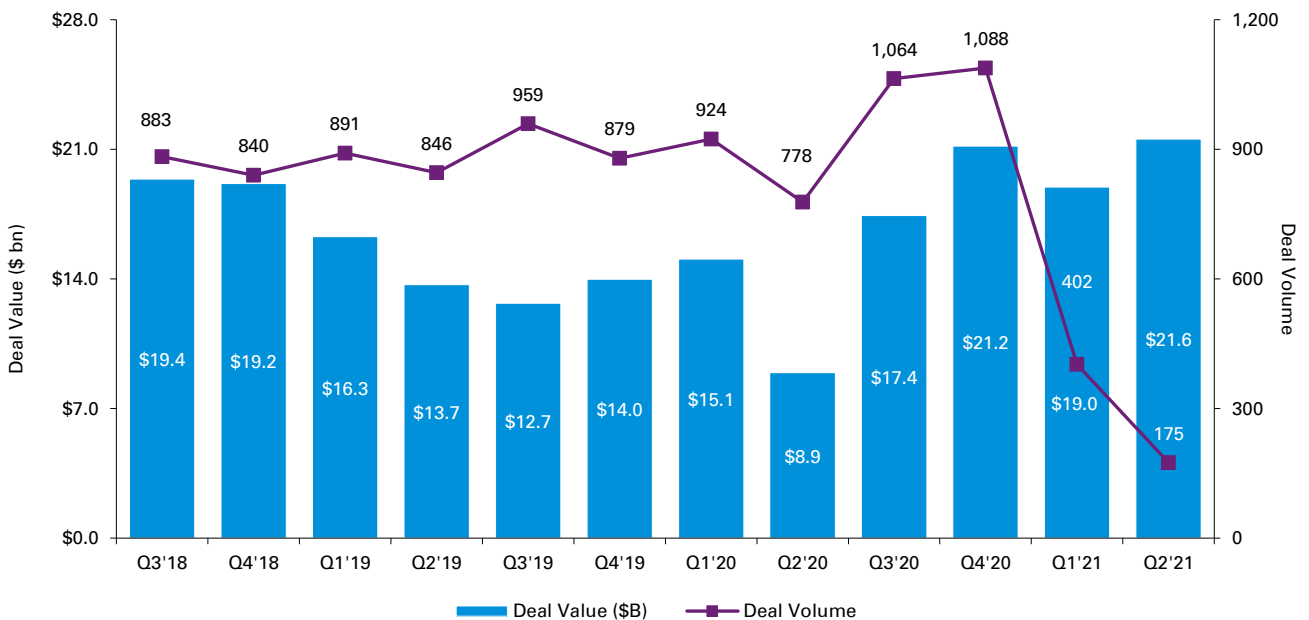
(1) Sysdig, "Sysdig 2021 Container Security and Usage Report", January 2021; (2) Canonical, "Five strategies to accelerate Kubernetes deployment in the enterprise", September 2020 (3) StackRox, "State of Container and Kubernetes Security", Fall 2020 (4) 451 Research (proprietary database accessed on June 30, 2021)

Global Quarterly TMT M&A Activity

Global Quarterly TMT M&A Activity: Q3'18 – Q2'21



Global Quarterly TMT Mid-Market M&A Activity (≤\$500M): Q3'18 – Q2'21



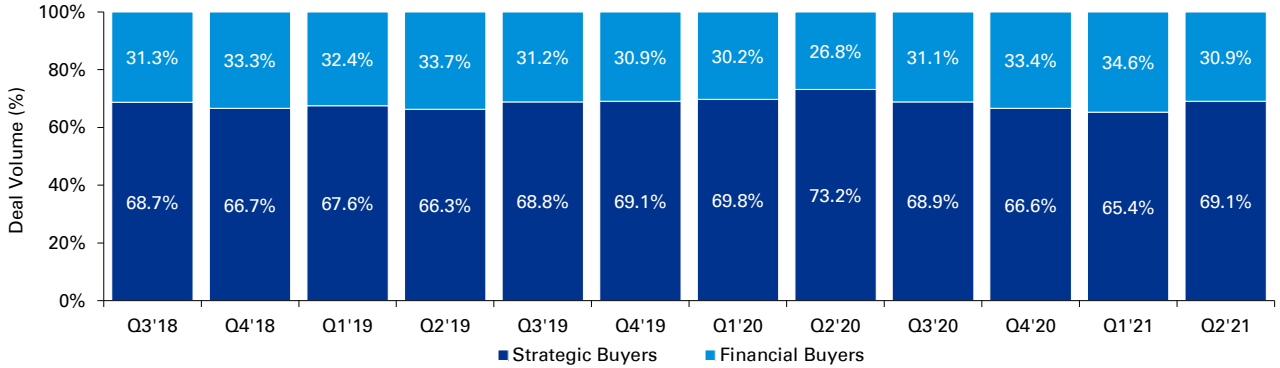
Sources: 451 Research (proprietary database accessed on June 30, 2021)



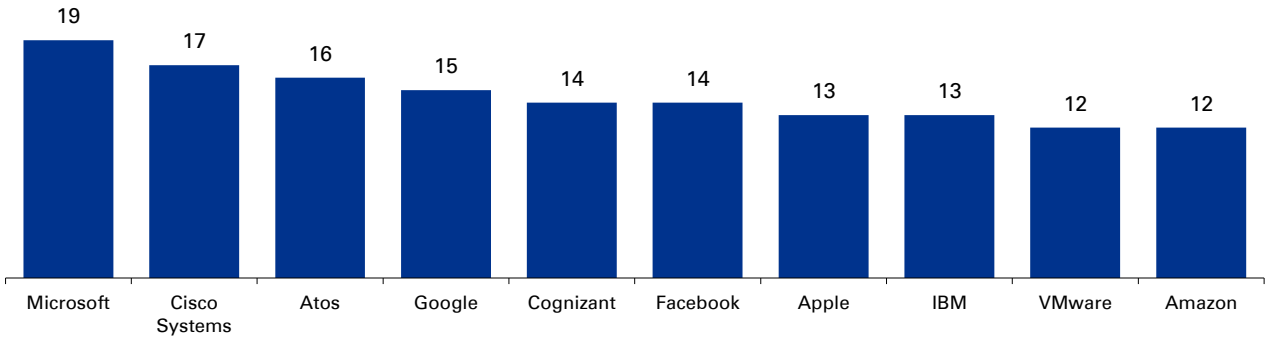
©2021 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Most Active Buyers

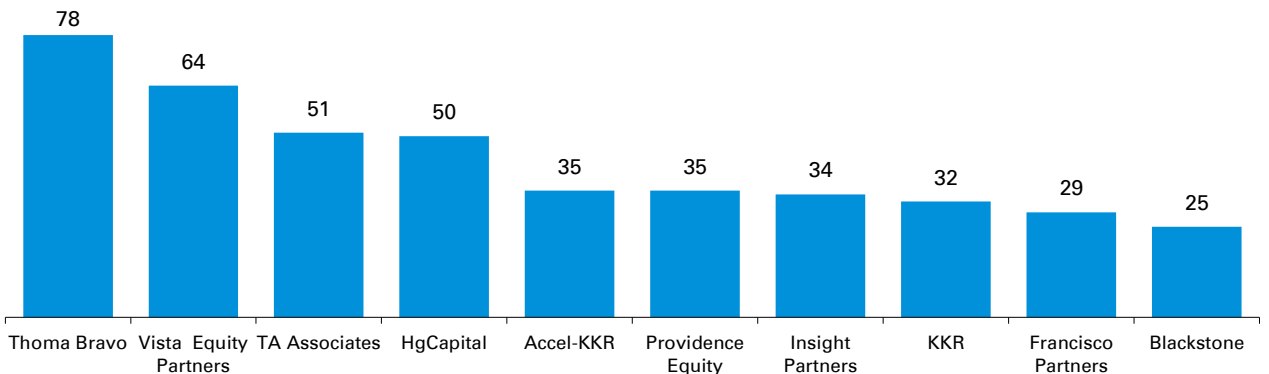
Global Quarterly TMT M&A Trend by Buyer Type: Q3'18 – Q2'21



Top 10 Active Global TMT Strategic Buyers: Q3'19 – Q2'21



Top 10 Active Global TMT Financial Buyers: Q3'19 – Q2'21 ⁽¹⁾




Note: (1) PE deals include bolt-on acquisitions to existing portfolio companies and excludes co-investments
Sources: 451 Research (proprietary database accessed on June 30, 2021)



©2021 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Notable TMT Transactions

KPMG Corporate Finance LLC TMT Landmark Transactions








Acted as the exclusive investment banking advisor to



On its sale to



a portfolio company of

May 2021

Overview

- Founded in 1999, Beyond Security is the leading provider of automated Vulnerability Management (VM) and Dynamic Application Security Testing (DAST) SaaS
- Its multi-tenant, flexible, highly scalable, and cloud-native VM and DAST engine equips firms to combat continuously evolving threats and improve security posture

About the engagement:

- KPMG Corporate Finance LLC (“KPMG CF”) acted as the exclusive investment banking advisor to Beyond Security on its sale to HelpSystems, a portfolio company of TA Associates and HGGC
- The team worked closely with Beyond Security’s management team throughout the process, including providing advisory expertise and managing the marketing, negotiation, and due diligence phases of the transaction
- KPMG CF leveraged its global network and thorough understanding of the cybersecurity landscape and business models to favorably position the company’s differentiated SaaS security offerings




Acted as the lead financial adviser to



have partnered with



supported by a majority investment from



June 2021

Overview

- Hamilton Place Strategies (HPS) is the leading analytical public affairs consulting firm
- Flag Media Analytics (Flag) is a news monitoring service that helps improve decision-making cycle for media engagement
- HPS and Flag partnered with Ballast Research to integrate data-driven public affairs and reputation management solutions

About the engagement:

- KPMG Corporate Finance LLC (“KPMG CF”) acted as the exclusive investment banking advisor to HPS and Flag on its partnership with Ballast Research that was supported by majority capital investment from Falfurrias Capital Partners
- The team worked closely with the management team and shareholders throughout the process, including providing advisory expertise and managing the marketing, negotiation, and due diligence phases of the transaction
- KPMG CF leveraged its global network and thorough understanding of the digital media space to favorably position the company’s differentiated solutions

Other Notable TMT Transactions in Q2’21

JFrog Acquires Vdoo for \$300M⁽¹⁾

- In Jun’21, U.S.-based JFrog acquired Israel-based Vdoo for **\$300 million**
- Vdoo provides connected device application security testing and protection SaaS for businesses
- JFrog offers software development artifact and software release automation solutions that enable storage, management and distribution of software releases
- In line with the strategy to develop end-to-end platform for DevOps team, integration of Vdoo with JFrog Xray provides JFrog with new plug-in tools that allow it to better serve embedded software and devices

“The joint vision of changing the way software is being created, released, and updated to the edge will be our compass as we offer the market a binary-focused solution to secure their organization’s software assets. This move will amplify JFrog’s current success with our security solution, JFrog Xray”

- Shlomi Ben Haim, Co-Founder and CEO JFrog

Microsoft Acquires Nuance for \$19.7B⁽²⁾

- In Apr’21, U.S.-based Microsoft acquired U.S.-based Nuance for **\$19.7 billion at 13.6x TTM revenue**
- Nuance offers AI-enabled desktop and mobile interactive voice response (IVR), voice automation and authentication, and speech recognition SaaS
- Nuance’s AI expertise and customer engagement solutions will allow Microsoft to accelerate its efforts to provide industry-specific cloud offerings and double the total addressable market (TAM) to \$500 billion in healthcare provider space

“Nuance provides the AI layer at the healthcare point of delivery and is a pioneer in the real-world application of enterprise AI...Together, with our partner ecosystem, we will put advanced AI solutions into the hands of professionals everywhere to drive better decision-making and create more meaningful connections, as we accelerate growth of Microsoft Cloud for Healthcare and Nuance.”

- Satya Nadella, CEO Microsoft

Sources:

(1) JFrog, “JFrog to Acquire Vdoo to Deliver End-to-End Continuous Security from Development to Device” Press Release (June 29, 2021)

(2) Microsoft “Microsoft accelerates industry cloud strategy for healthcare with the acquisition of Nuance”, Press Release (April 12, 2021)



Notable Global TMT M&A Transactions in Q2'21 (1/2)

Announced Date	Target Name	Target Country	Acquirer Name	Deal Value (\$M)	EV / TTM Revenue	EV / TTM EBITDA
Communication Systems & Technology						
28-Jun-21	Maximus Systems	Canada	Ingersoll Rand Company	\$110.0	2.8x	-
16-Jun-21	Cambridge Network Solutions	U.S.	Cablevision Lightpath [Altice USA]	-	-	-
19-May-21	GPS Insight	U.S.	Accel-KKR	-	-	-
17-May-21	Zipwhip	U.S.	Twilio	\$850.0	7.7x	-
29-Apr-21	Communications Systems (Transition Networks & Net2Edge businesses)	U.S.	Lantronix	\$25.0	0.7x	-
28-Apr-21	Citilog SAS [Axis AB] [Canon]	France	TagMaster AB	\$4.1	0.6x	5.6x
08-Apr-21	ORBCOMM	U.S.	GI Partners L.P.	\$909.5	4.4x	10.8x
FinTech						
24-Jun-21	Tink AB	Sweden	Visa	\$2,144.3	NM ⁽¹⁾	-
28-May-21	Top of Mind Networks	U.S.	Black Knight	\$250.0	-	-
10-May-21	BillingTree	U.S.	Repay Holdings	\$503.0	-	-
6-May-21	Clearstream Fund Centre	Switzerland	Deutsche Börse	\$429.1	-	-
6-May-21	Divvy Pay	U.S.	Bill.com	\$2,500.0	25.0x	-
4-May-21	PayLease [Vista Equity]	U.S.	Global Payments	\$830.0	-	-
22-Apr-21	First American Payment Systems	U.S.	Deluxe Corporation	\$960.0	-	-
19-Apr-21	Ekata	U.S.	Mastercard	\$850.0	-	-
19-Apr-21	Equiniti Group	U.K.	Siris Capital Group	\$1,413.7	2.1x	15.0x
Internet & Media						
24-Jun-21	eBay Korea	U.K.	E-MART	\$3,798.2	2.7x	-
15-Jun-21	McGraw-Hill Education	U.K.	Platinum Equity	\$6,325.0	4.2x	16.3x
26-May-21	MGM Holdings	Israel	Amazon.com	\$10,265.6	7.1x	33.5x
17-May-21	Warner Media	U.S.	Discovery	\$43,000	-	-
17-May-21	ProQuest	U.S.	Clarivate Plc	\$5,323.8	6.1x	21.0x
10-May-21*	Wynn Interactive	U.S.	Austerlitz Acquisition Corporation I	\$3,161.0	-	-
03-May-21	Verizon Media	U.S.	Apollo Global Management	\$5,555.6	-	-
03-May-21	Meredith Corporation	U.S.	Gray Television	\$3,711.4	1.3x	5.3x

Note: Includes representative M&A transactions for Q2'21; (*) Represents SPAC deals; (1) EV/Revenue and EV/EBITDA multiple less than 0x and more than 50x are considered not material (NM) for our analysis; Sources: 451 Research (proprietary database accessed on June 30, 2021)



Notable Global TMT M&A Transactions in Q2'21 (2/2)

Announced Date	Target Name	Target Country	Acquirer Name	Deal Value (\$M)	EV / TTM Revenue	EV / TTM EBITDA
IT Services & BPO						
18-Jun-21	Sykes Enterprises Inc.	U.S.	Sitel Group [Creadev]	\$2,200.0	1.2x	11.5x
07-Jun-21	QTS Realty Trust	U.S.	The Blackstone Group	\$10,000.0	20.1x	22.2x
05-May-21	Cybercom Group AB [Formica Capital AB]	Sweden	Knowit AB	\$260.5	1.3x	-
05-May-21	INTREN	U.S.	MasTec	\$420.0	0.8x	-
04-May-21	Liberty IT Solutions	U.S.	Booz Allen Hamilton	\$725.0	-	-
03-May-21	Data Foundry	U.S.	Switch	\$420.0	-	-
19-Apr-21	DigitalOnUs	U.S.	Tech Mahindra	\$120.0	3.9x	-
13-Apr-21	Centralpoint [Infotheek Groep/ Altor Equity Partners]	Netherlands	Dustin Group AB	\$505.5	0.6x	-
Software						
28-Jun-21	QAD	U.S.	Thoma Bravo	\$2,000.0	5.9x	NM ⁽¹⁾
08-Jun-21	ExtraHop Networks	U.S.	Crosspoint Capital Partners / Bain Capital Private Equity	\$900.0	9.0x	-
04-Jun-21	GigCapital4	U.S.	BigBear.ai [AE Industrial Partners]	\$1,565.0	11.2x	NM ⁽¹⁾
03-Jun-21	FireEye (FireEye products business)	U.S.	Symphony Technology Group	\$1,200.0	2.2x	-
01-Jun-21	Cloudera	U.S.	KKR	\$5,617.1	6.4x	-
27-May-21	BluJay Solutions [Francisco Partners]	U.K.	E2Open	\$1,757.0	9.4x	-
29-Apr-21	IBM	U.S.	Turbonomic	\$2,000.0	11.4x	-
26-Apr-21	Proofpoint	U.S.	Thoma Bravo	\$12,300.0	11.3x	NM ⁽¹⁾
23-Apr-21	Blue Yonder Group [New Mountain Capital]	U.S.	Panasonic	\$5,600.0	8.5x	34.0x
12-Apr-21	Nuance Communications	U.S.	Microsoft	\$19,700.0	13.6x	NM ⁽¹⁾
Semiconductors						
10-Jun-21*	indie Semiconductor	U.S.	Thunder Bridge Acq. II	\$982.0	42.7x	-
25-May-21*	Valens Semiconductor	U.S.	PTK Acquisition Corp.	\$898.0	15.8x	-
07-May-21*	Navitas Semiconductor	U.S.	Live Oak Acquisition Corp. II	\$950.0	5.2x	NM ⁽¹⁾
20-Apr-21	Inphi Corporation	U.S.	Marvell Technology Group	\$9,275.9	12.8x	33.5x
05-Apr-21*	Innoviz Technologies	U.S.	Collective Growth	\$898.0	15.8x	-
05-Apr-21	Bee Computing (HK)	China	500.com	\$950.0	5.2x	NM ⁽¹⁾

Note: Includes representative M&A transactions for Q2'21; (*) Represents SPAC deals; (1) EV/Revenue and EV/EBITDA multiple less than 0x and more than 50x are considered not material (NM) for our analysis; Sources: 451 Research (proprietary database accessed on June 30, 2021)



Global TMT Coverage Team

Global Coverage. Industry Knowledge. Middle-Market Focus.

The Corporate Finance practices of KPMG International's global organization of independent member firms (KPMG) have been ranked collectively as the number one global mid-market advisor based on total deal volume announced from 2016 to 2020, according to Refinitiv. KPMG firms operate in 80+ countries with over 2,500 CF professionals who are able to meet the needs of clients across the globe.

U.S.

Communications Technology

Joseph Radecki
Managing Director
Chicago, U.S.
T: +1-312-665-4401
E: jradecki@kpmg.com

FinTech

Alexander M Alden
Managing Director
San Francisco, U.S.
T: +1-415-963-5511
E: aalden@kpmg.com

Internet and Media

Roderick H Moon
Managing Director
New York, U.S.
T: +1-212-954-5834
E: roderickmoon@kpmg.com

Software & IT Services

JP Ditty
Managing Director
Santa Clara, U.S.
T: +1-408-367-3826
E: jpditty@kpmg.com

Mihir Jobalia

Managing Director
Santa Clara, U.S.
T: +1-408-367-2850
E: mjjobalia@kpmg.com

Semiconductor

David R Creamer
Managing Director
Santa Clara, U.S.
T: +1-408-367-5764
E: dcreamer@kpmg.com

Healthcare IT

Karan Jolly
Managing Director
Chicago, U.S.
T: +1-312-665-2949
E: kjolly@kpmg.com

Americas (excl. U.S.)

Neil C Blair
Managing Director
Toronto, Canada
T: +1-416-777-8657
E: nblair@kpmg.ca

Americas (excl. U.S.)

Patrick Coady
Partner
Ottawa, Canada
T: +1-613-212-2841
E: patrickcoady@kpmg.ca

Luis Motta
Partner
São Paulo, Brazil
T: +55-113-940-8314
E: LLuz@kpmg.com.br

Daniel Perez
Partner
Santiago, Chile
T: +56229971375
E: dperezb@kpmg.com

EMEA

Eloy Serrano Bufala
Partner
Madrid, Spain
T: +34-91-456-3870
E: eloyerrano@kpmg.es

Guillaume Cauchoix
Partner
Paris, France
T: +33-155-688-611
E: gcauchoix@kpmg.fr

Michele Connolly
Partner
Dublin, Ireland
T: +35-314-101-546
E: michele.connolly@kpmg.ie

David J Elms
Partner
London, U.K.
T: +44-20-731-18568
E: david.elms@kpmg.co.uk

Maximilian Peter Fiani
Partner
Milan, Italy
T: +39-02-676-431
E: mfiani@kpmg.it

Florian Frei
Partner
Frankfurt/Main, Germany
T: +49-699-587-2834
E: frei@kpmg.com

Bjorn Hallin
Partner
Stockholm, Sweden
T: +46-070-548-9626
E: bjorn.hallin@kpmg.se

Ashkan Kalantary
Partner
Berlin, Germany
T: +49-30-2068-4316
E: akalantary@kpmg.com

João Sousa Leal
Partner
Lisbon, Portugal
T: +351-210-110-049
E: jsleal@kpmg.com

Paolo Mascaretti
Partner
Milan, Italy
T: +39-02-676-431
E: pmascaretti@kpmg.it

Christian Mayo
Partner
Leeds, U.K.
T: +44-113-231-3179
E: christian.mayo@kpmg.co.uk

Jorn De Neve
Partner
Brussels, Belgium
T: +32-2-708-4778
E: jdeneve@kpmg.com

Maurizio Nitrati
Partner
Rome, Italy
T: +39-06-809-711
E: mnitrati@kpmg.it

Tom Nyman
Partner
Helsinki, Finland
T: +358-207-603-372
E: tom.nyman@kpmg.fi

Graham Pearce
Partner, (Head, U.K. TMT)
Leeds, U.K.
T: +44-113-231-3855
E: Graham.Pearce@KPMG.co.uk

Christian Ramme
Partner
Munich, Germany
T: +49-89-9282-3779
E: cramme@kpmg.com

Harri Rasanen
Partner
Helsinki, Finland
T: +358-207-603-215
E: Harri.Rasanen@kpmg.fi

Nigel Rouse
Partner
Stockholm, Sweden
T: +46-8-723-9706
E: nigel.rouse@kpmg.se

Hillel Schuster
Partner
Tel Aviv, Israel
T: +972-3-684-8000
E: hillelschuster@kpmg.com

Amir Shani
Principal
Tel Aviv, Israel
T: +972-3-684-8661
E: ashani@kpmg.com

Jan Hove Sørensen
Partner (Head of TMT)
Copenhagen, Denmark
T: +45-70-70-77-60
E: jahove@kpmg.com

Mark Wyatt
Partner
Paris, France
T: +33-155-689-300
E: markwyatt@kpmg.fr

Mark Zuidema
Partner
Amsterdam, Netherlands
T: +31-206-568-276
E: Zuidema.Mark@kpmg.nl

Asia Pacific

Srinivas Balasubramaniam
Partner
Mumbai, India
T: +91-22-39896000
E: srinivasb@kpmg.com

Jesse C.S. Chen
Partner
Taipei, Taiwan
T: +886281016666 (x13372)
E: jessechen@kpmg.com.tw

Michael Jiang
Partner
Beijing, China
T: +86-108-508-7077
E: michael.jiang@kpmg.com

Jayant Kumaar
Partner
New Delhi, India
T: +91-124-334-5115
E: jkumaar@kpmg.com

Brendan Larsen
Partner
Brisbane, Australia
T: +61-7-3233-9373
E: bplarsen@kpmg.com.au

Eric Lau
Partner
Hong Kong
T: +85-229-132-576
E: eric.lau@kpmg.com

Takeshi Moriya
Partner
Tokyo, Japan
T: +81-335-485-171
E: Takeshi.Moriya@jp.kpmg.com

Philip Ng
Partner
Shenzhen, China
T: +86-755-254-73-308
E: philip.ng@kpmg.com

Sung-Won Park
Partner
Seoul, South Korea
T: +82-221-127-090
E: sungwonpark@kr.kpmg.com

Sumit Punwani
Partner
Singapore
T: +65-621-32-922
E: sumitpunwani@kpmg.com.sg

Takeo Takanashi
Partner
Tokyo, Japan
T: +81-335-485-178
E: takeo.takanashi@jp.kpmg.com

Peter Turner
Partner
Melbourne, Australia
T: +61-3-9288-6022
E: pturner@kpmg.com.au

Important Notice

The information contained in this newsletter is of a general nature and is not intended to address the circumstances of any particular individual or entity including their investment objectives or financial needs. In preparing this newsletter, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act or rely on the information in this newsletter without appropriate professional advice after a thorough examination of the particular situation. The information contained in this newsletter does not constitute a recommendation, offer, or solicitation to buy, sell or hold any security of any issuer. Past performance does not guarantee future results.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

