

# Mastering a Transatlantic Exit

27 April 2023

**SILVERPEAK**

**WILSON SONSINI**



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M&A + FINANCING ADVICE

# Tech M&A landscape: Europe vs. North America

27 April 2023



**David Ford**  
*Partner*  
Silverpeak

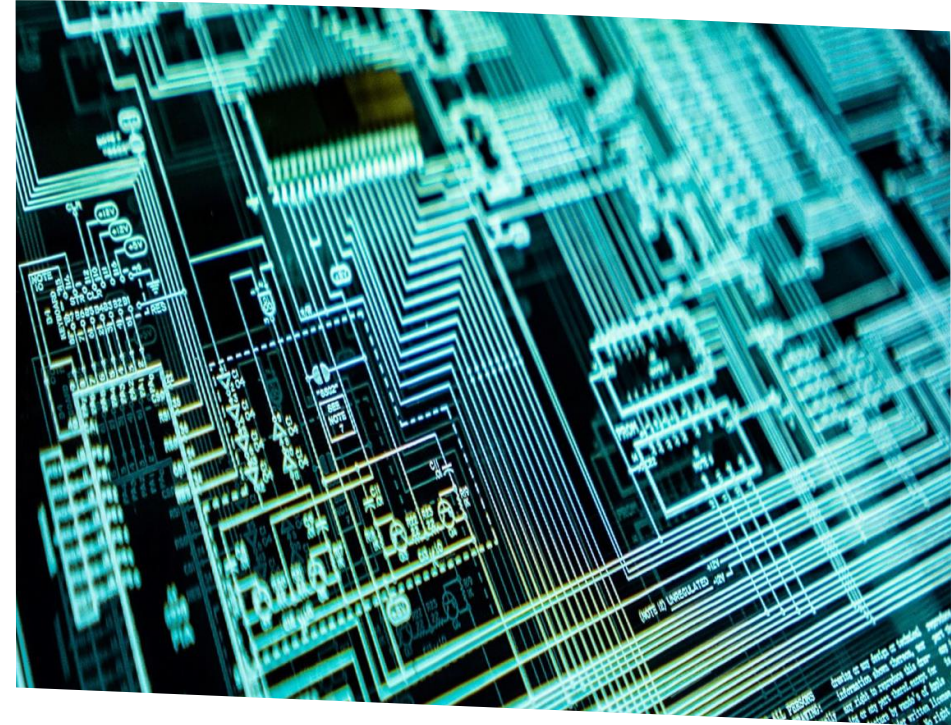
# Our connections, ability and focus will deliver the best outcomes for your business

WE ARE MID-MARKET TECHNOLOGY SPECIALISTS representing European growth businesses in M&A and financing transactions involving the most relevant investors and acquirers, wherever they are.

**25+** team concentrated  
in a single office

**300+** completed  
deal experience







**60%+** transactions with North American  
counterparties in the last 3 years



# Sector Coverage












## SOFTWARE



-  Application software
-  Applied AI
-  Data analytics
-  Infrastructure software
-  RPA /LowCode
-  Vertical software
  - › Construction
  - › Edtech
  - › Fintech
  - › Martech
  - › Mobility
  - › Sustainability
  - › Travel






## DEEPTECH



-  Additive manufacturing
-  Algorithms/AI & ML
-  AR/VR
-  High perf. computing
-  Medtech
-  Networking and IoT
-  NewSpace
-  Photonics
-  Robotics & Computer Vision
-  Security software
-  Semiconductors


## DIGITAL SERVICES



-  Data services
-  IT consulting
-  Managed services
-  Marketplaces
-  Telecom services

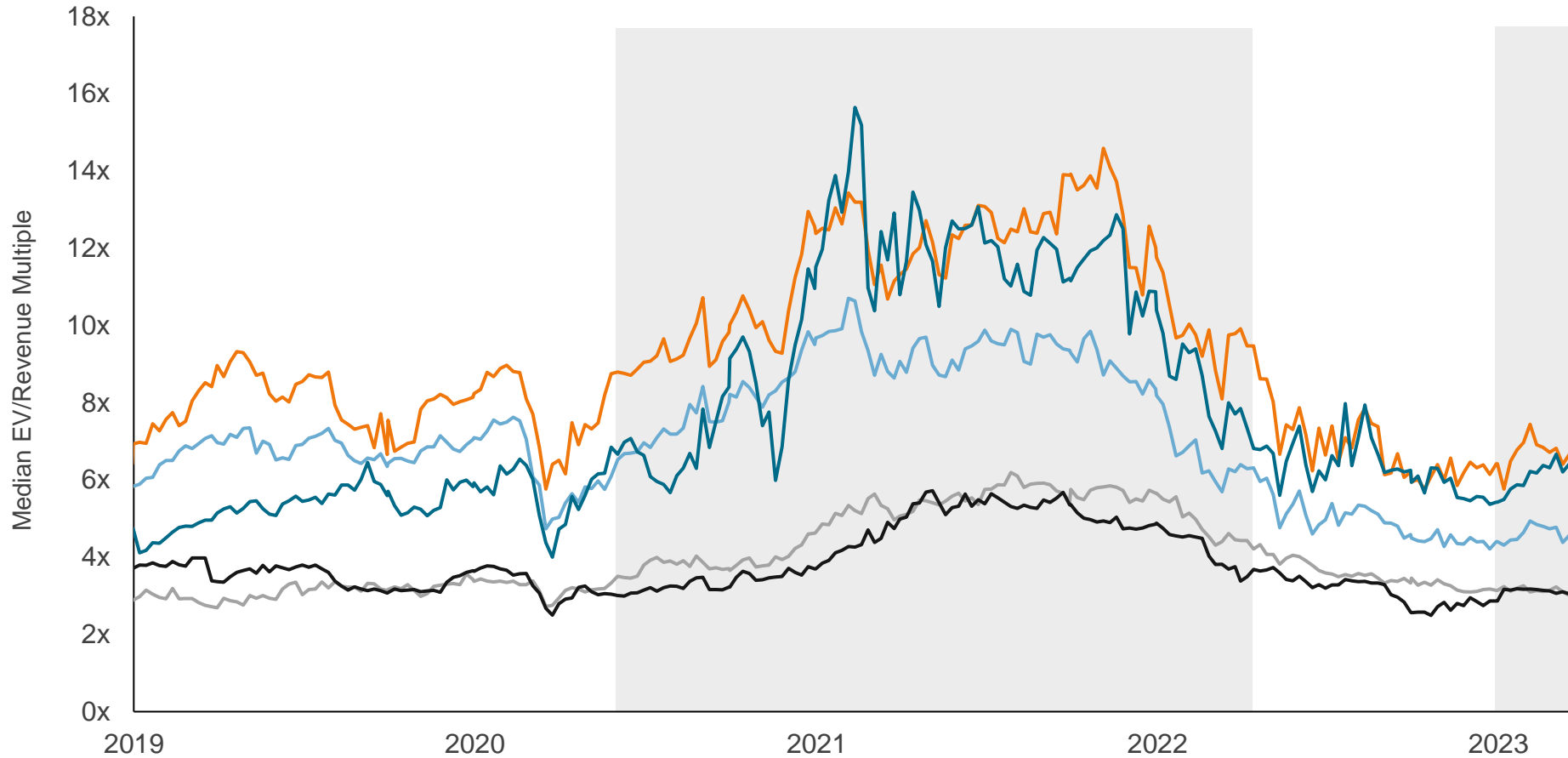
# Selected recent transactions

|  |   |  |  |   |  |  |
|--|---|--|--|---|--|--|
| <p>CH   PL   LU   US<br/>December 2022</p> <p><b>clearspace today</b></p> <p>In orbit servicing and space debris removal</p> <p>\$29m Series A investment by</p> | <p>AU   DE<br/>December 2022</p> <p><b>camplify</b></p> <p>Travel P2P marketplace</p> <p>€30m acquisition of</p>                          | <p>UK   US<br/>November 2022</p> <p><b>AVVIO</b></p> <p>Hotel technology platform driving direct bookings</p> <p>Sale to</p> | <p>UK   UAE<br/>October 2022</p> <p><b>Vaarst ROVCO</b></p> <p>Autonomous subsea robotics technology</p> <p>Series B extension to \$26m+</p> | <p>IT   US<br/>May 2022</p> <p><b>CRP TECHNOLOGY</b> <b>CRP USA</b></p> <p>Additive manufacturing services and proprietary composite materials</p> <p>Investment by</p> | <p>UK   UK<br/>March 2022</p> <p><b>worksmart</b><br/>REGULATORY CHANGE MEETS BUSINESS ADVANTAGE</p> <p>RegTech SaaS solution</p> <p>Sale to</p> | <p>UK   UK   NO   US<br/>March 2022</p> <p><b>Vaarst ROVCO</b></p> <p>Autonomous subsea robotics technology</p> <p>\$20M+ Series B investment by</p> |
| <p>IT   WW<br/>January 2022</p> <p><b>D-ORBIT</b></p> <p>In-space services and satellite transport</p> <p>€51.5m pre-SPAC convertible bond by</p>                | <p>UK   UK<br/>October 2021</p> <p><b>cloudtrade</b></p> <p>Data extraction &amp; document automation SaaS ML platform</p> <p>Sale to</p> | <p>NO   CA<br/>September 2021</p> <p><b>Safran</b></p> <p>Project management and risk analysis software</p> <p>Sale to</p>   | <p>NL   US<br/>September 2021</p> <p><b>LOGINVSI</b></p> <p>Application testing software</p> <p>Majority sale to</p>                         | <p>UK   UK<br/>June 2021</p> <p><b>Origami</b><br/>POWER OVER ENERGY</p> <p>Trading and automation SaaS for renewable energy</p> <p>£20m investment led by</p>          | <p>UK   SE<br/>April 2021</p> <p><b>MSite</b></p> <p>Construction workforce management platform &amp; SaaS</p> <p>Sale to</p>                    | <p>UK   LU, US<br/>February 2021</p> <p><b>isotropic systems</b></p> <p>Satellite antenna technology</p> <p>\$40m investment by</p>                  |

 Denotes transactions with buyers/investors from USA or Canada

# As we enter 2023, we see further stabilisation and signs of recovery in the US

LISTED SOFTWARE VALUATION METRICS US AND EU: MEDIAN EV/REVENUE MULTIPLES 2019 - 2023



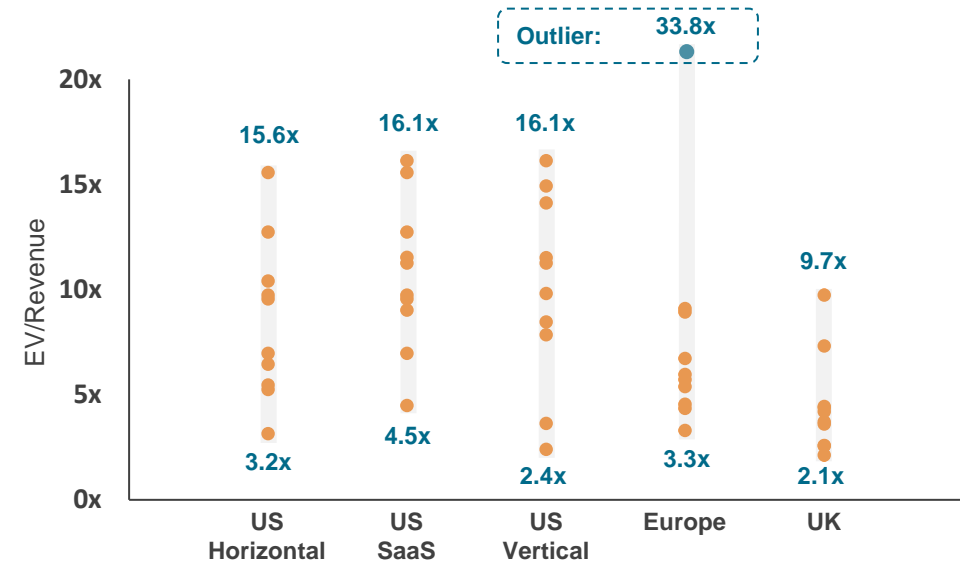
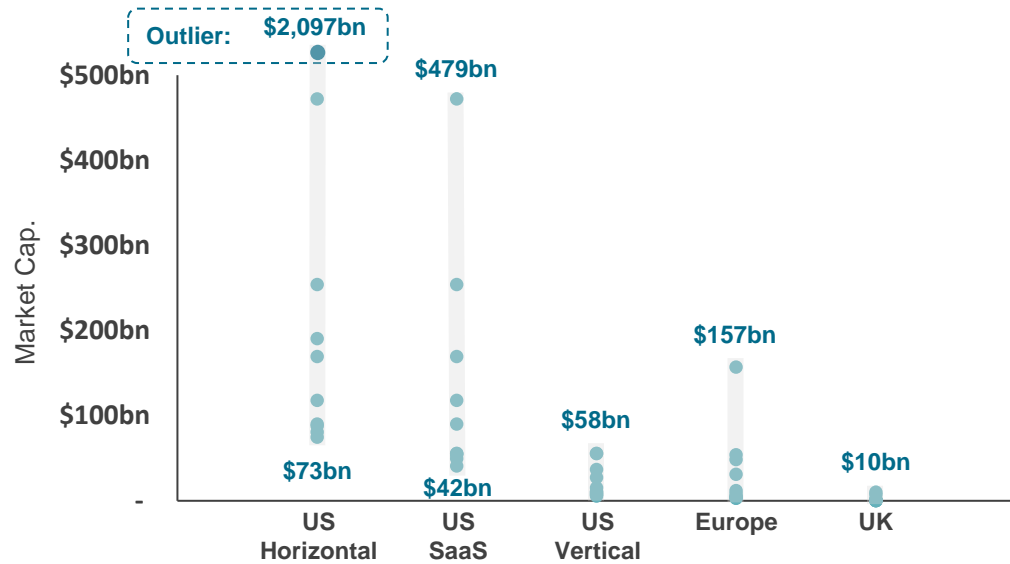
**Mar 2023**  
 Median EV/R      QoQ change (%)

- US SaaS**      ▲ **+15%**  
**7.4x**
- US Vertical**    ▲ **+26%**  
**6.8x**
- US Horizontal** ▲ **+8%**  
**4.8x**
- Europe**        ▼ **-3%**  
**3.0x**
- UK**             ▼ **-8%**  
**2.6x**

Source: CapitalIQ | Multiples as at 31/03/2023

# US Horizontal and SaaS software players dwarf the rest of the market

LISTED SOFTWARE VALUATION METRICS US AND EU: TOP 10 COMPANIES BY MARKET CAPITALISATION

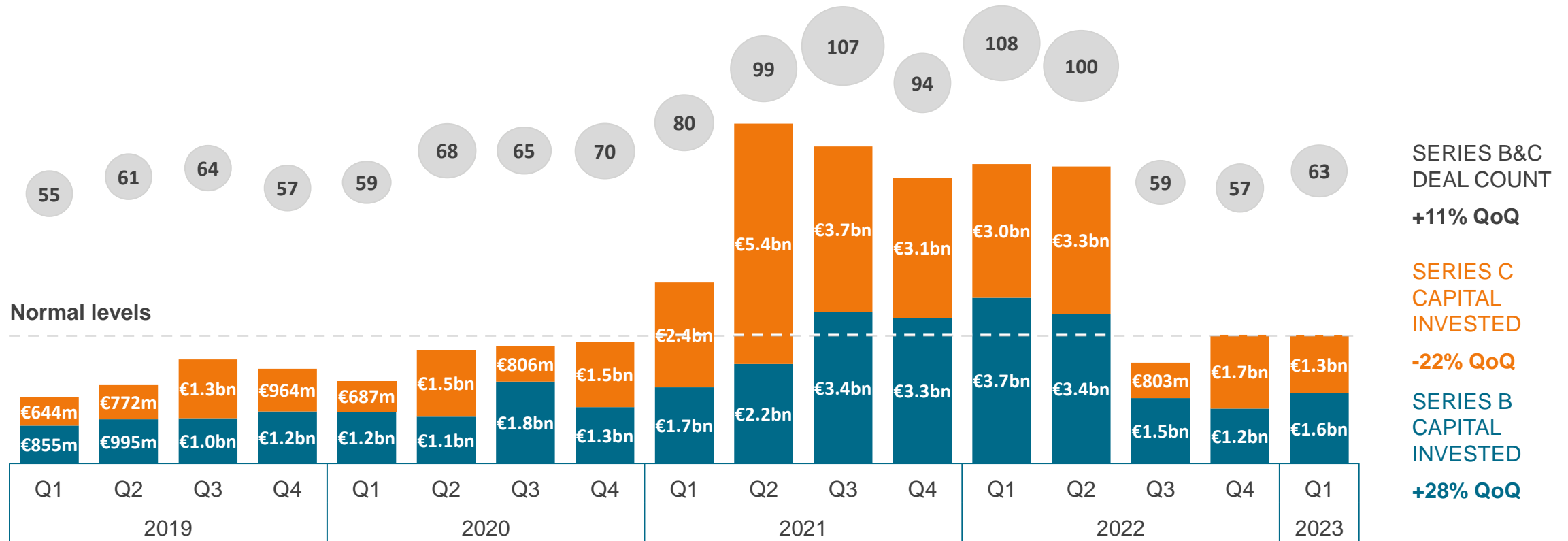


| US Horizontal | US SaaS | US Vertical | Europe | UK |
|---------------|---------|-------------|--------|----|
|               |         |             |        |    |

Source: CapitalIQ | Data as of 25/04/2023

# Series B&C Q1 rounds at the new norm level since Q3-2022

SERIES B&C TOTAL FINANCING AMOUNTS AND DEAL COUNT, 2019 – Q1 2023

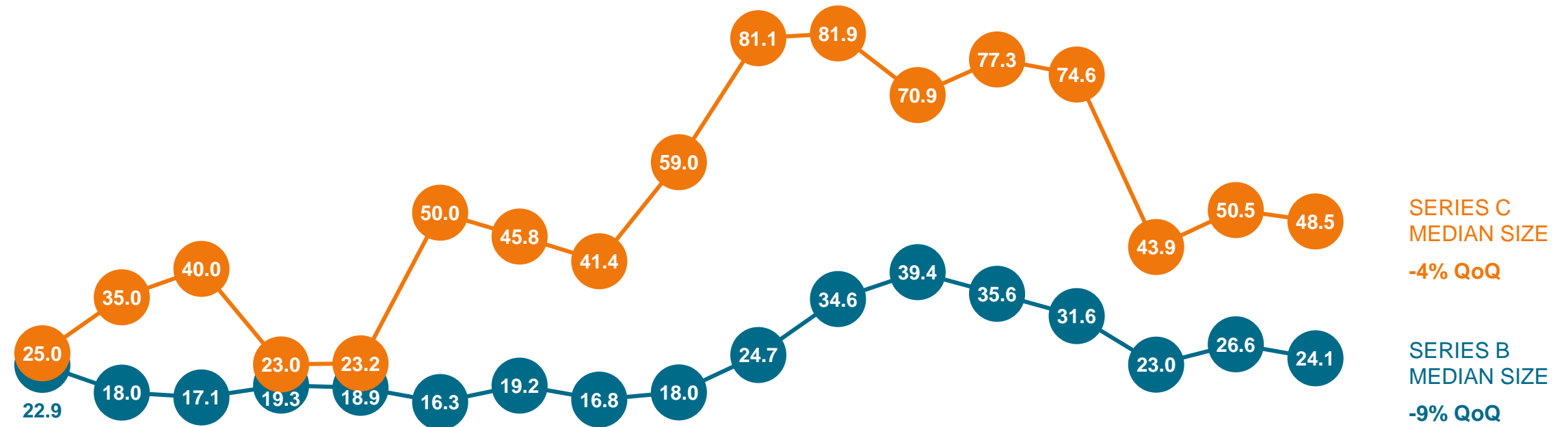


Source: Pitchbook | Deals below €5m have been excluded | Data as of 06/04/2023



# Median deal size stabilises at pre-covid level in Q1-2023

MEDIAN SIZE OF SERIES B&C ROUNDS, 2019 – Q1 2023

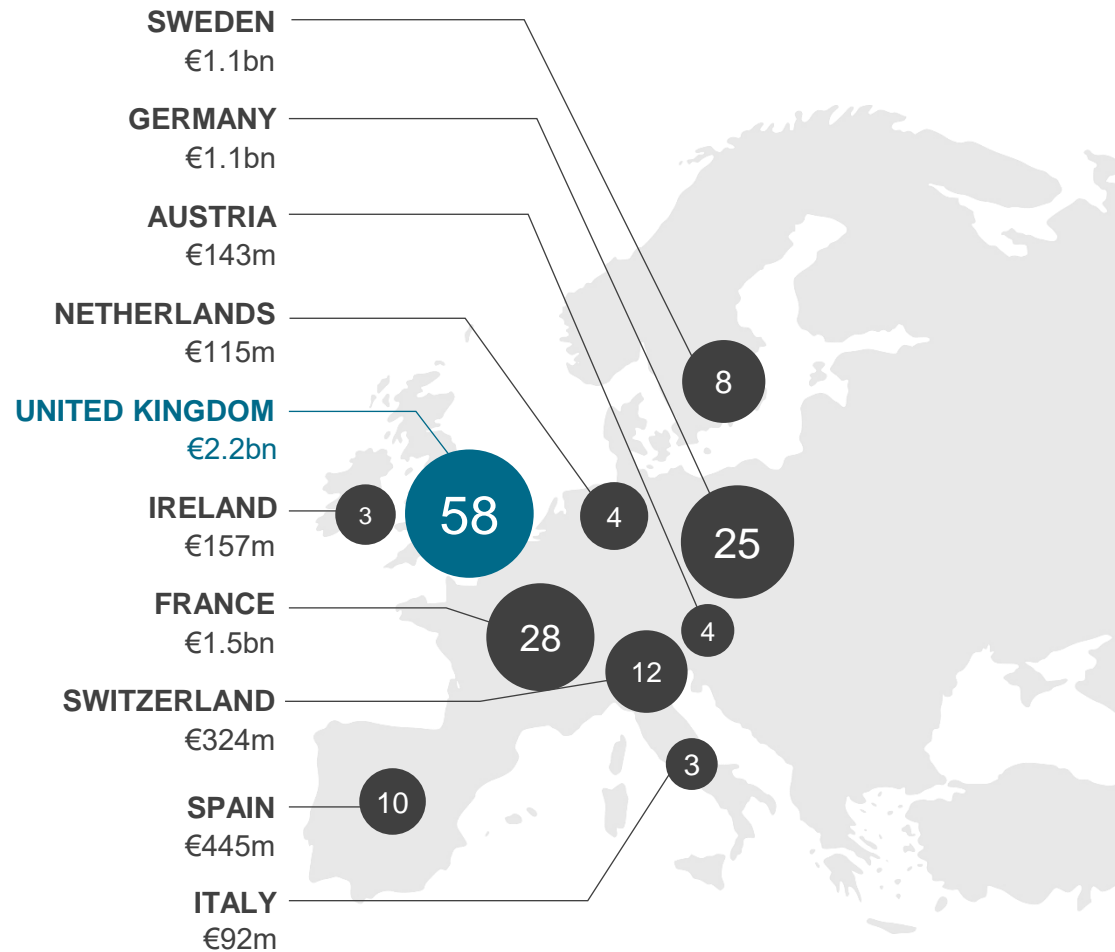


| Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | Q1   |
|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|
| 2019 |    |    |    | 2020 |    |    |    | 2021 |    |    |    | 2022 |    |    |    | 2023 |

Source: Pitchbook | Deals below €5m have been excluded | Data as of 06/04/2023

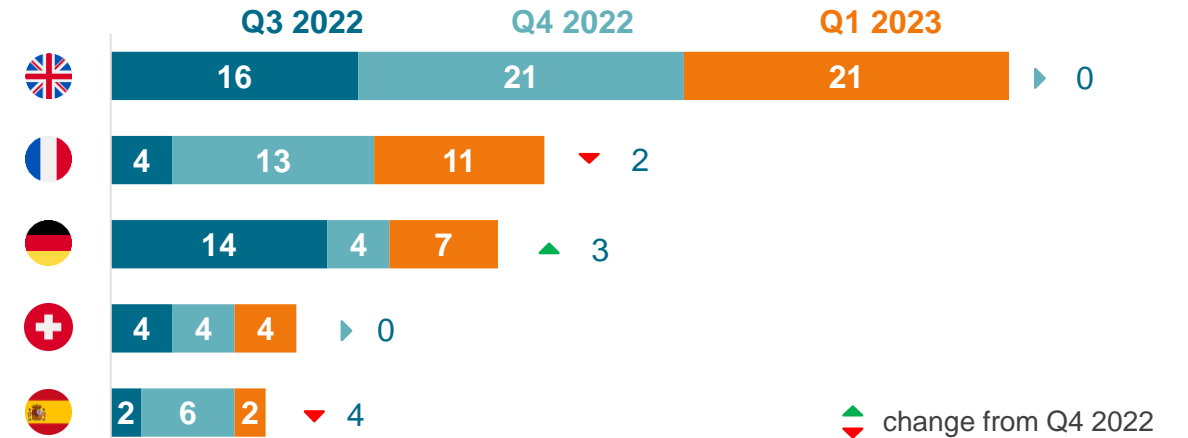
# The UK stays significantly ahead of other countries in Q1-23

SERIES B&C DEAL COUNT AND VALUE, Q3 2022 – Q1 2023

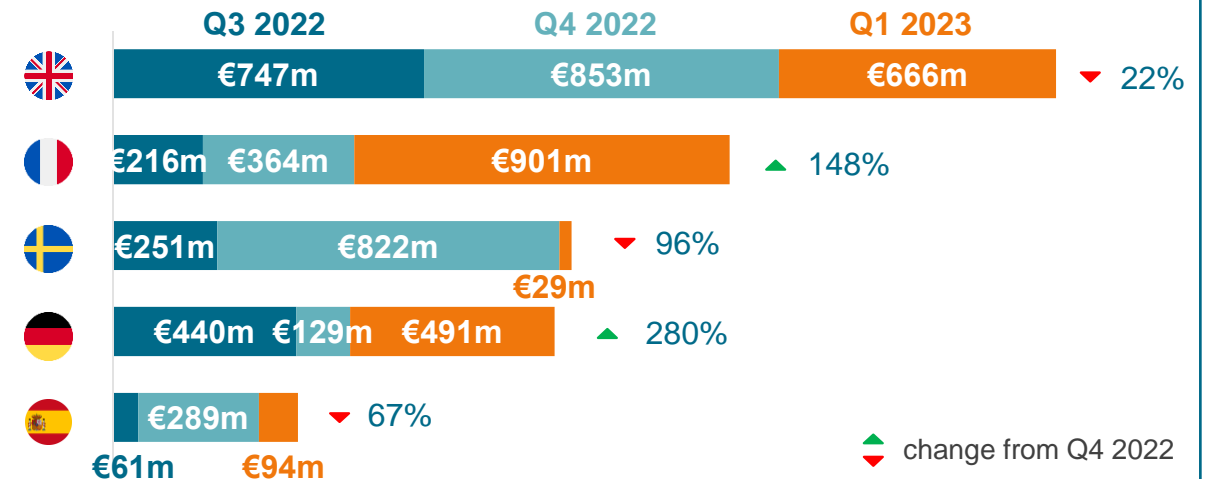


Source: Pitchbook | Deals below €5m have been excluded | Data as of 06/04/2023

# of Series B&C rounds by quarter



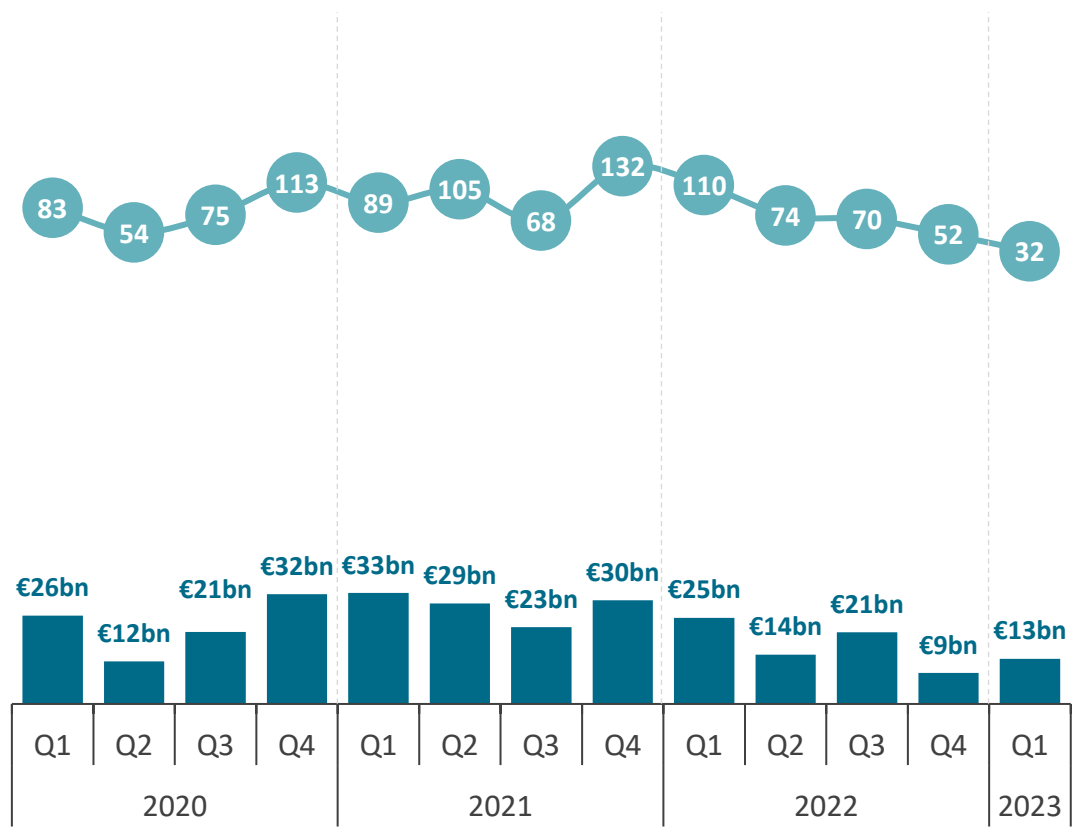
Value of Series B&C rounds by quarter



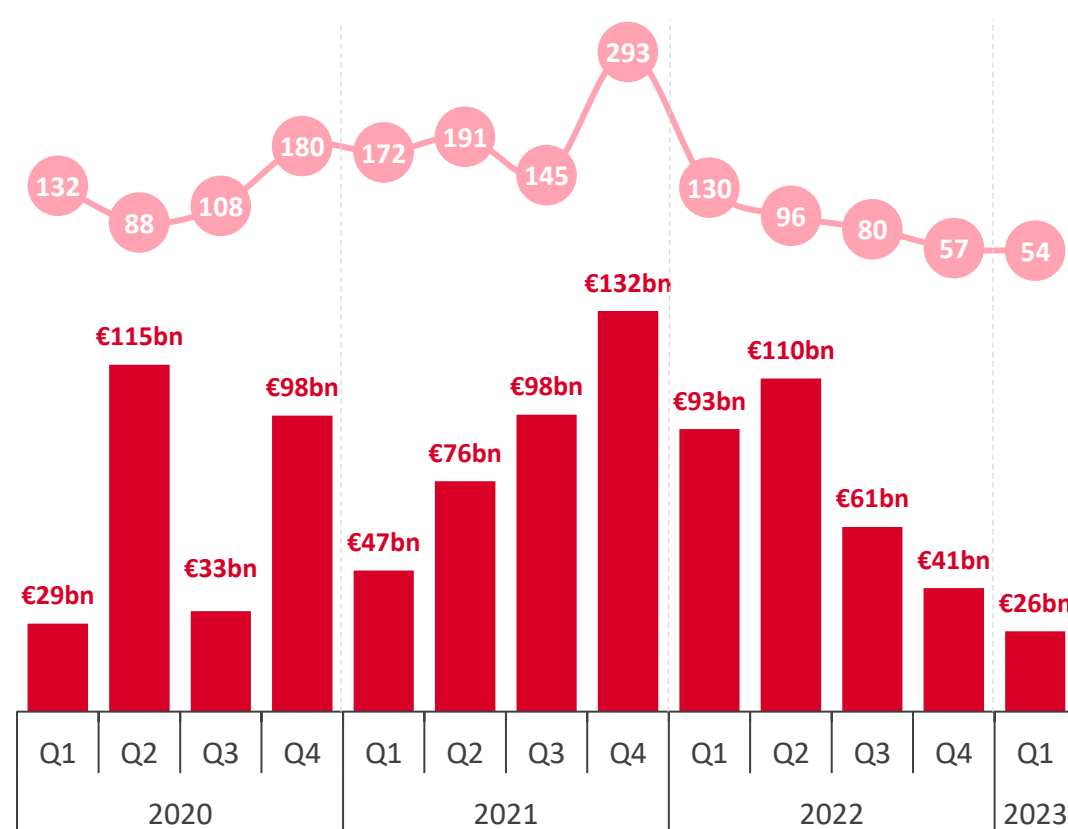
# European total deal value is about 3x smaller than North America

EUROPEAN + US & CANADA TECH M&A BREAKDOWN BY TOTAL DEAL VALUE AND COUNT, 2019 – 2023 Q1

## Europe



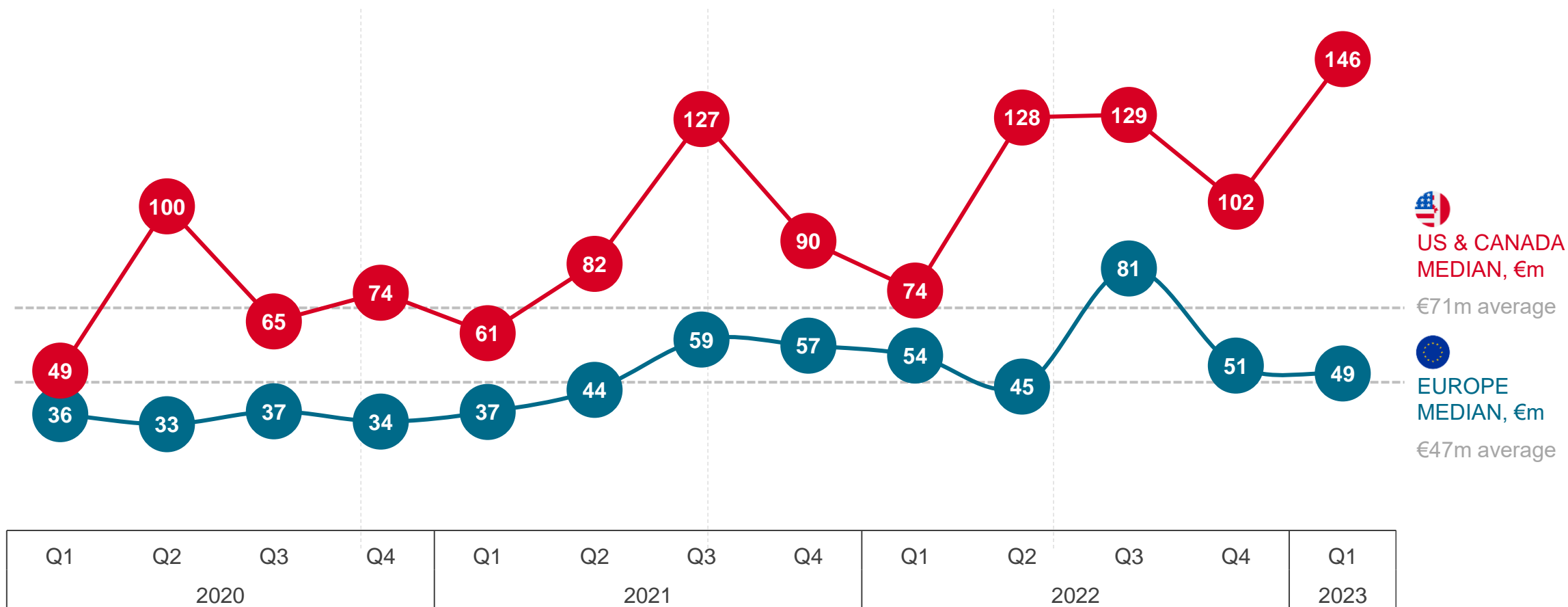
## US & Canada



Source: Pitchbook | Data as of 31/03/2023 | Deals with disclosed values only

# US & Canada deal sizes are routinely 90% above European deals

EUROPEAN + US & CANADA TECH M&A MEDIAN DEAL SIZE, 2019 – 2023 Q1



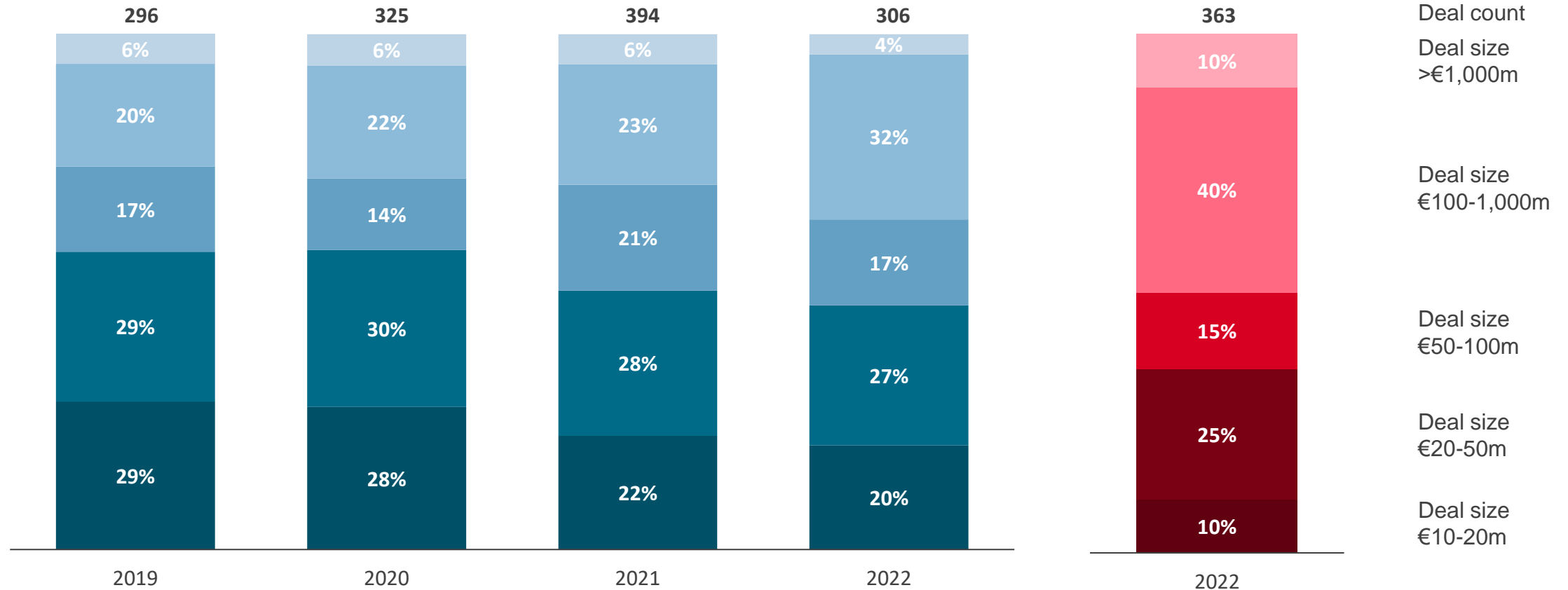
Source: Pitchbook | Data as of 31/03/2023 | Deals with disclosed values only

# European companies are increasingly attracting €100m+ valuations

EUROPEAN + US & CANADA TECH M&A BREAKDOWN BY SIZE, 2019 - 2022

## European targets

## US & Canada targets

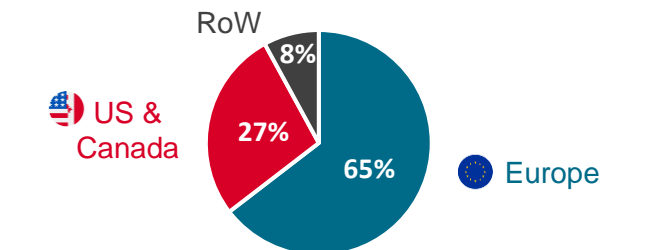


Source: Pitchbook | Data as of 22/02/2023 | Deals with disclosed values only

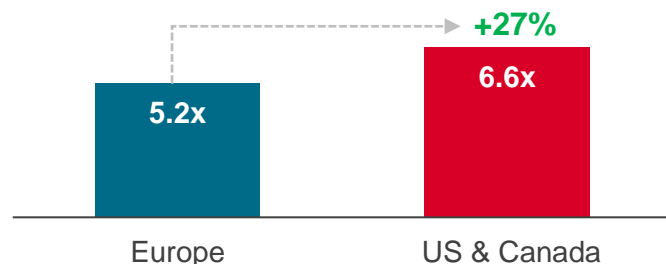
# North American buyers pay premium for EU assets, compared to their peers

EUROPEAN TECH M&A BREAKDOWN BY BUYER HQ & VALUATION MULTIPLE

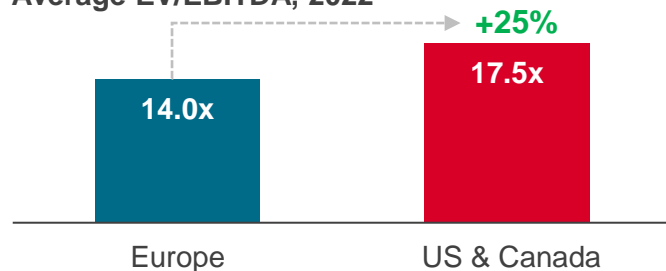
Exit destinations of European companies



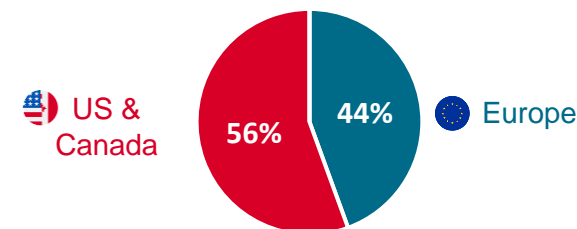
Average EV/Revenue



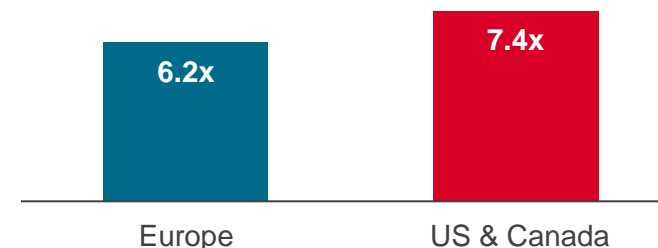
Average EV/EBITDA, 2022



Exit destinations of Silverpeak's European clients



Average EV/Revenue



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|  |  |
|--|--|
| <p><b>+1.0x</b></p> <p>vs. 2022 EV/Rev. market average</p> | <p><b>+0.8x</b></p> <p>vs. 2022 EV/Rev. market average</p> |
|--|--|



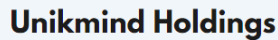












Source: Pitchbook | Data as of 22/02/2023 | <sup>1</sup>Silverpeak deals matching M&A report's screening criteria | Deals with disclosed values only

# US market first to open up to mega deals, driven by financial investors
















M&A  
ACTIVITY

Largest M&A Transactions in Q1 2023 by geography

## TOP 5 DEALS IN EUROPE

|   |  |                      |   |          |
|---|--|----------------------|---|----------|
|    | <br>CYBERSECURITY           | >                    | <br>Unikmind Holdings | \$1,647m |
|   |  | 13 <sup>th</sup> Feb |   |          |
|    | <br>AI & ML                 | >                    | <br>BIONTECH          | \$684m   |
|   |  | 10 <sup>th</sup> Jan |   |          |
|    | <br>RETAIL SOFTWARE         | >                    | <br>FUJITSU            | \$426m   |
|   |  | 1 <sup>st</sup> Mar  |   |          |
|    | <br>INFRASTRUCTURE SOFTWARE | >                    | <br>cognizant          | \$98m    |
|   |  | 6 <sup>th</sup> Jan  |   |          |
|  | <br>CAR-SHARING PLATFORM  | >                    | <br>ViveLaCar       | \$59m    |
|   |  | 17 <sup>th</sup> Feb |   |          |

## TOP 5 DEALS IN NORTH AMERICA

|   |   |                      |  |           |
|---|---|----------------------|--|-----------|
|    | <br>ENTERPRISE SURVEY SOFTWARE       | >                    | <br>SILVER LAKE                 | \$10,901m |
|   |   | 12 <sup>th</sup> Mar |  |           |
|    | <br>SOCIAL PLATFORM                  | >                    | <br>WPF HOLDINGS                | \$4,770m  |
|   |   | 30 <sup>th</sup> Jan |  |           |
|    | <br>ENTERPRISE SOFTWARE              | >                    | <br>Blackstone                  | \$4,584m  |
|   |   | 14 <sup>th</sup> Mar |  |           |
|    | <br>INSURTECH                        | >                    | <br>VISTA                       | \$2,612m  |
|   |   | 9 <sup>th</sup> Jan  |  |           |
|  | <br>EXPERIENCE MANAGEMENT SOFTWARE | >                    | <br>SYMPHONY TECHNOLOGY GROUP | \$1,490m  |
|   |   | 13 <sup>th</sup> Mar |  |           |

Source: CapitalIQ, Pitchbook.

# Navigating a successful transatlantic exit



Ross Davies

- Get yourself exit ready
- What does being 'ready' mean?
  - **The three Ps**
    1. The personal: approach stakeholder interests with empathy
    2. The practical: get yourself 'exit-ready'
    3. The politic: be purposeful and strategic in your engagement with the buyer

## 1. The Personal

- The company triangle – shareholders; board; management
- Understand motivations and rationale of each
- When you decide to sell, it is an existential event for a company: accepting that the value placed on the company today is better than its future potential (even on a discounted basis) is a significant event
- Understand how that impacts behaviour.
- Listen: different people will have different motivations on an exit – be purposeful about obtaining alignment internally
- Decide on the deal team



# Navigating a successful transatlantic exit

## 2. The Practical

- The company triangle – shareholders; board; management
- Get your house in order
- Corporate records / other key documents
- Clean up capitalisation early
- Understand your vulnerabilities weaknesses The three Ps
- Is your IP protected
- Prepare your dataroom

## 3. The Politic

- Deal dynamics will be dictated by your initial discussions with a buyer
- Be thoughtful, be purposeful; don't be bullied
- The negotiation of the LOI/term sheet is your point of maximum leverage – do not negotiate it without taking advice: you'll leave real value on the table

# Maximising Exit Value: Panel Session



**David Ford**  
*Partner*  
Silverpeak



**Richard Goold**  
*Partner*  
Wilson Sonsini



**Steve Peskin**  
*CEO*  
Virtual Clarity



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**Ross Davies**  
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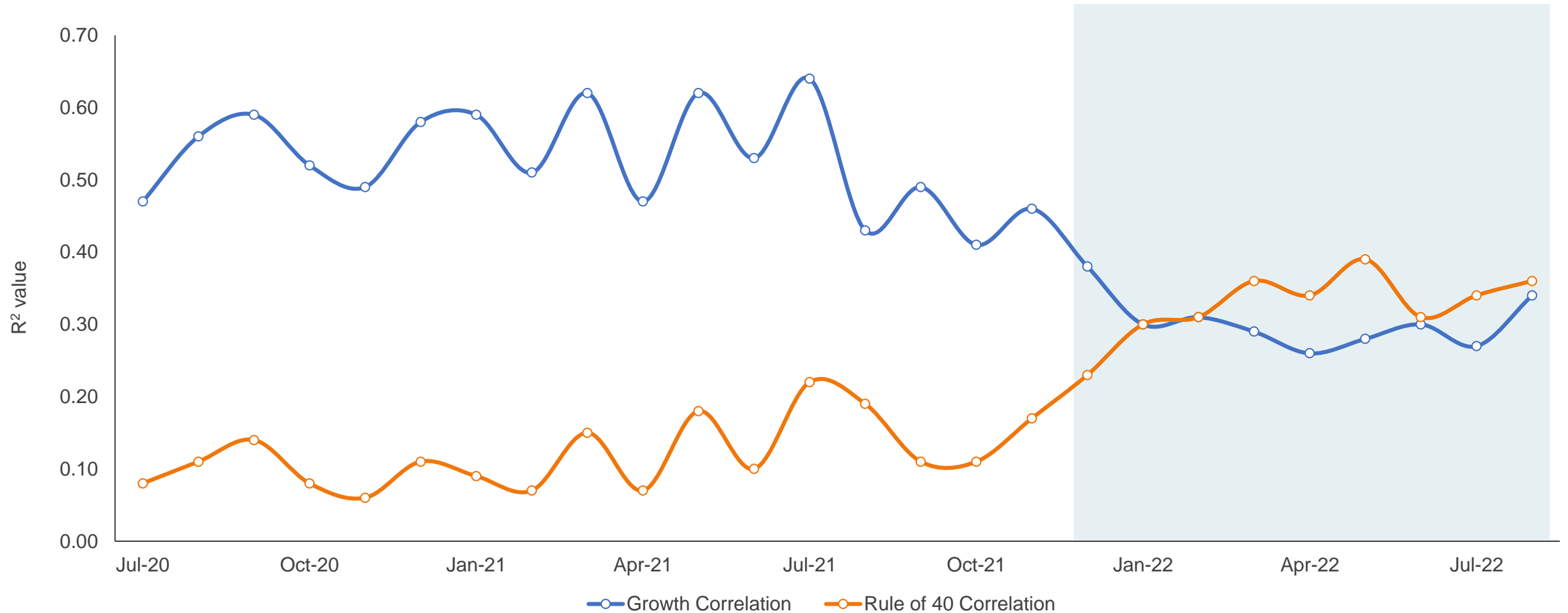
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**SILVERPEAK**

**WILSON SONSINI**

# Investors now much more focussed on a balance of growth *and* profitability

CORRELATION BETWEEN EV/R AND GROWTH, VS EV/R AND RULE OF 40



Note: Rule of 40 is used to measure SaaS companies' growth efficiency by summing Revenue Growth (%) with Free Cash Flow (%).