



UK Technology M&A Snapshot

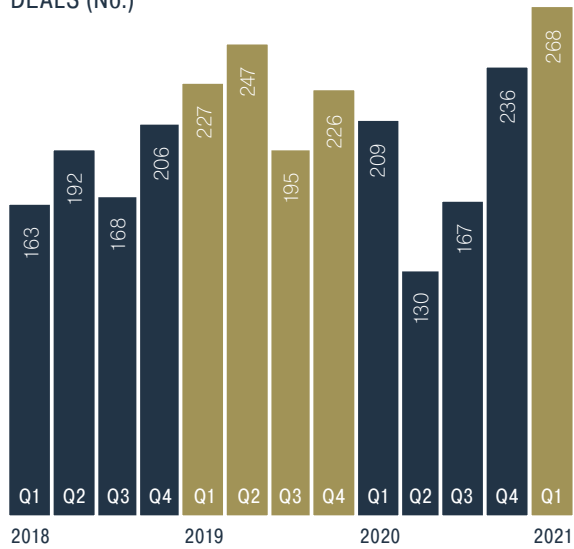
Q1 2021

ICON

GLOBAL TECH BANKING

UK Tech Q1 M&A trends

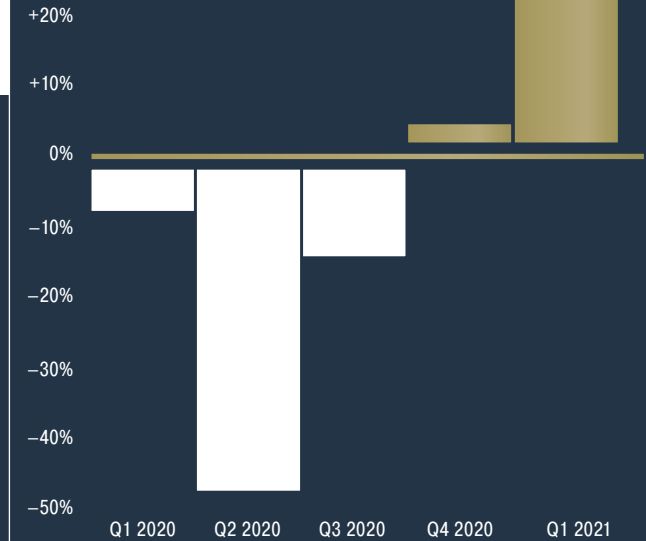
UK TECH M&A DEALS (No.)



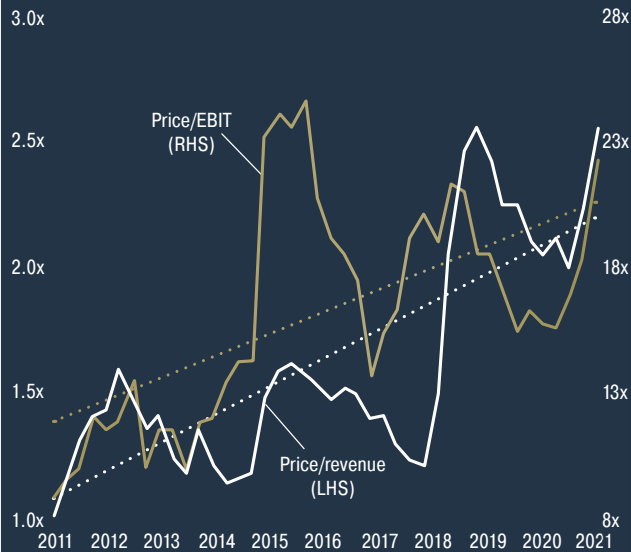
22x
AVERAGE EV/EBIT
MULTIPLE

+28%
GROWTH IN
DEALS IN Q1

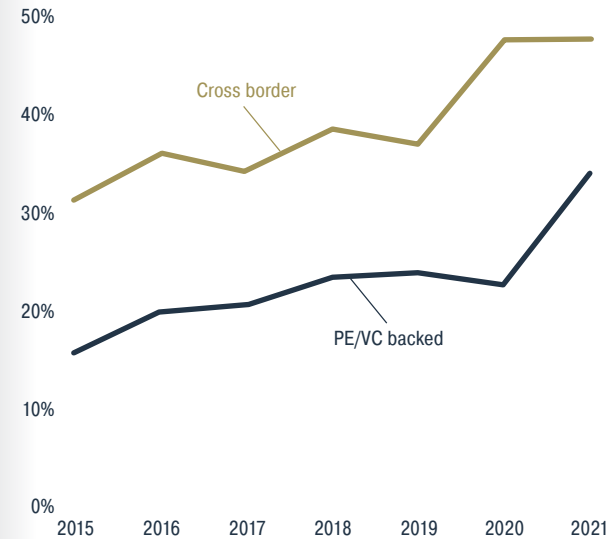
UK M&A DEALS QUARTERLY CHANGE YoY



TECH M&A VALUATIONS – UK



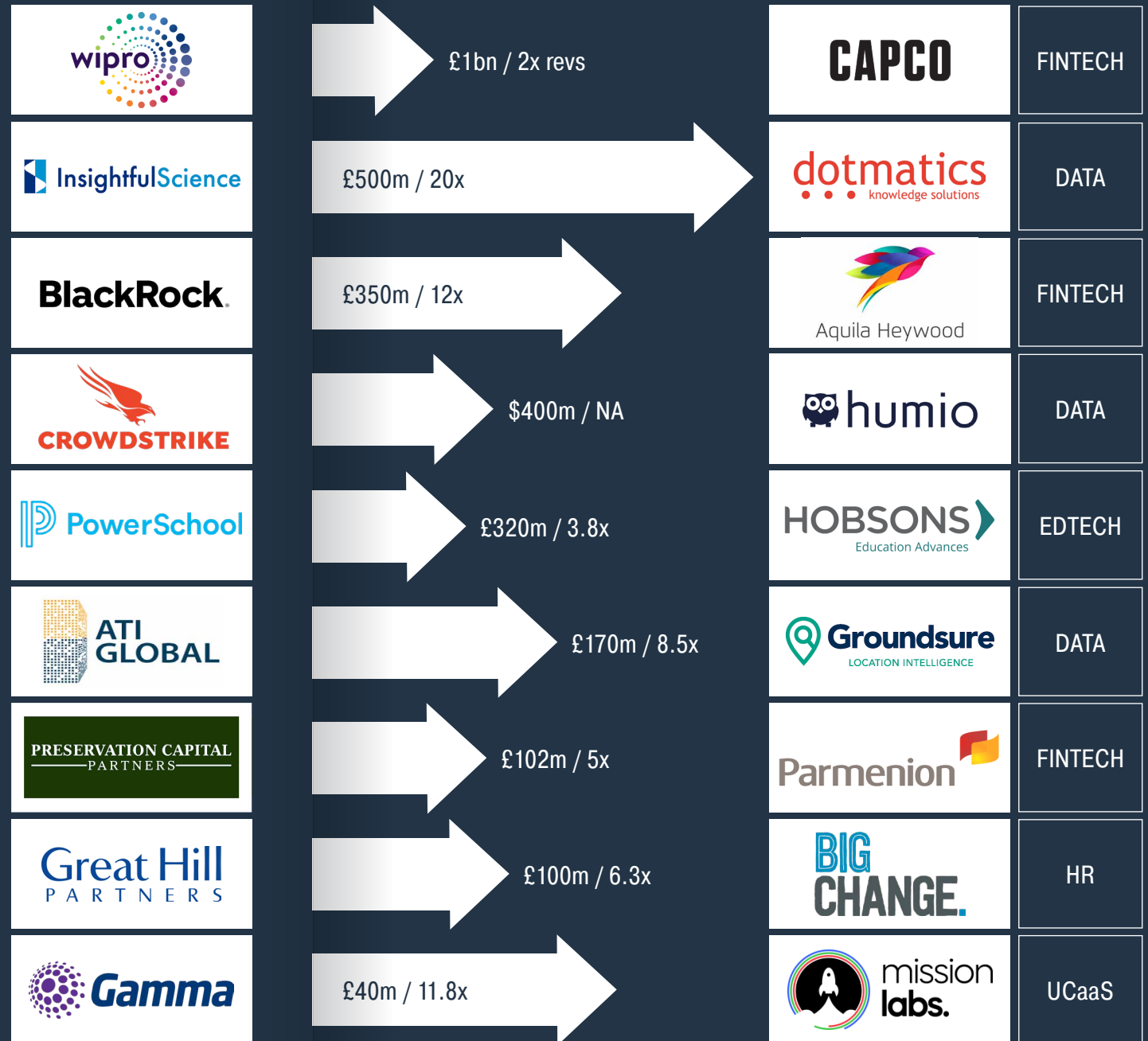
TYPE OF ACQUIRER



47%
OVERSEAS
ACQUIRERS

UK Tech Deals Q1 2021

- Record volume of UK M&A Tech deals with 268 deals announced - a jump of 28% compared with Q1 last year
- It's remarkable that this quarter was the busiest ever (given lockdown) and is another great example of digital acceleration
- Valuations also rose to near record levels, Dotmatics, Groundsure, Decibel and Mission Labs deals were all at eye watering multiples
- Overseas and PE backed acquirers continue to drive the activity



FinTech

Standard Life Aberdeen

Parmenion

Standard Life Aberdeen (SLA) has sold **Parmenion** to PE house Preservation Capital Partners for £102m double the amount that they paid when it was acquired 5 years ago and about 5x revenues. Parmenion has grown to £8bn of assets since it was founded in 2007. It provides discretionary managed model portfolios as well as a platform service to advisers.

JAMES HAY
PARTNERSHIP

nucleus

There is considerable consolidation happening in the space with **James Hay** acquiring rival advisor investment platform **Nucleus** in February for £130m (30x EBIT or just under 3x revenues) and **AJBell** acquired **Adalpha** – a mobile start up.

BlackRock.


Aquila Heywood

US fund manager **BlackRock** acquired Manchester-based pensions administration software and services provider, **Aquila Heywood**, for £350m. The company resulted from the 2002 merger of actuary firm Heywood and pension software business Aquila. The group now consists of divisions Heywood, i-Connect and Atmos, after technology outsourcer Equiniti took over Aquila in late 2018.

aryza

ANCHOR

HubSolv

Given the pandemic and slump in business, the timing of Dublin-based, **Aryza Group**'s two acquisitions in lending technology and financial management tools looks really good. They acquired loan management specialist, **Anchor Computer Systems**, and **HubSolv**, a Glasgow-based provider of debt management and insolvency software. Backed by Pollen Street Capital, Aryza's solutions now covers the lending lifecycle and utilises open banking and AI to automate processes. Financial restructuring, debt recovery and insolvency are currently key focus areas for the company.

EQUINITI

interactive investor

Equiniti Group sold its EQi direct-to-consumer business of Equiniti Financial Services to **interactive investor** for nearly £50m. It has AUM of £5.3bn and the valuations works out at 3.3x revenues and 15x EBITDA, Manchester-based ii bought the Share Centre last year and in 2017 purchased TD Bank Group's UK direct investing business, creating the second largest online investment broker behind Hargreaves Lansdown.

Investment in tech companies is also accelerating in 2021 with some very high profile deals particularly in the FinTech space with big fund raising for **Starling Bank**, (challenger bank raising over £270m), **Zego** (insurtech raised £30m) and **Stripe** (online payments which raised \$600m at an extraordinary valuation of \$95bn). Manchester-based, **Matillion** has also impressively closed a \$100m Series D funding round led by Lightspeed Venture Partners. Its ETL (Extract, Transform, Load) platform is picking up impressive clients in the cloud migration market but valued at well over 10x estimated revenues, Matt Scullion and team need to keep pedalling fast.

Vertical Software



US based **Insightful Science** (backed by Insight Partners) has paid £500m or a whopping 20x revenues for lab automation specialist **Dotmatics**, which is based in Bishop Stortford. Its data management platform helps in life science and chemical discovery.



Microsoft is acquiring **The Marsden Group**, an Aberdeen-based Microsoft Partner that is a specialist in proto-typing for complex industrials like off-shore Oil and Gas.



ClearCourse Partnership continued its acquisition spree buying **PPM Software** which focuses on health practice management software. That makes 25 acquisitions mainly in the CRM/Payments space.

LUMINE



Lumine Group a division of Volaris Group focused in the communications and media vertical, acquired **TMD** in March whose clients include Discovery, National Film & Sound Archives of Australia and RTÉ. TMD incorporates “media, digital and production asset management with workflow orchestration and resource management, that powers broadcasters and media organizations forward,” said Tony Taylor, Founder of TMD. He also said “a key element to our decision is Lumine’s acquisition principle of ‘buy and hold forever,’” TMD is HQ’d in Aylesbury with offices in the USA, Malaysia, and Australia.



Ascential plc has sold **Groundsure** (property and flood risk assessment) to ATI Global, the Australian legal technology, software and information services group. The £170m deal equates to 8.5x revenues but a reasonable sounding 14x EBITDA as it makes impressive EBITDA margins of 60%. The deal comes hard on the heels of the £73m sale last December of **Glenigan** to **Byggfacta** for 11x EBITDA. It had similarly impressive margins.



Miles 33

Naviga Inc acquired **Miles 33**, a leading supplier of digital publishing solutions for the media industry, with a focus on editorial and advertising management solutions. It was established way back in 1973. Only two years ago Ethos Partners acquired a majority equity interest in Miles 33 from Ares Capital.



Access Group has continued its aggressive acquisition program with 5 acquisitions in Q1 in workforce management, cyber training, schools and payments.



UK public sector focused software supplier **Idox** was nearly acquired by Canadian based Dye & Durham for £398m (>5x revenues). It fell through, but Idox sold its Compliance business to **Sponge Groupe**, a digital learning business backed by Aliter Capital for £9m (1.7x revenues) and their Grants Consulting business to **Silvertree** for less than 1x revenue plus earn out.

Enterprise Software

Medallia

DECIBEL

US based **Medallia** (focused on customer and employee experience) acquired Hoxton based **Decibel**, a leader in digital experience analytics which has an always-on, unsolicited digital feedback platform. Impressively Decibel claim to be the only analytics software in the world that can identify, score, and prioritize every online user experience across the website and apps. Medallia paid £139m cash or about 10x revenues.

 **exclaimer™**

 **CustomerThermometer**

Exclaimer Group (the email signature management company controlled by Insight Partners) acquired **Customer Thermometer**, the survey platform delivers a total view of customer satisfaction at key points of the lifecycle. Integration of the two businesses will allow organizations of any size to capture a real-time pulse of customer feedback from every corporate email sent, or customer interaction. Looks like the feedback loop will be accelerated.


AMTIVO

 **InfoSaaS**

Amtivo was created by August Equity in 2017 as a buy-and-build vehicle for a group of business performance management businesses and has now done 7 deals. The latest deal is **InfoSaaS**, which is focused on SMEs in the information security and compliance sector.

 **ideagen**


huddle™


Qualtrax®

Ideagen raised nearly £50m for acquisitions last December and immediately made its biggest ever deal – buying UK based document collaboration specialist **Huddle** for £28m or nearly 3x revenues. In March it acquired US-based **Qualtrax** for \$15m which was also around 3x ARR but it is loss making. It will add QHSE revenues from the likes of WalMart and push the US share of revenues to over 33%. It stands out as one of the last UK listed sizeable software companies with a value of circa £700m.

 **Totalmobile**


Cognito iQ

Totalmobile acquired **Cognito iQ**, a Newbury-based provider of workforce management and analytics technology. Cognito iQ collects data from multiple sources to provide a clear overview of operational performance. Clients include Hermes, TfL and Argos.


CROWDSTRIKE

 **humio**

US Cyber-security company **CrowdStrike** acquired log management firm **Humio** for \$400m (90% cash). Humio, a London-based startup that launched in 2016, provides products to simplify streaming, aggregating, and managing logs collected from large cloud-based enterprise networks.

Communications



UK listed **Gamma Communications** has acquired **Mission Labs**, for initial consideration of £40m. That equates to nearly 12x trailing revenues which makes it one of the highest revenue multiples in the UK this year. Mission Labs is a unified communications-as-a-service (UCaaS) technology business aimed at the cloud contact centre (CCaaS) market. Its product – CircleLoop – provides a cloud-based telephony product. Having worked together for 18 months Gamma clearly see opportunity to grow the revenues significantly.



Onecom completed two pretty chunky deals in less than a month with the takeover of both **Olive Communications** and then **9 Group**. Onecom claims the deals will make it the biggest B2B mobile, fixed-line and cloud specialist in the UK, providing services to more than 0.5m corporate and business end-users this year. The acquisition follows a £100m investment in Onecom from mid-market private equity firm LDC in 2019 to fuel growth and will take reseller revenues beyond £150m. Darren Ridge, founder of Onecom Group, said: "The inevitable changes to working patterns across the UK and globally as a result of the pandemic have accelerated the need for integrated cloud communications and significantly increased demand for transformation and digitalisation".



Content+Cloud (ex ITLab) has made its 5th acquisition - Microsoft focused unified comms specialist **Sipcom**, strengthening the UC&C expertise across Microsoft 365, Azure, and Dynamics 365. Sipcom boasts a roster of global brands as customers, including Ralph Lauren, Jim Beam, and UBS, and supports over 50,000 UK Central Government users. Peter Sweetbaum, CEO at Content+Cloud, said: "Teams is the most important collaboration platform in the market today...the acquisition of Sipcom enables us to help our customers unlock even greater value across Microsoft's three clouds."

IT Consulting & Managed Services

 **accenture**

EDENHOUSE
everything SAP

INFINITYWORKS



Accenture remain very active in the UK buying 3 companies in Q1: **Edenhouse** (SAP specialists with £40m+ revenues), Leeds based **Infinity Works** (digital transformation – AWS and Snowflake partners with £70m revenues) and **Cirrus** (Cheshire based leadership and talent consultancy plus digital learning). Accenture has transformed itself over into a digital business through a number of bite-sized deals each year – they acquired 28 companies last year.



CAPCO

Wipro has signed an agreement to purchase London based management and technology consultancy **CAPCO** who focus on banking, capital markets, wealth & asset management. The £1bn deal values **CAPCO** at a not very demanding 2x revenues or with 5,000 staff at about £200k per head. Wipro hope that it will help secure a greater share of the bigger digital transformation opportunities in FinTech.

sabio



Sabio Group, a leading European CX provider, has acquired **Makepositive**, one of the largest remaining independent Salesforce Consulting Partners. Founded in 2003, Makepositive has 180

employees, offices in London and Manchester, and a development centre in India. Clients include Aston Martin, Fujifilm, Gamma, McCarthy & Stone and Wolseley. Sabio is backed by Horizon and have completed over 12 deals (including 4 last year - Madrid-based CX solutions specialist **Team Vision**, **DVELP** – a leading Twilio Partner, one of Europe's leading Genesys Cloud partners – **Coverage Group** and Genesys Partner **Anana**. In March they also acquired **Fonetic**, a Spanish provider of cloud-enabled AI voicebots, chatbots and behaviour analytics solutions.



JUST AFTER MIDNIGHT

Ultima acquired **Just After Midnight** (JAM) to expand its cloud and app services activities backed by new shareholder Apse Capital. Its first M&A deal. "We now have a powerful global offering for all customers and partners looking to build and manage their hybrid cloud infrastructure and applications," said CEO Scott Dodds. Details not announced so difficult to see if it will be Jam today or Jam tomorrow?



keep IT simple /

The Panoply has made its biggest acquisition buying **Keep IT Simple** (KITS) expanding its IT support managed services, transformation services and service integration and management (SIAM). Key focus is the public sector. The cost is £26m (plus £5m in respect of excess cash). The valuation works out at 2.5x revenues and 10x PBT and puts it on target for revenue and adjusted EBITDA in its current year of £48.5m and £6.6m, respectively which leaves the shares valued at 25x profits.



infotech

August Equity-backed Air IT has now acquired 6 companies in the past year developing into yet another PE backed buy and build platform consolidating the very fragmented IT Managed Service Provider market in UK, focused on the regional SME space. Acquisitions include Netstar, Microtrading, Riverbank IT Management, Nexus SG and then in March Kent-based InfoTech Solutions and Cheshire-located Concise Technologies.


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