

**Presentation to:**

**Sigma Partners CFO Summit**

**Maximizing Value in M&A Exits**

**November 4, 2010**

**Member: FINRA/SIPC**

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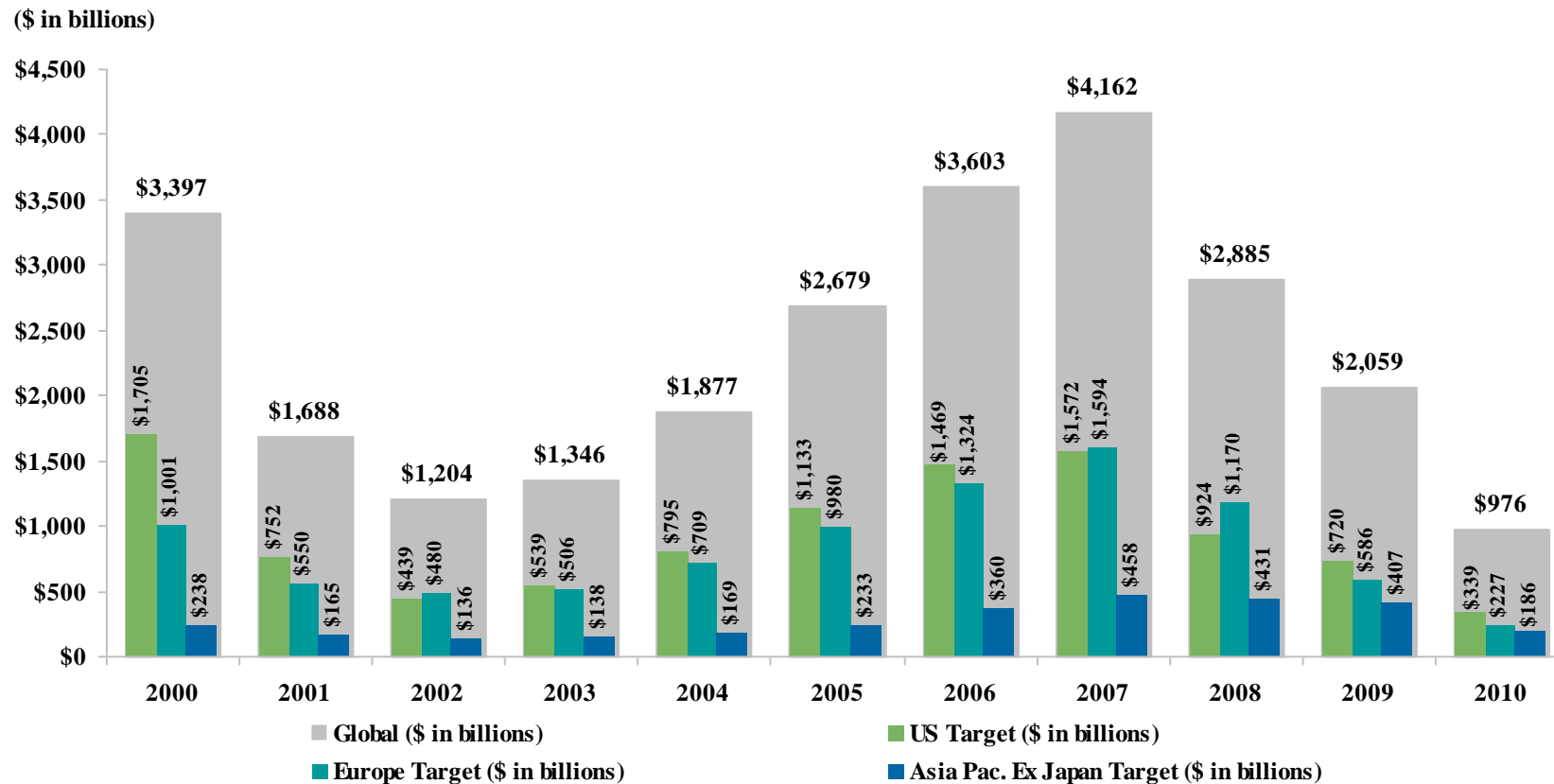
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# Global M&A Volume is Down in 1H 2010 YTD

## Global M&A Volumes Annually

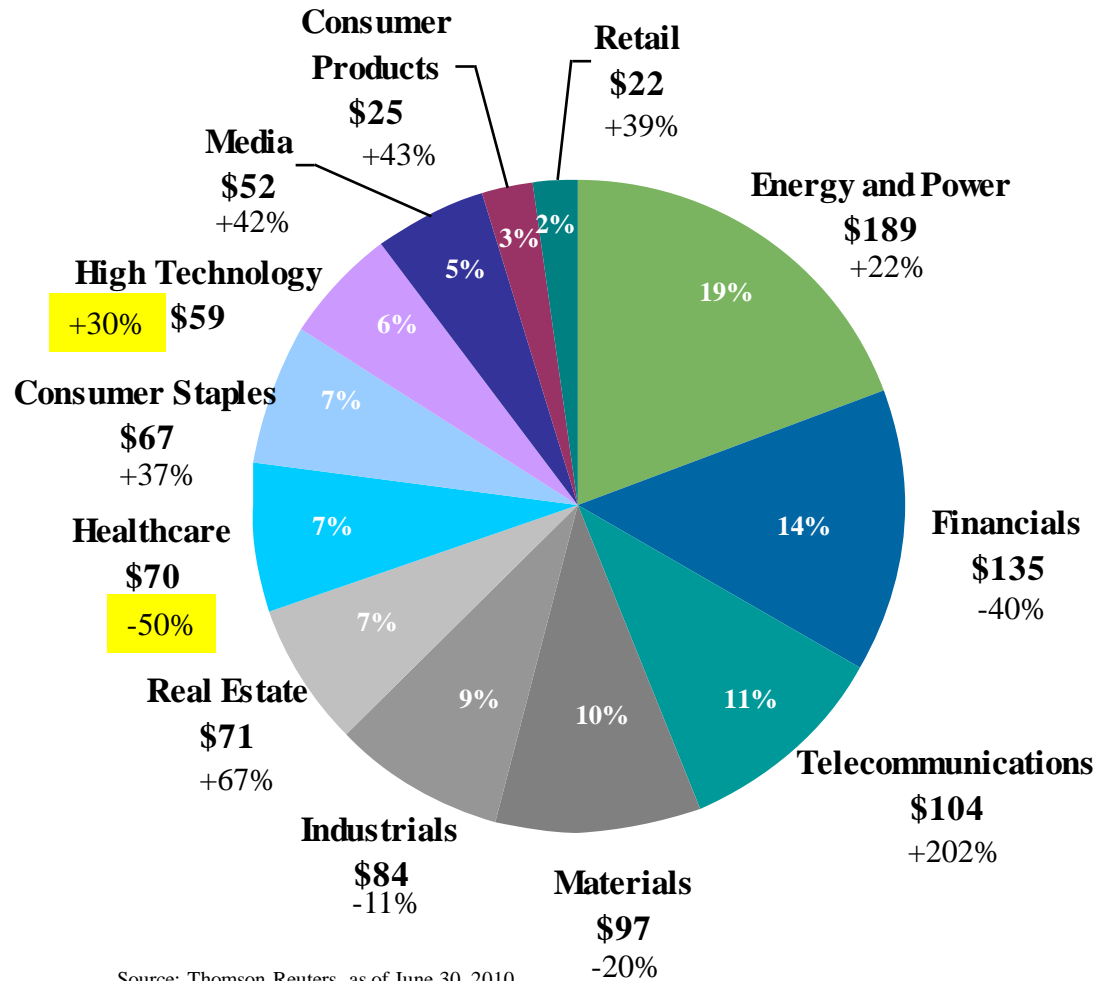


Source: Thomson Reuters, as of June 30, 2010.

Note: Global value includes Latin America, Japan and Africa.

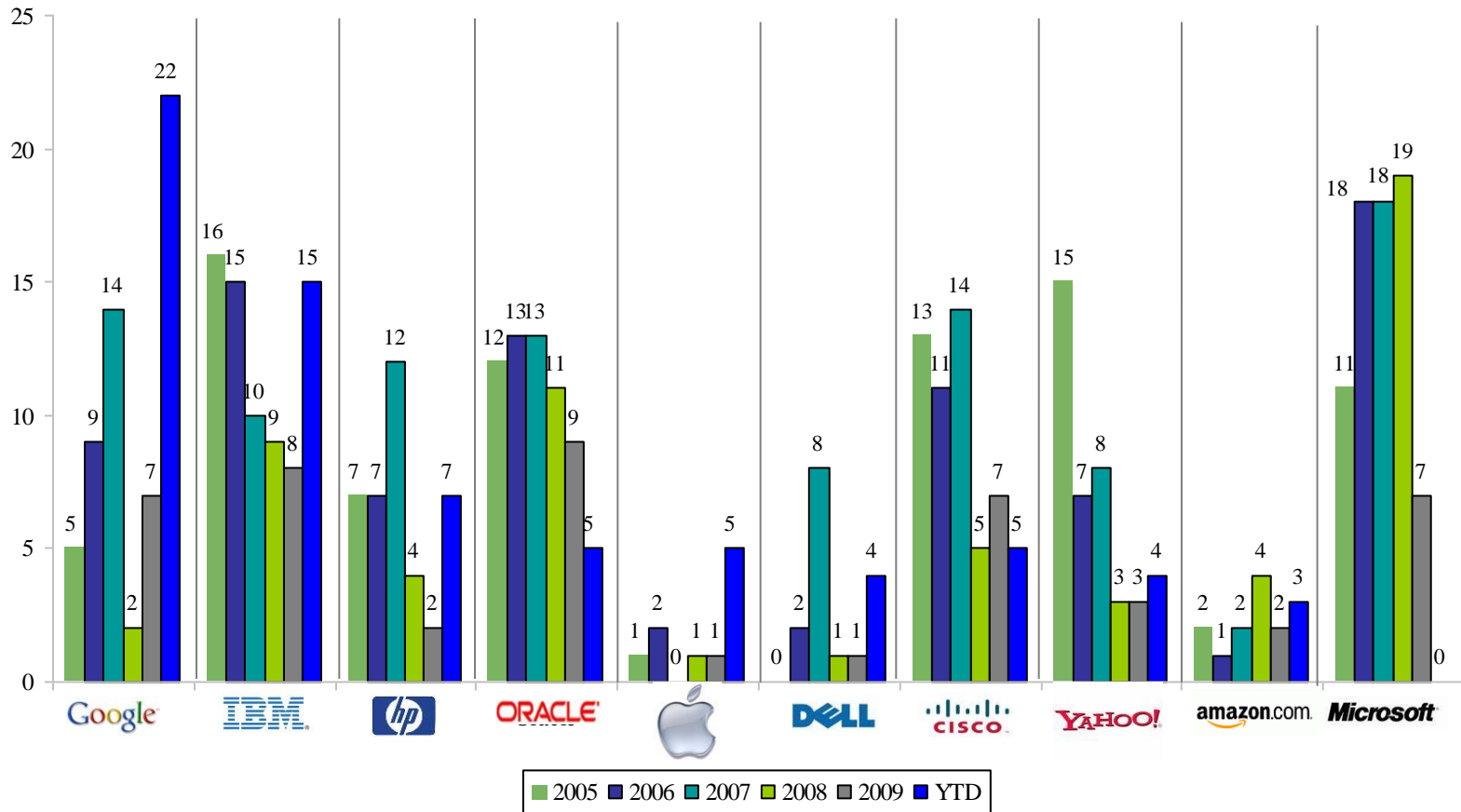
# Technology Sector in Global M&A Market is Up 30% YoY

## Global M&A By Sector – \$976 Billion Total



Source: Thomson Reuters, as of June 30, 2010.

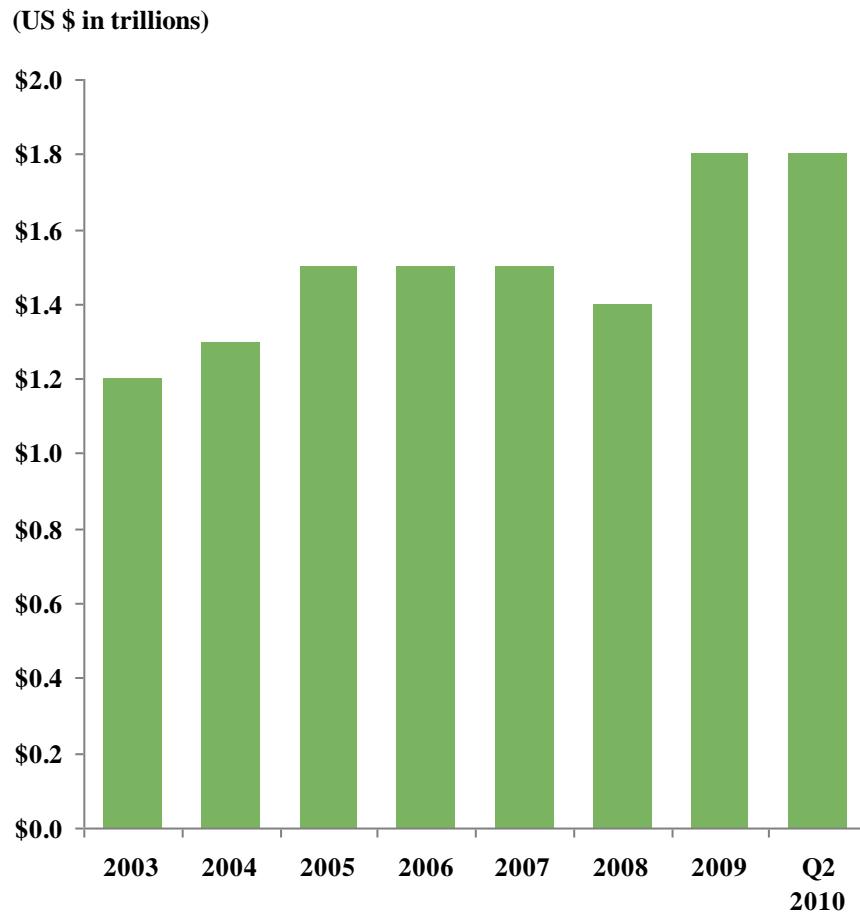
# Large Technology Firms are Coming Off the Sidelines



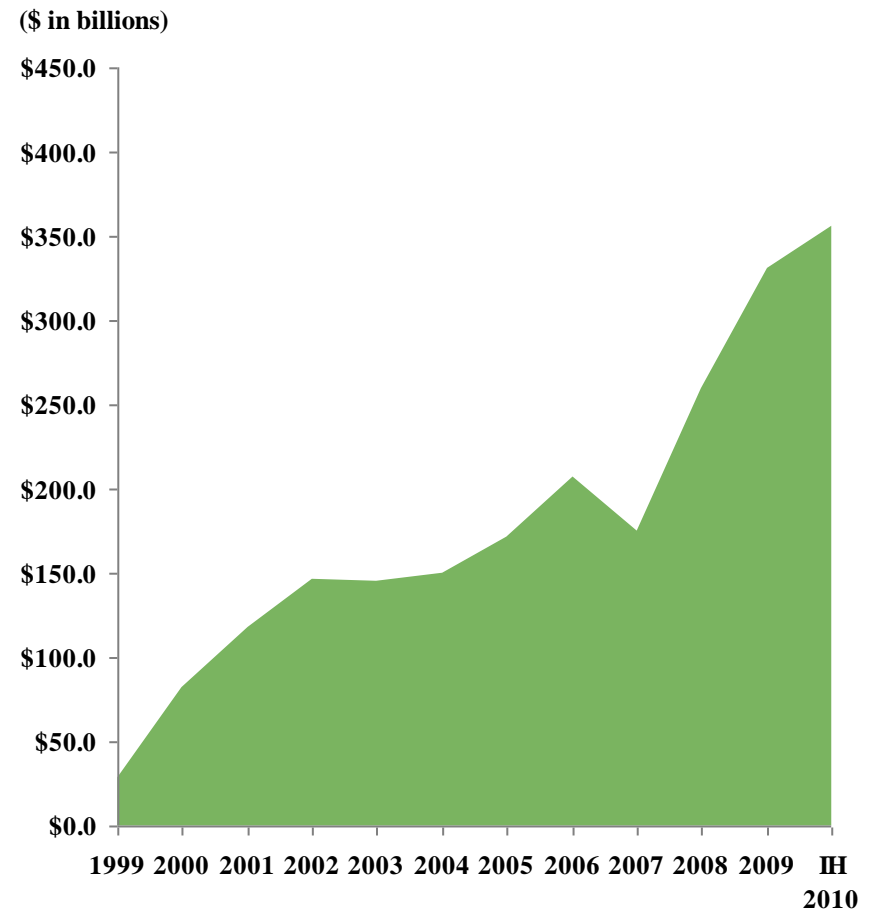
Source: CapitalIQ as of 9/30/2010.

# But, Significant Cash is Still On the Sidelines

## Cash Held by Strategic Buyers



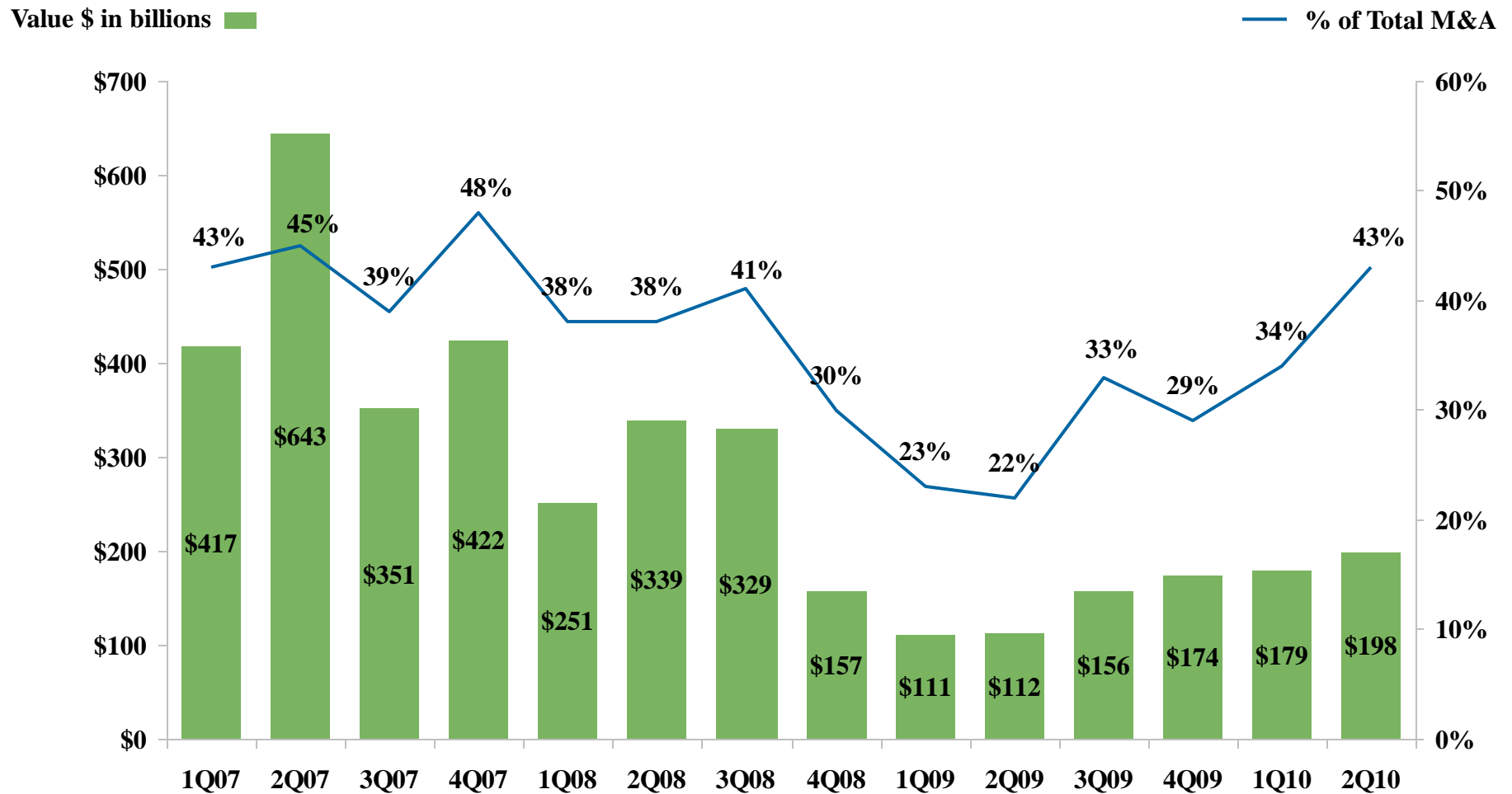
## U.S. Private Equity Overhang



Source: Grant Thornton Corporate Finance; Federal Reserve Statistical Release, June 10, 2010.

# Look Globally for Strategic Partners

## Global Cross Border Volumes



Source: Thomson Reuters, as of June 30, 2010.

# The Right Time to Sell is When Catalysts are Present.

## Internal Catalysts

- Funding Hurdle
- Internal Dynamics Among Management and/or Board
- Confidence in Prospects for Future
- Complicated Capital Structure

## External Catalysts

- Inbound Offer(s)
- Change in Market Dynamics
- Leading Competitor Sold



# Creating Value is More Art than Science

$$\text{Price} = \text{V} + (\text{S} + \text{C})^e$$

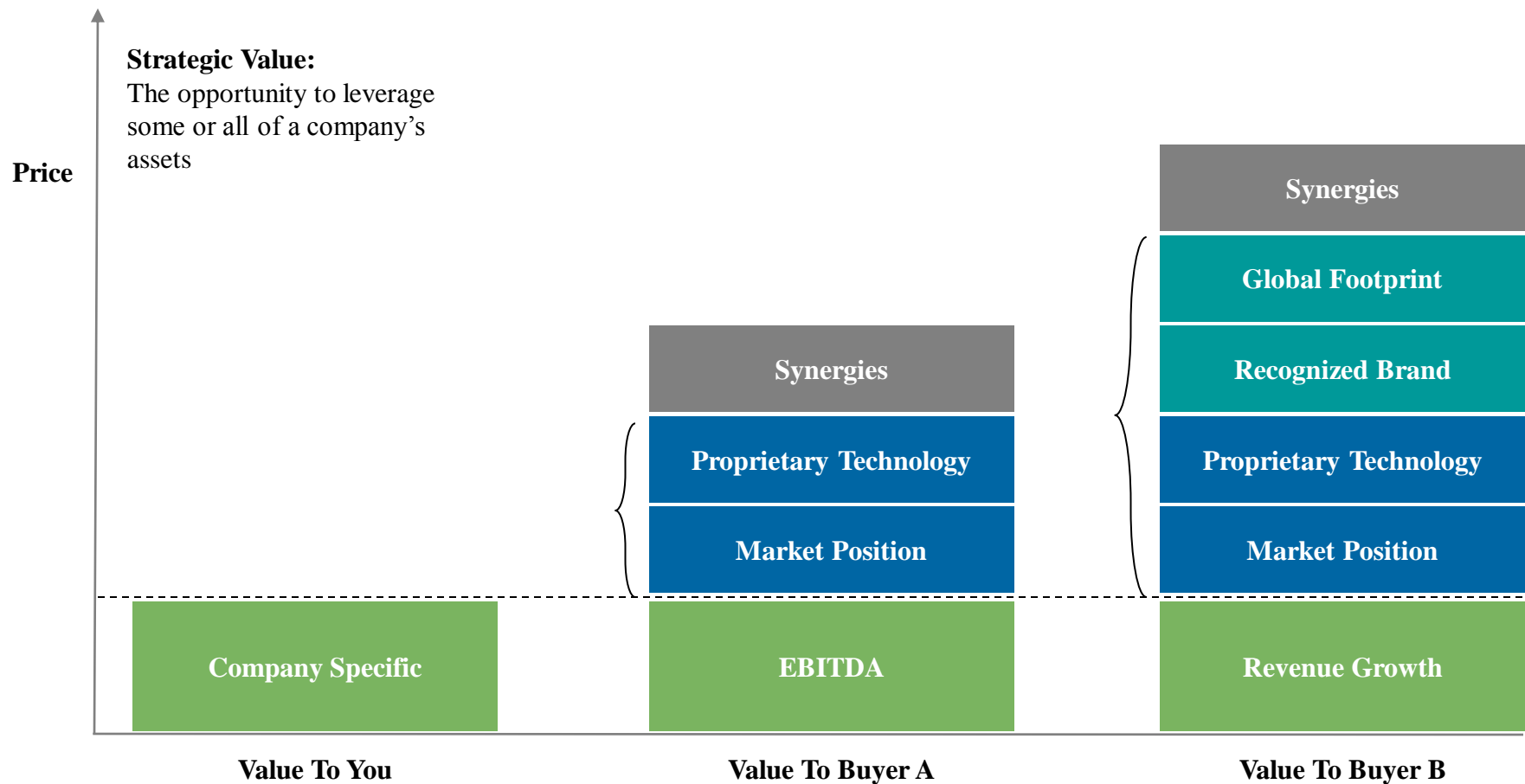
“Scientific” Value (Baseline)

Story (Developing a Compelling Story)

Competition (Using a Competitive Process)

emotion (Evoking Buyer Emotion)

# Different Buyers Have Different Valuation Frameworks



Source: Grant Thornton and Navidar.

# M&A Process Preparation is Critical

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- House Is In Order
- Inquire About Market Conditions
- Relationships Established with Buyers' Field Teams
- Expectations of Outcome Aligned

# Key Mistakes to Avoid in the M&A Process

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- Negotiation Strategy Mismatched With Actions
- Anticipating Deal Issues Too Late
- Vapid Process
- Improperly Positioning the Story
- Disconnect Between Market Opportunity and Model
- Analytical Support Not Fully Developed
- Relationships Not Established With Buyers

# Decision to Embark on the M&A Path is an Important One

## Bad News

- There is a lot more to the M&A world than meets the eye.
- There are many types of mistakes that can be made.
- Mistakes can have a big impact on the outcome, even when that impact is not immediately apparent.

## Good News

- There is opportunity in the M&A market.
- The decision to embark on the M&A path is a strategic operational issue.
- You can avoid making mistakes if you are well-advised.