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MERGERS
&
ACQUISITIONS
II

Presentation Handout

Windows NT
Windows 95/98

M&A Presentation Handout

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Printed in the United Kingdom

Released: 11/00

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Introduction

1

This summary document contains information that we found useful when compiling our presentation.

It includes extra information which we feel is important for you to know about and understand, and appropriate material to back up our presentation.

At the back of this handout, you will be able to view our slides used in our presentation.

We thank you for listening to our presentation and hope you find the information useful and interesting!

Don't forget to check out our website @ <http://www.mergers-acq.co.uk> - simple, slick, full of information, and links to other resources! It's worth to pay a visit!!

Calendar of Events



This section contains the list of events over the last 12 months, occurring in the IT/Software Services sector.

It has been badly hit by the recent troubles of the computing and communications sector and has, as you can probably see, had a fair share of events. These range from mergers (take-overs), acquisitions, and in some examples, de-mergers too!

Table 1 – Calendar of Events in the IT/Software Services Sector

November 2000

- Spirent has acquired Hekimian Laboratories, the US network monitoring company
- Gladstone is to acquire DLG, the Irish company that adapts web sites to different languages, for £4m
- Azlan has announced plans to invest a further £1m in the roll out of its online trading system, to grow its training and services operations and to seek acquisitions
- NSB Retail Systems is to acquire STS, the Canadian retail software company, for £272m, partly funded by a £109m rights issue.

- Sherwood International has acquired Promark Software, the supplier of software to the insurance industry, for £3.9m.

October 2000

- Lastminute.com shareholders have approved the company's £58.9m takeover of France's largest online travel agency, Dégriftour.
- Infobank International is acquiring a 10% stake in HISL of Birmingham for £8m, in order to gain access to new programming technology that will reduce its software development costs
- Nettec has acquired ByTheWay, the French marketing communications company, for £7.5m
- Psion has acquired Tournachon of France for £4.3m, in order to expand its European network for the distribution of electronic organisers.
- Logica has acquired PDV Unternehmensberatung, the German computer services company, for up to £370m, and is also in negotiations to buy MITS of Australia
- Baltimore Technologies is to acquire Nevex Software Technologies, the Canadian e-business security company, for £27m
- Innovation Group is to acquire Geniq Systems, the developer of e-business solutions, for up to £10m.

- Guardian IT is to acquire Kingswell, the Northampton-based data storage company, for £10m, and has also confirmed plans to open a £50m web-hosting centre near Heathrow

September 2000

- Cedar Group is acquiring Enterprise Solutions Group, the US IT services consultancy, from Renaissance Worldwide for £51m
- Nettek is looking to acquire web design businesses across Europe, and is particularly interested in Germany, France and the Benelux countries.
- Baltimore Technologies has acquired Content Technologies, the developer of e-mail security software, in a £692m deal.
- Spirent is planning to acquire Zarak Systems, the US manufacturer of communications test equipment, for £284m

August 2000

- CMG is planning to expand its computer services business into North America, in a change of strategy designed to create a global operation.
- Sherwood International is seeking distribution partners for a new subsidiary that sells its internet transaction system to companies outside the insurance sector, and is also looking to acquire businesses in the US and Europe

- Innovation Group is acquiring Technology in Marketing, the insurance software company, for up to £16m and Invent Software for £2.5m.
- BATM Advanced Communications has acquired a video streaming business from Ezenia of the US for £4m, in order to expand its range of routing products.
- Psion is planning to float its Symbian joint venture, which licenses the EPOC mobile operating system, but has not yet set a date
- Nettek has acquired two French technology consultancies - Eolsys Conseil and Node Venture Group - for £6.1m.

July 2000

- CMG has acquired Computer Answers, the billing software company, for £60m
- InterX is to sell its Ideal Hardware distribution business to Bell Microproducts of the US for up to £18m, in order to focus on its internet business.
- Kewill Systems has sold its logistics software business to Swisslog of Switzerland for £17m.
- Psion has acquired Teklogix, the Canadian network integration company, for £243m, as part of a strategy to shift its emphasis from consumer products towards the business market
- Chelford is to undergo a £12m reverse takeover of SSI, the developer of e-business fulfilment software

June 2000

- Guardian iT is acquiring Safetynet, the computer disaster recovery company, for £170m, in order to expand its product range and strengthen its position in Asia and western Europe.
- Cedar Group is to acquire the knowledge management software business of the former British Gas for £7m.
- Kewill Systems has acquired Evcor, the US systems integration company, for £30m
- Guardian iT has acquired the disaster recovery division of Catalyst Solutions for £27m
- Computacenter has launched a £85m takeover offer for Compel, the computer services company, but the approach has been rejected

May 2000

- Geo Interactive Media is to acquire Zapex Research, the Israeli semiconductor subsidiary of Brother International, for £18m, in order to speed up the development of its internet multimedia business
- Anite is to acquire Datavance, the French IT consultancy, for £49m, in order to develop a pan-European service for its banking and telecoms customers

- Sage has acquired Apex Software International, the Irish supplier of computer-based services to accountants, for £16m.
- Azlan is planning to expand its computer distribution business across Europe through bolt-on acquisitions, and is opening new offices in Spain and Portugal.
- Virgin is forming a joint venture with SingTel Mobile of Singapore to provide cellular phone services in Asia.
- ARM Holdings is acquiring a £1.2m nominal stake in Dublin-based Parthus Technologies, in order to jointly develop new microprocessors for the electronic devices being designed by Parthus

April 2000

- ARM Holdings has acquired Infinite Designs, the Sheffield-based microchip designer, for £0.3m
- Keystone Software has acquired the legal software division of US-based BISPoint Technologies for £5m, partly funded by a £2.4m share placing.
- Sage is acquiring CSM, the Birmingham-based developer of tax software, from Freecom.net for £9m
- Geo Interactive Media has acquired Orca Computers, the Israeli supplier of broadband data solutions, for £20m
- Cedar Group, the software services company, has announced acquisitions worth a total of £21m, including SBA UK and

Ansaback for £17m, and a majority stake in Sword Business Services for £4m.

- CMG is to acquire Admiral, the computer services group, for £1.15bn, in order to expand its range of products and double its business in the UK, France and Belgium

March 2000

- SDL, the developer of translation software, has acquired International Translation & Publishing of Ireland for £14m, funded by a £22m rights issue.
- Misys is to acquire IE Group, the supplier of software support to independent financial advisers,
- Freeserve is to acquire SmartGroups.com, the creator of web-based communities, for up to £60m in new shares, in order to provide new advertising and e-commerce opportunities
- Sage is acquiring Ubiquis, the French developer of e-commerce software, in a £20m deal
- Sema is to acquire LHS, the US telecoms software company, in a £2.5bn deal, and will merge its SemaVision mobile phone operation with LHS's Targys.
- InterX, the hardware distributor, is to buy the remaining 63% of Cromwell Media, and plans to transform Cromwell into an internet technology provider

- Baltimore Technologies has acquired a 72% stake in NSJ, the Japanese distributor of internet security products, for £16m, and is now seeking further acquisitions in Japan.
- Morse is forming a new division called Red Creation, in order to provide advice and operational management to new internet ventures

February 2000

- InterX is to merge with Cromwell Media in a £226m deal, in order to gain access to software tools for the development of its hardware distribution business.
- Computacenter is considering plans to float a stake in its Biomni electronic procurement joint venture with Computasoft
- Anite is acquiring 2 Sell Marketing & Sales Consultancy, the Dutch internet business, for up to £0.6m, in order to create a training centre for its 800 consultants in continental Europe
- ITnet has acquired French Thornton, the independent management consultancy, for £8.5m
- BATM Advanced Communications is to acquire Telco Systems, the US supplier of data communications equipment, for about £200m
- NSB Retail Systems, the supplier of retailing software, has acquired Real Time Control for £74m

January 2000

- Kalamazoo Computer has sold Kalamazoo Answer, the developer of software solutions for food and drink companies, to a management buy-out for a nominal sum
- FI Group is to acquire Druid Group, the business software group, for £763m, in order to create a new force in the market for e-business and IT consulting
- Baltimore Technologies has acquired GTE CyberTrust Solutions, the US internet security company, for £91m.
- Redbus is to acquire Moorepay, the supplier of payroll processing systems, for £41m
- Sage has acquired Best, the US supplier of back-office software, for £272m, in order to offer a more comprehensive package to small and medium-sized US companies
- Rolfe & Nolan is to acquire Contac, the Singapore-based supplier of derivatives software, for up to £15m
- Sage has acquired Hartley International, the Bristol-based supplier of accountancy software, for £2.5m.
- Compel is acquiring Pangaea, the supplier of internet and multimedia services, for up to £10m.
- Anite has acquired part of the Local Government Solutions business of Bull Information Systems for £2.2m.

Management Challenges

3

The costs of failure in Mergers and Acquisitions (M&A) are escalating, in large part due to the many unknowns and the collapsed time frames of the Economy. M&A "winners" overcome the major challenges to implementing successful M&A. Learn how to build an M&A "engine" to propel your business to repeated success.

There is never a shortage of reasons for failure:

- ***Why do so many mergers and acquisitions fail?***

Several studies report that at least half of all mergers and acquisitions fail to meet expectations, or are outright failures. There are several common reasons for failure.

- ◆ *Champions move on*
- ◆ *Clash of corporate cultures*
- ◆ *Disagreement over the distribution of returns*
- ◆ *Inadequate due diligence*
- ◆ *Leadership clashes*
- ◆ *Operational integration failures*
- ◆ *Overpayment*
- ◆ *Shift in strategic direction*
- ◆ *Staff retention/morale*

- *Learning from Winners*

What capabilities do you need to manage M&A successfully? Learn the keys to success in M&A.

- ◆ Merger Winners
- ◆ The merger is a top priority for the business
- ◆ Speed is value
- ◆ Converge to a single environment
- ◆ Readiness and stability are key
- ◆ Impacts on customers and employees drive decision making
- ◆ Align integration effort with strategic intent

Presentation Slides

4

The following are the slides that we compiled for our presentation on Friday,
1st December 2000.

Acknowledgements

5

There are a number of organisations which we would like to thank for helping in compiling the presentation and this handout.

We found that there were a lot of resources out there, so here's a list of sites that proved beneficial in our quest to find detailing information covering Mergers and Acquisitions:

- Andersen Consulting - <http://www.ac.com>
- AT - <http://www.atalink.com/fd2000>
- DealTracker - <http://www.internetstockreport.com/dealtracker>
- Financial Times - <http://ft.com>
- Interactive Investor International - <http://www.iii.co.uk>
- Internet Stocks - <http://www.internetstocks.com>
- Motley Fool - <http://www.fool.co.uk>
- MSN MoneyCentral Investor - <http://www.investor.com>
- Schiff Hardin - <http://www.schiffhardin.com>
- StockPoint - <http://www.stockpoint.com>
- Stock Selector - <http://www.stockselector.com>
- Strategy Business - <http://www.strategy-business.com>
- TechWeb - <http://www.techweb.com/wire/finance/mergers>

- The Mergers and Acquisitions Site - <http://www.mergers-acquisitions-site.com>
- The Online Investor - <http://www.investhelp.com>
- The Syndicate - <http://www.moneypages.com/Syndicate>
- Towers Perrin - <http://www.towers.com/towers/services-products/TowersPerrin/mergers.htm>
- UKInvest - <http://www.ukinvest.com>
- Yahoo Finance - <http://uk.finance.yahoo.com>

and not forgetting Gordon Beacock and Catherine Matthews for providing the necessary handout and framework to start our quest for information.