
An introduction to Mergers & Acquisitions for technology companies



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What is Mergers & Acquisitions?

The phrase **mergers and acquisitions** (abbreviated **M&A**) refers to the aspect of corporate strategy, corporate finance and management dealing with the buying, selling and combining of different companies that can aid, finance, or help a growing company in a given industry grow rapidly without having to create another business entity.

Three ways M&A helps you:

1. Raise capital to accelerate your growth
2. Diversify risk to protect your company and your wealth
3. Sell your company to convert your work into wealth

What does it mean for you?

WEALTH & OPPORTUNITY

- Selling your company is the fastest way for you to create wealth: time, money, opportunity to redeploy capital, ideas, and personal effort.
- Raising capital for growth is the fastest way for you to have the opportunity to add a weapon your competitors just don't have and open up avenues for inorganic growth in addition to organic growth.
- Raising recapitalization capital is the fastest way for you to create wealth AND reset your risk profile to what it was as a startup. You have access to additional capital for growth as well as a “home run hitting” mindset.

AND NO EXECUTION RISK

(which means these strategies work in good times & bad)

The Power of M&A

MergerTech executives previously founded, grew, and sold Saber, a technology service company, using a variety of M&A tactics. It happened to us: it can happen to you.

KEY EVENTS	VALUE	REVENUE
Saber initial capitalization, 1997	\$1000	\$0
Sold 60% of firm for \$20MM, 2005 –2.5 Revenue, 5.2x EBITDA	\$33MM	\$14MM
Acquired company for \$35MM, 2006 –0.5x Revenue	\$68MM	\$56MM
Sold Saber for \$420MM, 2007 –4x Revenue, 23x EBITDA	\$460MM	\$121MM

Company Owner Perspective

Good Reasons to Consider M&A

- Owner(s)/investors need or want liquidity
- Opportunity is knocking
- Capital for growth
- Unable to compete independently
- Need successor for family business
- Ready to pursue new passions, hobbies, or business ideas

Converting your work into wealth.

The M&A Process



For a sale or capital raise, an experienced M&A banker can assist and expedite a successful process.

M&A best practices for business owners

- Keep your eye on running the business.
- Think “big picture” strategy, not month-month earnings.
- Acquire an acquisition mindset - *read more*
- Be informed about M&A principles and best practices.
- Involve key team members in the M&A process.
- Negotiate terms that benefit employee gains and transition.
- Work with buyer on effective transition plan.
 - Cover major categories: stakeholders, HR, financial, and IT
 - Include key partners, vendors and accounts
 - Upon closing, meet to prioritize next steps
 - Strive to create ‘instant’ goodwill
- Bring in an M&A advisor BEFORE you need one.

Choosing an M&A Advisor

M&A is an Art and a Science

- The Science
 - Valuation & Knowledge of Research Databases
 - Multi-Party Project Management
 - Financial Data Management (recasting, forecasting, analysis)
 - Due Diligence
 - Legal & Contract Oversight
- The Art
 - It's a SALES process
 - Multi-Party Negotiating Skills & Courage
 - Creation of Urgency & Scarcity
 - **Prevent time from becoming your enemy**
- You need expertise in both aspects

How to Pick a Good M&A Advisor

- Expert Bankers
 - Not only the Managing Director but also the entire deal team
- Domain Expertise
 - The Advisor should specialize in your industry/sub-industry
- Buyer knowledge
 - Knowledge of the actors and their strategic plans

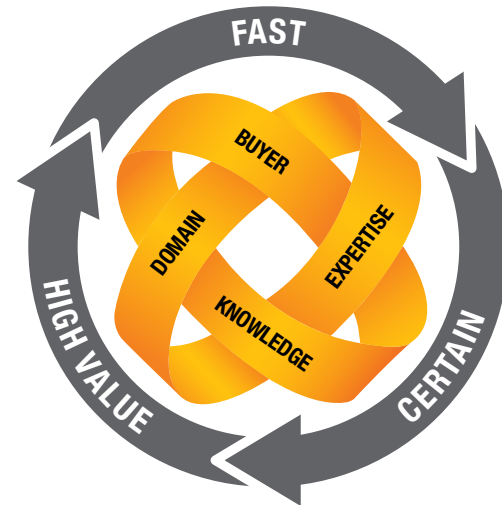


LEADS TO

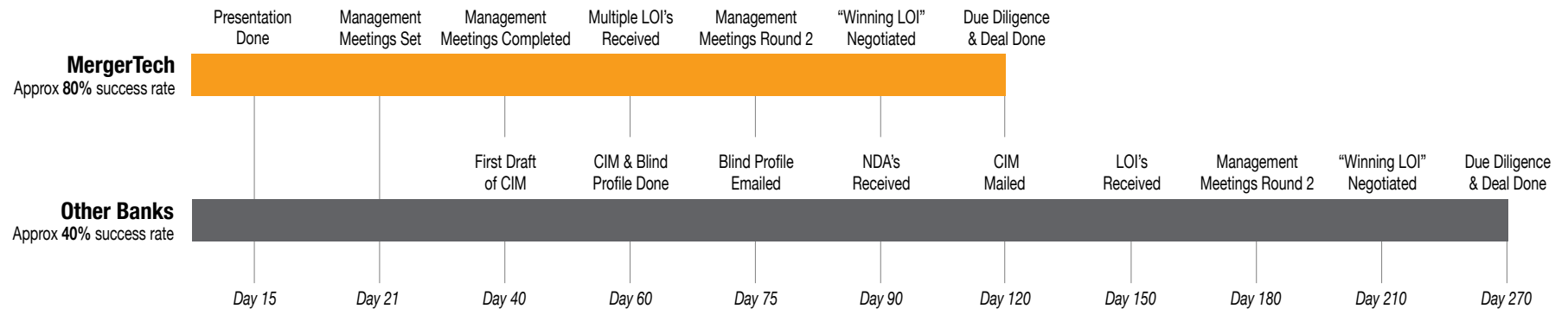
- Fastest process
- Greatest certainty of close
- Best value

Why MergerTech

- Expert bankers with experience in over 100 deals
- Each banker has deep domain expertise in small and mid-sized technology business banking
- Buyer knowledge and active network with worldwide reach to more than 1200 buyers



Fast and Efficient Process



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