



M&A Round Up | Q4 2021

EATON SQUARE



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Welcome to the Eaton Square quarterly M&A round up for the Australian Information Technology industry

2021 overall was an exceptionally active year for M&A.

Q4 saw a drop in the volume of deals declined relative to Q3. Activity levels within the software sector remained strong including the eye-catching sale of New Zealand’s Weta Digital to Unity (NYS: U) for \$2.26Bn.

Early indications suggest that 2022 will also be a very active year for M&A in the technology sectors.

In this edition:

Industry	Segments	Geography	Period
Information Technology	<ul style="list-style-type: none">IT Services & Digital MarketingSoftwareTelecommunications & IT Distributions	Australia New Zealand	1 Oct – 31 Dec 2021

Notes:
All amounts in Australian Dollars
Estimate revenue numbers indicated by ‘c.’
Data sourced from Pitchbook and Eaton Square research



IT Services



About the transactions – IT Services & Digital Marketing

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
IT Services							
NewBase Computer Services	5-Oct-21	N/A	CT4	\$8m	40	Brisbane based Managed Service Provide focused on QLD public sector customers	<ul style="list-style-type: none"> Acquisition of QLD managed services business by larger privately owned Melbourne-based group
Sliced Tech	7-Oct-21	N/A	Deloitte Digital	\$8m	40	Canberra based Managed IT services provider	<ul style="list-style-type: none"> Acquired by Deloitte's consulting arm
Magia Solutions	21-Oct-21	N/A	Deloitte Digital	N/A	75	Perth based IT Services, Oracle Partner	<ul style="list-style-type: none"> Acquired by Deloitte's consulting arm
Clarita Solutions	11-Nov-21	\$16m	COSOL (ASX: COS)	\$10m	35	Brisbane based IT Services focussing on Enterprise Asset Management (IBM Maximo)	<ul style="list-style-type: none"> Acquired by ASX listed IT service group. \$16m consideration comprised \$7m cash, 8m shares (~\$5.4m), plus earn out of up to \$3.75m
Roam Digital	1-Oct-21	\$44m	Projekt202	N/A	148	Digital consultancy	<ul style="list-style-type: none"> Acquired by Projekt202 a subsidiary of Amdocs (NAS: DOX)
SXiQ	30-Nov-21	N/A	IBM (NYS: IBM)	\$35m	120	IT services and managed services, to SME, enterprise, and government	<ul style="list-style-type: none"> Acquired by global IT services group
Digital Marketing							
Alley Group	12-Oct-21	N/A	Nunn Media	\$13m	50	Sydney based marketing agency	<ul style="list-style-type: none"> Acquired by Melbourne-based marketing services group



Software



Buyers

HUB²⁴

Ideagen

Software
M&A

money^{me}
Your money your way

AFG

CLASS

complispace
make it work

SocietyOne

ANZ
Q4 2021

Sellers

fin^{telligence}

About the transactions – Software

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Decideware	1-Oct-21	N/A	Volaris Group	\$15m	29	Sydney based developer of agency management platform to assist in marketing & procurement	<ul style="list-style-type: none"> Acquired by a division of Constellation Software, Toronto listed Software consolidator.
FoodStorm	7-Oct-21	N/A	Instacart	\$3m	30	Melbourne based developer of a cloud-based platform intended to automate and manage catering orders	<ul style="list-style-type: none"> Acquired by US venture backed \$39Bn unicorn in the on-demand grocery delivery space
Hyper Anna	7-Oct-21	N/A	Alteryx (NYS: AYX)	\$3m	32	Sydney based developer of an AI-powered data platform	<ul style="list-style-type: none"> Sell of venture-backed S/W business to US listed group
PowerShop	22-Nov-21	N/A	Shell Australia (subsidiary of Royal Dutch Shell LON: RDSB)	\$5m	53	Melbourne based operator of an online power retailer	<ul style="list-style-type: none"> Part of a thematic broader strategy on the part of European energy companies to diversify into clean energy related businesses
CompliSpace	9-Nov-21	\$110m	Ideagen (LON: IDEA)	\$12m	90	Sydney based developer of governance, risk, and compliance software	<ul style="list-style-type: none"> Acquired by UK listed compliance software specialist
SOFTWARE: EDUCATION AND ENTERTAINMENT							
Weta Digital	10-Nov-21	\$2.26Bn	Unity (NYS: U)	\$34m	1,678	NZ-based provider of visual effects to the entertainment sector	<ul style="list-style-type: none"> Acquired by US \$34Bn listed provider of software platforms for 3D content creation
Global Study Partners	29-Nov-21	\$26m	UpGrad	\$5m	62	Sydney based provider of online education solutions intended to help users to search, compare and apply for courses globally.	<ul style="list-style-type: none"> Acquired by Mumbai-based developer of an online learning platform for professional diplomas and post-graduate certificates
SOFTWARE: FINTECH							
PrimaryMarkets	23-Sep-21	N/A	Complii Fintech Solutions (ASX: CF1)	N/A	8	Provider of an online marketplace intended for secondary trading of existing securities and investments.	<ul style="list-style-type: none"> Primary Markets raised VC capital in July 2021. Acquired by ASX listed Fintech microcap
Cashrewards (ASX: CRW)	22-Oct-21	\$100m	1835i (part of ASX:ANZ)	\$22m	64	Operator of a cashback reward program.	<ul style="list-style-type: none"> Acquired by 1835i a subsidiary of ANZ Bank (ASX: ANX). Company had raised A\$65m at IPO in Dec 2020
NexPay	19-Oct-21	\$5m	Euro Asia Pay (CNQ: EAP)	N/A	15	Developer of an international payment platform designed for education and immigration-related international money transfers	<ul style="list-style-type: none"> Trade sale to small listed Canadian Fintech

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Class (Sydney) (ASX: CL1)	18-Oct-21	\$386M	HUB24 (ASX:HUB)	\$57m	203	Developer of cloud-based Superannuations administration and investment platforms	• Trade sale to larger ASX group that also operates in the Wealth Management software sector.
SocietyOne	16-Dec-21	\$132m	MoneyMe (ASX: MME)	\$50m	77	Sydney based operator of a peer-to-peer online lending platform designed to connect lenders with borrowers.	• Sale of venture backed Fintech to ASX digital consumer credit business
MoneyBrilliant	9-Dec-21	N/A	Westpac (ASX: WBC)		14	Sydney based developer of personal finance management application	• Equihire' acquisition by large Australian retail bank
Fintelligence (Australia)	30-Nov-21	\$52.5M	Australian Finance Group		14	Aggregation platform for both consumer and commercial finance.	• Acquisition of 75% for \$52.5m (implying enterprise value of \$71.3M) with option to move to 100%. FY22 NPAT for Fintelligence forecast to be \$6.6m
SOFTWARE: HEALTHCARE, LEGAL, MARKETING AND VERTICAL INDUSTRY							
Genie Solutions	28-Oct-21	\$280m	The Citadel Group (ASX:)	\$30m	155	Brisbane based developer of Medical Practice management software	• Acquired by Private Equity backed Listed Software group for >7X revenue
Kaddy	13-Oct-21	\$34m	Digital Wine Ventures (ASX: DW8)	N/A	21	Sydney based developer of a B2B alcoholic beverages ordering platform intended to ease the ordering processes for breweries.	• Trade sale of venture backed company to listed ASX consolidator of technology businesses serving the global wine and beverage industry. Consideration \$6.75m cash rest in shares and subject to revenue-related performance targets
DGIT Systems	11-Oct-21	\$39m	CSG International (NAS: CSGS)	\$24m	90	Developer of software supporting 5G service delivery	• Acquired by US listed developer of BSS systems for the telco industry. Purchase price \$21m upfront with up to A\$18m in earnout
ConX	14-Dec-21		Houzz	\$5m	21	Sydney based developer of a SaaS platform for construction contractors	• Acquired by large US business in same sector (preparing for its IPO)
Deswik	2-Dec-21	N/A	Sandvik (STO: SAND)	\$60m	300	Brisbane based developer of mine planning software	• Acquired by Swedish manufacturer of tools and mining equipment to join its digital mining technologies division
SKUvantage Group	20-Oct-21	NA	Salsify Inc	N/A	31	Sydney based developer of product content solutions platform	• Trade sale to US venture-backed developer of a product experience management platform.
Playground XYZ	16-Dec-21	N/A	Relo Metrics	\$5m	80	Sydney based operator of a measurement and optimization platform intended to capture, measure, and optimise attention time	• Acquired by large US venture-backed adtech company



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Telecommunications & IT Distribution

Buyers



Telco & IT
Distribution
M&A

Sellers



ANZ
Q4 2021

About the transactions – Telecommunications and IT Distribution

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Telecommunications							
TasmaNet	1-Nov-21	\$15m	Field Solutions Holdings (ASX:FSG)	\$19m	50	Tasmanian fixed wireless network operator and NBN reseller	<ul style="list-style-type: none"> Acquired by ASX listed Telco with a focus on rural, regional, and remote coverage
IT Distribution							
Verser Technology Lifecycles	22-Oct-21	N/A	Renew IT (Australia)	N/A	87	Provider of IT asset handling and equipment re-marketing services intended to manufacturers and vendors across ANZ	<ul style="list-style-type: none"> Trade sale to larger asset buyback & re-marketing group with operations in Asia and US. Combined business reported to generate \$50m in revenues

About Eaton Square



Eaton Square is a cross-border M&A and capital service provider with a strong focus on the Software and IT Services sector. Our team comprises of professionals who managed a large number of the sector's corporate transactions globally.

Eaton Square has over 100 senior professionals across US, Canada, China & Hong Kong, Australia, New Zealand, UK, Spain, Switzerland, Singapore and Malaysia.

Whether you are looking to sell your business or grow through acquisition or other means, our team can help you develop your strategy, identify potential counterparties and work with you throughout the transaction.

Meet our team



Neil Bourne

Managing Principal

Sydney, Australia

<http://eatonsq.com/people/neil-bourne/>

neil.bourne@eatonsq.com

Neil Bourne is a Principal with Eaton Square in Sydney.

With over 20 years experience in the IT industries in roles ranging from technical, operational through to financial and strategic, Neil brings a distinctive range of insights to bear on the journey from start-up through to final exit for businesses in the technology sector.

Neil has been working as a corporate advisor in the technology sector assisting with growth strategies, capital raisings, mergers and trade sales for over 10 years.

In addition, Neil draws on his experience with large organisations based on his time as a management consultant with Andersen Consulting (Accenture), assisting commercial and government clients with eCommerce strategies and IT implementations.

Neil holds an MBA from the Australian Graduate School of Management and a BSc (Hons) in Electronic Engineering from the University of Reading in the United Kingdom.



Patricia Glovsky

Principal

San Francisco, USA

<https://eatonsq.com/people/patricia-glovsky/>

patricia.glovsky@eatonsq.com

Patricia Glovsky is a Principal at Eaton Square. She is a technology investment banker with more than 30 years of corporate finance investment banking (M&A and capital raises (private placements, debt and IPOs)) experience.

Patti began her investment banking career at a leading Wall Street investment bank, Kidder Peabody Incorporated. Through her career she worked primarily on technology M&A and private placement transactions and developed a unique focus on “Visual Computing technologies across industries”. This expertise grew from clients innovating the early visual technologies (simulation/synthetic environments, video games, VR/AR, AI, Machine Learning, image processing, graphics, CAD software, video editing, GIS (geographic information systems), medical imaging, visualization, displays, etc.) for one industry, which then were pulled into a broad range of industries.

Patti was there at the early days of these and related technologies and is an established expert in visual computing and broad range of related technologies. Patti typically represents world class technology leaders who most often sell their companies to some of the world’s largest technology corporations. Patti has more than 7 securities licenses with FINRA/SEC, received her BA from Wellesley College majoring in Economics and Asian Studies, attended Harvard University for Asian Studies and graduated from MIT (Massachusetts Institute of Technology) with a Masters in Business.

Securities offered through Polygon Capital Advisors, LLC, a registered broker-dealer and member of FINRA and SIPC. Polygon Capital Advisors, LLC and Eaton Square LLC are unaffiliated.



Warren Riddell

Principal

Sydney, Australia

<https://eatonsq.com/people/warren-riddell/>

warren.riddell@eatonsq.com

Warren Riddell is a Principal at Eaton Square. He brings over 30 years of expertise in business strategy and transaction management developed client side, advisor side and as a financier, in the UK, US, Middle East and Asia Pacific.

Formerly a corporate finance partner at EY and Arthur Andersen, he was the MD of an early stage PE fund in Sydney, ran his own private investment office and represented a family office in London and New York. More recently he was a partner at Beaton where he led the M&A practice.

His past clients range from global firms such as PwC, Stantec and White & Case to local firms across the technology, professional services, project management, public affairs and environmental sectors.

Warren holds a BA(Hons) in Economics, Finance and Law from the University of Lancaster (UK), and two Master degrees from the University of Sydney in European Studies and Political Economy (winning the prize for the latter). He is also a FCA (ICAEW) and an adjunct lecturer on the MBA program at Macquarie University.



Michael J Mufson

Principal

Philadelphia, USA

<https://eatonsq.com/people/michael-j-mufson/>

michael.mufson@eatonsq.com

Michael Mufson has almost 30 years experience as an investment banker to middle market companies.

Prior to the founding of Mufson Howe Hunter in 2004, he served as the founder and head of equity capital markets for Commerce Bancorp (now TD Bank).

Mr. Mufson started his career with Arthur Young & Company (now Ernst & Young) in their national management consulting group.

Mr. Mufson has extensive transactional experience having completed hundreds of merger & acquisition transactions, private placements, recapitalizations, IPO's, follow-on financings, and advisory assignments. During his career, Mr. Mufson has served as a director of numerous public and private companies and has acted as general partner in venture capital and private equity funds.

He received his B.A. and M.B.A. degrees from George Washington University and is a Certified Public Accountant.



Andrew Light

Managing Principal

Toronto, Canada

<https://eatonsq.com/people/andrew-light/>

andrew.light@eatonsq.com

Andrew brings over 25 years of expertise having both professional firm and client-side industry experience.

Andrew was formerly Vice President of consulting & deals for PricewaterhouseCoopers (PwC), as well as having held senior client-side roles with enterprises such as IBM, British Telecom, Shell, and Sapient.

Andrew works with senior client leaders across all industry sectors, and brings significant subject matter expertise in telecoms, digital technologies & media, mobile communications, government services, and retail.

As a seasoned business executive Andrew assists clients with their Mergers and Acquisitions, and accessing capital for corporate growth.

Andrew's record of outstanding success includes helping clients over a variety of sectors in implement winning strategies of internal and external change.

Andrew holds a Masters degree in Management from the University of Lancaster (United Kingdom), a first degree in business & finance (with distinction) as well as having a professional designation from the Chartered Institute of Marketing (1990).



Richard Goldman

Principal

Toronto, Canada

<https://eatonsq.com/people/richard-goldman/>

richard.goldman@eatonsq.com

Richard has over 25 years of corporate finance, investment banking and capital market experience.

After graduating with an MBA from the Schulich School of Business at York University in Toronto, Richard worked in the Investment Banking Division at Citibank Canada. Richard then went on to develop golf courses and home communities in both Canada and the United States.

He subsequently founded a boutique corporate advisory firm and has provided financial, strategic and management expertise for numerous entrepreneurs and companies in such diverse industries as:

- mining,
- financial services,
- mortgage financing,
- motorcoach tours,
- structural lifting,
- biofuels,
- medical devices,
- online vehicle auctions,
- nanotechnology,
- online travel, and
- natural resources.

In 2012 Richard successfully led the going public transaction of a Canadian junior gold exploration company on the Toronto Venture Exchange. Through that experience Richard further developed his skills in business structuring, securities law, capital raising, shareholder relationships and corporate governance.



Nick Weston

Managing Principal

Melbourne, Australia

<https://eatonsq.com/people/nicholas-weston/>

nicholas.weston@eatonsq.com

Nicholas Weston is a Principal of Eaton Square and is focused on M&A and debt and equity raisings.

Recent transactions include the successful sale of digital media business WME to Melbourne IT for \$39M and a successful seven figure raise for unlisted Australian anaesthesia company Drawbridge Pharmaceuticals.

Nick served as chairman for 6 years and CEO for 5 years with a publicly listed life sciences company and was involved in a number of successful M&A, equity and licensing transactions in his time there. In 2014, Nick was appointed the sole Australian market development advisor for the world's largest integrated preclinical contract research organisation, Aptuit LLC.

Nick is also Principal of law firm Nicholas Weston and was founding Chairman of the Karma Currency Foundation. He has degrees in law and economics and an Executive Certificate in Artificial Intelligence and Business Strategy from MIT.



Nick Kelly

Principal

Milan, Italy

<https://eatonsq.com/people/nick-kelly/>

nick.kelly@eatonsq.com

Nick is a Europe-based Eaton Square Principal who assists cyber security technology companies to build their operations in new markets, acquire capital, grow their teams and assist them in their product and service direction.

Particularly of interest are cross-border buy side / sell side cyber services transactions and cyber product capital raises in early to mid stage. Currently also working with a European cyber services and product entity firm building capacities and resilience in military, private sector and public-private partnership models.

He is an active member and occasional panelist for the European Union commissioned European Cyber Security Organisation, a public sector funded initiative designed to drive the cyber security economy forward in Europe through capital connection and supporting a better funded startup market.

Nick can be heard every Wednesday on his podcast, Secure In Mind, where he talks with globally leaders about impacts, developments, risks and opportunities of security in all areas (cyber / policy / policing / governance).



Merlin de Allan

Principal

London, United Kingdom

<https://eatonsq.com/people/merlin-de-r-allan/>

merlin.allan@eatonsq.com

Merlin Allan joined Eaton Square to continue his established career and passion for building and expanding businesses across SE Asia with an emphasis on strategic growth, M&A and capital raising.

He has over 30 years of growing businesses in SE Asia, North America and Europe. His sectorial focus includes IT Services, telecommunications, e-commerce and software development.

Immediately prior to joining Eaton Square, he was an Executive Director at SMS Consulting, an ASX-listed IT Services company where he headed up Strategy and M&A. Within this role he completed and integrated 15 acquisitions across the IT sector.

Based in Sydney Australia, Merlin is a graduate of the University of West of England and a member of the Australian Institute of Company Directors.



Peter M. Hall

Principal

Sydney, Australia

<https://eatonsq.com/people/peter-hall/>

peter.hall@eatonsq.com

Peter has thirty years of management and consulting experience in a wide range of industries across many countries, particularly in the Asia Pacific region. He has served as C level executive, company director, venture advisor and investor in Australia and the USA. In seven years with The Boston Consulting Group he consulted at CEO level on strategy, organisation design and operational effectiveness in the financial services, airline, building, manufacturing, oil industry, pharmaceutical and public service sectors, based mostly in South East Asia.

He co-founded VC Mentors, a venture capital and advisory firm operating in Australia and the USA, whose portfolio value grew from 0 to \$1B in four years. He was directly engaged in evaluating opportunities, mentoring founders as well as the negotiation of commercial, legal and investment agreements in Australia, the USA and Europe.

Most recently he served as CEO of an early stage company commercialising a mobile payments platform. He has also served as COO and subsequently as a non-executive director of an Australian software platform company that grew from a start-up and was subsequently migrated to the USA.

Peter has qualified as a Chartered Company Secretary and also holds a Master of Commerce (University of NSW, Distinction), a Bachelor of Economics (University of Sydney) and a Diploma in Corporate Management (ICSA).



Reece Adnams

Global Managing Principal & CEO

Melbourne, Australia

<https://eatonsq.com/people/reece-adnams/>

reece.adnams@eatonsq.com

Reece is the Managing Principal of Eaton Square and is focused on M&A and capital services. His industry expertise incorporates IT Services, Engineering (including Mining and Oil & Gas Services), Management Consultancies, Software and Technology and HR Services.

With over 20 years of corporate strategy and mergers and acquisitions experience working in both global corporations and small and medium sized services businesses, Reece's depth of knowledge is invaluable in assisting clients to navigate the complexities of M&A transactions.

- Recent transactions have included:
- Sale of management consultancy to KPMG
- Sale of banking and finance consultancy to IT systems integrator
- Sale of management consulting firm to leading Korn Ferry
- Sale of Australian mining services firm to US based engineering giant
- Acquisition of Australian management consultancy on behalf of Arup
- Sale of operational mining services firm to SMEC
- Sale of specialist management consulting firm to Australian engineering firm
- Acquisition of local environmental consulting firm for US engineering company

Reece was also CEO of companies in which Eaton Square invested, including WDSScott and Beaton Research and Consulting.

Reece has over 15 years of corporate strategy and M&A experience, including senior executive roles at IBM Corporation in New York, Royal Dutch Shell in London and John Fairfax Holdings.

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Talk to us

Email any of our senior Principals or send an email to:

enquiry@eatonsq.com

www.eatonsq.com