



M&A Round Up | Q1 2022



EATON SQUARE



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

The heady M&A activities of the back end of 2021 has calmed down with relatively light transaction volumes in 1st quarter of 2022 across the IT industry.

It is a little early in the year to determine if this slowdown reflects a change in the market or simply a natural lull following a particularly frantic Q4.

From an Eaton Square perspective, we are still seeing strong demand for acquisitions on the part of large corporates. We are seeing some early signs that the recent declines in listed technology company valuations is starting to flow through to increased pricing discipline on the part of trade buyers.

In this edition:

Industry	Segments	Geography	Period
Information Technology	<ul style="list-style-type: none">IT ServicesSoftwareDigital MediaSemiconductors	Australia New Zealand	1 Jan – 31 Mar 2022

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



IT Services

Buyers

IT Services
M&A



Sellers

Australia
Q1 2022

About the transactions – IT Services

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Satalyst	1-Jan-22	N/A	Canon Business Services	\$5M	30	Provider of cloud and secure computing services focused on transforming business processes and productivity.	Trade sale of IT Services group Canon's digital services arm (TKS: 7751)
Clade Solutions	18-Jan-22	N/A	Brennan IT		60	Provider of information technology consulting services based in Sydney, Australia.	Trade sales of IT services group to larger Australian privately-held group
Oobe (Canberra)	31-Jan-22	N/A	Fujitsu (TKS: 6702)	\$30M	130	Provider of information technology services based in Canberra, Australia.	The company was acquired by Fujitsu (TKS: 6702) for an undisclosed amount on January 31, 2022. The acquisition enables Fujitsu to expand its customer base across more industries, and improves its government IT capabilities through combining the public sector and defense practices.
Alliance Automation	1-Feb-22	N/A	Telstra Purple	\$48M	250	Provider of IoT industrial automation solutions serving the mining, oil and gas, water and wastewater industries.	Trade sale to Telstra's digital services arm
Venntifact	15-Feb-22	N/A	Deloitte Digital	\$4M	28	Provider of marketing technology and strategy consultancy services focused on training and enabling the evolving workforce of businesses.	Trade sale of IT Services group to Deloitte's digital services arm
Geomatic Technologies	16-Feb-22	\$6M	Tech Mahindra (BOM: 532755)	\$24M	69	Operator of an artificial intelligence firm focusing on energy and utility sectors. (AI, Drone technologies & digital twins)	Sale of 80% majority stake of Ai service subsidiary. Former owner (AusNet) retains 20% equity stake.
UNICO Computer Systems	1-Mar-22	N/A	CGI Technology and Solutions Australia	\$30M	130	Provider of IT services dedicated to organizational innovation, technology solutions and digital transformation.	Trade sale to Australian division of CGI Group (TSE: GIB.A).
Velrada	3-Mar-22	N/A	ASG Group	\$45M	200	Provider of business intelligence solutions catering to oil and gas, engineering and construction and public sector clients.	Trade sale to ASG (part of Nomura group), strengthening position in WA / Microsoft services market

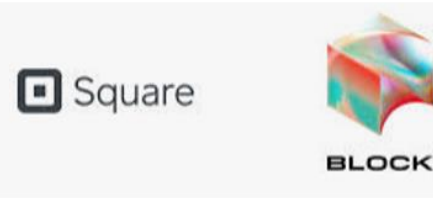
Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Dialog Information Technology	7-Mar-22	\$325M	NCS Group	\$137M	1047	Operator of a technology services company intended to serve corporate and government organizations.	Trade sale to Singapore-based NCS Group, strengthening its position in the Australian market.
Rubicon Red	16-Mar-22	N/A	KPMG Australia	\$6M	104	IT Services, Oracle Partner	Trade sale. Acquisition of Oracle specialist IT Services group by KPMG's technology division.
ARQ Group	28-Mar-22	\$290M	NCS Group	\$150M	451	Provider of technology consulting services intended for governments, businesses, and iconic brands.	Trade sale to Singapore-based NCS Group, strengthening its position in the Australian market.



Software

Buyers

Software
M&A



Sellers

Australia
Q2 2022



About the transactions – Software

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Agito Group	6-Jan-22	N/A	Hilton Food Group (LON: HFG)	\$25M	50	Provider of automation and software control solutions intended to transform today's workflow into tomorrow's automation opportunity.	Sale of 50% stake to UK-listed Hilton Food Group (LON: HFG)
Minnovare	10-Jan-22	N/A	Hexagon (STO: HEXA B)	\$4M	46	Developer of industrial drilling technology designed for mining and civil engineering sectors.	Trade sale to Swedish-list Hexagon (STO: HEXA B), a global leader in engineering software
Atlas Gaming	11-Jan-22	N/A	Everi Holdings (NYS: EVRI)		15	Developer of gaming platform in Victoria, Australia.	Trade sale to US-listed Everi Holdings (NYS: EVRI)
Envizi	11-Jan-22	N/A	International Business Machines (NYS: IBM)	\$8M	70	Developer of an analytics software platform designed to develop innovative carbon management.	Trade sale to IBM, global US-listed technology company
LanternPay	12-Jan-22	N/A	HICAPS (Australia)		15	Developer of a claim payments platform designed to standardize payments across the health, care, disability, insurance and aging sectors.	Spin-out and trade-sale of a subsidiary of Inloop selling to HICAPS (Australia), a subsidiary of National Australia Bank.
Utilibill	19-Jan-22	N/A	AMCS (Advanced Manufacturing Control Systems)	\$10.5M	100	Developer of cloud-based utility billing software for electricity, water and telecommunications	Trade sale to AMCS (Limerick, Eire)
Afterpay (MEX: APT)	31-Jan-22	\$39B	Block (NYS: SQ)	\$919M	1,300	Afterpay started its buy now, pay later, or BNPL, financing product in calendar 2015, listed on the ASX in May 2016 and merged with Touchcorp (who designed and built Afterpay's platform software) in June 2017.	Trade sale of ASX listed (ASX: APT) to US listed Block (NYS: SQ) (formerly known as Square).
Cloudcheck	1-Feb-22	\$25M	GB Group (LON: GBG)	\$5M	9	Developer of electronic identity verification and anti-money laundering services based in New Zealand and Australia.	Trade sale to UK-listed GB Group (LON: GBG)
ecash	7-Feb-22	\$43M	Everi Holdings (NYS: EVRI)	\$12.3M	34	Developer of cash handling and financial payment technologies designed for the gaming and retail industries.	Trade sale to US listed Everi Holdings (NYS: EVRI). Transaction value includes AU\$10M earnout and provides Everi an entry into the Australian gaming market.

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Gameface.ai	8-Feb-22	\$24M	Slinger Bag (PINX: SLBG)		18	Developer of an artificial intelligence platform designed to offer sports analytics.	Trade sale to Slinger Bag a US listed (PinkSlip) supplier of technology products relating to tennis and other ball sports.
Class (Sydney)	16-Feb-22	\$386M	HUB24 (ASX: HUB))	\$41M	215	Developer of Wealth management software products for accountants and financial advisors	Trade sale to ASX listed HUB24
Keypay	16-Feb-22	N/A	Employment Hero	\$3M	71	Developer of workforce management and payroll platform designed to automate compliance.	Trade sale enabling Employment Hero to further accelerate its growth initiatives in the UK, Australia, New Zealand, Singapore and Malaysia markets.
WP2Static	24-Feb-22	N/A	Strattic	\$3M	2	Developer of an open-source plugin intended for generating a static WordPress site.	Trade sale
iSystain	2-Mar-22	N/A	Vela Software	\$5M	28	Operator of a cloud-based sustainable development management platform designed to manage safety, health, environment, carbon, and corporate social responsibility.	Trade sale to software aggregator Vela (a division of Constellation Software)
Polonious Systems	7-Mar-22	N/A	FRISS	\$3M	21	Developer of workflow management and risk assessment software intended to serve insurance investigation, banking, private investigations, and universities.	Trade sale, FRISS will be better able to provide support to claims and fraud investigation departments and private investigative companies.
Portt	8-Mar-22	N/A	Advanced Computer Software Group	\$5M	40	Developer of contract management platform designed to provide businesses with workflow and data management solutions.	Trade sale
Miggster	9-Mar-22	\$5M	Crowd1	\$11M		Operator of a gaming platform intended to deliver immersive gaming entertainment and social engagement to a global online network of gamers.	Spin out of non-core asset. Sold to Nibiru e-Gaming, a subsidiary of Crowd1 for AUD 5 million on March 26, 2022.
PhoenixHRIS	17-Mar-22	\$3.3M	ReadyTech (ASX: RDY)	\$1M	5	Operator of a cloud-based talent management company intended to provide an end-to-end solution for people management.	Trade sale. Acquisition of another HRIT business by ReadyTech (ASX: RDY) an Australia IT Services and HR technology company backed by PE (PEMBA)
Premonition (Logistics)	22-Mar-22	\$20.5M	Shippit		21	Developer of artificial intelligence-based logistics platform designed to ease delivery and fleet management.	Trade sale of an early-stage Sydney-based venture-backed Logistics technology into larger venture-backed business in same sector.



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Digital Media and Semiconductors

About the transactions – Digital Media, Semiconductors

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Digital Media							
Car Next Door	20-Jan-22	N/A	Uber (NYS: UBER)	\$6M	74	Developer of an online ride-sharing platform intended to offer peer-to-peer car rental services.	The company was acquired by Uber (NYS: UBER) for an undisclosed amount on January 20, 2022.
Informed Investor	29-Mar-22	\$5.1M	Sequoia Financial Group (ASX: SEQ)	\$0.5M	2	Developer of financial services platform specializing in digital content for financial advisers and investors.	Trade sale to ASX listed Sequoia Financial Group (ASX: SEQ).
Semiconductors							
BT Imaging	7-Mar-22	\$18M	Aurora Solar Technologies (TSX: ACU)	\$8M	30	Manufacturer of solar cell inspection systems intended to assist in designing and producing solar modules.	Trade sale to Canadian-based Solar panel manufacturer, Aurora Solar Technologies (TSX: ACU)

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 110 senior professionals across US, Canada, Australia, New Zealand, UK, Andorra, Italy, Spain, Switzerland, Qatar, China & Hong Kong, Japan, 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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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:

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