



M&A Round Up | Q2 2022

EATON SQUARE



EST. 2008

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

Q2 2022 showed a significant reduction in the volume of M&A activity. Perhaps that reflects the start of a sobering-up period following a decade long asset-inflation bender.

From Eaton Square's perspective, we hear a lot of investors and acquirers talking about valuations dropping 20-30%+ vs a year ago. Whilst valuation metrics are less extended than what we saw in 2021, we are still seeing strong multiples being paid for businesses with highly sought capabilities.

In this edition:

Industry	Segments	Geography	Period
Information Technology	<ul style="list-style-type: none">• IT Services• Software• Digital Media• eCommerce• Hardware	Australia New Zealand	1 Apr – 30 June 2022

Notes:

All amounts in Australian Dollars

Estimate revenue numbers indicated by 'c.'

Data sourced from Pitchbook and Eaton Square research



IT Services



Buyers

Deloitte.
Digital

Intellify

Sellers

IT Services
M&A



Australia
Q2 2022

HUBiFY
UNIFYING PEOPLE AND TECHNOLOGY

CONNECTED
INTELLIGENCE

About the transactions – IT Services

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Connected Intelligence	1-Apr-22	\$3M	Hubify (ASX:HFY)	N/A	19	Managed services provider	Trade sale to ASX listed telecommunications services provider
Entrago	26-Apr-22	N/A	Deloitte Digital	\$2.5M	21	IT Services business focussing on ServiceNow	Trade sale to Deloitte, ServiceNow skills are in high demand.
Intellify (Australia)	10-May-22	N/A	Deloitte Digital	\$5m	57	IT Services focusing on data analytics, machine learning/AI	Acquisition assists Deloitte in growing scale in its local data analytics practice; an area of highly sought skills in the current market.
Hayes Information Systems and Communications	10-May-22	\$16.4M	Anatas, a subsidiary of Attura (ASX: ATA)	N/A	32	IT services provider focussing on OpenText	Trade sale to ASX listed company in same sector. \$8.5m paid upfront, \$7.9M contingent on performance.
Diversus Group	17-May-22	N/A	ITConsult (Canary Technology Solutions)	N/A	18	IT Services business focusing on Cyber Security	Trade sale to a larger local Managed Services Provider
elmTEK	23-Jun-22	N/A	Consilium Technology	N/A	54	Provider of software engineering and systems integration services intended to serve the defense and academia industries.	Merger with local competitor
Acurus	24-Jun-22	\$15M	Superloop (ASX: SLC)	\$12M	26	Managed services provider: broadband and managed services.	Trade sale to ASX listed company. \$15M in cash and shares paid upfront earnout potentially taking deal to \$20M.



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
Sheqsy	4-Apr-22	\$6M	SafetyCulture	\$2M	6	Develop of workplace safety software.	Trade sale to larger competitor. Assist SafetyCulture consolidate position as market leader in workplace safety sector
SPM Assets	5-Apr-22	N/A	Planon Corporation	\$6M	54	Developer of web-based asset planning system designed for asset managers.	Trade sale to US-based software group.
GreenSync	27-Apr-22	N/A	CresoNet a subsidiary of Intellihub Group	\$3m	22	Developer of a SaaS platform enabling distributed energy management.	Trade sale, acquired by ANZ smart metering business. Greensync had previously raised \$22M from South Cross Venture Partners, Clean Energy Finance, Kilara Capital. Initial seed investment by Melbourne Angels.
Rfider	17-May-22	\$9M	TradeWindow (NZE: TWL)	\$3M	6	Developer of supply chain management software.	Trade sale - definitive agreement for acquisition announced May 17 by NZX listed company for NZ\$10M.
Superhero	8-Jun-22	N/A	Swyftx	\$2M	63	Developer of an investment platform designed to make investment accessible and understandable for everyone.	Merger of Sydney-based share-trading and superannuation platform and Brisbane-based cryptocurrency exchange to create combined entity purportedly worth \$1.5B (according to the promoters).
LEAP Software Development	14-Jun-22	N/A	ATI Global	\$50M	400	Developer of legal software designed to manage the functioning of the legal technology industry in Australia, Canada, the UK, and the USA.	Acquired Australian Technology Innovators, a group entity that in 2021 also acquired two legal software businesses: LawLytics (USA) and GroundSure (UK).
Mine Site Technologies	15-Jun-22	N/A	Komatsu Australia	\$57M	162	Developer of network infrastructure intended for the mining industry. The company specializes in IoT sensors, visualization, and tracking software.	Previously acquired by PE firm Odyssey Capital Partners for \$100M in June 2018. As of 15 June 2022, definitive agreement reached for acquisition by Komatsu Australia for an undisclosed amount.
IT Vision	15-Jun-22	\$54.6M	ReadyTech (ASX: RDY)	\$9M	55	Developer of business management software designed for local government agencies.	Trade sale to listed software group with existing interests in government software. Upfront payment \$23.1M, earn out worth up to \$31.5m based on attainment of performance milestones. RDY announced definitive agreement to acquire on June 15, 2022.



eCommerce, Digital Media and other

Buyers

*Flower
Chimp*

myDNA™

eCommerce &
Digital Media
M&A

Airtasker

LVLY®

Sellers

28 BY SAM
WOOD

Australia
Q2 2022

oneflare

About the transactions – eCommerce, Digital Media, Hardware

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
eCommerce							
Lvly	26-Apr-22	\$35M	Flower Chimp	\$4M	23	Developer of an online gift delivery platform designed to provide on-demand last-minute gifting.	Trade sale to a venture-backed, Malaysian-based business in the same sector.
28 by Sam Wood (Australia Life Tech)	10-May-22	\$71M	myDNA Inc	N/A	5	Developer of health lifestyle brand including fitness and personal training application for home workouts plus nutrition products.	Trade sale to US genomics company that aims to help consumers unlock the data in their DNA to inform health, medical and lifestyle decisions. Acquisition brings reach to >400,000 consumers of ALT's online fitness training app.
Digital Media							
Oneflare	4-May-22	\$9.8M	Airtasker (ASX: ART)		60	Operator of an online service provider intended to connect businesses to customers seeking services across multiple areas.	VC-backed Oneflare had previously raised ~\$20m, sold at a substantial discount to last round valuation (\$50m).
Hardware							
Mammoth Technology	20-May-22	\$4M	Intelligent Monitoring Group (ASX:IMB)	N/A	8	Manufacturer of IOT products and provider of physical security solutions.	Trade sale - Definitive agreement for acquisition announced May 20, 2022 by ASX listed company in same sector.

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.

EATON SQUARE



EST. 2008

Talk to us

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

enquiry@eatonsq.com

www.eatonsq.com