



M&A Round Up | Q3 2022

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

According to Pitchbook research, 2020 and 2021 saw a 2 to 3X increase in the number of company exits in the US. Hence the reported 30% decline in M&A activity compared to Q3 2021 levels looks like a return business as usual.

We are still seeing good businesses achieving premiums and plenty of buyers available to pay prices consistent with more traditionally accepted multiples.

The mining software sector was particularly active this quarter topped by Micromine's \$900M sale to Aspen Technology.

We also saw a continuation of acquisition activity by large IT Services groups buying to acquire hard to secure skills and fill gaps in their geographic coverage.

Lastly, expect to see more public to private transactions as PE and trade buyers are starting to see more value in listed technology companies.

In this edition:

Industry	Segments	Geography	Period
Information Technology	<ul style="list-style-type: none">IT ServicesSoftwareDigital MediaHardware	Australia New Zealand	1 July – 30 Sep 2022

Notes: All amounts in Australian Dollars; Data sourced from Pitchbook and Eaton Square research and includes estimates when data not publicly available



IT Services

Buyers

IT Services
M&A

FUJITSU

CIST



enable

INPHYSEC

transpire

ais corp
ONESTOP IT

Sellers

Australia
Q3 2022

About the transactions – IT Services

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Enable Professional Services	7-Jul-22	\$232M	Fujitsu (TKS: 6702)	\$45M	321	IT Services, ServicesNow consultancy based in Adelaide. Reported to now be the largest independent ServiceNow consultancy in the Asia-Pac region	The company reached a definitive agreement to be acquired by Fujitsu for \$150 m on July 7, 2022. ServiceNow skills continue to be in high demand by the global consultancies which in combination with Enable's scale resulted in unusually high >5X (for a services business) revenue multiple
Transpire Technology	1-Sep-22	\$23.4M	CI&T (NYS: CINT)	\$15.5M	100	IT Services. AWS Partner	Trade to large US IT services provider increasing footprint in Asia Pac. Transpire recorded \$15.5m in revenues for FY22 implying revenue multiple of 1.5X
Aiscorp	25-Jul-22	\$7.1M	Nexion Group (ASX:NNG)	\$7.2M	20	IT Services: cloud, cyber security, privacy, backup & disaster recovery, training & professional development, and managed services	Acquisition of NZ Managed Service Provider sector by an Australian group in the same business
InPhySec Security	21-Sep-22	N/A	Fujitsu (TKS: 6702)	\$5M	56	New Zealand based IT services business focussing on Cybersecurity	The company was acquired by Fujitsu (TKS: 6702) for an undisclosed amount on September 21, 2022. The acquisition expands Fujitsu's managed security footprint in New Zealand and across the region.
OnlineOne	29-Sep-22	N/A	PKF Australia	\$3m	19	IT Consultancy focusing on Netsuite/ERP	The company was acquired by PKF Australia from Fronde Systems Group for an undisclosed amount on September 29, 2022. The move was designed to expand NetSuite reach across the mid-market through business and technical consulting services, scaling alongside increased customer demand for cloud-based enterprise resource planning (ERP) solutions.



Software

Buyers

Software
M&A



MICROMINE
Intuitive Mining Solutions



Sellers

Australia
Q3 2022

About the transactions – Software

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Micromine	27-Jul-22	\$900M	Aspen Technology (NAS:AZPN) a subsidiary of Emerson Electric (NYS:EMR)	\$50M	280	Developer of modular data management software designed to deliver insights on mining data. 35-year operating history, with 22 global offices	Trade sale to larger software group also operating in the Mining industry. Potential Capital a PE group acquired a majority stake in Micromine in Dec 2018. Acquisition extends and complements Aspen's portfolio of Mining industry software solutions. Definitive agreement signed Jul 2022, deal expected to complete Q2 2023 subject to regulatory approval.
Axis Mining Technology	2-Aug-22	\$350M	Orica (ASX: ORI)	\$7M	27	Developer of specialized geospatial tools and instruments intended for the mining industry, minerals exploration and drilling industries.	Definitive agreement for acquisition signed on August 2, 2022. A\$260M up front with earn-out of up to A\$90M. Press release states an implied an acquisition multiple of 11.8x FY22F EBITDA (excluding pro forma synergies) based on the A\$260 million upfront cash consideration - this also suggests that Axis is projected a major step up in revenues relative to the \$7m reported by commercial data providers.
Fathom Applications (Financial Software)	1-Aug-22	\$160M	Access Workspace	\$30M	84	Developer of financial management software catering to global scale businesses. 7,500 customers across 31 industries and 81 countries across Asia Pacific, UK, Europe and the US	Trade sales to UK business management software group.
Scout Talent	30-Aug-22	\$65M	AD1 Holdings (ASX: AD1)	\$13M	78	Developer of SaaS recruitment software & candidate management system for business, local government and not-for-profit.	The company reached a definitive agreement to be acquired by AD1 Holdings (ASX: AD1) a listed aggregator of software business for AUD 65 million on August 30, 2022. Acquisition provides a major boost to AD1's revenues (\$6M reported for FY22 -- AD1 presentation reports Scout forecasting \$20M in ARR for FY23 growing at 45%) Upfront payment of \$18.5m cash and \$45.5m scrip to be held in escrow for 2 years.
Mighty Games Group	3-Aug-22	\$10M	Keywords Studios (LON:KWS)	\$4M	21	Developer of mobile games	UK listed game developer group that is busily acquiring multiple smaller developers. Deal consideration \$4.8M cash upfront, \$1.2M in shares and a \$4M earnout.
Brightpath	30-Sep-22	\$10M	3P Learning (ASX:3PL)	\$5M	3	E-learning platform that offers solutions such as literacy and mathematics assessments for students.	Trade sale to larger software developer in same vertical. \$9M cash and \$1M in a 12 month earnout
Intrepid Geophysics	5-Jul-22	\$5M	SensOre (ASX:S3N)	\$2M	15	Provider of geophysics software products and services based in Melbourne, Australia	Acquisition by listed group in same sector. Consideration paid \$3m in cash and \$1m shares upfront and a \$1m earnout.

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Cohort Go	13-Jul-22	N/A	Flywire (NAS: FLYW)	\$4.2M	41	Australia-based financial technology company that offers cross-border tuition payment solutions for international students and agents.	The company was acquired by Flywire (NAS: FLYW) for an undisclosed amount on July 13, 2022.
Eagle.io	10-Aug-22	N/A	Bentley Systems (NAS: BSY)	\$4M	30	Brisbane-based developer of IoT platform software that offers solutions such as water and environmental monitoring for natural asset management.	Trade sale expanding Bentley's infrastructure IoT offerings and expanding its Asia Pac footprint
iConstruct (Australia)	1-Sep-22	N/A	Hexagon (STO: HEXA B)	\$7M	21	Australia-based SaaS platform that offers solutions such as building information modeling and task automation for the construction industry.	Trade sale to Hexagon (STO: HEXA B) follows acquisition of other Building Information Management (BIM) acquisitions including Bricsys, Leica Geosystems and Multivista.
IQ New Zealand (Print IQ)	22-Aug-22	N/A	Banyan Software	N/A	50	New Zealand based developer of print management software	Acquired by US-based Software Consolidator group
Outfit (Business/Productivity Software)	1-Sep-22	N/A	Smartsheet (NYS: SMAR)	N/A	44	Developer of a brand automation platform	The company was acquired by Smartsheet (NYS: SMAR) for an undisclosed amount on September 1, 2022.



Other sectors

Telecommunications

Hardware

Digital Media

Marketing Services (IT sector related)

About the transactions – eCommerce, Digital Media, Hardware

Company Name	Transaction Date	Transaction Value	Acquirer	Revenue	Staff	Business	Transaction Context
Moose Mobile	1-Jul-22	\$24M	Swoop Holdings (ASX: SWP)	N/A	14	<i>Telecommunications:</i> Regional mobile carrier based in Fortitude Valley, QLD	Definitive agreement for acquisition announced 1st July, expected to close 1st Aug. Trade sale to ASX listed business in same sector, bringing 94,000 mobile customers.
Invenco Group	4-Aug-22	\$124M	Vontier (NYS:VNT)	\$124M	254	<i>Hardware:</i> Invenco is a global provider of self-service payment products	Vontier's press release states: Invenco's expected 2022 revenue of US\$80M with mid-40% gross margins enhances Vontier's growth and recurring revenue profile. The purchase price for the acquisition is US\$80 million plus additional, contingent consideration based on performance and the transaction is expected to close in the third quarter of 2022. (USD\$80=AUD\$124).
Barrett Communications	15-Aug-22	N/A	Motorola Solutions (NYS: MSI)	\$25M	60	<i>Hardware:</i> Australia-based manufacturer and supplier of HF and VHF radio equipment for medium and long-distance radio communication applications.	The company was acquired by Motorola Solutions (NYS: MSI) for an undisclosed amount on August 15, 2022. The acquisition expands Motorola Solutions' mission critical communications portfolio and extends its reach in international markets.
Radlink Communications	19-Sep-22	N/A	Epiroc (STO: EPI A)	\$145M	330	<i>Hardware:</i> Radlink is an Australia-based radio technology firm	Sale of majority stake (53%) to Epiroc (STO: EPI A) for an undisclosed amount on September 19, 2022. The company's network connectivity solutions will support Epiroc as it continues to provide mining companies with automation and digital solutions.
Tabcorp (eBet)	19-Sep-22	\$62M	Cherry Hub (via new entity Venue Digital Technology p/l)	\$52M	66	<i>Digital Media:</i> Operator of mobile gaming platform based in Victoria, Australia. The company's operations include technology solutions, products and systems for gaming venues such as loyalty platforms and reporting tools	Cherry Hub is an entity controlled by Mr. Frank Makryllos & associates (former Tabcorp & Tatts Group executive). Spin-out/ Management Buy-In deal: AFR reports purchased price at around 10X earnings (\$4.4M EBITDA for FY22, includes \$3.2M for second half)
FetchTV (Media Innovation Holdings p/l)	2-Aug-22	\$50M	Telstra (ASX:TLS)	\$154M	107	<i>Digital Media:</i> Provider of video-on-demand (VoD) streaming services	51.4% acquisition by Telstra (ASX: TLS) for AUD 50 million on August 2, 2022. ACCC granted approval for acquisition notwithstanding Telstra's 35% interest in Foxtel. FetchTV generated EBITDA of \$10M in FY21, assuming some growth for FY22 indicates an EV/EBITDA multiple circa 8-9X
Hackicho	10-Aug-22	\$3M	Gratiffii (ASX:GTI)	\$7M	21	<i>Marketing Services:</i> Marketing agency specialising in reward/engagement programs for large IT vendors seeking to incentivise their channels	Trade sale to ASX listed loyalty services & technology group. Enterprise value \$3.03M (after working capital adjustments), transaction value \$3.59M paid \$1.45M in shares and \$2.14M in cash including a deferred payment of \$1.45M

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 120 senior professionals across US, Canada, Australia, New Zealand, UK, Spain, Italy, 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

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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

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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

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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

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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

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