



## M&A Reaches Four Year Peak in Software & Services and Semiconductor Markets

San Diego, CA – October 27, 2010 – SagePoint Advisors announced today that M&A reached a four year peak in the Software & Services and Semiconductor market segments according to SagePoint’s Q3 2010 Internet, Communications and IT Infrastructure M&A Review. Software & Services M&A transaction volume reached 240 transactions while Semiconductor dollar volume reached nearly \$2.7B, the highest levels in the last four years. “Strategic acquirers have stepped up their M&A activity levels and are showing a willingness to put their cash to work on larger transactions. This was particularly evident in Q3 in the Software & Services and Semiconductor market segments where we saw deal activity reach a four year peak”, said David Michaels, Founder and Managing Director of SagePoint Advisors.

A number of encouraging observations from SagePoint’s Q3 M&A Review suggest that the M&A environment continues to build momentum in the Internet, Communications & IT Infrastructure (“ICIT”) markets:

- M&A dollar volume across SagePoint’s ICIT Universe was \$47B, up 94% from Q3’09 with transaction volume up 36%;
- Software & Services M&A transaction volume surged 62% from Q3’09 to its highest level in four years and dollar volume reached nearly \$20B for the first time since Q3’07;
- M&A dollar volume in Semiconductors reached nearly \$2.7B, the highest level in four years and more than tripling the dollar volume of recent quarters;
- M&A dollar volume and transaction volume in Telecom Services was up 30% and 28%, respectively, from Q3’09;
- Equipment M&A dollar volume was up 24% from Q3’09 but transaction volume was down 19% as the median deal size was unusually high for the quarter;
- Buyers are demonstrating more willingness to write large M&A checks as evidenced by the fact that 47 \$100M+ ICIT deals were announced in Q3, the highest number since Q4’07;
- The median revenue multiple for Q3 M&A transactions across SagePoint’s ICIT Universe reached 2.6x, the highest level in four years as distressed sales become less prevalent and buyers show a willingness to pay a premium for sought after targets; and
- There were 37 M&A transactions in Q3 that SagePoint deemed to be strategically impactful, which are profiled and analyzed in more detail in SagePoint’s Q3 M&A Review.

SagePoint’s Q2 M&A Review provides a snapshot of M&A activity levels and valuation trends for the last fifteen quarters along the entire Internet, Communications and IT Infrastructure industry value chain. Metrics examined for each market segment include M&A dollar volume, M&A transaction volume, deal size metrics, valuation multiples, most active buyers and an analysis of certain, strategically impactful transactions. To access the presentations, please visit <http://www.sagepointadvisors.com/Research.html>.

## **About SagePoint Advisors**

SagePoint Advisors is a boutique investment banking firm providing merger, acquisition and strategic advisory services to technology and telecom companies and their venture backers. SagePoint delivers the senior-level attention, trusted relationships and market insight on \$10-100 million transactions that other investment banks reserve only for much larger transactions. For more information, please visit [www.sagepointadvisors.com](http://www.sagepointadvisors.com) or contact:

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