

Embedded Software Development Tools

M&A Market Update [©]

Addressing the M&A Needs of Technology and Telecommunications Professionals

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The McLean Group
Technology & Telecom
Experience

About Us:

The McLean Group is a national investment bank serving middle market businesses. For more information, visit www.mcleanllc.com.

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Welcome!

Welcome to The McLean Group's new Embedded Software Development Tools M&A Market Update. The embedded space is one of The McLean Group's focus areas, and is part of our larger Technology & Telecom practice. This newsletter will focus on the embedded software development tools market and will keep an eye on the semiconductor and end equipment firms that make acquisitions in this space.

- User interface/GUI tools
- IP Telephony (VoIP) and video software
- DSP software
- Code development tools
- Operating system software
- Communications and networking middleware
- Digital Signal Processors
- Wired and wireless communications
- Tablet computers
- IP phones and VoIP equipment
- Consumer electronics
- Networking infrastructure
- General Purpose Processors
- Smart phones

2010 and 2011 YTD M&A Activity

The last 12-13 months have shown strong activity for companies selling software development and user interface tools to the smart phone and consumer electronics markets. iPhone and Android continue to have a strong influence on the embedded software market, as more companies develop products to improve smart phone user interface.

Approximately 2/3 of the software deals we tracked were in embedded software development and user interface tools. RIM was active, closing a couple key embedded software acquisitions

“M&A Activity Summary 2010 and 2011 YTD...” continued from p.1

in 2010 that should enable it to better compete with Android and iPhone. RIM acquired embedded OS company QNX for \$200 million in April 2010 and user interface tool company, The Astonishing Tribe (TAT) for \$119 million in December 2010.

Several Electronic Design Automation firms’ acquisitions generated very high transaction values. However, these generally can be considered part of the semiconductor market which draws higher transaction values. We also saw transactions in the Communications and VoIP space, video and image processing, and embedded monitoring and security spaces.

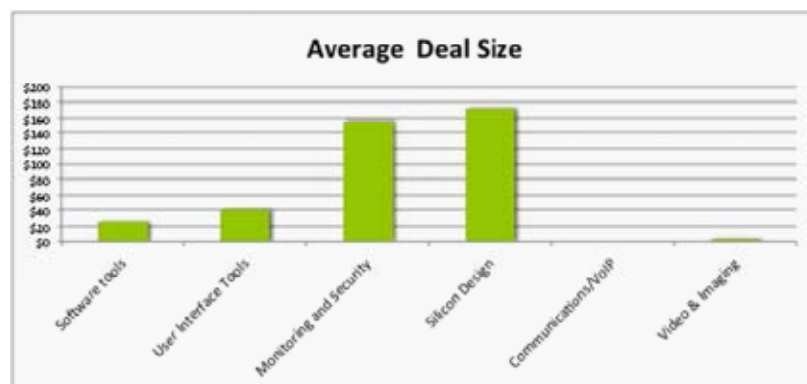
Embedded Software M&A Summary 2010 – January 2011		
Segment	# Deals	Average Deal Size ¹
Software Tools	36	\$25.99 million
User Interface Tools	7	\$40.78 million
Monitoring and Security	7	\$156.30 million
Silicon Design	6	\$172.50 million
Communications/VoIP	6	N/A
Video & Imaging	4	\$4.18 million

1. Includes only those transactions that disclosed deal size

Deals per segment (January 2010-January 2011)



Average deal size per segment (January 2010-January 2011)



1. Average deal size in \$ Million US
2. Includes only those transactions that disclosed deal size

Deal Highlights

Highlighted Mergers & Acquisitions

Qualcomm acquired Atheros for \$3.1 billion. Wireless chip-maker Qualcomm acquired Atheros, expanding its ability to offer WiFi chips that are used in a broad range of consumer and enterprise devices (including cell phones, tablet computers and PCs).

RIM acquired TAT for \$119 million. Research in Motion (RIM), the Blackberry manufacturer, acquired The Astonishing Tribe (TAT), a leading provider of user interface software used in smart phones. TAT was involved in the development of the Android OS.

Imagination acquired Hellosoft for \$47 million. Imagination Technologies Group plc acquired Hellosoft, a supplier of Voice over IP and wireless LAN software that generated \$1.85 million in revenue in 2009.

Mentor Graphics acquired certain assets of Code Sourcery. Code Sourcery is known for its open source development tool chain, including GNU compilers, assemblers, linkers and debuggers. The acquisition enhances Mentor's access to open source software and tools.

Imagination acquired Caustic Graphics for \$27 million. Imagination Technologies Group plc acquired Caustic Graphics, a developer of ray-tracing graphics used in rendering 3D images. The acquisition helps Imagination compete with such graphics processor firms as ARM.

Selected Transactions

Selected transactions involving embedded software development tool companies from January 2010 through January 2011 are summarized below. Many smaller private transactions may not include Transaction Value, Enterprise Value (EV) or EBITDA information.

<i>Announced Date</i>	<i>Target</i>	<i>Buyer</i>	<i>Total Transaction Value (\$Millions)</i>	<i>Brief Description</i>
1/11/2011	GeoSentric Oyj, Mobile Device Business	-	-	Mobile device geo-integration platform
12/17/2010	Mobiscience Co., Ltd.	-	\$0.04	Mobile software
12/16/2010	Rez-N-8 Productions, Inc.	Stereo Vision Entertainment, Inc. (OTCPK:SVSN)	\$1.10	User interface tools
12/15/2010	Critical Path Software Inc.	eBay Inc. (NasdaqGS:EBAY)	-	Mobile applications and software development
12/14/2010	Stax Networks, Inc.	Cloud Bees, Inc.	-	Java EE tools and services for web applications
12/8/2010	Ascender Corporation	Monotype Imaging Holdings Inc. (NasdaqGS:TYPE)	\$10.20	Fonts used in computers, phones, consumer electronics

“Selected Transactions...” continued from p. 3

<i>Announced Date</i>	<i>Target</i>	<i>Buyer</i>	<i>Total Transaction Value (\$Millions)</i>	<i>Brief Description</i>
12/6/2010	3guu.com	VODone LIMITED (SEHK:82)	\$29.63	Mobile game platforms
12/02/2010	TAT The Astonishing Tribe AB	Research In Motion Limited (TSX:RIM)	\$119.44	User interface tools
12/01/2010	4Home, Inc.	Motorola Mobility Holdings, Inc. (NYSE:MMI)	-	Monitoring and management of home electronics
11/30/2010	Persay, Inc.	-	-	Biometric speaker verification
11/25/2010	Sightic Vista Limited	Broadcom Corp. (NasdaqGS:BRCM)	-	Image processing and enhancement
11/16/2010	CoreTek Systems Inc.	AVIC Avionics Systems Co., Ltd	\$4.52	Software development tools - OS, compilers, debuggers used in phones and PDAs
11/09/2010	Beijing Genesis Interactive Technology Co. Ltd.	Accenture plc (NYSE:ACN)	-	OS for smart phones
11/05/2010	AmmA Interactive SA	ELCA Informatik AG	-	User interface software
10/28/2010	SimLab Corporation	Altair Engineering, Inc.	-	CAD engineering
10/26/2010	Zeligsoft, Inc., Tools Business	PrismTech Group Limited	-	Embedded software tools
10/06/2010	AVIcode, Inc.	Microsoft Corporation (NasdaqGS:MSFT)	-	Application monitoring
10/04/2010	Acumem AB	Rogue Wave Software, Inc.	-	Memory optimization software tools
09/27/2010	Blovestorm.com	UC Mobile Ltd.	-	Mobile communications applications
09/26/2010	Corizon Ltd.	Metatomix, Inc.	-	User interface tools
09/24/2010	Tianjin Yi Chen Electronic Technology Co. Ltd	Gold Asia Technology Limited	\$5.80	Computer software and electronics
09/24/2010	Zynga Germany	Zynga, Inc.	-	Game engines for web-based video games
09/21/2010	Swell Software, Inc.	Freescale Semiconductor Inc.	-	User interface tools
09/16/2010	Morfik Technology Pty Ltd.	Altium Ltd. (ASX:ALU)	\$3.12	Application development tools
09/15/2010	Aha Mobile, Inc.	Harman International Industries Inc. (NYSE:HAR)	\$1.80	User interface tools
09/15/2010	NXVision Ltd.	Motive Television plc (AIM:MTV)	\$0.02	Video playback solutions
09/07/2010	VirtualLogix, Inc.	Red Bend Software, Inc.	-	Virtualization software development tools
09/01/2010	Open-Plug SA	Alcatel-Lucent (ENXTPA:ALU)	-	Mobile software development tools

“Selected Transactions...” continued from p. 4

<i>Announced Date</i>	<i>Target</i>	<i>Buyer</i>	<i>Total Transaction Value (\$Millions)</i>	<i>Brief Description</i>
08/31/2010	Owera AS	Ping Communication AS	-	IP communications software
08/17/2010	Fortify Software, Inc.	Hewlett-Packard Company (NYSE:HPQ)	-	Software code analysis
07/15/2010	Servo Software, Inc.	Synclore Corporation	-	Open-source database
06/30/2010	Nusym Technology, Inc.	Synopsys Inc. (NasdaqGS: SNPS)	-	EDA tools
06/29/2010	Noesis Solutions NV	Cybernet Systems Co. Ltd. (TSE:4312)	\$6.21	Computer-aided engineering software for aerospace, automotive and mechanical engineering companies
06/21/2010	Geensoft SAS	Dassault Systemes SA (ENXTPA:DSY)	\$6.81	Software lifecycle development tools
06/15/2010	JQTouch and Raphaël Projects	Sencha Inc.	-	Web development software tools
06/11/2010	eSupport.com, Inc.	-	\$1.00	Basic Input Output System (BIOS) upgrade software
06/10/2010	Synfora, Inc.	Synopsys Inc. (NasdaqGS: SNPS)	-	SoC design software
05/24/2010	Comsys Communications and Signal Processing Ltd.	Intel Corporation (NasdaqGS:INTC)	\$30.00	SoC design software
05/21/2010	Cametrics Ltd.	Xennia Technology Limited	-	Electronics hardware
05/20/2010	ShapeWriter, Inc.	Nuance Communications, Inc. (NasdaqGS:NUAN)	\$6.57	Touch-screen writing software for mobile devices
05/12/2010	Denali Software, Inc.	Cadence Design Systems Inc. (NasdaqGS:CDNS)	\$315.00	SoC design software
05/06/2010	Fujian TianDi Animation Technologies Co. Ltd	NetDragon WebSoft, Inc. (SEHK:777)	\$9.92	Digital animation software
05/05/2010	AVTEC Limited, Engineering Design Services Business	Birlasoft, Inc.	-	Engineering services
04/29/2010	PGP Corporation	Symantec Corporation (NasdaqGS:SYMC)	\$306.00	Encryption software
04/24/2010	RTEngines Software Private Limited	Ajel Ltd (BSE:530713)	-	Software development services
04/09/2010	QNX Software Systems International Corporation	Research In Motion Limited (TSX:RIM)	\$200.00	Embedded software tools and OS
04/07/2010	Ubiquity Software Corporation Limited	ThruPoint, Inc.	-	IP communication software



















“Selected Transactions...” continued from p. 5

<i>Announced Date</i>	<i>Target</i>	<i>Buyer</i>	<i>Total Transaction Value (\$Millions)</i>	<i>Brief Description</i>
04/06/2010	Enigmatec Corporation Limited, EMS Run Book Automation Suite	iWave Software, LLC	-	Software development tools
04/02/2010	SIDELINE GmbH	Genotec AG	-	Software development services
03/31/2010	Retica Systems, Inc.	L-1 Identity Solutions Inc. (NYSE:ID)	\$2.60	Image analysis software
03/31/2010	ENEEO Tecnología S.L.	Nextel S.A.	-	Security and monitoring software
03/22/2010	Taray, Inc.	Cadence Design Systems Inc. (NasdaqGS:CDNS)	-	SoC design software
03/19/2010	Emerson Network Power (India) Pvt. Ltd., Avantel-lis Product Line	GoAhead Software, Inc.	-	Monitoring and management software
03/02/2010	blue river software GmbH	AtegoTM	-	Software development tools
03/01/2010	Beijing Mobitech Software Co. Ltd.	VanceInfo Technologies Inc. (NYSE:VIT)	\$0.28	Software development services
02/28/2010	Gatehouse A/S	Otto Mønsted A/S	-	Communications software
02/28/2010	Geensoft SAS	-	-	Software development tools
02/22/2010	RTO Software, Inc., RTO Discover, RTO PinPoint, and RTO Virtual Profiles	VMware, Inc. (NYSE:VMW)	\$6.60	Monitoring and management software
02/11/2010	Kolbysoft	Skyfire Labs, Inc.	-	Browser for Android OS
02/08/2010	CoWare, Inc.	Synopsys Inc. (NasdaqGS:SNPS)	-	SoC design software
02/05/2010	Virtutech, Inc.	Wind River Systems, Inc.	-	Virtualization software development tools
02/03/2010	Evangelize Communications, SmartSIP Product Line	Network Equipment Technologies Inc. (NasdaqGM:NWK)	-	IP communications software
02/03/2010	Mango Technologies Pvt. Ltd.	-	-	Software development tools
02/03/2010	Mango Technologies Pvt. Ltd., Mobile User Interface Software and PC-Based UI Customization Toolkit	QUALCOMM Incorporated (NasdaqGS:QCOM)	-	User interface tools
02/02/2010	Nanjing Xwtech Co Ltd, Substantially All Assets	Shanghai Fuxin Investment Development Co. Ltd.	-	Software development services

“Selected Transactions...” continued from p. 6

<i>Announced Date</i>	<i>Target</i>	<i>Buyer</i>	<i>Total Transaction Value (\$Millions)</i>	<i>Brief Description</i>
02/01/2010	VaST Systems Technology Corporation	Synopsys Inc. (NasdaqGS: SNPS)	-	SoC design software
01/27/2010	Pondera Engineers, LLC	Trimble Navigation Limited (NasdaqGS:TRMB)	-	Software development services
01/20/2010	Nutiteq OU	Mobi Solutions OÜ	-	Mobile mapping software library
01/20/2010	Aonix North America, Inc.	Atego™	-	Software development tools
01/13/2010	SoftRun Inc.	-	\$5.39	Patch management software development tools
01/07/2010	SecureMedia, Inc.	Motorola Solutions, Inc. (NYSE:MSI)	-	Communications and security software
01/06/2010	Total View Technologies, Inc.	Rogue Wave Software, Inc.	-	Software development tools

The McLean Group’s Technology & Telecom Experience

 has been acquired by  Telecommunications As M&A Advisors 	 has been acquired by  Federal IT & Communications Solutions Provider As M&A Advisors 	 has been acquired by  Cyber Security As M&A Advisors 	 has been acquired by  Government Contracting Logistics & RFID Services As M&A Advisors 
 has been acquired by  Telecommunications Services As M&A Advisors 	 Business Valuation RFID Products As Business Valuators & Financial Advisors 	 has been acquired by  Fairness Opinion Managed IT Security Services As Business Valuators & Financial Advisors 	 Financial & Strategic Advisory Wireless Technology As Business Valuators & Financial Advisors 

About the Author

Brent Lorenz, a Vice President in The McLean Group's headquarters office, has more than 15 years' experience driving business development, sales and product management for such high technology companies as Texas Instruments, IBM and venture capital-funded startups. He focuses on M&A for embedded software firms and semiconductor manufacturers and specializes in smart phone, mobile consumer device, and enterprise telephony markets. Specifically, he targets firms developing products centered around technologies such as VoIP, video software, DSP software, code development tools, graphical user interface (GUI) tools, and device management software.



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The McLean Group Technology & Telecom Practice

The Washington, DC area incubates a large number of technology companies serving the federal government, telecommunications and Internet industries. Many government agencies and corporations produce a steady stream of entrepreneurs who establish and grow successful middle market businesses in the region.

We have served these regional technology firms among others nationally and worldwide. Whether product- or service-oriented, our research, analysis, valuation and investment banking professionals have experience with a broad array of technology companies. We are well-equipped to help our clients build value and close successful transactions.

About The McLean Group

The McLean Group is a national, middle market investment bank providing mergers & acquisitions (M&A), capital formation, market intelligence, business valuation, litigation support and exit planning services. Headquartered in the Washington, DC metropolitan region's technology, communications and government contracting corridor, the firm is among the top middle market investment banks in the nation.

- **M&A:** The McLean Group uses its considerable expertise in a wide variety of industries to identify the most probable and suitable candidates to complete transactions under the most favorable terms for its clients.
- **Capital Formation:** The McLean Group arranges private equity, venture capital, senior debt and subordinated debt in amounts ranging from \$5 million to \$250 million to support clients' expansions, mergers & acquisitions (M&A), refinancings, recapitalizations, leveraged buyouts and shareholder liquidity objectives.
- **Market Intelligence:** By leveraging superior competitive analyses, the firm provides business executives with comprehensive market intelligence reports, which provide the market insight and analytical expertise required to reduce risk and uncertainty in strategic decision making.
- **Business Valuation:** As a core competency and complement to its M&A business, The McLean Group provides business valuation services, including intangible asset and financial security valuations for a variety of transactions, financial reporting and tax purposes.
- **Litigation Support:** From quantifying economic damages to valuing a minority interest in a business, the firm has the business valuation experience and credentials to support cases involving a variety of legal issues.
- **Exit Planning Services:** Based on its extensive experience advising owners of middle market businesses, The McLean Group has developed a proprietary process that analyzes more than 60 value/risk drivers that can have a significant impact on the value of a business.