

# Telecommunications, Media & Technology

Review of global M&A and investment activity in  
2012

## **ABOUT THE AUTHOR**

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## Introduction



### Harjinder Singh-Heer

Managing Director  
G2Mi Research  
harjinder@heernet.com  
+44 (0) 208 180 7223

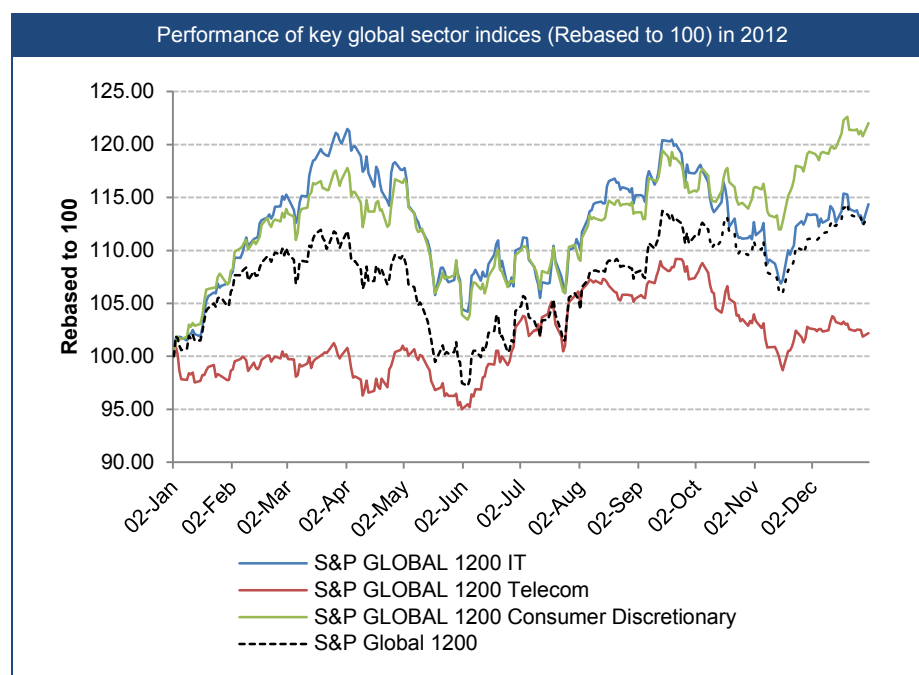
In 2012, we monitored approximately 6,500 deals in the global TMT industry. Whilst the economic situation remained challenging in both developed and emerging economies, a combination of corporate restructuring and organisational responses to structural change in the industry continued to drive relatively high volumes of deal activity. Private equity investors were attracted by the opportunity to acquire companies at attractive valuations, and in the venture capital space, the high rate of innovation and changing consumer behaviour continued to create a steady stream of new companies requiring investment.

Poor corporate performance encouraged companies to evaluate their portfolios and assets and in some cases to divest non-core businesses and/or materialise the value of assets (such as telecom infrastructure). In terms of structural changes, the proliferation of media devices, changing patterns in media consumption and growing prosperity/industrialisation in emerging markets has forced companies to pursue inorganic growth (in areas where they have no in-house capability).

With respect to geographic growth, target destinations have now expanded beyond markets such as China, India and Brazil to include a second tier of destinations such as Indonesia, Mexico, Turkey, Nigeria, South Africa and Thailand. These economies have weathered the economic crisis well and have very fast growing consumer classes.

### Sector performance

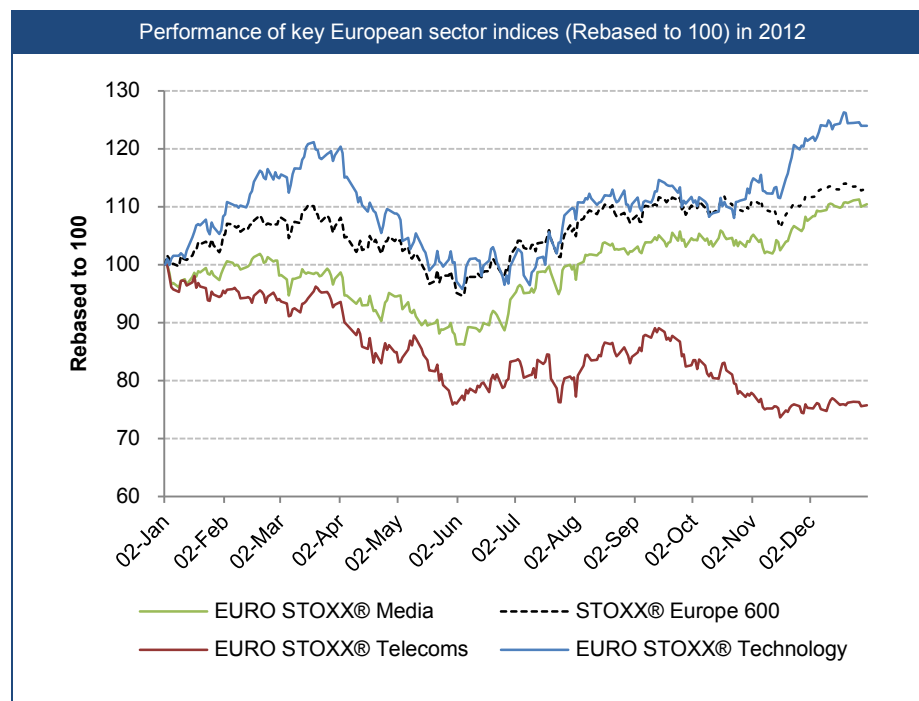
The market performance of listed TMT companies in 2012 was very mixed.<sup>1</sup> The telecoms sector (+2.2%) underperformed compared to the consumer discretionary<sup>2</sup> (+22%) and technology (+14%) sectors.



<sup>1</sup> Based on an analysis of S&P's Global sector indices

<sup>2</sup> The S&P Consumer Discretionary Index includes leading media and entertainment companies

In developed markets, the underperformance of the telecom sector was more significant, reflecting the particular challenges faced by operators in mature markets.<sup>3</sup> For example, in Europe, the media sector (+10.4%) was broadly in line with the market and the technology sector ended the year up by 24%; the telecom sector declined by close to 25%.



### Deal prospects for 2013

In the media sector, we believe that segments which are likely to experience good deal flow include professional and business media, marketing services and some areas of consumer publishing (books, magazines). The professional, education and business media companies have had a relatively mild 'global recession' and the sectors remain relatively fragmented. There are a number of mid-sized opportunities in developed markets and a larger number of small opportunities in emerging markets which may prove attractive. In marketing services, deal activity is likely to be pursued on two fronts: firstly, ongoing acquisitions in emerging markets (2012 was a busy year for groups such as WPP and Publicis); and secondly, investments and acquisitions in digital advertising capabilities and marketplaces.

In the telecom sector, we expect deal activity to remain focused on opportunities in infrastructure and equipment; in many countries, the consumer end of the industry continues to struggle with increasing price competition and declining profitability.

The technology sector will continue to focus on opportunities in the cloud computing landscape. These will range from hardware to software and services that leverage SaaS and cloud-based platforms; of particular interest, will be technology that supports storage, processing and analysis of the enormous volumes of unstructured data generated by the digital environment ('Big Data'). In addition, technology companies in the finance and education space will continue to attract PE/VC investment and be acquired by traditional players in these industries.

In the consumer internet space, two hot spots will be online retail (especially in emerging markets) and measurement and analysis services which allow more effective tracking and monetisation of mobile internet usage.

<sup>3</sup> Based on an analysis of Euro Stoxx sector indices

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# Overview

In the TMT industries, 2012 was an active year for both corporate M&A activity and investing by the private equity/venture capital community. G2Mi Research tracked close to 6,500 deals in 2012; the aggregate value of deals (for the 3,040 deals where value was disclosed) was USD 287 Billion. M&A deals accounted for USD 236 Billion and the remainder were PE/VC investments or rights deals.

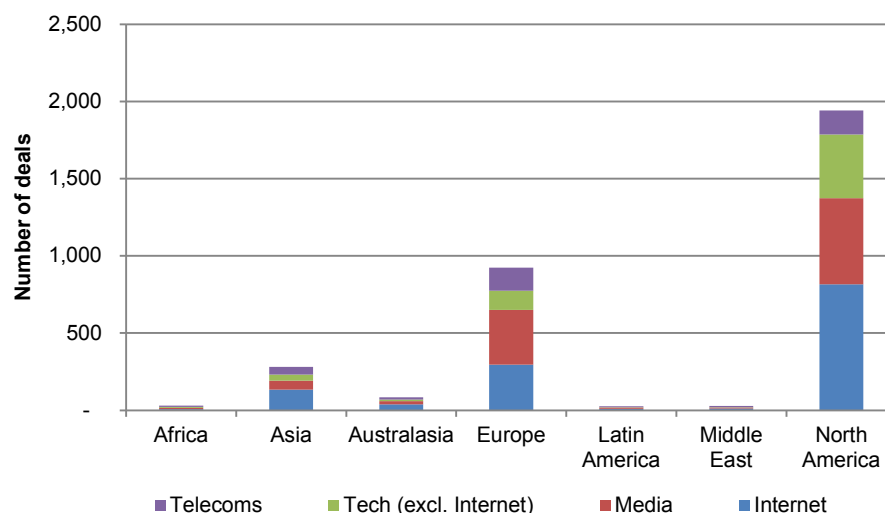
The TMT space continues to be a hotbed of product innovation, with technology advances creating new challenges and opportunities for companies and investors. The poor economic environment also encouraged companies to take a fresh look at their operations, with a view to divesting non-core businesses.

**Figure 1. Deal value by industry and type (All deals)**

USD Millions	Internet	Media	Technology	Telecoms	Total
Investments	14,866	3,288	5,657	1,969	25,781
M&A	42,004	67,507	33,230	93,411	236,152
Rights deals		25,387			25,387
<b>Total</b>	<b>56,870</b>	<b>96,182</b>	<b>38,888</b>	<b>95,380</b>	<b>287,320</b>

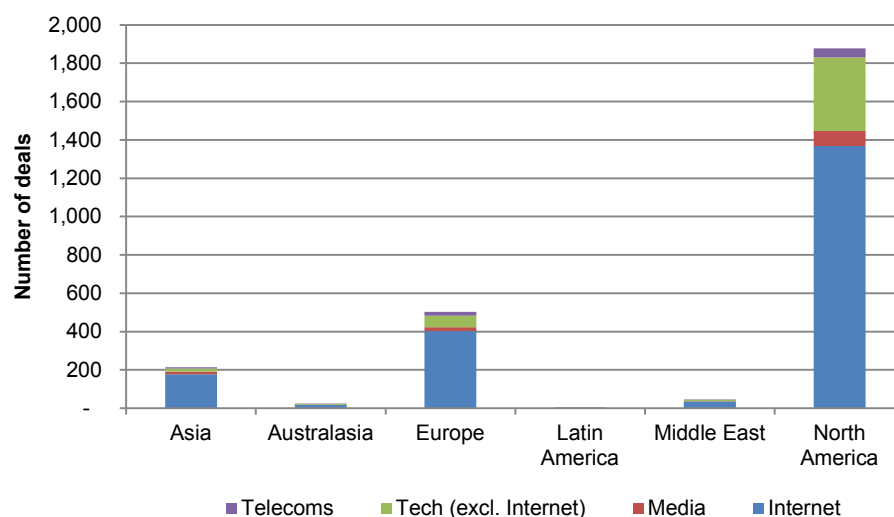
In the M&A segment, North America acquirers accounted for 50% of deals by value and close to 60% by deal volume; the remainder was primarily accounted for by Europe and Asia. North American acquirers accounted for a smaller share of deals in the telecom sector and the highest share in the technology sector. Examples of the largest transactions included the acquisition of a 70% stake in the US telecom operator Sprint Nextel by the Japanese company Softbank USD 20.1 Billion. Another Japanese company was also involved in one of the biggest deals in the media sector, with Dentsu's acquisition of Aegis for GBP 3.2 Billion.

**Figure 2. Deal volumes for M&A deals by region**



In the investments segment, the technology and internet sectors continue to lead much of the investment activity by PE/VC funds. The vast majority of the 2,670 deals we monitored were in the less than USD 50 Million category with an average investment per transaction of USD 9 Million in the internet sector.

**Figure 3. Deal volumes for PE/VC investments by region**



#### Analysis by sector and region

The largest sector in terms of deal volumes and value was the internet sector, followed by telecoms and technology software and services. Activity in traditional media sectors was relatively subdued.

**Figure 4. Volume of deal activity by sector and region (All deals)**

Sector	Region of buyer							Total
	Africa	Asia	Australasia	Europe	Latin America	Middle East	North America	
Alternative media		1	4	7			15	27
Business media	1	6	3	43			45	98
Consumer publishing	1	7	5	47	2	1	85	148
Entertainment		16	3	30			77	126
Internet	9	335	57	735	13	48	2,285	3,482
Marketing services	1	16	4	124	1	2	182	330
Media (General) <sup>4</sup>	1	6	2	18		1	23	51
Media facilities and solutions		4	2	30			47	83
Professional media		9	1	21			64	95
Sports media	2	29	6	61	4	6	48	156
Technology Hardware		22		15		1	63	101
Technology Software & Services	6	45	13	174	5	10	759	1,012
Telecoms	9	66	15	175	8	12	216	501
Television and Radio	3	18	9	74	6	2	132	244
<b>Total</b>	<b>33</b>	<b>580</b>	<b>124</b>	<b>1,554</b>	<b>39</b>	<b>83</b>	<b>4,041</b>	<b>6,454</b>
<b>%</b>	<b>0.5%</b>	<b>9.0%</b>	<b>1.9%</b>	<b>24.1%</b>	<b>0.6%</b>	<b>1.3%</b>	<b>62.6%</b>	<b>100%</b>

<sup>4</sup> Media (general) category includes deals where the company's activities were across a very broad range of media



**Figure 5. Value of deal activity by sector and region (All deals)<sup>5</sup>**

Sector	Region of buyer							Total
	Africa	Asia	Australasia	Europe	Latin America	Middle East	North America	
Alternative media			117	57			3,982	4,156
Business media		38	31	129			198	395
Consumer publishing	~1	40		1,201			218	1,460
Entertainment		2,749		512			1,652	4,913
Internet	91	13,654	339	8,661	21	84	36,574	59,424
Marketing services	3	5,182	4	1,417	1		2,623	9,229
Media (General)	354	619	158	226		23	1,718	3,097
Media facilities and solutions		63		320			4,662	5,046
Professional media		198		245			6,681	7,124
Sports media		1,104	1,078	7,958		401	20,523	31,065
Technology Hardware		573		100		2	8,266	8,941
Technology Software & Services	94	1,011	131	8,109	3	57	20,541	29,947
Telecoms	640	42,153	1,313	18,535	1,745	4,522	26,472	95,380
Television and Radio		371	109	6,356	229	105	22,527	29,696
<b>Total</b>	<b>1,182</b>	<b>67,756</b>	<b>3,281</b>	<b>53,827</b>	<b>1,998</b>	<b>5,193</b>	<b>156,638</b>	<b>289,874</b>
<b>%</b>	<b>0.4%</b>	<b>23.4%</b>	<b>1.1%</b>	<b>18.6%</b>	<b>0.7%</b>	<b>1.8%</b>	<b>54.0%</b>	<b>100%</b>

## Key drivers

We have identified a number of factors which are driving deal activity in the TMT space.

### Building assets and scale in the digital space

A key driver of deal activity continues to be the need for traditional media companies to build assets and scale in the digital space. In what we define as traditional digital segments (classifieds, travel, e-commerce), much of the acquisition activity has been around building scale and consolidating market share; examples of this approach include deals done by groups such as Axel Springer and Schibsted to strengthen their leadership in Europe in areas such as classifieds. In the emerging digital segments of social media and mobile applications, traditional media groups have been less active as they have tended to focus on in-house product development.

In the telecoms space, deal activity has been high in areas such as IP-based communications services as traditional operators acquire companies that give them access to technology in video communications, VoIP services and data networks/infrastructure.

Key target areas for investment by venture funds have included mobile applications, productivity software, 'cloud computing' enabling infrastructure and services and analytics software. There have also been a number of large private equity deals where investors see the opportunity to acquire an asset with strong proprietary content and global reach; examples of this include the acquisition of Getty Images by The Carlyle Group and Primera's acquisition of Ancestry.com Inc.

### Growth in emerging markets

A key area where M&A has been an essential tool for growth is the drive by large media companies to expand into emerging markets. Whilst regulations preventing foreign direct investment (FDI) or majority ownership continue to be an obstacle, the trend in most of the attractive destinations is towards increasing liberalisation. In India, the relaxation of FDI

<sup>5</sup> For deals where value was disclosed

rules in the television broadcasting sector has seen a number of international broadcasters form joint ventures and make outright acquisitions.

In sectors where FDI restrictions are typically absent, such as marketing services, business media and education publishing, M&A activity by the international players has been high with groups such as UBM Plc, Aegis Group, Publicis and WPP Group making a number of bolt-on acquisitions to bolster their presence in Asia and Latin America.

In terms of private equity investment, much of the activity in emerging markets has been by venture funds in the technology space. Funds that were particularly active in 2012 include Sequoia Capital, Norwest Venture Partners, Accel Partners and Intel Capital.

#### **Corporate restructuring**

The challenging economic conditions of 2012 have led to many companies divesting assets, either because the assets in question are under-performing or there is a need to strengthen the parent company's balance sheet. Examples include RCS MediaGroup divesting its French publishing operation, Flammarion Group (acquired by Gallimard Group) and Ten Networks selling its outdoor media business in Australasia.

Corporate restructuring has also created opportunities for private equity funds to pick up attractive assets that are likely to provide good returns once the global economy recovers or as technology provides new growth opportunities. Examples include the acquisition of McGraw-Hill's education publishing operation by private equity funds managed by Apollo Group. For the new owners, the education sector has excellent growth prospects in emerging economies, but is likely to require substantial investment as digital technology changes the nature of delivering learning content.

In the telecom sector, operators faced with growing competition and the need to make substantial investments in network and transmission infrastructure, have tended to divest their infrastructure assets. In some cases, these have been pooled with other operators. Examples include American Tower Corp's acquisition of tower assets from Telefonica Chile SA and Crown Castle International's agreement with T-Mobile USA to lease approximately 7,200 towers for a total consideration of USD 2.4 Billion.

#### **G2Mi Transactions database**

We maintain one of the most comprehensive deal databases in the TMT space, capturing deal activity across M&A, private equity/venture capital investments, rights deals and major partnerships/joint ventures. Deal activity is monitored on a daily basis by a dedicated team of industry analysts and subscribers to the service can use a variety of search functions and download data in a report format or as an Excel file.

The transactions database is part of our online business intelligence service, G2Mi.com which provides access to a wide range of industry and company analysis.

#### **Bespoke research**

We undertake a wide range of client assignments in areas such as acquisition search, market sizing and analysis, competitor benchmarking and market entry strategy.

## Cross-border activity

Our analysis of cross-border activity indicates that the two key areas of activity are cross-border deals between North America and Europe and North American buyers and investors active in Asia.

**Figure 6. Cross-border analysis based on deal volumes (All deals)**

	Region of target/investee							Total
	Africa	Asia	Australasia	Europe	Latin America	Middle East	North America	
<b>Region of buyer/investor</b>								
Africa		0.0%	0.2%	0.2%	0.0%	0.1%	0.1%	0.5%
Asia	0.1%		0.7%	3.6%	0.1%	0.4%	8.8%	13.6%
Australasia	0.0%	0.5%		1.0%	0.2%	0.0%	1.0%	2.7%
Europe	0.9%	4.9%	1.4%		2.1%	1.6%	15.8%	26.8%
Latin America	0.0%	0.0%	0.0%	0.2%		0.0%	0.6%	0.8%
Middle East	0.1%	0.3%	0.2%	1.1%	0.0%		1.0%	2.6%
North America	1.0%	13.1%	3.5%	27.7%	3.6%	4.2%		53.0%
<b>Total</b>	<b>2.0%</b>	<b>18.8%</b>	<b>6.0%</b>	<b>33.6%</b>	<b>6.0%</b>	<b>6.2%</b>	<b>27.3%</b>	<b>100%</b>

**Figure 7. Cross-border analysis based on deal values (All deals)<sup>6</sup>**

	Region of target/investee							Total
	Africa	Asia	Australasia	Europe	Latin America	Middle East	North America	
<b>Region of buyer/investor</b>								
Africa		0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.2%
Asia	0.0%		0.0%	8.5%	0.0%	0.0%	30.1%	38.6%
Australasia	0.0%	0.0%		0.2%	0.1%	0.0%	0.1%	0.3%
Europe	4.0%	1.5%	1.0%		0.5%	0.0%	14.1%	21.1%
Latin America	0.0%	0.0%	0.0%	2.1%		0.0%	0.1%	2.2%
Middle East	0.0%	0.0%	0.0%	1.6%	0.0%		0.1%	1.7%
North America	0.3%	13.4%	0.5%	18.9%	0.9%	1.9%		35.8%
<b>Total</b>	<b>4.4%</b>	<b>14.9%</b>	<b>1.5%</b>	<b>31.3%</b>	<b>1.5%</b>	<b>2.0%</b>	<b>44.4%</b>	<b>100%</b>

<sup>6</sup> For deals where value was disclosed

## Private equity/venture capital deals

Private equity and venture capital funds participated in a wide range of deals including public to private, buyouts and traditional venture funding. We monitored over 2,770 deals; the value of disclosed deals was USD 72 Billion.

**Figure 8. PE/VC deals, deal volumes by sector and region**

Sector	Africa	Asia	Australasia	Europe	Latin America	Middle East	North America	Total
Alternative media		1		1			4	6
Business media	1	1		3			12	17
Consumer publishing		1		2		1	11	15
Entertainment		2		4			13	19
Internet		155	16	394	2	36	1,354	1,957
Marketing services		3	1	11	1		35	51
Media (General)		4		3			5	12
Media facilities and solutions				6			8	14
Professional media		3		2			17	22
Sports media				2		1	5	8
Tech Hardware		3		6		1	22	32
Tech Software & Services	1	14	4	54	2	7	379	461
Telecoms	2	12	2	40		5	66	127
Television and Radio		2	2	10		2	15	31
<b>Total</b>	<b>4</b>	<b>201</b>	<b>25</b>	<b>538</b>	<b>5</b>	<b>53</b>	<b>1,946</b>	<b>2,772</b>

**Figure 9. PE/VC deals, value of deal activity by sector and region<sup>7</sup>**

Sector / USD Millions	Africa	Asia	Australasia	Europe	Latin America	Middle East	North America	Total
Alternative media				57			3,973	4,029
Business media							67	67
Consumer publishing		37		3			152	191
Entertainment		12		166			622	800
Internet		630	113	4,670	1	58	18,797	24,270
Marketing services		8	1	113	1		310	432
Media (General)		619		4			117	740
Media facilities and solutions				230			62	292
Professional media		5		14			2,916	2,936
Sports media				40		84	1,663	1,787
Tech Hardware		11		46		2	408	467
Tech Software & Services	62	320	6	587	3	20	9,191	10,188
Telecoms	148	1,226	119	7,176		1,632	11,504	21,805
Television and Radio			107	253		105	3,248	3,712
<b>Total</b>	<b>210</b>	<b>2,868</b>	<b>346</b>	<b>13,359</b>	<b>5</b>	<b>1,901</b>	<b>53,029</b>	<b>71,716</b>

<sup>7</sup> For deals where value was disclosed

# Media sector

In the media sector<sup>8</sup>, we monitored deals with a disclosed value of USD 96 Billion (334 deals); in total, we monitored 1,360 deals in the media sector.

## Mergers & acquisitions

Whilst the vast majority of deals were ‘bolt on’ acquisitions by traditional media companies keen to build their presence in digital media or expand into new geographic markets, there were a number of large acquisitions where the acquirer had a rare opportunity to acquire a relatively unique asset; examples of such deals include Disney’s acquisition of Lucasfilm and Dentsu’s acquisition of Aegis. Restructuring efforts by media companies also saw a number of divestments, which created attractive opportunities, particularly for private equity funds. Major transactions led by PE funds included the ‘public to private’ deal involving the Chinese outdoor advertising company, Focus Media (led by Carlyle group), Apollo’s acquisition of McGraw-Hill Education and Carlyle Group’s purchase of Getty Images.

**Figure 10. Media sector, M&A deal rankings by country**

Leading countries (for buyers) by deal value		Leading countries (for buyers) by deal volume	
	USD Millions		No of transactions
United States	62,002.3	United States	1,273
China	11,612.7	United Kingdom	303
Canada	7,686.2	Canada	98
Japan	7,128	France	71
Germany	6,283.5	Germany	68
United Kingdom	6,265.8	India	62
South Korea	1,181.8	Australia	53
France	1,180.4	China	45
India	633.3	Japan	36
Australia	632.4	Netherlands	26
Taiwan	603	Switzerland	23
Switzerland	573.4	Sweden	21
Netherlands	462.8	Norway	19
Sweden	450.3	Finland	18
South Africa	444.5	Russia	18
Singapore	384.8	Singapore	16
Denmark	379.5	Spain	14
Norway	306	South Korea	11
Philippines	186.6	Brazil	10
Chile	163.5	Ireland	10

<sup>8</sup> Analysis for media sector includes all deals categorised as being in the media and internet sectors, but excludes deals in the telecom, technology sectors

Figure 11. Media sector, Selected M&amp;A deals

Date	Investor/Buyer	Investee/Target	Deal summary	Consideration (USD Millions)
21 May 2012	Alibaba Group Holdings Ltd	Alibaba.com Ltd	Alibaba acquires its 20% stake held by Yahoo Inc. for USD 7.1 Billion	7,100.0
12 July 2012	Dentsu Inc.	Aegis Group Plc	Japanese marketing firm Dentsu acquires digital communications company Aegis Group for GBP 3.2 Billion	5,168.8
15 March 2012	Cisco Systems Inc	NDS Group Ltd	Cisco Systems acquires satellite TV technologies provider NDS Group Ltd from News Corp. and Permira	5,000.0
03 July 2012	Unitymedia GmbH	KableBW GmbH	Cable operator company Unitymedia acquires regional cable operator KableBW for USD 4.5 Billion	4,500.0
30 October 2012	The Walt Disney Co	Lucasfilm Ltd	The Walt Disney Co acquires US-based movies and entertainment content production company Lucasfilm for USD 4.05 Billion	4,050.0
	The Carlyle Group LP led group of investors	Focus Media Holding Ltd	A consortium led by PE firm The Carlyle Group acquires Chinese out-of-home advertising firm Focus Media Holding Ltd	3,970.0
16 March 2012	BCE Inc	Astral Media Inc.	Canadian telecom operator BCE acquires Canadian broadcasting & outdoor advertising provider Astral Media for CAD 3.38 Billion <sup>9</sup>	3,392.6
15 August 2012	The Carlyle Group	Getty Images Inc.	US-based Carlyle Group LP enters into agreement to acquire majority stake in Getty Images Inc. from Hellman & Friedman LLC USD 3.3 Billion.	3,300.0
11 July 2012	Walt Disney Company and Hearst Corp.	A&E Television Networks LLC	Walt Disney and Hearst acquires 15.8% stake in A&E Television Networks LLC from Comcast Corp.	3,020.0
	Dalian Wanda Group Co	AMC Entertainment Holdings Inc	Dalian Wanda Group acquires US-based cinema chain operator AMC Entertainment Holdings Inc.	2,600.0
26 November 2012	Apollo Global Management LLC	McGraw-Hill Education Inc.	PE firm Apollo Global Management acquires educational content and software solutions provider McGraw-Hill Education for USD 2.5 Billion	2,500.0
27 March 2012	Guggenheim Baseball Management LLC	Los Angeles Dodgers	Guggenheim Baseball Management LLC acquires professional baseball team Los Angeles Dodgers	2,000.0
08 November 2012	Priceline.com Inc.	Kayak Software Corp.	US-based online hotel reservation service provider Priceline.com Inc. acquires travel research service KAYAK Software Corp. for USD 1.8 bn.	1,800.0
22 October 2012	Primera Advisors	Ancestry.com Inc.	Primera Advisors led group of investors acquire US-based online family history & genealogy services provider Ancestry.com for USD 1.6 Billion	1,600.0
18 April 2012	WOW! Internet, Cable and Phone	Knology Inc.	US-based cable operator WOW! Internet, Cable and Phone acquires video, voice and data services provider Knology Inc.	1,500.0

<sup>9</sup> Deal was blocked by regulatory authorities (CRTC) in October 2012, but negotiations are continuing

## Investments

The high level of venture investment continued apace through 2012, with a focus on digital sectors such as social media, content streaming platforms and media measurement and analytics services. The United States continues to be the primary driver of venture investment, though the amount of investment flowing into emerging economies is growing very rapidly.

**Figure 12. Media sector, Investment deal rankings by country**

Leading countries (for buyers) by deal value		Leading countries (for buyers) by deal volume	
	USD Millions		No of Transactions
United States	15,151.5	United States	1,395
Canada	1,425.8	United Kingdom	134
United Kingdom	1,012.7	India	92
China	516.2	Germany	60
France	479.9	Canada	51
India	456.9	France	40
Russia	319.4	Spain	40
Germany	307.3	China	37
Italy	121.1	Russia	27
Qatar	100	Singapore	27
Sweden	98.6	Italy	25
Australia	97.4	Japan	25
Singapore	77.9	Israel	23
Switzerland	68.8	Australia	16
Spain	65.5	Netherlands	14
Israel	63	Sweden	13
Japan	54.8	Denmark	11
Belgium	47.7	Finland	10
Taiwan	47	Switzerland	10
Netherlands	34.9	Ireland	8

**Figure 13. Media sector, Selected investments**

Date	Investor/Buyer	Investee/Target	Deal summary	Consideration (USD Millions)
04 October 2012	Microsoft Corp	NOOK Media LLC	US-based digital media & college books retailer NOOK Media LLC receives USD 300 Million as investments from Microsoft Corp	300
03 January 2012	Reliance Industries Ltd	Network18 Group	Indian diversified business company Reliance Industries Ltd (RIL) invests in media and TV broadcasting firm Network18 Group	273.9
22 April 2012	Providence Equity Partners LLC	The Chernin Group	Films and TV production firm The Chernin Group raises USD 200 Million from Providence Equity led group of investors	200
17 September 2012	Citi Ventures, Rizvi Traverse Management and Starbucks Coffee Company	Square Inc	Mobile payment solutions provider Square Inc. raises USD 200 Million in series D from Citi Ventures led group of investors	200
05 March 2012	Insight Venture Partners	Drilling Info Inc	US-based online data and analytics solutions provider Drilling Info raises USD 165 Million from Insight Venture Partners	165
23 May 2012	Kohlberg Kravis Roberts & Co.	Fotolia	KKR acquires 50% stake in Fotolia for USD 150 Million	150
06 June 2012	Andreessen Horowitz and Insight Venture Partners	Fanatics Inc	Sports merchandise retailer Fanatics Inc. raises USD 150 Million in equity financing from Insight Venture Partners led group of investors	150
24 August 2012	Group of Investors	Flipkart Online Services Pvt Ltd	Indian online retailer Flipkart Online Services Pvt Ltd raises USD 150 Million in investment from group of investors	150
07 October 2012	Access Industries and Idinvest	Deezer	French online music streaming service Deezer raises EUR 100 Million in series D funding from group of investors led by Access Industries.	132.2
05 April 2012	Group of Investors	Legendary Entertainment	US-based media content production services provider Legendary Entertainment receives USD 128 Million investment from group of investors	128
31 July 2012	General Atlantic LLC	Box.net Inc.	Cloud storage platform provider Box.net Inc. raises USD 125 Million from General Atlantic led group of investors	125
18 July 2012	Atomico	Fab.com	US-based online fashion retailing services provider Fab.com raises USD 105 Million from Atomico led group of investors	105
11 April 2012	J P Morgan Asset Management	Conduit Ltd	Mobile and web audience engagement solutions provider Conduit Ltd raises USD 100 Million from J P Morgan Asset Management	100
17 May 2012	Rakuten Inc, Andreessen Horowitz, FirstMark Capital and Bessemer Venture Partners	Pinterest Inc	Online social photo sharing platform Pinterest Inc. raises USD 100 Million from Rakuten Inc. led group of investors	100
21 May 2012	The Carlyle Group	Avail-TVN	Digital video services provider Avail-TVN raises USD 100 Million from The Carlyle Group led group of investors	100
05 June 2012	Austin Ventures	Donuts Inc	Domain name registration firm Donuts Inc. raises USD 100 Million in series A financing from Austin Ventures led group of investors	100
09 July 2012	Andreessen Horowitz	GitHub Inc	US-based online social network for programmers, GitHub Inc. receives USD 100 Million investment from Andreessen Horowitz	100



## Rights deals

Given their vital role in the competition for subscribers in the Pay TV market, premium broadcasting rights in areas such as sport continue to achieve high valuations. The most attractive markets include baseball, soccer (in Europe), autosports and cricket (in India). Rights deals are also becoming more complex as internet-based streaming becomes a commercially attractive opportunity and the growing penetration of mobile devices creates the potential for dedicated apps.

**Figure 14. Media sector, Selected rights deals**

Date	Buyer	Country of Buyer	Rights	Deal summary	Value (USD Millions)
02 October 2012	FOX Sports Media Group & Turner Broadcasting System Inc	United States	8 years TV broadcasting rights of Major League Baseball	FOX Sports Media Group & Turner Broadcasting System Inc. acquires 8 years TV broadcasting rights of Major League Baseball for USD 6.8 Billion	6,800.0
01 October 2012	ESPN	United States	8 years TV broadcasting rights of Major League Baseball	ESPN acquires 8 years TV broadcasting rights of Major League Baseball (MLB) for USD 5.6 Billion	5,600.0
13 June 2012	BSkyB Group Plc and BT	United Kingdom	English Premier League (TV rights)	BSkyB and BT win 3 year TV broadcasting rights of English Premier League for GBP 3.018 Billion	4,874.8
17 April 2012	Sky Deutschland AG	Germany	Five year broadcasting rights of Bundesliga	German television broadcaster Sky Deutschland AG acquires four seasons broadcasting rights of German Bundesliga	2,578.3
15 October 2012	FOX Sports Media Group	United States	8 years TV broadcasting rights of NASCAR racing	US-based sports broadcasting company FOX Sports Media Group acquires 8 years TV broadcasting rights of NASCAR racing for USD 2.4 Billion	2,400.0
21 August 2012	Fox Sports and Nine Network	Australia	Five-year broadcasting rights of NRL and State of Origin	Australian television broadcasters Nine Network and Fox Sports acquires five-year broadcasting rights of NRL and State of Origin matches	1,062.9
02 April 2012	Star India Pvt Ltd	India	Broadcasting rights for India's international cricket matches at home and domestic events	Star TV acquires India's international cricket matches broadcasting rights	703.3

# Telecoms sector

G2Mi Research monitored 500 telecom deals in 2012; disclosed deals had an aggregate value of USD 95.3 Billion. Asia accounted for USD 42 Billion worth of deals, but this figure has been skewed by Softbank's USD 20.1 Billion acquisition of a majority stake in the US telecom operator, Sprint Nextel.

## Mergers & acquisitions

Deal activity is arguably subdued in the telecom sector as operators deal with increasing competition in their core markets and the need to invest in network infrastructure to handle growing data volumes. Some of the deal activity has involved operators exiting non-core markets

**Figure 15. Telecom sector, M&A deal rankings by country**

Leading countries (for buyers) by deal value		Leading countries (for buyers) by deal volume	
	USD Millions		No of transactions
United States	23,944.2	United States	1,273
Japan	22,213.3	United Kingdom	303
China	17,762.1	Canada	98
Russia	5,362.1	France	71
France	3,532.1	Germany	68
Qatar	3,314.7	India	62
United Kingdom	2,986.1	Australia	53
Austria	2,234.6	China	45
Mexico	1,733.2	Japan	36
Norway	1,310.6	Netherlands	26
Denmark	992.5	Switzerland	23
Canada	943.2	Sweden	21
India	940.7	Norway	19
Indonesia	799	Finland	18
New Zealand	723.2	Russia	18
Bahrain	680	Singapore	16
Israel	527.3	Spain	14
Sweden	492	South Korea	11
Australia	490.3	Brazil	10
Germany	441.6	Ireland	10

## Review of global M&A and investment activity in 2012

**Figure 16. Telecom sector, Selected M&A deals**

Date	Investor/Buyer	Investee/Target	Deal summary	Consideration (USD Millions)
15 October 2012	Softbank Corp.	Sprint Nextel Corp.	Japanese Softbank acquires 70% stake in US-based mobile operator Sprint Nextel Corp. for USD 20.1 bn.	20,100
22 August 2012	China Telecom Corp. Ltd	CDMA network infrastructure assets	China Telecom Corp. Ltd acquires CDMA network assets from China Telecommunications Corp.	13,575.7
18 July 2012	BC Partners, CPP Investment Board and Suddenlink's management	Cequel Communications LLC (Suddenlink Communications)	BC Partners, CPP Investment Board and Suddenlink's management acquires telecommunication firm Suddenlink Communications for USD 6.6 Billion	6,600
15 August 2012	Altimo	VimpelCom Ltd.	Moscow based Altimo acquires additional 14.8% in VimpelCom Ltd. from Weather Investments II for USD 3.6 Billion.	3,600
27 May 2012	France Telecom SA (Orange)	Mobinil	France Telecom SA acquires 94% stake in Egyptian telecom operator Mobinil	3,070
28 September 2012	Crown Castle International Corp.	T-Mobile's Tower rights	US-based telecom infrastructure company Crown Castle acquires rights for 7,200 telecom towers from T-Mobile USA Inc. for USD 2.4 bn.	2,400
19 March 2012	Zayo Group LLC	AboveNet Inc	Zayo Group LLC acquires fiber-optic communications network operator AboveNet Inc	2,200
17 December 2012	Sprint Nextel Corp	Clearwire Corporation	Wireless and wireline telecom operator Sprint Nextel acquires additional 49.2% stake in broadband wireless services provider Clearwire Corp	2,200
01 October 2012	SoftBank Corp	eAccess Ltd	Japanese telecom holding firm SoftBank Corp. acquires internet service provider eAccess Ltd	2,091.3
21 November 2012	China Unicom (HK) Ltd	Unicom New Horizon Telecoms	China Unicom acquires fixed-line infrastructure assets of China United Network Communications Group for CNY 12.2 Billion	1,957.7
04 October 2012	Qatar Telecom Q.S.C	Wataniya Telecom	Qatari telecoms service provider Qatar Telecom acquires additional 39.61% in Wataniya telecom for KD 519.1 Million.	1,844.7
02 February 2012	Hutchison 3G Austria	Orange Austria	Hutchison 3G Austria acquires mobile operator Orange Austria for EUR 1.3 Billion	1,718.9
23 April 2012	Vodafone Group Plc	Cable & Wireless Worldwide Plc	Vodafone acquires telecom operator Cable & Wireless Worldwide Plc	1,679.9
21 June 2012	America Movil SAB de CV	Koninklijke KPN NV	Mexican telecom solution provider America Movil acquires additional 12% stake in Dutch telecom operator KPN for EUR 1.27 Billion	1,679.2
05 June 2012	Qatar Telecom Q.S.C	AsiaCell	Qatar Telecom acquires additional 30% stake in Iraqi mobile telecommunication service provider AsiaCell for USD 1.47 Billion.	1,470
26 June 2012	SBA Communications Corp	TowerCo	US-based wireless towers operators SBA Communications Corp. acquires US-based wireless towers operator TowerCo for USD 1.45 Billion	1,450
11 June 2012	China United Network Communication Group Co Ltd	China Unicom Ltd	China United Network Communications acquires 4.56% stake in China Unicom from Telefonica for HKD 10.96 Billion	1,413.9
21 February 2012	SBA Communications Corp	Tower assets of Mobilitie LLC	Communications infrastructure firm SBA Communications Corp. acquires tower assets from wireless infrastructure operator Mobilitie LLC	1,093

## Investments

Much of the investment activity has centred on telecom infrastructure, software and corporate services (as opposed to consumer services). In particular, software solutions and equipment that improve the efficiency of telecom networks have been a key area for investment.

**Figure 17. Telecom sector, investment deal rankings by country**

Leading countries (for buyers) by deal value		Leading countries (for buyers) by deal volume	
Country	USD Millions	Country	No of transactions
United States	1,574	United States	46
Australia	100	United Kingdom	6
Russia	79	Ireland	3
United Kingdom	54.3	Japan	3
Germany	50.3	China	2
Japan	46	France	2
Ireland	25.6	Germany	2
Switzerland	12	India	2
Canada	11	Russia	2
France	9.3	Australia	1
China	2.4	Canada	1
India	1.7	Finland	1
Sweden	1.5	Israel	1
Finland	1.3	Latvia	1

**Figure 18. Telecom sector, Selected investments**

Date	Investor/Buyer	Investee/Target	Deal summary	Consideration (USD Millions)
01 March 2012	Macquarie Renaissance infrastructure Fund	Russian Towers LLC	Russian telecoms towers solutions provider Russian Towers LLC receives USD 100 Million investment from MRIF led group of investors	100
17 April 2012	RUSNANO	Quantenna Communications Inc	US-based Wi-Fi solutions developer Quantenna Communications Inc. receives USD 79 Million investment from RUSNANO led group of investors	79
19 April 2012	Cisco Systems Inc	Insieme	US-based systems networking solutions provider Insieme raises USD 100 Million from Cisco Systems Inc	100
15 November 2012	Oak Hill Capital Partners and GI Partners.	WaveDivision Holdings LLC	US-based WaveDivision Holdings raises USD 1.052 Billion from Oak Hill Capital Partners and GI Partners in equity and debt financing round.	1,052

# Technology sector

We monitored 4,386 deals in the technology sectors<sup>10</sup>; of these, 408 were M&A deals and the remainder were PE/VC investments. The 2,460 deals where value was disclosed had an aggregate value of USD 95.8 Billion.<sup>11</sup> Key hotspots for deal activity include companies which offer hardware, platforms and services for cloud computing, big data and analytics and SaaS. Deal activity was considerably higher in the software segments than in technology hardware.

## Mergers & acquisitions

In the M&A segment, major acquisitions included Western Digital's acquisition of Hitachi Global Storage Technologies and SAP's purchase of Ariba for USD 4.3 Billion. The major technology companies continued to be active in deals that bolstered their technical capabilities in emerging areas and allowed them to offer new products and services to their existing client base. For example, Oracle acquired a number of companies with expertise in social media monitoring (Collective Intellect) and data analytics (DataRaker). Cisco also made a number of major acquisitions including the digital TV software company NDS and the networking solutions provider, Meraki.

**Figure 19. Technology sector, M&A deal rankings by country<sup>12</sup>**

Leading countries (for buyers) by deal value		Leading countries (for buyers) by deal volume	
Country	USD Millions	Country	No of transactions
United States	40,978.8	United States	1,152
China	9,087	United Kingdom	166
United Kingdom	6,045.9	Canada	76
Germany	5,601.4	India	55
Canada	5,354.9	Germany	52
Japan	2,057.2	China	45
South Korea	1,491.8	France	45
India	1,076.8	Australia	42
Sweden	716.1	Japan	35
Netherlands	462.8	Switzerland	19
Switzerland	405.7	Netherlands	18
Singapore	361.8	Sweden	17
France	309.1	Singapore	15
Australia	227.7	Norway	14
South Africa	182	Finland	13
Italy	135.8	South Africa	12
New Zealand	121.3	Russia	11
Philippines	101.4	Israel	10
Norway	89.5	South Korea	10
Russia	77	Italy	8

<sup>10</sup> Technology sector analysis includes deals categorised as technology software and services, hardware and internet

<sup>11</sup> G2Mi Research started tracking deals in the technology hardware and software sectors in May 2012

<sup>12</sup> Only includes deals where value was disclosed

**Figure 20. Technology sector, Selected M&A deals**

Date	Investor/Buyer	Investee/Target	Deal summary	Consideration (USD Millions)
21 May 2012	Alibaba Group Holdings Ltd	Alibaba.com Ltd	Alibaba acquires its 20% stake held by Yahoo Inc. for USD 7.1 Billion	7,100
07 March 2012	Western Digital Corp	Hitachi Global Storage Technologies	US-based storage products and services provider Western Digital Corp. acquires Hitachi Global Storage Technologies from Hitachi Ltd	4,300
22 May 2012	SAP AG	Ariba Inc	SAP AG acquires cloud-based e-commerce and procurement software firm Ariba Inc	4,300
15 August 2012	Carlyle Group LP	Getty Images Inc	US-based Carlyle Group LP enters into agreement to acquire majority stake in Getty Images Inc. from Hellman & Friedman LLC USD 3.3 Billion.	3,300
31 May 2012	CGI Group Inc.	Logica Plc	Canada-based IT and business process solution provider CGI acquires UK-based IT and consultation service provider Logica for CAD 2.8 Billion	2,810.4
19 December 2012	ARRIS Group Inc.	Motorola Mobility Home business	ARRIS Group acquires Motorola Mobility Home business from digital media company Google Inc. for USD 2.35 Billion in cash & stock	2,350
09 February 2012	Oracle Corp.	Taleo Corp.	US-based enterprise management software provider Oracle acquires US-based online talent management software provider Taleo for USD 1.9 Billion	1,900
01 November 2012	RedPrairie Corp.	JDA Software Group	RedPrairie Corp. acquires JDA Software Group Inc. for a consideration of USD 1.9 Billion	1,900
08 November 2012	Priceline.com Inc.	Kayak Software Corp.	US-based online hotel reservation service provider Priceline.com Inc. acquires travel research service Kayak Software Corp. for USD 1.8 bn.	1,800
22 October 2012	Primera Advisors LLC	Ancestry.com Inc	Primera Advisors led group of investors acquire US-based online family history & genealogy services provider Ancestry.com for USD 1.6 Billion	1,600
12 October 2012	Bain Capital	Atento	Spanish integrated telecom operator Telefonica SA divests its call center business Atento for EUR 1 Billion to Bain Capital.	1,322.2
27 August 2012	IBM Corp.	Kenexa Corp.	US-based computing technology solutions provider IBM acquires US-based HR management software solutions provider Kenexa for USD 1.3 Billion	1,300
25 June 2012	Microsoft Corp.	Yammer Inc.	Microsoft Corp. acquires US-based enterprise social network operator Yammer	1,200
18 November 2012	Cisco Systems Inc	Meraki Inc.	US-based system networking solution provider Cisco acquires cloud networking solution provider Meraki Inc. USD 1.2 Billion.	1,200
02 June 2012	BCE Inc, Ontario TPP, Providence Equity Partners & Madison Dearborn	Q9 Networks Inc.	A group of investors acquires web and data centre services provider Q9 Networks Inc.	1,104.1
06 July 2012	Lotte Shopping Co Ltd	Himart Co Ltd (E-Himart.co.kr)	South Korean retailer Lotte Shopping Co acquires 65.25% stake in online retailer Himart for USD 1.1 Billion	1,100
27 August 2012	Thoma Bravo LLP	Deltek Inc	Thoma Bravo LLC acquires US-based enterprise software and information services provider Deltek Inc. for USD 1.1 Billion	1,100
13 March 2012	Youku.com Inc.	Tudou Holdings Ltd (Tudou.com)	Online video content provider Youku.com Inc. acquires online video platform Tudou Holdings Ltd (Tudou.com)	1,000
09 April 2012	Facebook Inc.	Instagram	Facebook acquires mobile photo-sharing services provider Instagram for USD 1 Billion	1,000
30 July 2012	Bain Capital	Genpact Ltd	Bain Capital acquires 30% stake in Indian technology solutions provider Genpact Ltd	1,000

## Investments

Investing activity continues to be led by a relatively small number of North American PE/VC firms which have a strong investment track record. Key target areas included cloud computing services aimed at enterprises and consumers and the online retail sector. The relatively high number of deals in the online retail space in emerging markets indicates that the sector is coming of age in countries such as India.

**Figure 21. Technology sector, investment deal rankings by country<sup>13</sup>**

Leading countries (for buyers) by deal value		Leading countries (for buyers) by deal volume	
Country	USD Millions	Country	No of transactions
United States	17,507	United States	1,690
Canada	1,523.2	United Kingdom	150
United Kingdom	1,121	India	89
China	562.7	Germany	66
France	481.4	Canada	61
Germany	346.8	France	43
Russia	323.9	China	40
India	151.5	Spain	40
Italy	149.6	Israel	30
Sweden	105.1	Russia	30
Australia	102.3	Italy	29
Japan	85.9	Singapore	29
Israel	79.8	Japan	27
Singapore	79.4	Australia	18
Switzerland	68.8	Sweden	17
Spain	65.5	Netherlands	14
Belgium	49	Denmark	12
Taiwan	47	Finland	12
Netherlands	35.1	Switzerland	9
Ireland	34.4	Ireland	8

<sup>13</sup> Only includes deals where a value was disclosed

Figure 22. Technology sector, Selected investments

Date	Investor/Buyer	Investee/Target	Deal summary	Consideration (USD Millions)
13 November 2012	Ontario Teachers' Pension Fund and Tiger Fund	360buy Jingdong Mall	Chinese e-commerce services provider 360buy raises USD 400 Million from Ontario Teachers' Pension Fund and Tiger Fund	400
04 October 2012	Microsoft Corp	NOOK Media LLC	US-based digital media & college books retailer NOOK Media LLC receives USD 300 Million as investments from Microsoft Corp	300
17 September 2012	Citi Ventures, Rizvi Traverse Management and Starbucks Coffee Company	Square Inc	Mobile payment solutions provider Square Inc. raises USD 200 Million in series D from Citi Ventures led group of investors	200
05 March 2012	Insight Venture Partners	Drilling Info Inc	US-based online data and analytics solutions provider Drilling Info raises USD 165 Million from Insight Venture Partners	165
23 May 2012	Kohlberg Kravis Roberts & Co.	Fotolia	KKR acquires 50% stake in Fotolia for USD 150 Million	150
06 June 2012	Andreessen Horowitz and Insight Venture Partners	Fanatics Inc	Sports merchandise retailer Fanatics Inc. raises USD 150 Million in equity financing from Insight Venture Partners led group of investors	150
24 August 2012	Group of Investors	Flipkart Online Services	Indian online retailer Flipkart Online Services raises USD 150 Million in investment from group of investors	150
07 October 2012	Access Industries and Idinvest	Deezer	French online music streaming service Deezer raises EUR 100 Million in series D funding from group of investors led by Access Industries.	132
03 October 2012	Sequoia Capital and Francisco Partners	Barracuda Networks Inc	US-based email and web security solutions provider Barracuda Networks Inc. receives USD 130 Million in investment from group of investors	130
31 July 2012	General Atlantic LLC	Box.net Inc.	Cloud storage platform provider Box.net Inc. raises USD 125 Million from General Atlantic led group of investors	125
18 July 2012	Atomico	Fab.com	US-based online fashion retailer Fab.com raises USD 105 Million from Atomico led group of investors	105
11 April 2012	J P Morgan Asset Management	Conduit Ltd	Mobile and web audience engagement solutions provider Conduit Ltd raises USD 100 Million from J P Morgan Asset Management	100
17 May 2012	Rakuten Inc, Andreessen Horowitz, FirstMark Capital and Bessemer Venture Partners	Pinterest Inc	Online social photo sharing platform Pinterest Inc. raises USD 100 Million from Rakuten Inc. led group of investors	100
21 May 2012	The Carlyle Group	Avail-TVN	Digital video services provider Avail-TVN raises USD 100 Million from The Carlyle Group led group of investors	100
05 June 2012	Austin Ventures	Donuts Inc	Domain name registration firm Donuts Inc. raises USD 100 Million in series A financing from Austin Ventures led group of investors	100
09 July 2012	Andreessen Horowitz	GitHub Inc	US-based online social network for programmers, GitHub Inc. receives USD 100 Million investment from Andreessen Horowitz	100



# Research notes

This analysis is based on the deals we have tracked in the G2Mi deals database. The deal data is gathered from publicly available sources and through contact with companies and financial advisors.

The reported date shown is the date on which the deal was first publicised in the media. This analysis was completed in the last week of December 2012, and there were a small number of deals (approximately 20), that were not included in the analysis as they were identified and added after the date on which the analysis was completed.

Some of the deals we have analysed may not have closed by the end of 2012.



## heernet ventures

Heernet Ventures Limited

60 Westville Road  
London  
W12 9BD  
UNITED KINGDOM

Indo Asia House,  
Plot 56,  
Institutional Area,  
Sector 44,  
Gurgaon,  
Haryana 122003  
INDIA

Tel: +44 (0) 208 180 7223