



November 2018

Data & Analytics Insights

 HOULIHAN LOKEY



Data & Analytics M&A Activity

Driven by the exponential growth of data and an increasing reliance on using data to inform corporate strategy

Trends in Data & Analytics

Trend	Before	Now	Outcome
Advanced Analytics	Customers happy to analyse third party data using spreadsheets and proprietary models	Data providers compete to provide clients with the most advanced analytical and decisioning tools	Combination of extensive datasets and analytical tools makes data providers a vital part of customers' workflows
Increased Competition	High barriers to entry as tech limitations reduce the rate at which new platforms can be launched	Agile new players take advantage of rapidly changing technology to develop offerings that steal market share from incumbents	High levels of M&A as market leaders look to ensure that they stay at the forefront of technological innovation
Business Intelligence	Limited insight into company activities as businesses lack the tools to harness and analyse their data	Rapid creation of internal data and increasing capabilities of analytical tools enable executives to track KPIs extensively	Increased funding opportunities as PE and VC firms look to capitalise on the rapid uptake of BI applications
Proliferation of Data	Data comes from a limited number of structured sources	New data acquisition technologies enable providers to collect vast amounts of unstructured data from disparate sources	Huge demand for providers that can enrich data inputs and provide unique insights into diverse datasets

Data & Analytics M&A Activity

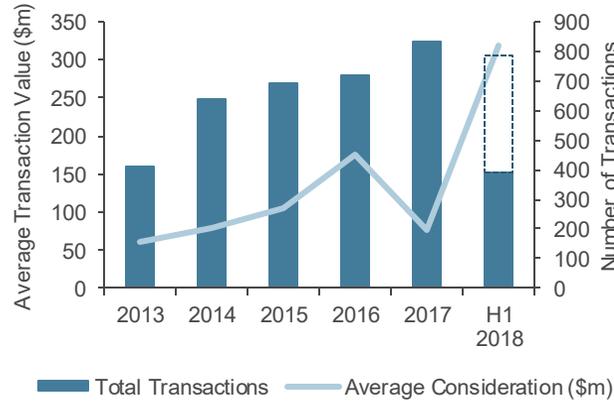
1,432 transactions, with values disclosed for 604

\$181 billion of aggregate value

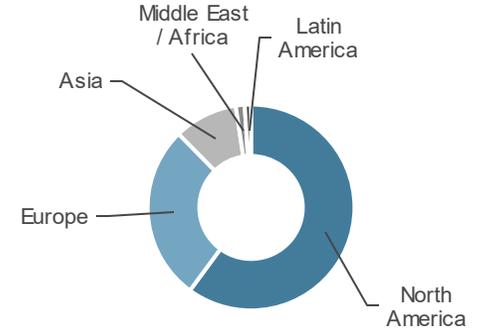
15.2% CAGR in number of annual transactions from 2013 to 2017

Continued Momentum in Data & Analytics M&A Activity

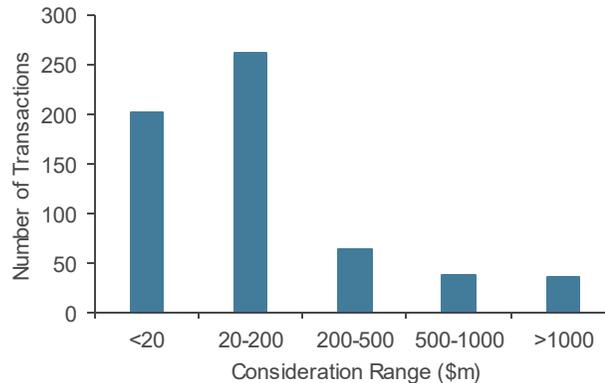
Increasing levels of transaction volume and value...



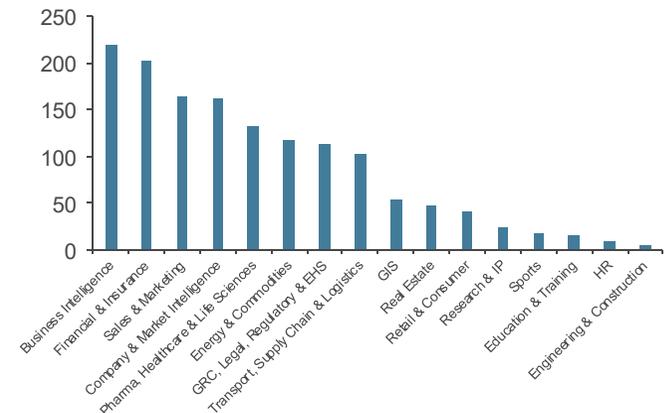
...dominated by North America¹



Consolidation at lower end of the market²...



...with a broad range of industries representing the widespread appetite for data and analytics products



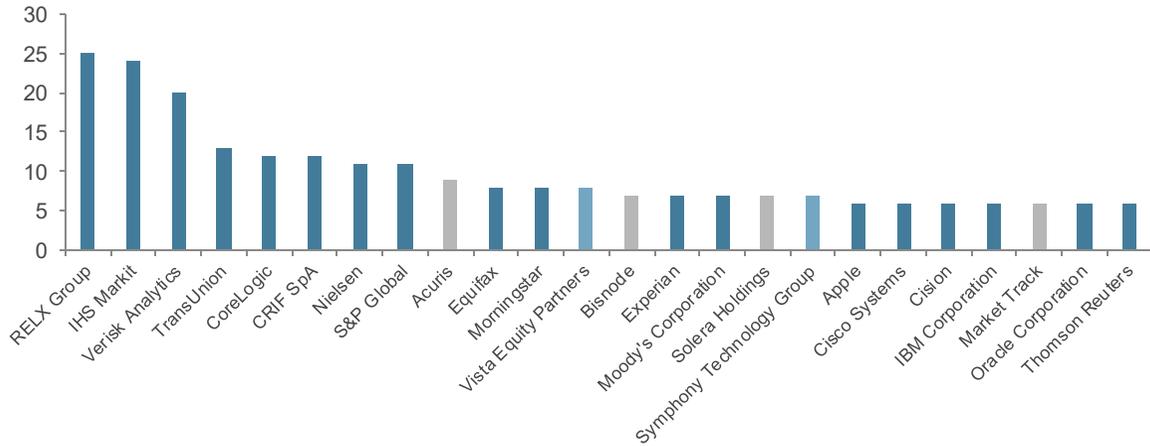
Notes:

1) Transaction volume by target region

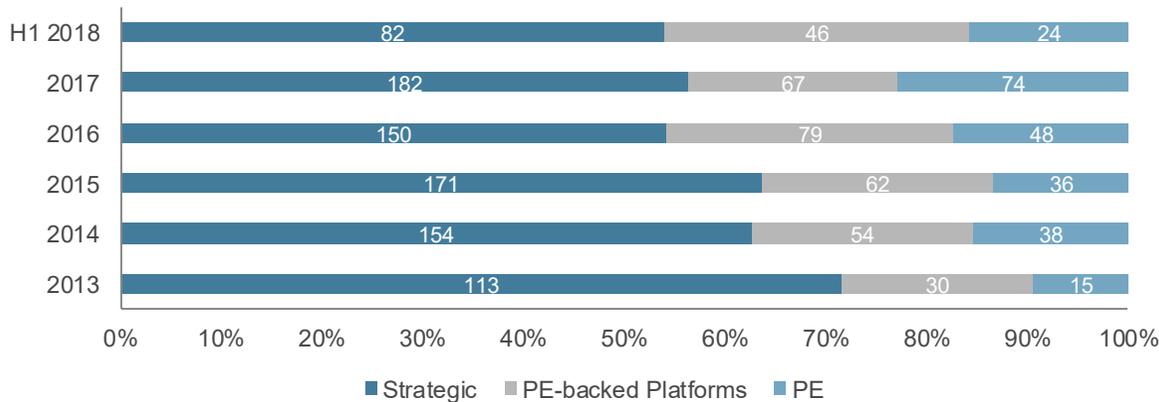
2) Transaction volume by consideration size. Only representative of transactions with considerations available

Significant Strategic and Private Equity Presence

M&A activity in the data and analytics space has largely been driven by strategic consolidators, with high levels of participation from a small number of PE firms¹



PE was responsible for 40% of transactions between 2013 and H1 2018



Notes:
1) IHS Markit includes deals completed by IHS and by Markit prior to their merger in 2016

Public Companies



PE-Backed Platforms



Key Data & Analytics M&A

Transformational Scale Acquisitions



Companies have combined complementary market-leading specialisms to create global powerhouses with increased growth opportunities.

Consolidation



Firms have acquired companies with additive datasets and analytical tools that enable them to increase their offerings to new and existing customers.

Geographical Expansion



Companies have sought to accelerate growth by gaining a foothold in new markets and geographies.

Acquiring Technological Capabilities



Market leaders are willing to pay huge multiples for access to the most advanced technologies and unique datasets.

Private Equity



The recurring revenue models and scalability of data providers make them highly attractive to investors.

Some of the Key Factors Impacting M&A Activity in the Sector

Over the next five years it is predicted that global expenditure on big data will increase from \$130bn to \$203bn per year. Digitization, the Internet of Things and a growing use of connected devices are all contributing to a massive increase in the rate at which data is created.

Rapid technological advancements are significantly increasing our capacity to capture and analyse large amounts of unstructured data. When combined with the exponential growth of data mentioned above, these developments present a great opportunity for information providers to collate data points from disparate sources and create datasets that can be sold to a wide range of end users. For example, social media data can be repackaged and sold to marketers for lead generation, to lenders for credit scoring, to insurers for pricing, and to legal teams for brand protection.

“...businesses are prepared to spend heavily to equip themselves with state-of-the-art AI capabilities that make it easier to mine large amounts of data.”

In addition to raw data, customers are increasingly demanding analytical tools that make it easy for them to make decisions based on this information. In line with this, a recent report by IBM predicts that demand for data scientists will grow 28% by 2020 as businesses look to enhance their analytical capabilities. Above all, information providers are looking to develop advanced predictive and prescriptive analytics tools and grow expertise in Machine Learning and Artificial Intelligence.

In particular, businesses are prepared to spend heavily to equip themselves with state-of-the-art AI capabilities that make it easier to mine large amounts of data and increase productivity. One such example of this is S&P Global's acquisition of Kensho, a firm that uses Machine Learning to scan actions such as political events to assess their impact on financial assets. Beyond financial services, AI has gained a lot of traction in industries such as pharma and cybersecurity, where it is being used to develop drugs and detect malicious activity, respectively.

Some of the Key Factors Impacting M&A Activity in the Sector

In addition to third party data, companies are increasing their expenditure on products that enable them to analyse internal data to find operational efficiencies, optimize internal processes, and improve customer targeting. This manifested itself in our research, where M&A activity was highest in the Business Intelligence space than any other sector. The heightened demand for such products presents a significant opportunity for analytics providers, and there is no doubt that strategic consolidators will be looking to make acquisitions that extend their reach into this large addressable market.

The recurring revenue models, scalability, and diverse customer bases of data and analytics businesses have proved highly attractive to financial sponsors, who have been increasingly active in M&A in the sector over the past five years. The recent privatizations of Thomson Reuters Financial & Risk and Dun & Bradstreet, along with smaller deals for businesses such as Drillinginfo, Reorg Research, and EagleView Technologies are evidence of the continued appetite of private equity firms for deals in the data and analytics space.

“The recurring revenue models, scalability, and diverse customer bases of data and analytics businesses have proved highly attractive to financial sponsors.”

As technological advances improve our capacity to curate and enrich data from diverse sources, and as AI and Machine Learning capabilities continue to improve, data and analytics products will become further engrained in the vital processes of most businesses, regardless of their industry. As a consequence, M&A activity in the sector is likely to increase as private equity firms look to capitalise on this trend and as industry behemoths use strategic acquisitions to pursue inorganic growth and gain access to the most advanced technology.

Houlihan Lokey Operates at the Intersection of Software, Data & Analytics, and Services

Selected Prior Transactions



Andrew Adams
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Tara Anand Carter
Managing Director
TCarter@HL.com



Mark Fisher
Managing Director
MFisher@HL.com



Rob Louv
Global Co-Head of Technology, Media & Telecom
RLouv@HL.com



Julian Moore
Managing Director
JWSMoore@HL.com



Craig Muir
Managing Director
CMuir@HL.com



Vik Pandit
Director
VPandit@HL.com



Tim Shortland
Managing Director
TShortland@HL.com

Derrick

has been acquired by

drillinginfo
better, faster decisions

Sellside Advisor

FULCRUM
FINANCIAL DATA

a portfolio company of

LEEDS | Equity Partners

has been acquired by

Fitch Group

Sellside Advisor

PowerAdvocate

has been acquired by

Verisk Analytics

Sellside Advisor*

healix
GROUP OF COMPANIES

has been acquired by

Verisk Analytics

Sellside Advisor*

BUREAU VAN DIJK

a portfolio company of

EQT

has been acquired by

Moody's Corporation

Sellside Advisor*

AXIO

has sold

RISI

to

Euromoney Institutional Investor PLC

Sellside Advisor*

MAKE

has been acquired by

Verisk Analytics

Sellside Advisor*

hometrack

has been acquired by

Zoopla Property Group

Sellside Advisor*

Evaluate

has received an investment from

HG Capital

Sellside Advisor*

dun & bradstreet

has sold its Benelux operations to

Altarea BV

a portfolio company of

Naxicap

Sellside Advisor*

S&P DOW JONES INDICES

has acquired

Trucost PLC

Buyside Advisor*

INTELLIGIZE

has been acquired by

Lexis Nexis Legal & Professional

a division of

RELX Group

Sellside Advisor*

fastmarkets

has been acquired by

Euromoney Institutional Investor PLC

Sellside Advisor*

PIRA

has been acquired by

S&P Global Platts

Sellside Advisor*

Wood Mackenzie

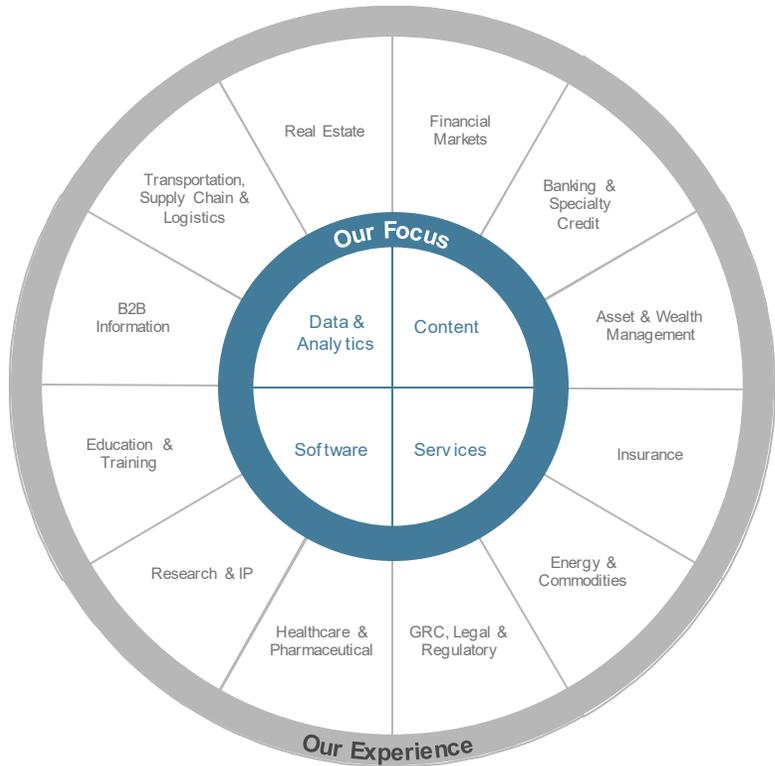
has been acquired by

Hellman & Friedman

Sellside Advisor*

*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey, or by professionals from a Houlihan Lokey joint venture company.

Global Data & Analytics Group



- A team of 47 bankers with hands-on, senior-level attention throughout
- In excess of 70 transactions in the past three years
- Global reach: 24 offices across America, Asia-Pacific, Europe, and the Middle East
- Transaction sweet spot: \$50m-\$750m enterprise value
- Long track record of advising entrepreneur- and PE-owned businesses
- Dedicated team: leading adviser in defined, specialist sectors with the ability to leverage other HL resources and network

24 deals
in the
past 12
months



M&A Analysis Methodology & Disclaimer

M&A data gathered from Mergermarket, PitchBook, S&P Capital IQ, Private Equity Wire, Finextra Research, MarketWatch, and GlobeNewswire. We have identified 1432 relevant transactions for the period 2013–H1 2018, of which 604 had considerations available. This includes acquisitions of both significant minority and majority stakes but does not include funding rounds.

Transactions are divided into 16 subsector categories: Business Intelligence, Company & Market Information, Education & Training, Energy & Commodities, Engineering & Construction, Financial & Insurance, GIS, GRC, Legal, Regulatory & EHS, HR, Pharmaceuticals, Healthcare & Lifesciences, Real Estate, Research & IP, Retail & Consumer, Sales & Marketing, Sports, Transport, Supply Chain & Logistics.

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