

THE M&A ADVISOR SYMPOSIUM REPORT

Featuring



Charles Botchway
Founder and CEO
Madison Street Capital, LLC



Olivier May
US Strategy & Operations
M&A Leader
Deloitte Consulting LLP



John Metz
Managing Director
Head of Infrastructure
Banking - Technology
Jefferies



Richa Naujoks
Partner
Nixon Peabody



Jonathan Rouner
Vice-Chairman
Investment Banking
Americas & Head of
International M&A
Nomura

> STALWARTS ROUNDTABLE DEALING WITH TECHNOLOGY: THE IMPACT OF INNOVATION ON INDUSTRY

At the 2017 M&A Advisor Summit in New York City, Charles Botchway, CEO of Madison Street Capital, chaired a Stalwart's Roundtable discussion titled "Dealing with Technology: The Impact of Innovation on Industry."

Botchway and four other high-level professionals—Jonathan Rouner, Vice Chairman of Investment Banking, Americas and Head of International M&A, Nomura; John Metz, Managing Director and Head of Infrastructure and Banking Technology for Jefferies; Olivier May, US Strategy and Operations, M&A Leader, Deloitte Consulting LLP; and Richa Naujoks, Partner, Nixon Peabody—discussed the trends in technology sweeping M&A.

In this dynamic roundtable panel, our discussion centered on the following topics:

- Technology's sweeping impact
- Utilizing technology in M&A
- Identifying the sectors most affected by technology
- Competing in the new realm

We hope that the report is informative and proves valuable for you. As always, we encourage you to share your thoughts on the impact of technology on M&A industry.

David Fergusson
President and Co-Chief Executive Officer
Editor

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Introduction

Artificial intelligence, the Internet of Things, robotics, and digital delivery are just some of the technologies impacting businesses across all industry sectors, creating opportunities and challenges for the M&A industry.

At the 2017 M&A Advisor Summit in New York, **Charles Botchway, CEO of Madison Street Capital**, chaired a Stalwart's Roundtable discussion titled "Dealing with Technology: The Impact of Innovation on Industry."

The panelists were as follows:

- **Jonathan Rouer, Vice Chairman of Investment Banking, Americas and Head of International M&A, Nomura**
- **John Metz, Managing Director and Head of Infrastructure and Banking Technology, Jefferies**
- **Olivier May, US Strategy and Operations, M&A Leader, Deloitte Consulting LLP**
- **Richa Naujoks, Partner, Nixon Peabody**

"Larger corporations, who may not necessarily be in technology, are trying to figure out a way to survive and not be left behind with the advance of technology," said Charles Botchway, CEO of the international investment banking firm Madison Street Capital. "They're also acquiring different types of businesses, and that's creating a dynamic activity in the M&A industry."

"Early-stage companies are looking to not just create a product and develop it, but also to marry themselves with larger corporations with the same focus," he said.

Technology's Broad Impact

"Technology has had a huge impact on every sector, transforming such industries as retail of consumer goods and groceries, creating new industries such as Uber and Airbnb, and blurring the lines between industries," said Jonathan Rouer, Head of the Industrials Group and Head of M&A, the Americas, at Nomura Holding America Inc. "Technology has also changed the way advisors do business, requiring them to have a real insight into clients' strategies to help them use M&A as a tool to respond to some of the fundamental challenges in their industries," Rouer added.

Tech and nontech companies facing disruption from innovative digital technologies drive dealmaking, and they are turning to M&A in search of solutions. Buyers in all sectors want to acquire tech companies to boost productivity and streamline operations. There is a growing volume of deals involving technology targets.

"From a pure industry perspective, technology has allowed a lot of platforms to emerge that provide services to the M&A industry," Botchway noted. "This has replaced the old Rolodex. Private equity firms face deal-flow issues; finding the right kinds of deals is not always easy. Anybody who's looking for an opportunity in the M&A industry can go to any of these platforms and generally find what they're looking for," Botchway added.

"Technology is critical to getting a deal done correctly," said Olivier May, the US Strategy and Operations M&A Leader for Deloitte Consulting LLP. "In every large-scale integration deal that I do,

"Larger corporations, who may not necessarily be in technology, are trying to figure out a way to survive and not be left behind with the advance of technology."

- Charles Botchway

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technology is the cornerstone in the transaction, and our clients realize they need to get it done right to maximize the value of their investment.”

Several panelists also noted that valuations of technology-oriented businesses are at record levels.

Technology Hottest Industry Sector

Technology was ranked as the “Hottest Sector for 2018,” in a survey presented by Katz, Sapper & Miller at the M&A Advisor Symposium in New York. In a separate poll taken at the symposium, 88 percent of respondents said private equity investment in the technology sector would increase in 2018.

“These days, technology has evolved from a vertical into a horizontal, meaning it’s impacting every major segment of the global economy,” said John Metz, Managing Director and Head of Infrastructure and Banking Technology at Jefferies Technology Investment Banking Division. “Is General Electric an aircraft manufacturer or are they an Internet of Things company? Is Tesla an automotive company or is it a technology company?”

Technology now permeates every segment, which causes panic as companies search for opportunities to defend their core businesses against the incursion of some of these next-generation retail players.

Technology may be having its greatest impact on the retail sector. According to Metz, companies such as Walmart are feeling squeezed by Amazon and are left out because their brick-and-mortar stores did not sufficiently invest in technology. “There are a number of automotive executives who wish they would have heeded the advice of what they were hearing about Tesla a long time ago. So, ignore technology at your peril,” Metz said.

“Improving technology platforms and offerings is a way for companies in fields such as publishing and manufacturing to stay relevant,” explained Richa Naujoks, a Partner at Nixon Peabody.

“The distinctions between industries are becoming less clear,” she continued. “If you had asked me five years ago, I would have said I practiced in health care and financial services. Now I say health tech and FinTech.”

How Companies Can Compete

“Companies need to embrace technology,” said Deloitte Consulting’s Oliver May. “Recently, the CEO of a large food company explained how technology is going to be his biggest challenge. Because they have to compete with Grubhub and takeout orders to get a share of that business, they know that if they don’t use a technology engine to attract a customer to buy their products without coming into their facility, they’re not going to be able to compete.”

Amazon and Microsoft are growing massive-scale businesses to serve cloud computing to their customers. Metz believes that if you’re a traditional supplier of infrastructure and are relegated or committed to that, the best way to defend against that is scale. “It’s becoming a scale and cost-efficiency game,” he explained. “So if you’re a traditional niche provider of infrastructure it’s a difficult place to be. But if you consolidate and build scale, you can better compete against some of these next-generation players.”

“These days, technology has evolved from a vertical into a horizontal, meaning it’s impacting every major segment of the global economy.”

- John Metz

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Outlook For 2018

Not surprisingly, technology was one of the strongest industry sectors in 2017. In the year ahead, technology M&A is expected to grow as companies across all industries innovate to both survive and thrive. Although lower corporate tax rates in the United States, decreased industry regulation, and low interest rates will aid the sector's advancement, it is the dramatic pace of technological innovation that applies to businesses of every size and type that will drive dealmaking.

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Video Interviews

To watch exclusive M&A Advisor interviews with these industry experts on “Dealing With Technology: The Impact Of Innovation On Industry,” click on the following images:



Charles Botchway

Founder and CEO
Madison Street Capital, LLC



Olivier May

US Strategy & Operations M&A Leader
Deloitte Consulting LLP



John Metz

Managing Director and
Head of Infrastructure Banking - Technology
Jefferies

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Richa Naujoks

Partner
Nixon Peabody

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Symposium Session Video

To watch the Stalwarts Roundtable discussion titled “Dealing With Technology: The Impact Of Innovation On Industry” click on the image below:



**Dealing With Technology:
The Impact Of Innovation
On Industry**

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Contributors' Profiles



Charles Botchway
 Founder and CEO
 Madison Street Capital, LLC

Charles Botchway is the Founder and Chief Executive Officer of Madison Street Capital, LLC, where he manages the firm's overall strategic direction and operations. Prior to forming Madison Street Capital, Botchway was co-CEO and Vice Chairman of Houlihan Smith & Company, Inc., where he was responsible for the company's strategic direction and operations, as well as crafting and executing the firm's international expansion strategy. Prior to joining Houlihan Smith & Company, Botchway was instrumental in starting and eventually leading the investment banking subsidiary of one of the largest middle market consulting firms in the world. He has also served in a variety of roles within the corporate finance and mergers and acquisitions sector of investment banking, focusing on private middle market and emerging market transactions.



Olivier May
 US Strategy & Operations
 M&A Leader
 Deloitte Consulting LLP

Olivier May is a Principal with Deloitte Consulting LLP focusing on strategy and operations (S&O) and mergers and acquisitions (M&A) and has worked on global transactions ranging from \$700M to \$85 billion. He has more than 26 years of M&A experience including due diligence, integration, divestiture, carve-out, and restructuring projects. Olivier has a strong background in information technology (IT) infrastructure; IT applications and data separation; IT security and compliance; IT organization design; IT synergies; IT outsourcing and cloud migrations; IT transition services agreements; IT contract negotiations (right to use, license transfers, contract separation). Prior to joining Deloitte, Olivier was chief information officer at a multi-billion dollar financial institution and has a tenured track record as a trusted IT advisor to portfolio clients advising, planning, and delivering their IT strategies across financial, high-tech, telecom, and consumer products industries. Olivier has published several articles on M&A technology integrations and divestitures.



John Metz
 Managing Director
 and Head of Infrastructure
 Banking - Technology
 Jefferies

John Metz is Managing Director and Head of Infrastructure Banking at Jefferies Technology Investment Banking Division. Based in San Francisco, Mr. Metz has focused primarily on enterprise, security, cloud and communications infrastructure. Mr. Metz has led over 30 technology IPO's, advised on over \$200 BN in technology mergers and acquisitions, and over \$1 BN in technology private placements in his 24-year career as a technology banker. Mr. Metz has served on the Board of Directors of SVASE and has been a frequent lecturer on the subject of the Pan Asian Technology Industry at Stanford University's Graduate School of Business. Mr. Metz has advised on recent notable global transactions including Dell's acquisition of EMC, Dell's leveraged buyout, HP's sale of its Chinese enterprise division and Western Digital's acquisition of Sandisk. Mr. Metz has worked with and advised companies such as Amazon, Arista Networks, 3Par, BlueCoat, Cisco, CommVault Systems, Dell, EMC, HP, IBM, McDATA, Mellanox, Micron, Microsoft, Netezza, Oracle, and many others.



Richa Naujoks
Partner
Nixon Peabody

Richa Naujoks is a Partner at Nixon Peabody. Richa is a partner focusing on corporate and securities transactions. The bulk of Richa's work involves cross-border corporate transactions, including advising regional centers raising EB-5 capital for U.S. transactions, and supporting early-stage and mid-size companies from other countries to establish a presence in the U.S., through acquisitions, joint ventures or raising capital. Among others, Richa's clients are in the health care, life sciences and health tech industries. Richa is a partner focusing on corporate and securities transactions. The bulk of Richa's work involves cross-border corporate transactions, including advising regional centers raising EB-5 capital for U.S. transactions, and supporting early-stage and mid-size companies from other countries to establish a presence in the U.S., through acquisitions, joint ventures or raising capital. Among others, Richa's clients are in the health care, life sciences and health tech industries.



Jonathan Rouner
Vice-Chairman
Investment Banking
Americas & Head of
International M&A
Nomura

Jonathan Rouner serves as Head of The Industrials Group and Head of M&A - The Americas at Nomura Holding America, Inc. Previously, Mr. Rouner served as Managing Director of Global Industrial Group of Lehman Brothers Inc. Mr. Rouner also served as Managing Director and Head of the automotive, logistics and transportation investment banking group at Credit Suisse First Boston.

About the Sponsor

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Madison Street Capital

Madison Street Capital is an international investment banking firm committed to integrity, excellence, leadership and service in delivering corporate financial advisory services to publicly and privately held businesses. Our approach creates corporate finance transactions where both business owners and investors mutually benefit. We have the knowledge, experience and relationships to match buyers and sellers, as well as to match the appropriate financing and capitalization structure to each unique client situation. Over the years we have helped clients in hundreds of industry verticals reach their goal in a timely manner. Our experience and understanding in areas of corporate finance and corporate governance is the reason we are a leading provider of financial advisory services, M&A, valuations and the design and implementation of alternative exit strategies. With offices in North America, Asia and Africa, we have adopted a global view that gives equal emphasis to local business relationships and networks.

About the Publisher



The M&A Advisor

The M&A Advisor was founded in 1998 to offer insights and intelligence on M&A activities. Over the past twenty years we have established a premier network of M&A, Turnaround and Finance professionals. Today we have the privilege of presenting, recognizing the achievements of and facilitating connections among between the industry's top performers throughout the world with a comprehensive range of services. These include:

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M&A.TV. Reporting on the key industry events and interviewing the newsmakers.

M&A Advisor Awards. Recognizing and rewarding the excellence of the leading firms and professionals.

M&A Connects. Advanced business development for key influencers and decision makers.

M&A Deals. The global deal-making platform for M&A professionals.

M&A Links. The industry's largest network of M&A, financing and turnaround professionals.

Upcoming Events

Global Corporate Growth Summit and Awards Gala – New York, NY – June 18, 2018

Emerging Leaders Forum and Awards Gala – London, UK – September, 2018

Emerging Leaders Awards Gala – New York, NY – September 18, 2018

Annual M&A Advisor Summit and Awards Gala – New York, NY – November 6, 2018

Distressed Investing Summit and Awards Gala – Palm Beach, FL – March 2019

Corporate Growth Forum and Corporate Development Awards Gala – London, UK – April 2019

For additional information about The M&A Advisor's leadership services, contact Liuda Pisareva at lpisareva@maadvisor.com.