



# Financial Technology Sector

## Quoted Company Analysis

**Fourth Quarter 2011**

# Sector Valuation Metrics

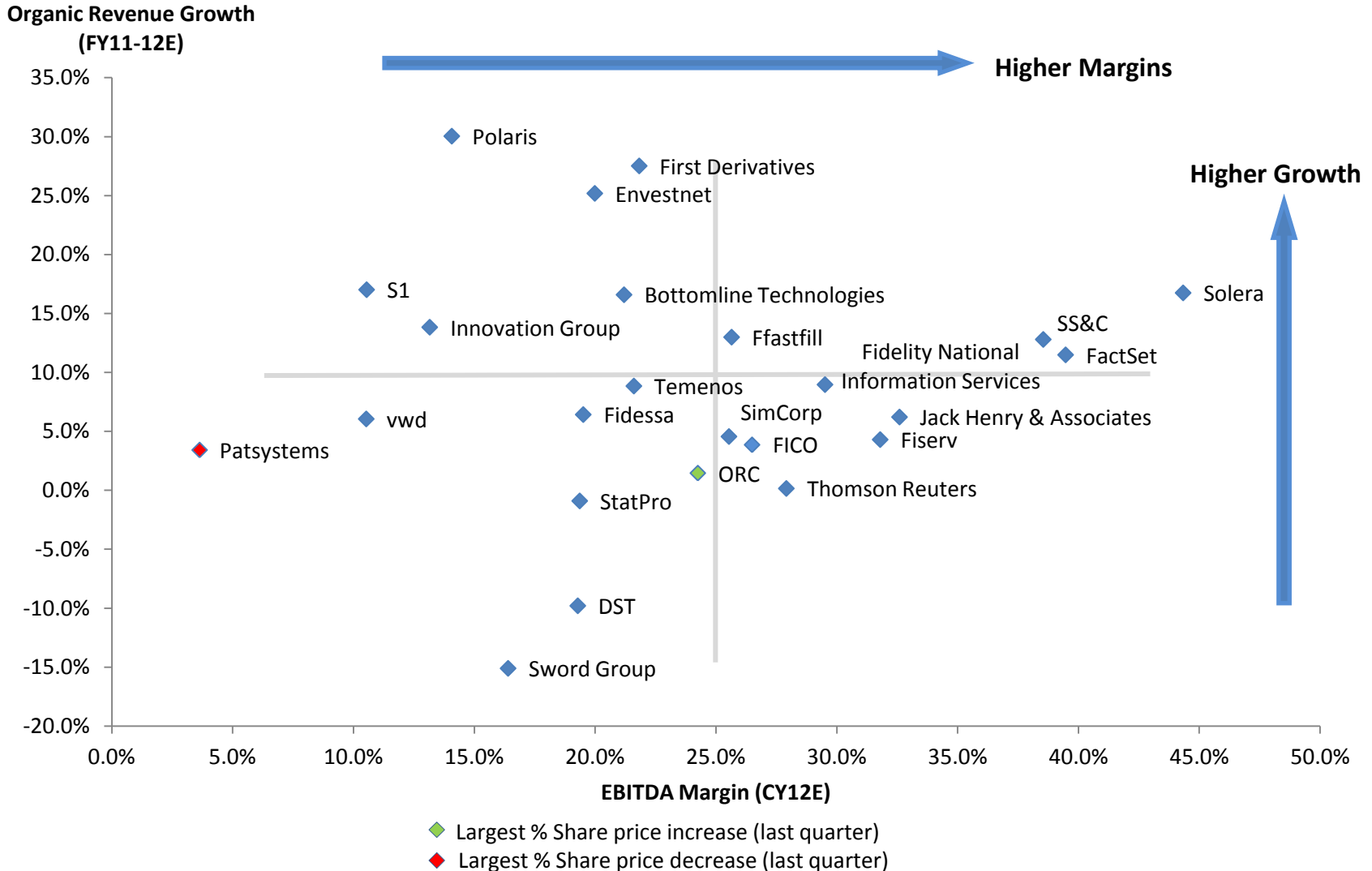
Company	Share Price Local	Market Cap	Net Debt	Enterprise	Revenue	EV/Revenue		EV/Revs	EV/EBITDA		Revenue Growth <sup>(3)</sup>		EBITDA Margin		% Revs	
	31-Dec-11	(\$m) <sup>(1)</sup>	(\$m) <sup>(2)</sup>	Value (\$m)	CY12E (\$m)	CY2011	CY2012E	Recurring	CY2011	CY2012E	CY2011	CY2012E	CY2011	CY2012E	Recurring <sup>(4)</sup>	
<b>Selected Large Cap</b>																
Thomson Reuters	26.67	22,070	6,654	28,724	13,090	2.2x	2.2x	2.6x	8.0x	7.9x	0.6%	0.2%	27.5%	27.9%	86%	
Fiserv	58.74	8,274	2,793	11,067	4,311	2.7x	2.6x	na	8.2x	8.1x	1.4%	4.3%	32.6%	31.8%	na	
Fidelity National Information Services	26.59	7,963	4,995	12,958	5,742	2.5x	2.3x	na	8.2x	7.6x	42.0%	9.0%	29.9%	29.5%	na	
Computershare	8.01	4,564	666	5,230	1,931	3.1x	2.7x	3.9x	10.0x	9.0x	0.0%	11.8%	30.8%	30.1%	70%	
FactSet	87.28	3,942	(182)	3,760	841	5.0x	4.5x	4.5x	13.0x	11.3x	13.3%	11.5%	38.5%	39.5%	100%	
Solera	44.54	3,158	673	3,831	824	5.2x	4.6x	na	11.9x	10.5x	8.5%	16.7%	43.3%	44.3%	na	
Morningstar	59.35	2,973	(365)	2,608	642	4.7x	4.1x	na	na	na	15.9%	15.6%	na	na	na	
Jack Henry & Associates	33.61	2,910	90	3,000	1,059	3.0x	2.8x	3.5x	9.4x	8.7x	15.6%	6.2%	32.1%	32.6%	80%	
DST Systems	45.52	2,006	663	2,669	2,100	1.1x	1.3x	na	5.6x	6.6x	5.0%	-9.8%	20.6%	19.3%	na	
SS&C	18.06	1,374	206	1,580	371	4.8x	4.3x	5.0x	13.1x	11.0x	21.4%	12.8%	36.7%	38.5%	86%	
FICO	35.84	1,280	266	1,546	653	2.5x	2.4x	3.4x	9.2x	8.9x	2.3%	3.9%	27.0%	26.5%	70%	
Advent Software	24.36	1,237	(152)	1,085	326	3.8x	3.3x	3.9x	19.8x	14.2x	9.2%	14.8%	19.3%	23.5%	86%	
Misys	2.32	1,203	155	1,358	721	2.1x	1.9x	3.8x	8.3x	7.3x	40.6%	18.8%	25.1%	25.8%	49%	
Temenos	15.40	1,181	26	1,207	488	2.7x	2.5x	7.1x	9.8x	11.5x	21.0%	8.8%	27.5%	21.6%	35%	
<b>Average</b>								<b>3.2x</b>	<b>3.0x</b>		<b>10.3x</b>	<b>9.4x</b>		<b>30.1%</b>	<b>30.1%</b>	<b>73.6%</b>
<b>Selected Mid Cap</b>																
ACI Worldwide	28.64	960	(96)	863	461	2.1x	1.9x	2.6x	10.8x	8.7x	3.1%	10.2%	19.1%	21.5%	72%	
IRESS Market Technology	6.93	903	(101)	801	203	4.5x	3.9x	5.0x	10.0x	9.6x	5.8%	13.2%	44.4%	41.2%	79%	
Fidessa	15.13	867	(98)	769	443	1.8x	1.7x	2.1x	6.9x	8.9x	10.0%	6.4%	26.6%	19.5%	81%	
Bottomline Technologies	23.17	835	(112)	723	232	3.5x	3.1x	3.6x	19.9x	14.7x	19.9%	16.6%	17.7%	21.2%	86%	
Ebix	22.10	803	6	809	168	6.1x	4.8x	5.5x	13.8x	10.8x	35.3%	27.1%	44.3%	44.6%	88%	
SimCorp	877.00	703	(57)	646	258	2.6x	2.5x	6.0x	12.1x	9.8x	2.8%	4.6%	21.5%	25.5%	42%	
S1 Corporation	9.57	528	(57)	471	245	2.3x	1.9x	4.5x	70.2x	18.3x	-12.5%	17.0%	3.2%	10.5%	43%	
Financial Technologies India	5.31	460	(117)	343	na	na	na	na	na	na	22.7%	na	na	na	58%	
Envestnet	0.12	380	(67)	313	123	3.2x	2.5x	11.1x	39.0x	12.8x	25.8%	25.2%	8.2%	20.0%	23%	
Innovation Group	0.20	296	(51)	244	325	0.8x	0.8x	na	7.2x	5.7x	8.5%	13.8%	11.7%	13.2%	na	
ORC Software	86.00	294	(34)	260	131	2.0x	2.0x	2.7x	9.3x	8.2x	24.2%	1.5%	21.7%	24.2%	73%	
<b>Average</b>								<b>2.9x</b>	<b>2.5x</b>		<b>19.9x</b>	<b>10.7x</b>		<b>21.9%</b>	<b>24.2%</b>	<b>64.5%</b>
<b>Selected Small Cap</b>																
Polaris Software	123.80	232	(31)	201	514	0.5x	0.4x	na	3.3x	2.8x	17.2%	30.0%	14.1%	14.1%	na	
Microgen	1.29	163	(37)	126	61	2.4x	2.1x	na	9.1x	7.9x	15.9%	14.1%	26.0%	26.1%	na	
Sword Group	0.12	145	126	272	210	1.1x	1.3x	2.4x	5.5x	7.9x	2.6%	-15.1%	20.0%	16.4%	53%	
Lineadata Services	9.20	125	(3)	122	181	0.7x	0.7x	na	2.9x	3.1x	-5.7%	-0.2%	23.3%	21.7%	na	
First Derivatives	4.80	124	31	155	85	2.2x	1.8x	2.3x	10.1x	8.3x	44.2%	27.5%	21.3%	21.8%	80%	
StatPro	0.88	83	9	92	52	1.7x	1.8x	1.9x	5.4x	9.1x	5.0%	-0.9%	32.5%	19.4%	93%	
vwd	2.44	81	11	92	108	0.9x	0.9x	na	10.4x	8.1x	-3.9%	6.1%	8.7%	10.5%	na	
Ffastfill	0.10	75	(5)	70	35	2.6x	2.0x	2.6x	10.4x	7.9x	8.7%	13.0%	24.9%	25.6%	78%	
COR&FJA	1.28	69	(5)	64	180	0.4x	0.4x	1.9x	6.5x	5.9x	69.9%	16.1%	6.4%	6.0%	19%	
Brady	0.75	63	(18)	45	30	2.5x	1.5x	2.9x	13.5x	7.6x	35.8%	69.6%	18.7%	19.6%	52%	
Patsystems	0.14	44	(15)	29	36	0.8x	0.8x	1.0x	3.9x	22.0x	0.1%	3.4%	21.2%	3.6%	77%	
Dion Global	0.31	25	50	75	na	na	na	na	na	na	28.9%	na	na	na	na	
<b>Average</b>								<b>1.4x</b>	<b>1.2x</b>		<b>7.4x</b>	<b>8.2x</b>		<b>19.8%</b>	<b>16.8%</b>	<b>64.6%</b>

(1) Excludes treasury shares

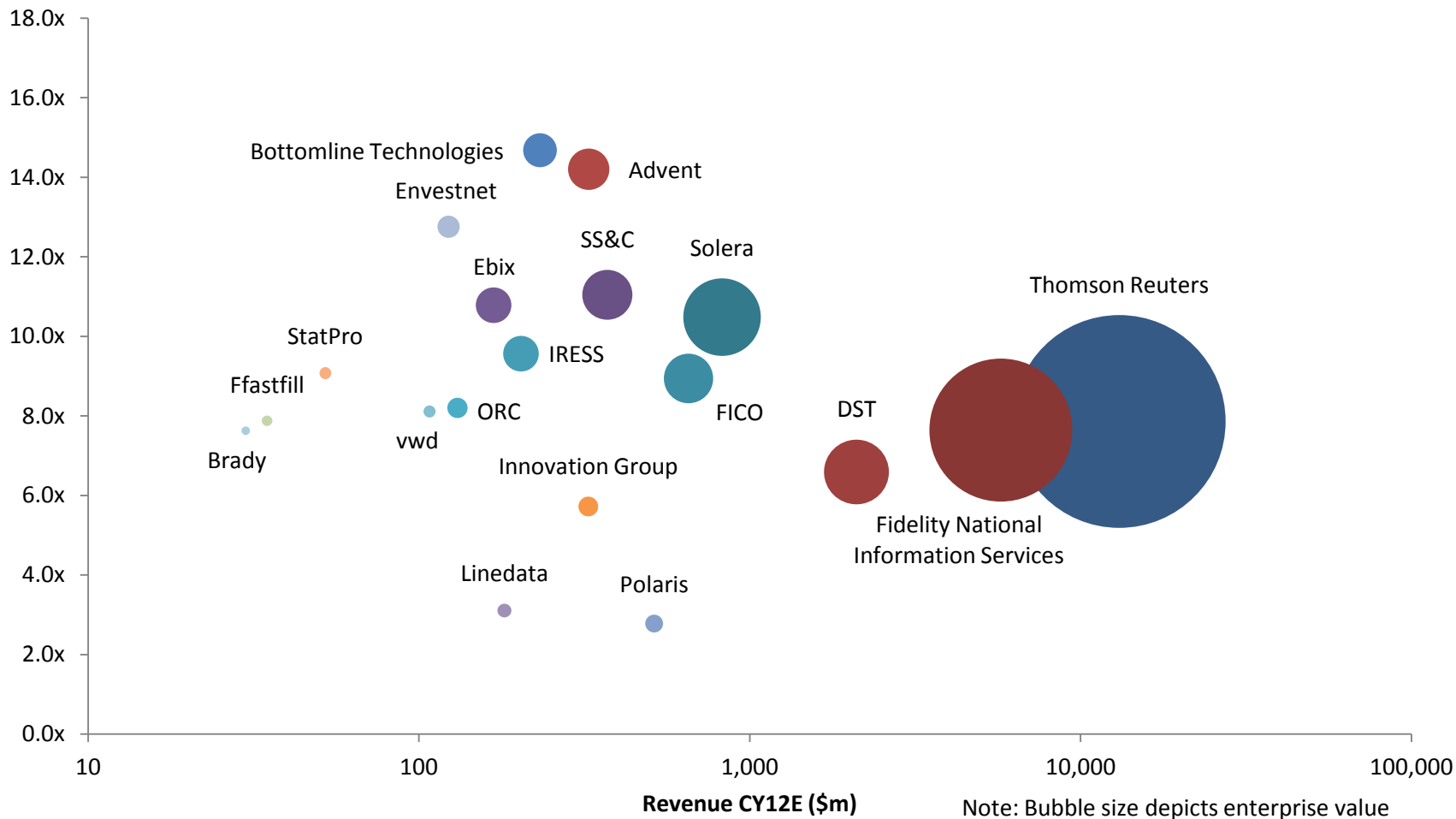
(2) Net financial debt minus marketable securities and collaterals.

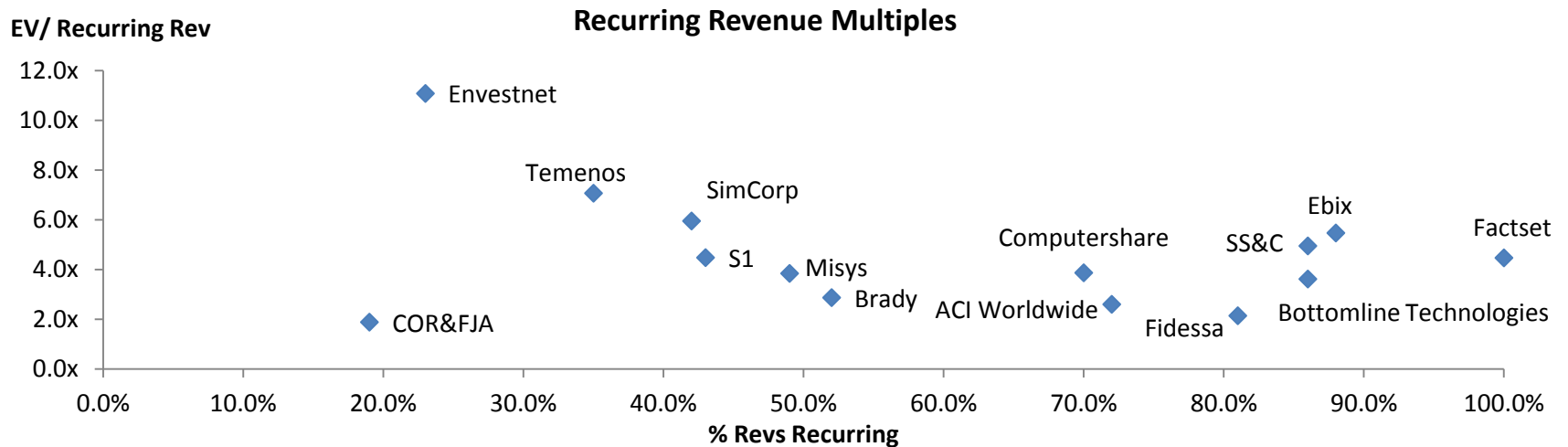
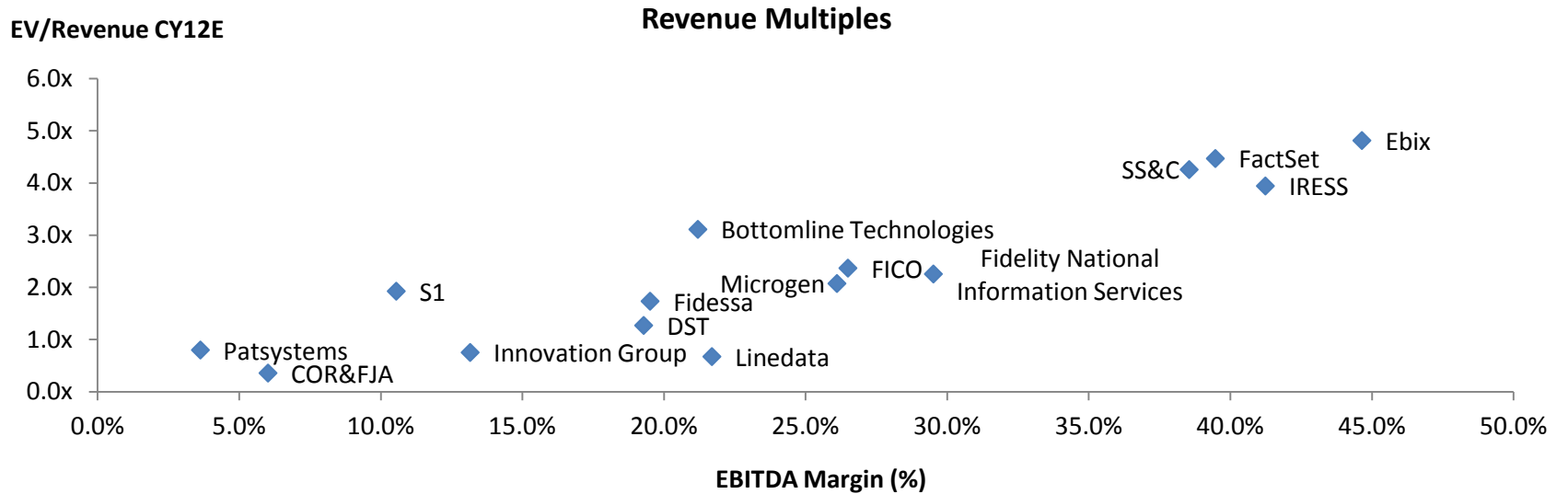
(3) Organic growth - excluded acquisitions, where sufficient information is available

(4) Recurring revenues (maintenance, subscriptions, SaaS etc) where reported for last full year



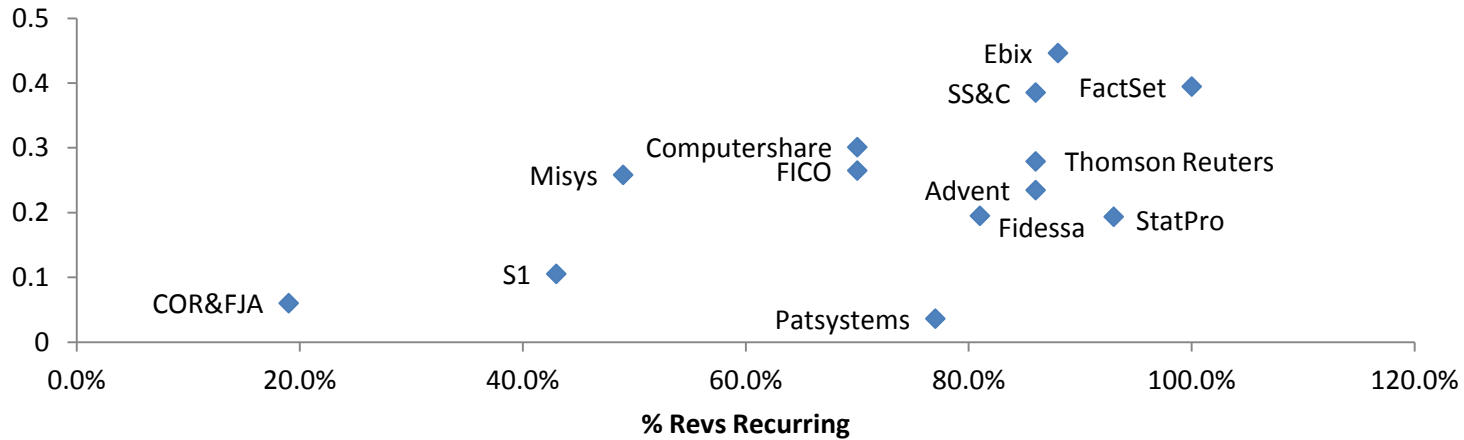
## EV/EBITDA CY12E





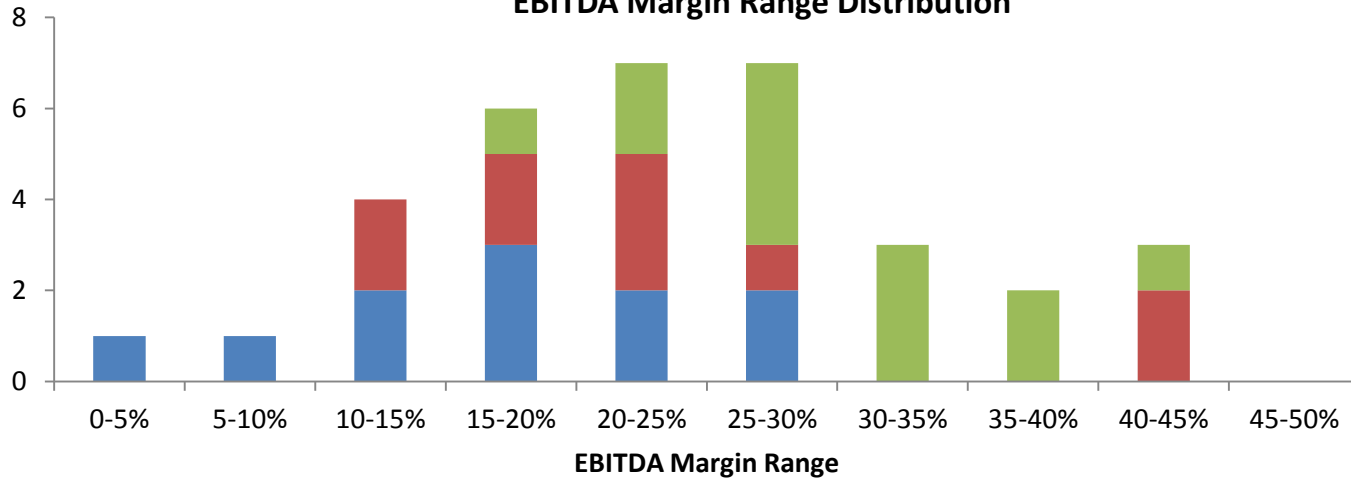
## EBITDA Margin CY12E

### Recurring Revenue as a Driver of Operating Margins



## Number of Companies

### EBITDA Margin Range Distribution



Larger players operating at higher margins

Large Cap  
Mid Cap  
Small Cap

# Selected Financial Technology Deals – Fourth Quarter 2011

Date Announced	Buyer	Seller	Seller Description	Deal Size	Seller Revenue/Profit	Revenue Multiple	Target Sector	Commentary
Dec 11	Cidron Delfi Intressenter [Nordic Capital] - Recommended Offer	Orc Group	Develops and markets standardised software for real time trading on financial markets	£190.3M	£87.7M / £(6.7)M	2.2x	Trading and risk management	Exploits significant opportunities to develop Orc further. Public to Private
Dec 11	Ion Trading - Recommended Offer	Patsystems	Develops and supplies trading and risk management software solutions	£20.6M for 72%, £28.6M for 100%	£22.1M / £3.2M	1.3x	Trading and risk management	Greater stability for Patsystems' customers and employees in a fragile global economy and following collapse of MF Global Holdings (Patsystems' largest customer)
Dec 11	Lombard Risk Management	Sofgen (financial reporting software assets)	Regulatory reporting business of Sofgen, which includes financial regulatory compliance report preparation and automation software for the financial sector	\$4.25M £2.75M	n/a	n/a	Compliance	Deal makes Lombard the top provider of regulatory reporting products to foreign banks in the US and also provides critical mass in the North American market
Dec 11	Moody's	Barrie & Hibbert	Financial risk management, modelling and analytics software for the insurance sector	\$77.4M £50M	£11.5M / £0.4M	4.3x	Risk Management	Broadens Moody's Analytics suite of software solutions for the insurance and pension sectors. Barrie & Hibbert's Economic Scenario Generator (ESG) is widely recognized as an industry standard for valuing and projecting assets and liabilities and assessing risk and capital positions
Nov 11	Credit Analysis & Research (CARE)	Kalypto Risk Technologies	Credit and operational risk modelling, and management software for financial institutions	75.1% stake, Not disclosed	n/a	n/a	Risk Management	Kalypto's risk management solutions will fill a gap in CARE's product set
Nov 11	Dion Global Solutions	Investmaster	Wealth management and stock broking software	Not disclosed	£4.5M / £1.0M	n/a	Wealth Management	Part of Dion's strategy to become a leading provider of solutions to financial markets worldwide. Investmaster gives Dion a larger presence in the UK and an established base upon which further expansion can be built. Complementary product set

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Nov 11	FFastFill	WTD Consulting (trade and assets)	Financial trade execution, management and analysis software for the financial sector	\$12M max £7.6M max	\$8M / \$1M	1.5x	Trading	WTD technology and team strengthens FFastFill's US-based business and enables the company to complete the customisation required to take its back-office product, Eclipse, into the US market
Nov 11	Genstar Capital	Insurity (former LexisNexis insurance software solutions)	Claims processing and management software as a service (SaaS) for the P&C insurance industry	Not disclosed	n/a	n/a	Insurance	Will leverage Insurity's industry leading software and service assets to drive growth both organically and through acquisitions
Nov 11	Phoenix Asset Management	DAVID Corporation [HALO Technology Holdings]	Property and casualty insurance policy administration and underwriting, claims management, and risk management software	Not disclosed	n/a	n/a	Insurance	Phoenix investment will help DAVID Corporation to the next level of its strategic growth objectives through accelerated investment in R&D, Marketing M&A
Nov 11	TMX Group	Razor Risk Technologies	Credit risk modelling, management and analysis software for financial institutions	\$9.7M	\$9.7M / n/a	1.0x	Risk Management	Supports several areas of TMX Group's strategy and provides a point of entry into the attractive risk management sector
Oct 11	ACI Worldwide	S1	Retail banking software	\$360M + 5.8M ACI shares	\$209.1M	1.7x	Retail Banking	Further enhances ACI's position in the enterprise payments software industry and significantly enhances its scale through the broadening of ACI's coverage of mid- and lower-tier financial institutions
Oct 11	Andera	oFlows	Loan origination software as a service (SaaS)	Not disclosed	n/a	n/a	Banking	Andera gains access to innovative technologies and oFlows leverages Andera's well established and satisfied customer base
Oct 11	Charles Schwab	Compliance11	Investment trading regulatory compliance management software as a service (SaaS) for the financial sector	Not disclosed	n/a	n/a	Compliance	Combines Compliance11's technology with Schwab's investing, trading and reporting systems to create an integrated platform, enabling employers to streamline the process of monitoring employee trades to comply with regulations



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Oct 11	Genpact	High Performance Partners	Quantum Mortgage Technology: loan origination and automated decisioning software as a service (SaaS) for mortgage lenders	Not disclosed	n/a	n/a	Lending	Genpact will leverage the Quantum software platform to support its Mortgage Business Process as a Service (BPaaS) offering
Oct 11	GFT Technologies	G2 Systems (consulting services division)	Includes investment portfolio management systems integration	Not disclosed	\$4M	n/a	Financial Technology Consulting services	The acquisition will provide GFT with a fast-track option to building a substantial presence in the United States by leveraging GFT's Brazilian and Spanish delivery organizations. Focus on integration services around Advent's Geneva portfolio management platform
Oct 11	Lime Brokerage [Wedbush Securities]	Cactus Trading Systems (assets)	Algorithm-based securities trade execution and related risk management software	Not disclosed	n/a	n/a	Trading and risk management	By integrating Cactus technology, Lime now enables traders and quantitative traders to express trading strategies in code, use the same code to back-test strategies against historical data, simulate trading against live data, and then move to production trading
Oct 11	MF Global	Strategy Runner Trading	Futures and foreign exchange currency trade execution software	\$3.8M	n/a	n/a	Trading	Advances MF Global's strategy to build a comprehensive multi-asset, multi-currency, electronic trading platform for retail investors and professional traders
Oct 11	OpenLink [Hellman & Friedman LLC]	SolArc	Commodity trading and risk management software	Not disclosed	n/a	n/a	Energy Trading & Risk Management (ERTM)	Single sourced set of complementary solutions under one vendor to exploit convergence between Physical and Financial trading, combined with the need to manage financial and operational risks across the associated complexities of physical delivery and settlement
Oct 11	Sopra	Delta Informatique	Core banking (French speaking Africa)	Not disclosed	€33.5M	n/a	Banking	Enables Sopra Group to enhance the Evolan range, in particular by offering its major clients in the banking sector a single solution to support their international expansion projects

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Oct 11	State Street	Complementa Investment-Controlling & Allocare	Online investment performance analysis content for businesses and financial institutions and financial asset management software provider Allocare	Not disclosed	n/a	n/a	Asset Management	Fits alongside State Street's current leading investment analytics business and provides further opportunity to expand its offering across Germany, the Netherlands, Italy and other European and global markets
Oct 11	Travelex Global Business Payments [Western Union]	Pay 24-7	Online payment processing software and services for higher education sector	Not disclosed	n/a	n/a	Payments	The Pay 24-7 specialist online payments technology strengthens Travelex Global Business Payments' position in a sector where it already provides bespoke payment solutions to more than 300 universities globally
Oct 11	Welsh Carson Anderson Stowe & JMI Equity	Triple Point Technology [ABRY Partners]	Real-time commodity trading and risk management software	\$500M	n/a	n/a	Energy and Commodities Trading and Risk Management (ECTRM)	Further accelerates position in ECTRM market through organic and inorganic growth
Oct 11	Zywave	Emerging Information Systems (dba EISI)	Client financial needs assessment and financial planning software for the investment and finance sector	Not disclosed	n/a	n/a	Wealth Management	Combines Zywave's knowledge of the insurance brokerage world, with EISI's depth of experience in financial planning

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