

Valuation at Exit

Chris Wormald

VP Strategic Alliances



What a (More Mature) Target Brings

- Predictable cash flows (at least 10% of acquirer's with faster growth)
- Synergies
- Valuation usually proceeds on some normalized basis:
 - Comparable transactions
 - Price/sales
 - EBITDA multiple
 - Etc.

What A (Less Mature) Target Brings

- People (who stay)
- Patent (filings)
- Future leadership
- Assembled team (how long have they been working together)
- Accelerated time to market
- Value is more fluid and centers around the market leadership potential Target brings RIM, being reduced by the amount of work RIM has to do to realize its potential.

Case Example: Ascendent

- Creates an opportunity in mobile enterprise voice that's as large as our BlackBerry market today.
- Product server needed 100 man years to get to 1.0, RIM wrote client, Ascendent brought evangelistic sales team but RIM brought channel and relationships and device install base.
- Valuation was based on the fact that they bought us certainty of market entry with a critical mass team and a 2 year head start. This, not market potential, formed the basis of valuation.