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MobileSolve Group, Inc. is a boutique investment bank providing M&A, Capital Raising and Financial Advisory services to technology growth companies.* This newsletter presents short articles on industry or transaction topics of current interest, and a summary of recent notable transactions.

We are pleased to welcome Patrick Nguyen as head of our Silicon Valley office and Business Development Practice. He will help clients penetrate new markets, develop partnership strategies, and establish strategic partnerships that are transformative and enhance valuation.

Patrick comes to MobileSolve following a successful career as head of the Corporate Transactions Practice at the Silicon Valley office of a leading global law firm, and two successful exits of VC-funded companies. You may read his background here: <https://www.linkedin.com/in/patrickpn>.

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By: Steve Gaynor and Mansi Srivastava

Timing is Everything

Most often we hear the phrase "timing is everything" applied to romantic relationships. Those of us dealing with investments know it is equally applicable to investing prowess; after all, how else does an investor or entrepreneur "buy low and sell high" without a keen sense of timing?

Yet frequently I am struck by entrepreneurs who have successfully managed their businesses, are ready to exit, yet ignore "timing," save for the timing of events that affect their immediate lives. In effect, they ignore the timing of other events that are relevant to their exits. Let's explore what those other events typically are.

Company Timing

Entrepreneurs usually focus on financial metrics and their implications for valuation when thinking about when to sell the company. Of course, that's an important consideration, but it is not necessarily the right focus when judging the time to sell.

Financial metrics measure the past, and indicate how well the company has capitalized on its business opportunity. But in many if not most cases, a buyer of a growth company is purchasing the future, and is looking to the growth prospects of the company to drive its own growth. Thus an entrepreneur enjoying the fast-growth phase of her sector should keep in mind the optimum time to sell is not when she has maximized its revenues by riding the fast-growth phase until growth slows, but when the company has demonstrated traction and generated revenues, yet can still deliver fast future growth to a buyer.

Sector Timing

A company's growth prospects are highly dependent on developments in its sector. Technology sectors can attract a lot of buzz, which can drive deals, but experienced buyers wait to see orders from their customers and actual growth in a sector before making an acquisition to gain or strengthen its position.

The entrepreneur should be attuned to the timing of market developments in her sector. Is broad-based growth likely to attract buyers occurring? Have acquisitions in the sector been made? Do potential buyers hold substantial cash reserves? How long before the sector matures and growth and acquisitions slow?

One has to be very lucky to have perfect timing and to sell at the height of the market in terms of valuation. But as we tell clients, better to err a bit early in the sale of the company, rather than a bit late. During the later phase of a sector's cycle, many buyers are out of the market having made their acquisitions, and competitors, having been acquired, are now stronger competitors with a big parent behind them. And as mentioned above, the later phase of the cycle is unlikely to deliver the growth a buyer often wants.

Market Timing

Where sector timing refers largely to the M&A market, as used here "market timing" refers to the state of the public markets, especially those for equities. Strong equity markets imply high valuations, and the ability for companies to raise cash.

Currently the U.S. public equity markets are at or near all-time highs, making the current recovery from the Great Recession one of the longest bull markets since the Second World War. That makes the current environment supportive of a favorable exit, but rather risky as further gains in valuation become harder to justify, and the market becomes more vulnerable to shocks (see next section). No one can say what happens to public markets valuations from here, but neither does anyone deny the markets are highly valued by most metrics. Read between the lines.

Geo-Political Timing

This refers to the general perception of political risk, and also to the probability a significant event can happen that could disrupt multiple markets in many countries. Such "macro" risks can also negatively impact specific situations, as where a company is looking to complete a cross-border transaction with a buyer, or has a software development arm in a low wage country that is a potential hotspot such as Eastern Europe or the Middle East.

There is general agreement the current level of political risk is high. The new U.S. President is charting a new, uncertain course. Brexit and the coming elections in France and Germany have created an uncertain future for western Europe. And, of course, there are risks we have come to live with, such as terrorism.

Personal Timing

For all of the above considerations of financial metrics, public markets, global risks, etc., of course personal timing remains important and sometimes becomes paramount. An entrepreneur facing retirement, health problems or significant family changes can create a situation where the sale of the company is in the entrepreneur's and her investors'

best interests despite contrary indications from other factors.

Weighing all of the elements discussed here can be challenging. And the timing of a transaction in hindsight is almost never perfect with respect to every circumstance involved. Seek many opinions, including those of an experienced M&A advisor who has been through similar decisions.

Note: This newsletter is for informational purposes only, and not for the purpose of providing legal, financial or other advice.

Sources: MobileSolve Analysis

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Transactions

The following are notable M&A Transactions and Capital Financings announced or completed in the last month.

Notable M&A Transactions

[AnaCap](#) will acquire Heidelpay, an online payment service provider. [See details here ...](#)

[Arxan Technologies](#) acquires Apperian for superior protection and Management of Mobile and IoT applications. [See details here ...](#)

[Auxilio](#) acquires CynergisTek, a cybersecurity and privacy consulting firm, for \$ 34M. [See details here ...](#)

[Azubu](#) acquires Hitbox, a live-video streaming platform for gaming and eSports. [See details here ...](#)

[Clutch](#) acquires Persio, an intelligent mobile promotions platform. [See details here ...](#)

[Daimler](#) acquires PayCash Europe, a e-money Institution, which provides technical and regulatory solutions in the financial industry. [See details here ...](#)

[Intel](#) buys 15% of Here, a company that offers digital map services and real-time location-based services. [See details here ...](#)

[Microsoft](#) acquires Simplygon, a automatic 3D data optimisation specialist. [See details here ...](#)

Notable Capital Financings

[Button](#), a B2B app startup, which helps in connecting the apps one uses, has raised \$20M in Series B. [See details here](#)

[Dalia Research](#), provides a technology solution to reach people around the world through mobile devices, has raised \$7M in Series A. The round was led by Balderton Capital, Wellington Partners and IBB-Bet. [See details here ...](#)

[Doctolib](#), an online and mobile booking platform to find a specialist doctor nearby and make an appointment, has raised \$ 28M in Series C. The round led by BPI France. [See details here ...](#)

[OOHLALA Mobile](#), a mobile platform that helps students take control of their social and campus life, has raised \$4M in Series A. [See details here ...](#)

[Personal MedSystems](#), sells products and services for mobile health with focus on instant cardiac monitoring, has raised €5M. [See details here ...](#)

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