



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
<b>Advanced Analytics</b>	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
<b>Increased Competition</b>	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
<b>Business Intelligence</b>	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
<b>Proliferation of Data</b>	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

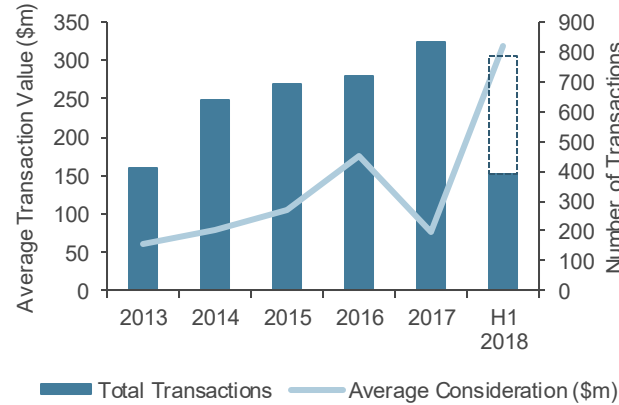
1,432 transactions, with values disclosed for 604

\$181 billion of aggregate value

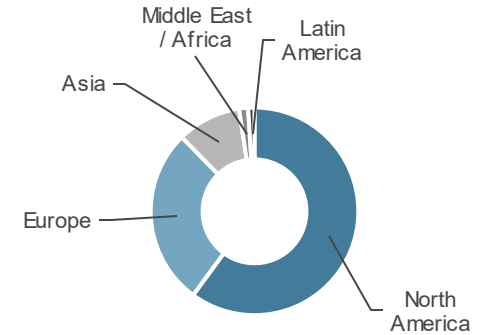
15.2% CAGR in number of annual transactions from 2013 to 2017

## Continued Momentum in Data & Analytics M&A Activity

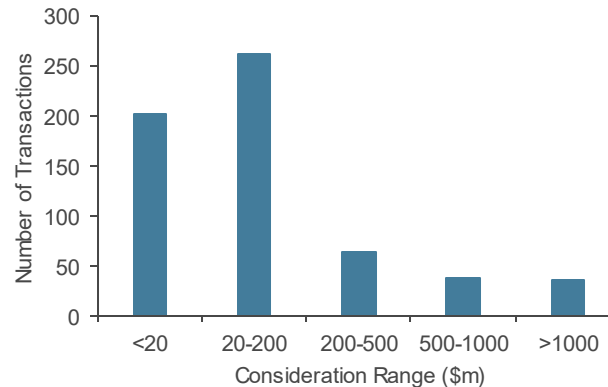
Increasing levels of transaction volume and value...



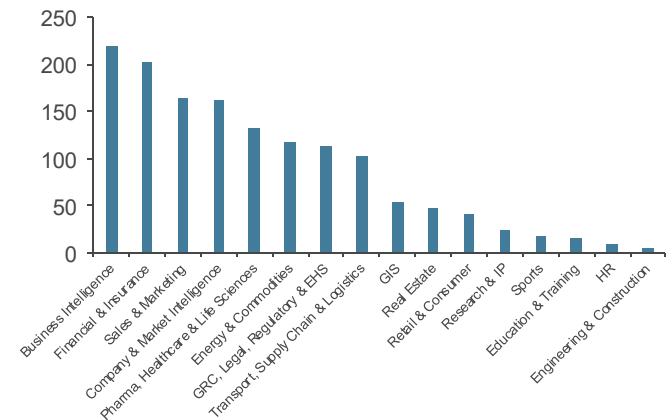
...dominated by North America<sup>1</sup>



Consolidation at lower end of the market<sup>2</sup>...



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



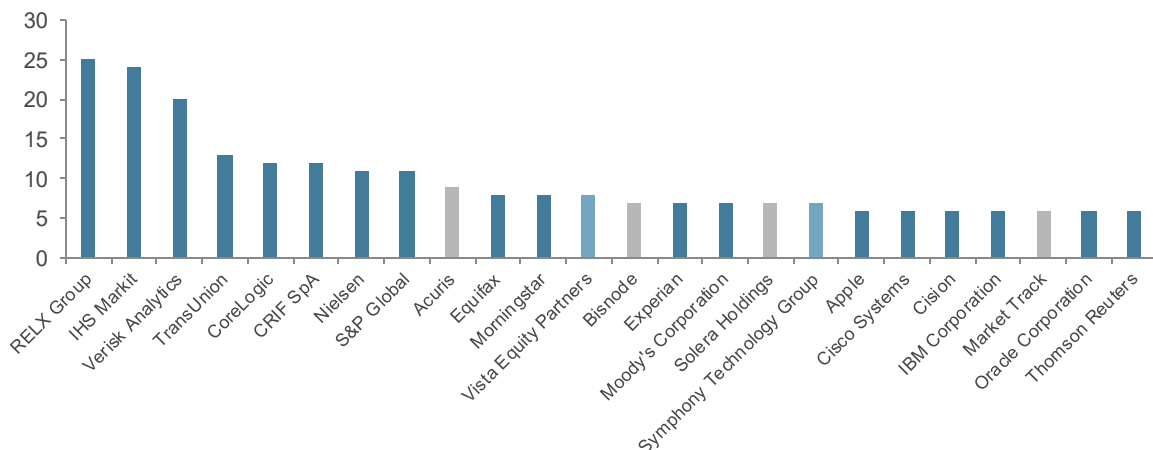
Notes:

1) Transaction volume by target region

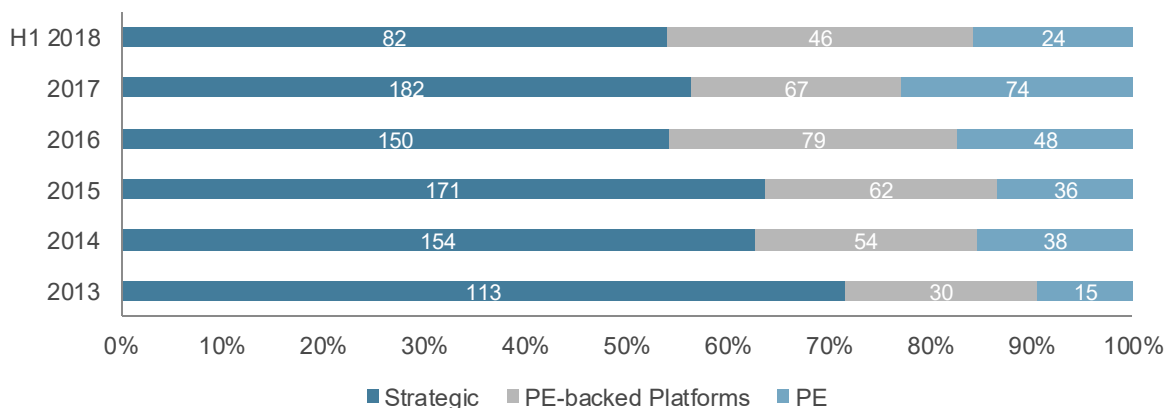
2) Transaction volume by consideration size. Only representative of transactions with considerations available

# 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 firms<sup>1</sup>



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

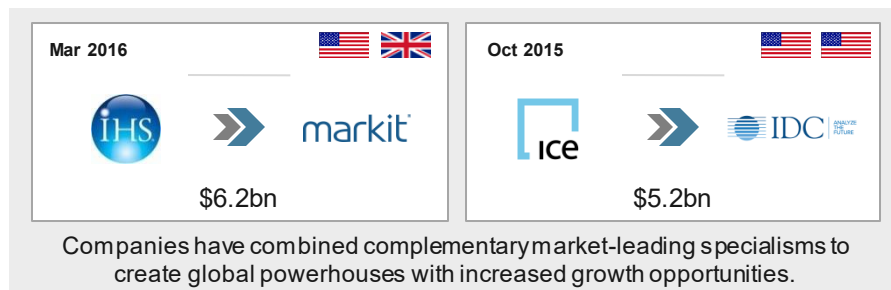


## PE-Backed Platforms

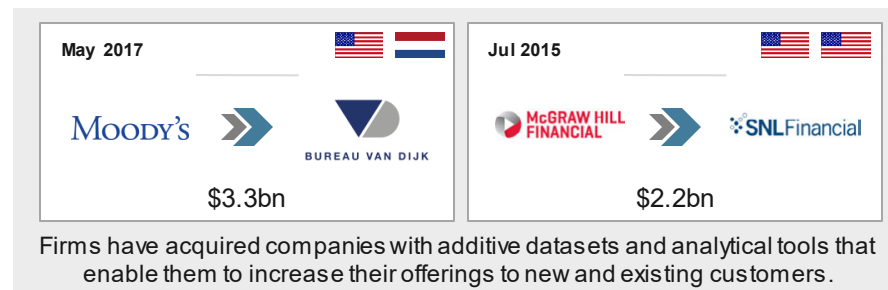


# Key Data & Analytics M&A

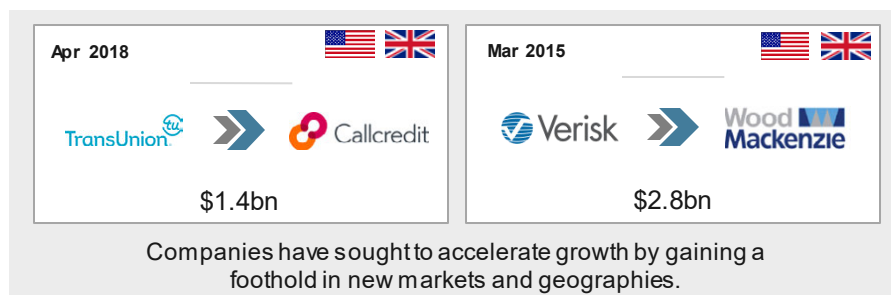
## Transformational Scale Acquisitions



## Consolidation



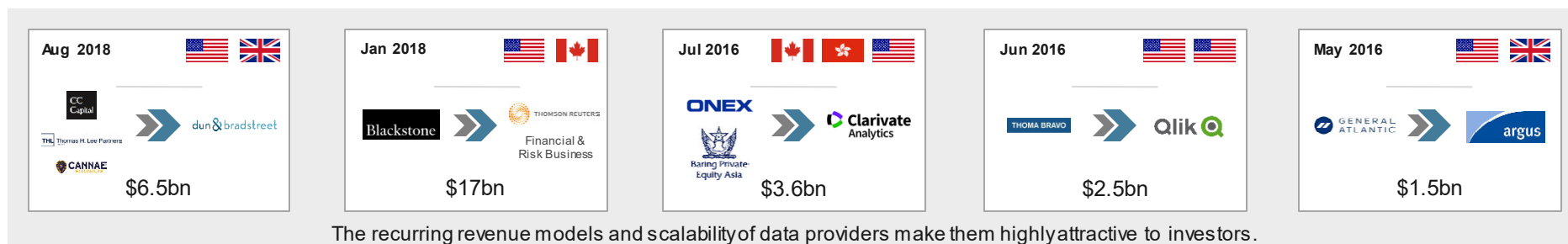
## Geographical Expansion



## Acquiring Technological Capabilities



## Private Equity





## 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**  
Global Head of Data & Analytics and Co-Head of UK Corporate Finance  
[ADAdams@HL.com](mailto:ADAdams@HL.com)



**Tara Anand Carter**  
Managing Director  
[TCarter@HL.com](mailto:TCarter@HL.com)



**Mark Fisher**  
Managing Director  
[MFisher@HL.com](mailto:MFisher@HL.com)



**Rob Louv**  
Global Co-Head of Technology, Media & Telecom  
[RLouv@HL.com](mailto:RLouv@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

**FitchGroup**

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\*



**Julian Moore**  
Managing Director  
[JWSMoore@HL.com](mailto:JWSMoore@HL.com)



**Craig Muir**  
Managing Director  
[CMuir@HL.com](mailto:CMuir@HL.com)



**Vik Pandit**  
Director  
[VPandit@HL.com](mailto:VPandit@HL.com)

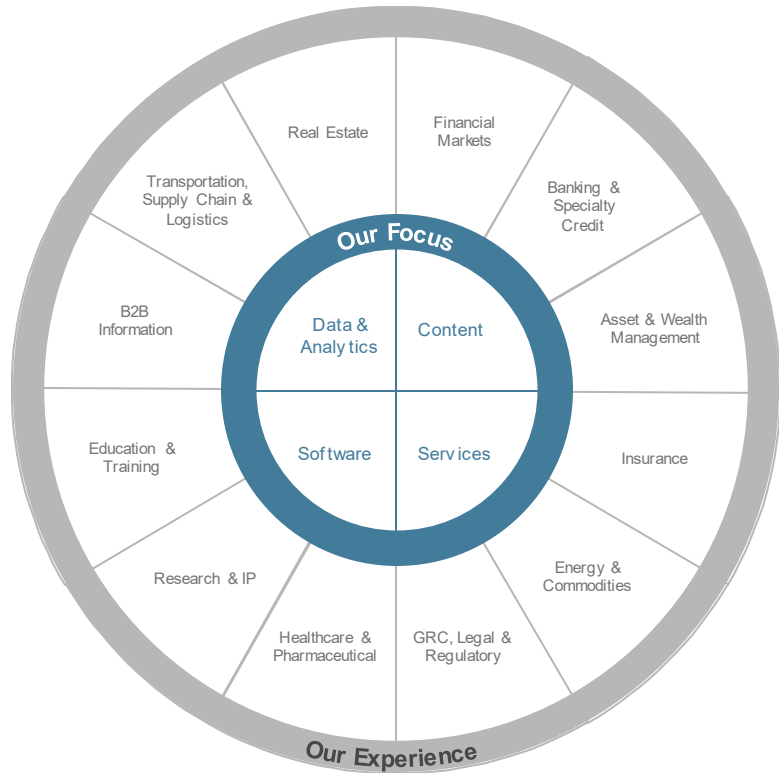


**Tim Shortland**  
Managing Director  
[TShortland@HL.com](mailto:TShortland@HL.com)

\*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.

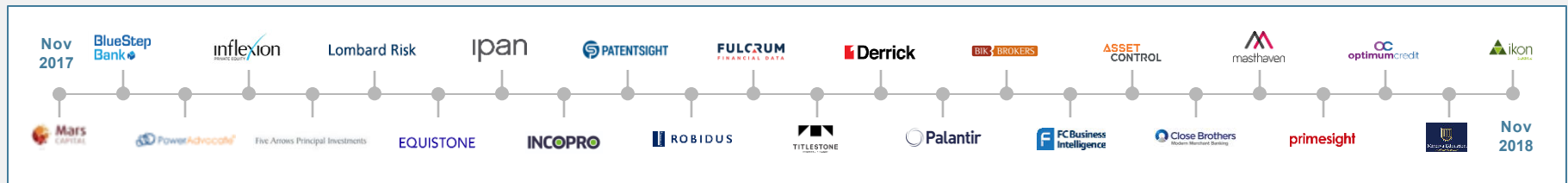


# Global Data & Analytics Group



- 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.

---

© 2018 Houlihan Lokey. All rights reserved. This material may not be reproduced in any format by any means or redistributed without the prior written consent of Houlihan Lokey.

Houlihan Lokey gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this presentation. The material presented reflects information known to the authors at the time this presentation was written, and this information is subject to change. Houlihan Lokey makes no representations or warranties, expressed or implied, regarding the accuracy of this material. The views expressed in this material accurately reflect the personal views of the authors regarding the subject securities and issuers and do not necessarily coincide with those of Houlihan Lokey. Officers, directors, and partners in the Houlihan Lokey group of companies may have positions in the securities of the companies discussed. This presentation does not constitute advice or a recommendation, offer, or solicitation with respect to the securities of any company discussed herein, is not intended to provide information upon which to base an investment decision, and should not be construed as such. Houlihan Lokey or its affiliates may from time to time provide investment banking or related services to these companies. Like all Houlihan Lokey employees, the authors of this presentation receive compensation that is affected by overall firm profitability.

Houlihan Lokey is a trade name for Houlihan Lokey, Inc., and its subsidiaries and affiliates, which include those in (i) the United States: Houlihan Lokey Capital, Inc., an SEC-registered broker-dealer and member of FINRA ([www.finra.org](http://www.finra.org)) and SIPC ([www.sipc.org](http://www.sipc.org)) (investment banking services); Houlihan Lokey Financial Advisors, Inc. (financial advisory services); Houlihan Lokey Consulting, Inc. (strategic consulting services); HL Finance, LLC (syndicated leveraged finance platform); and Houlihan Lokey Real Estate Group, Inc. (real estate advisory services); (ii) Europe: Houlihan Lokey EMEA, LLP and Houlihan Lokey (Corporate Finance) Limited, authorized and regulated by the U.K. Financial Conduct Authority; Houlihan Lokey GmbH; Houlihan Lokey (Netherlands) B.V.; and Houlihan Lokey (España), S.A.; (iii) the United Arab Emirates, Dubai International Financial Centre (Dubai): Houlihan Lokey (MEA Financial Advisory) Limited, regulated by the Dubai Financial Services Authority for the provision of advising on financial products, arranging deals in investments, and arranging credit and advising on credit to professional clients only; (iv) Singapore: Houlihan Lokey (Singapore) Private Limited, an "exempt corporate finance adviser" able to provide exempt corporate finance advisory services to accredited investors only; (v) Hong Kong SAR: Houlihan Lokey (China) Limited, licensed in Hong Kong by the Securities and Futures Commission to conduct Type 1, 4, and 6 regulated activities to professional investors only; (vi) China: Houlihan Lokey Howard & Zukin Investment Consulting (Beijing) Co., Limited (financial advisory services); (vii) Japan: Houlihan Lokey K.K. (financial advisory services); and (viii) Australia: Houlihan Lokey (Australia) Pty Limited (ABN 74 601 825 227), a company incorporated in Australia and licensed by the Australian Securities and Investments Commission (AFSL number 474953) in respect of financial services provided to wholesale clients only. In the European Economic Area (EEA), Dubai, Singapore, Hong Kong, and Australia, this communication is directed to intended recipients, including actual or potential professional clients (EEA and Dubai), accredited investors (Singapore), professional investors (Hong Kong), and wholesale clients (Australia), respectively. Other persons, such as retail clients, are NOT the intended recipients of our communications or services and should not act upon this communication.

CORPORATE FINANCE  
FINANCIAL ADVISORY SERVICES  
FINANCIAL RESTRUCTURING  
STRATEGIC CONSULTING

**HL.com**