

**FOR IMMEDIATE RELEASE**

**CASCADIA CAPITAL FORECASTS TOP IT TRENDS FOR 2011**

*Increased Competition between Growth Equity and Strategic Acquirers and M&A versus IPO Debate Top Firm's List of Technology Predictions*

**SEATTLE – November 15, 2010** – [Cascadia Capital](#), a diversified, boutique investment bank serving both private and public growth companies around the globe, today announced its top IT predictions for 2011. Based on insights from recent transactions, clients and market activity, Cascadia expects to see significant activity across the web content management and marketing automation, cloud, healthcare IT and technology enabled services markets. In the broader IT landscape, Cascadia believes the industry will experience increased competition between growth equity and strategic acquirers, and that IT companies will pursue M&A versus IPOs as the best strategy for achieving shareholder liquidity.

Cascadia Capital's 2011 IT predictions include:

**1) Increased Competition Between Growth Equity and Strategic Acquirers**

In the current economy, Cascadia forecasts increased competition between strategic buyers and growth equity firms, most of which have been reluctant to participate in M&A given their limited insight into identifying operational synergies. Nonetheless, more growth equity firms will see opportunities to outbid strategic buyers while valuations are still recovering. However, waiting in this deal environment may mean they lose the opportunity to viably compete with strategic buyers, and be forced to bid on second tier companies that represent more investment risk and less secure investment returns. Furthermore, growth equity firms that place their bets now will have the opportunity to sell companies to strategic acquirers at a later date for higher valuation.

**2) M&A, Not IPOs, Drive Shareholder Liquidity**

Cascadia expects M&A will continue to be the best option for driving shareholder liquidity. In the current market, IPOs remain a viable option for just a handful of companies. These businesses must demonstrate stellar growth records and sufficient size and scale, and be prepared to accept the additional costs and governance of being publicly traded. It is highly likely that for the foreseeable future strategic acquirers will pay more than the public markets due to the relatively high value of synergies priced into M&A deals and the indisputable fact that technology IPOs continue to under-perform. The market must also remember that an IPO is a financing event in a recapitalization process, not a liquidity event.

**3) Web Content Management, Analytics, Marketing Automation and Customer Relationship Management (CRM) Convergence**

The proliferation of social media and the real time web has created a significant change in the role of today's marketer. The shift from a traditional marketing mix to a predominantly online marketing focus has placed new expectations on marketers to understand website traffic, generate leads online and demonstrate return on all marketing investments. As a result, three distinct technology categories have emerged. Web content management led by companies such as Day Software and Sitecore, web analytics solutions like Omniture and Coremetrics, and marketing automation products including Aprimo, Eloqua and Marketo, provide companies with the myriad of tools needed to successfully market and drive sales through online channels. Cascadia predicts that each of the three categories mentioned above will consolidate rapidly through high-dollar transactions. Companies such as Adobe and IBM have spurred a wave of consolidation in this arena with the purchases of Omniture and Unica, respectively. This also paves the way for increased M&A activity involving the CRM vendors such as Salesforce.com, Microsoft and Oracle.

#### **4) SMB Adoption of Cloud Services will Drive Consolidation of Cloud Vendors**

As we enter 2011, Cascadia predicts the cloud industry for SMBs in particular will see a wave of consolidation as some of the larger players, such as SunGard, Iron Mountain and CA enter the market through M&A. These larger players need to respond to the growing market demand for business continuity, availability, and automated server migration solutions, and will look to launch cloud offerings for the untapped SMB market. As SMBs transition even more of their internal IT operations and applications to the cloud, there will be a massive opportunity to capture a significant share of the market. Over the next year, these larger companies will acquire cloud vendors that provide cost-effective cloud IT-service solutions that meet the needs of SMBs who have limited in-house IT resources and knowledge.

#### **5) HIPPA Compliance Drives M&A for Healthcare IT Sector**

Solution providers that leverage and integrate existing healthcare technology will be well positioned for purchase by larger technology companies. Healthcare reform, skyrocketing costs and stringent HIPPA regulations dramatically change the way hospitals, providers and insurance companies manage IT systems. Although the healthcare industry has traditionally been a slow adopter of IT, it is now turning toward technology to solve the growing challenges created by today's healthcare environment. In 2011, healthcare companies will focus on meeting HIPPA regulations by adopting technologies that link all parties in a single, HIPAA compliant system. Despite the industry's slow adoption of IT, technology providers that rise to meet this need early on will be in a strong leadership position. TIBCO's acquisition of Foresight Corporation earlier this year is just the tip of the iceberg in terms of deal activity Cascadia expects to see in this area over the coming year.

#### **6) Technology Enabled Services Companies Become Acquisition Targets**

Cascadia expects significant M&A activity in the Technology Enabled Services industry, as evidenced by the recent acquisitions by PriceWaterhouseCoopers and Avanade of Diamond Technology Partners and Ascentium, respectively. Large services firms will continue acquiring companies to supplement their offerings within specific areas of domain expertise. Acquisition has become the primary growth driver for many of the IT Services firms since building domain expertise organically is difficult, time consuming and costly. Cascadia predicts large consulting firms will continue to make multiple acquisitions valued over \$200 million in 2011. As the economy continues to rebound, global outsourcers, especially those in India, will point their efforts to the U.S. for strategic growth and acquire companies in this sector.

“Cascadia’s thematic approach to our IT practice area has provided us with deep insight across several important and active markets,” said Michael Orbach, managing director for Cascadia Capital’s Information Technology practice. “As we head into 2011, M&A will continue to drive significant activity across all technology sectors including web content management and marketing automation, cloud, healthcare IT, and technology enabled services. Companies in these sectors have the opportunity to position themselves for consolidation and leverage the competition between strategic acquirers and growth equity firms to drive the best outcome for their businesses.”

#### **About Cascadia Capital, LLC**

Cascadia Capital is a diversified, boutique investment bank serving both private and public growth companies around the globe. Cascadia’s business is diversified in terms of the industries the firm covers – Information Technology, Sustainable Industries and Middle Market – and in terms of the range of advisory services it provides - Mergers and Acquisitions, Corporate Financing and Strategic Advising. This diversification provides the firm with stability amidst market fluctuations. Cascadia is a pure advisory firm, and unlike other investment banks, is not conflicted by trading, lending, research or cross-selling business. For over a decade, the firm has delivered the best outcomes for clients based on its transaction experience, domain expertise and commitment to building long-term relationships. Cascadia always acts in the long-term interests of clients, and honors its position as a trusted advisor. For more information, visit <http://www.cascadiacapital.com>.

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