



# Capstone Partners

## MAPPING, MODELING & SIMULATION

Q4 2017

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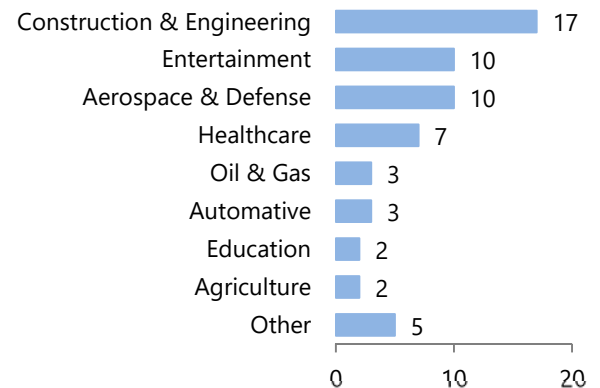
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### MERGER & ACQUISITION OVERVIEW

Due to technology advancements, the Mapping, Modeling & Simulation (MM&S) Industry has become increasingly sophisticated and can cost-effectively serve a growing number of end-markets. Merger and acquisition (M&A) activity in 2017 has echoed this trend, with buyers most frequently targeting companies that offer MM&S software and services for Construction & Engineering, Entertainment, Aerospace and Defense and Medical markets.

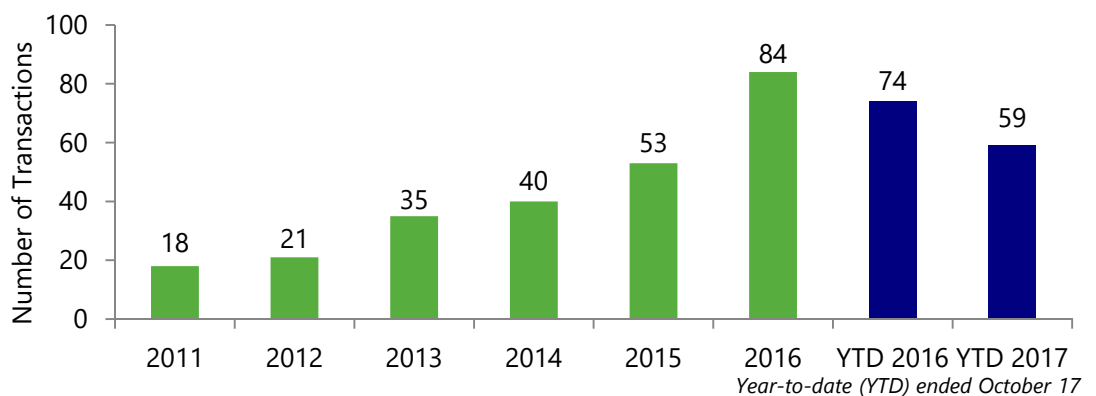
The growing utility of industry applications will continue to drive demand in coming years as new uses are uncovered and adopted. The LiDAR market, which will play a key role with autonomous vehicles, is one particular area poised for significant growth. "Technology is causing a paradigm shift in terrain mapping and is gaining popularity in many applications," noted *BBC Research* editorial director Kevin Fitzgerald. According to *BBC Research*, the Global LiDAR Market is projected to expand at a significant 24.0% compound annual growth rate to \$4.5 billion by 2022.

#### Number of 2017 Transactions By Segment



As a result of the industry's broadening applicability, M&A activity in the MM&S Industry spiked to a record-high level of 84 transactions in 2016. Deal volume has remained robust to-date in 2017, with 59 announced or closed deals—more transactions than in all of 2015. Additionally, average disclosed valuations have more than doubled, rising from \$97.0 million in 2016 to \$221.0 million through October 2017. While strategic buyers continue to drive the majority of M&A activity (81.4% of deals), financial buyers seeking platform and add-on acquisitions have increased from 12.9% in all of 2016 to 18.6% to-date in 2017.

#### M&A Activity: Mapping, Modeling & Simulation



## NOTABLE TRANSACTIONS

Several notable transactions have already been announced or completed in the MM&S industry this year. Select transactions are outlined below, followed by a more comprehensive list on the following table.

- ▶ **Amazon acquires Body Labs (October 2017)** – Amazon.com, Inc. (Amazon) expanded its portfolio with the acquisition of Body Labs, Inc. (Body Labs), a data processing service that digitizes information related to the human body to create 3D models. Terms of the deal were not disclosed. Body Labs was founded in 2013 and has received more than \$12.0 million in funding. At the time of an \$8.0 million investment from Intel Capital in 2015, Body Labs Co-founder and CEO, Bill O'Farrell noted, "for the first time in human history, our technology makes it possible to automatically, accurately and cost effectively deliver human shape as a digital platform."

Amazon will likely integrate Body Labs' technology to enhance Echo Look, a product that utilizes real-time images of customers to improve the online clothes shopping experience. The e-commerce giant continues to demonstrate growing ambition in the fashion industry and has launched nine new fashion brands year-to-date.

- ▶ **Dassault Systèmes Simulia acquires Exa Corporation (September 2017)** – Dassault Systèmes Simulia Corp. (Dassault), a developer of 3D and product lifecycle management solutions, has agreed to acquire Exa Corporation (Exa), a global innovator in providing simulation software and services, for \$24.3 per share payable in cash upon completion of the offer. The deal is expected to close with an implied enterprise value of \$385.9 million. Exa's software is used by designers and engineers at more than 150 leading companies in transportation and mobility, aerospace and defense, and natural resources. Exa will continue to operate as a wholly owned subsidiary of Dassault.

"Both Dassault Systèmes and Exa believe in the value of an integrated focus on science and industry," Bernard Charlès, Vice Chairman and CEO of Dassault Systèmes commented in a press release. "With Exa's valuable application knowledge in transportation and mobility and other industry verticals, we will accelerate our delivery of industry solution experiences to benefit our existing and future customers."

- ▶ **United Technologies Corp. to acquire Rockwell Collins (September 2017)** – Aerospace systems leader United Technologies Corp. (UTC) agreed to acquire avionics provider Rockwell Collins for \$140.0 per share in cash and UTC stock. The deal is expected to close at \$30.9 billion with an EV/Revenue multiple of 5.0x and an EV/EBIDTA multiple of 22.6x. Rockwell Collins offers a full range of training programs including virtual avionics, Black Hawk simulators and RealFires Joint Fires—an immersive simulation which combines ground vehicles, field artillery, naval gunfire and aircraft. The transaction will enhance UTC's electrical, mechanical and software solutions capabilities and is expected to generate more than \$500 million in cost synergies. At the close of the transaction, Rockwell Collins and UTC Aerospace Systems will be combined to create Collins Aerospace Systems.

**MAPPING, MODELING & SIMULATION: SELECT M&A TRANSACTIONS**

Ann. Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
10/16/17	Paradigm	Roxar	Develops solutions including interpretation and modeling for the global oil and gas industry.	\$510.0	-	-
10/10/17	GeoFields	Emerson Electric	Offers Facility Explorer for interactive access and query for pipeline maps, data, documents and reports.	-	-	-
10/04/17	Body Labs	Amazon	Digitizes information related to human body to create 3D models.	-	-	-
10/03/17	AltspaceVR	Microsoft Corporation	Offers a VR platform that enables people in various countries to share experiences and interact.	-	-	-
10/03/17	Glumac Inc.	Tetra Tech	Provides consulting engineering including 3D modeling services.	-	-	-
09/28/17	Exa Corporation	Dassault Systèmes	Sells simulation software and services primarily for vehicle manufacturers worldwide.	\$385.91	5.3x	260.9x
09/04/17	Rockwell Collins	United Technologies	Designs communications and aviation systems including simulation and training.	\$30,365.2	5.0x	22.6x
08/31/17	Coventor	Lam Research	Provides simulation and modeling solutions for semiconductor process technology.	-	-	-
08/08/17	NVIS	Kopin	Designs VR displays that allow users to visualize and interact with simulated 3D environments.	-	-	-
07/12/17	SpaceView	Atheer	Provides design visualization solutions to help users to visualize a virtual object in a real space.	-	-	-
06/16/17	VRB	Samsung Electronics	Offers software to allow users to preview, create, and participate in personalized VR experiences.	-	-	-
05/23/17	Into The VR World	AppSwarm	Sells cell phone and video game virtual reality products online.	-	-	-
05/22/17	Gnostech	Private Investor	Provides GPS engineering including simulation and modeling.	-	-	-
05/16/17	C4i Training and Technology	Bartragh Services	Provides simulation and training software solutions.	-	-	-
05/02/17	Apex Learning	Education Growth & Balance Point	Provides blended and virtual learning solutions to schools in the United States.	-	-	-
05/01/17	DILLsym Services	Simulations Plus	Develops drug-induced liver injury (DILI) simulation software for the pharmaceutical industry.	\$9.5	-	-
04/11/17	Sitemap	1Spatial	Provides geospatial software.	-	-	-
04/10/17	Nitero	Advanced Micro Devices	Develops chips that power VR headsets.	-	-	-
03/28/17	Caesar Systems	Palantir Economic	Provides simulation software solutions for the petroleum exploration and production industry.	-	-	-
03/15/17	Col-East International	Bluesky International	Provides aerial photography and photogrammetric mapping products.	-	-	-
03/07/17	GM&P	Tecnoglass	Offers 3D modeling and form-finding, advanced visualization and building information modeling.	\$35.0	0.3x	-
02/24/17	DigitalGlobe	SSL MDA	Provides earth-imagery, data and analysis.	\$3,401.6	4.7x	8.7x
02/02/17	MSC Software	Hexagon	Develops multidiscipline simulation software solutions for engineers.	\$834.0	-	-
01/31/17	IDV Solutions	Everbridge	Provides threat assessment and operational visualization software for organizations.	\$27.4	2.7x	-
01/31/17	DiSTI	Akoya Capital & Dos Rios	Provides 2D and 3D graphical user interface software and services.	CF	CF	CF

## CAPSTONE PARTNERS: SELECT GOVERNMENT CONTRACTOR TRANSACTIONS



The DiSTI Corporation (“DiSTI”) is the market leading provider of software used to create customized 3-D virtual maintenance solutions. Such solutions interactively simulate 3-D versions of virtual equipment that replicates the actual real-life vehicle or device. It is the preferred learning method used by the armed forces for the maintenance of defense vehicles such as fighter jets, helicopters, combat vehicles and drones and, in addition to the military, key customers include entities like Boeing, Lockheed Martin and L-3.

It has patented technology and is a frequent recipient of awards within the simulation and training industry for the quality of its commercial off-the-shelf product offerings. In addition to virtual maintenance trainers, the Company’s products are sold to help create graphical user interfaces in avionics, instrument clusters, infotainment systems, medical devices and flight simulators.

Capstone Partners was retained as the exclusive advisor to DiSTI to solicit strategic and financial acquirers and help its three owners complete a transaction with the party offering the best fit.

Capstone prepared a comprehensive buyer list including both private equity groups and strategic parties, and a full Confidential Descriptive Memorandum with a particular focus on firms capable of helping the business fully exploit its growth potential by professionally offering the business more scale and developing new marketing channels for it.

The ultimate buyers were private equity firms Dos Rios Partners and Akoya Capital Partners. This consortium teamed with a seasoned executive from the education and training industry who acts as the Company’s Chairman.



THE GOVERNMENT & DEFENSE TEAM



**Ted Polk, Managing Director**  
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Ted is Managing Director and Head of the Central Region at Capstone, based out of Chicago. Prior to Capstone, Ted ran the corporate finance practice in the Central region for Morgan Stanley Smith Barney's Capital Strategies Group and its predecessor, Citi Capital Strategies. He has over 20 years of experience, having completed strategic sale and recapitalization transactions and oversees Capstone's government services practice. Transactions he has led have been the recipient of multiple industry awards including Cross-Border Middle-Market Deal of the Year, Middle-Market M&A Financing Deal of the Year, Middle-Market Deal of the Year, Professional Services Deal of the Year and Corporate M&A Deal of the Year. Previously, Mr. Polk worked at Valuometrics, Inc. and in the Corporate Banking Group at The Bank of New York. Ted received his BSBA degree from Georgetown University and MBA from the University of Chicago. He is a Chartered Financial Analyst (CFA), a Series 7 and 63 Registered Securities Representative, and a Series 24 Registered Securities Principal.



**Lisa Tolliver, Director**  
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Lisa has over 18 years of experience in the investment banking industry, primarily focused on advising middle market private business owners in liquidity related transactions. As a Director based in Capstone's Chicago office, she works closely with clients to advise and execute domestic and cross-border M&A transactions, recapitalizations and capital raises.

Prior to Capstone, Lisa worked in the Capital Strategies Group at Morgan Stanley Smith Barney and also spent 10 years working for the middle market investment banking arm of Citigroup, where she was involved in the evaluation, marketing and closing of numerous transactions involving private businesses and corporate divestitures. Over her career, Lisa has developed M&A expertise in several industry sectors including technology-enabled business services, consumer products, ecommerce and government & defense. Lisa received her BA on academic scholarship from Illinois State University and is a Series 7 and 63 Registered Securities Representative.



**Parker Dwyer, Associate**  
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Parker is an Associate in Capstone's Chicago office, working closely with private business owners to execute and optimize corporate finance transactions. Prior to joining Capstone, Parker was an Associate in Deloitte's Business Valuation practice, specializing in enterprise, equity and intangible asset valuations across multiple industries including consumer, industrials, manufacturing and healthcare. Parker received his BA in Finance from the University of Notre Dame and is a Series 79 and 63 Registered Investment Banking Representative.

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## ABOUT CAPSTONE PARTNERS

**Capstone Partners LLC** is an award-winning investment banking firm dedicated to serving the corporate finance needs of middle market business owners, investors and creditors. Over the past 15 years, Capstone has earned a reputation as one of the most innovative firms in the industry, offering corporate sale & divestiture, merger & acquisition, private placement, corporate restructuring, valuation and financial advisory services. The firm maintains seven industry practices, including: Business Services, Consumer Products, Education & Training, Government & Defense Services, Health & Medical, Industrial & Manufacturing, and Technology & Telecom. Headquartered in Boston, Capstone has offices in Chicago, London, Los Angeles, New York, Orange County, Philadelphia, San Diego, Silicon Valley and Tampa with an international presence that spans 450+ professionals in 70 offices across 31 countries.

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about our expertise,  
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# Capstone Partners

World Class Wall Street Expertise. Built for the Middle Market