



HEADWATERS | MB

HEADWATERS TMT MUST READ LIST  
BEST ARTICLES FROM THE WEEK OF  
OCTOBER 13TH, 2014

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### Deal News

**NetScout / Danaher (communications business)** –NetScout Systems Inc. agreed to buy Danaher Corp.’s communications business for \$2.6 billion in stock, a move that will create a global cybersecurity and IT management company. The deal comes as Danaher, an industrial and health-care technology company, has moved to sharpen its focus on other areas. Its communications businesses specialize in protecting and improving network performance through testing, monitoring and threat protection. The businesses, including Tektronix Communications and Fluke Networks, generated about \$836 million in revenue in the fiscal year ended in December, while NetScout posted about \$397 million in its most recent fiscal year. NetScout Systems Inc. agreed to buy Danaher Corp.’s communications business for \$2.6 billion in stock, a move that will create a global cybersecurity and IT management company. ([WSJ](#))

**Qualcomm / CSR** – Qualcomm, the wireless technology company that is one of the world’s largest chip makers, agreed on Wednesday to buy the British chip maker CSR for 1.6 billion pounds, or about \$2.5 billion. The deal for CSR, a pioneer in Bluetooth wireless technology, comes as many of the world’s largest chip makers seek to take advantage of the growing demand for Internet-connected devices in everyday life. That includes the so-called Internet of Everything, a concept that relates to connecting household devices like washing machines and refrigerators to the Web, as well as linking cars and other machines wirelessly so they can automatically communicate with one another. Under the terms of the deal, Qualcomm, based in San Diego, would pay CSR’s shareholders £9 a share for their holdings in the chip maker, based in Cambridge, England, representing a 27 percent premium on CSR’s closing share price on Tuesday. Shares in the British chip maker rose 33 percent, to £8.78, in early morning trading in London on Wednesday. ([DealBook](#))

**Time Warner / HBO** – HBO is cutting the cord, threatening the traditional cable-TV bundle of channels by offering its popular service directly to viewers over the Internet. Time Warner Inc. on Wednesday said HBO would launch the stand-alone, online streaming version of its service next year. It will primarily target the 10 million people in the U.S. who have an Internet connection but no pay-television service, said Richard Plepler, chairman and chief executive of HBO, during a Time Warner investor presentation in New York. Several pay-TV distribution executives shrugged at the news. So long as the HBO streaming service doesn’t undercut the cost of the HBO pay-TV channel offered with cable bundles, operators say they will be fine. Cable and phone companies will be particularly insulated, since they also sell Internet service that would be vital for any HBO streaming customer to have. ([WSJ](#))

**Great Hill Partners / Momondo** – Momondo Group, the pioneering online travel search company which operates in more than 30 countries worldwide, today announces that it has accepted an £80m cash investment from Boston-based private equity fund, Great Hill Partners, valuing it at more than £132 million. Following the transaction, Great Hill Partners will own a majority stake in the business. The existing senior management team will stay in place, with Hugo Burge remaining as CEO – and retaining a significant minority stake in Momondo. The investment will enable Momondo to further focus on growing the business and more rapidly capitalize on the double-digit growth rates in the travel meta market. With access to this additional funding, Momondo Group sees a significant opportunity to build on its international growth plans, to continue developing its metasearch model for mobile, and to expand its global footprint into new and emerging markets worldwide. ([PE HUB](#))

**Imperus / Diwip** – Gaming-technology platform company Imperus has announced today its plan to acquire the Tel Aviv-based social-game developer Diwip. The deal would have Imperus spending nearly \$100 million to purchase all of the shares in Diwip. Once completed, this acquisition will give Imperus control over Best Casino, which is one of the higher-grossing games on mobile and Facebook. Mobile gaming generated \$16 billion in consumer spending worldwide last year, and social casino games are one of the biggest reasons for that. Imperus likely found Diwip particularly appealing due to its recent growth. The developer went from revenues of \$7.8 million in 2011 to \$28.3 million in 2013. Diwip also claims to have 24 million registered customers across its numerous games. In addition to its original games, Diwip also supplies proprietary game-making software to other companies. Licensing technology like that is a lucrative business, and it was another draw for Imperus. ([VentureBeat](#))

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### Financing / IPO News

**Zayo** – Zayo Group Holdings Inc. priced its initial public offering Thursday night at \$19 a share, below its expected \$21 to \$24 price range, according to two people familiar with the offering. A good showing for Zayo in its trading debut Friday would signal that investors have regained their appetite for such stocks and could lift the shares of distant relatives such as Level 3 Communications Inc. and Windstream Holdings Inc. Zayo specializes in leasing unlit fiber-optic cables to companies looking to expand their networks. Building such lines in the hopes that customers would show up was seen as the height of speculative excess during the telecommunications boom of the 1990s, but growing Internet use has made some strands more valuable. Zayo will raise nearly \$400 million by selling just over 21 million shares before taking into account the overallotment option, which gives underwriters the opportunity to sell additional shares, the people said. The company was looking to sell 28.9 million shares, according to a regulatory filing. The offering came against the backdrop of a stock market in the midst of its most volatile stretch since 2011, with the Dow Jones Industrial Average losing more than 400 points this week, including another down day on Thursday. ([WSJ](#))

**Razer** – Razer, the San Diego-based high-end gaming tech company, is on a roll. In the wake of the latest models of its thin Blade gaming laptops, a partnership with Tencent in China, and preparing for the sale of a new wearable, it has recently closed a round of funding with Intel on at least a \$1 billion valuation. The company and Intel are not commenting on the memo's contents to TechCrunch; sources have indirectly confirmed it as correct. Intel has backed a number of gaming companies by way of Intel Capital and directly. Related investments include Swrve, Hungama, Gaikai (acquired by Sony) and more. It's also been an active investor in wearables and adjacent technology. This may be the first round raised by Razer in years. The last round reported by the company was a \$50 million raise in 2011 from IDG and Accel, from their joint China fund. ([TechCrunch](#))

**3D Systems** has announced its agreement for a \$150 million unsecured revolving credit facility. The five-year facility comes with a scope for adding another \$75 million to the company's credit. A leading player in the 3D printing industry, 3D Systems has a robust balance sheet with cash and cash equivalents of about \$570.3 million as on Jun 30, 2014. 3D printing technology has lately been witnessing rapid adoption across various industries, technology and solutions, leading to severe competition in the domain. As such, the company has been focused on driving growth both organically and inorganically. Specifically, 3D Systems has been pursuing strategic acquisitions to diversify its offerings and gain market share. Since 2012, the company has closed and announced over 25 acquisitions, the recent ones being Simbionix and LayerWise. ([Zacks](#))

**Guahao** – Tencent Holdings has led an investment of more than \$100 million in a Chinese health care platform, the latest move by the Internet conglomerate to expand its user base through online medical services as it competes against Alibaba. No precise figure for Tencent's portion of the funding was provided by either company. The medical platform, Guahao.com, announced the round of funding Monday on its website, saying it would be collaborating further with Tencent in Internet-based health services. Guahao, which is based in the eastern city of Hangzhou, helps users schedule appointments online with doctors based on location, medical specialties and other criteria. Such a service would have a broad appeal in China, where patients often have to wait in long lines to register for appointments or deal with registration-ticket scalpers whose fees add to already mounting medical expenses. ([WSJ](#))

**Arago** – KKR, a private equity firm, is investing about \$55 million in Arago AG, a company that develops artificial-intelligence software that companies can use to cut costs. The Germany based company is headed up by tech legend Chris Boos and Dr. Bernhard Walther. The main competitor to Arago is IPSoft. Boos says the market opportunity is \$1.2 trillion. Arago's main product is "AutoPilot," which took eight years to develop. It features algorithms that allow companies to automate their entire IT stack, which is considered to be disruptive to the way enterprises run IT. To some extent, it replaces some enterprise IT workers, hence the cost savings. ([TechCrunch](#))

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### Industry News

**Apple introduces slimmer iPad Air 2, iPad Mini 3** – Apple introduced new, slimmer versions of its iPad line — the iPad Air 2 and the iPad mini 3 — to reinvigorate flagging sales of its tablet computers. The new devices borrow features from its hot-selling iPhone 6, such as the Touch ID fingerprint sensor and Apple Pay in-app payments. Apple hopes that these — together with a new look — will be enough to spur people to buy an iPad this holiday season. The iPad Air 2 is 6.1 millimeter thin or about 20 percent thinner than the version it replaces and features a new A8X chip developed for the iPad. After setting records in 2010 as one of the fastest-adopted consumer products of all time, sales of the iPad began slowing in 2013. The trend continued this year, with tablet sales off in the March and June quarters as compared with the prior year. ([Re/code](#))

**VCs have already invested \$3B more in 2014 than they did in all of 2013** – Venture capitalists are already surpassing last year’s investments in terms of dollars and are increasingly interested in later stage companies, according to a new report by PwC/NVCA MoneyTree based on data from Thomson Reuters. The report says VCs have invested \$33 billion dollars this year, compared to last year’s total investment of \$30 billion — and there’s still another whole quarter to account for. Much of this year’s investments went towards software startups, which took home a little more than a third of the \$9.9 billion invested in quarter three, the report shows. The media industry followed, with \$1.8 billion invested, a 23 percent increase from the previous quarter. Investment in life science trailed behind, with \$1.1 billion invested in 110 deals. ([VentureBeat](#))

**Google and Microsoft battle for market cap supremacy** – Google and Microsoft are currently locked in a dogfight to be the second-most valuable technology company in the world. Following Google’s less-than-awesome earnings report, combined with a pre-market rise from Microsoft, the two tech giants are neck-and-neck for market cap supremacy. Apple and Exxon Mobil will still be worth more than the dueling technology giants. The four firms have a combined market cap of more than \$1.5 trillion. ([TechCrunch](#))

**MasterCard’s Apple Pay alternative: A card with NFC and a fingerprint sensor** – Not to be outdone by Apple’s upcoming mobile payment solution, MasterCard has unveiled its own vision of secure NFC-based payments. MasterCard has partnered with Zwipe, a company that develops fingerprint sensors, to create a credit card that includes both contactless payments and biometric security. The “Zwipe MasterCard” will work similarly to Apple Pay: You can just hold the card up to a payment terminal and authenticate a transaction with your fingerprint. ([VentureBeat](#))

### And on a lighter note...

**Watch these tiny robots as they fly well with others** – The quadcopters at the University of Pennsylvania GRASP Lab are truly trained to follow the golden robot rule: fly with others as you’d fly with yourself. Thanks to researchers Yash Mulgaonkar, Gareth Cross and Vijay Kumar, we can see how close these little flying robots are to their noble goal. ([TechCrunch](#))