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HEADWATERS TMT MUST READ LIST
BEST ARTICLES FROM THE WEEK OF
MAY 25TH, 2015

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Deal News

Charter / TWC – Charter Communications Inc. reached a \$55 billion deal for Time Warner Cable Inc., giving cable mogul John Malone the prize he has been chasing for two years. The acquisition by Charter, which is backed by Mr. Malone's Liberty Broadband Corp., would vault the cable operator into the ranks of the biggest U.S. broadband and pay-television companies. The firms have agreed to terms for a cash-and-stock deal that would value Time Warner Cable at \$195 a share, according to people familiar with the matter. As part of the transaction, which could be announced as early as Tuesday, Charter would also merge with small operator Bright House Networks, said people familiar with the deals. The combined cable giant would have 23 million total customers, second only to Comcast's 27 million among cable operators. News of the advanced deal talks comes only a month after Time Warner Cable went back on the block after Comcast terminated the companies' planned \$45.2 billion merger in the face of serious pushback from Washington regulators. A Charter-TWC deal could be in for a stringent review in Washington as well, some analysts have said. ([WSJ](#))

Avago / Broadcom – Avago Technologies agreed to buy fellow chipmaker Broadcom in a cash-and-stock deal valued at \$37 billion to boost its mobile chip and data networking businesses. Avago, a maker of chips for the wireless and industrial markets, is offering Broadcom shareholders \$17 billion in cash and Avago shares valued at \$20 billion in one of the biggest deals ever in the chip industry. The deal represents a premium of about 28 percent, according to Reuters calculations based on Broadcom's market value of \$28.85 billion as of Tuesday's close, the day before the Wall Street Journal reported that the companies were in talks. Broadcom's shares rose as much as 23 percent on Wednesday, while Avago rose as much as 10 percent. Broadcom, based in Irvine, Calif., makes semiconductors for a variety of products, including set-top boxes, cellphones and network equipment. The company is best known for its connectivity chips, which integrate Wi-Fi and Bluetooth technology and are used widely in top-tier smartphones made by Apple and Samsung. Demand for cheaper chips and new products to power Internet-connected gadgets is driving consolidation in the industry. ([re/code](#))

Intel / Altera – Intel has resumed negotiations to buy smaller chip maker Altera and is close to a \$16 billion acquisition agreement, people familiar with the matter said on Friday. The price for Altera could be as much as \$54 per share, a 15 percent premium over its Thursday closing price of \$46.97. That would value Altera at more than \$16 billion, according to one of the people. Altera shares were up 4.6 percent at \$49.15 during Friday midday trading in New York. The deal could be reached in the coming days, the sources said, cautioning that no agreement was certain and asking not to be identified because the negotiations are confidential. Intel and Altera did not respond to requests for comment. In April, Altera rejected an unsolicited \$54 per share offer from Intel following months of negotiations, sources told Reuters at the time. ([re/code](#))

EMC / Virtustream – Data storage products maker EMC said Tuesday it would buy privately held Virtustream for about \$1.2 billion in cash to expand its cloud offerings. EMC has been looking to strengthen its cloud services offerings as it struggles with slowing sales growth in its main data storage products business. The company said Virtustream would operate as its new managed cloud services business after the transaction closes. Virtustream was founded in 2009 by Chief Executive Rodney Rogers and Chief Technology Officer Kevin Reid. The company's customers include Coca-Cola, Intel, Heinz and Hess. ([re/code](#))

Gracenote / Infostrada and Sports Direct– Music and video metadata company Gracenote is launching a new product for a new vertical, getting into sports data for the first time. To power the new sports product the company has acquired a couple of companies — Infostrada and SportsDirect — for a combined \$54 million. With the acquisitions the company is launching a new product called Gracenote Sports that will round out the company's portfolio of data offerings.

([TechCrunch](#))

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Financing / IPO News

SnapChat – At 100 million daily users strong, Snapchat today revealed that it's raised over \$537.6 million since February. And Snapchat may raise at least \$112 million more, according to a public filing. This news arrives two months after reports that Alibaba planned to invest \$200 million into Snapchat. At the time, the New York Times wrote that a \$200 million investment from Alibaba would value Snapchat at \$15 billion. According to CNBC, the complete \$650 million round (\$537 million + \$112 million and some change) may value Snapchat at \$16 billion. ([VentureBeat](#))

Carvana – Used car sales are heating up online, with huge amounts of cash pouring into an industry that has yet to be disrupted by technology. A company called Carvana is in the process of raising a \$300 million round of growth funding as it seeks to improve the process and reduce the price of buying a used car online. More and more consumers are getting used to making purchases of big-ticket items online, which is creating a big opportunity for businesses that cut out the middleman and offer products direct-to-users. Carvana is one example of this, by offering a website where customers can quickly browse, search and buy used automobiles online. Unlike some other used car platforms, Carvana has a vertically integrated business model for buying, reconditioning, and financing auto sales to its customers. Instead of just creating a pure marketplace of buyers and sellers, Carvana purchases pre-owned automobiles direct from consumers, fleets and auctions, and readies them for sale to consumers. ([TechCrunch](#))

DocuSign – DocuSign, the e-signature company that's digitizing HR and sales processes, has added another \$77 million to its recent Series F funding round which valued the company at \$3 billion. Intel Capital and Dell join a long list of strategic investors for DocuSign, alongside Samsung, Google, Salesforce, Visa and Comcast. These partnerships help DocuSign integrate their products with other companies' hardware and software. CEO Keith Krach told Re/code, "It allows us to grow at a faster rate of speed with great credibility." ([re/code](#))

Tegile Systems – Tegile Systems, a company that sells hybrid and all-flash storage systems, announced today it raised \$70 million in funding. The company plans to use the funds — it's now raised a total of \$117.5 million — to help its expansion and "address the explosive opportunity" in the flash storage market. As Tegile says, the market is "explosive." Other storage companies have recently raised large amounts of money. Kaminario took in \$53 million in December, and Pure Storage put \$225 million in its pocket early last year. Capricorn Investment Group, Cross Creek Advisors, and Pine River Capital Management participated in the round along with past investors August Capital, Meritech Capital Partners, Western Digital, and SanDisk. ([VentureBeat](#))

Rubrik – Silicon Valley startup Rubrik has designed hardware that can take care of boring but necessary processes usually reserved for software, like backup, compression, deduplication, and version management. Now investors are throwing \$41 million in funding behind the startup, just a couple of months after it announced an initial funding round and started an early-access program. The new money will help Rubrik pull in more customers — it had more than 10 in March, when VentureBeat spoke with cofounder and chief executive Bipul Sinha — and partners. In addition to the funding, Rubrik is also announcing the introduction of its r300 "Hybrid Cloud Appliance," a 2-rack-unit piece of hardware featuring spinning disk drives and fast solid-state drives. The box can send certain data to off-site public clouds and provide results of searches for data across public and private clouds. Rather than directly sell the box, Rubrik is relying on channel partners to do that. Greylock Partners led the new round in Rubrik. Lightspeed Venture Partners and existing angel investors also participated. ([VentureBeat](#))

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Industry News

Tablet Sales – Despite the best efforts of Apple and Android manufacturers, the market for tablets and 2-in-1 devices will continue to wither in 2015, according to the latest report from IDC. IDC released its Worldwide Quarterly Tablet Tracker today and it projects that the combination of tablets and gizmos that are part laptop and part tablet will be 221.8 million units in 2015, a drop of 3.8 percent from last year. The latest figures follow six months of falling sales which caused IDC to revise its annual projection downward. Of course, the struggles of Apple’s iPad have been well chronicled, but the tablet malaise extends well beyond that company to the general market. ([VentureBeat](#))

Mobile Web Market – Mobile phones and mobile networks will be growing just 10 percent and five percent per year, respectively, by 2018, but mobile web services will continue growing like crazy. Digi-Capital, which advises mobile apps and services companies in the U.S., Europe, and Asia, now forecasts that mobile services will grow nearly three times over, from \$300 billion last year to \$850 billion by 2018. Mobile commerce is the key driver of the growth, Digi-Capital said, which is why more than half of the \$41 billion invested in the space during the past year went to mobile commerce-related sectors. ([VentureBeat](#))

Mary Meeker’s Internet Trends – Kleiner Perkins partner Mary Meeker’s yearly Internet Trends report is the ultimate compilation of essential tech statistics. Encompassing everything from Snapchat to drones, smartphone penetration to on-demand food. Today she dropped the 2015 report. ([TechCrunch](#))

And on a lighter note...

MIT’s Robot Cheetah – MIT has already demonstrated that its incredibly nimble and fast robot cheetah can run free without the need for cables or safety tethers. But now it’s not only able run down its prey out in the open, it can also jump without losing its stride. So when the robot uprising eventually happens, ducking behind a wall isn’t going to help you. Thanks, MIT! ([Gizmodo](#))