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HEADWATERS TMT MUST READ LIST  
BEST ARTICLES FROM THE WEEK OF  
JULY 20<sup>TH</sup>, 2015

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### Deal News

**AT&T / DirectTV** – The Federal Communications Commission on Friday approved AT&T's \$48.5 billion purchase of DirectTV, which will create a telecom behemoth as consolidation stirs across the industry. The move will combine the nation's second-largest wireless carrier with its biggest satellite television provider. The Justice Department already cleared the deal, which will create a company with about 26 million cable and satellite subscribers. The purchase previously came under scrutiny for possibly reducing competition, but the FCC determined it is "in the public interest." Under conditions of the agreement, AT&T-DirectTV will be required to expand high-speed fiber optic broadband access to 12.5 million customer locations and offer discounts to low-income consumers. ([CNBC](#))

**Euskaltel SA / R Cable** – Euskaltel SA, the phone and broadband carrier that operates in Spain's Basque region, surged in Madrid after it agreed to buy R Cable y Telecomunicaciones Galicia SA in a deal valued at 1.16 billion euros (\$1.3 billion) to expand in the north of the country. Euskaltel offered shareholders in R Cable, which is known as Grupo R, cash and new shares for a valuation multiple of 10.9 times earnings before interest, taxes, depreciation and amortization, the company said in a statement. The deal is subject to due diligence and approval by competition authorities, Euskaltel said. Grupo R is part-owned by CVC Capital Partners. The combined group would have more than 715,000 residential and business customers and the companies will continue to operate under their original name in their home regions. The takeover comes as Spain's economy recovers from a years-long economic slump. The acquisition is also part of an industry-wide consolidation process in the country, after Vodafone Group Plc bought Ono and Orange SA bought Jazztel Plc last year. ([Bloomberg](#))

**Technicolor / Cisco Set-Top Box Assets** – Technicolor SA has agreed to buy Cisco Systems Inc.'s TV set-top business for about \$600 million, one of the first signs of Cisco's incoming chief executive's priorities. The deal with the French company closes Cisco's 10-year involvement in a business that sprung from one of its most costly acquisitions. The Silicon Valley giant in 2005 announced a \$6.9 billion deal to buy Scientific-Atlanta Inc., which sold products used in homes as well as equipment for cable providers' central offices. Cisco, while shedding the business that sells products like set-top boxes and cable modems, said it planned to continue selling products to carriers and would collaborate with Technicolor to develop video and broadband technologies. ([WSJ](#))

**Microsoft / Adallom** – Microsoft has signed an agreement to pay \$320 million in cash for Adallom, a startup with software for monitoring the use of cloud-based services, a source familiar with the matter told VentureBeat. Microsoft has been making cloud a top company-wide priority, with chief executive Satya Nadella last month declaring that building "the intelligent cloud platform" was one of three areas of investment going forward. Cloud security is paramount as the company shifts its focus to Internet-based applications. Revenue and usage of Office 365 for consumers were both on the rise in the first quarter of 2015, and surely Microsoft wants to keep that up. ([VentureBeat](#))

**IBM / Compose** – IBM today announced that it has acquired Compose, a startup that operates multiple types of NoSQL databases as cloud services on behalf of companies. Terms of the deal weren't disclosed. The deal comes a year and a half after IBM bought Cloudant, a startup that played in the same database as a service (DBaaS) market but supported a database based on open-source CouchDB. Compose, by contrast, supports other databases: MongoDB, Redis, Elasticsearch, RethinkDB, and PostgreSQL. Investors include Data Collective, Lerer Hippeau Ventures, SV Angel, and Webb Investment Network. ([VentureBeat](#))

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### Financing / IPO News

**Square** – Square has confidentially filed for an initial public offering, according to Bloomberg. The report, which cited people with knowledge of the matter, states the mobile payments company is working with Goldman Sachs, Morgan Stanley and JPMorgan Chase. The filing can be private because of the Jumpstart Our Business Startup Act, which allows companies with less than \$1 billion in revenue to file an IPO with the SEC privately. It usually takes about three months to go through the process and amend its filing. Twitter followed a similar path before it went public in 2013. Bloomberg didn't reveal how much Square is planning to raise. ([Mashable](#))

**Palantir** – Palantir, the makers of a data analytics platform used by government agencies, law enforcement, as well as financial, insurance, retail and healthcare industries, has confirmed by way of an SEC filing that it has raised an additional \$450 million in a new round of funding. The filing indicates the company had offered \$500 million in stock, which means \$50 million more could still be in the works. According to a report by the WSJ, the funding was raised at a valuation of \$20 billion, up from its late 2014 valuation of \$15 billion. Morgan Stanley and S F Sentry Securities Inc. are listed as brokers on the filing. Palantir has historically been a very secretive company due to the nature of its work. Its software is used by government and law enforcement agencies, often to connect the dots between known criminals. Ahead of the new fundraising, Palantir was the fifth most valued “startup” (if the name still fits) behind Snapchat, Uber, Airbnb and Xiaomi, the WSJ noted. It's now the fourth-most highly valued startup. ([TechCrunch](#))

**SGN** – Social games developer SGN announced today that it had accepted \$130 million in funding from Netmarble Games, South Korea's largest online game publisher. SGN calls itself the country's fastest-growing major mobile games studio in a near \$30 billion annual market, with 500 million downloads and \$280 million in revenue so far this year. Its Cookie Jam was Facebook's Game of the Year in 2014. The investment will make Netmarble the largest shareholder in the company, ahead of Austin Ventures, SGN's venture capital company investor. MySpace cofounders Chris DeWolfe and Aber Whitcomb, along with former Fox executive Josh Yguado, founded the Los Angeles company five years ago. They make up the other big investment block. ([VentureBeat](#))

**Made.com** – In a world where furnishings startup Fab.com ended up in a fire sale after raising over \$336 million, proving that it's “curation” business model simply hadn't worked, Made.com has been a complete contrast. Based on working directly with designers of anything from sofas to bicycles, Made avoided the US and gradually built a significant European business. Today it's confirmed a new fundraising of \$60 million growth round to accelerate its European expansion led by Partech Growth Fund and supported by Fidelity Growth Partners as well as existing investor Level Equity. The business is already strong in the UK, France, Italy, Germany, Belgium and The Netherlands, which combined have an estimated market size of over £100bn. In particular, it's doing well in Germany, where Fab famously disintegrated. ([TechCrunch](#))

**Flipboard** – Flipboard, the company with desktop and mobile apps for reading online articles and “flipping” them into curated magazines, has raised \$50 million from a new investor, a spokeswoman told VentureBeat in an email. “I can confirm that we closed a \$50 million round with a new institutional investor,” she wrote. “We'll use the funds to expand our engineering and sales teams as well as increase investment in infrastructure to support the growing number of readers and curators on Flipboard.” The Flipboard spokeswoman would not disclose the company's current valuation. The last time the company raised a round, in late 2013, the valuation was reported at around \$800 million. ([VentureBeat](#))

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### Industry News

**What the Tech Bubble Means Outside the Silicon Valley** - Silicon Valley prides itself on having a meta-status that defies easy categorization, but this cannot save it from the impending bubble. According to investors like Mark Cuban, Chris Sacca, Bill Gurley, Manish Goyal and Bharat Ramnani, there's no longer doubt about the existence of a bubble — it's just a matter of when it will burst and how bad the carnage will be. When it does burst, the tech bubble will have ramifications that ripple around the tech world like the shockwave from an apocalyptic asteroid. ([TechCrunch](#))

**European Technology Shares Tumble after Apple's Earnings Report** – Top European technology stocks shed nearly \$6 billion of market value on Wednesday, with suppliers for Apple the top fallers after the tech giant's revenue forecasts fell short of expectations. While the worst hit were the handful with 20-70 percent direct exposure, the whole sector suffered as investors cautioned against frothy valuations, with the STOXX Europe 600 tech index .SX8P trading well above its historical average. Even though Apple's biggest suppliers, such as Intel and Qualcomm, are American, Apple is a large customer of many smaller European companies. ([Reuters](#))

### And on a lighter note...

**The Breakthrough Listen Project** – Stephen Hawking and Russian billionaire Yuri Milner have launched a project to find life beyond earth. The project has already received \$100m in funding. ([Gizmodo](#))