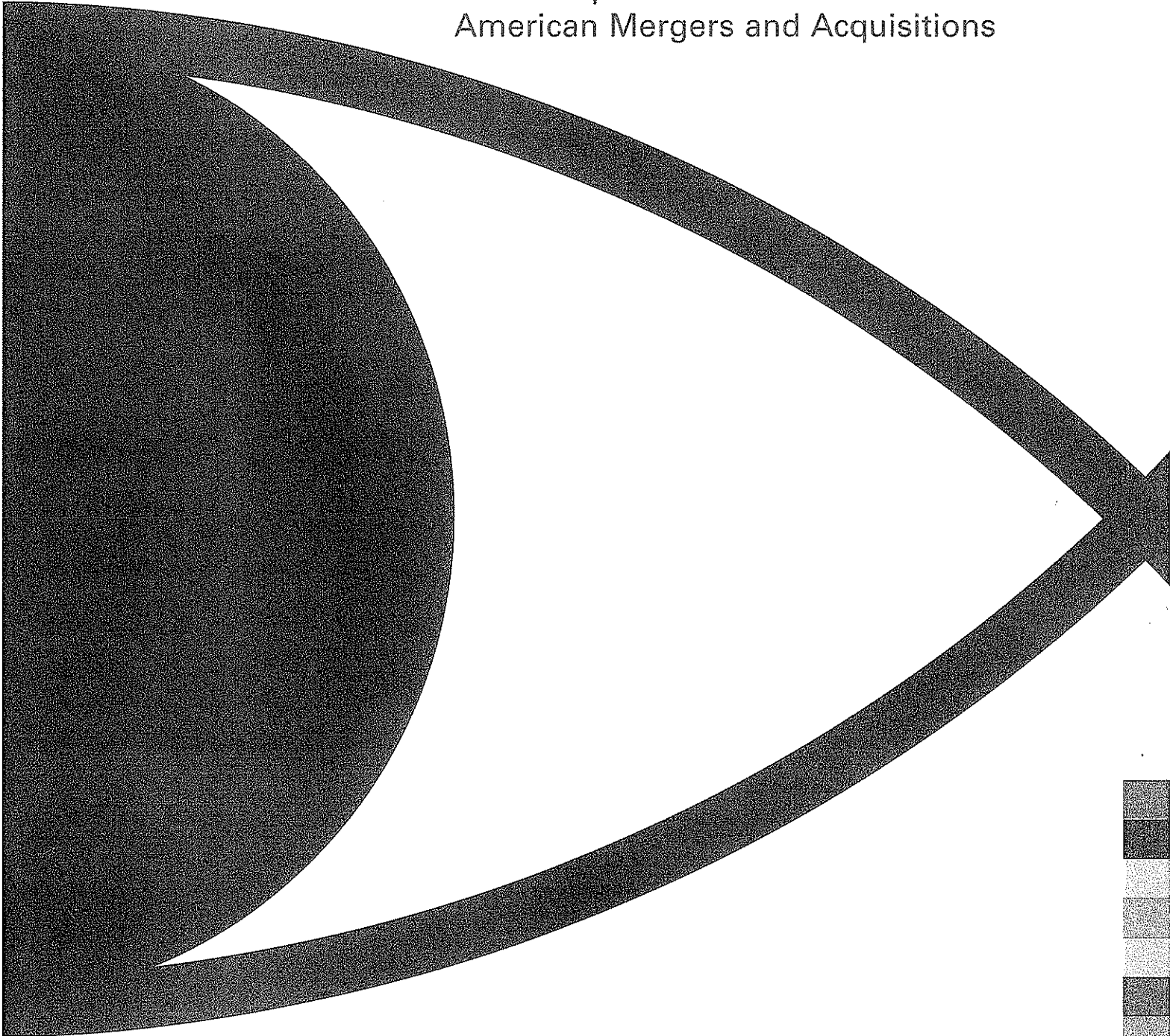


Full Year 2007 Data

# DEAL DRIVERS

The Comprehensive Review of North  
American Mergers and Acquisitions



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# New England

**M&A activity in New England in 2007 was characterized by strong activity in the Technology, Life Sciences, and Financial Services sectors. Big pharma companies continued to feed their drug pipelines with acquisitions and the consolidation of the Financial Services sector remained a constant theme in New England. Foreign players, especially from Western Europe, found that the weak dollar coupled with very attractive technologies and sophisticated management teams made New England a good place to shop for corporate bargains of all sizes. Large domestic players outside the region continued to find New England very attractive, resulting in the continued exodus of corporate headquarters to other parts of the country.**

In the technology area, Dell's acquisition of EqualLogic for \$1.4bn was noteworthy as the largest cash acquisition of a VC backed company, said Jay Bothwick, a partner at WilmerHale. Kronos' acquisition by Hellman & Friedman for \$1.7bn was another major software deal in 2007. Other important software deals included Akamai's purchase of Netli for \$178m and Pitney Bowes purchase of MapInfo for \$400m. The top hardware deal in 2007 was Xerox's purchase of Global Imaging Systems for \$1.7bn.

In Financial Services, State Street Bank's acquisition of Investors Financial Services for \$4.3bn was notable. Steve Browne, a partner at Bingham McCutchen said. "It represents further consolidation in the Financial Services sector and the end of one of the few remaining non-behemoth Financial Services companies in New England."

Some of 2007's major deals in Life Sciences were Inverness Medical Innovations' acquisition of Biosite for \$1.5bn, Hologic's acquisition of Cytoc for \$5.5bn, and the cross-border purchase of Health Dialog by British United Provident Association.

IPO activity in 2007, as expected, was dominated by high-tech and bio-tech. The IPO of VMware, the EMC spinoff that had a first trading day capitalization of nearly \$20bn, was one of the biggest deals of the year, said Gail Long, executive director of ACG's Boston Chapter. Other major 2007 IPOs included Starent Networks, Monotype Holdings, Insulet, and Netezza.

Strategic players that have attractive stock prices and healthy cash balances could have the advantage over private equity in 2008, and deal activity in the middle market is likely to increase. "We will potentially be looking at a slowdown in the upper end in 2008, but the middle market will still be very active because you can get the deal done with less money," said Long. "The number of private equity transactions in the \$250m to \$350m range will not slow down," agreed Murray Beach, managing director of TM Capital.

Cross-border activity will continue to be strong in 2008 as the international community takes advantage of the weak dollar and New England companies, especially in the software and Media sectors, where companies seek growth through global expansion. International companies that have not previously invested in the US are likely to be attracted by New England companies at the forefront of biotech, software and the rapidly growing area of the convergence of Internet, cell phones and television. "The recent acquisition of Twin Rivers Technologies by a Malaysian agency is a particularly interesting example of the globalization of New England because it represents an acquisition by a buyer from a nation which has not traditionally made substantial US investments," noted Philip Taub, a partner at Nixon Peabody.

Software will continue to be a hot area for M&A in 2008, with buys likely to include "software as service," data immigration, security, document management and customer relationship management businesses. Ben Dunn, managing director of Covington Associates, predicted that medical technology also will remain active in 2008. Unlike activity in 2007, private equity could now be more interested in "well established traditional Manufacturing and Consumer Products companies with steady cash flows", he posited.

**By Ilene Friedland**