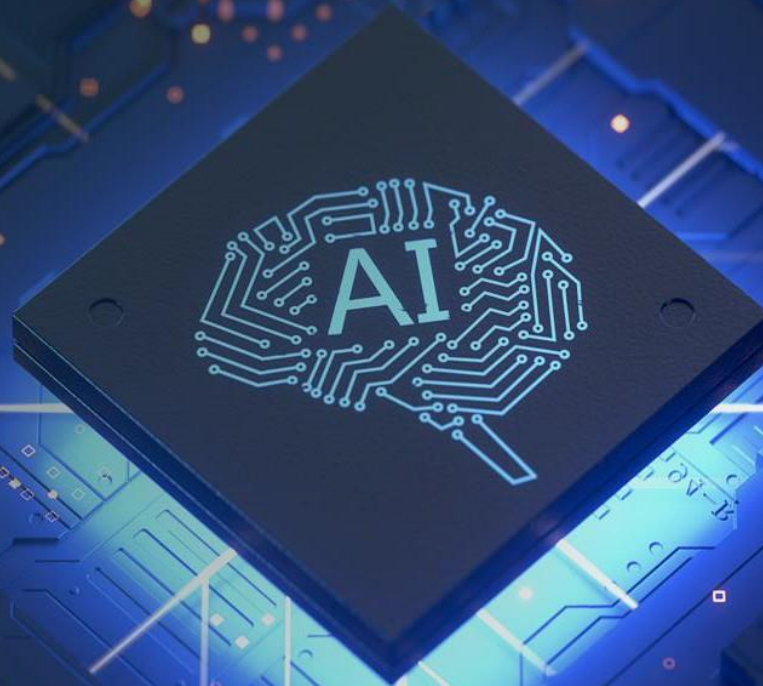


INDUSTRY UPDATE

# Technology Market Monitor

## AI + ML



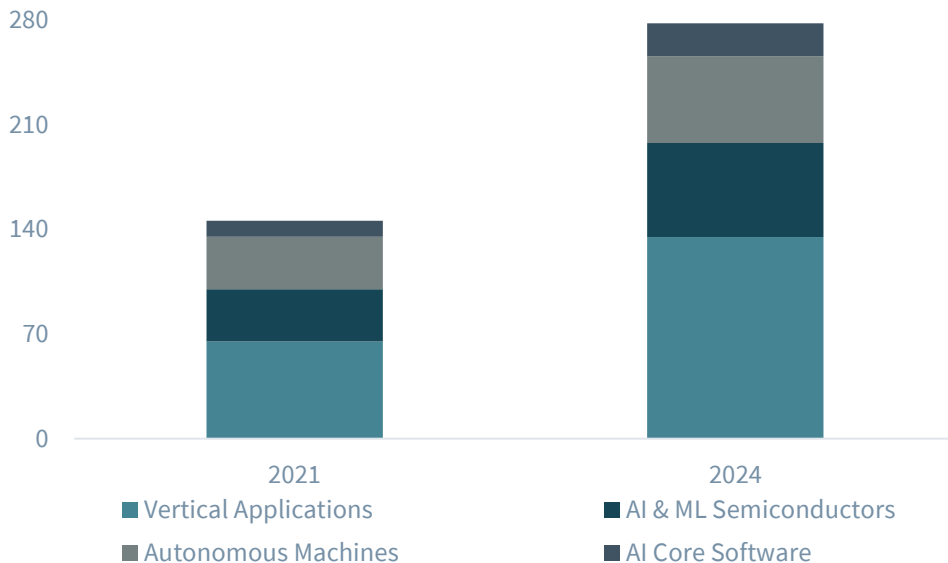


## AI MARKET INSIGHTS

### Artificial Intelligence in 2022

- 2021 was a banner year for companies with AI-based offerings, both M&A activity and venture capital raised nearly doubled from 2020 and 2022 shows no signs of slowing down.
- In 2021 venture capital deals grew at a fraction of capital raised as investments continued to concentrate on more mature companies; there were four funding rounds worth \$500M or more in 2020 and 15 in 2021.
- AI is also decreasing in cost and showing improved performance, both of which pave the way for greater commercial adoption of AI.
  - Per Stanford, the cost to train an image classification system has decreased by 63.6% since 2018, while a 94.4% improvement was seen in training times.
- The current AI & ML market is estimated to be \$145.8 billion and is forecast to nearly double by 2024, driven by vertical applications.

AI & ML Market Size Estimate (\$Bn)



- Research has shown that AI adopted by companies can have an impact on the bottom line, both by increasing revenue and improving costs.
- With AI poised for widespread adoption, the next page details areas in which companies currently using AI have seen impacts on the P&L.



### AI's Impact on the P&L

- In its global survey, The State of AI in 2021, McKinsey asked over 1,800 respondents about their organization's use of AI; 56% of respondents, up from 50% in 2020, reported that their organizations have already adopted AI and their responses inform the below.
- Considering the pandemic, the use of AI in the 2021 survey showed an increased ability of AI to lower costs than a year prior and 27% of respondents cited that **more than 5% of their organizations' EBIT** is attributable to AI, up from 22%.

#### Revenue Increases Seen from AI Adoption, by function (% of respondents)



■ Increase by >10% ■ Increase by 6 - 10% ■ Increase by < 5%

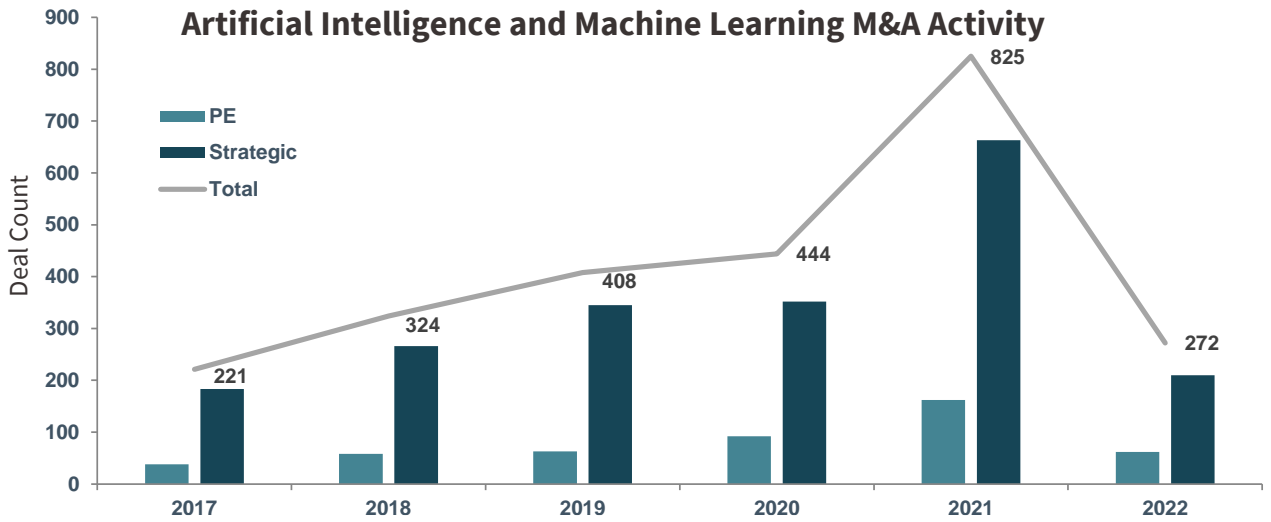
- Within the above functions, the activities that were most likely to drive revenue increases include inventory and parts optimization, pricing and promotion, customer service analytics, and sales and demand forecasting.

#### Cost Savings Seen from AI Adoption, by function (% of respondents)

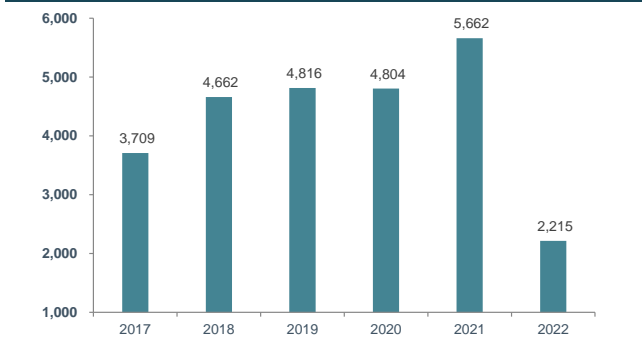


■ Decrease by <10% ■ Decrease by 10% - 19% ■ Decrease by >20%

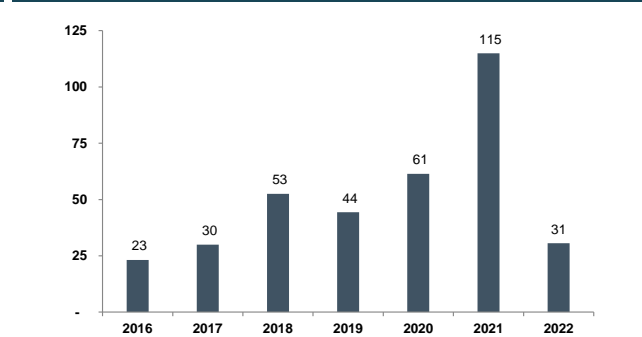
- Within the above functions, the activities that were most likely to produce cost savings include: optimization of talent management, automation of contact-centers, and warehouse automation.



### Venture Capital Investments



### Venture Capital Raised (\$Bn)



### Recent Transaction Spotlights



Mar. 2022

**Description:** Microsoft Corp acquired Nuance Communications Inc. (Nasdaq: NUAN), a leader in conversational AI and ambient intelligence.

**Rationale:** With this acquisition, Microsoft can **enable Nuance technology in its offerings**, with an aim of allowing its customers to realize greater productivity and financial performance and of introducing natural language processing to its products.



Jan. 2022

**Description:** Simplify, a leading security orchestration, automation, and response (“SOAR”) company based in Israel, has been acquired by Google.

**Rationale:** Google will add Simplify’s SOAR capabilities into its Google Cloud security offering, **strengthening the offering**.



Sep. 2021

**Description:** Yum! Brands, Inc. the operator of global fast food chains KFC, Pizza Hut, and Taco Bell, has acquired the Australia-based, creator of an AI-based kitchen software program.

**Rationale:** The acquisition looks to support the **scaling** of Dragontail’s offer throughout Yum! Brands’ portfolio, boosting **automation and efficiency** of the kitchen flow.



## NOTABLE PRIVATE EQUITY INVESTORS CREATING AI & ML PLATFORMS

Recently, private equity investors have realized the supercharge growth that AI can add to portfolio companies and have come to understand the value of investing in AI — leading to dedicated investing platforms.

### Symphony AI



**Description:** Investment firm that builds packaged AI solutions to serve the world’s largest industries.  
**Headquarters:** Los Altos, CA  
**Investments:** Five investments since 2019  
**Investment Thesis:** Building a leading enterprise AI company that provides SaaS solutions for revenue and profit growth, servicing businesses across all key vertical sectors.

#### Recent Investments



### THL



Thomas H. Lee Partners

**Description:** Private equity firm that seeks to invest in middle-market growth companies operating in the financial services, healthcare, technology and business solutions sectors.  
**Headquarters:** Boston, MA  
**Investments:** Six investments since 2019  
**Investment Thesis:** Raised a \$900 million fund focused solely on automation. The team seeks to create step-function change through automation as the driver, and to support management teams in accelerating growth through access to capital and automation experts.

#### Recent Investments



### Battery Ventures



**Description:** American technology-focused investment firm that makes venture-capital and private-equity investments in markets across the globe.  
**Headquarters:** Boston, MA  
**Acquisitions:** Three investments since 2018  
**Investment Thesis:** Believes ML observability will produce more value to AI investments and is building out an AI powered applications platform.

#### Recent Investments





## NOTABLE TRANSACTIONS

Date	Acquirer/Investor	Target	Target Description	EV (\$Ms)	EV/ Rev
3-May	LexisNexis Risk Solutions	BehavioSec	Developer of a behavioral biometric software platform	nd	nd
28-Apr	Somatus	Lumiata	Developer of health analytics platform designed to make predictions	nd	nd
27-Apr	Boathouse Capital, Keiretsu Forum, Mediafly	ExecVision	Developer of a conversation intelligence platform	nd	nd
25-Apr	Databricks	Cortex Labs	Developer of a serverless computing platform	nd	nd
25-Apr	Advent International, Assembly	PipeCandy	Provider of a market intelligence platform	nd	nd
21-Apr	Ripcord	LearningPal	Developer of an AI-based enterprise platform designed to digitize paper documents	nd	nd
18-Apr	Great Hill Partners, Ten Coves Capital, Versapay	DadeSystems	Developer of a SaaS-based accounts receivable automation technology platform	nd	nd
11-Apr	Clever RX	Predictive Health Partners	Developer of a healthcare platform to predict and prevent avoidable healthcare costs	nd	nd
11-Apr	NuWave Solutions	ProModel	Developer of a simulation-based decision-making platform	nd	nd
6-Apr	Clip Automation	Sapphire Automation	Developer of automation software for tools, material handling and factory automation	nd	nd
5-Apr	SilverSky	Cybraics	Developer of cyber analytics platform	nd	1.1x
2-Apr	Thomas H. Lee Partners	Carpe Data	Developer of predictive scoring and data products insurance platform.	nd	nd
1-Apr	MasterCard	Dynamic Yield	Developer of an AI-powered customer personalization platform	\$320	nd
30-Mar	Tailwind	Replier.ai	Developer of an artificial intelligence customer review platform	nd	nd
21-Mar	American Robotics	Ardenna	Developer of infrastructure inspection software	nd	nd
10-Mar	Paradigm Governance, Principal Technologies	Vision Surgery AI	Operator of computer vision and AI technology to aid surgeons.	nd	nd
22-Mar	Shippit	Premonition	Developer of artificial intelligence-based logistics platform	\$21	nd
21-Mar	Akamai Technologies	Linode	Provide cloud hosting services	\$900	nd
4-Mar	Microsoft	Nuance Communications	Developer of conversational AI platforms	\$20,000	14.0x
2-Mar	Snowflake	Streamlit	Developer of an open-source application framework	\$800	nd



## NOTABLE TRANSACTIONS


Date	Acquirer/Investor	Target	Target Description	EV (\$Ms)	EV/ Rev
28-Feb	LinkedIn	Oribi	Developer of a marketing analytics tool	\$85	nd
18-Feb	Advent International, Definitive Healthcare	Analytical Wizards	Developer of a business analytics platform	\$65	nd
18-Feb	Proteus Cambridge	Sharktower	Developer of an AI-driven project management software	\$14	nd
16-Feb	Moxi Works, Vector Capital	ActivePipe	Developer of a cloud-based email marketing platform	\$82	nd
16-Feb	Vinco Ventures	AdRizer	Provider of marketing analytics services	\$108	nd
14-Feb	CredAvenue	Spocto	Developer of a SaaS-based debt recovery platform	\$53	nd
13-Feb	CITIC Capital Acquisition	Quanergy Systems	Quanergy Systems Inc offers a high-performance AI-powered LiDAR platform	\$1,400	nd
9-Feb	Tricentis	Testim	Developer of a testing automation platform	\$150	nd
1-Feb	MTS AI	VisionLabs	Developer of a visual recognition technology	\$91	nd
20-Jan	Power & Digital Infrastructure Acquisition	Core Scientific	Core Scientific Inc is engaged in Blockchain and AI Infrastructure	\$190	nd
18-Jan	Mayfair Equity Partners	LoopMe	Developer of a brand advertising mobile platform	\$120	nd
18-Jan	Marlin Equity Partners	Silobreaker	Developer of an intelligence platform intended to tackle the proliferation of data.	\$96	nd
5-Jan	Providence Equity Partners, Smartly.io	Ad-Lib.io	Developer of an AI-based business platform	\$133	nd
5-Jan	Alphabet	Siemplify	Developer of holistic security operations platform	\$500	nd
23-Dec	Rocket Companies	Truebill	Developer of a finance management application	\$1,200	nd
22-Dec	Global SPAC Partners	Gorilla	Developer of cloud-based video-centric and content management applications	\$169	nd
21-Dec	Workday	VNDLY	Developer of a vendor management platform	\$510	nd
1-Dec	Genesys	Exceed.ai	Developer of a conversational marketing platform	\$35	nd
22-Nov	Outbrain	Video Intelligence	Developer of a contextual video platform	\$55	nd
17-Nov	Alpha Capital Acquisition Company	Semantix	Developer of a big data and artificial intelligence platform	\$230	nd

# MERIDIAN'S TECHNOLOGY EXPERIENCE


9 recently closed transactions  
6 active engagements

Thomson


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BROADCAST  
Acquired



Acquired by



- Buy-side Advisory -  
MERIDIAN CAPITAL  
INVESTMENT BANKERS

Office Ally

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Acquired by



FRANCISCO  
PARTNERS

HPG

---



Health Perspectives Group  
Acquired by




424 CAPITAL

Subsplash

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SUBSPASH®


Growth equity by




Enterprise  
Software  
Investors

TINYpulse

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Acquired by




Limeade®

Crosslake Technologies

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CROSSLAKE 


Acquired by




FALFURRIAS

QC Data

---



Acquired by



EN Engineering®

LegitScript

---




Recapitalized by




PSG | PROVIDENCE  
STRATEGIC  
GROWTH

Growler

---



Acquired by



THE  
MEET  
GROUP

Cyient

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CYIENT

Buy-side Advisory



MERIDIAN CAPITAL  
INVESTMENT BANKERS

Accelalpha

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accelalpha

Recapitalized by



CENTURY PARK CAPITAL PARTNERS

Bridger Technologies

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Acquired by



BIO-RAD

Nirvana Soft

---

nirvanasoft

People Development • Facilitation

Acquired by



HANSEN  
TECHNOLOGIES

Cortel

---



Acquired by



Ridgemont EQUITY  
PARTNERS™

Xtreme Consulting

---




Acquired by




DISYS

Professional Publications, Inc.

---



Acquired by



KAPLAN



\* Note: Includes transactions completed by Meridian bankers while at previous firms





# MERIDIAN CAPITAL

## INVESTMENT BANKERS

### TRANSACTION EXPERTISE

- Mergers & Acquisitions
- Growth Capital
- Strategic Advisory

### TAILORED PROCESSES

- High-Touch Approach
- Multidisciplinary Deal Team
- End-to-End Services

*Meridian Capital has been helping middle market business owners achieve their M&A and corporate finance goals since 1995.*

## MERIDIAN'S TECHNOLOGY PRACTICE



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**Meridian's technology practice offers access to industry-wide strategic and financial partner relationships, deep sector expertise, and proven transaction experience to help maximize shareholder value.**

### About Meridian Capital

Meridian Capital ([www.meridianllc.com](http://www.meridianllc.com)), a Seattle-based M&A advisory firm, has served as a trusted advisor to business owners on complex corporate finance, M&A, and strategic challenges for over 20 years. The firm differentiates itself through its deep industry insights, highly customized service approach, and end-to-end commitment to execution.

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