

MOBILE

## Mobile M&As increase 35pc on wave of branded content interest: report

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*Microsoft acquired AI smartphone keyboard SwiftKey in Q1*

By CHANTAL TODE

The number of mobile-related merger and acquisition deals rose 35 percent during the first quarter of 2016 as businesses looked to beef up capabilities related to mobile distribution of branded content, analytics and machine learning, according to a new report from Berkery Noyes.

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The pace of growth in the mobile segment outpaced the overall online space, where deal volume increased 12 percent for a total of 716 transactions. Interest in cloud computing remained strong with SaaS and cloud the most active segment, gaining 20 percent in deal volume in the first quarter and representing 30 percent of aggregate volume year-to-date.

"We expect this momentum to carry on throughout the rest of the year," said Vineet Asthana, managing director at [Berkery Noyes](#).

"The focus will be on building products and tools to distribute branded content while maintaining a heavy focus on analytics and machine learning tools," he said.

### Mobile momentum

There were a total of 119 mobile-related mergers and acquisitions in the first quarter of 2016, up from 88, according to Berkery Noyes. The momentum is expected to continue this year.

There are a number of mobile startups ripe for acquisition. The mobile industry is maturing and businesses are looking to provide end-to-end solutions for marketers and consumers.

In the first quarter, companies such as Microsoft and action camera brand GoPro targeted mobile acquisitions as a way to boost their staying power in this quickly evolving marketplace.

□

### *The Splice app*

Microsoft announced the acquisition of Swiftkey, which provides predictive keyboard technology for Android and iOS devices. The deal carried a reported purchase price of approximately \$250 million.

Additionally, Microsoft acquired Xamarin, which develops software solutions for mobile application development.

The reported purchase price was between \$400 and \$500 million.

GoPro announced acquisitions of video editing apps Replay and Splice for \$105 million during the first quarter. The deals coincide with push by GoPro to developer closer ties with application developers.

Norwegian telecommunications provider Telnor, one of the largest telecom companies in the world, announced a \$360 million deal to acquire Tapad as it looks to diversify into the rapidly growing ad tech marketplace.

### **Emarketing reverses trend**

Overall, online and mobile M&A deal value decreased 29 percent for a total of \$34.5 billion.

Two of the industry's largest first quarter acquisitions were capital markets related. These were IHS's merger with Markit Group for \$11 billion and Nasdaq's acquisition of The International Securities Exchange for \$1.1 billion.

The ecommerce segment's deal volume remained constant in the first quarter following a 14 percent increase in the fourth quarter of 2015.

The emarketing and search segment's deal volume improved 19 percent during the first quarter, reversing a downward trend during the two preceding quarters.

"Microsoft is continuing to complete M&A deals to bolster its mobile capabilities," Mr. Asthana said. "One of the most interesting during the past quarter was Microsoft's announced acquisition of Swiftkey.

"Other mobile deals in the space by Microsoft over the past few years include Datazen, a mobile business intelligence and data visualization service; Sunrise Atelier, the developer of a mobile calendar application; and Acomplia, a mobile email application, for \$200 million," he said.