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## *News Release*

For Immediate Release

### **FREEMAN & CO. RELEASES FINANCIAL TECHNOLOGY REPORT AND HIGHLIGHTS PRIVATE EQUITY AND STRATEGIC BUYER TRENDS**

**NEW YORK, December 8, 2011** – Freeman & Co. LLC, a leading independent advisor to the financial services industry, released its report on the FinTech industry today with the following areas of focus:

#### **Acquisition Trends**

- Through October 2011, there were 211 announced FinTech deals, up 4% from the same period in 2010, showing slight growth but a cool off from the big pick up we saw from 2009 to 2010
- Among the FinTech subsectors, Financial Business Services experienced the largest uptick of deal activity with 56 announced transactions through October 2011 compared with 44 during the same period in 2010, a 27% increase, as financial services companies favor outsourced service providers to reduce costs
- On the other hand, Market Data & Financial Information deal activity dropped from 31 transactions in the first 10 months of 2010 to only 18 transactions for the same period in 2011, a 42% decrease, reflecting a drop from the regulatory reform and drive-to-transparency induced spike of 2010

#### **Strategic Acquirers vs. Private Equity**

##### **Private Equity Remains a Cautious Participant**

- FinTech private equity activity is generally stronger at 65 transactions through October 2011 vs. 54 in all of 2010 with Transaction Processing & Banking Systems and Financial Business Services leading the way with 18 and 16 transactions, respectively, through October 2011
- Deal activity involving private equity firms has remained depressed from the Financial Crisis through 2010, with volumes off over 50% from 2007 levels when activity peaked at 124
- In 2011, financial sponsors took advantage of a brief opening in the high yield markets to boost deal activity by more than 40% over 2010, a trend which may stall unless high yield markets open again in 2012

##### **Revisited: Dry Powder at the Strategic Acquirers**

- After sitting on the sidelines and accumulating cash in 2008 and 2009, strategic buyers made a comeback in 2010, favoring tuck ins and opportunistic trades
- We revisit the Dry Power Analysis from our September 2010 report and observe:
  - The 2010 backlog has cleared and acquisitions by the most active strategic buyers slowed by 13% through October 2011 vs. the same period in 2010
  - Cash accumulation also remains dramatically lower than the 100%+ year-over-year increases observed in 2008, at approximately -10% to +25% year-over-year
  - Macroeconomic concerns continue to dictate risk appetite, and we expect 2012 strategic acquisition activity to show no meaningful growth from 2011 levels

**About Freeman & Co. LLC**

Founded in 1991, Freeman & Co. LLC is an M&A advisory and strategic consulting firm focused exclusively on the financial services industry with offices in New York and London. The company's advisory services include mergers and acquisitions advice, capital raising, underwriting, fairness opinions, restructuring advice and private company valuations. Strategic consulting assignments are customized to client needs and have covered a wide array of projects. Additionally, Freeman & Co. developed a proprietary algorithm and methodology for benchmarking the competitive position of capital markets businesses, which has become the industry standard used by major investment banks. For more information, visit [www.freeman-co.com](http://www.freeman-co.com).

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