

J&A Sell-Side M&A Report

Media Content Protection Software M&A Transactions and Valuations

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AUTHORS



JOSHUA JAHANI

Joshua Jahani is a managing director at Jahani and Associates. He is based in the New York City office. He leads the firm's global expansion and client service activities. He has been featured in over 20 publications such as the BBC, Newsweek, International Business Times, NBC, and more about investment banking and global trade. Joshua is a lecturer at Cornell University and New York University.



GARETH WALDECK

Gareth Waldeck is a member of the investment banking and global trade team at J&A. He is based in Abu Dhabi. He is originally from South Africa and studied Economics at Fordham University. He has served as a panelist for multiple forums such as the Diversity Dividend: Why Equality Benefits Us All and regularly publishes in the space of cross border capital markets.



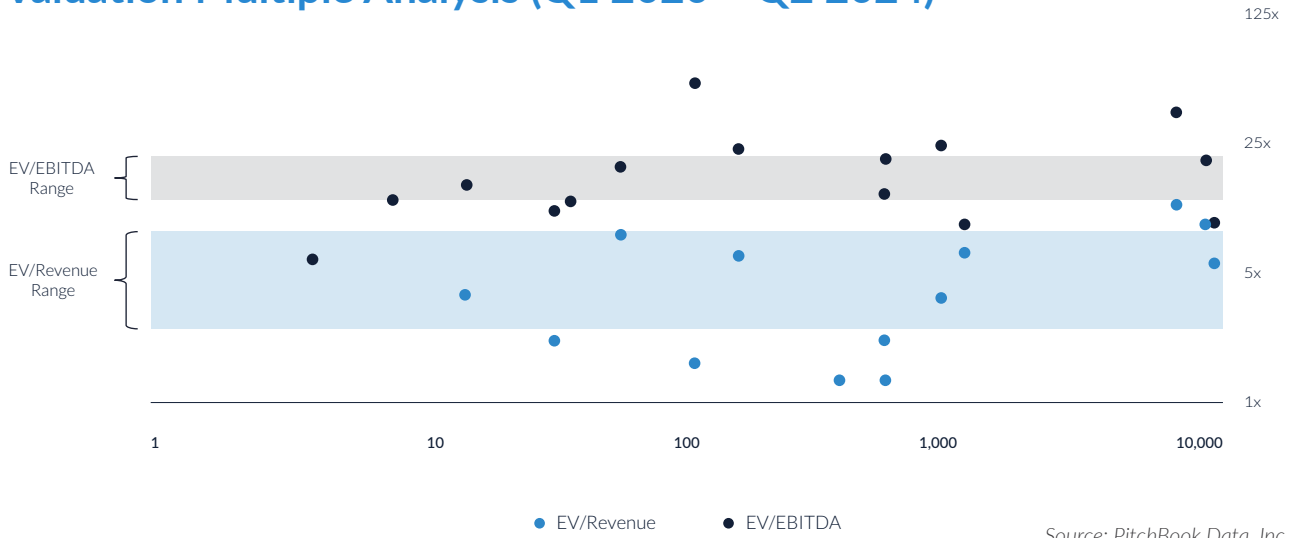
In the media content protection sector between Q1 2020 and Q2 2024, \$4 billion was deployed by acquirers; 210 deals were conducted with an average transaction size of \$22 million. The sector includes intellectual property protection software serving the media and advertising industries with large applications in marketing and entertainment.

Most transactions conducted and capital invested in media content protection software were by US- and European-based acquirers. US-based acquirers accounted for 88% of all capital invested in the sector across 89 transactions. European acquirers contributed \$800 million across 85 transactions, highlighting their appetite for smaller transactions.

Buyout and leveraged buyout transactions accounted for the majority of capital deployed in media content protection software acquisitions. Strategic mergers and acquisitions contributed to the majority of transactions in the sector with an average deal size of under \$4 million. This highlights the appetite for smaller strategic acquisitions and add-ons.

Media content protection software founders and shareholders should be aware of exit opportunities presented by strategic acquirers from the US and Europe.

Media Content Protection Software Valuation Multiple Analysis (Q1 2020 – Q2 2024)



Source: PitchBook Data, Inc.

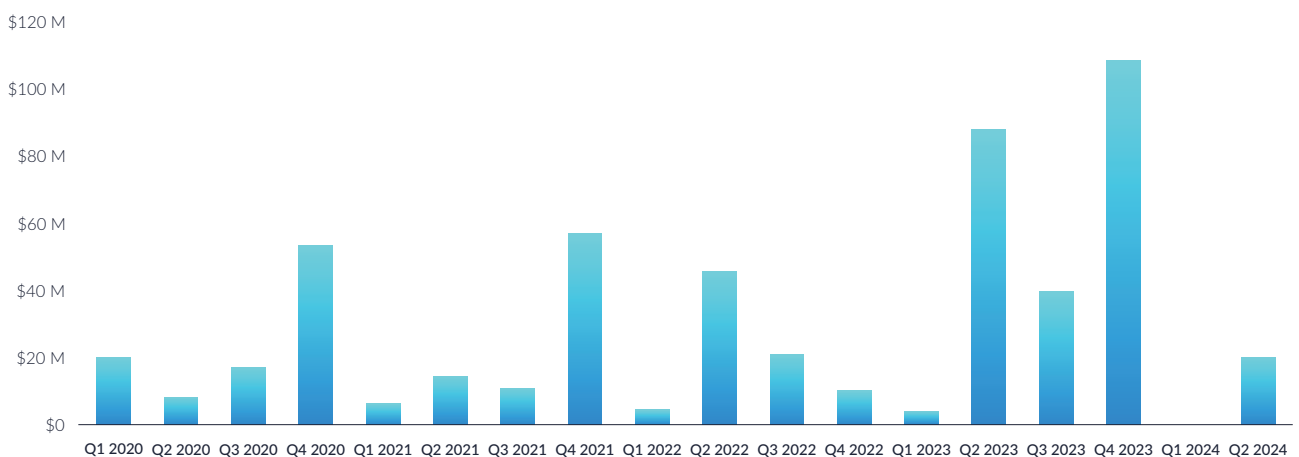
Note: Data on the X and Y axes are shown on a logarithmic scale for better graphic representation; this does not impact the valuation multiples.

EV / REVENUE		
RANGE	MEAN	MEDIAN
1 X - 6 X	4.2 X	3.8 X
EV / EBITDA		
RANGE	MEAN	MEDIAN
9 X - 25 X	18.6 X	19 X

- The valuation multiples are based on a sample set of publicly listed podcasting and podcast advertising companies and M&A transactions in the sector. The data was collected on August 27, 2024.
- The sample set trades at an enterprise value to EBITDA multiple range of between 9x and 25x with an increase in average multiples as the enterprise value increases.
- Average enterprise value to revenue multiples ranged from 1x to 6x.



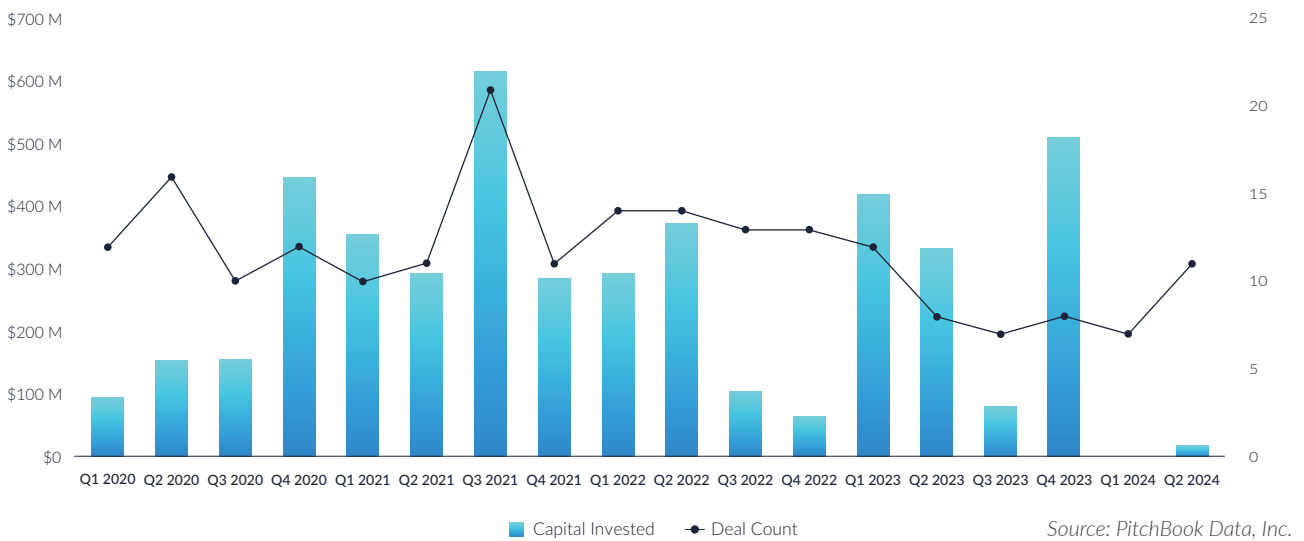
Media Content Protection Software Median Transaction Size (Q1 2020 – Q2 2024)



Source: PitchBook Data, Inc.

- The median transaction size has ranged significantly with peaks of over \$100 million seen in Q4 2023. This was driven by large transactions conducted by private equity firms.
- Transactions in the sector appear to have a seasonal trend with the largest annual quarter median transactions occurring in Q4 2020, Q4 2021, and Q4 2023. This is likely driven by annual budgets in the entertainment industry and the demand to close larger acquisitions before the end of the financial year.
- Median transaction size has remained low in 2024, indicating an appetite for smaller transactions.

Media Content Protection Software M&A Transactions (Q1 2020 – Q2 2024)

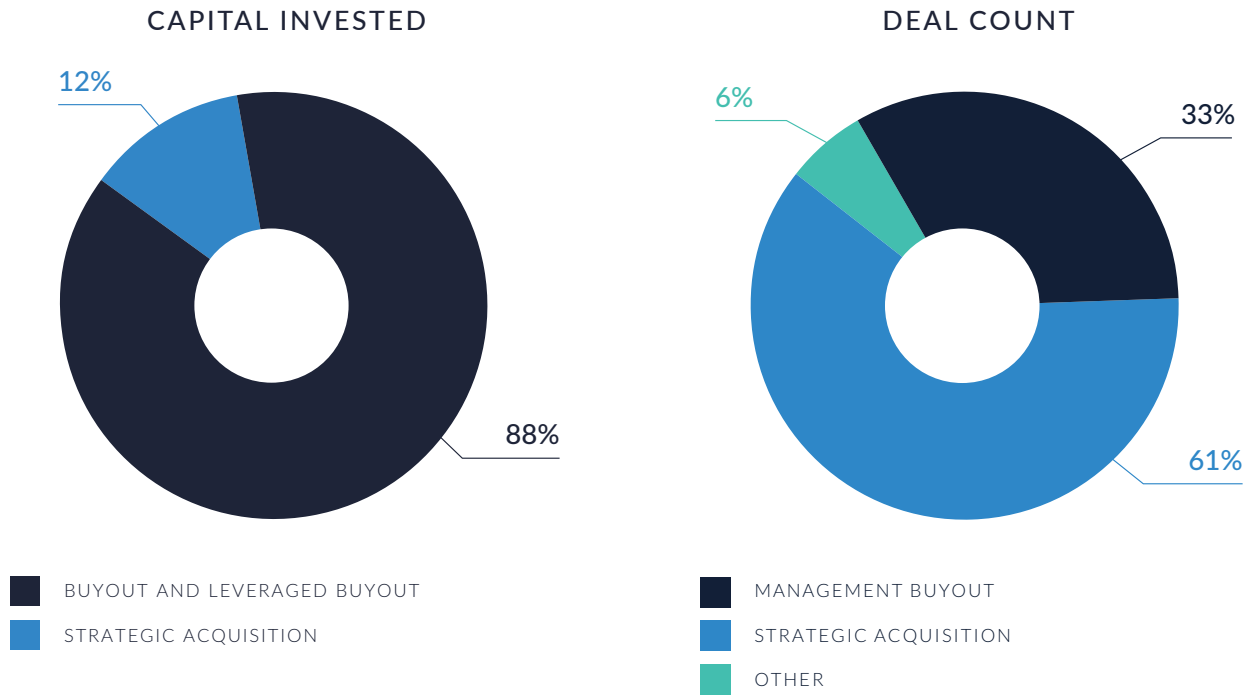


- Between Q1 2020 and Q2 2024, \$4 billion was deployed across 210 media content protection software acquisitions. The average transaction value was \$22 million, highlighting the volume of transactions in lower middle and middle markets.
- The most significant deployment of capital, \$653 million, occurred in Q2 of 2021. This is likely due to the low interest rates

and high investments in technology as the global economy reopened following the pandemic.

- While the deal count shows variability, it remains above 7 per quarter. This consistency indicates a stable interest in deal-making, even as the investment amounts fluctuate. The largest deal count was in Q3 of 2021, 21 transactions.

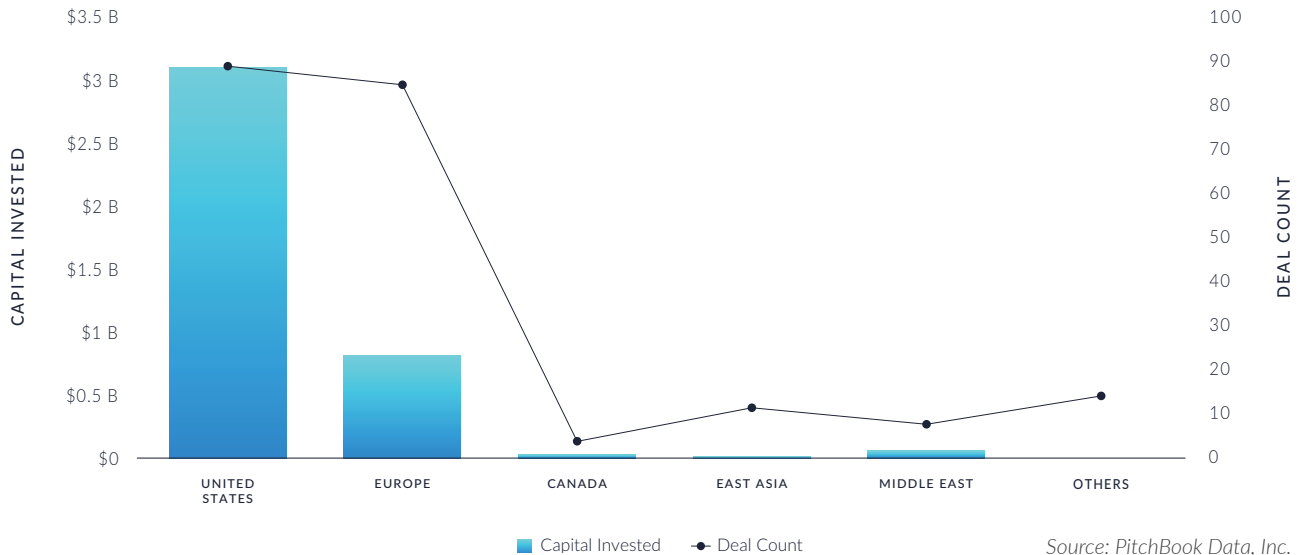
Breakdown of Announced Media Content Protection Software M&A Transactions by Deal Type (Q1 2020 – Q2 2024)



Source: PitchBook Data, Inc.

- Buyout and leveraged buyout transactions dominated M&A capital invested transactions in the sector. They contributed 88% of all capital in the industry with \$3.5 billion, while conducting 33% of all transactions. The average transaction size of \$51 million highlights the appetite for larger acquisitions.
- Strategic mergers and acquisitions accounted for the majority of deals, 128 acquisitions, and \$480 million of capital invested in the media content protection software sector. The average transaction size of under \$4 million indicates the appetite for strategic acquisitions in the lower market.

Breakdown of Announced Media Content Protection Software M&A Transactions by Region (Q1 2020 – Q2 2024)



- US-based acquirers dominated the capital invested in the media content protection software sectors, with over \$3 billion across 88 transactions. This could be due to many factors, including the historical dominance of the Hollywood film industry, the complex nature of intellectual property law in the US, or the abundance of small companies in the sector.
- European acquirers conducted the largest number of transactions in the sector, 85, but contributed less than half of the capital deployed than US-based acquirers, with \$800 million. The significant deal count

indicates an appetite for smaller media content protection software acquisitions and the abundance of smaller and independent companies in the industry.

- The rest of the world exhibits a noticeable spike in the deal count, but an exceedingly small share of the capital deployed. This implies a wide distribution of smaller deals across various countries not individually listed. These smaller markets collectively engage in a considerable number of media content protection software transactions, but each deal tends to be small, reflecting diverse capital market activities.

DEAL SPOTLIGHT: RIDOUT & MAYBEE



THE COMPANY

Ridout & Maybee is a Canadian intellectual property company that offers clients access to IP expertise and experience across a range of technical areas including the media industry. The company operates using leading technology to support IP portfolio management.

The company was acquired by Smart & Biggar for \$48 million on November 30, 2021. The acquisition was made at an EBITDA to revenue multiple of approximately 9x. For more information on how transaction structures impact seller liquidity, see Jahani and Associates' article [here](#).

TRANSACTION TYPE

ACQUISITION

DEAL DATE

NOVEMBER 30, 2021

ACQUIRER

SMART & BIGGAR

TRANSACTION SIZE

\$48 MILLION

Media content protection software has broad applications in the marketing and entertainment industries. Technology has become more important for these sectors as they look to monetize their intellectual property while protecting their content. Strategic acquisitions of small and medium-sized firms are common, particularly among US- and European-based acquirers.

Media content protection software companies should be mindful of exit opportunities. EBITDA multiple in the sector ranged between 9x and 25x in the period, with technology and intellectual property contributing significant increases in multiples.