



# OpenText Signs Definitive Agreement to Acquire Dell EMC's Enterprise Content Division, including Documentum

September 12, 2016

# Safe Harbor

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# What OpenText Announced

Open Text Corporation (NASDAQ: OTEX) (TSX: OTC), a global leader in Enterprise Information Management (EIM), announced today that it has entered into a definitive agreement to acquire Dell EMC's Enterprise Content Division (ECD), including Documentum.

ECD offers a suite of leading Enterprise Content Management solutions with deep industry focus, including the Documentum™, InfoArchive™, and LEAP™ product families. The acquisition is expected to deepen OpenText's EIM offering with a substantial portfolio focused on Enterprise Content Management (ECM) and Information Life Cycle Management markets.

Under the terms of the agreement, the software, associated services and employees of ECD will be integrated into OpenText.

# OPENTEXT™

# Transaction Overview

- Purchase price of US\$1.62 billion is approximately 2.7 times ECD FY'15 revenue of \$599M<sup>1</sup>.
- Targeting to be immediately accretive to earnings, onboard to the OpenText operating model within the first 12 months.
- Expect the transaction to close within 90 to 120 days, subject to regulatory approvals and customary closing conditions.
- The acquisition is not subject to a financing condition.

## Financing

- \$1.0 billion debt commitment provided by Barclays in support of the acquisition.
- OpenText's objective is to maintain a conservative capital structure, including preserving its current credit ratings.
- The permanent financing may include elements of cash on hand, new borrowings under credit facilities, and newly issued equity.

# Strategic Rationale

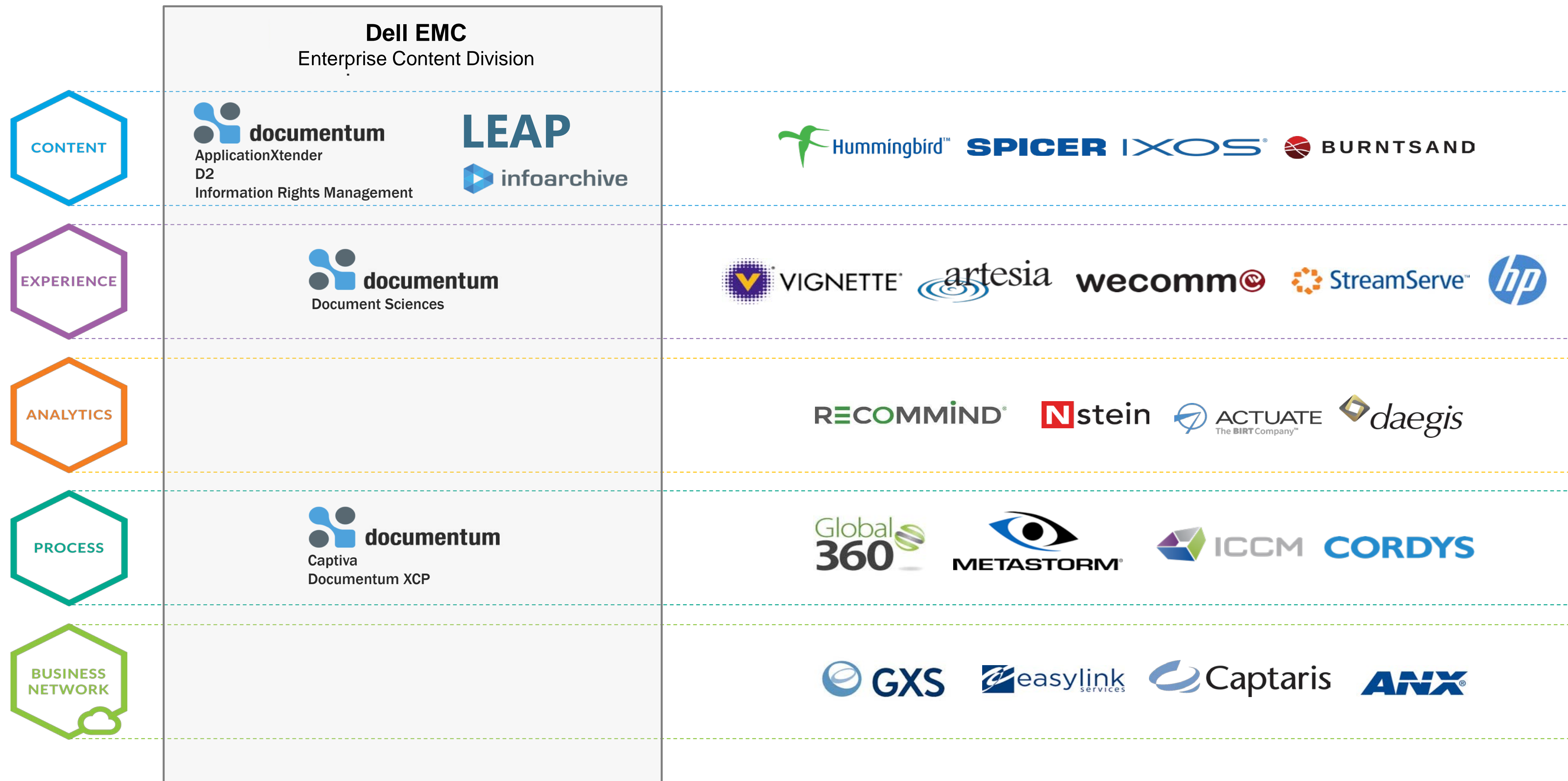
- Expands OpenText's EIM products and services portfolio.
- Documentum brings deep industry solutions, intellectual property, and expertise.
- Access to a new installed base of marquee customers.
- Drives cross-sell of OpenText EIM portfolio into Documentum customers.
- Provides an opportunity to uplift Documentum customers to OpenText Cloud, Managed Services and SaaS Offerings.
- Expands geographic coverage, increasing our exposure into emerging markets.
- Attractive value creation opportunity.
- Optimize financial performance:
  - 2020 aspiration of 34% to 38% adjusted operating margin (AOM) remains unchanged.
  - On operating model within 12 months of closing.

# What OpenText is Purchasing

- Dell EMC's ECD product offerings of Documentum™, InfoArchive™, and LEAP™ product families can be deployed on-premises, in the Cloud, or as hybrid architectures.


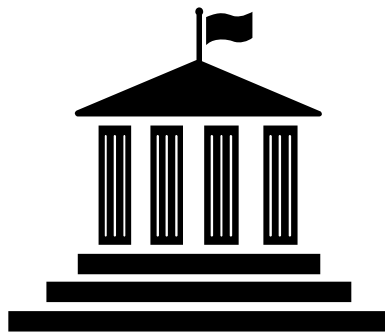
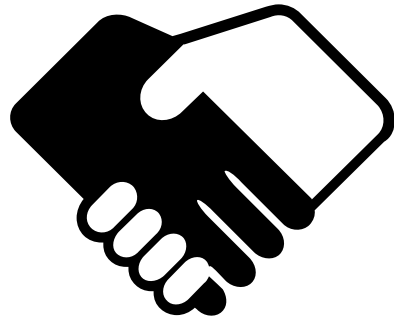


|                     |   |
|---------------------|---|
| <b>Documentum</b>   | <ul style="list-style-type: none"><li>• Documentum features a set of proven products that enable customers to better-manage content across the enterprise with complete security and compliance.</li><li>• Expansive portfolio of products, including but not limited to: Documentum D2, ApplicationXtender, Captiva, Documentum xCP, Document Sciences and Documentum Information Rights Management.</li></ul> |
| <b>InfoArchive</b>  | <ul style="list-style-type: none"><li>• Enables IT organizations to decommission legacy apps and archive inactive data, dramatically reducing IT costs. It also exposes data from these legacy environments for reuse in 3rd-platform applications and for more complete analysis and insight.</li></ul>  |
| <b>LEAP</b>         | <ul style="list-style-type: none"><li>• Offers a next-generation SaaS platform for ECM. It is comprised of a set of consumer-grade, end-user productivity apps that enable users to access, share, create and collaborate on content in entirely new ways across any device.</li></ul>  |
| <b>IP / Patents</b> | <ul style="list-style-type: none"><li>• Strong IP portfolio.</li></ul>  |

# ECD Expands OpenText's EIM Portfolio



# Stable, Loyal, and Diverse Customer Base

- Documentum brings a loyal, marquee customer base.
- Strong recurring revenue portfolio.
  - Approximately 75% of recurring revenues and 50% of total revenue from maintenance.
- Documentum products are deployed to over 5,600 customers globally and are used by:

|   |  |   |   |   |
|---|--|---|---|---|
|  |  |  |  |  |
| <b>Top 10 of 10<br/>Global Pharmaceutical<br/>Companies</b>                         | <b>Top 9 of 10<br/>Largest<br/>Global Banks</b>                                      | <b>Top 9 of 10<br/>Largest Global Insurance<br/>Companies</b>                         | <b>Top 7 of 10<br/>Largest Global Oil &amp; Gas<br/>Companies</b>                     | <b>Top 8 of 10<br/>Largest<br/>U.S. Utilities</b>                                     |



# Marquee Customers in Key Verticals

- Documentum adds solutions and capacity to the OpenText portfolio for the healthcare, life sciences and public sector verticals, while strengthening OpenText's presence in financial services, energy and engineering.

## Life Sciences & Healthcare



## Financial Services & Insurance



## Energy & Utilities



## Public Sector

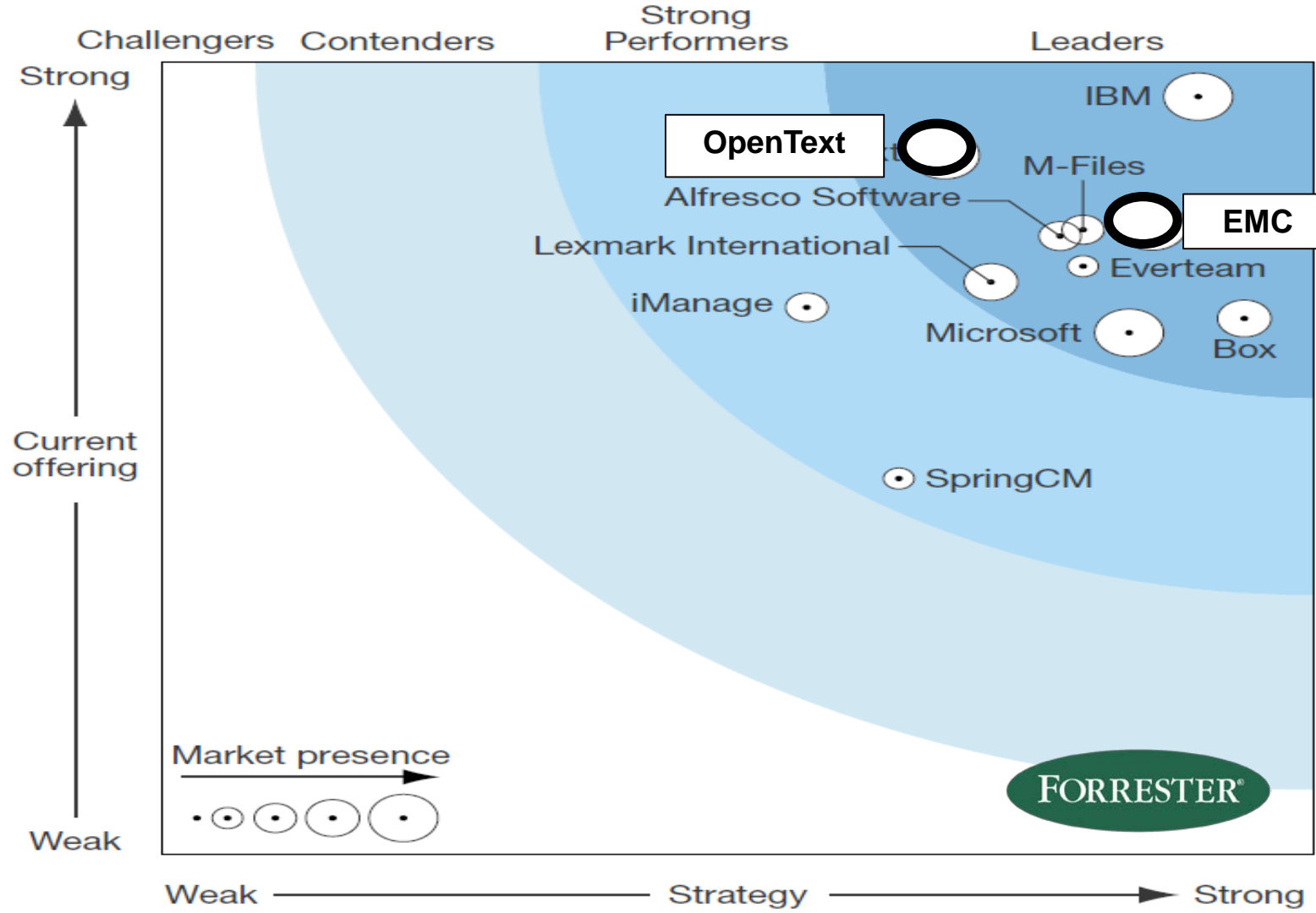


## Others (Logistics, Engineering, Consumer etc.)

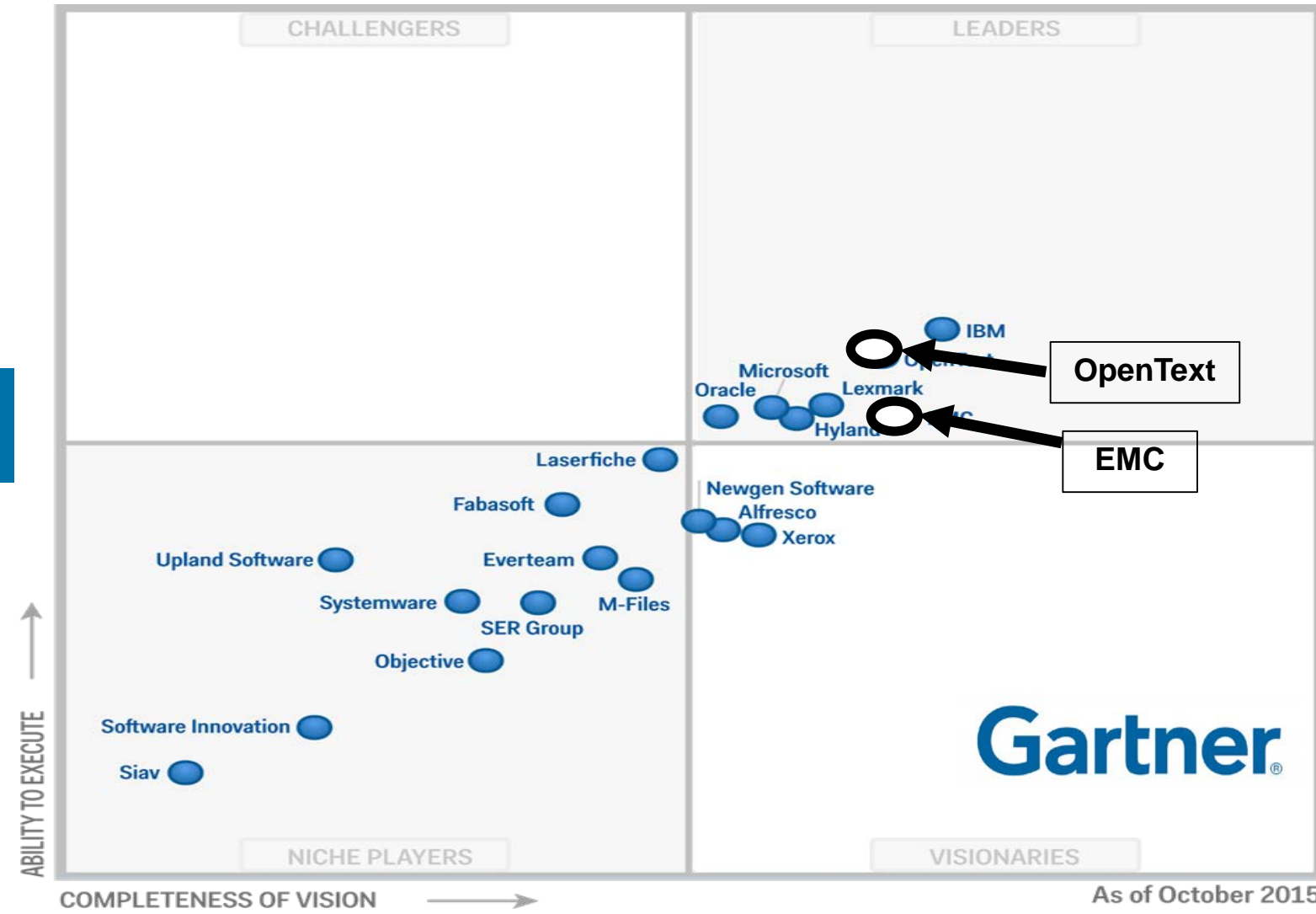


# Industry Recognition – Leaders in ECM & CCM

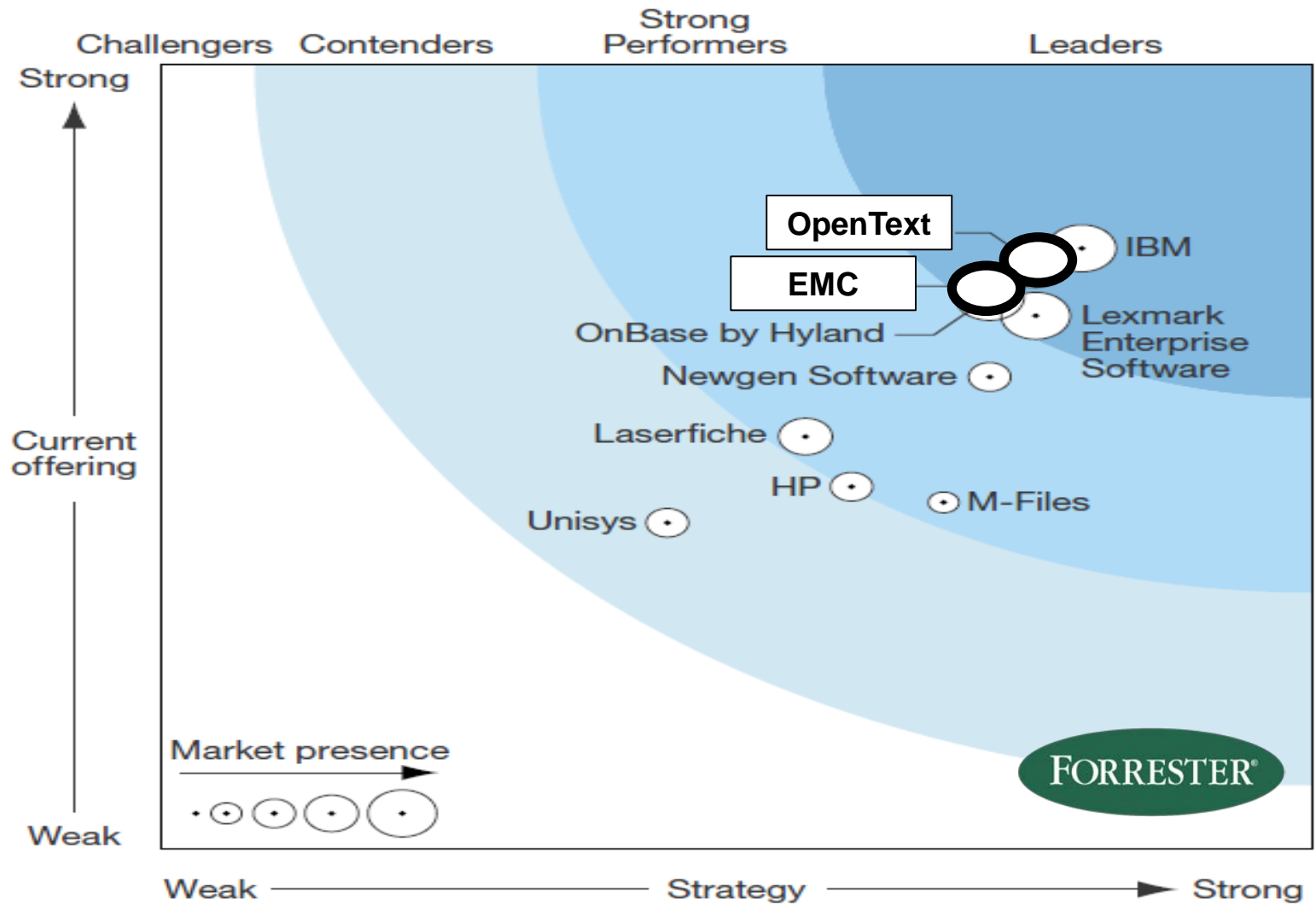
Forrester Wave: ECM Business Content (Q3 2015)



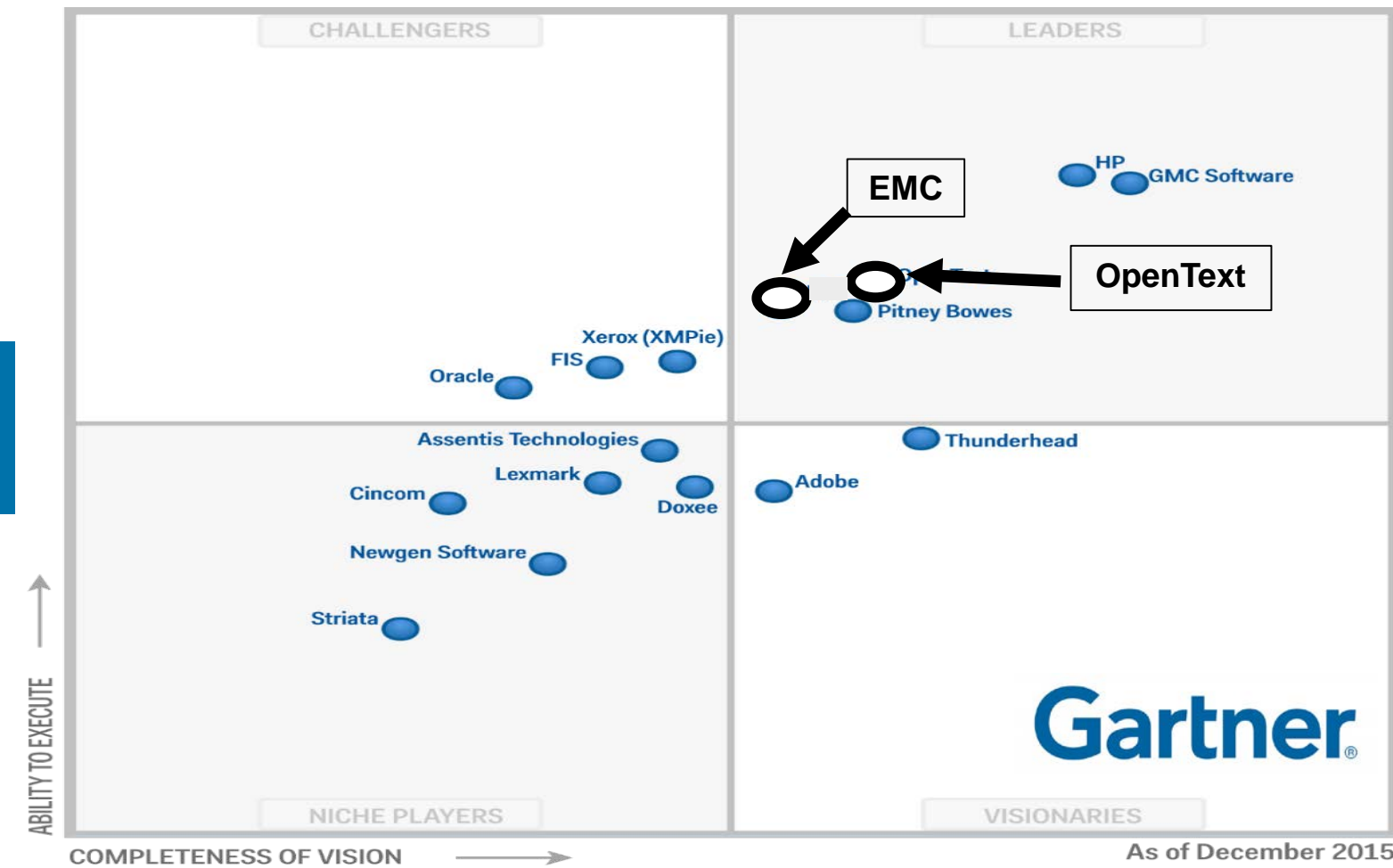
Gartner Magic Quadrant: ECM (October 2015)



Forrester Wave: ECM Transactional Content (Q3 2015)

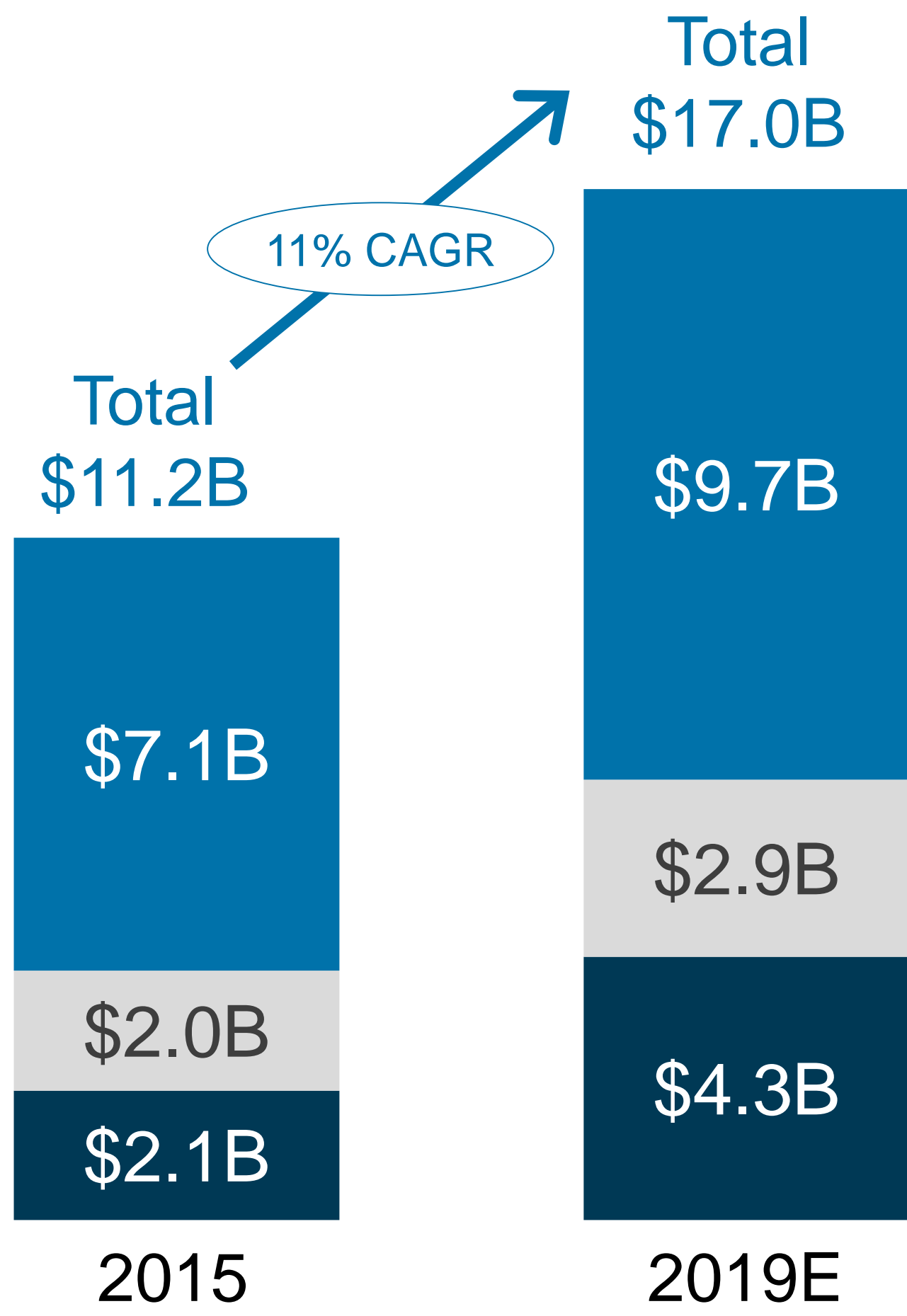


Gartner Magic Quadrant: Customer Communications Management (CCM) (December 2015)



# Enterprise Content – Total Addressable Market

- Enterprise Content represents an estimated Total Addressable Market (TAM) size of \$11.2B in 2015 and can be segmented into the following sub-markets:
  - Traditional ECM: \$7.1B TAM.
  - Information Archiving: \$2.0B TAM.
  - Cloud Content & Collaboration: \$2.1B TAM.
  
- By 2019, it is expected that The Enterprise Content Market will grow at a cumulative growth rate (CAGR) of 10.9% to \$17B:
  - Traditional ECM: \$9.7B (8% CAGR).
  - Information Archiving: \$2.9B (10% CAGR).
  - Cloud Content & Collaboration: \$4.3B (19% CAGR).



Sources: Gartner, IDC

# M&A is Our Leading Growth Driver

- The acquisition of Dell EMC's ECD is consistent with OpenText's strategy to drive growth through acquisitions, complemented with organic initiatives.
- 2020 aspiration target of 34% to 38% adjusted operating margin (AOM) remains unchanged.
- In the past 6 months, OpenText has announced 5 acquisitions, including ECD Documentum.

| Acquisition                 | Description  | Purchase Price | Expected Annualized Revenue | Planned time to Operating Model   |
|-----------------------------|--|----------------|-----------------------------|---|
| <b>ECD Documentum</b>       | Market leading Enterprise Content Management products                                | \$1.62B        | FY'15 \$599M <sup>1</sup>   | <ul style="list-style-type: none"> <li>• Immediately accretive</li> <li>• On model within 12 months of closing</li> </ul> |
| <b>HP Inc's CCM Assets</b>  | Customer communications management assets including HP Extream and HP LiquidOffice   | \$315M         | \$110M to \$125M            | <ul style="list-style-type: none"> <li>• Immediately accretive</li> <li>• On model in FQ1'17</li> </ul>                   |
| <b>Recommind</b>            | Leading eDiscovery and analytics including SaaS and managed services solutions       | \$170M         | \$70M to \$80M              | <ul style="list-style-type: none"> <li>• Immediately accretive</li> <li>• On model in first 12 months</li> </ul>          |
| <b>ANXeBusiness</b>         | Cloud-based information exchange services to US Automotive and Healthcare industries | \$105M         | \$30M                       | <ul style="list-style-type: none"> <li>• Both accretive and on model, immediately</li> </ul>                              |
| <b>HP Inc.'s CEM Assets</b> | Certain customer experience software assets such as HP TeamSite and HP MediaBin      | \$160M         | \$85M to \$95M              | <ul style="list-style-type: none"> <li>• Immediately accretive</li> <li>• On model in first 12 months</li> </ul>          |

# The EIM Vendor of Choice

## OpenText + Documentum

- A strong, more complete EIM portfolio from a single vendor.
- Integration to the OpenText EIM platform and new capabilities spanning the Information Lifecycle.
- Better geographical coverage globally, but in particular in emerging markets.
- Stronger and new vertical solutions in healthcare, life sciences and public sector verticals, while adding to OpenText's already strong presence in financial services, energy and engineering.
- Adds approximately 2,000 talented employees with deep market and industry experience.
- A rich partner network and strong relationships with global systems integrators, resellers, and ecosystem partners.
- OpenText and Dell EMC announced their intention to enter into a strategic commercial partnership to expand customer offerings
- Access to the OpenText Cloud, Managed Services, and SaaS applications.

# A Compelling Transaction For Our Stakeholders

- Purchase price of US\$1.62 billion is approximately 2.7 times ECD FY'15 revenue of \$599M<sup>1</sup>.
- Onboarding strong recurring revenues, significant contribution to margin, and cash flows.
- Targeting to be immediately accretive to earnings, onboard to the OpenText operating model within the first 12 months.
- 2020 aspiration target of 34% to 38%, adjusted operating margin (AOM) remains unchanged.
- Expands OpenText's EIM products and services portfolio into new verticals with deep industry focused solutions.
- Access to a new installed base of marquee customers, leveraging Documentum's vertical go-to-market expertise.
- Mutual up- and cross-sell opportunities for both OpenText EIM and Documentum customers, expanding into OpenText's Cloud and Managed Services infrastructure.
- Broadens geographic coverage and improves exposure into emerging markets.

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