

SECTORWATCH:

Authentication and Identity Management

April 2018

7 MILE 
ADVISORS

SECTORWATCH: Authentication and Identity Management

April 2018

- Sector Dashboard
- Public Basket Performance
- Operational Metrics
- Valuation Comparison
- Recent Deals
- Appendix

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OVERVIEW



Dashboard

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages



Public Basket Performance

summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

a more graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

the most recently announced sector deals

About Us

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.

DASHBOARD

Revenue Growth Momentum

↑ 5.0%

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

Pricing / Gross Margin Momentum

↑ 1.8%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

Profitability Momentum

↓ -0.2%

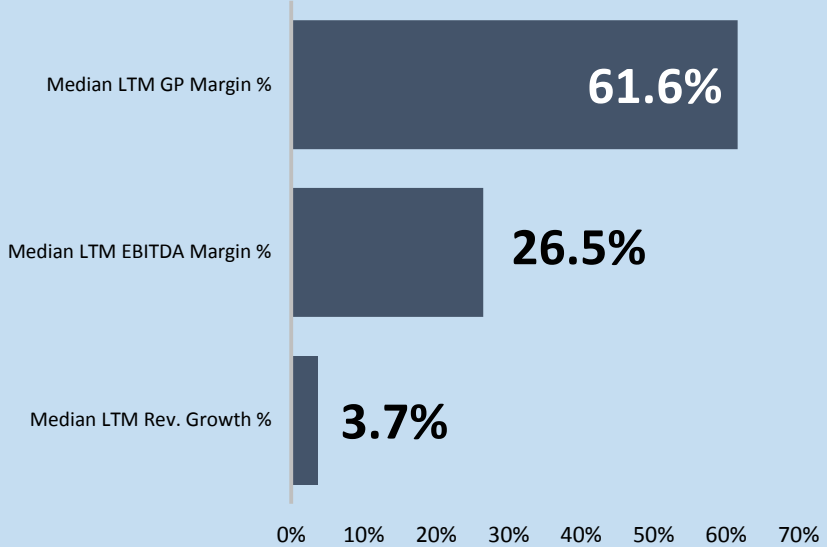
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

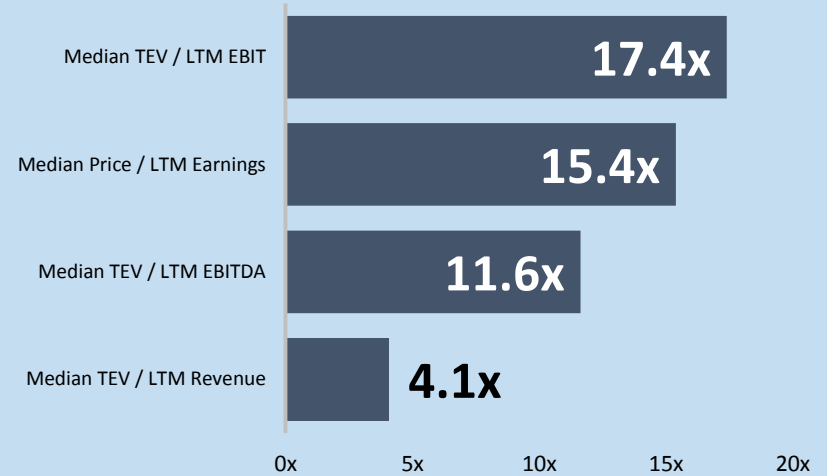
PUBLIC BASKET CONSTITUENTS

- NYSE:SYF LSE:EXPN
- NasdaqGM:INTX NYSE:FDC
- NasdaqGS:SYMC

Operating Metrics



Valuation



PUBLIC BASKET

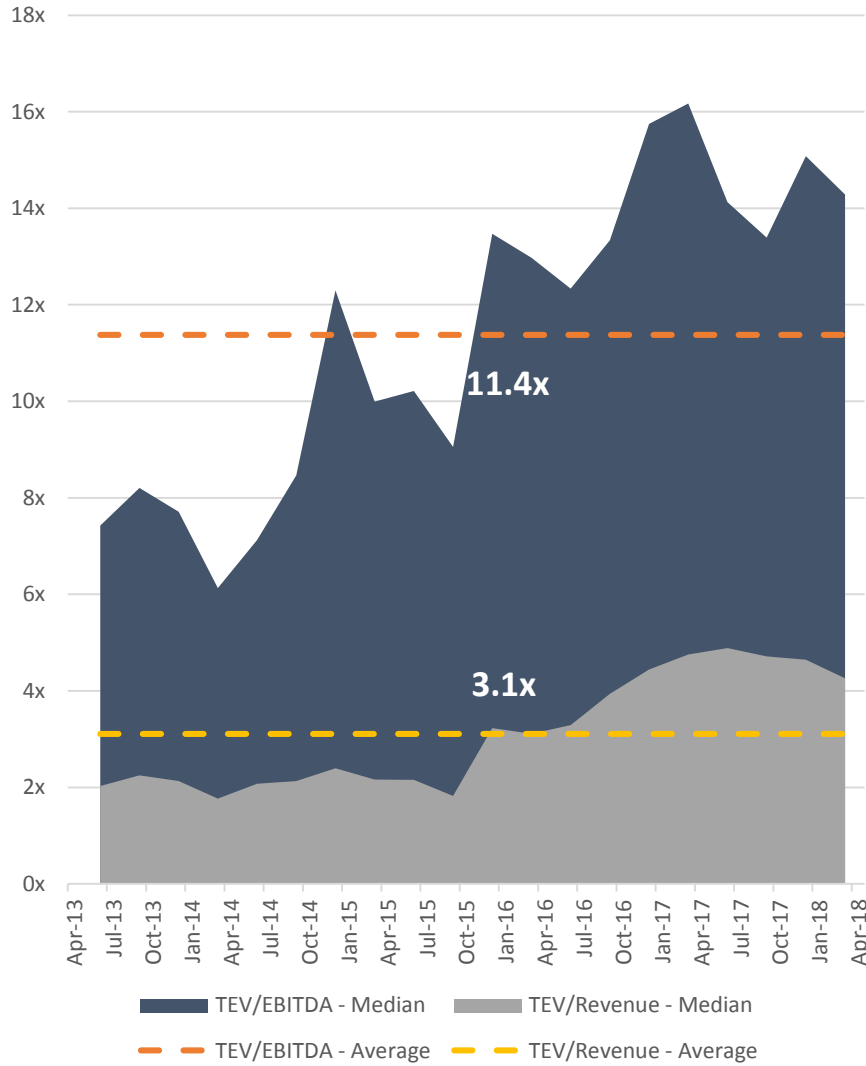
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Synchrony Financial	-	7,071	1%	0%	NA	0.0	0.0	16,000	442
Intersections Inc.	67	160	-9%	68%	-5%	0.4	0.0	362	441
Symantec Corporation	19,215	4,739	25%	79%	18%	4.1	22.4	13,000	365
Experian plc	23,395	4,439	7%	43%	35%	5.0	14.3	16,300	272
First Data Corporation	36,007	8,129	4%	62%	35%	4.4	11.6	22,000	370

Average	15,737	4,908	6%	50%	21%	2.8	9.7	13,532	378
Median	19,215	4,739	4%	62%	26%	4.1	11.6	16,000	370

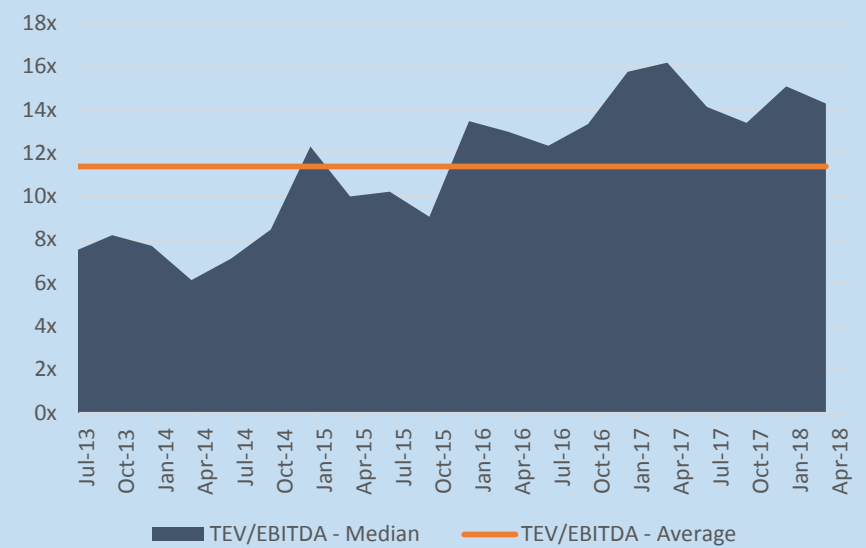
share price as of 09Apr18



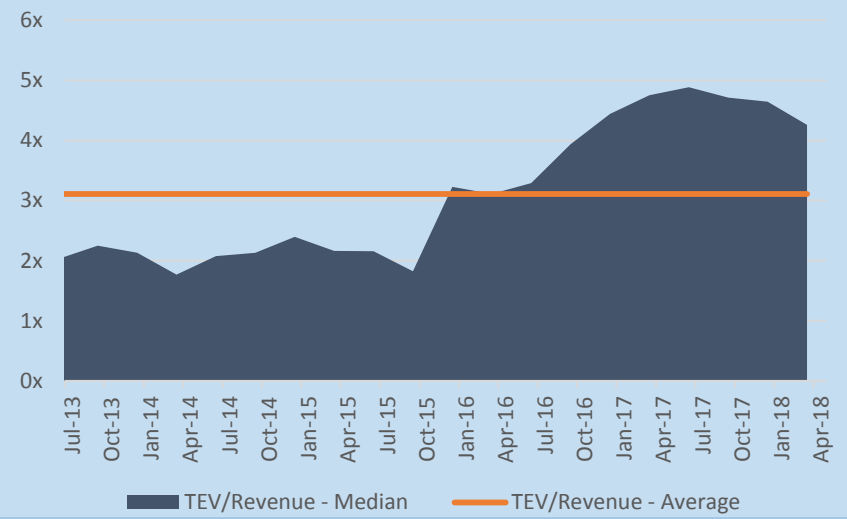
PUBLIC BASKET VALUATION TRENDS



Public EBITDA Multiples Over Time



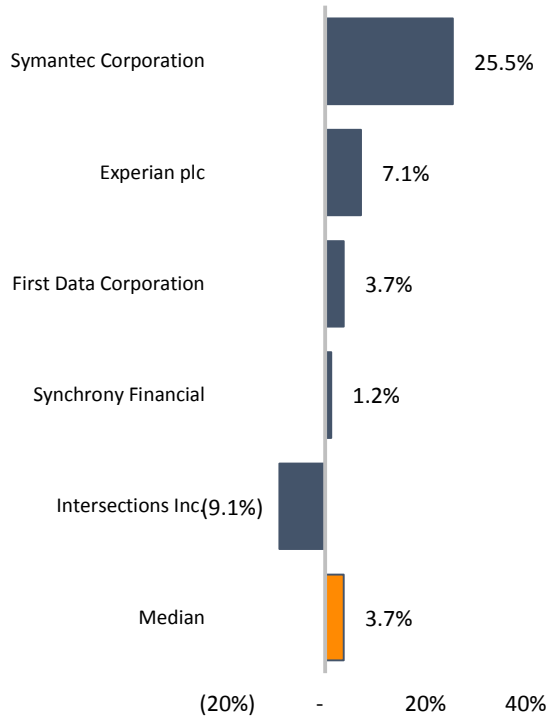
Public Revenue Multiples Over Time



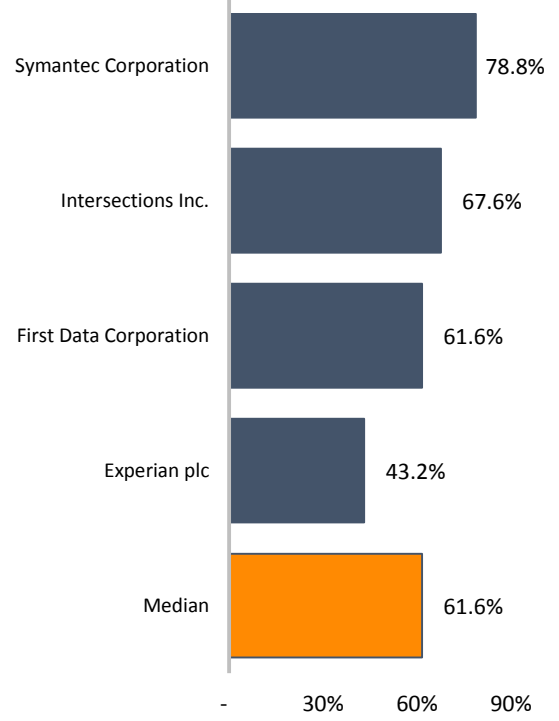
OPERATIONAL METRICS



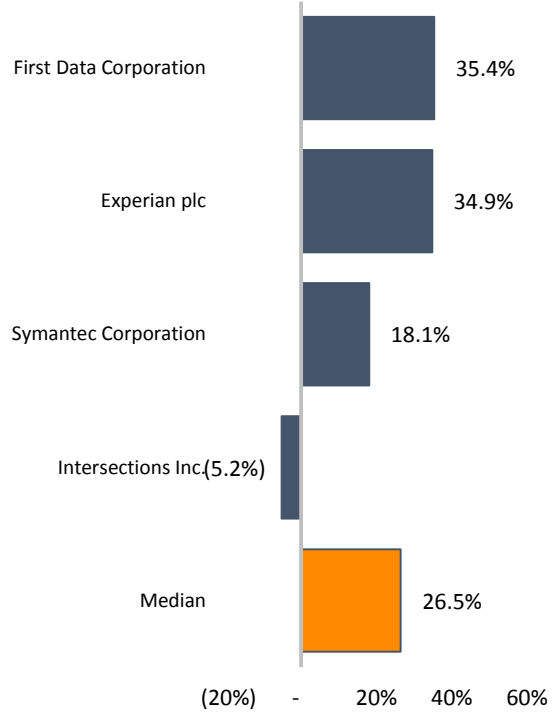
LTM REVENUE GROWTH %



LTM GROSS PROFIT MARGIN %



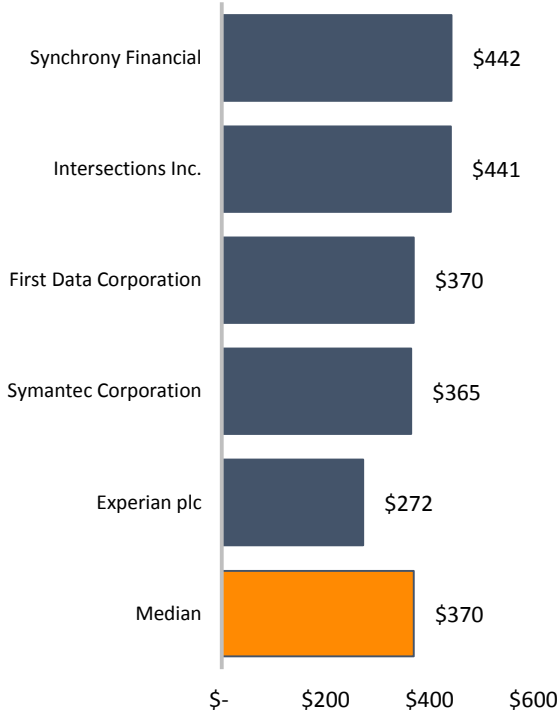
LTM EBITDA %



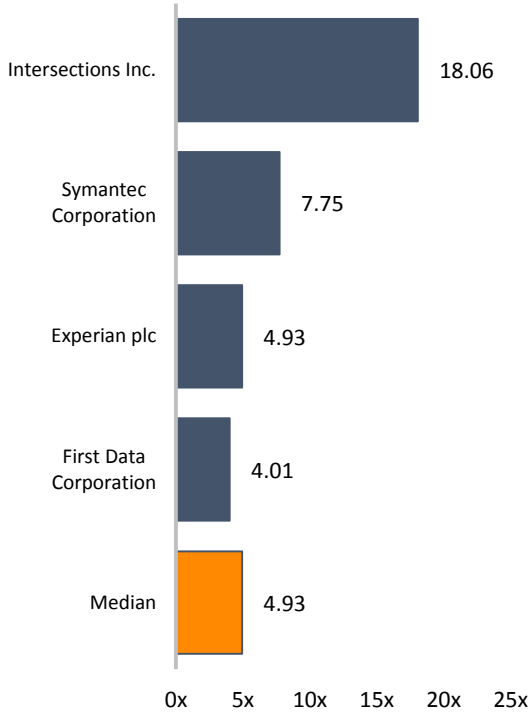
OPERATIONAL METRICS



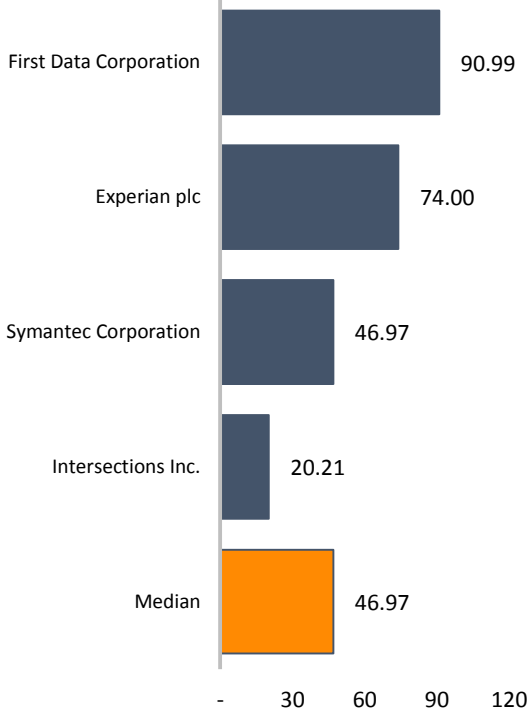
LTM Rev. per FTE x 000's



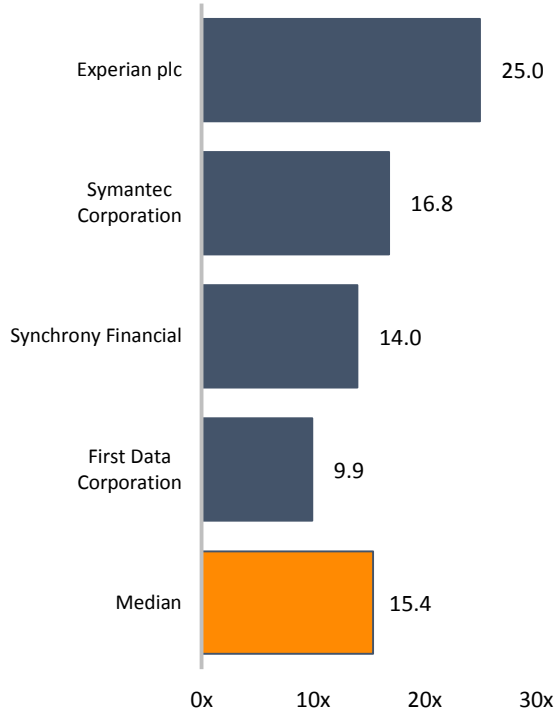
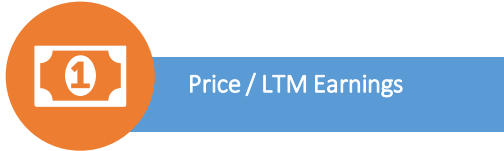
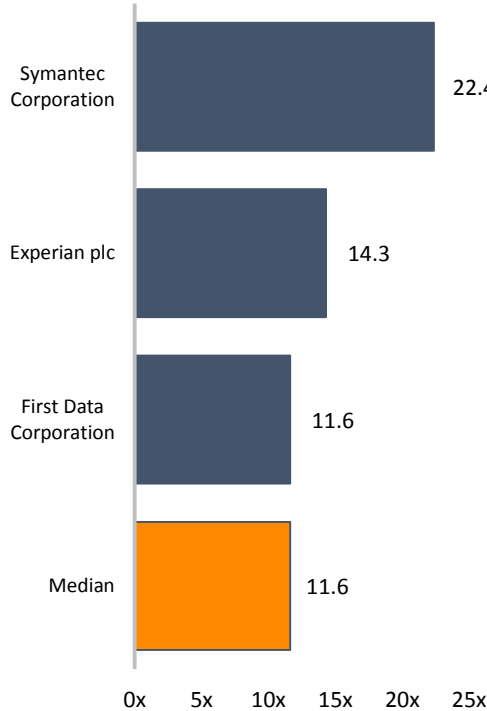
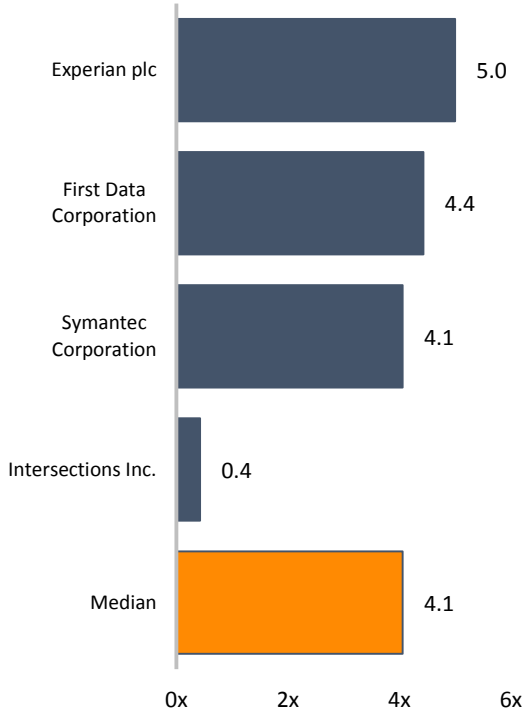
Accounts receivable turnover



Avg days sales outstanding



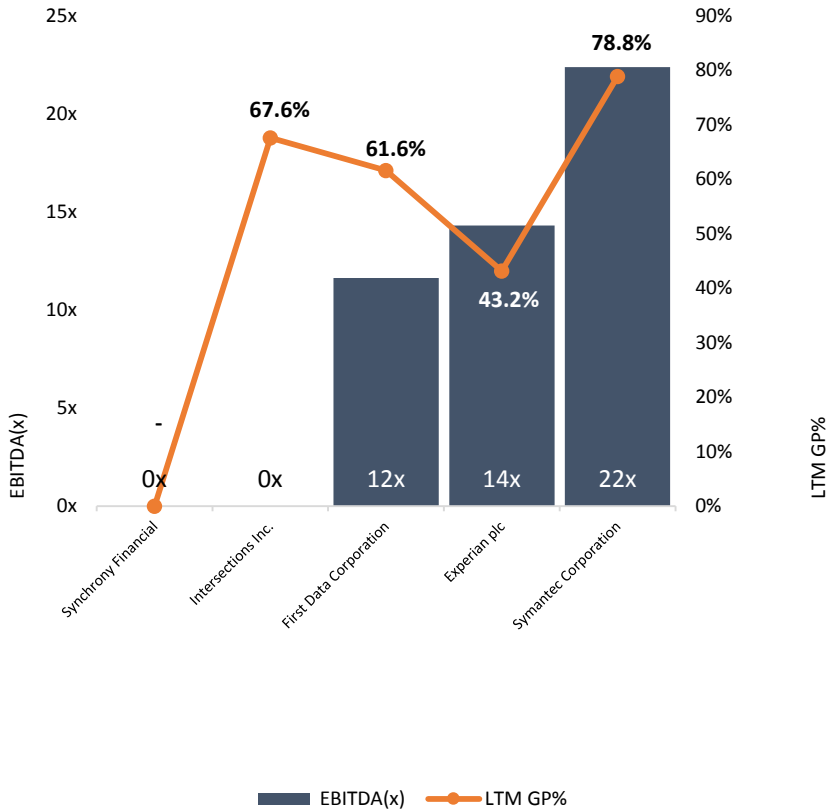
VALUATION



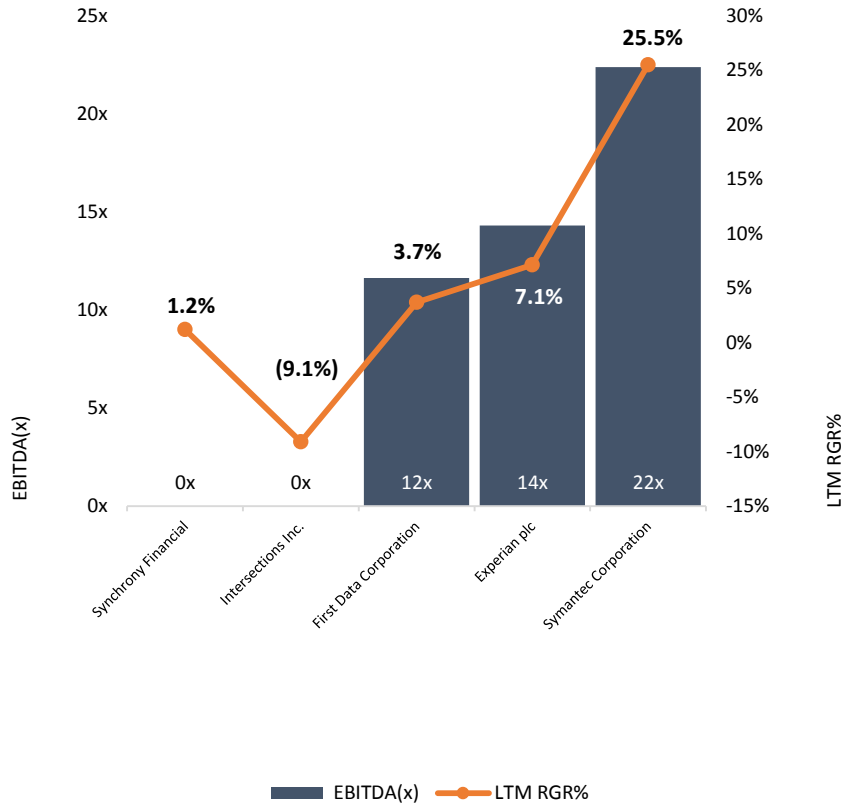
VALUATION



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



RECENT TRANSACTIONS

Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
3Apr18	Bongar Corporation	Francisco Partners Management LLC	-	-	-	-
29Jan18	ThreatMetrix Inc.	LexisNexis Risk Solutions Inc.	830.00	-	-	-
13Sep17	ProQual-I.T., Inc.	10Pearls, LLC	-	-	-	-
3May17	Kofax Limited	Thoma Bravo, LLC	1,350.00	572.36	2.4x	-
30Jan17	ThreatWave	Return Path, Inc.	-	-	-	-
12Dec16	Online Banking Solutions, Inc.	Fiserv, Inc.	-	-	-	-
29Nov16	Akana, Inc.	Rogue Wave Software, Inc.	-	-	-	-
18Apr16	CSIdentity Corporation	Experian Information Solutions, Inc.	360.00	-	-	-
7Dec15	Cafésoft LLC	OneLogin, Inc.	-	-	-	-
18Nov15	Product Support Solutions Inc.	Eckoh plc	7.69	17.40	0.3x	-
26Mar15	Quantum Secure, Inc.	HID Global Corporation	-	-	-	-
9Jul14	Aegis Business Group, Inc.	TPUSA, Inc.	631.00	400.00	1.6x	-
3Apr13	RSA Security, Inc., Knowledge Based Authentication	LexisNexis Risk Solutions Inc.	-	-	-	-
14Mar12	ID Analytics, LLC	LifeLock, Inc.	-	26.86	-	-
30Aug10	Arcot Systems, LLC	CA, Inc.	197.00	-	-	-
28Jul08	Verifia Inc.	Quova, Inc.	-	-	-	-
17Mar08	IDCertainty	Appin Security Group	-	-	-	-
27Sep06	Neogent, Inc.	Sun Microsystems Inc. (nka:Oracle America, Inc.)	-	-	-	-

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Appendix: Public Basket
Constituents

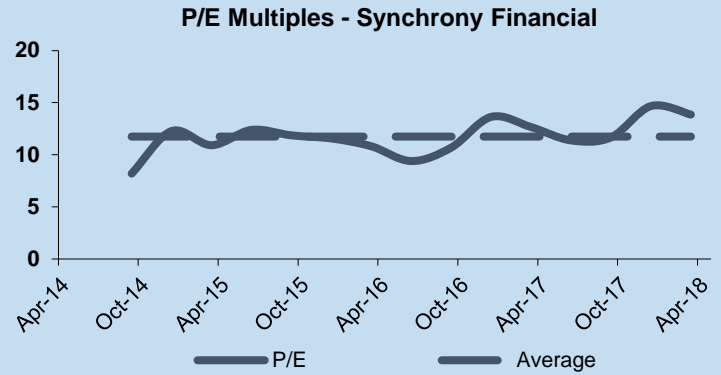
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PUBLIC BASKET CONSTITUENTS

Synchrony Financial

Synchrony Financial operates as a consumer financial services company in the United States. The company offers private label credit cards, dual cards, general purpose co-branded credit cards, and small and medium-sized business credit products; and promotional financing for consumer purchases, such as private label credit cards and installment loans. It also provides promotional financing to consumers for health and personal care procedures, products, or services, such as dental, veterinary, cosmetic, vision and audiology; debt cancellation products; and deposit products, including certificates of deposit, individual retirement accounts, money market accounts, and savings accounts to retail and commercial customers, as well as accepts deposits through third-party securities brokerage firms. The company offers its credit products through programs established with a group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations, and healthcare service providers; and deposit products through multiple channels, including digital and print. Synchrony Financial was incorporated in 2003 and is headquartered in Stamford, Connecticut.

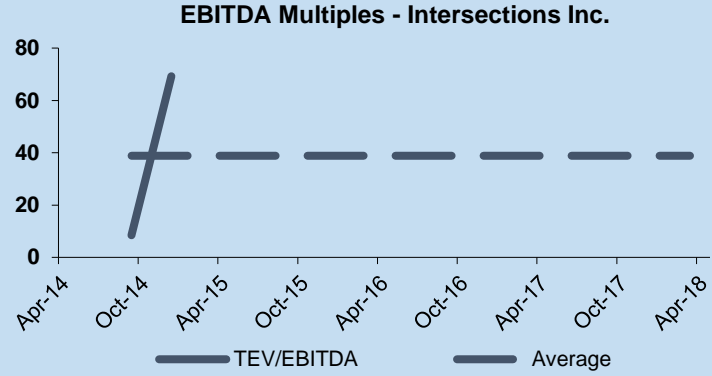
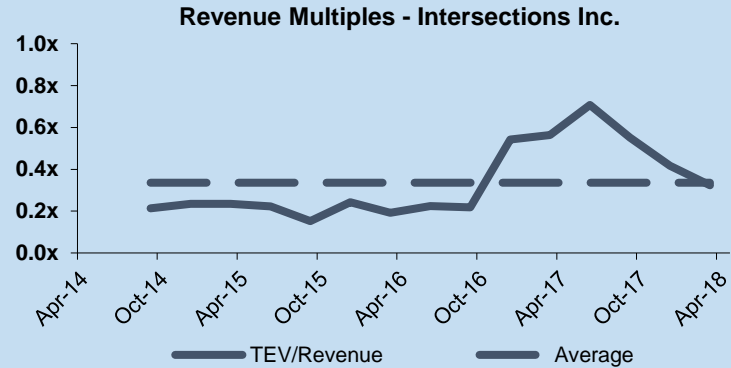


Date	Key Development Headline
11/16/17	PayPal Holdings, Inc., Synchrony Financial - M&A Call

PUBLIC BASKET CONSTITUENTS

Intersections Inc.

Intersections Inc. provides identity risk management and privacy protection services in the United States and Canada. The company's Personal Information Services segment offers privacy, personal information security, and identity theft monitoring and remediation services for consumers to understand, monitor, manage, and protect against the risks associated with their personal information. Its services include credit reports, credit monitoring, educational credit scores, and credit education; reports, monitoring, and education about other personal information and risks, such as public records, identity validation, new accounts, and Internet data risks; identity theft recovery services; identity theft cost reimbursement insurance; and software and other technology tools and services under the IDENTITY GUARD brand. This segment also offers breach response services to organizations responding to compromises of sensitive personal information; and Privacy Now with Watson, an identity theft monitoring and privacy advisory solution. The company's Insurance and Other Consumer Services segment provides insurance and membership products for consumers. Intersections Inc. was founded in 1996 and is headquartered in Chantilly, Virginia.



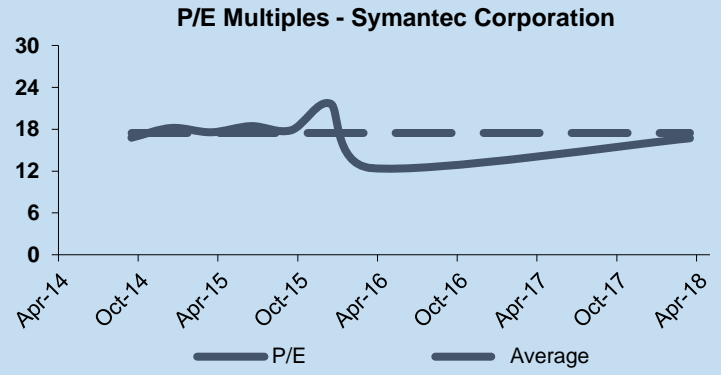
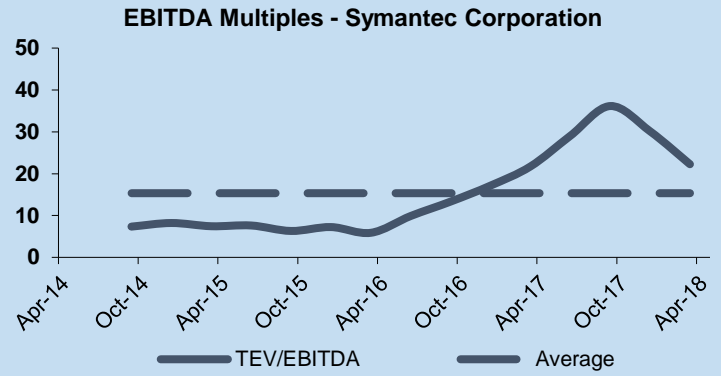
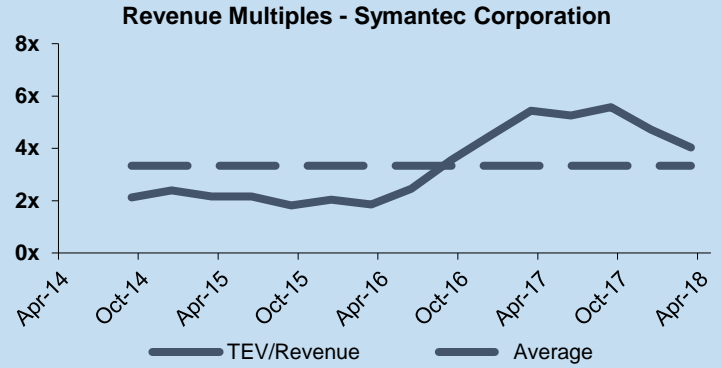
Date	Key Development Headline
8/10/17	Intersections Mulls Acquisitions
8/3/17	One Health Group, LLC acquired i4c Innovations LLC from Intersections Inc. (NasdaqGM:INTX) for \$20 million.
5/11/17	Intersections Seeks Acquisitions

PUBLIC BASKET CONSTITUENTS

Symantec Corporation

Symantec Corporation, together with its subsidiaries, provides cybersecurity solutions worldwide. It operates through two segments, Consumer Digital Safety and Enterprise Security. The Consumer Digital Safety segment provides Norton-branded services that provide multi-layer security services across desktop and mobile operating systems, public Wi-Fi connections, and home networks to defend against online threats to individuals, families, and small businesses. This segment also offers LifeLock-branded identity protection services, such as identifying and notifying users of identity-related and other events, and assisting users in remediating their impact; and digital safety platform designed to protect information across devices, customer identities, and the connected homes and families. The Enterprise Security segment provides endpoint protection products, endpoint management, messaging protection products, information protection products, cyber security services, Website security, and advanced Web and cloud security offerings. Its enterprise endpoint, network security, and management offerings supports evolving endpoints and networks, as well as provides an integrated cyber defense platform. This segment delivers its solutions through various methods, such as software, appliance, software-as-a-service, and managed services. The company serves individuals, households, and small businesses; small, medium, and large enterprises; and government and public sector customers. Symantec Corporation was founded in 1982 and is headquartered in Mountain View, California.

Date	Key Development Headline
2/14/18	Symantec May Seek Acquisitions
11/5/17	Symantec Corporation (NasdaqGS:SYMC) acquired SurfEasy, Inc. from Opera Software ASA (OB:OPERA) for an enterprise value of \$38.5 million.

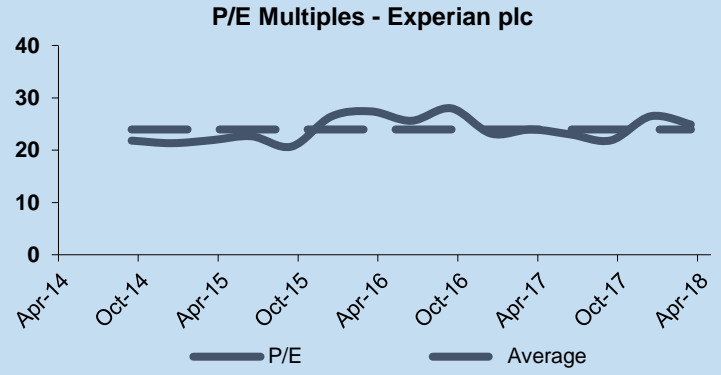
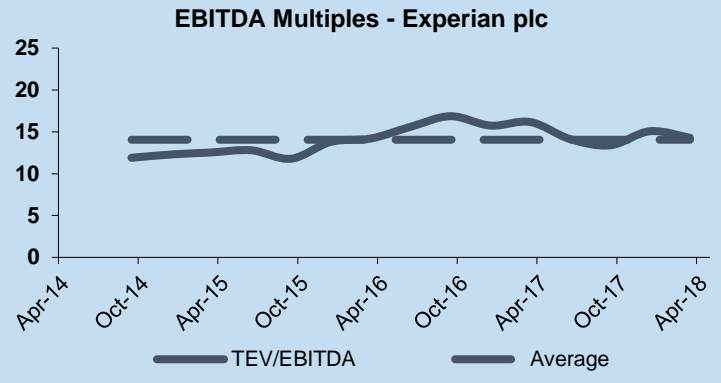
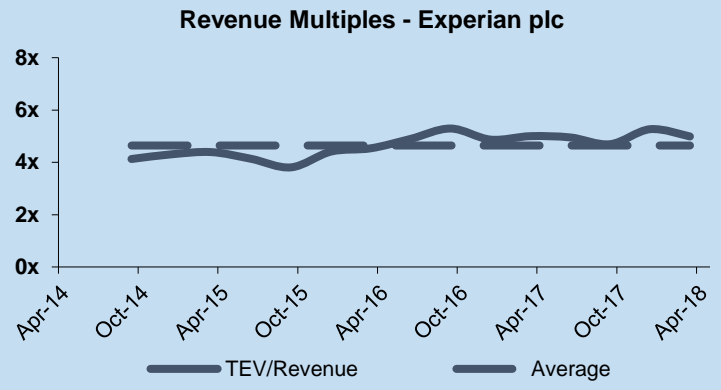


PUBLIC BASKET CONSTITUENTS

Experian plc

Experian plc, an information services company, provides data, analytics, and software solutions to businesses and organizations. The company operates through four segments: Credit Services, Decision Analytics, Marketing Services, and Consumer Services. The Credit Services segment holds, protects, and manages data that help businesses and organizations to lend, as well as prevent fraud. This segment also holds information of people and businesses that have repaid credit in the past; and provides credit reports used by businesses, such as banks, automotive dealers, healthcare providers, and retailers. The Decision Analytics segment provides software, analytics, and fraud prevention services that help clients to detect and minimize fraud, and to comply with legal requirements. The Marketing Services segment provides data management and analytics that enable businesses to plan, build, and deliver their marketing campaigns. The Consumer Services segment provides online services that help people to understand and better manage their financial position, while protecting themselves from identity theft and fraud. Experian plc was founded in 1803 and is headquartered in Dublin, Ireland.

Date	Key Development Headline
3/18/18	Experian plc (LSE:EXPN) acquired Clarity Services, Inc.
3/14/18	Experian plc (LSE:EXPN) agreed to acquire Clear Score Technology Ltd. for approximately £280 million.
1/17/18	Equifax and Experian Interested In ClearScore Acquisition
12/30/17	Experian plc (LSE:EXPN) completed the acquisition of a 25% stake in London & Country Mortgages Limited.
12/7/17	Experian plc (LSE:EXPN) signed an agreement to acquire a 25% stake in London & Country Mortgages Limited.



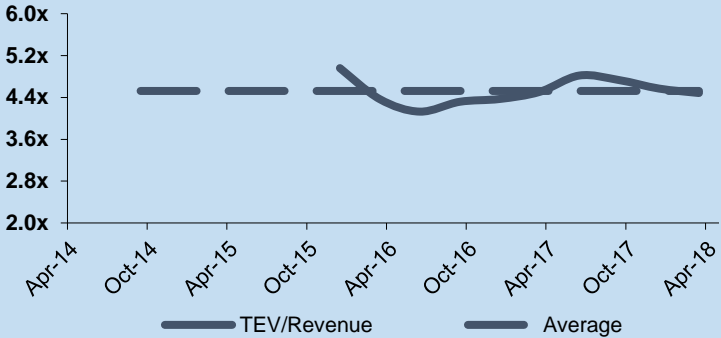
PUBLIC BASKET CONSTITUENTS

First Data Corporation

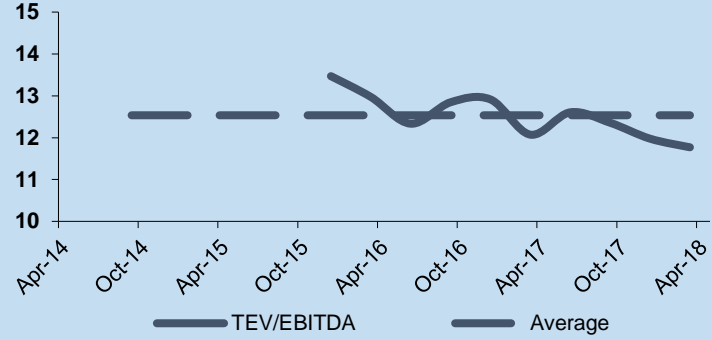
First Data Corporation provides electronic commerce solutions for merchants, financial institutions, and card issuers worldwide. It operates through three segments: Global Business Solutions (GBS), Global Financial Solutions (GFS), and Network & Security Solutions (NSS). The GFS segment provides technology solutions for bank and non-bank issuers comprising credit, retail private label, commercial card, and loan processing; licensed financial software systems, such as VisionPLUS processing application; and account services, including card personalization and embossing, customer communications, remittance processing, professional services, and customer servicing consisting of call center solutions and back office processing. The company was founded in 1989 and is headquartered in Atlanta, Georgia.

Date	Key Development Headline
11/30/17	First Data Corporation (NYSE:FDC) completed the acquisition of BluePay, Inc. from TA Associates Management, L.P., BluePay management and others.
10/20/17	BluePay Holdings, Inc., First Data Corporation - M&A Call
10/19/17	First Data Corporation (NYSE:FDC) entered into a definitive stock purchase agreement to acquire BluePay, Inc. from TA Associates Management, L.P., BluePay management and others for \$760 million.
9/26/17	Worldline S.A. (ENXTPA:WLN) completed the acquisition of First Data Lietuva Uab and First Data Latvia Sia and First Data EESTI OU from First Data Corporation (NYSE:FDC).
8/9/17	Bidvest Bank Limited acquired First Data Resources South Africa (pty) Ltd from First Data Corporation (NYSE:FDC) and others.

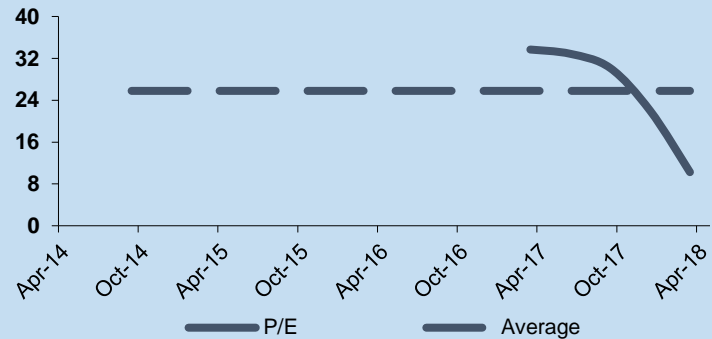
Revenue Multiples - First Data Corporation



EBITDA Multiples - First Data Corporation



P/E Multiples - First Data Corporation



CONTACT INFORMATION

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