

SECTORWATCH:

Business Intelligence

March 2018

7 MILE 
ADVISORS

SECTORWATCH: Business Intelligence

March 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

↓ **0.0%**

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

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

Pricing / Gross Margin Momentum

↓ **-1.1%**

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

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

Profitability Momentum

↓ **-4.3%**

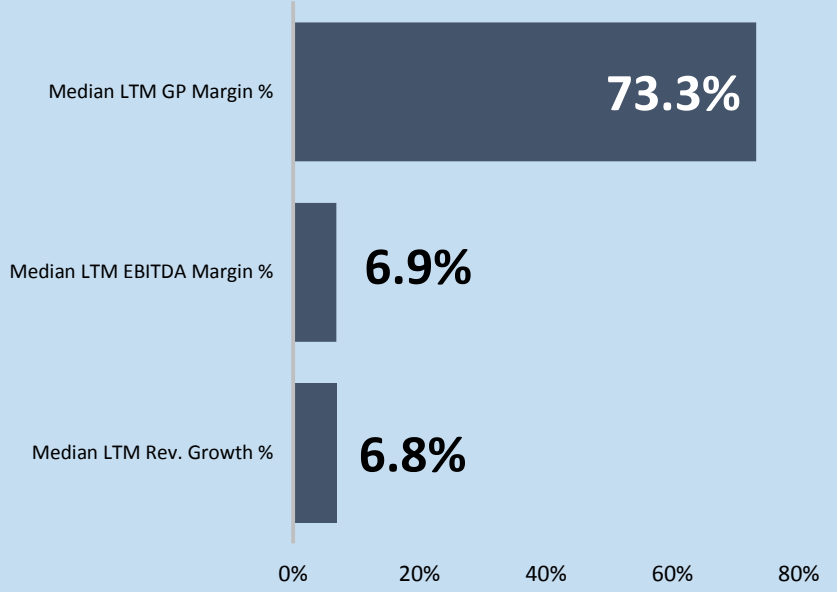
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

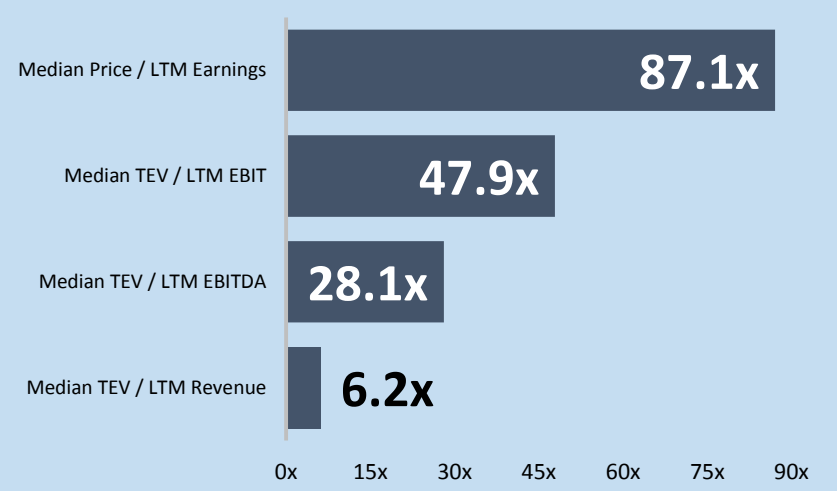
PUBLIC BASKET CONSTITUENTS

- NasdaqGS:MSTR NYSE:TDC
- NYSE:DATA NasdaqGS:SPLK
- NasdaqGS:PEGA NasdaqGS:MSFT

Operating Metrics



Valuation



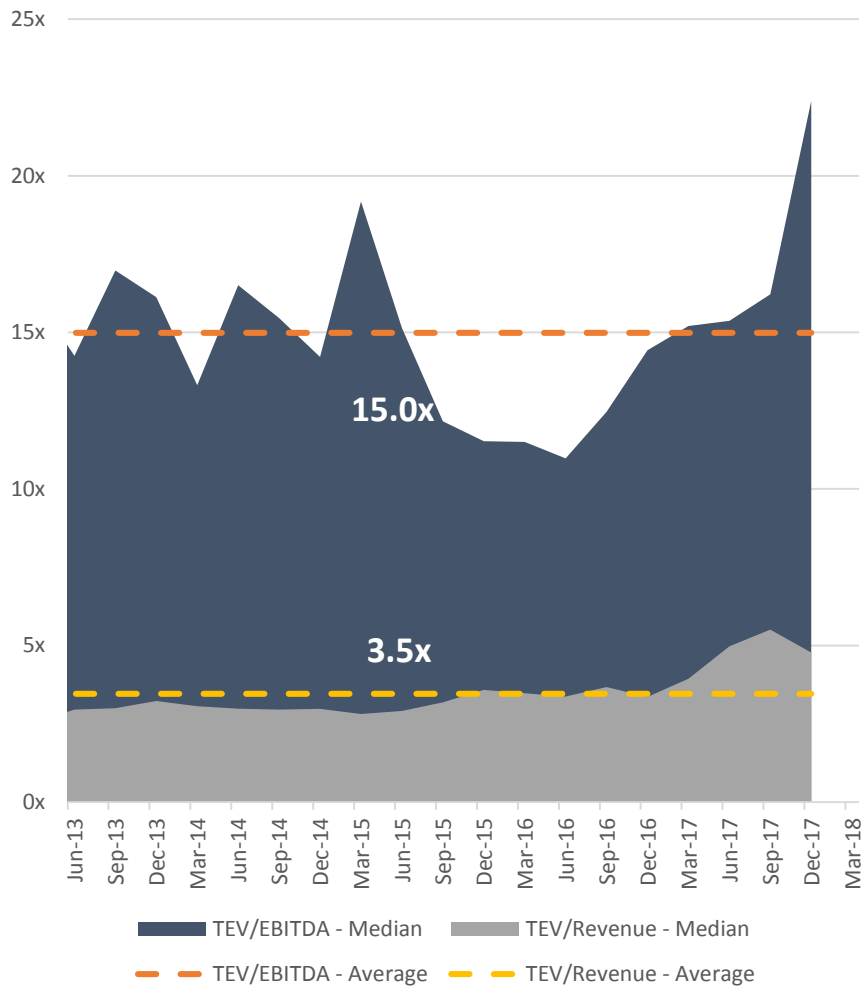
PUBLIC BASKET PERFORMANCE

Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
MicroStrategy Incorporated	850	505	-1%	81%	16%	1.7	10.5	2,216	228
Tableau Software, Inc.	6,028	877	6%	87%	-17%	6.9	0.0	3,489	251
Pegasystems Inc.	4,665	841	12%	67%	8%	5.6	73.6	4,237	198
Teradata Corporation	4,763	2,156	-7%	48%	6%	2.2	35.8	10,615	203
Splunk Inc.	13,878	1,271	34%	80%	-17%	12.0	0.0	-	NA
Microsoft Corporation	677,356	95,652	8%	63%	35%	7.1	20.4	124,000	771

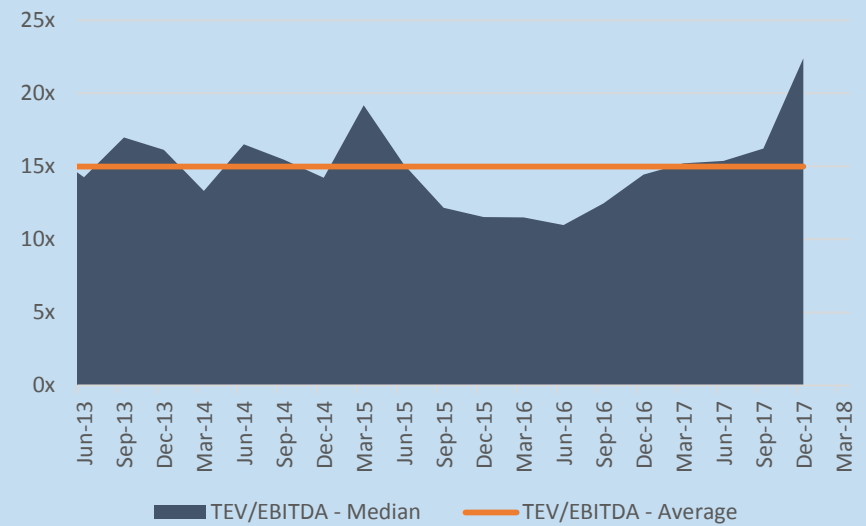
Average	117,923	16,883	8%	71%	5%	5.9	23.4	24,093	330
Median	5,395	1,074	7%	73%	7%	6.2	15.4	3,863	228

share price as of 08Mar18

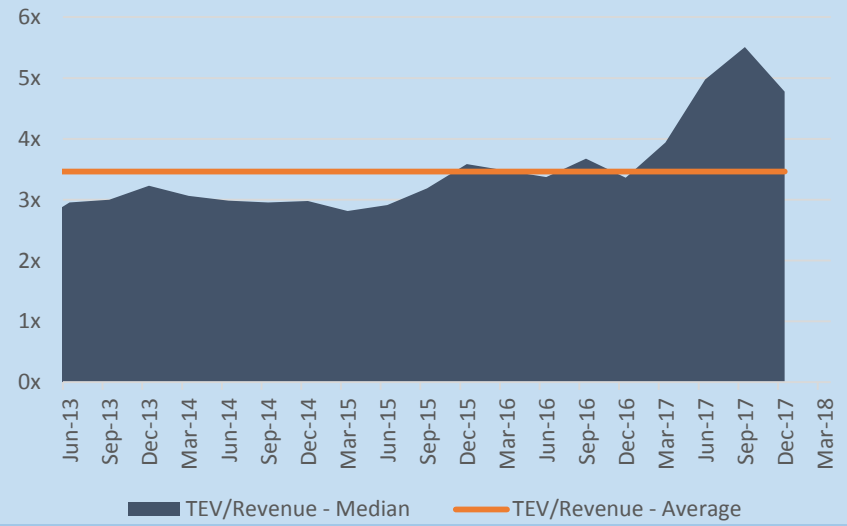
PUBLIC BASKET VALUATION TRENDS



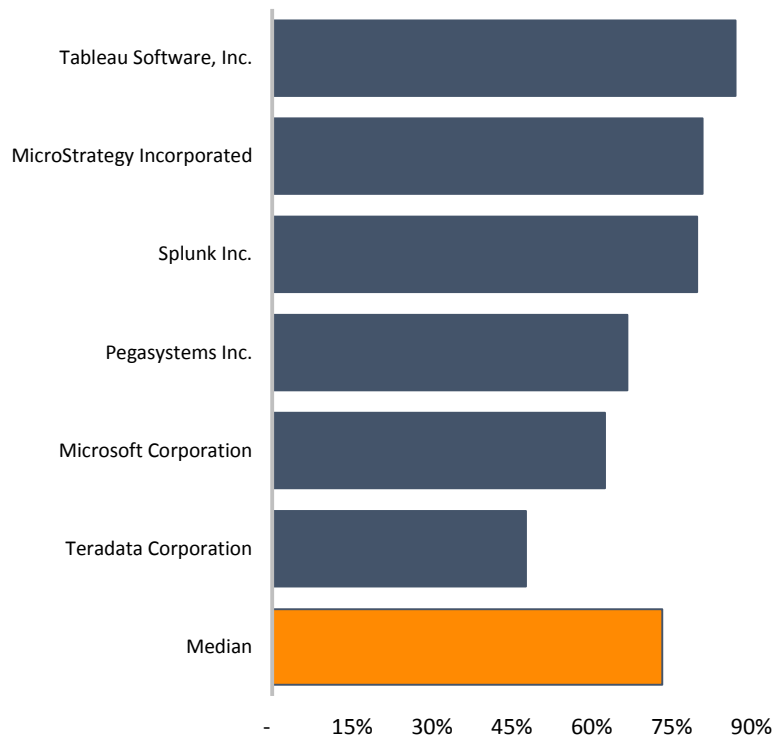
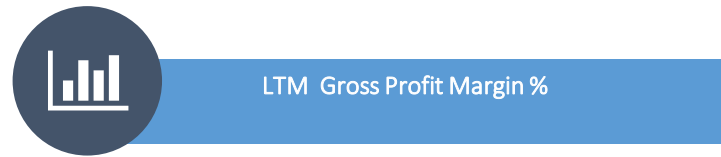
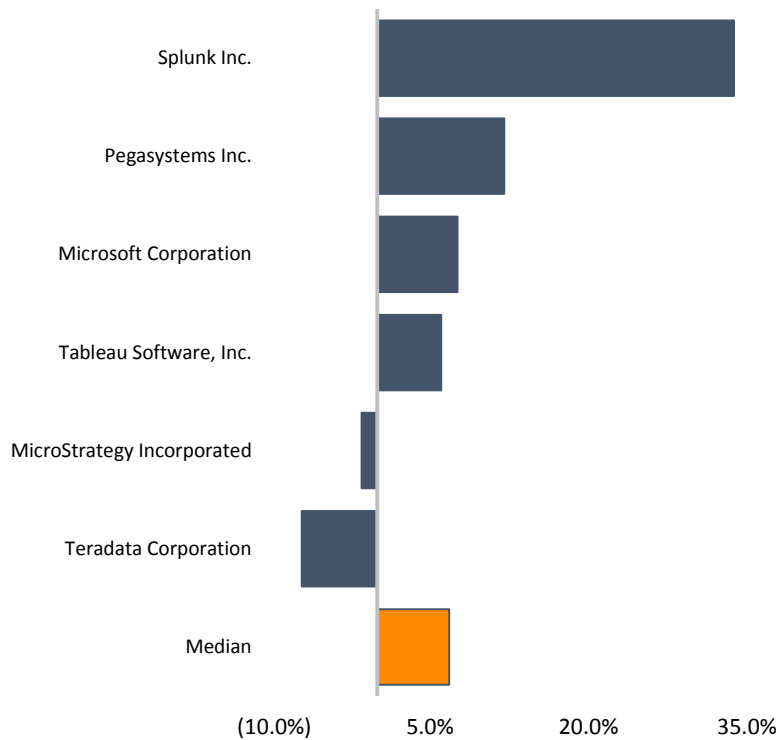
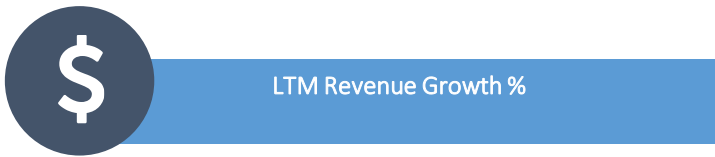
Public EBITDA Multiples Over Time



Public Revenue Multiples Over Time



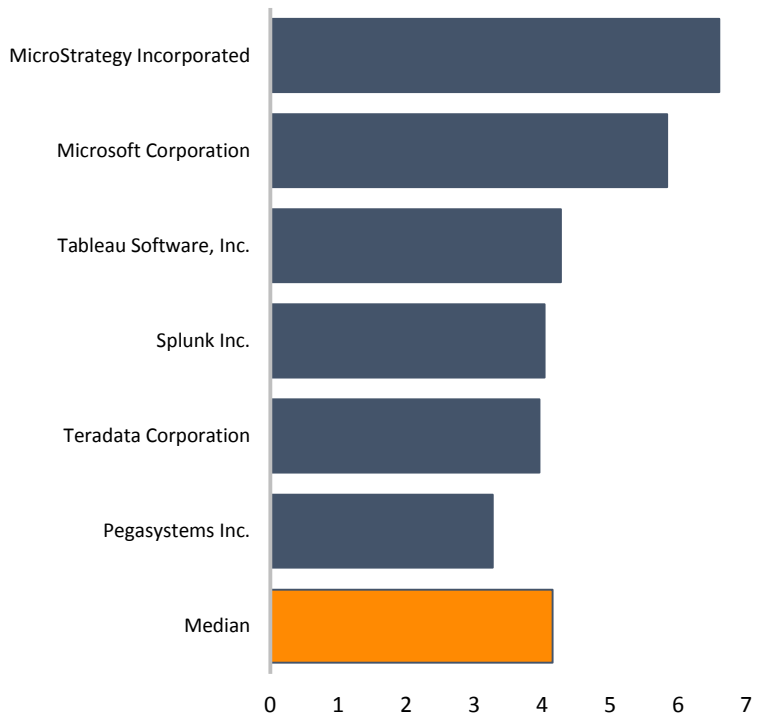
OPERATIONAL METRICS



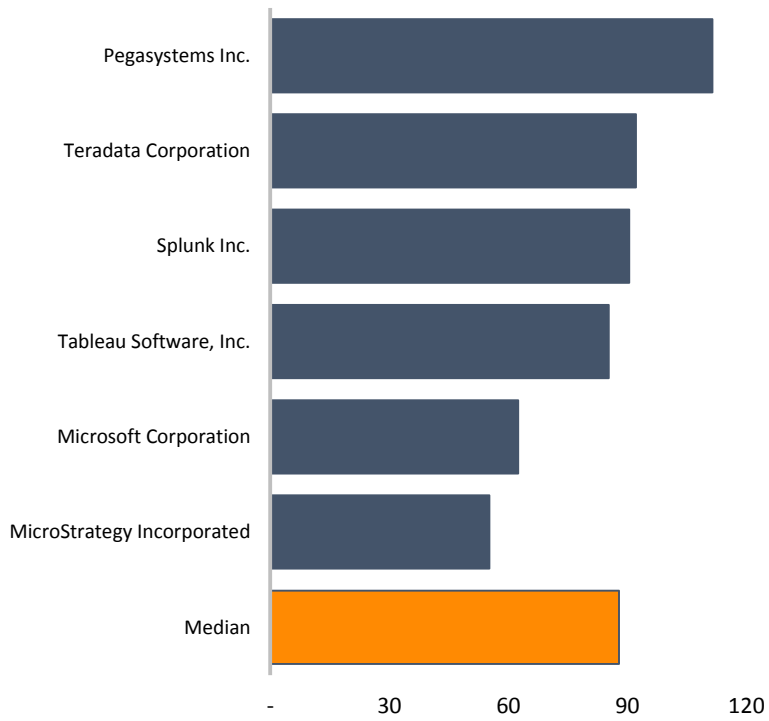
OPERATIONAL METRICS



Accounts Receivable Turnover



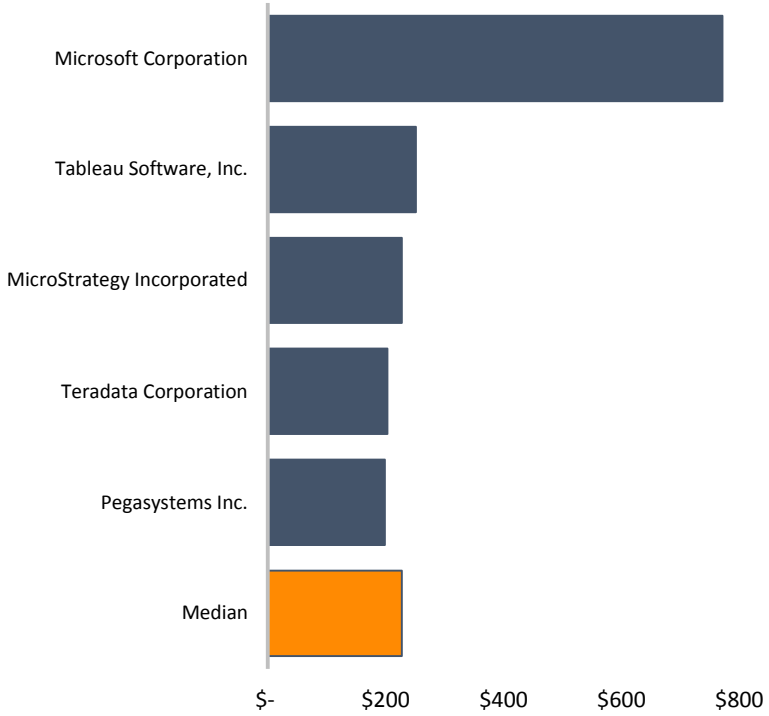
Average Days Sales Outstanding



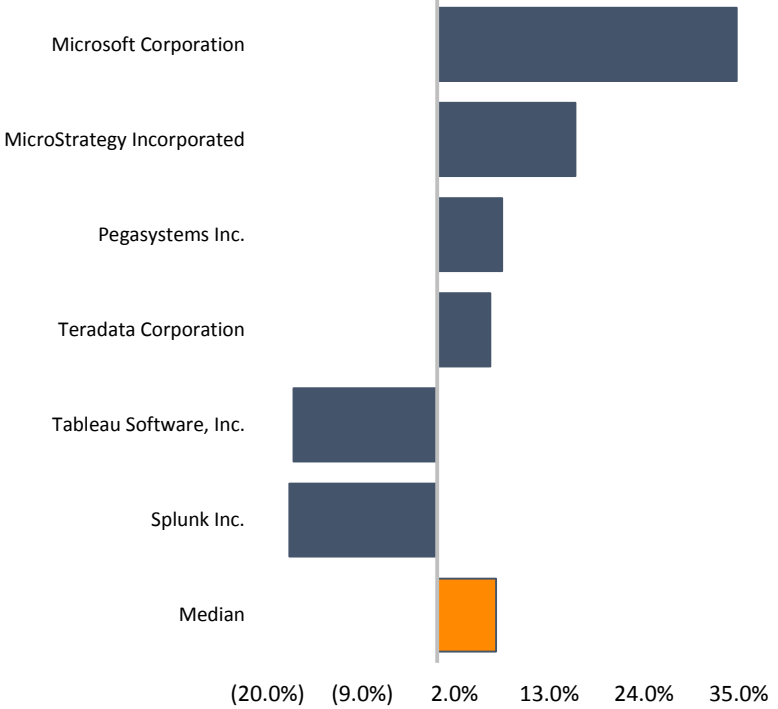
OPERATIONAL METRICS



LTM Revenue per Full Time Employee x 000's



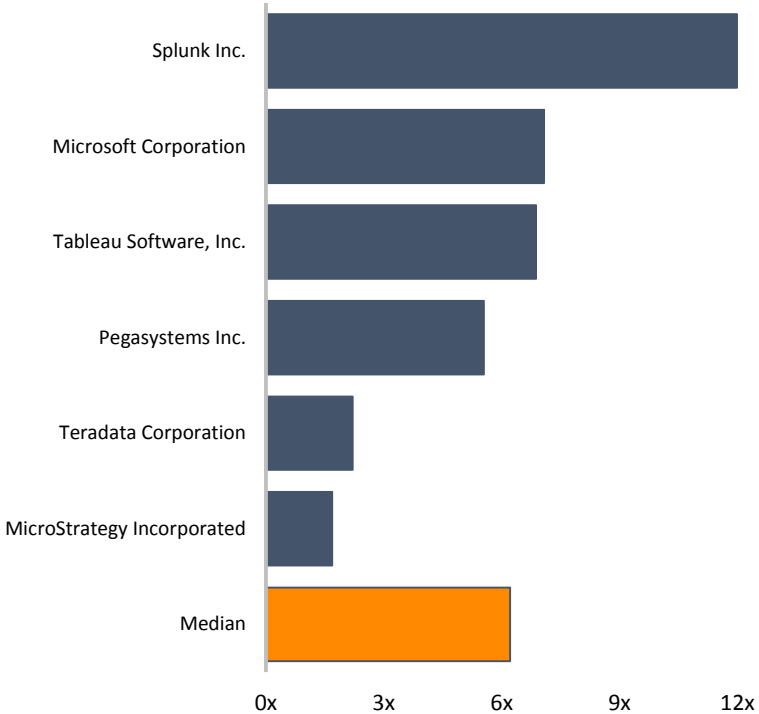
LTM EBITDA %



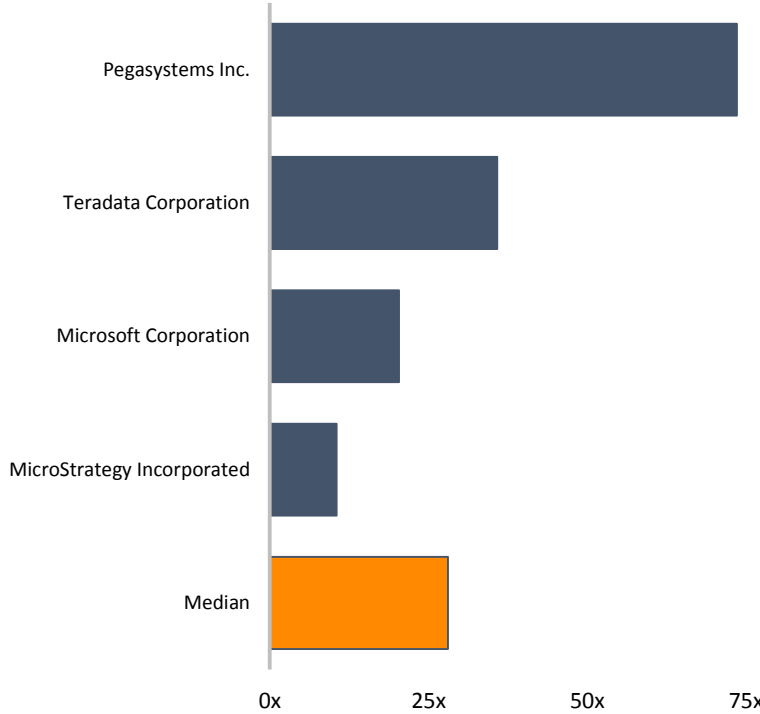
VALUATION



TEV / LTM Revenue



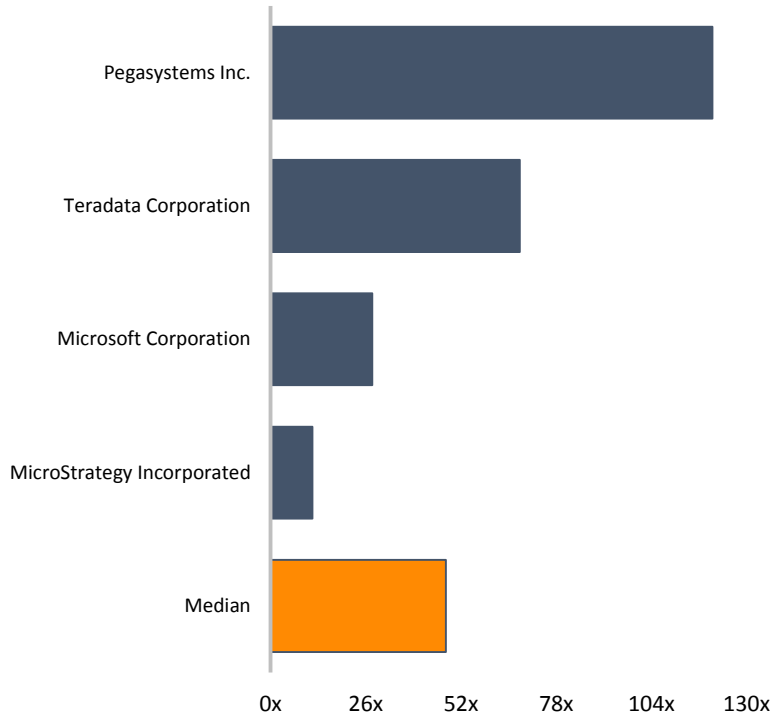
TEV / LTM EBITDA



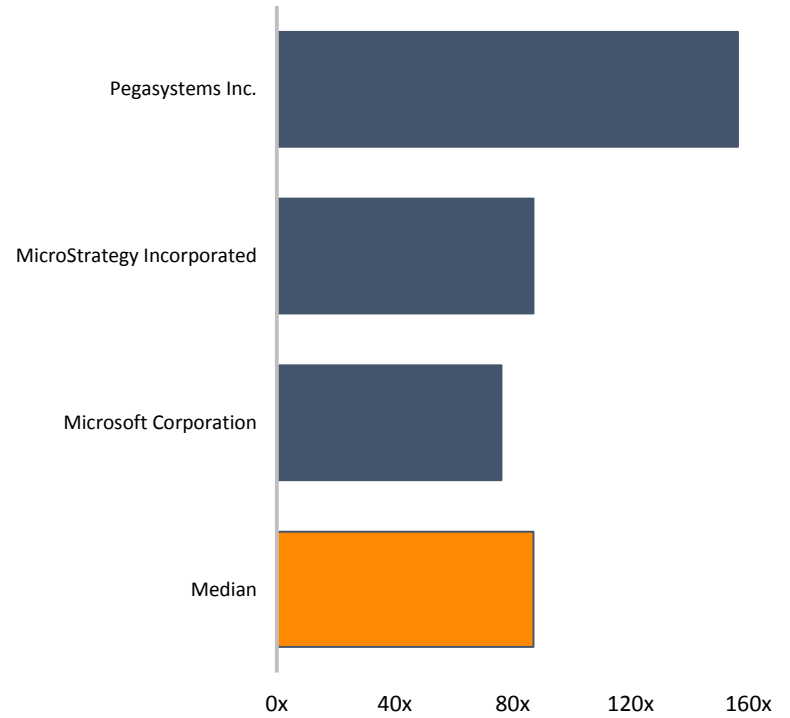
VALUATION



TEV / LTM EBIT



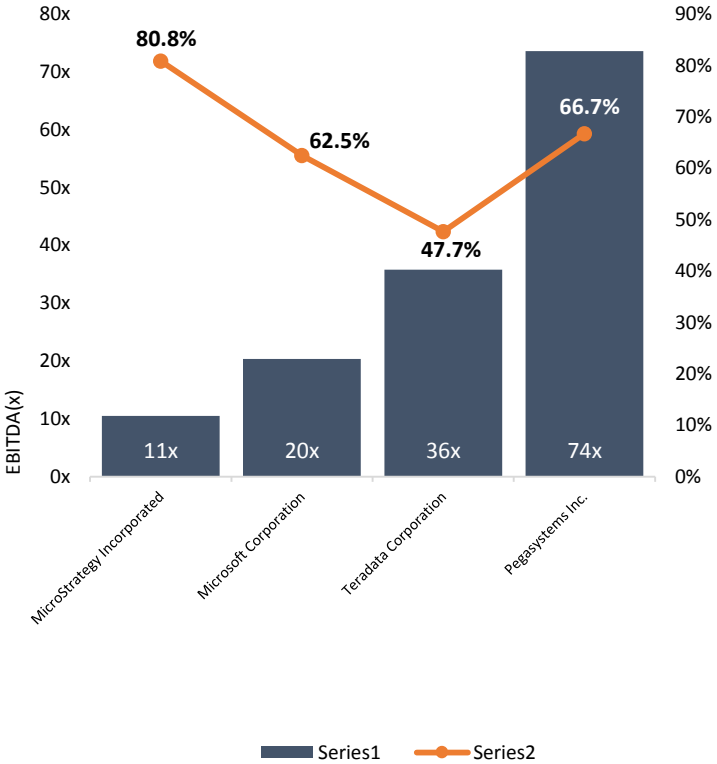
Price / LTM Earnings



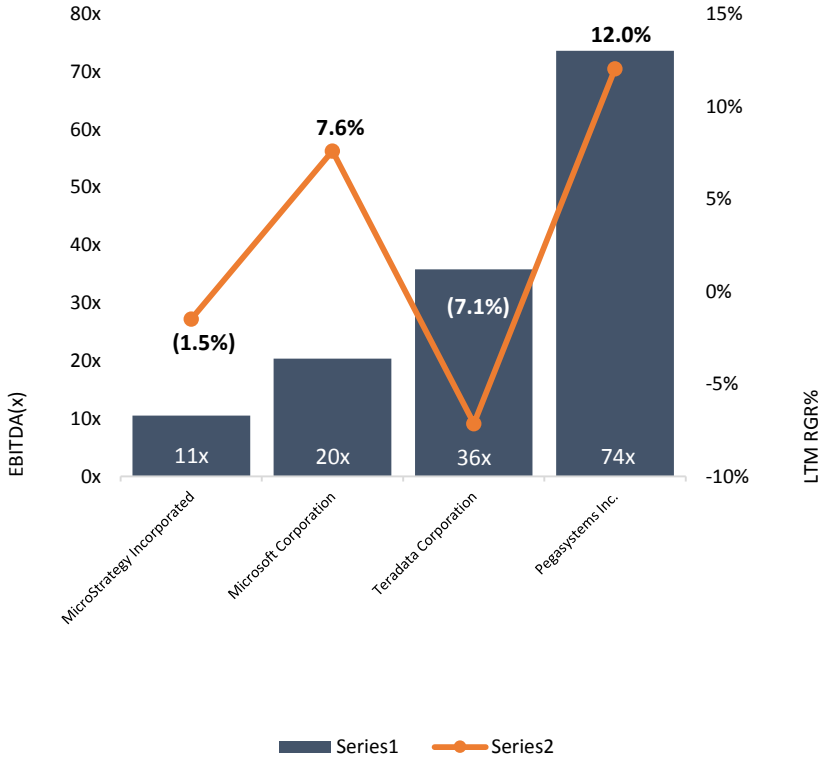
VALUATION



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



RECENT TRANSACTIONS

<u>Date</u>	<u>Target</u>	<u>Buyer</u>	<u>Total Transaction Value</u>	<u>Target Revenue</u>	<u>TEV / Revenue</u>	<u>TEV / EBITDA</u>
6Mar18	EXILANT Technologies Private Limited	QuEST Global Services Pte. Ltd.	-	-	-	-
13Feb18	Global View Analytics, Inc.	MindStream Analytics LLC	-	-	-	-
27Nov17	Halo Business Intelligence, Inc.	Logility, Inc.	-	-	-	-
15Nov17	Alpine Analytics, Inc.	TIBCO Software Inc.	-	-	-	-
26Oct17	Logi Analytics, Inc.	Marlin Equity Partners, LLC	-	-	-	-
9Aug17	ClearGraph	Tableau Software, Inc.	-	-	-	-
25Apr17	Birst, Inc.	Infor, Inc.	-	-	-	-
21Oct16	Datasource Consulting LLC	ExiService Holdings, Inc.	18.80	-	-	-
1Aug16	RJMetrics Inc.	Magento, Inc.	-	-	-	-
25Jul16	Art of BI Software, LLC	Datavail Corporation	-	-	-	-
2Jun16	Qlik Technologies, Inc.	Thoma Bravo, LLC; Thoma Bravo Fund XI, L.P.; Thoma Bravo Special Opportunities Fund II LP; Thoma Bravo Fund XII, L.P.	2,998.70	630.50	4.2x	196.3x
17May16	Datalytics Technologies LLC	Magnitude Software, Inc.	-	-	-	-
16May16	Tecplot, Inc.	Vela Software International, Inc.	-	-	-	-
14Mar16	WingArc1st Inc.	The Carlyle Group L.P.; GIC Pte. Ltd.; Carlyle Japan Partners III	-	-	-	-
10Mar16	HyPer	Tableau Software, Inc.	-	-	-	-
16Nov15	Decision First Technologies, Inc.	Protiviti Inc.	-	-	-	-
4Aug15	Razorsight Corporation	Synchronoss Technologies, Inc.	40.30	-	-	-
19Oct15	Noah Consulting, L.L.C.	Infosys Consulting, Inc.	38.00	-	-	-
15Oct15	Fitzgerald Analytics, Inc.	Square Root Solutions, Inc.	-	-	-	-
13Oct15	We Are Cloud SAS	Zendesk, Inc.	45.00	-	-	-
26Jun15	Nalgan USA Inc.	Ness Innovative Business Services, Inc.	-	-	-	-
18Jun15	Edgewater Technology, Inc.	AMERI Holdings, Inc.	117.25	105.75	0.9x	-

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Appendix: Public Basket
Constituents

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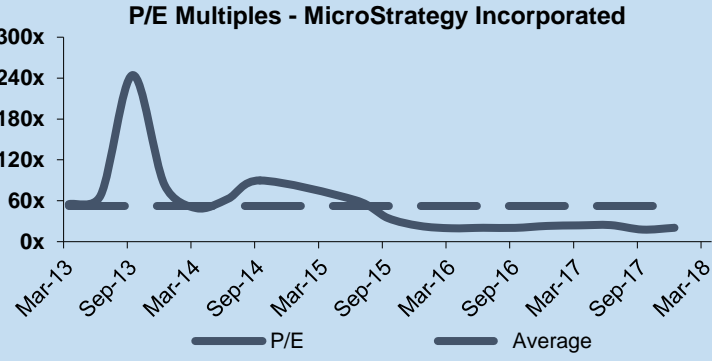
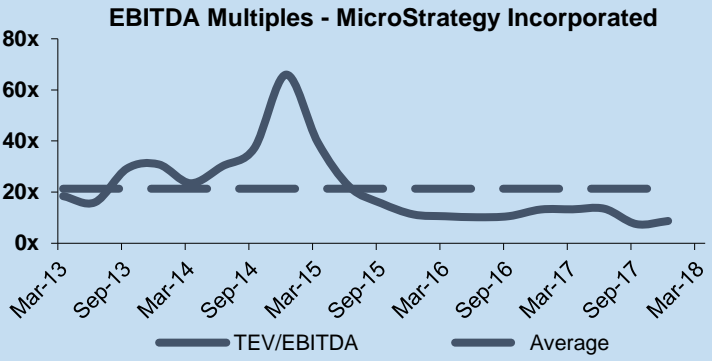
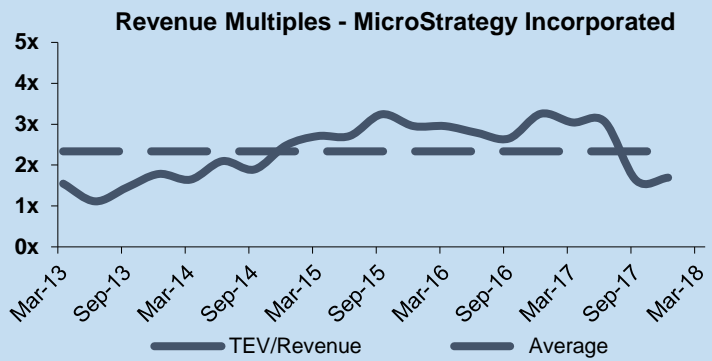


PUBLIC BASKET CONSTITUENTS

MicroStrategy Incorporated

MicroStrategy Incorporated provides enterprise software platforms worldwide. It offers MicroStrategy Analytics platform that delivers reports and dashboards, and enables users to conduct ad hoc analysis and share insights through mobile devices or the Web; MicroStrategy Server, which provides analytical processing and job management for various reporting, analysis, and monitoring applications; MicroStrategy Web, a primary reporting interface for analysts that offers interactive reporting, dashboarding, and analysis through a Web browser; and MicroStrategy Desktop, an on-premise and single-user tool for easy-to-use self-service visual data discovery. The company also provides MicroStrategy Mobile, a vehicle for mobilizing an organization's information systems, including its data warehouses, business intelligence, ERP, CRM, and Web applications that are accessible on the desktop; and Usher, a digital credential and identity intelligence that enable organizations to dematerialize the traditional forms of identity verification and replace them with a single mobile identity badge. In addition, it offers MicroStrategy Cloud, an integrated and optimized cloud business analytics platform that combines infrastructure, technology, people, and processes to offer analytics as a service to customers, as well as provides technical support, consulting and advisory, and education services. It serves various industries, including retail, financial services and insurance, pharmaceutical and healthcare, manufacturing, consumer goods, government, public services, restaurants, and hospitality and leisure, as well as technology, media, and telecommunications. The company was founded in 1989 and is headquartered in Tysons Corner, Virginia.

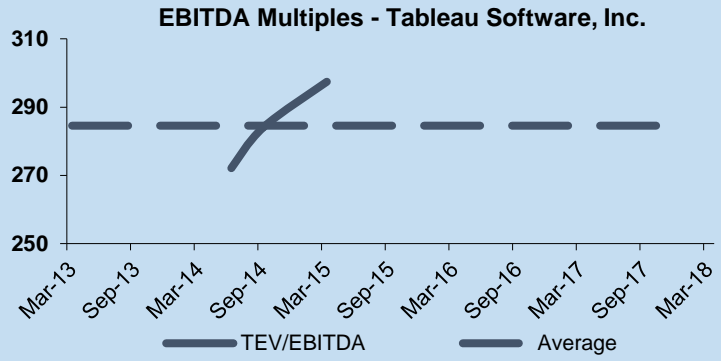
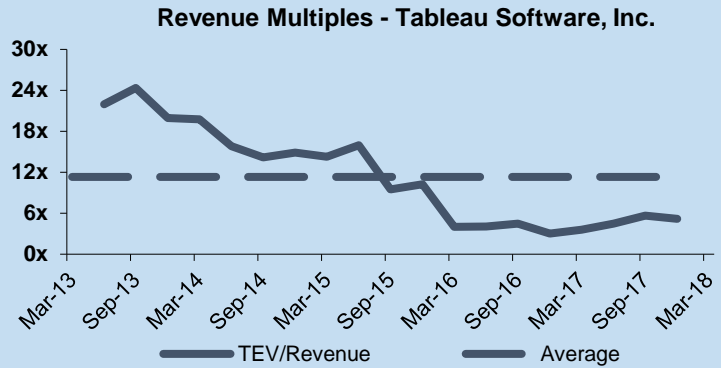
Date	Key Development Headline
1/16/18	Snowflake Computing Teams with MicroStrategy® Incorporated to Deliver Fast Access and Rich Insight to Enterprise Data



PUBLIC BASKET CONSTITUENTS

Tableau Software, Inc.

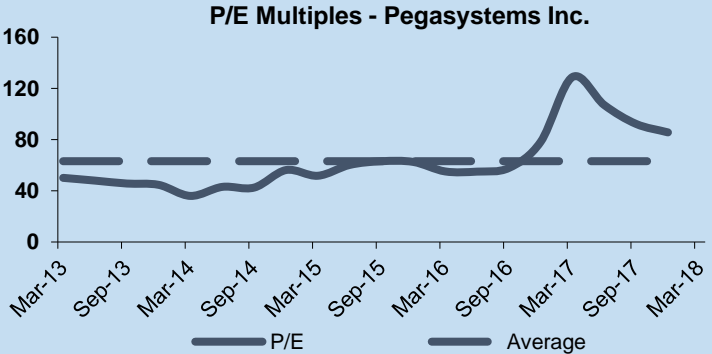
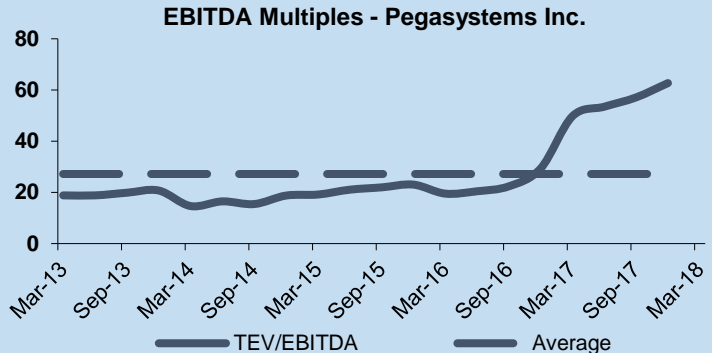
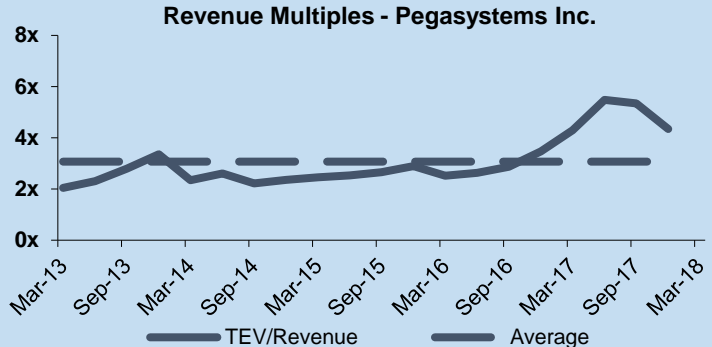
Tableau Software, Inc. provides business analytics software products. It offers Tableau Desktop, a self-service analytics product that empowers people to access and analyze data independently; and Tableau Server, a business intelligence platform with data management and scalability to foster sharing of analytics, as well as to improve the dissemination of information across an organization and promote improved decision-making. The company also provides Tableau Online, a hosted SaaS version of Tableau Server; and Tableau Public, a cloud-based platform that allows users of various backgrounds, such as bloggers, journalists, researchers, and government workers to visualize public data on their Websites. In addition, it offers Vizable that turns data into graphs, as well as allows it to be shared from an iPad; Live Query Engine, which interprets abstract queries generated by VizQL into syntax understandable by popular database systems; In-Memory data engine that allows to analyze large amounts of data independently of database systems; and maintenance and support, training, and professional services. The company serves organizations in various industries, including business services, energy and telecommunications, financial services, life sciences and healthcare, manufacturing and technology, media and entertainment, public sector, education, retail, consumer, and distribution industries. Tableau Software, Inc. was founded in 2003 and is headquartered in Seattle, Washington.



PUBLIC BASKET CONSTITUENTS

Pegasystems, Inc.

Pegasystems, Inc. develops, markets, licenses, and software applications for marketing, sales, service, and operations in the United States and internationally. It provides Pega Platform, a platform that enables clients to build enterprise applications. The company also offers customer relationship management applications, including Pega Marketing that enable enterprises to enhance customer experiences across inbound and outbound channels; Pega sales automation applications to automate and manage the sales process from prospecting to product fulfillment; Pega customer service applications to contact center desktop, case management for customer service, mobile field service, digital, self-service, and industry specific processes and data models; and operations applications to support exceptions and investigations, order fulfillment, claims processing, insurance underwriting, and product development, as well as risk, fraud, and compliance management. In addition, it provides Pega Cloud to develop, test, and deploy its software applications using an Internet-based infrastructure; consulting and implementation support, training, and technical support services. The company primarily markets its software and services to financial services, healthcare, insurance, communications and media, public sector, manufacturing, life sciences, and other markets through a direct sales force, as well as through partnerships with technology providers and application developers. Pegasystems, Inc. was founded in 1983 and is headquartered in Cambridge, Massachusetts.

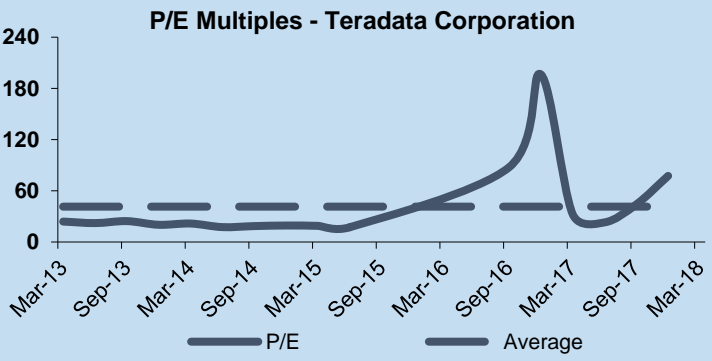
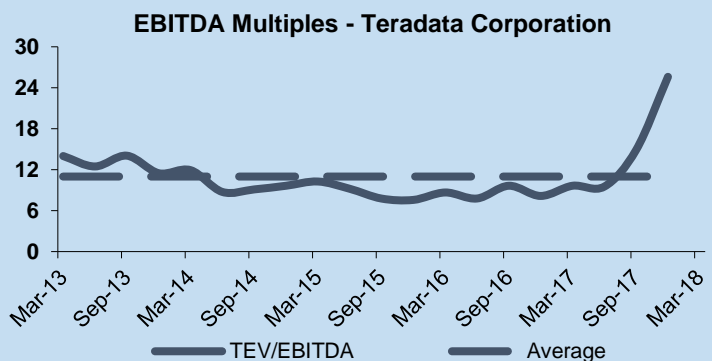
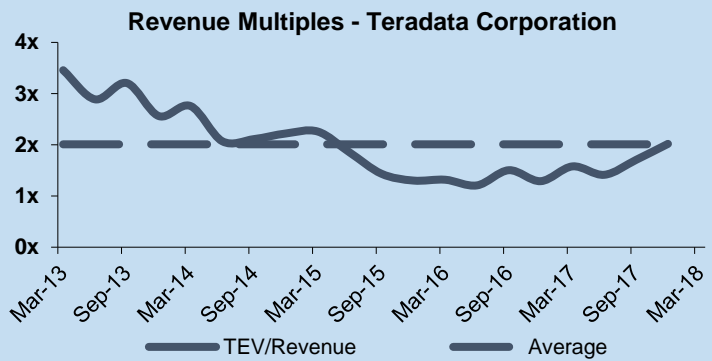


PUBLIC BASKET CONSTITUENTS

Teradata Corporation

Teradata Corporation provides analytic data solutions and related services in North America, Latin America, Europe, the Middle East, Africa, the Asia Pacific, and Japan. The company operates through Americas Data and Analytics, and International Data and Analytics segments. Its analytic data solutions comprise software, hardware, and related business consulting and support services for data warehousing, big data, and tools for data integration, data discovery, and business intelligence. The company offers hybrid cloud solutions that deliver an end-to-end analytical ecosystem across hybrid cloud architecture, as well as enable to manage and access data across various deployment options, including software on public cloud, managed cloud, and hybrid cloud solutions. It also provides analytic business consulting, and IP capture and management services. In addition, the company offers ecosystem architecture consulting services, which enable customers to build an optimized analytical ecosystem independent of technology, leveraging Teradata, open source, and other commercial solutions; and customer support services, such as installation, maintenance, monitoring, back-up, and recovery services. It serves various industries comprising banking/financial services, communications, energy, government, insurance and healthcare, manufacturing, oil and gas, retail, travel and transportation logistics, and utilities. The company has strategic partnerships with Accenture Limited, Capgemini Group, Cognizant Technology Solutions Corporation, Deloitte LLP, International Business Machines Corporation, and Wipro Limited. Teradata Corporation was founded in 1979 and is headquartered in Dayton, Ohio.

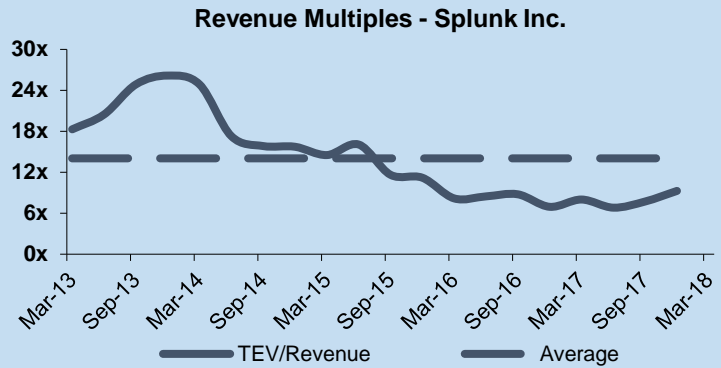
Date	Key Development Headline
3/5/18	Teradata Unlocks IoT Value for Smart Cities with Cisco Integration
2/14/18	Teradata Mulls Acquisitions



PUBLIC BASKET CONSTITUENTS

Splunk Inc.

Splunk Inc. provides software solutions that enable organizations to gain real-time operational intelligence in the United States and internationally. The company's products enable users to collect, index, search, explore, monitor, and analyze data regardless of format or source. It offers Splunk Enterprise, a machine data platform with collection, indexing, search, reporting, analysis, alerting, monitoring, and data management capabilities; and Splunk Cloud service. The company also provides Splunk Light, which offers log search and analysis for small IT environments; and Splunk Analytics for Hadoop, a software for exploring, analyzing, and visualizing data stored in Hadoop and Amazon S3. In addition, it offers Splunk Enterprise Security, which addresses emerging security threats; Splunk User Behavior Analytics that detects cyber-attacks and insider threats; and Splunk IT Service Intelligence, which monitors health and key performance indicators of critical IT services, as well as Splunk App for AWS to ensure cloud security and compliance; Splunk Stream to capture, analyze, and correlate network wire data; and DB Connect to get enterprise context; Palo Alto Networks App for Splunk to gain visibility to Palo Alto Networks firewalls; and Splunk App for Salesforce.. Splunk Inc. was incorporated in 2003 and is headquartered in San Francisco, California.



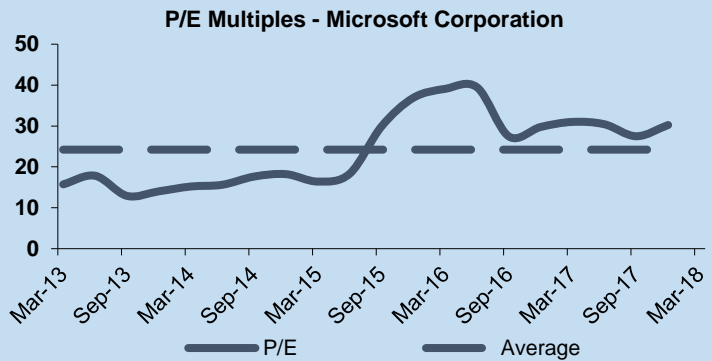
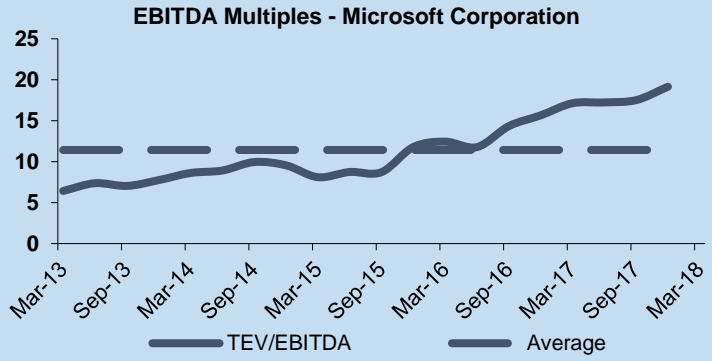
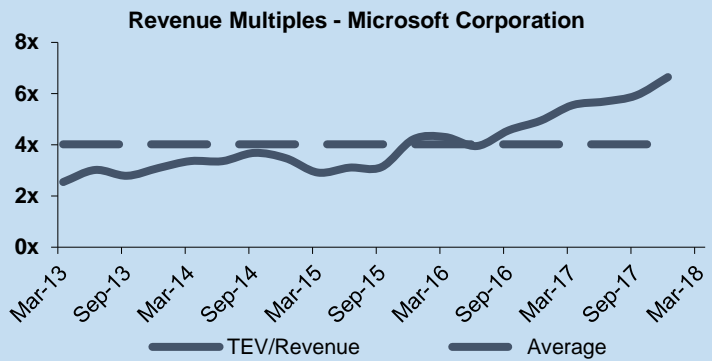
Date	Key Development Headline
2/26/18	Splunk Inc. (NasdaqGS:SPLK) entered into a definitive agreement to acquire Phantom Cyber Corporation for approximately \$350 million.
10/16/17	Splunk Inc. (NasdaqGS:SPLK) acquired SignalSense, Inc. for \$12.2 million.
10/8/17	Splunk Inc. (NasdaqGS:SPLK) acquired selected assets from Rocana, Inc. for \$30.2 million.

PUBLIC BASKET CONSTITUENTS

Microsoft Corporation

Microsoft Corporation develops, licenses, and supports software products, services, and devices worldwide. The company's Productivity and Business Processes segment offers Office 365 commercial products and services for businesses, including Office, Exchange, SharePoint, Skype for Business, and related Client Access Licenses (CALs); Office 365 consumer services, such as Skype, Outlook.com, and OneDrive; Dynamics business solutions, such as financial management, enterprise resource planning, customer relationship management, supply chain management, and analytics applications for small and mid-size businesses, large organizations, and divisions of enterprises; and LinkedIn online professional network. The company markets and distributes its products through original equipment manufacturers, distributors, and resellers, as well as through online and Microsoft retail stores. Microsoft Corporation has a strategic partnership with CNH Industrial N.V. The company was founded in 1975 and is headquartered in Redmond, Washington.

Date	Key Development Headline
2/27/18	Packerland Broadband and Microsoft Announces Agreement to Deliver Broadband Internet to Rural Communities in Wisconsin and Michigan
2/12/18	Microsoft Corporation (NasdaqGS:MSFT) acquired Chalkup, LLC.
2/6/18	Tribal Group plc and Microsoft Collaborate to Transform the Education Sector
2/1/18	CNH Industrial and Microsoft Announce New Strategic Partnership to Redefine the World of Connected Industrial Vehicles
1/28/18	Microsoft Corporation (NasdaqGS:MSFT) acquired PlayFab, Inc.



CONTACT INFORMATION

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. Securities offered through 7M Securities LLC.

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