

SECTORWATCH:

# Enterprise Software

February 2018

**7** MILE   
ADVISORS

SECTORWATCH:  
**Enterprise Software**

February 2018

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

7 Mile Advisors appreciates the opportunity to present this confidential information to the Company. This document is meant to be delivered only in conjunction with a verbal presentation, and is not authorized for distribution. Please see the Confidentiality Notice & Disclaimer at the end of the document. All data cited in this document was believed to be accurate at the time of authorship and came from publicly available sources. Neither 7 Mile Advisors nor 7M Securities make warranties or representations as to the accuracy or completeness of third-party data contained herein. This document should be treated as confidential and for the use of the intended recipient only. Please notify 7 Mile Advisors if it was distributed in error.



# 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

**↑ 1.5%**

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

**↓ -0.9%**

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

**↓ -0.1%**

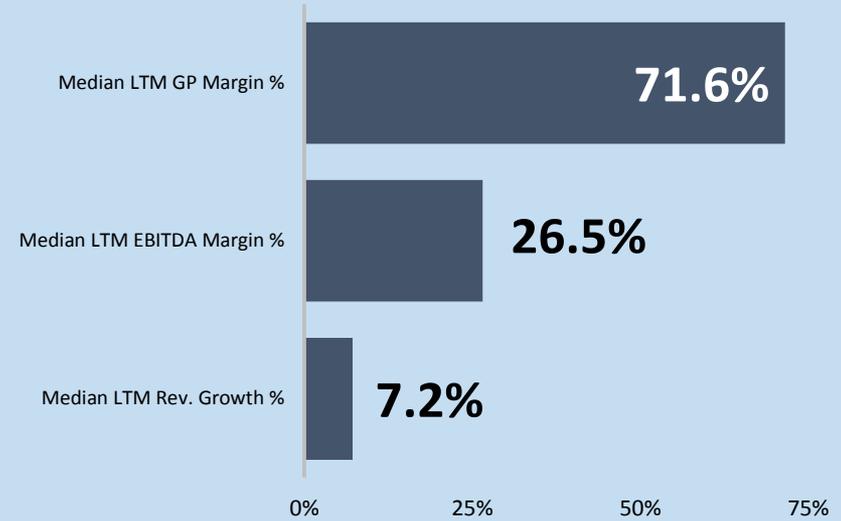
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

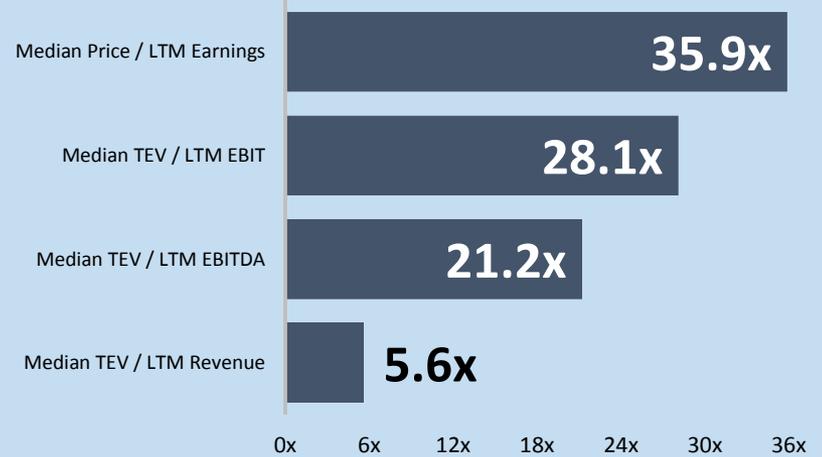
### PUBLIC BASKET CONSTITUENTS

- NasdaqGS:SYMC      DB:SAP
- NYSE:VMW            NYSE:ORCL
- NYSE:CRM            NasdaqGS:MSFT

## Operating Metrics



## Valuation



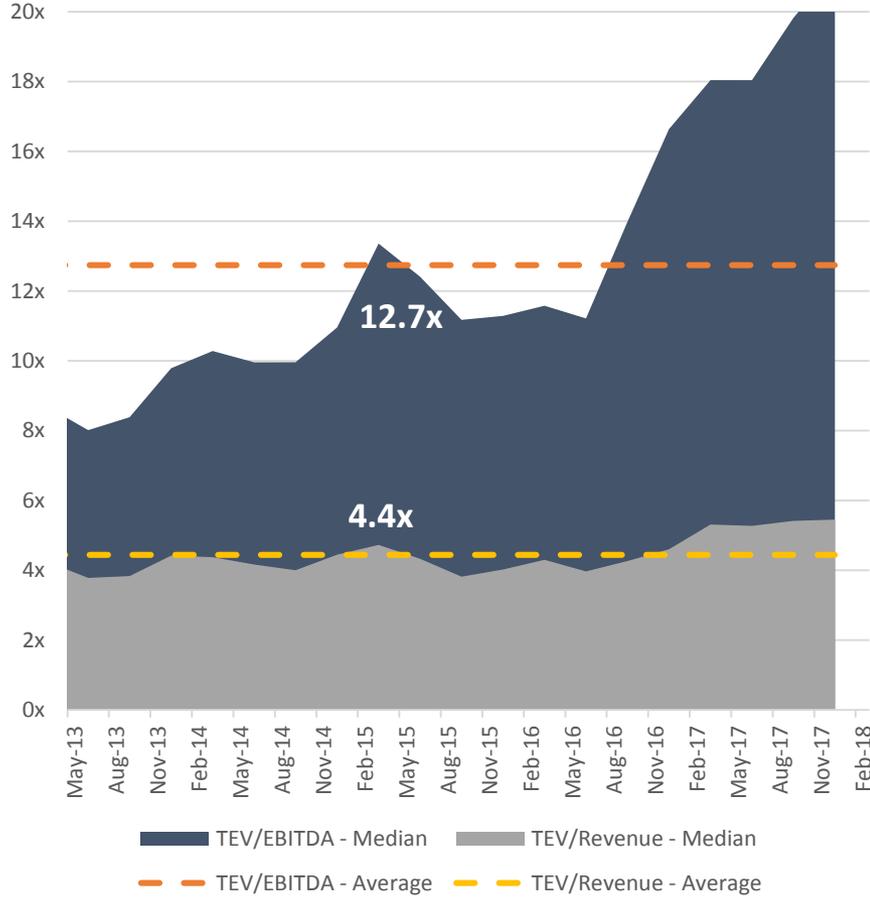
# PUBLIC BASKET PERFORMANCE

Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Symantec Corporation	19,937	4,739	25%	79%	20%	4.2	21.2	13,000	365
VMware, Inc.	42,524	7,093	7%	85%	26%	6.0	23.0	18,905	375
Salesforce.com, inc.	81,237	9,923	25%	73%	6%	8.2	146.8	25,000	397
SAP SE	136,225	28,170	6%	70%	27%	4.7	17.3	-	NA
Oracle Corporation	203,090	38,907	4%	58%	39%	5.2	13.4	138,000	282
Microsoft Corporation	686,210	95,652	8%	63%	35%	7.2	20.6	124,000	771

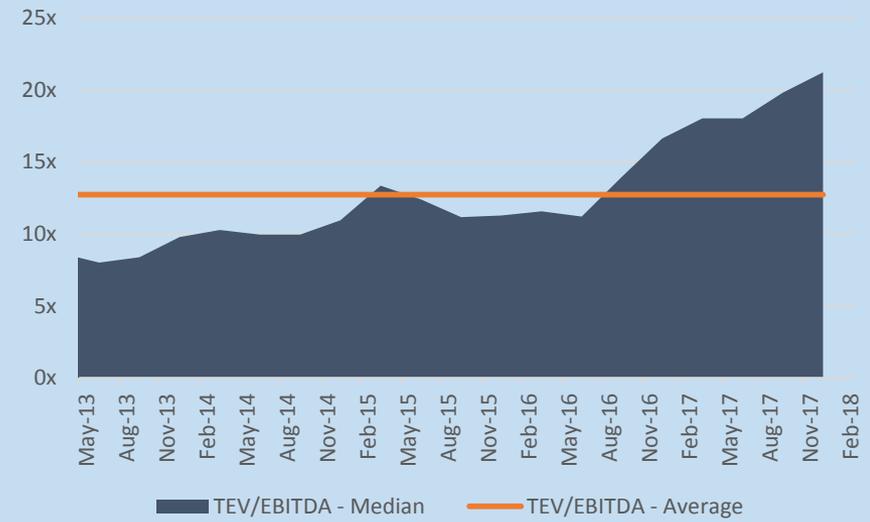
<b>Average</b>	194,871	30,747	13%	71%	25%	5.9	40.4	53,151	438
<b>Median</b>	108,731	19,047	7%	72%	27%	5.6	20.9	21,953	375

share price as of 01Feb18

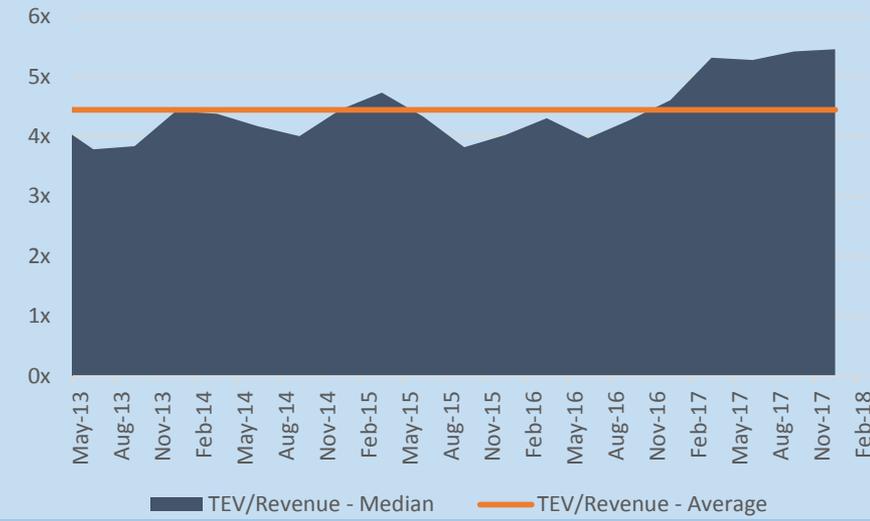
# PUBLIC BASKET VALUATION TRENDS



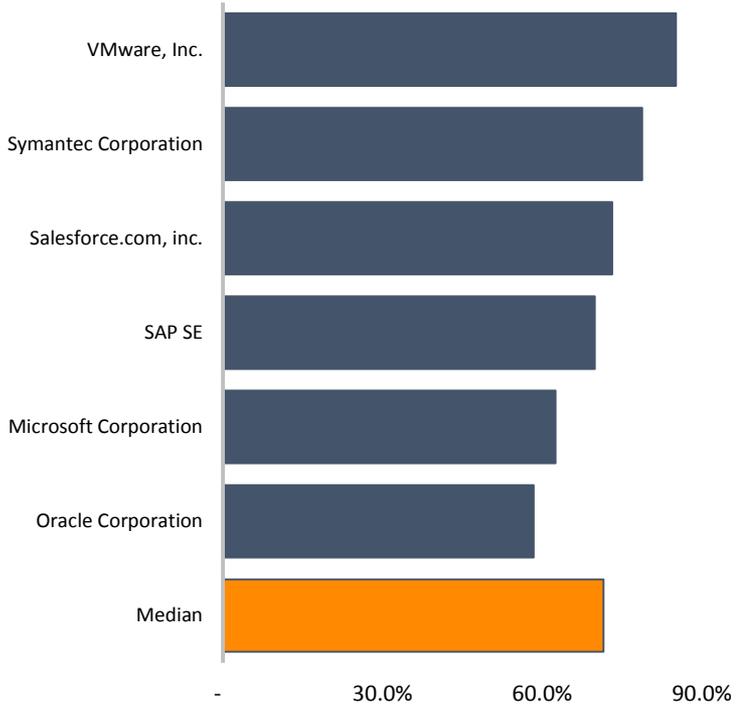
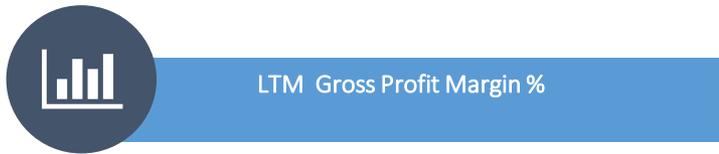
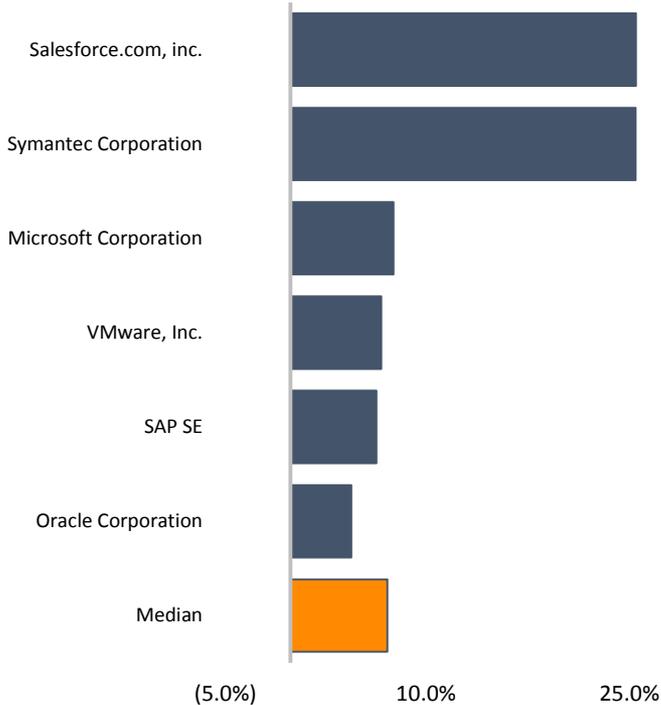
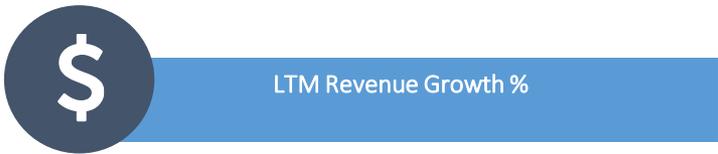
## Public EBITDA Multiples Over Time



## Public Revenue Multiples Over Time



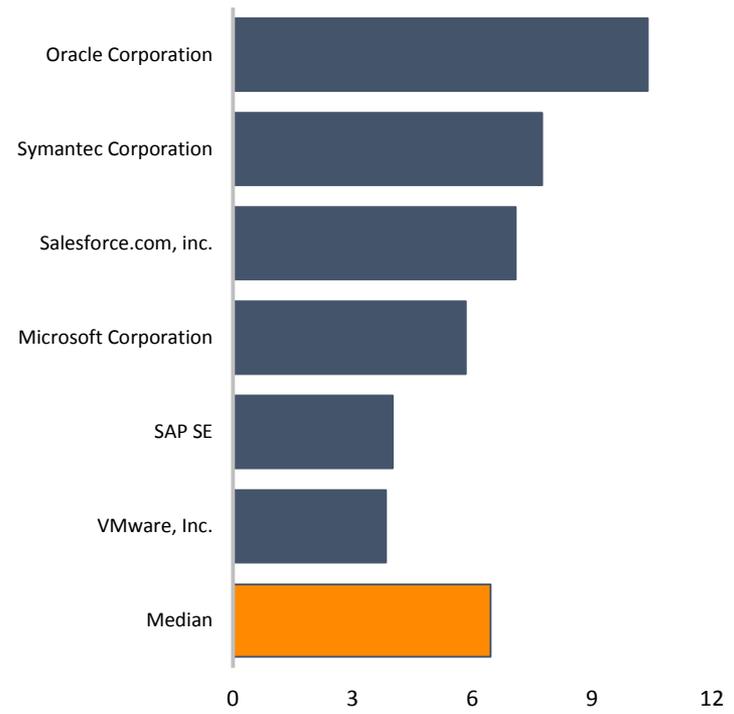
# OPERATIONAL METRICS



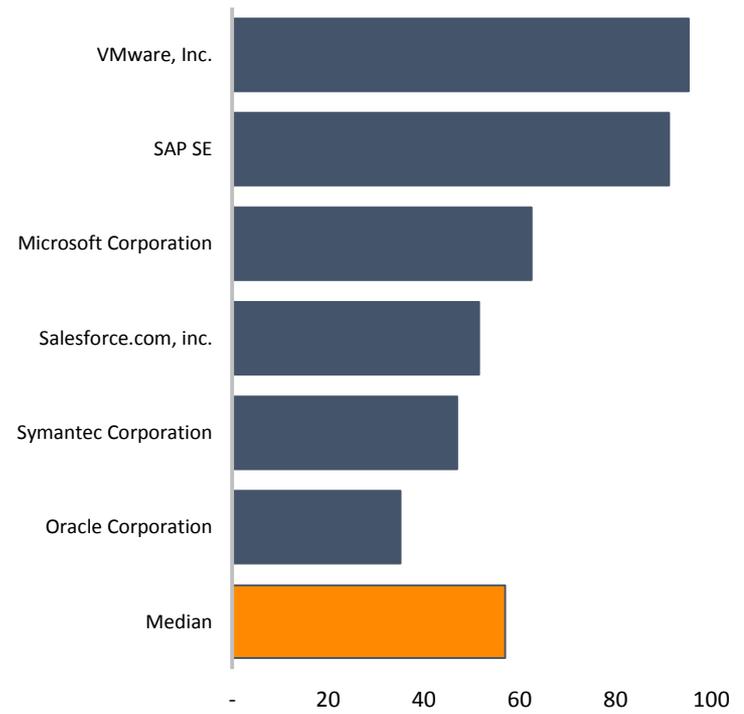
# OPERATIONAL METRICS



## Accounts Receivable Turnover



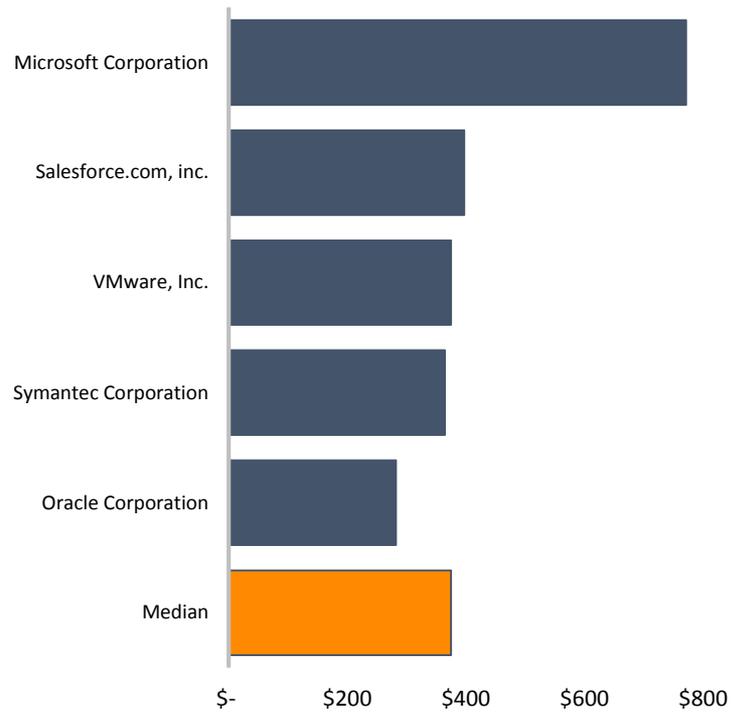

## Average Days Sales Outstanding



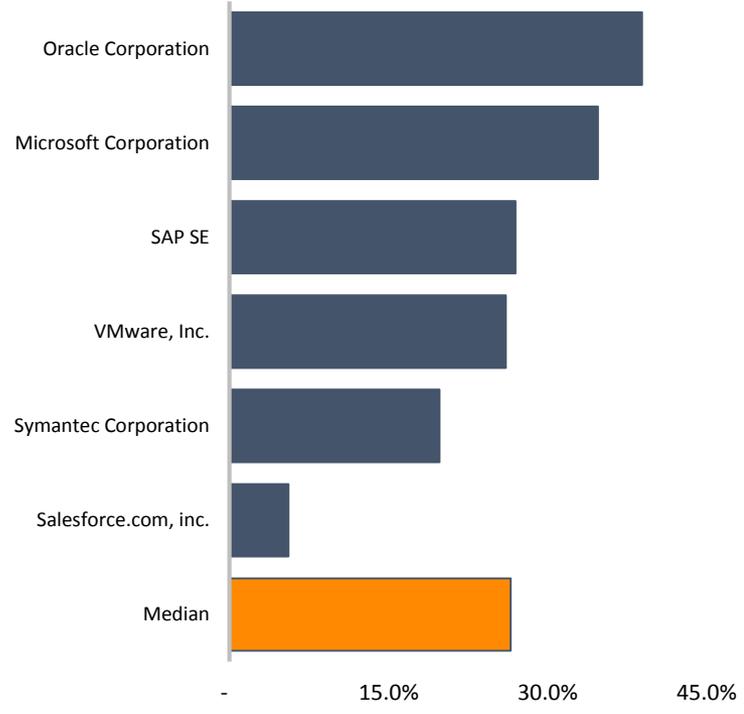
# OPERATIONAL METRICS



LTM Revenue per Full Time Employee x 000's



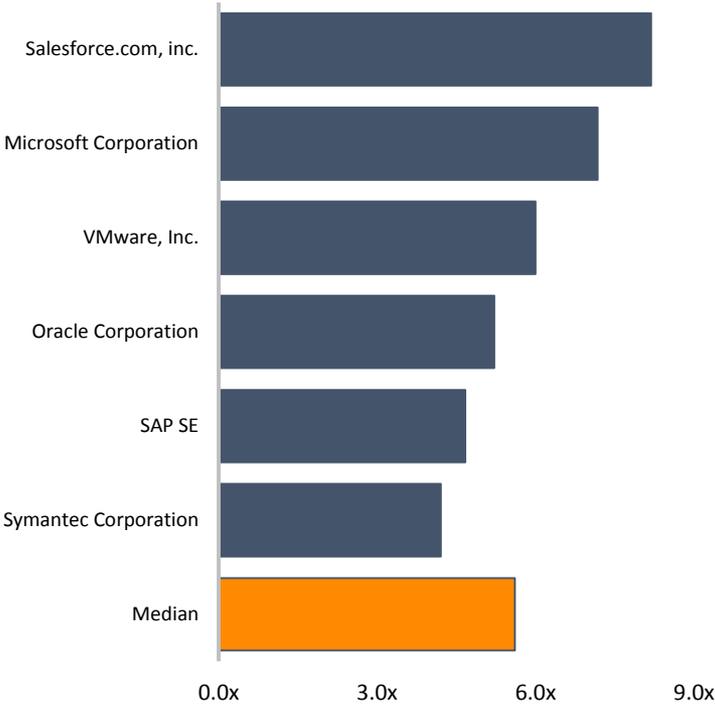
LTM EBITDA %



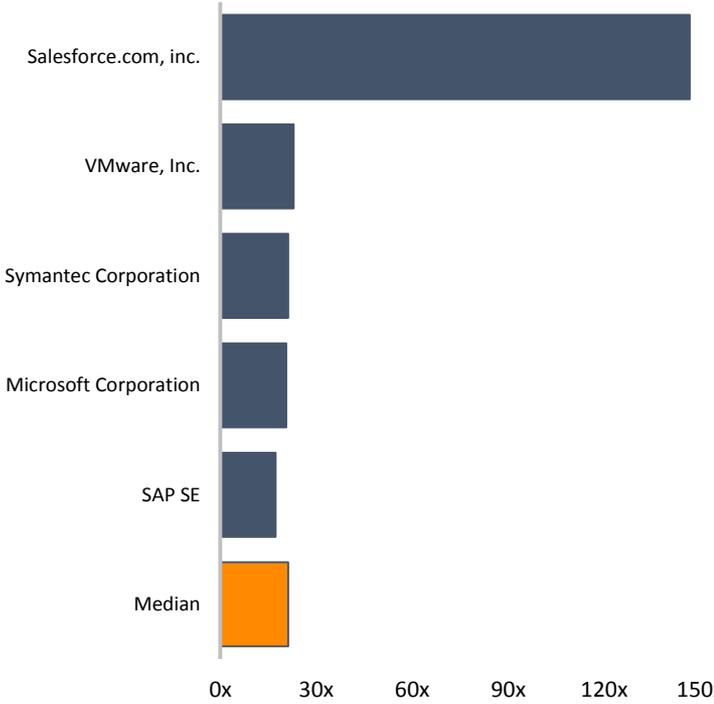
# VALUATION



TEV / LTM Revenue



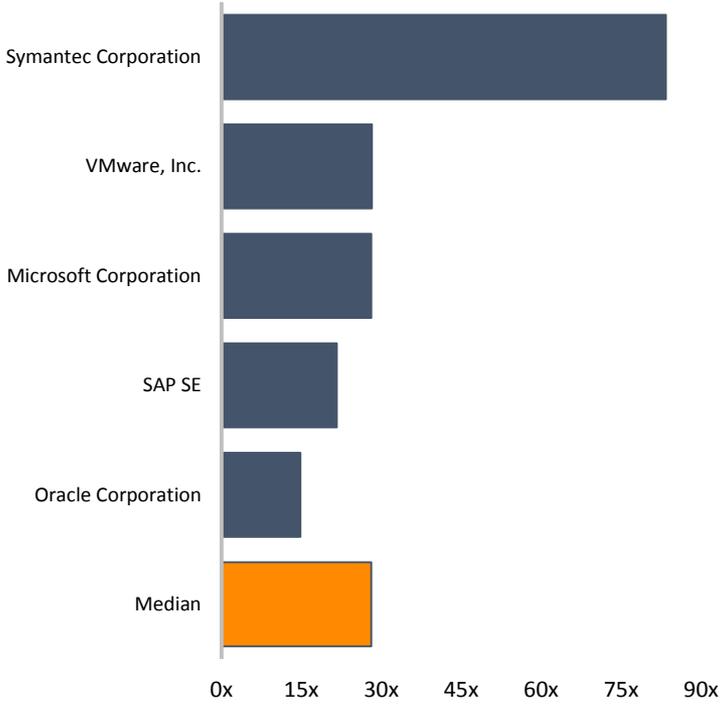
TEV / LTM EBITDA



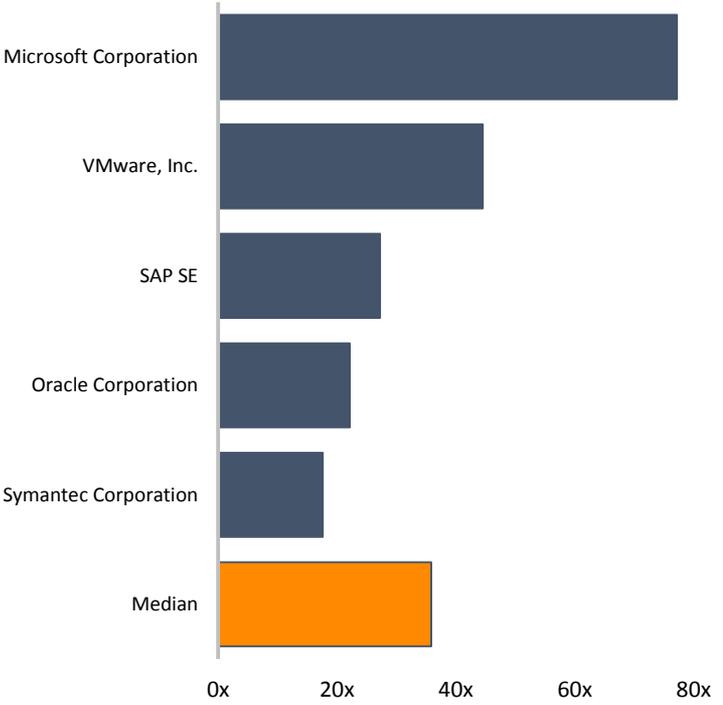
# VALUATION



## TEV / LTM EBIT



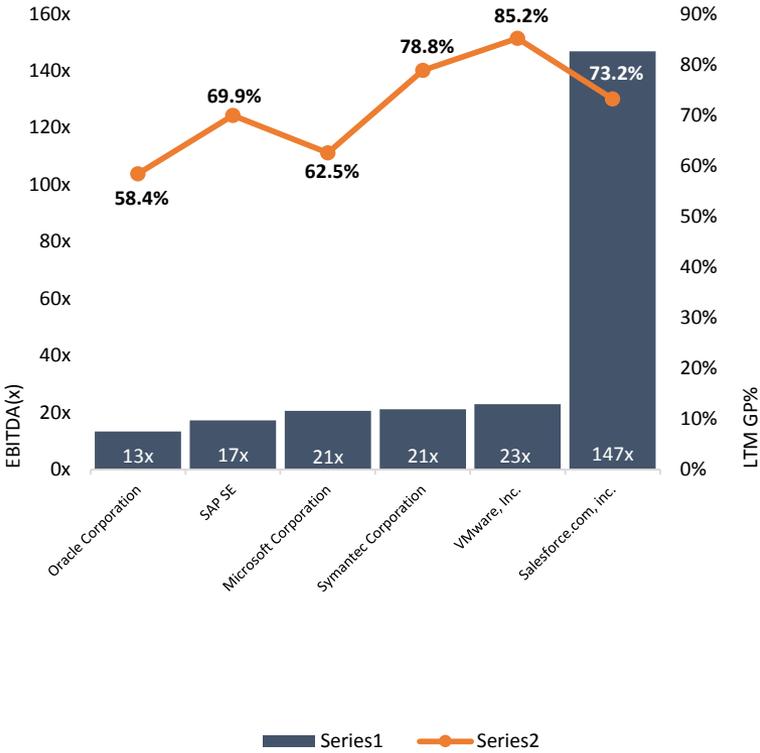
## Price / LTM Earnings



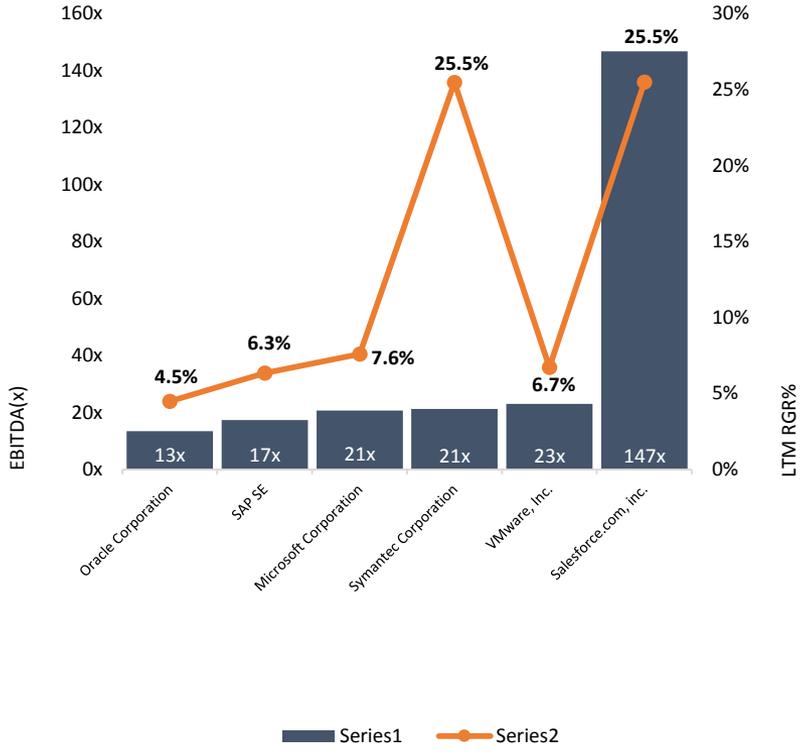
# VALUATION



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



# RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
29Jan18	Callidus Software Inc.	SAP America, Inc.	2,484.12	239.66	9.6x	NM
29Jan18	PlayFab, Inc.	Microsoft Corporation	-	-	-	-
16Jan18	N2W Software Inc.	Veeam Software AG	42.50	-	-	-
11Jan18	DST Systems, Inc.	SS&C Technologies Holdings, Inc.	5,724.02	2,218.20	2.5x	11.1x
1Jan18	A&B Groep B.V.	Calero Software, LLC	-	-	-	-
11Jan18	Addedo AG	TALENTIA SOFTWARE FRANCE SAS	-	13.25	-	-
11Jan18	Talkwalker, Sàrl	Marlin Equity Partners, LLC	-	-	-	-
11Jan18	RepPro LLC	RetireUp, LLC	-	-	-	-
11Jan18	Kenandy, Inc.	The Danville Group, Inc.	-	-	-	-
10Jan18	Perforce Software Inc.	Clearlake Capital Group, L.P.	-	-	-	-
10Jan18	Aerserv LLC	InMobi Technologies Private Limited	90.00	-	-	-
9Jan18	HiGH Software B.V.	Columbus A/S	8.97	-	-	-
8Jan18	Attic Labs, Inc.	Quip, Inc.	-	-	-	-
4Jan18	PrintFleet Inc.	ECi Software Solutions, Inc.	-	-	-	-
3Jan18	Avere Systems, Inc.	Microsoft Azure	-	-	-	-
2Jan18	Doe Pics Hit Inc.	Apple Inc.	-	-	-	-
18Dec17	Aconex Limited	Vantive Australia Pty Ltd	1,258.88	123.62	10.0x	NM
2Nov17	VeloCloud Networks, Inc.	VMware, Inc.	-	-	-	-
24Sep17	Gigya, Inc.	hybris AG	350.00	-	-	-
14Aug17	ECi Software Solutions, Inc.	Apax Partners LLP	-	-	-	-
4Aug17	Frontline Education, Inc.	Thoma Bravo, LLC	-	-	-	-
3Aug17	CCI, Inc.	Zyme Solutions, Inc.	-	-	-	-
25Jul17	Intacct Corporation (nka:Sage Intacct, Inc.)	The Sage Group plc	850.00	88.00	9.7x	-
24Jul17	Civica Group Limited	-	1,374.61	-	-	-
12Jul17	Waterfall International Inc.	Upland Software, Inc.	25.90	-	-	-
6Jul17	Syncsort Incorporated	Centerbridge Partners, L.P.	1,260.00	-	-	-
5Jun17	FDM Software Ltd.	Aptean, Inc.	-	-	-	-
31May17	MarkLogic Corporation	NTT Data Corporation	-	-	-	-
24May17	Codenvy, S.A .	Red Hat Limited (Ireland)	-	-	-	-
25Apr17	Birst, Inc.	Infor, Inc.	-	-	-	-

# 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>
12Apr17	Qualtrics, LLC	Accel Partners; Insight Venture Partners LLC; Sequoia Capital	180.00	-	-	-
2Mar17	C3, Inc.	Sutter Hill Ventures; TPG Growth; Breyer Capital; Wildcat Venture Partners, LP	-	-	-	-
22Feb17	Halogen Software Inc.	Saba Software, Inc.; 6883621 Canada Inc.	212.29	72.26	2.4x	26.2x
23Feb17	OF Software Ltd.	Eclipse Corporation	-	-	-	-
8Feb17	Comptel Oyj	Nokia Solutions and Networks Oy	382.45	106.70	3.5x	38.3x
24Jan17	AppDynamics LLC	Cisco Systems, Inc.	4,032.75	206.23	18.9x	NM
17Jan17	Apiary Inc.	Oracle Corporation	-	-	-	-
17Jan17	The Marcus Buckingham Company, Inc	Automatic Data Processing, Inc.	-	-	-	-
17Jan17	SimpliVity Corporation	Hewlett Packard Enterprise Company	650.00	-	-	-
17Jan17	Donya Labs AB	Microsoft Corporation	-	-	-	-

SECTORWATCH:  
**Enterprise Software**

February 2018

7 Mile Advisors appreciates the opportunity to present this confidential information to the Company. This document is meant to be delivered only in conjunction with a verbal presentation, and is not authorized for distribution. Please see the Confidentiality Notice & Disclaimer at the end of the document. All data cited in this document was believed to be accurate at the time of authorship and came from publicly available sources. Neither 7 Mile Advisors nor 7M Securities make warranties or representations as to the accuracy or completeness of third-party data contained herein. This document should be treated as confidential and for the use of the intended recipient only. Please notify 7 Mile Advisors if it was distributed in error.

Appendix: Public Basket  
Constituents

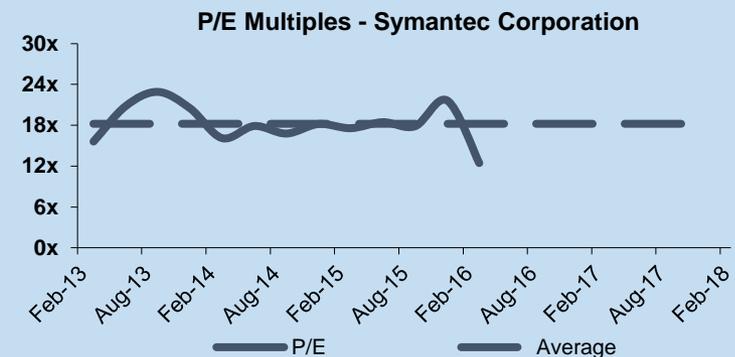
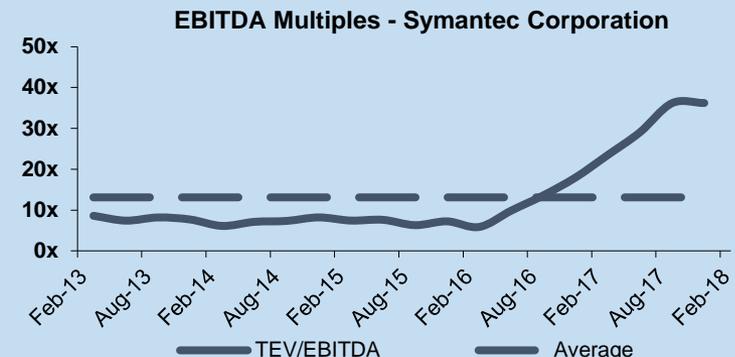
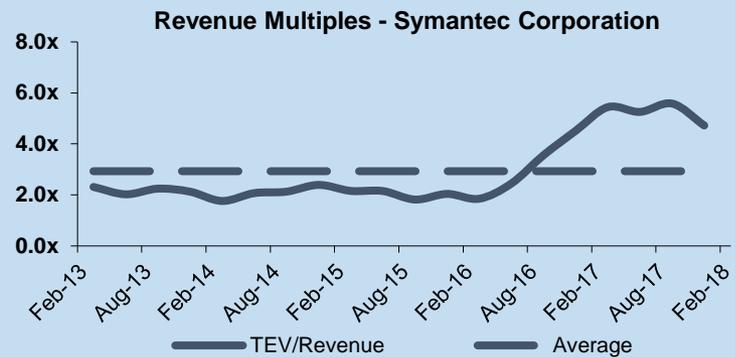


# PUBLIC BASKET CONSTITUENTS

## 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. It markets and sells its products and related services through direct sales force, direct marketing and co-marketing programs, e-commerce and telesales platforms, distributors, Internet-based resellers, system builders, Internet service providers, employee benefits providers, wireless carriers, retailers, original equipment manufacturers, and retail and online stores. Symantec Corporation was founded in 1982 and is headquartered in Mountain View, California.

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

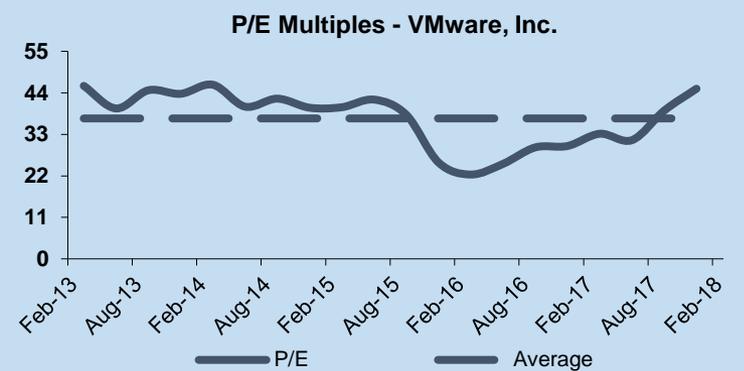
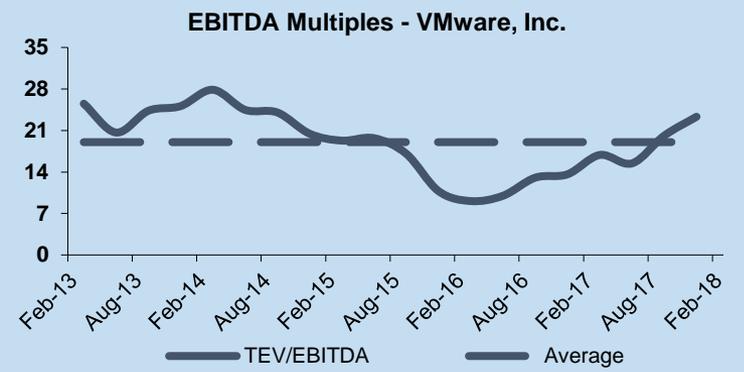
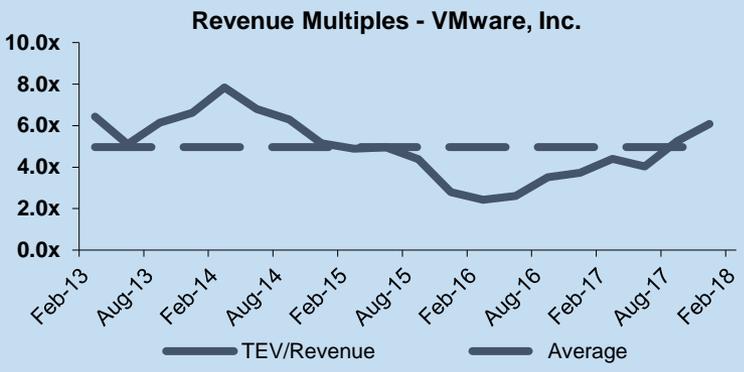


# PUBLIC BASKET CONSTITUENTS

## VMware, Inc.

VMware, Inc. provides virtualization and cloud infrastructure solutions in the United States and internationally. Its virtualization infrastructure solutions includes a suite of products and services designed to deliver a software-defined data center(SDDC), run on industry-standard desktop computers, servers, and mobile devices; and supports a range of operating system and application environments, as well as networking and storage infrastructures. The company offers VMware vSphere, a data center platform, which enables users to deploy hypervisor, a layer of software that resides between the operating system and system hardware to enable compute virtualization; storage and availability products that provide data storage and protection options; network and security products; and management and automation products to manage and automate overarching IT processes involved in provisioning IT services and resources to users from initial infrastructure deployment to retirement. It also provides SDDC suites, including VMware vCloud suite, vSphere with Operations Management, and VMware vRealize suite for building and managing a cloud infrastructure for use with the vSphere platform. In addition, the company offers Cloud Foundation, a SDDC delivery independent platform that can be deployed on-premises or run as-a-service. The company was incorporated in 1998 and is headquartered in Palo Alto, California. VMware, Inc. is a subsidiary of Dell Technologies Inc.

Date	Key Development Headline
11/8/17	VMwar Reportedly Mulls Acquisitions
11/1/17	VMware, Inc. (NYSE:VMW) signed a definitive agreement to acquire VeloCloud Networks, Inc.
10/9/17	VMware, Inc. Teams Up with SAP to Accelerate and Streamline Enterprise IoT Initiatives

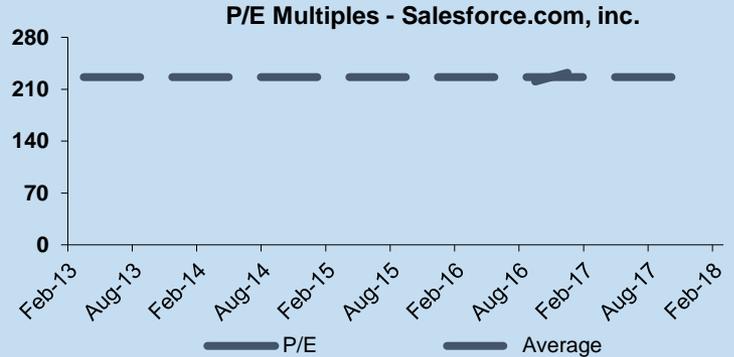
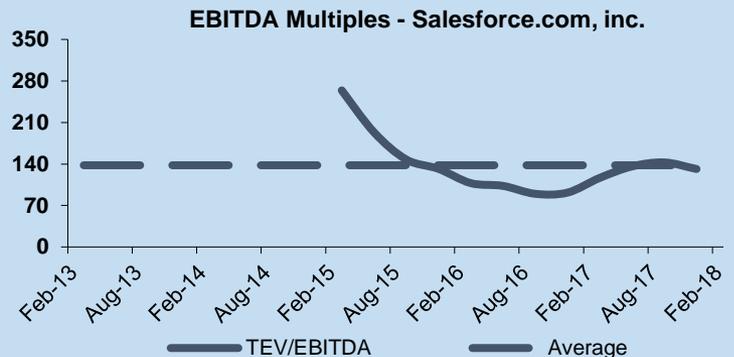
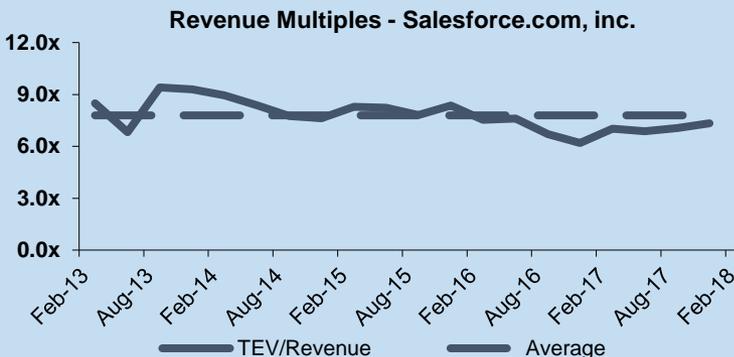


# PUBLIC BASKET CONSTITUENTS

## Salesforce.com, inc.

Salesforce.com, inc. develops enterprise cloud computing solutions with a focus on customer relationship management. The company offers Sales Cloud to store data, monitor leads and progress, forecast opportunities, gain insights through relationship intelligence, and collaborate around sales on desktop and mobile devices, as well as solutions for partner relationship management. It also provides Service Cloud, which enables companies to deliver personalized customer service and support, as well as connects their service agents with customers on various devices; and Marketing Cloud to plan, personalize, and optimize one-to-one customer interactions. In addition, the company offers Commerce Cloud to deliver a digital commerce experience; Community Cloud to create and manage branded digital destinations for customers, partners, and employees; Internet of Things Cloud that provides insights to companies enabling them to sell, service, and market to their customers in personalized ways, as well as engage with them in real time; and Analytics Cloud that enables employees across an organization to explore business data, uncover new insights, make decisions, and take action from various devices. Further, it provides Salesforce Quip, a next-generation productivity solution for teams with a mobile-first strategy to collaborate without email; and Salesforce Platform for building enterprise apps. The company was founded in 1999 and is headquartered in San Francisco, California.

Date	Key Development Headline
11/7/17	Salesforce.com Seeks Acquisition
3/7/17	Amazon Web Services, Inc. acquired Do.com from salesforce.com, inc. (NYSE:CRM), Sherpa Ventures, Sherpa Foundry, Mark Pincus and others.

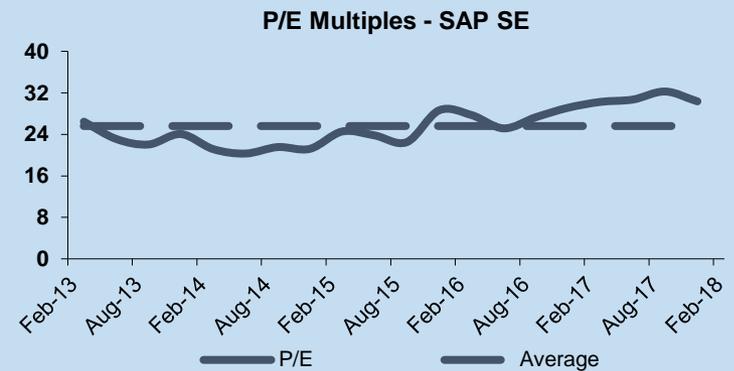
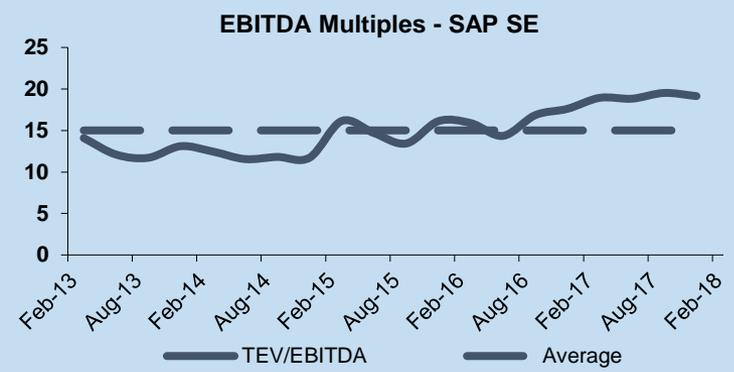
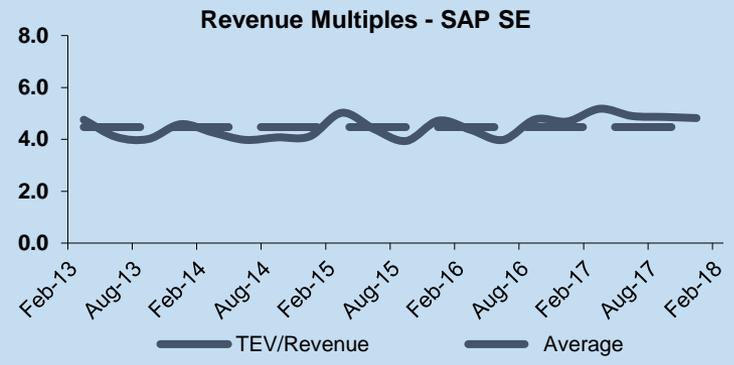


# PUBLIC BASKET CONSTITUENTS

## SAP SE

SAP SE operates as an enterprise application software and database company worldwide. It offers SAP HANA and SAP S/4HANA, which are in-memory computing platforms that store and process huge data, and eliminate the maintenance of separate legacy systems and siloed data; SAP BW/4HANA, a data warehouse software; SAP S/4HANA Cloud, a software-as-a-service solution that provides the scalability, ease of management, and security; SAP SuccessFactors, a suite of human capital management solutions to develop, manage, engage, and empower the workforce; SAP Concur, a travel and expense management solution; SAP Ariba, a guided buying, light enablement, and open platform solution; and SAP Fieldglass, a solution to procure and manage external workforce. The company also provides SAP Cloud Platform, an in-memory platform-as-a-service to build, run, and extend business applications; SAP BusinessObjects Cloud, a cloud analytics solution; SAP Digital Boardroom, a solution to access company data in real time; and SAP Leonardo, a solution to digitize manufacturing, logistics, and asset management processes, as well as maintenance, consulting, and training services. SAP SE was founded in 1972 and is headquartered in Walldorf, Germany.

Date	Key Development Headline
11/14/17	EY Collaborates with SAP to Continue Advancement of Blockchain Deployment Across Industries Worldwide
10/9/17	VMware, Inc. Teams Up with SAP to Accelerate and Streamline Enterprise IoT Initiatives
8/29/17	BASF and SAP SE Bring Multiple Business Partners Together in Global Network for Technical Assets
6/19/17	ASE Group Establishes Competence Center in Partnership with SAP
6/12/17	SAP SE and Accenture Expand Collaboration to Build Breakthrough Digital Solutions on SAP Leonardo

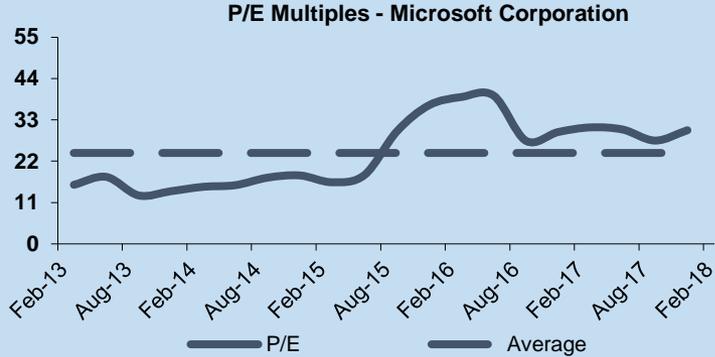
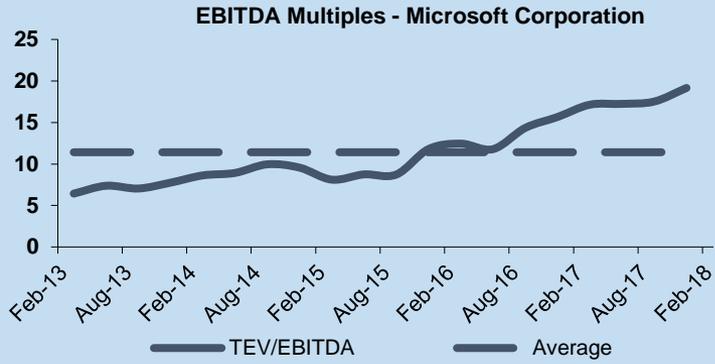
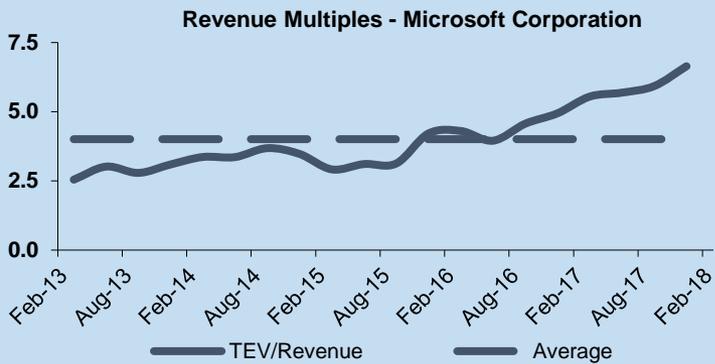


# PUBLIC BASKET CONSTITUENTS

## 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 was founded in 1975 and is headquartered in Redmond, Washington.

Date	Key Development Headline
12/21/17	Fujitsu Limited and Microsoft Corporation Announces Agreement to Collaborate in the Field of Artificial Intelligence to Accelerate the Transformation of the Ways People Work in Companies
12/13/17	Cheetah Mobile Inc. Collaborates with Microsoft Corporation on AI Services
12/1/17	M.A.T.I. Lan acquired Online Partner from Microsoft Corporation (NasdaqGS:MSFT).
11/15/17	Sandell Asset Management Corp. proposed to acquire remaining 98.62% stake in Barnes & Noble, Inc. (NYSE:BKS) from Leonard Riggio and others for approximately \$650 million.
11/5/17	Microsoft Corporation (NasdaqGS:MSFT) acquired Swing Technologies.



# 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.

<b>Leroy Davis, Partner</b>	704.899.5962	leroy@7mileadvisors.com
<b>Tripp Davis, Partner</b>	704.899.5762	tripp@7mileadvisors.com
<b>Andy Johnston, Partner</b>	704.899.5961	andy@7mileadvisors.com
<b>Tom Dinnegan, Managing Director</b>	310. 426.2410	tom@7mileadvisors.com
<b>Ben Lunka, Managing Director</b>	704.496.2995	ben@7mileadvisors.com
<b>Jeff Stoecklein, Managing Director</b>	312-373-3737	jeff@7mileadvisors.com
<b>Kristina Sergueeva, Director</b>	704.899.5149	kristina@7mileadvisors.com
<b>Neil Churman, Director</b>	704.899.5960 x 121	neil@7mileadvisors.com
<b>John Cooper, Director</b>	704.973.3996	john@7mileadvisors.com
<b>Tim Frye, Director</b>	704.973.3994	tim@7mileadvisors.com
<b>Casey Augustine, Business Development - Manager</b>	704.973.3999	casey@7mileadvisors.com
<b>Nicholas Prendergast, Financial Analyst</b>	704.899.5960	nicholas@7mileadvisors.com
<b>Ariail Siggins, Marketing Director</b>	704.899.5960 x 123	ariail@7mileadvisors.com
<b>Rory Julyan, Associate</b>	704.899.5960	rory@7mileadvisors.com
<b>Chevonese Dacres, Analyst</b>	360.499.1502	chevonese@7mileadvisors.com

Charlotte | Los Angeles | Tampa | Houston | Chicago

