

SECTORWATCH:

Enterprise Software

March 2018

7 MILE 
ADVISORS

SECTORWATCH:
Enterprise Software

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- 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

↑6.4%

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

↑0.2%

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

↑0.7%

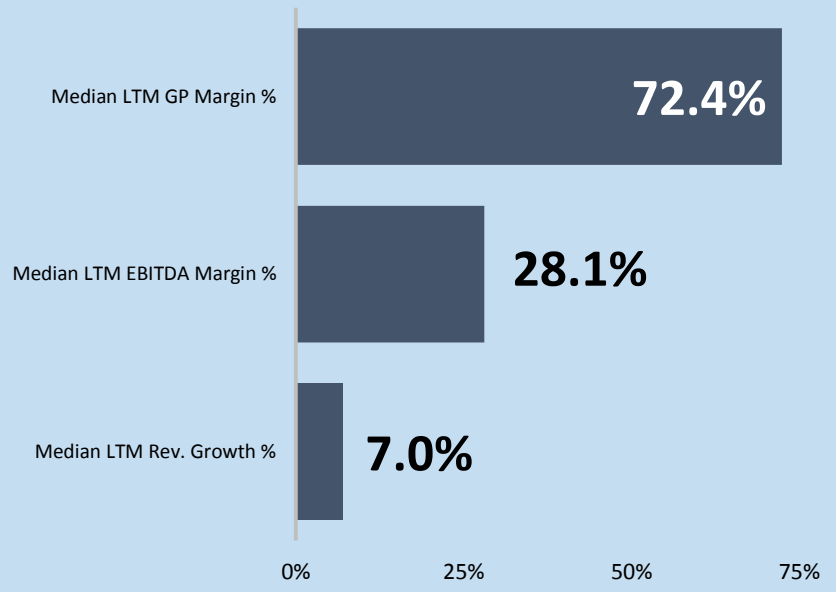
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

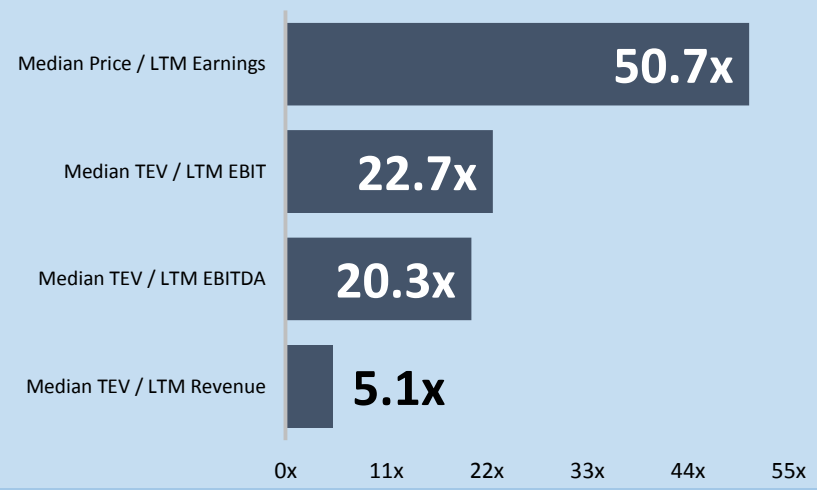
PUBLIC BASKET CONSTITUENTS

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

Operating Metrics



Valuation

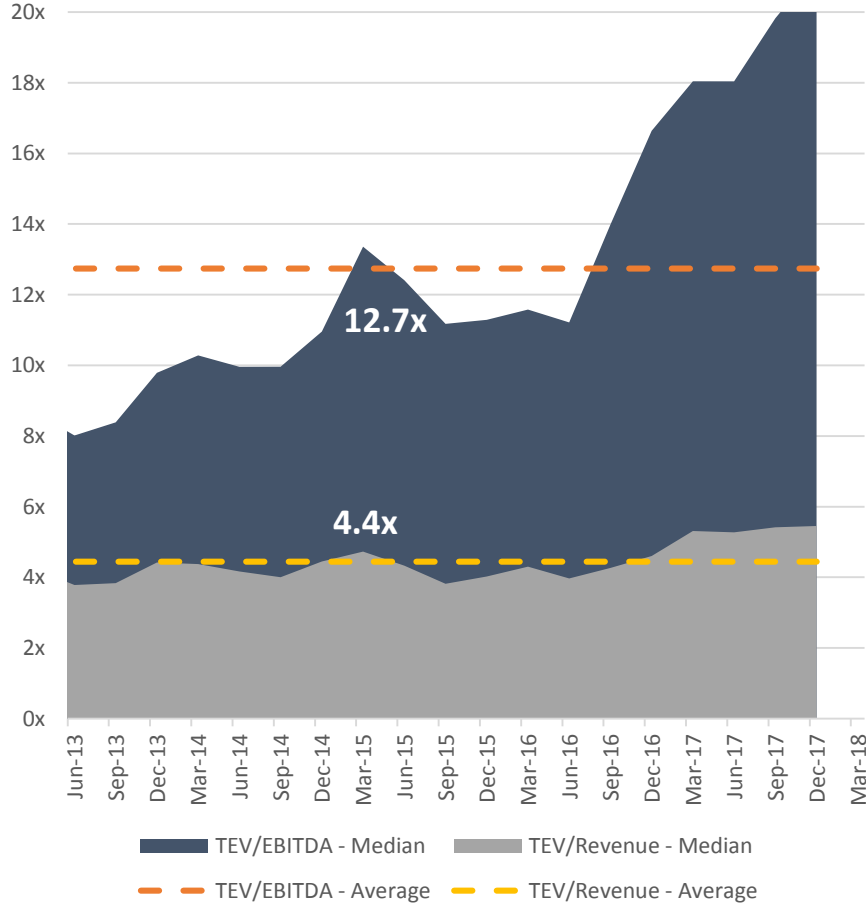


PUBLIC BASKET PERFORMANCE

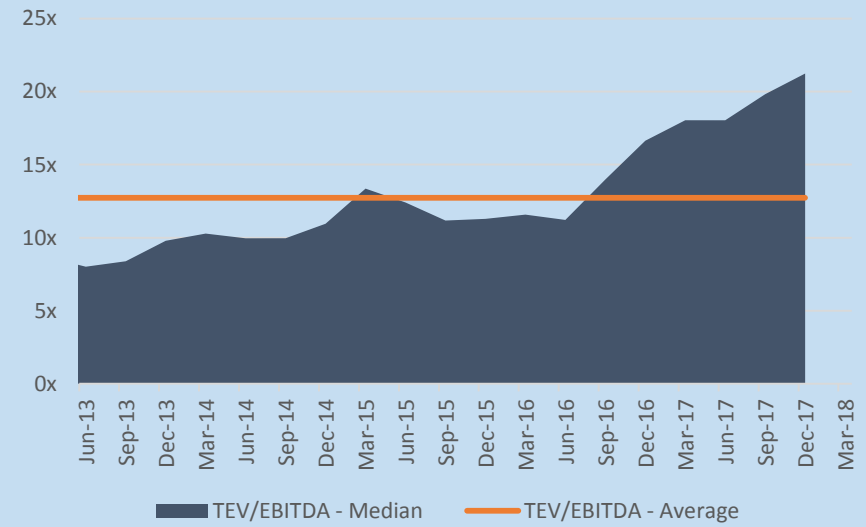
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Symantec Corporation	19,892	4,739	25%	79%	18%	4.2	23.2	13,000	365
VMware, Inc.	40,323	7,922	0%	86%	27%	5.1	19.1	-	NA
Salesforce.com, inc.	86,460	10,480	25%	74%	9%	8.2	87.5	29,401	356
SAP SE	125,297	28,171	6%	71%	29%	4.3	14.7	88,543	318
Oracle Corporation	201,848	38,907	4%	58%	39%	5.2	13.3	138,000	282
Microsoft Corporation	675,662	95,652	8%	63%	35%	7.1	20.3	124,000	771
Average	191,580	30,979	11%	72%	26%	5.7	29.7	65,491	418
Median	105,878	19,326	7%	72%	28%	5.1	19.7	58,972	356

share price as of 06Mar18

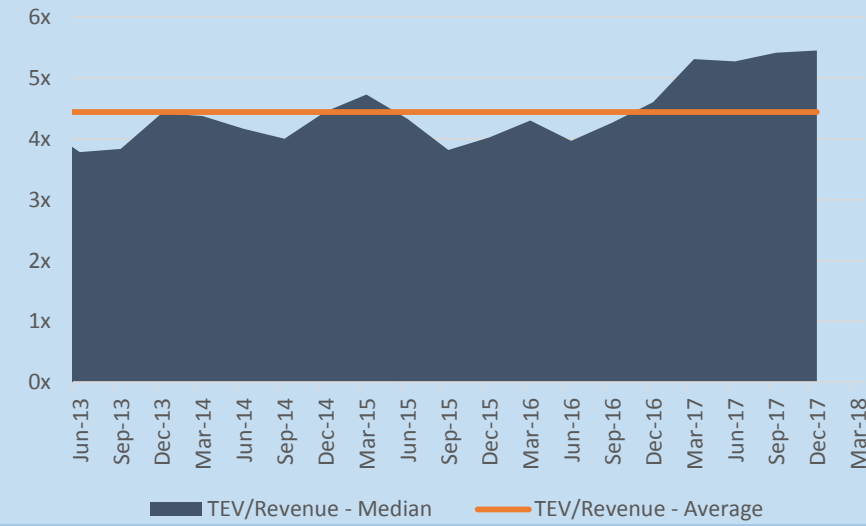
PUBLIC BASKET VALUATION TRENDS



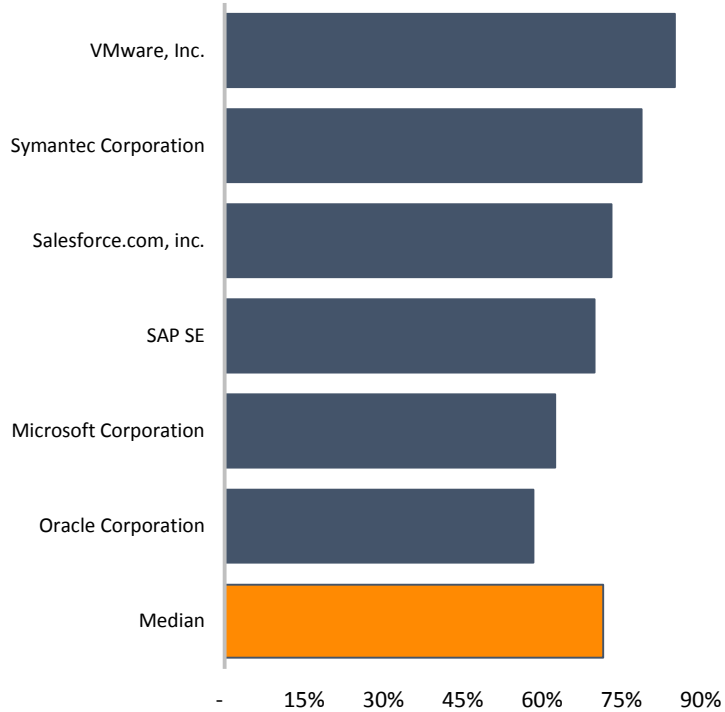
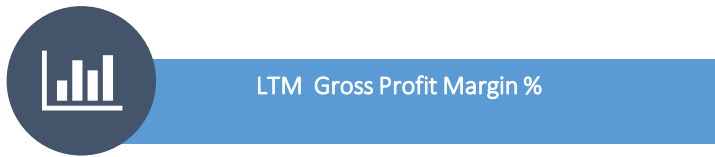
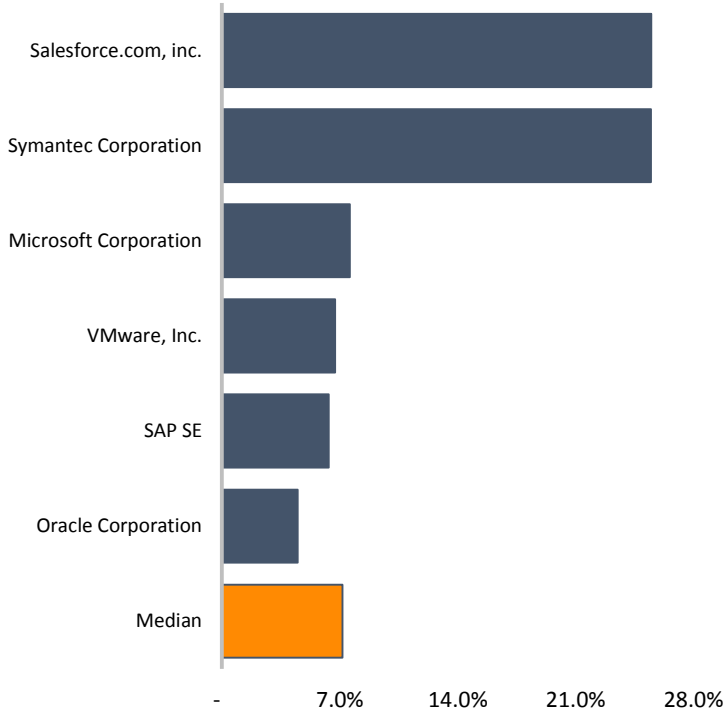
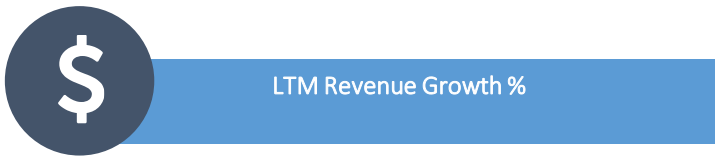
Public EBITDA Multiples Over Time



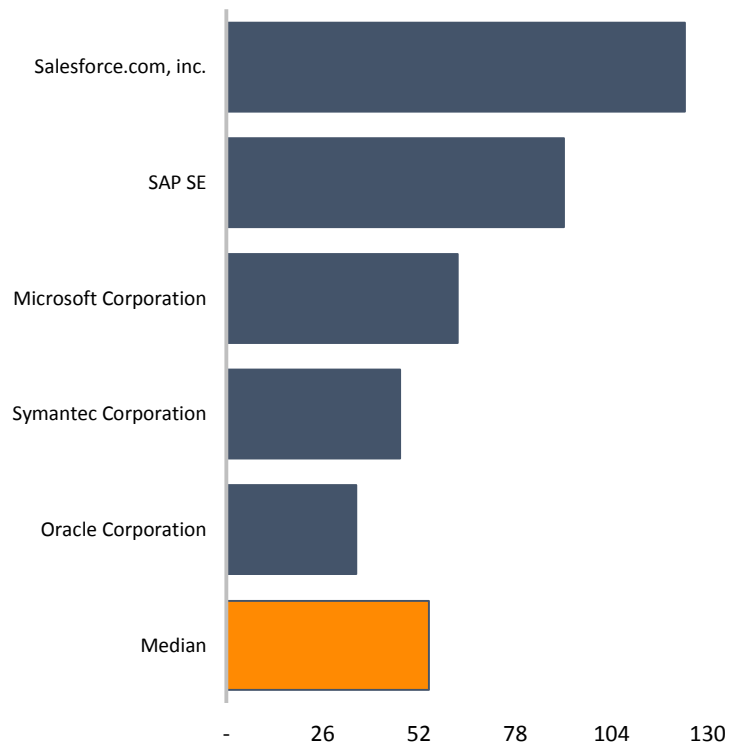
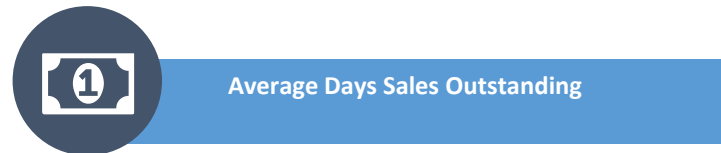
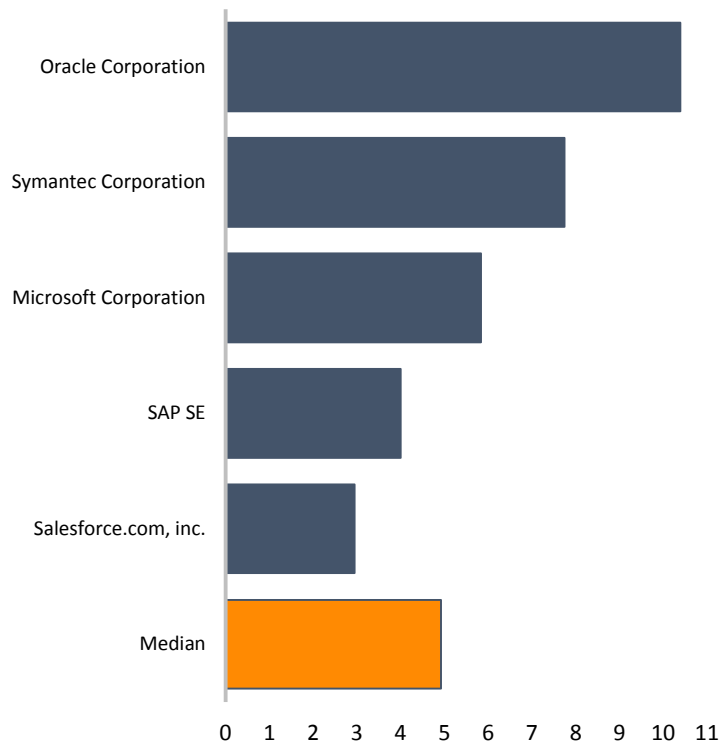
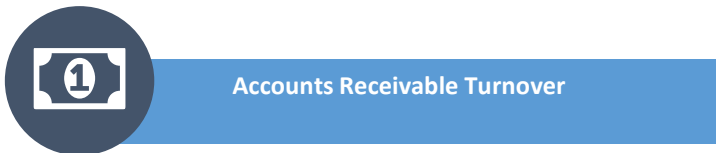
Public Revenue Multiples Over Time



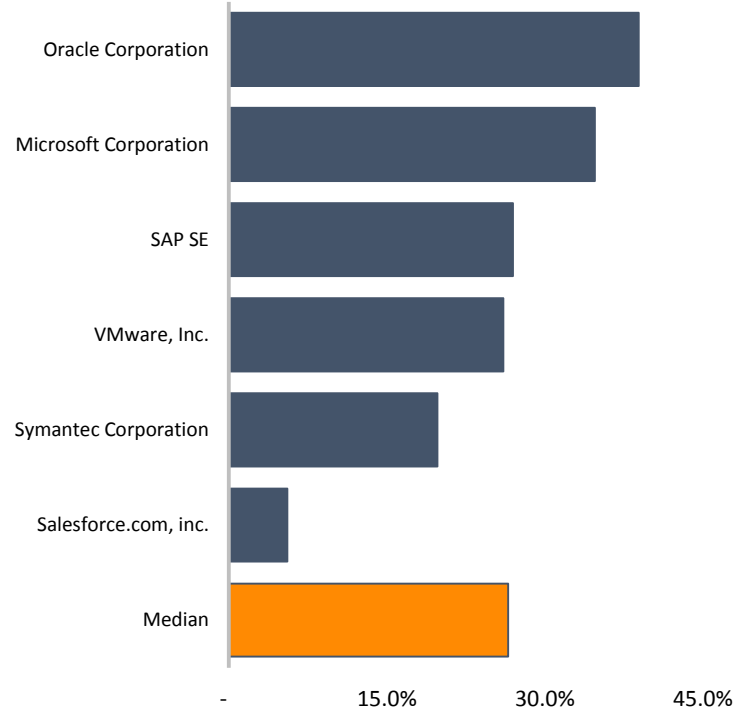
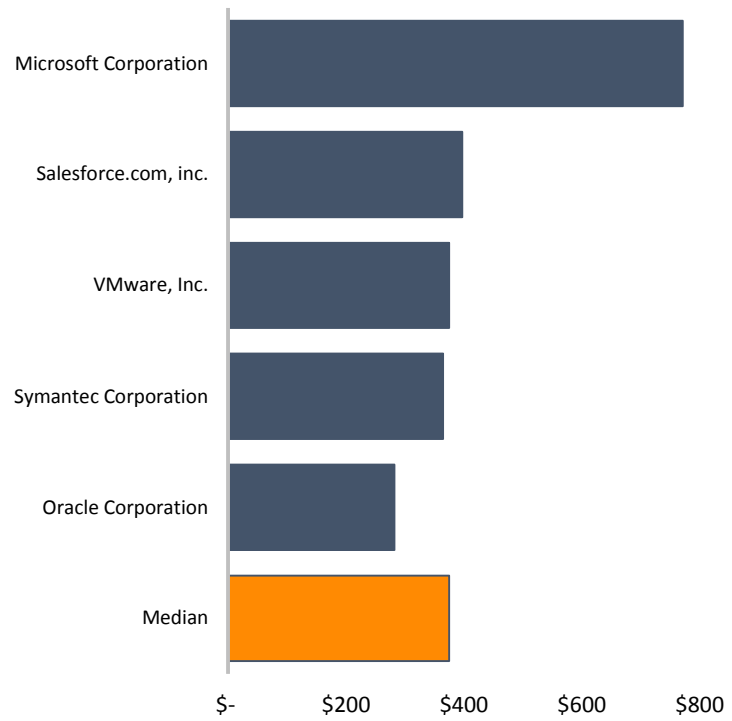
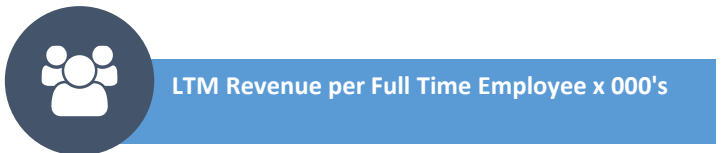
OPERATIONAL METRICS



OPERATIONAL METRICS



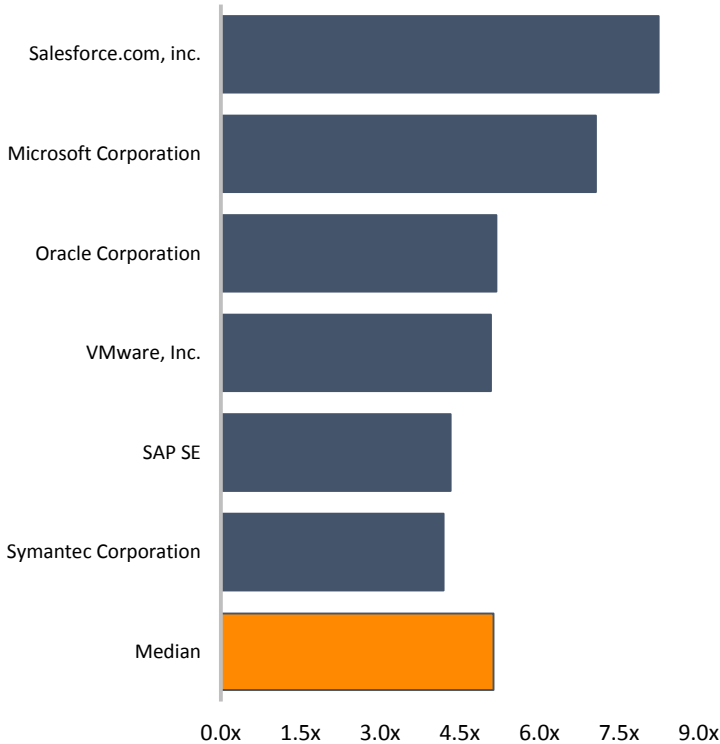
OPERATIONAL METRICS



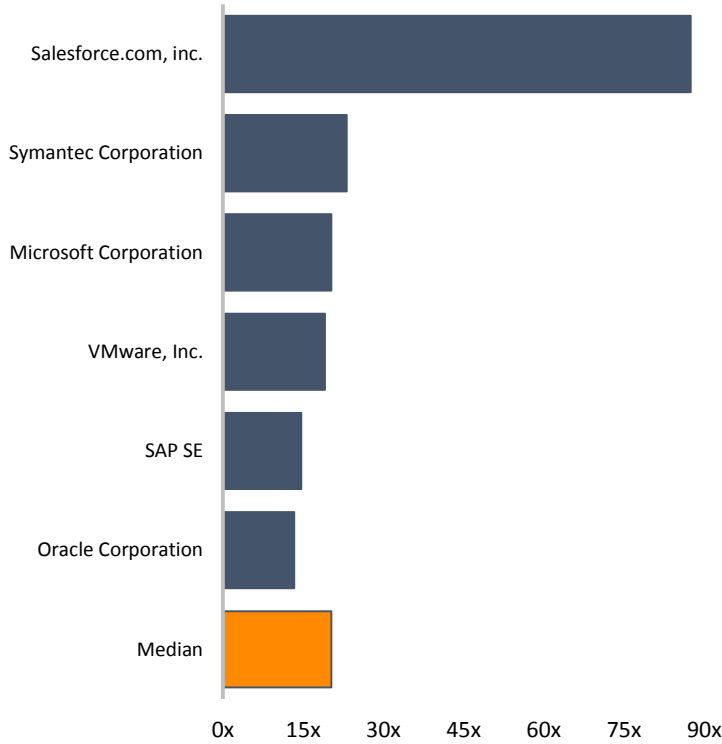
VALUATION



TEV / LTM Revenue



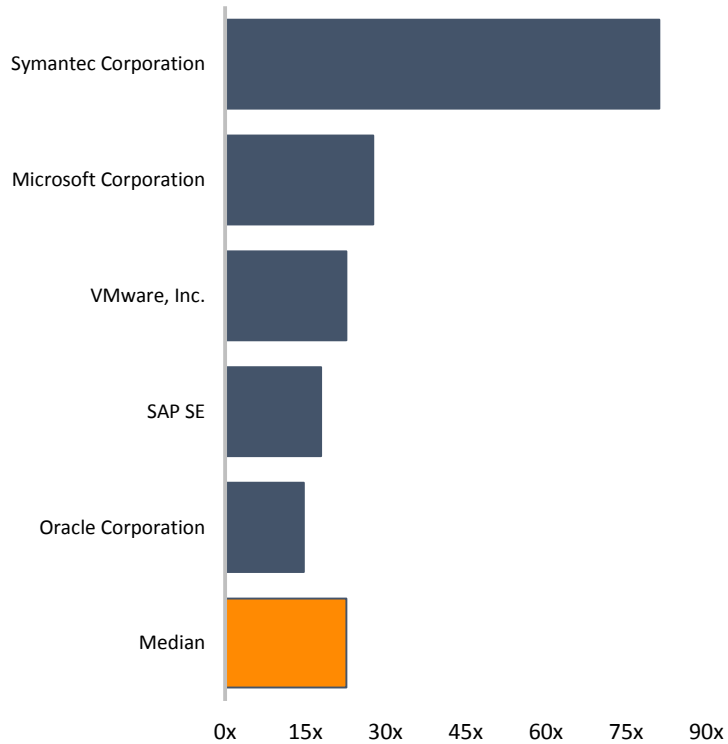
TEV / LTM EBITDA



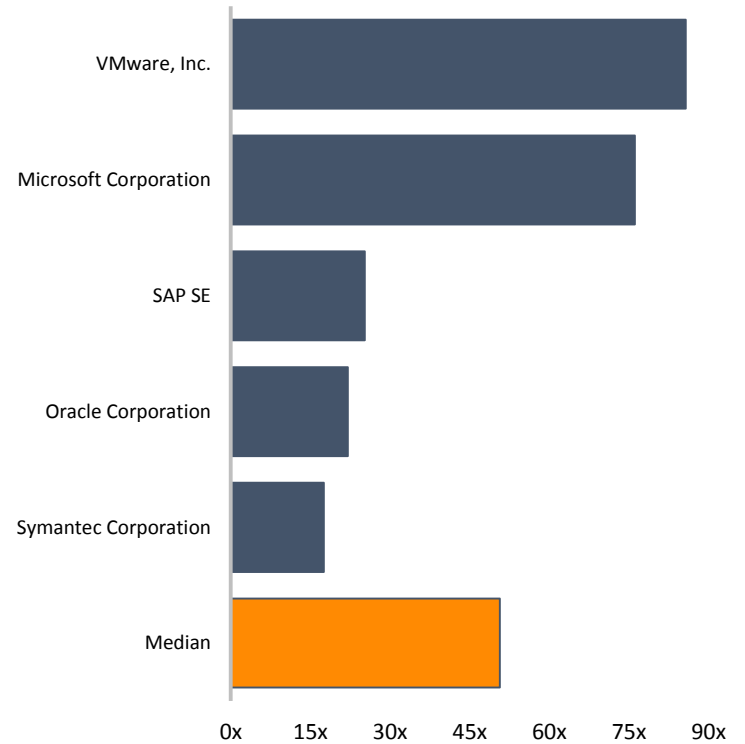
VALUATION



TEV / LTM EBIT



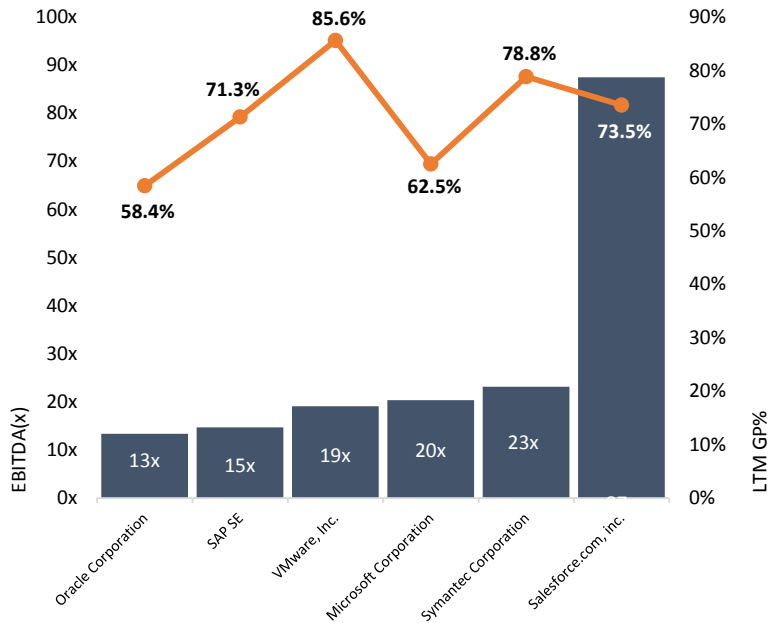
Price / LTM Earnings



VALUATION



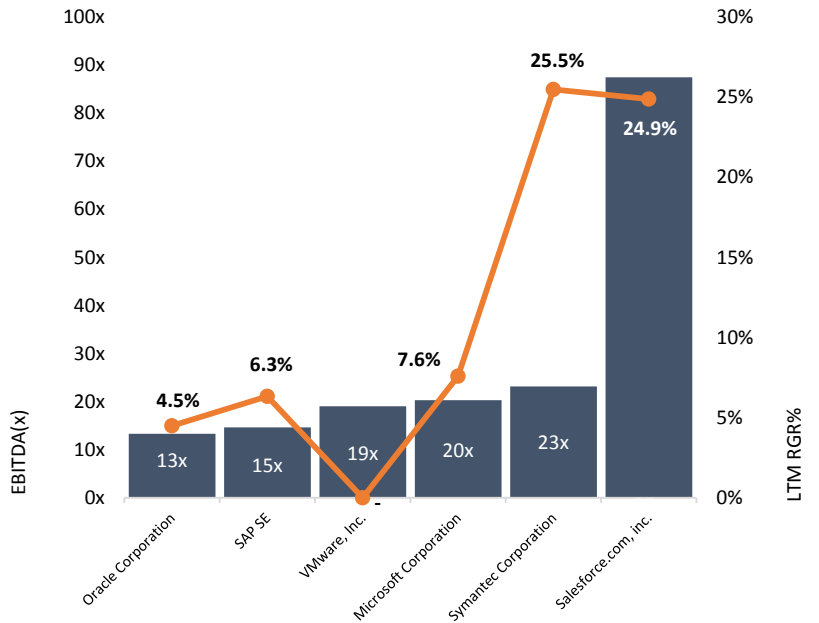
Historical Valuation Multiples versus Gross Profit



Series1 Series2



Historical Valuation Multiples versus Revenue Growth Rate



Series1 Series2

RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
15Feb18	WebDAM, Inc.	Bynder LLC	49.10	16.20	3.0x	-
15Feb18	Zenedge LLC	Oracle Corporation	-	-	-	-
13Feb18	Chalkup, LLC	Microsoft Corporation	-	-	-	-
2Feb18	Aljex Software Inc.	MacroPoint, LLC	32.40	-	-	-
29Jan18	Callidus Software Inc.	SAP America, Inc.	2,576.42	253.09	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.	5,751.57	2,218.20	2.6x	11.5x
11Jan18	Addedo AG	TALENTIA SOFTWARE FRANCE SAS	-	13.25	-	-
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.	-	-	-	-
1Jan18	A&B Groep B.V.	Calero Software, LLC	-	-	-	-
18Dec17	Aconex Limited	Vantive Australia Pty Ltd	1,258.87	127.39	9.7x	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.	-	-	-	-
12Apr17	Qualtrics, LLC	Accel Partners; Insight Venture Partners LLC; Sequoia Capital	180.00	-	-	-

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>
2Mar17	C3, Inc.	Sutter Hill Ventures; TPG Growth; Breyer Capital; Wildcat Venture Partners, LP	-	-	-	-
23Feb17	OF Software Ltd.	Eclipse Corporation	-	-	-	-
22Feb17	Halogen Software Inc.	Saba Software, Inc.; 6883621 Canada Inc.	212.29	72.26	2.4x	26.2x
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	-	-	-	-

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Appendix: Public Basket
Constituents

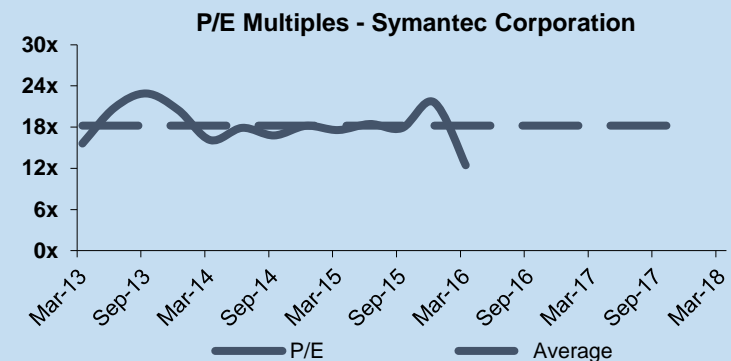
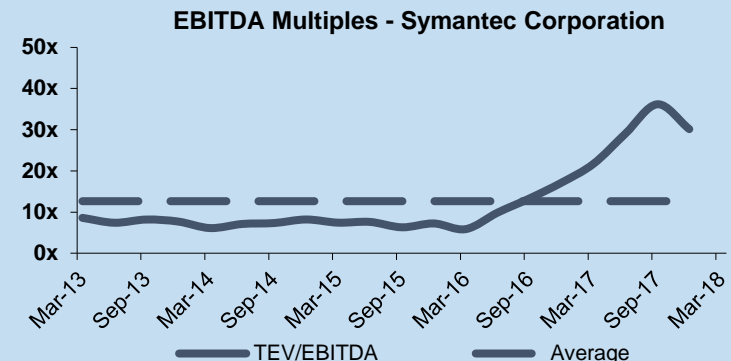
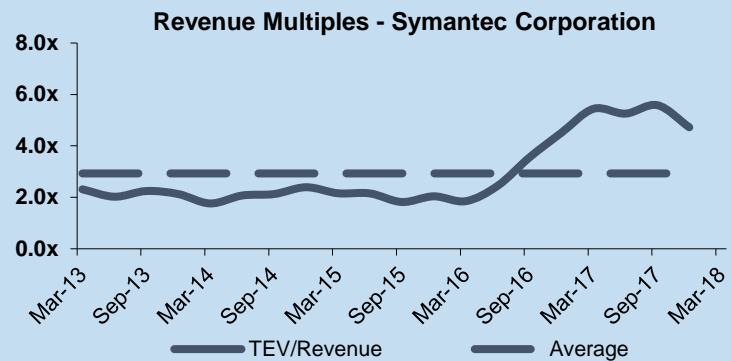


PUBLIC BASKET CONSTITUENTS

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
2/14/18	Symantec May Seek Acquisitions

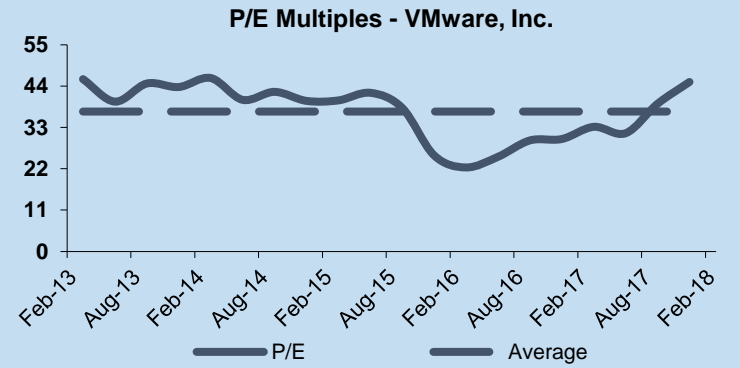
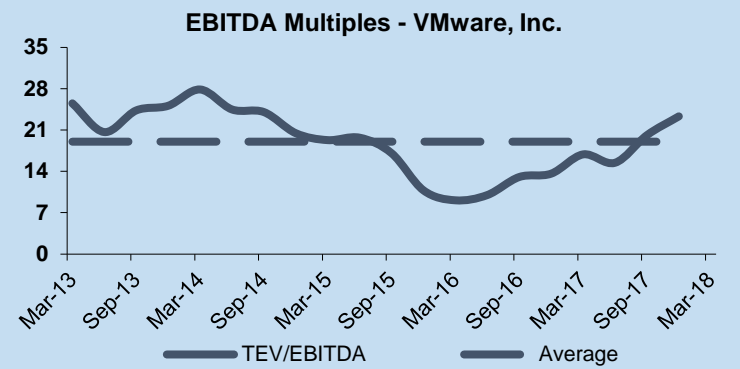
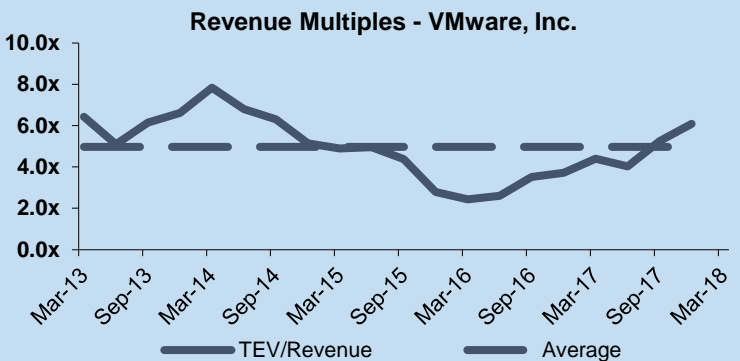


PUBLIC BASKET CONSTITUENTS

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
2/13/18	VMware, Inc. (NYSE:VMW) acquired CloudCoreo, Inc.
2/1/18	Apptio, Inc. (NasdaqGM:APTI) acquired Digital Fuel SV, LLC from Skyview Capital LLC for \$42.9 million.
12/11/17	VMware, Inc. (NYSE:VMW) completed the acquisition of VeloCloud Networks, Inc.

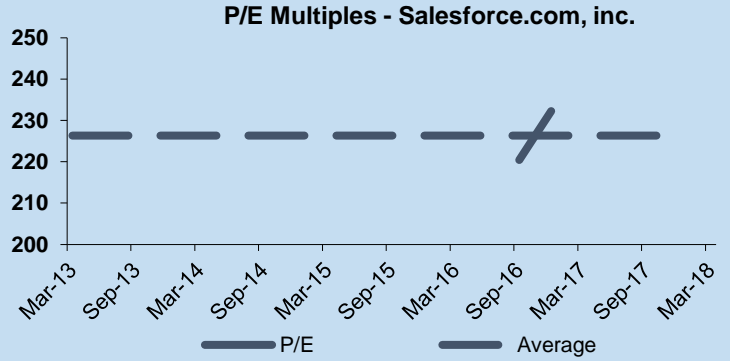
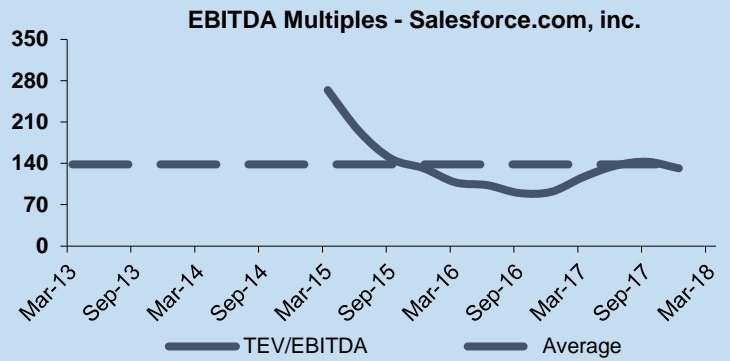
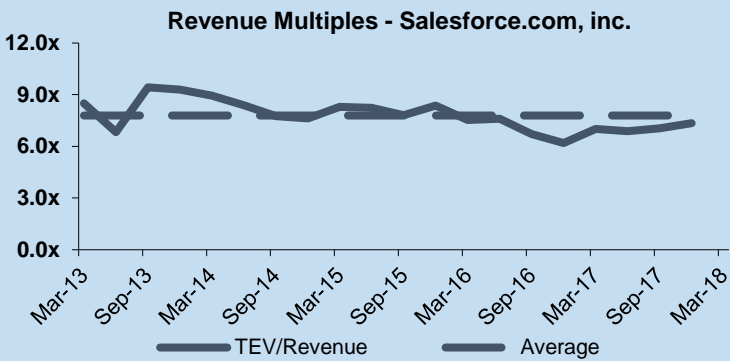


PUBLIC BASKET CONSTITUENTS

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
1/19/18	IBM and Salesforce Announces an Expansion of Their Strategic Partnership
11/7/17	Salesforce.com Seeks Acquisition

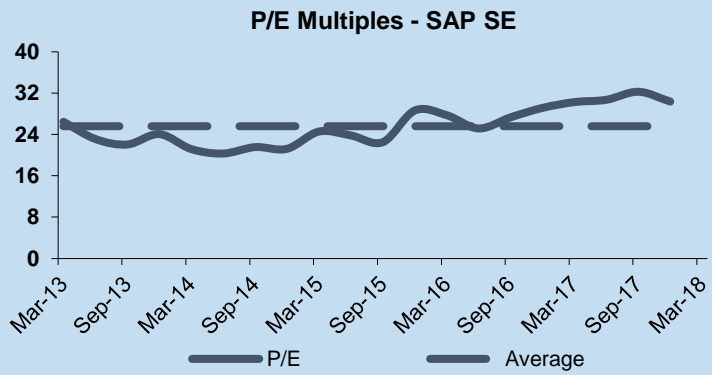
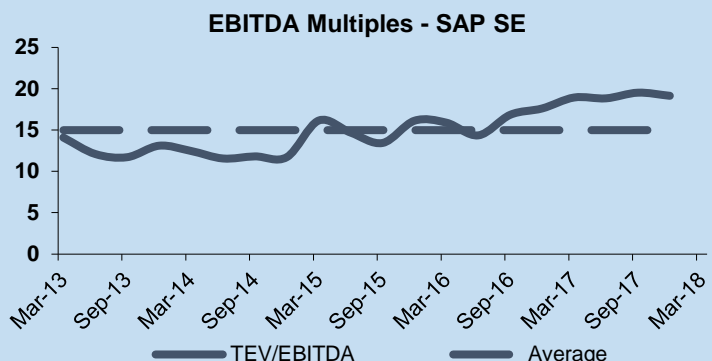
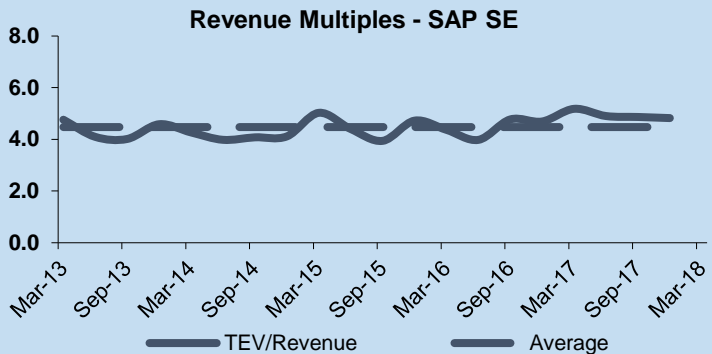


PUBLIC BASKET CONSTITUENTS

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
2/12/18	SAP Seeks Acquisition
2/1/18	Virtual Power Systems Joins SAP and Schneider Electric to Prove Software-Defined Power Optimizes Energy Utilization in Data Centers and Clouds
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

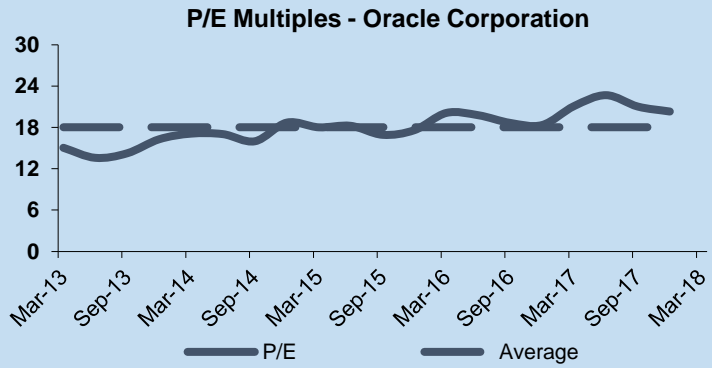
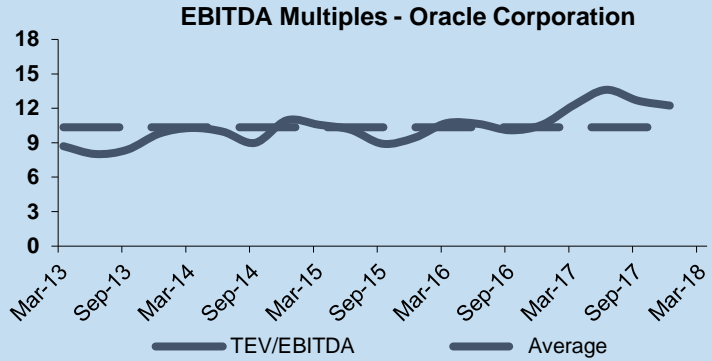
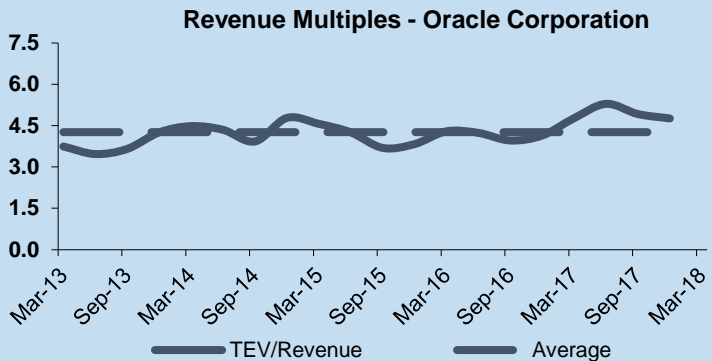


PUBLIC BASKET CONSTITUENTS

Oracle Corporation

Oracle Corporation develops, manufactures, markets, sells, hosts, and supports application, platform, and infrastructure technologies for information technology (IT) environments worldwide. It provides services in three primary layers of the cloud: Software as a Service, Platform as a Service, and Infrastructure as a Service. The company licenses its Oracle Database software, which enables storage, retrieval, and manipulation of data; and Oracle Fusion Middleware software to build, deploy, secure, access, and integrate business applications, as well as automate their business processes. In addition, the company offers human capital and talent management, enterprise resource planning, customer experience and customer relationship management, procurement, project portfolio management, supply chain management, business analytics and enterprise performance management, and industry-specific application software, as well as financial management and governance, risk, and compliance applications. The company was founded in 1977 and is headquartered in Redwood City, California.

Date	Key Development Headline
2/14/18	Oracle Corporation (NYSE:ORCL) entered into an agreement to acquire Zenedge LLC.
11/7/17	Oracle Corp. Mulls Acquisitions
6/26/17	Unieuro S.p.A. (BIT:UNIR) acquired Oracle Retail Demand Forecasting and Oracle Retail Allocation & Replenishment from Oracle Corporation (NYSE:ORCL).
5/30/17	interRel Consulting Partners, LLP acquired Oracle Analytics Cloud from Oracle Corporation (NYSE:ORCL).
5/24/17	Oracle Corporation (NYSE:ORCL) completed the acquisition of Moat, Inc. from First Round Capital, Insight Venture Partners LLC, Lerer Hippeau Ventures, Mayfield Fund, MHS Capital and others.

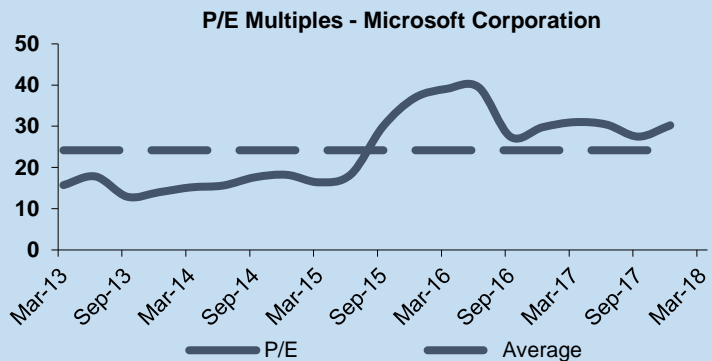
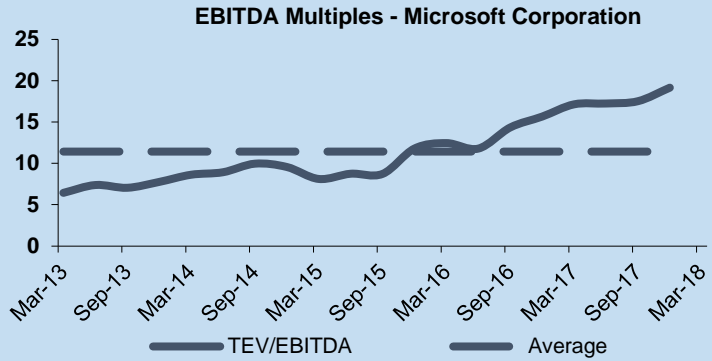
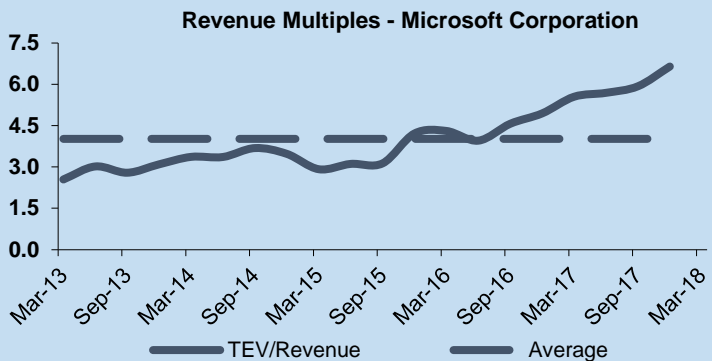


PUBLIC BASKET CONSTITUENTS

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
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.
12/30/17	Microsoft Corporation (NasdaqGS:MSFT) completed the acquisition of Hexadite Ltd. from YL Ventures GP Ltd., Hewlett Packard Ventures, Ten Eleven Ventures and others.



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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