

SECTORWATCH:

SaaS

March 2018

7 MILE   
ADVISORS

SECTORWATCH:  
**SaaS**

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

**↓ -0.07**

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

**↑ 1.7%**

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

**↑ 5.6%**

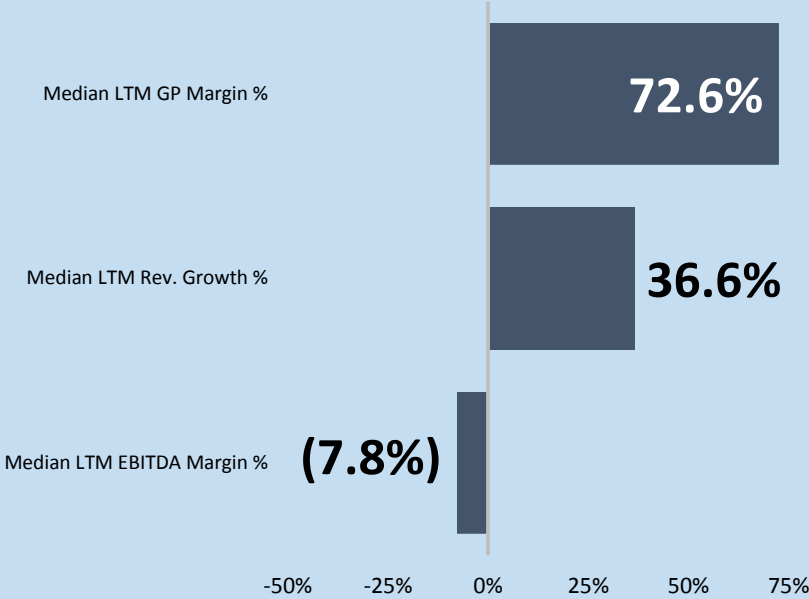
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

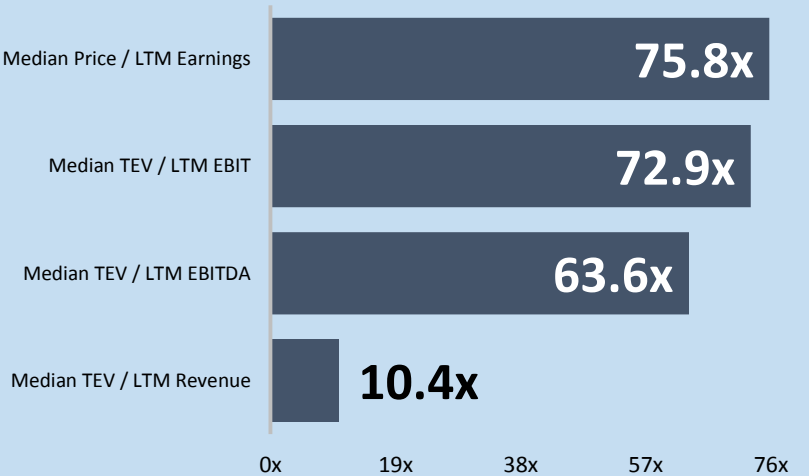
### PUBLIC BASKET CONSTITUENTS

- NYSE:BOX
- NYSE:MULE
- NYSE:ZEN
- NasdaqGS:BLKB
- NasdaqGS:SPLK
- NYSE:SHOP
- NasdaqGS:WDAY
- NYSE:NOW
- NYSE:CRM

## Operating Metrics



## Valuation

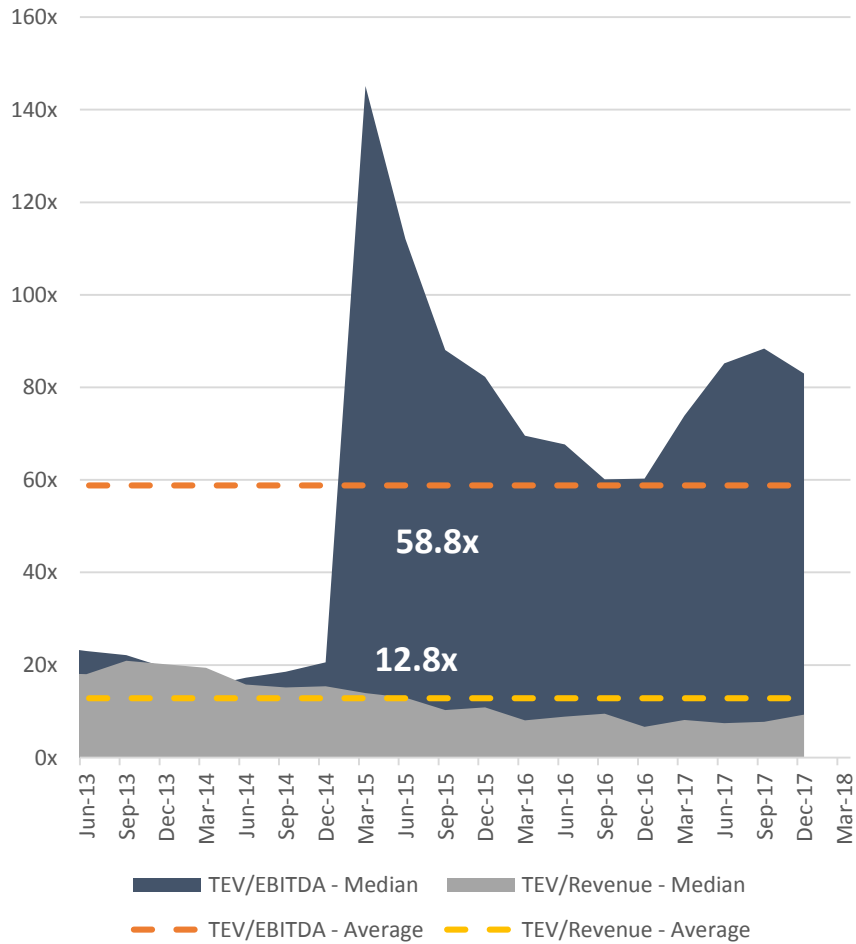


# PUBLIC BASKET PERFORMANCE

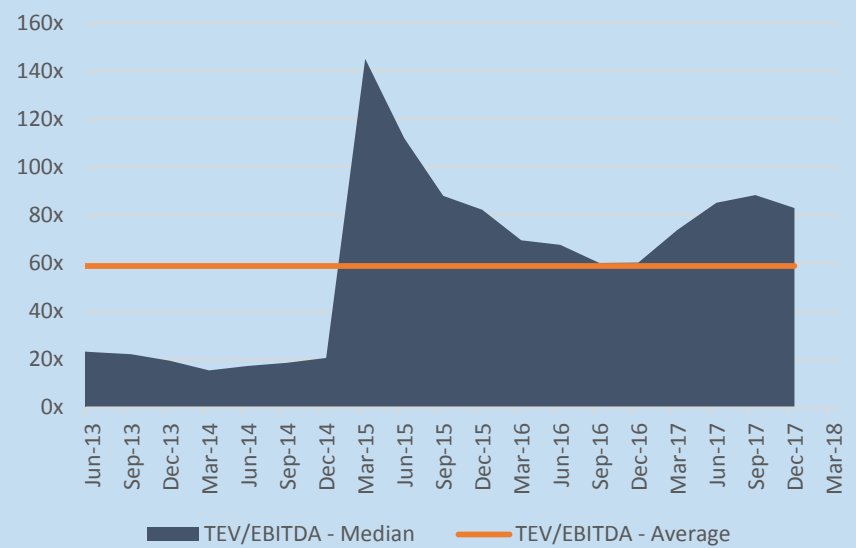
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Box, Inc.	2,458	506	27%	73%	-23%	4.9	0.0	-	NA
MuleSoft, Inc.	4,142	296	58%	73%	-26%	14.0	0.0	1,188	250
Zendesk, Inc.	4,410	430	38%	70%	-21%	10.2	0.0	2,060	209
Blackbaud, Inc.	5,305	788	8%	54%	17%	6.7	39.6	3,182	248
Splunk Inc.	13,174	1,271	34%	80%	-17%	10.4	0.0	-	NA
Shopify Inc.	13,665	673	73%	56%	-5%	20.3	0.0	3,000	224
Workday, Inc.	26,137	2,143	37%	71%	-8%	12.2	0.0	-	NA
ServiceNow, Inc.	28,796	1,933	39%	74%	1%	14.9	0.0	6,222	311
Salesforce.com, inc.	86,460	10,480	25%	74%	9%	8.2	87.5	29,401	356
<b>Average</b>	20,505	2,058	38%	69%	-8%	11.3	14.1	5,006	266
<b>Median</b>	13,174	788	37%	73%	-8%	10.4	0.0	2,060	249

share price as of 06Mar18

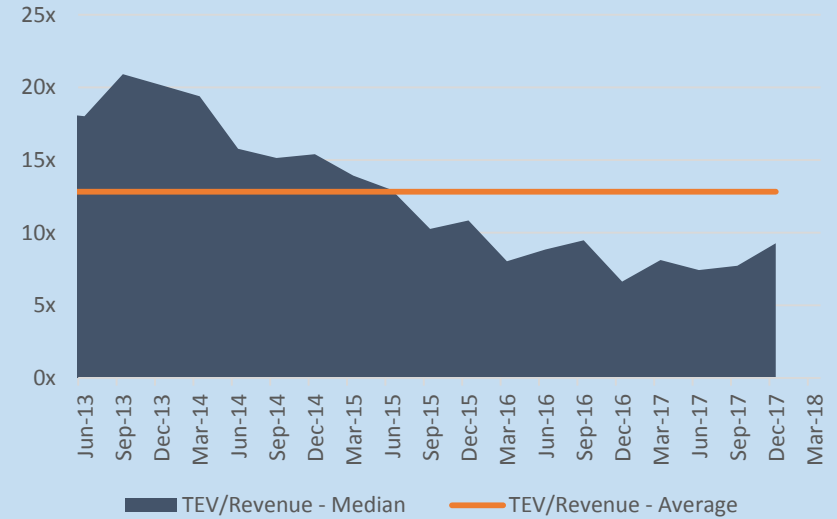
# PUBLIC BASKET VALUATION TRENDS



## Public EBITDA Multiples Over Time



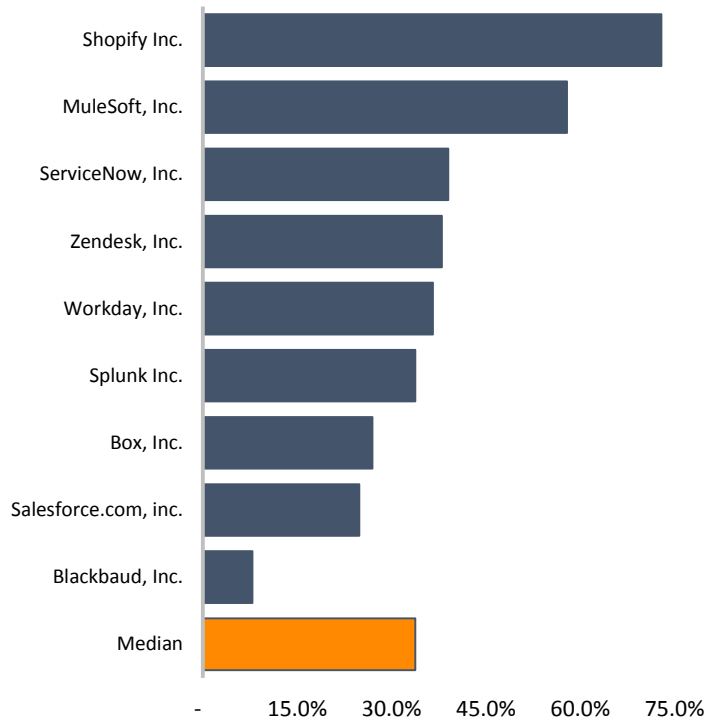
## Public Revenue Multiples Over Time



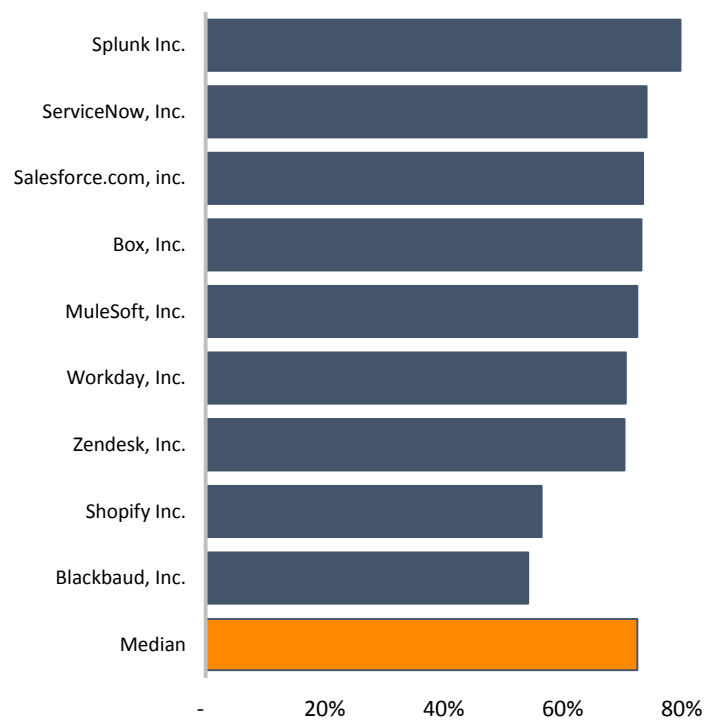
# OPERATIONAL METRICS



LTM Revenue Growth %

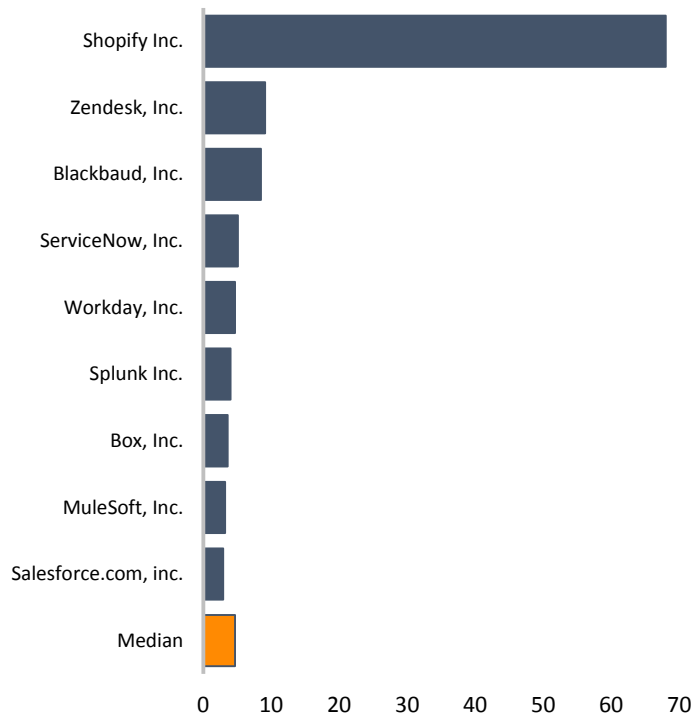


LTM Gross Profit Margin %

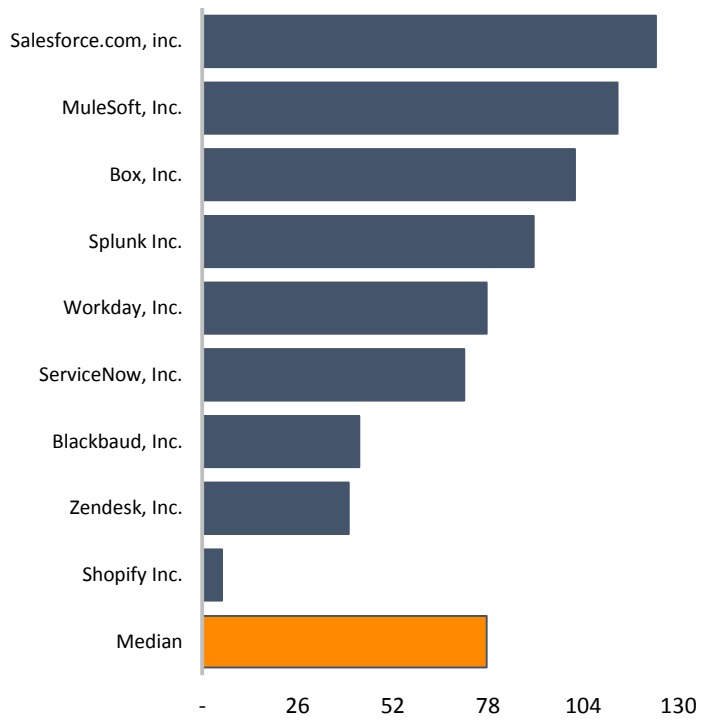


# OPERATIONAL METRICS

## Accounts Receivable Turnover



## Average Days Sales Outstanding

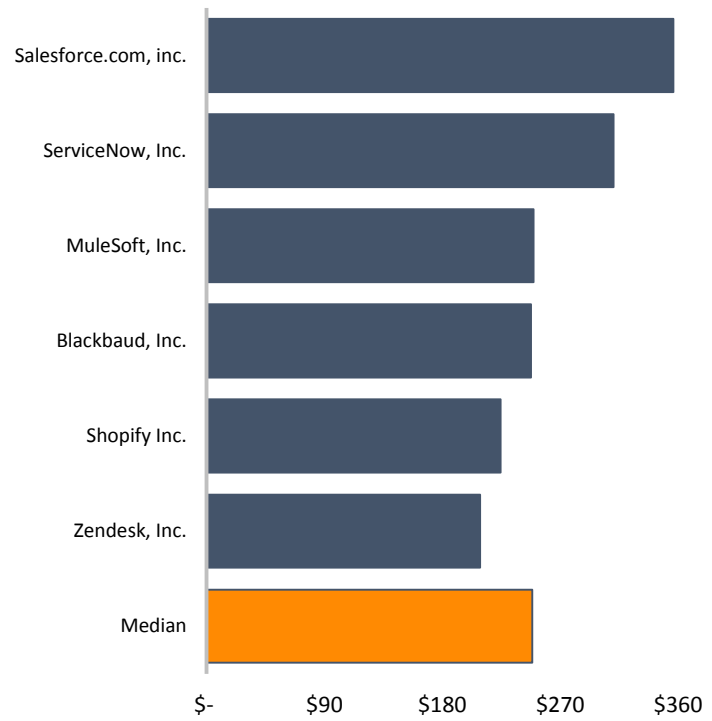




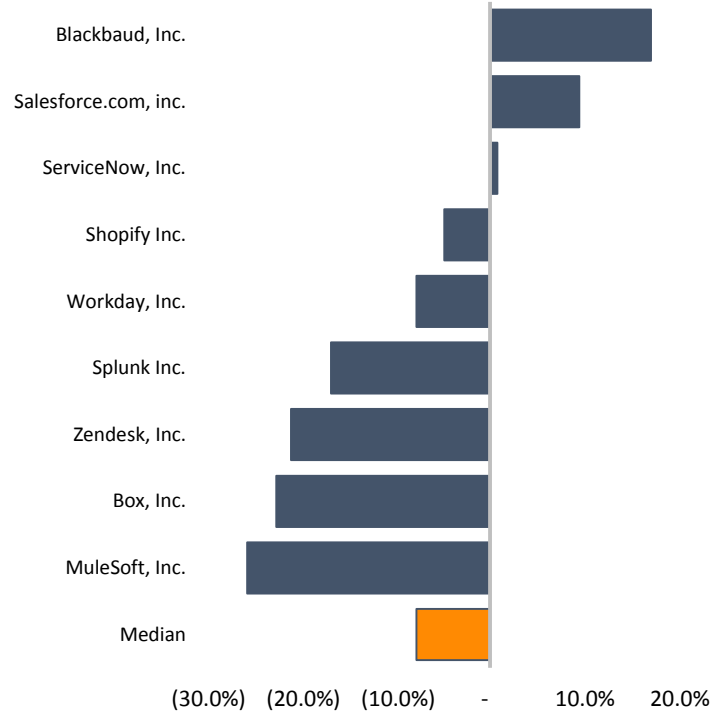
# OPERATIONAL METRICS



LTM Revenue per Full Time Employee x 000's



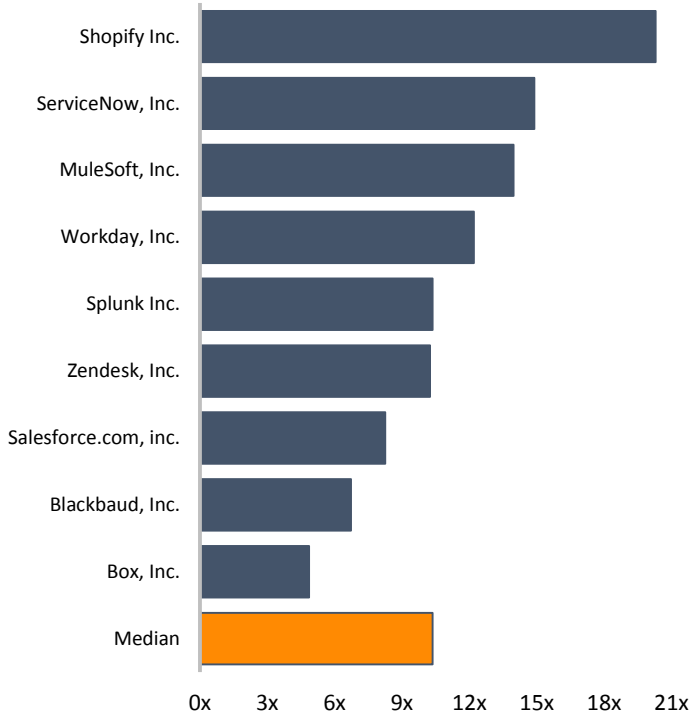
Sales & Marketing Expense as a % of Revenue



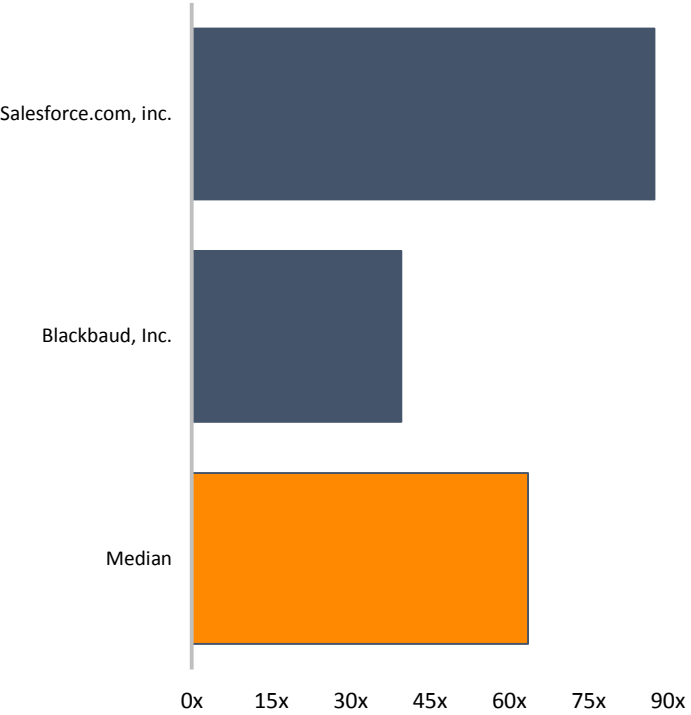
# VALUATION



TEV / LTM Revenue



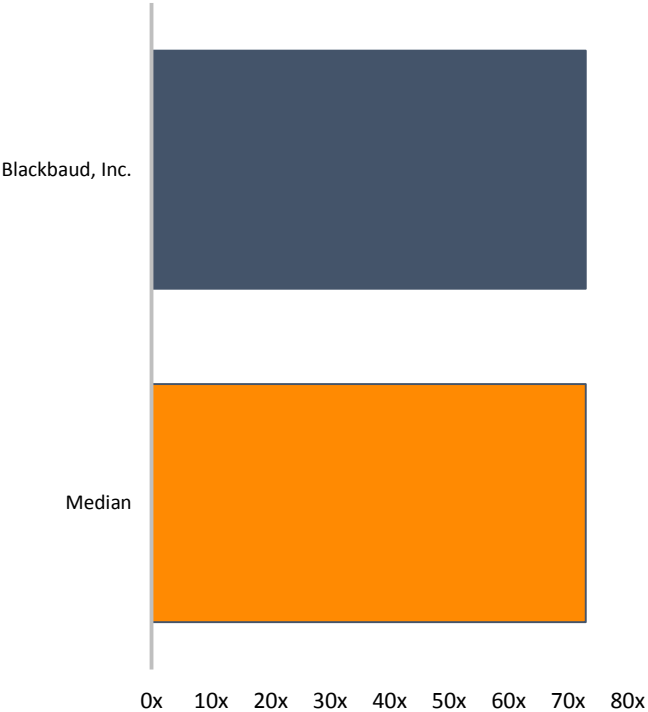
TEV / LTM EBITDA



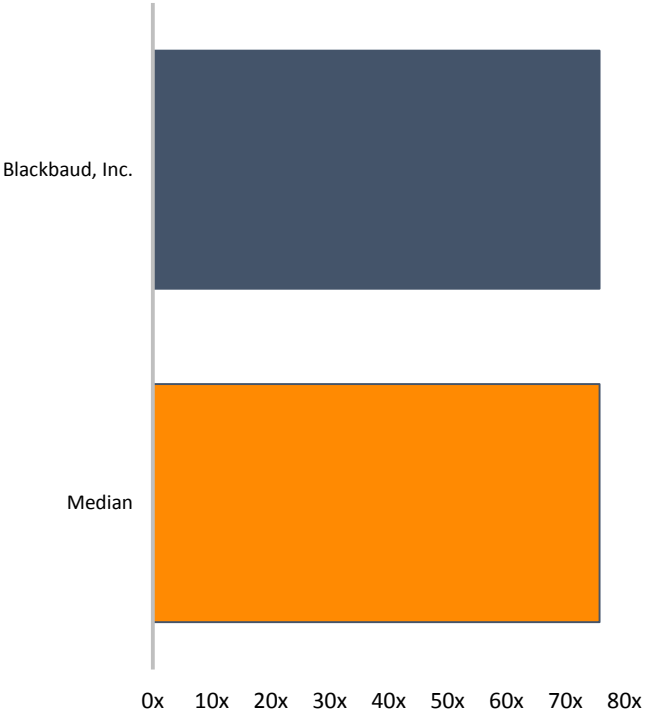
# VALUATION



TEV / LTM EBIT



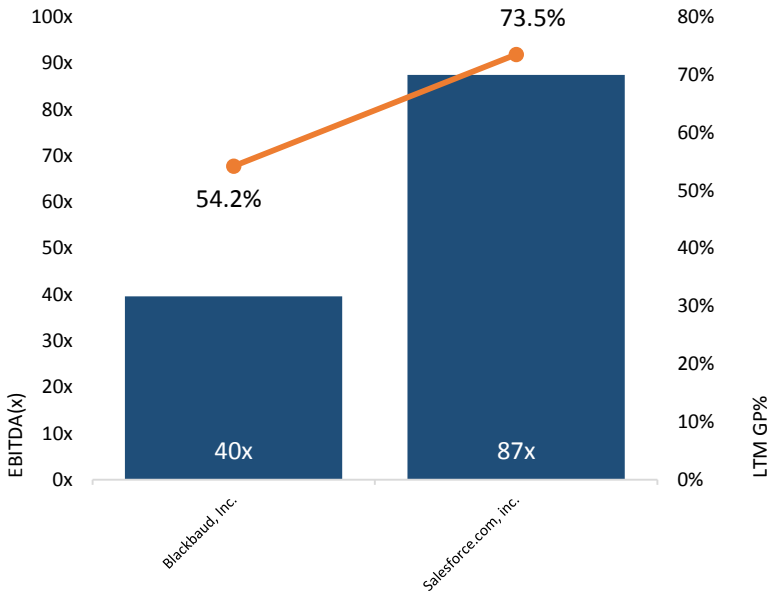
Price / LTM Earnings



# VALUATION



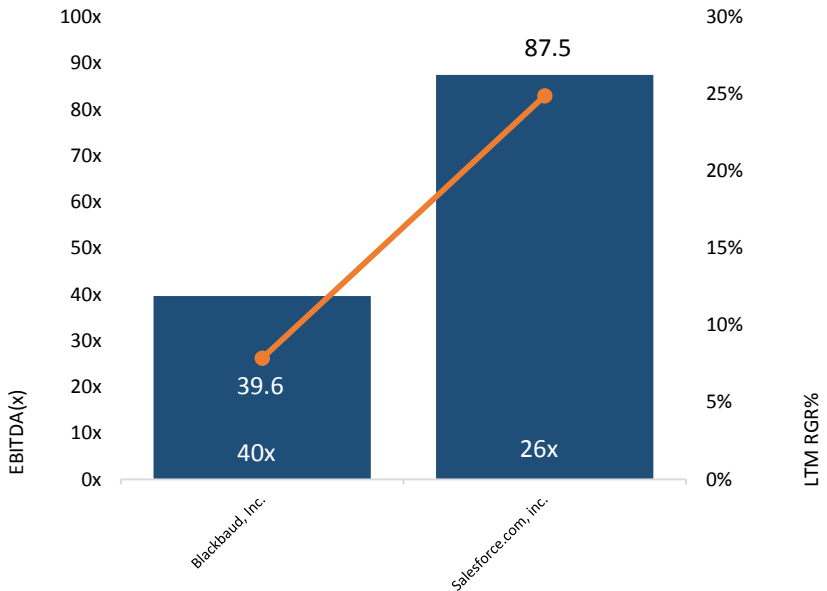
Historical Valuation Multiples versus Gross Profit



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
27Feb18	Phantom Cyber Corporation	Splunk Inc.	350.00	-	-	-
29Jan18	Callidus Software Inc.	SAP America, Inc.	2,576.42	253.09	9.6x	NM
26Jan18	Icertis Inc.	MeriTech Capital Partners; Ignition Partners; Greycroft; Cross Creek Advisors; Eight Roads Ventures India; B Capital Group; PSP Growth	50.04	-	-	-
11Jan18	Kenandy, Inc.	The Danville Group, Inc.	-	-	-	-
8Jan18	Attic Labs, Inc.	Quip, Inc.	-	-	-	-
4Jan18	PrintFleet Inc.	ECi Software Solutions, Inc.	-	-	-	-
18Dec17	Aconex Limited	Vantive Australia Pty Ltd	1,258.87	127.39	9.7x	NM
14Dec17	Brighter, Inc.	Cigna Corporation	-	-	-	-
14Aug17	ECi Software Solutions, Inc.	Apax Partners LLP	-	-	-	-
11Jul17	Computational Engineering International, Inc.	Ansys, Inc.	-	-	-	-
11Jul17	MedApproved, LLC	TractManager, Inc.	-	-	-	-
23Jun17	Giving.com Limited	Blackbaud Global Ltd.	120.93	-	-	-
17May17	Qlue Inc.	ServiceNow, Inc.	-	-	-	-
5May17	PAYONE GmbH	B+S Card Service GmbH	-	-	-	-
27Apr17	Outbound Solutions, Inc.	Zendesk, Inc.	16.56	-	-	-
12Apr17	Qualtrics, LLC	Accel Partners; Insight Venture Partners LLC; Sequoia Capital	180.00	-	-	-
27Mar17	StepOne, Inc.	FanThreeSixty LLC	-	-	-	-
6Mar17	Veracode, Inc.	CA, Inc.	614.00	-	-	-
31Dec16	Spend360 International Ltd	Coupa Software Incorporated	-	-	-	-
18Dec16	ISCS, Inc.	Guidewire Software, Inc.	160.00	-	-	-
7Nov16	Datahug Limited	Callidus Software Inc.	13.00	-	-	-
20Oct16	Appirio Inc.	Wipro Limited	500.00	196.00	2.6x	-
3Oct16	Krux Digital Inc.	Salesforce.com, inc.	767.98	-	-	-
20Sep16	GovDelivery, Inc.	Vista Equity Partners Management, LLC	153.00	-	-	-
12Sep16	Corso Ltd.	erwin, Inc.	-	-	-	-
30Jul16	Quip, Inc.	Salesforce.com, inc.	410.00	-	-	-
28Jul16	NetSuite Inc.	Oracle Corporation	7,082.96	897.49	9.7x	NM
28Jun16	CloudLock, Inc.	Cisco Systems, Inc.	293.00	13.20	-	-
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
31May16	Demandware, Inc.	Salesforce.com, inc.	3,036.20	254.08	11.2x	NM
27May16	Marketo, Inc.	Vista Equity Partners LLC; Vista Equity Partners Fund VI, L.P.	1,801.11	226.09	7.5x	NM
1May16	OPOWER, Inc.	Oracle Corporation	624.24	151.96	3.7x	NM
20Mar16	Mangrove Software, Inc.	Asure Software, Inc.	18.38	-	-	-

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Appendix: Public Basket  
Constituents

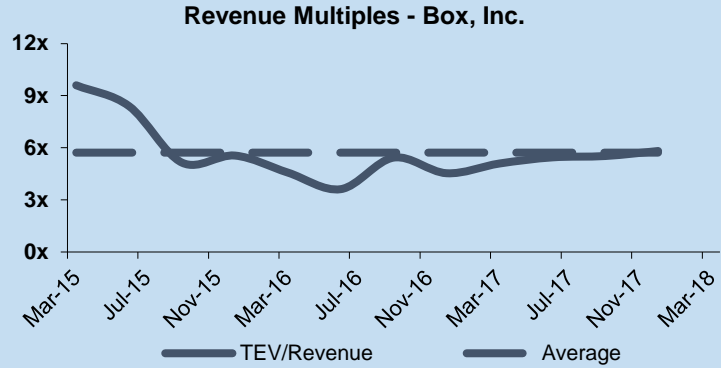
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# PUBLIC BASKET CONSTITUENTS

## Box, Inc.

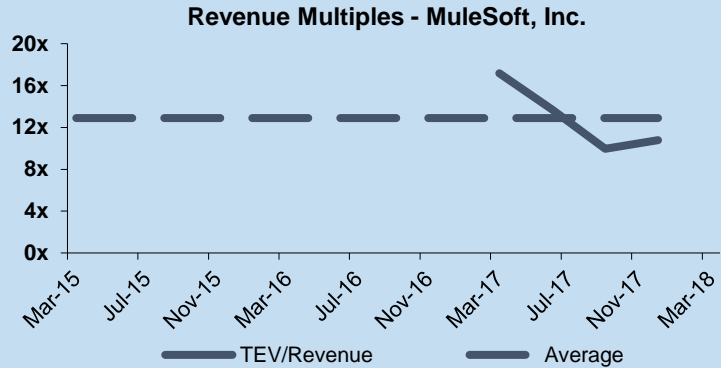
Box, Inc. provides cloud content management platform that enables organizations of various sizes to manage their enterprise content from anywhere. The company's platform enables users to collaborate on content internally and with external parties, automate content-driven business processes, develop custom applications, and implement data protection, security, and compliance features. Box, Inc. offers its solution in 22 languages. It serves healthcare and life sciences, financial services, legal services, media and entertainment, retail, education, energy, and government industries primarily in the United States. The company was formerly known as Box.net, Inc. and changed its name to Box, Inc. in November 2011. Box, Inc. was founded in 2005 and is headquartered in Redwood City, California.



# PUBLIC BASKET CONSTITUENTS

## MuleSoft, Inc.

MuleSoft, Inc. provides Anypoint Platform that allows customers to connect their applications, data, and devices in the United States, the United Kingdom, and internationally. Its platform also enables a self-serve infrastructure through discoverable building blocks or nodes that can be used and reused to compose applications. Its customers use these building blocks to connect their SaaS applications, on-premises applications, cloud deployments, mobile devices, and data into an application network. The company was formerly known as MuleSource, Inc. and changed its name to MuleSoft, Inc. in August 2009. MuleSoft, Inc. was incorporated in 2006 and is headquartered in San Francisco, California.

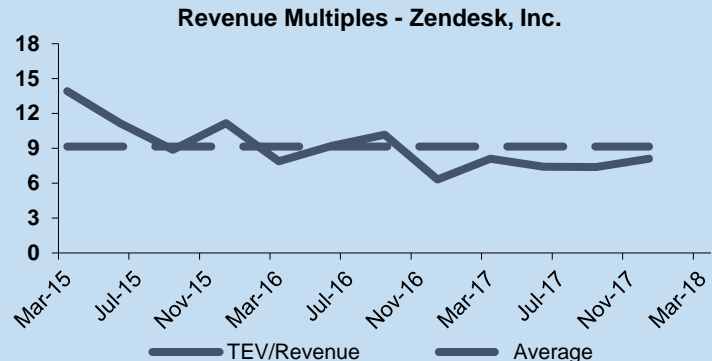




# PUBLIC BASKET CONSTITUENTS

## Zendesk, Inc.

Zendesk, Inc., a software development company, provides SaaS products for organizations. Its flagship product is Zendesk Support, a system for tracking, prioritizing, and solving customer support tickets across various channels. The company also offers Zendesk Chat, a live chat software to connect with customers on Websites, in applications, and on mobile devices; Zendesk Talk, a cloud-based call center software; Zendesk Guide, a knowledge base that for customer self-service and support agent productivity; Zendesk Message, a customer messaging software; and Zendesk Explore that makes customer data accessible across an organization. In addition, it operates a developer platform that allows organizations to extend the functionality of its family of products, integrate into internal and third-party systems, and customize the experience for their employees and customers. It has operations in the United States, Europe, the Middle East, Africa, and internationally. Zendesk, Inc. was founded in 2007 and is headquartered in San Francisco, California.



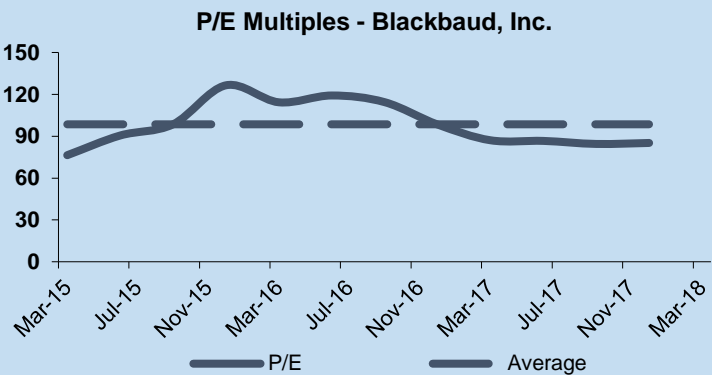
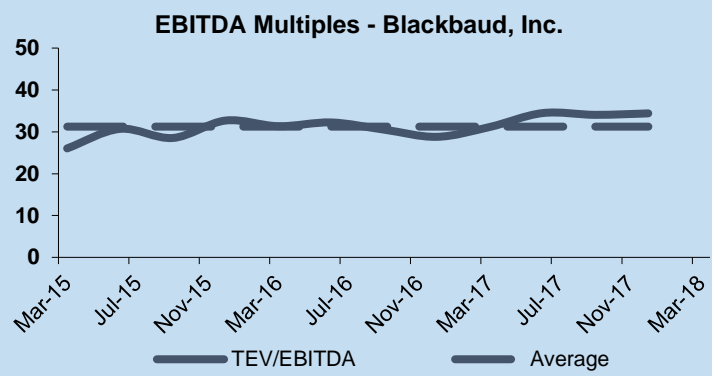
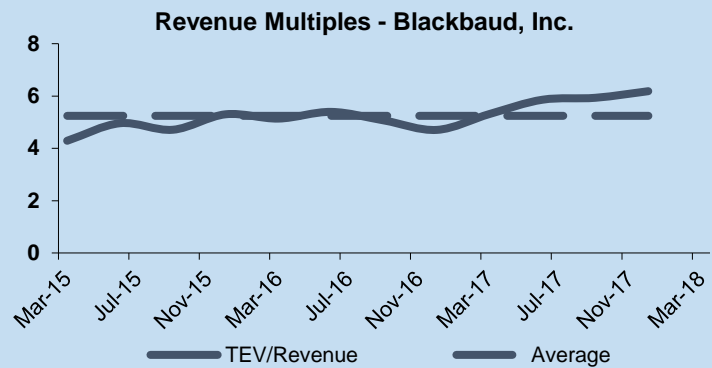
Date	Key Development Headline
11/9/17	ManageEngine Desktop Central Integrates with Zendesk Inc
5/3/17	Zendesk, Inc. (NYSE:ZEN) acquired Outbound Solutions, Inc. for \$16.6 million.

# PUBLIC BASKET CONSTITUENTS

## Blackbaud, Inc.

Blackbaud, Inc. provides cloud software solutions to nonprofits, foundations, corporations, education institutions, healthcare organizations, and other charitable giving entities primarily in the United States, Canada, the United Kingdom, and Australia. The company offers Raiser's Edge NXT and Blackbaud CRM (constituent relationship management), which are fundraising and relationship management solutions; Luminate CRM for campaign management, constituent relations, business intelligence, and analytics; eTapestry, a cloud fundraising and donor management solution; everydayhero, a cloud crowdfunding solution; and JustGiving, a social platform for giving. It also provides solutions for Luminate Online that builds online fundraising campaigns; Blackbaud Online Express, a cloud fundraising and marketing tool; and Blackbaud NetCommunity, an online marketing and communications tool. In addition, the company offers Financial Edge NXT, a cloud accounting solution; GIFTS Online, a cloud solution; FIMS, a foundation management system; and Blackbaud Outcomes that empowers funders and nonprofits. Further, it provides onMessage, a content management system; onRecord, a new student information system; onCampus, a learning management system; onboard, an enrollment management system; Smart Tuition, a solution that helps administrative staff; Smart Aid, a proprietary hobbies, interest, and lifestyles profile; AcademicWorks, a scholarship management platform; and Altru, a cloud solution that helps arts and cultural organizations. Blackbaud, Inc. was founded in 1981 and is headquartered in Charleston, South Carolina.

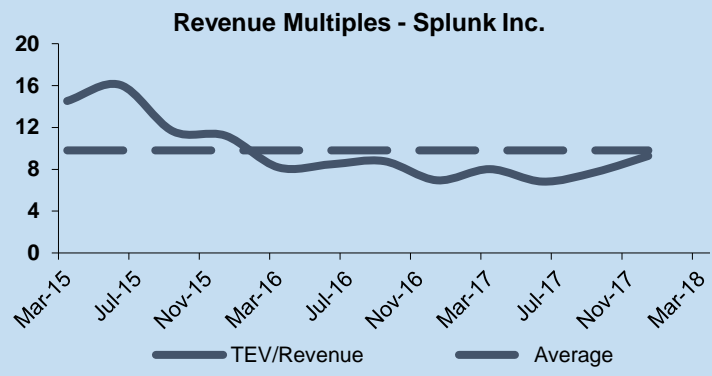
Date	Key Development Headline
5/2/17	Blackbaud Seeks Acquisitions
4/2/17	Blackbaud, Inc. (NasdaqGS:BLKB) acquired Academicworks, Inc for \$50 million.



# 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 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. Further, the company operates Splunkbase and Splunk Answers Websites, which provide an environment to share apps, collaborate on the use of its software, and provide community-based support, as well as offers application programming interfaces and software development kits. Splunk Inc. was incorporated in 2003 and is headquartered in San Francisco, California.

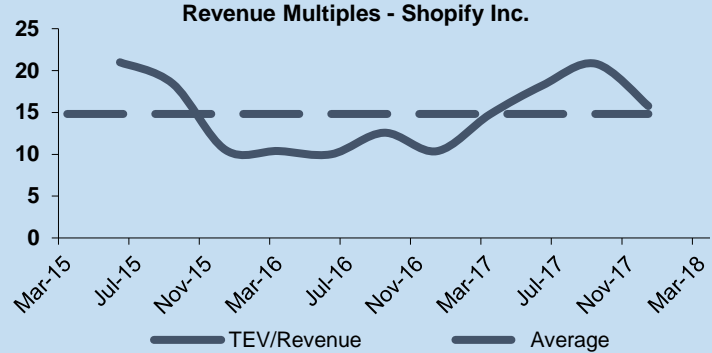


Date	Key Development Headline
2/26/18	Splunk Inc. (NasdaqGS:SPLK) entered into a definitive agreement to acquire Phantom Cyber Corporation for approximately \$350 million.
10/16/17	Splunk Inc. (NasdaqGS:SPLK) acquired SignalSense, Inc. for \$12.2 million.
10/8/17	Splunk Inc. (NasdaqGS:SPLK) acquired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

# PUBLIC BASKET CONSTITUENTS

## Shopify Inc.

Shopify Inc. provides a cloud-based multi-channel commerce platform for small and medium-sized businesses in Canada, the United States, the United Kingdom, Australia, and internationally. Its platform provides merchants with a single view of business and customers in various sales channels, including Web and mobile storefronts, physical retail locations, social media storefronts, and marketplaces; and enables to manage products and inventory, process orders and payments, ship orders, build customer relationships, leverage analytics and reporting, and access financing. The company was formerly known as Jaded Pixel Technologies Inc. and changed its name to Shopify Inc. in November 2011. Shopify Inc. was founded in 2004 and is headquartered in Ottawa, Canada.

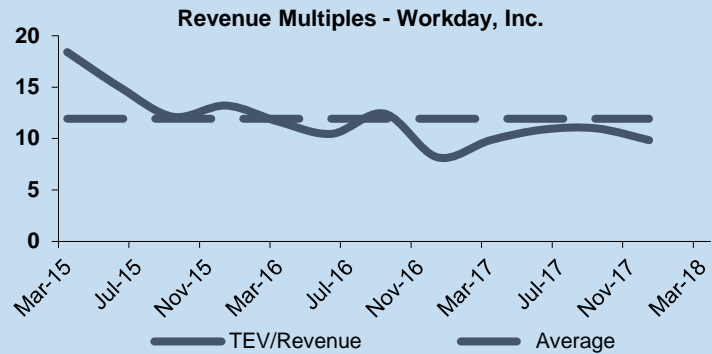


Date	Key Development Headline
5/19/17	Shopify Mulls Acquisitions
5/1/17	Shopify Inc. (NYSE:SHOP) acquired Oberlo,Uab for \$15 million.

# PUBLIC BASKET CONSTITUENTS

## Workday, Inc.

Workday, Inc. provides enterprise cloud applications for finance and human resources worldwide. It provides applications for customers to manage critical business functions to optimize their financial and human capital resources. The company offers Workday Financial Management application that provides functions of general ledger, accounting, accounts payable and receivable, cash and asset management, employee expense and revenue management, projects, procurement, inventory, and grants management. It also provides Workday Human Capital Management application, which includes human resources management, such as workforce lifecycle and organization management, compensation, absence, and employee benefits administration; and global talent management comprising goal and performance management, succession planning, and career and development planning. In addition, the company offers Workday Payroll application for enterprise payroll; Workday Time Tracking application, which automates workforce management processes; Workday Recruiting, an end-to-end application to support candidates, hiring managers, the interview team, and recruiters; and Workday Learning platform. Workday, Inc. was founded in 2005 and is headquartered in Pleasanton, California.

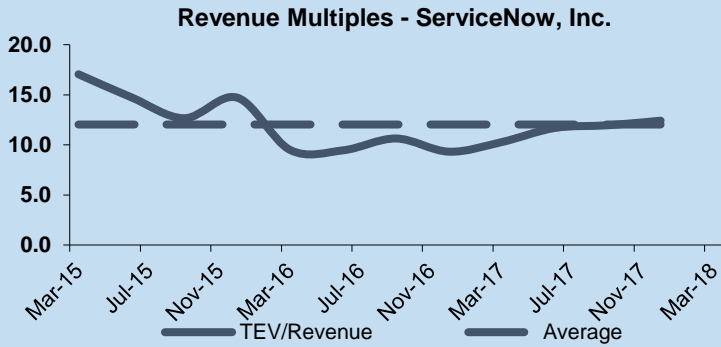


Date	Key Development Headline
1/15/18	Workday, Inc. (NasdaqGS:WDAY) acquired SkipFlag, Inc.
9/15/17	Workday Seeks Acquisitions
9/11/17	Workday Seeks Acquisitions
8/15/17	Workday, Inc. (NYSE:WDAY) acquired Pattern Technologies, Inc. from First Round Capital, Felicis Ventures, Softtech VC IV, L.P. managed by SoftTech VC.
6/6/17	Longview Solutions, Inc. acquired Tidemark Systems, Inc.

# PUBLIC BASKET CONSTITUENTS

## ServiceNow, Inc.

ServiceNow, Inc. provides enterprise cloud computing solutions that define, structure, manage, and automate services for enterprises worldwide. The company offers service management solutions for customer support, human resources, security operations, and other enterprise departments. It operates ServiceNow platform that provides workflow, configuration management database, service catalog, service portal, knowledge management, reporting and analytics, data benchmarking, visual task boards, built-in and optional encryption capabilities, and collaboration and developer tools. The company also provides information technology (IT) solutions, such as IT service management product suite for enterprise’s employees, customers, and partners; IT operations management that connects a customer’s physical and cloud-based IT infrastructure with applications and platforms; and IT business management product suite that enables customers to manage their IT priorities. ServiceNow, Inc. was founded in 2004 and is headquartered in Santa Clara, California with additional offices in North America, South America, Europe, and Asia.



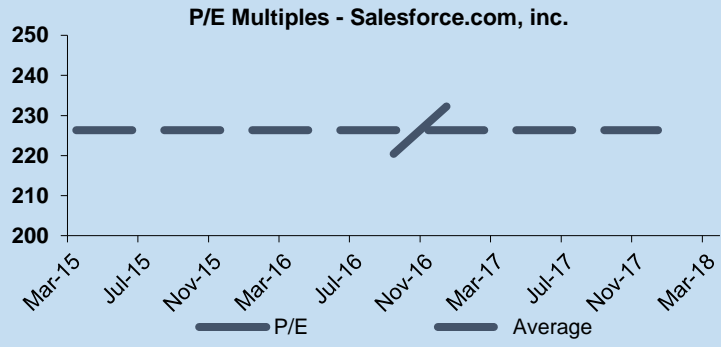
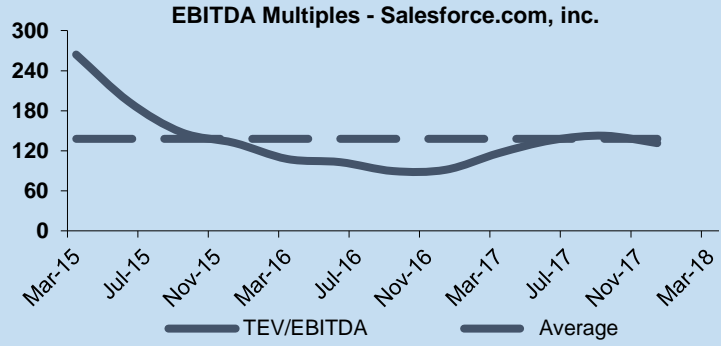
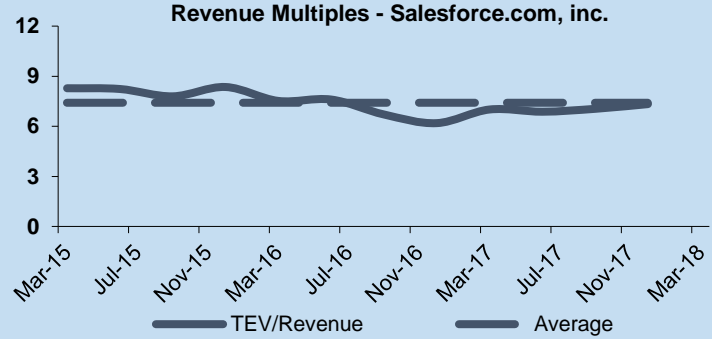
Date	Key Development Headline
10/25/17	ServiceNow Seeks Acquisitions
10/24/17	ServiceNow, Inc. (NYSE:NOW) entered into an agreement to acquire SkyGiraffe, Inc.
9/28/17	ServiceNow acquired Telepathy.
5/18/17	ServiceNow, Inc. (NYSE:NOW) completed the acquisition of Qlue Inc.
5/16/17	ServiceNow, Inc. (NYSE:NOW) agreed to acquire Qlue 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. 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
3/7/17	Amazon Web Services, Inc. acquired Do.com from salesforce.com, inc. (NYSE:CRM), Sherpa Ventures, Sherpa Foundry, Mark Pincus and others.
3/7/17	IBM and Salesforce Announce Global Strategic Partnership to Deliver Joint Solutions



# 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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