



# Sectorwatch: Advanced Analytics

May 2019

# Advanced Analytics

May 2019

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# Overview

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

## Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



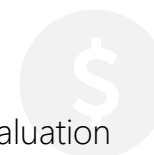
## Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



## Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



## Recent Deals

- The most recently announced deals in the sector



# Dashboard



## Revenue Growth Momentum

**↑ 7.0%**

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

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

## Pricing / Gross Margin

**↓ -0.4%**

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

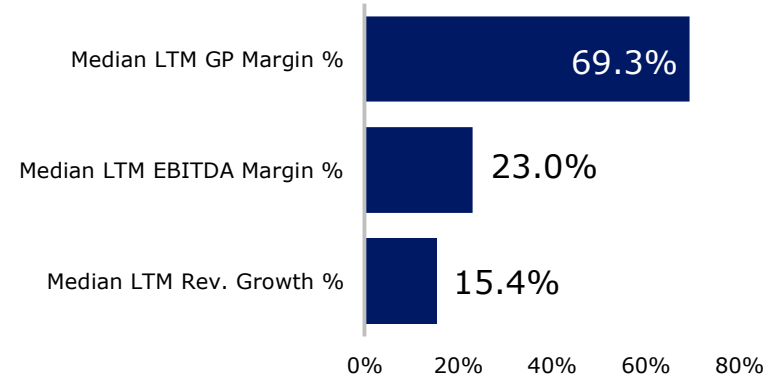
## Profitability Momentum

**↑ 0.6%**

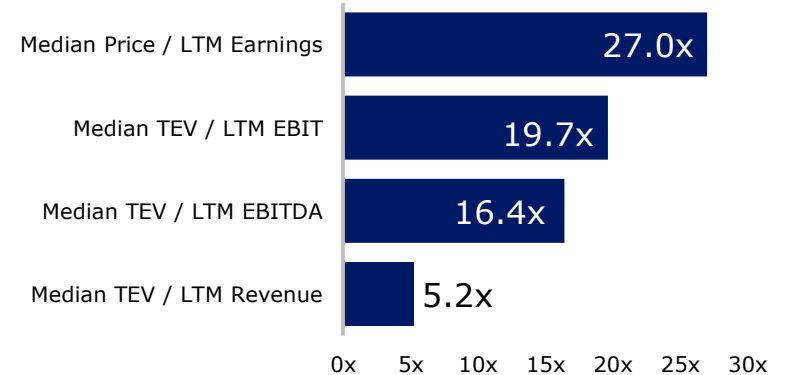
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

## Operating Metrics



## Valuation



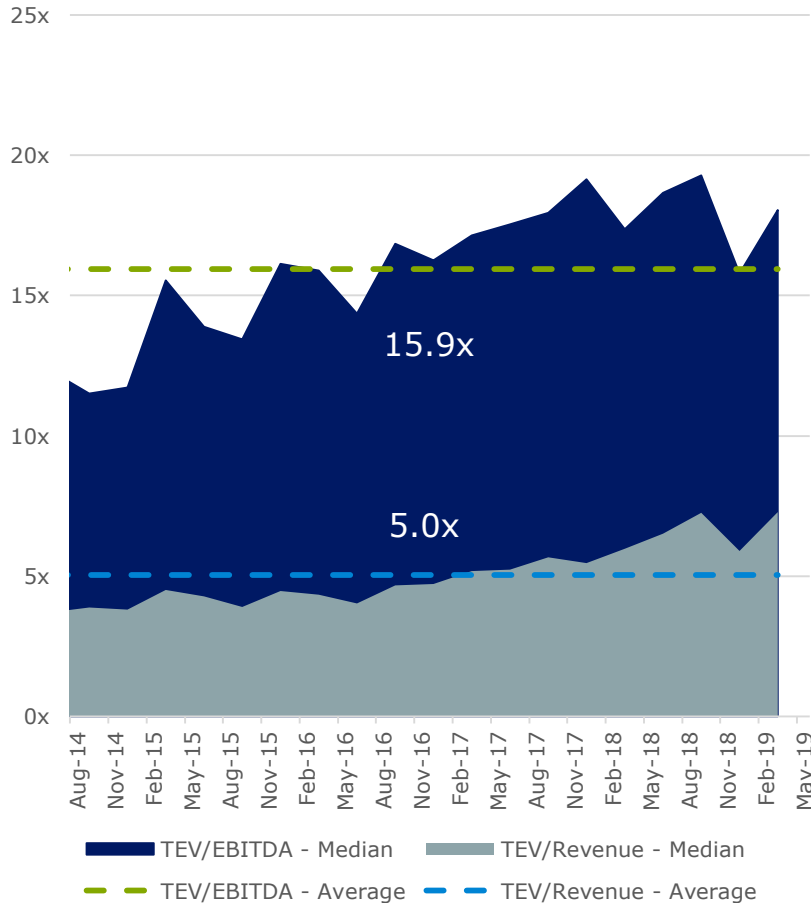
# Public Basket



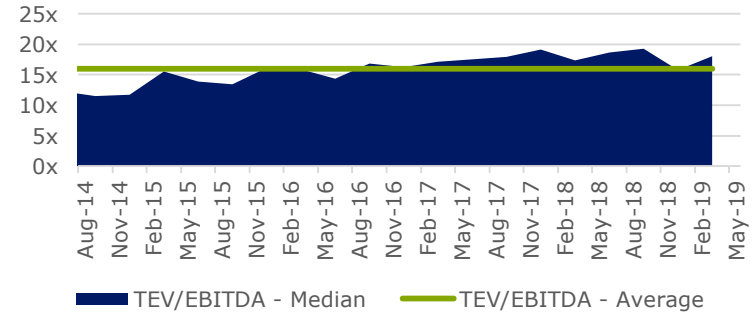
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Alteryx, Inc.	5,347	279	82%	91%	10%	19.1	194.3	800	349
Fair Isaac Corporation	9,157	1,084	11%	71%	23%	8.4	36.7	2,400	452
Tableau Software, Inc.	9,472	1,192	29%	87%	-8%	7.9	0.0	4,181	285
Accenture plc	109,826	40,840	8%	32%	16%	2.7	16.5	459,000	89
Adobe Inc.	135,316	9,552	24%	86%	34%	14.2	41.7	21,357	447
SAP SE	157,344	28,661	9%	69%	26%	5.5	21.3	96,498	297
International Business Machines Corporation	157,026	78,701	-2%	47%	22%	2.0	9.2	350,600	224
Alphabet Inc.	691,434	142,012	21%	56%	30%	4.9	16.4	98,771	1,438
Microsoft Corporation	922,008	122,211	15%	65%	42%	7.5	17.8	131,000	933
<b>Average</b>	244,103	47,170	22%	67%	22%	8.0	39.3	129,401	502
<b>Median</b>	135,316	28,661	15%	69%	23%	7.5	17.8	96,498	349

share price as of 21May19

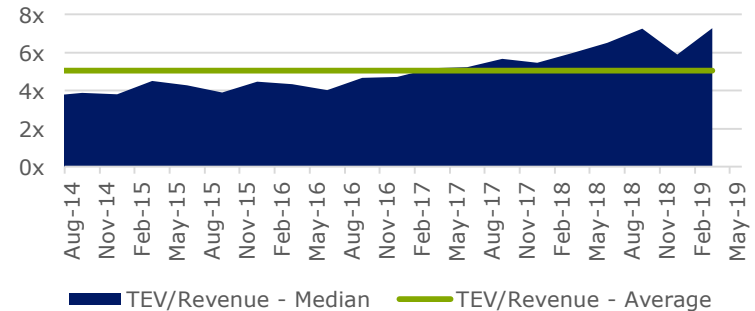
# Public Basket Valuation Trends



## Public EBITDA Multiples over Time



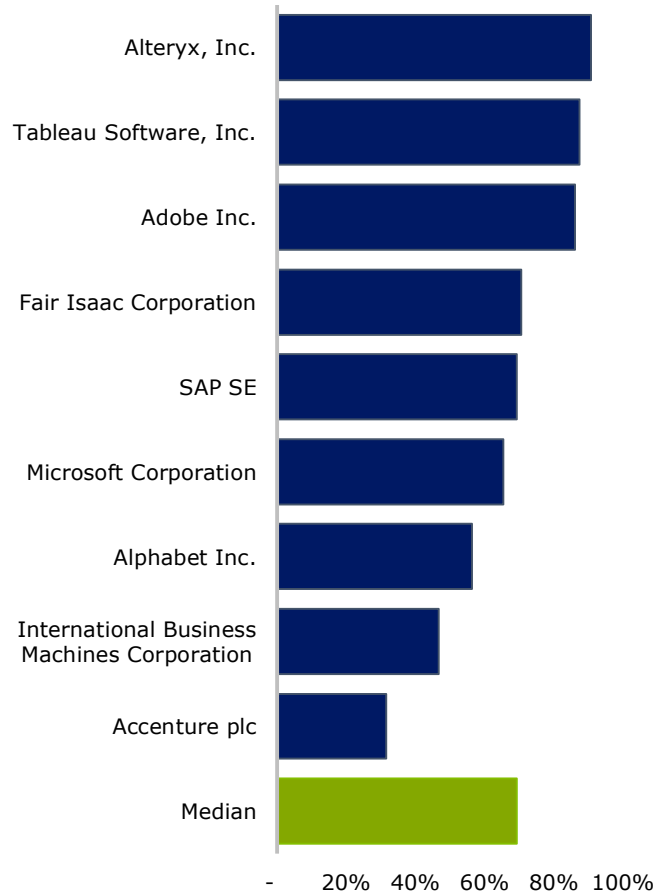
## Public Revenue Multiples over Time



# Operational Metrics



LTM Gross Profit Margin %



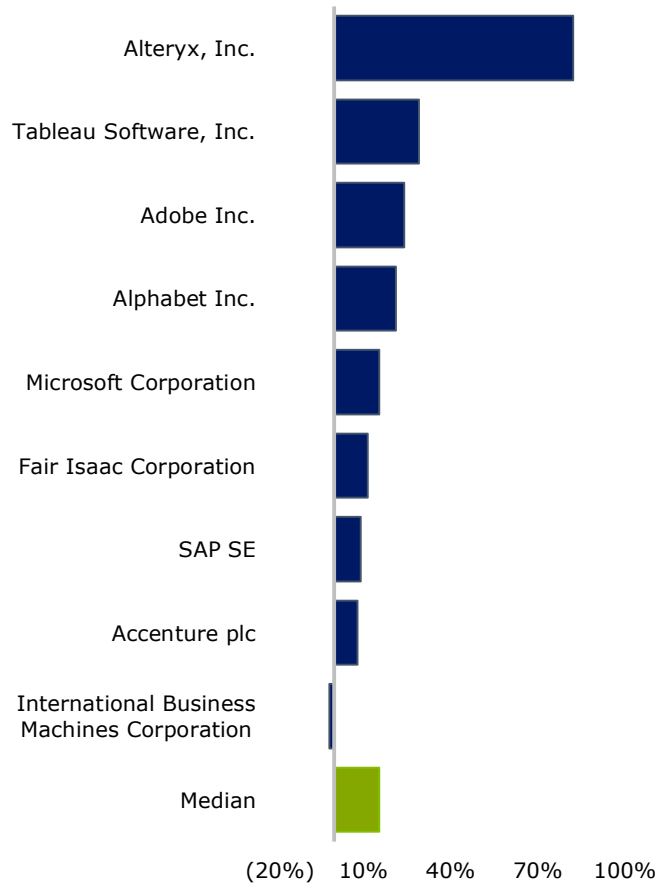
LTM EBITDA %



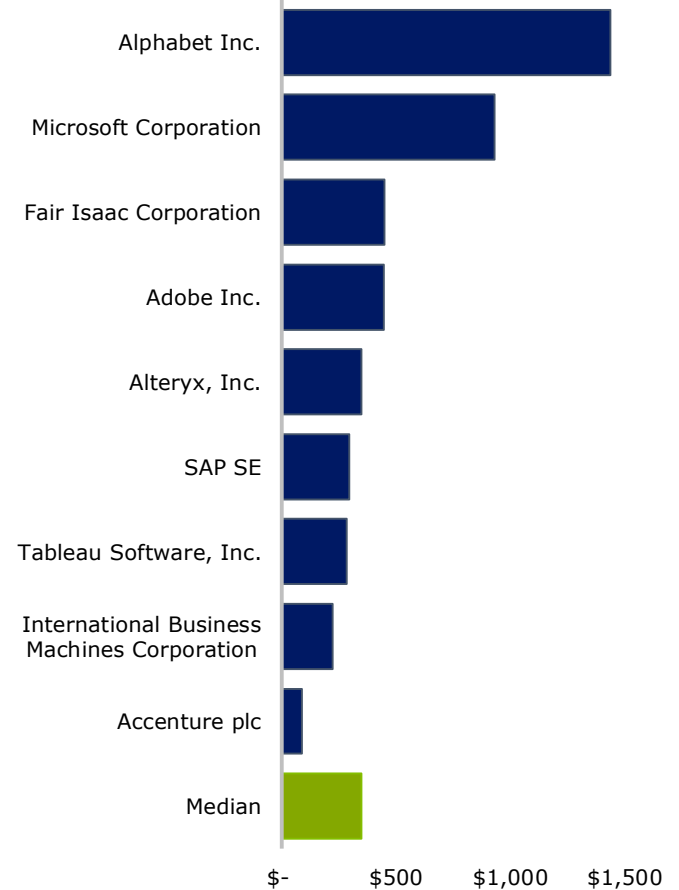
# Operational Metrics



LTM Revenue Growth %



LTM Revenue per Full Time Employee x 000's

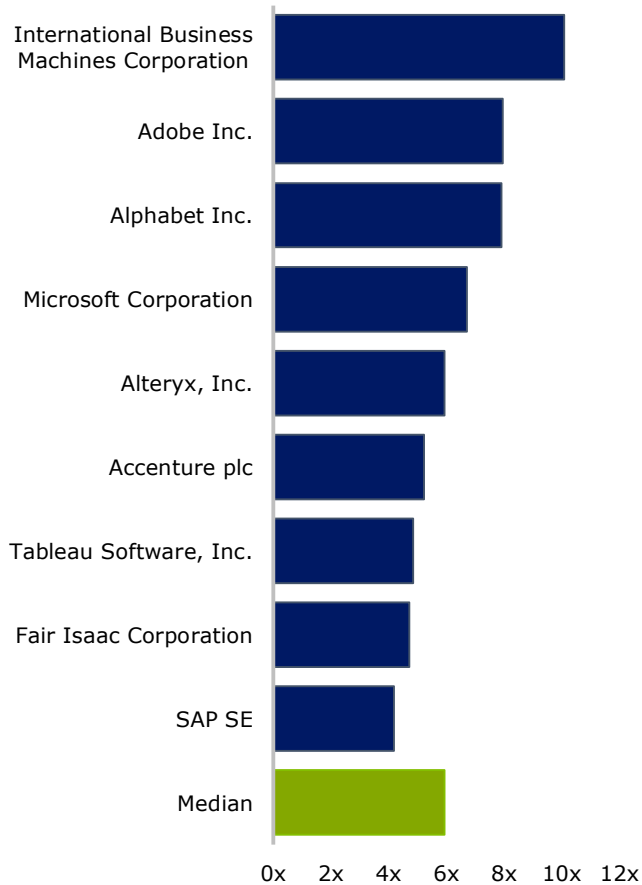




# Operational Metrics



## Accounts Receivable Turnover



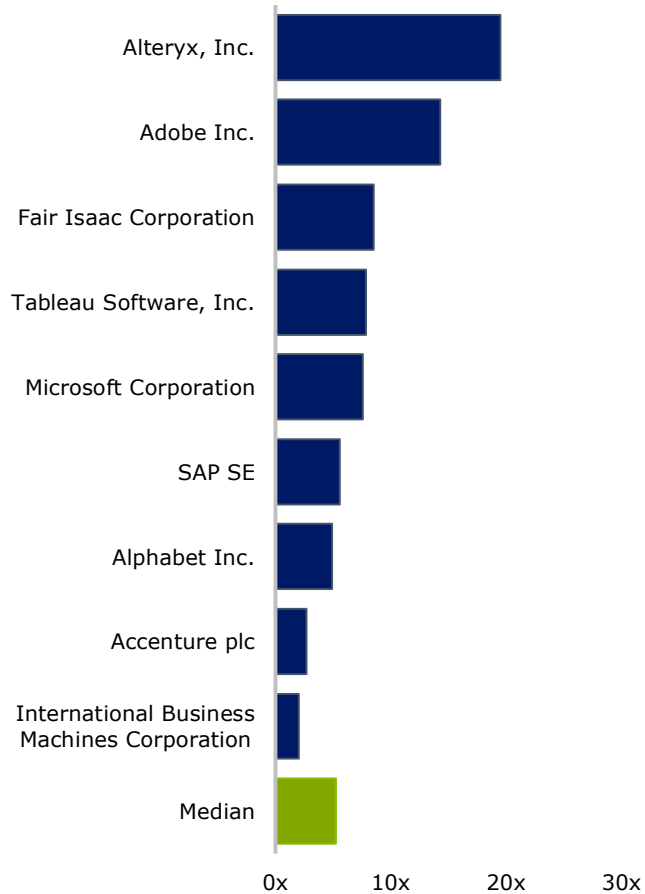
## Average Days Sales Outstanding



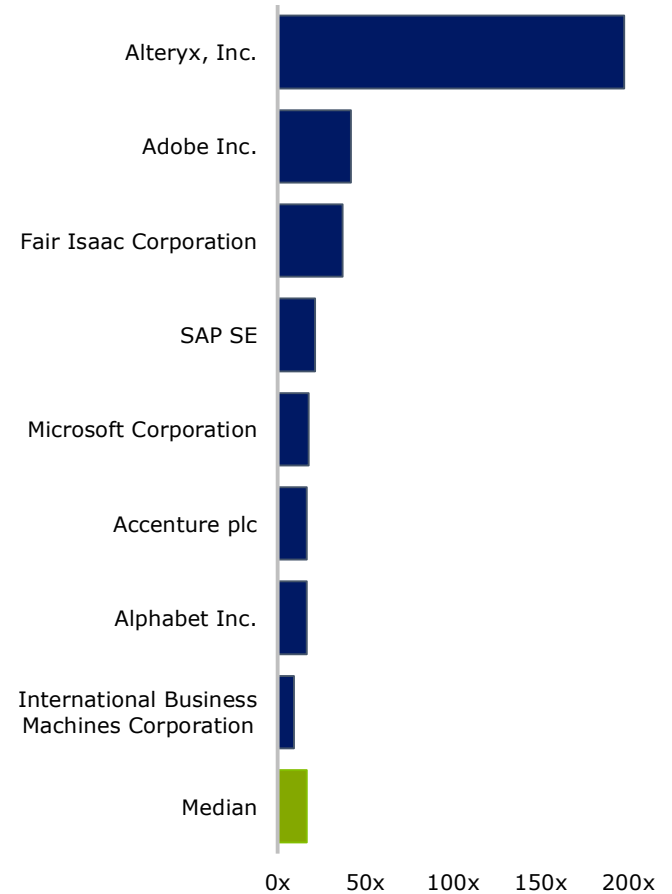
# Valuation



TEV / LTM Revenue



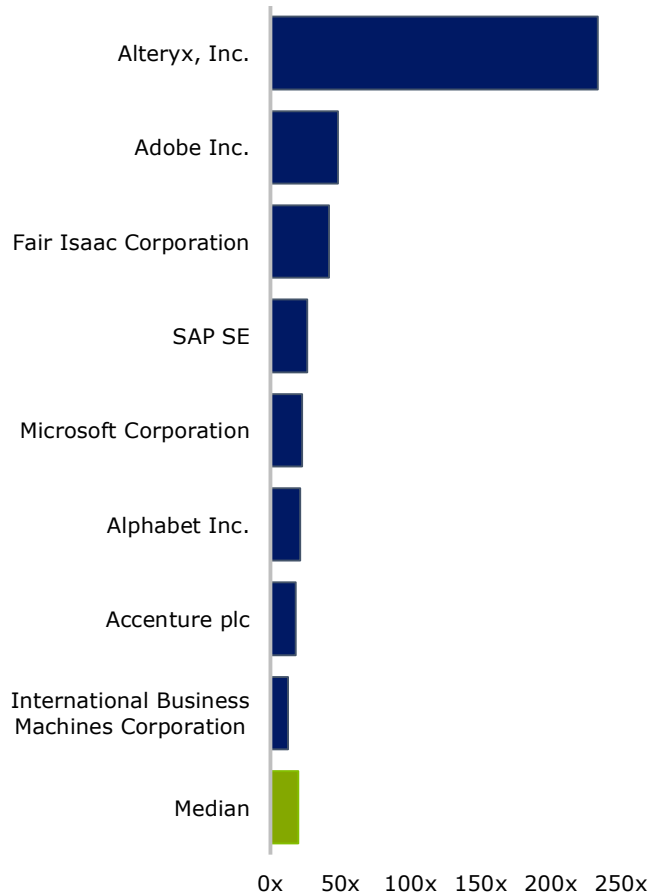
TEV / LTM EBITDA



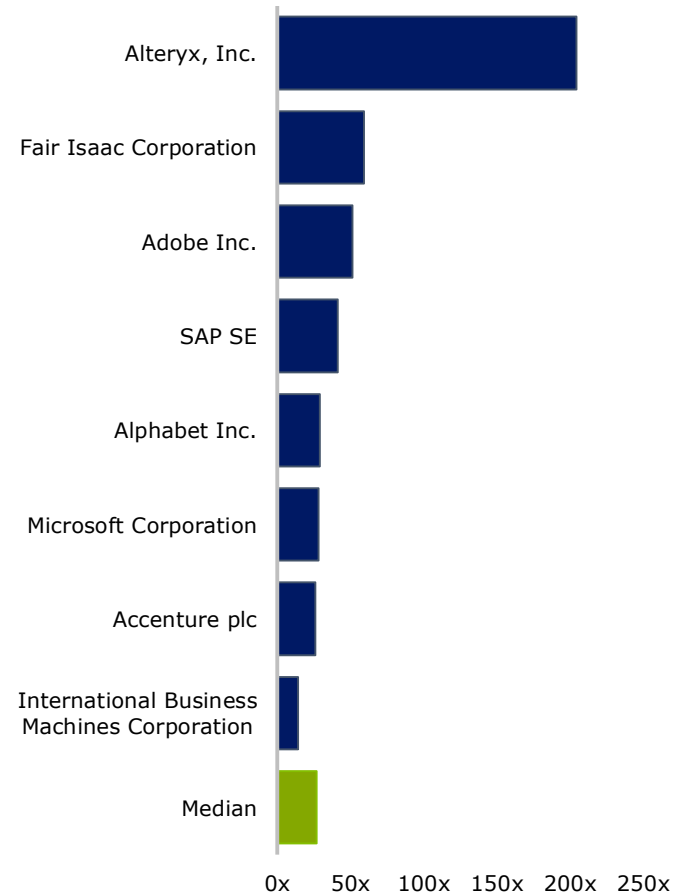
# Valuation



TEV / LTM EBIT



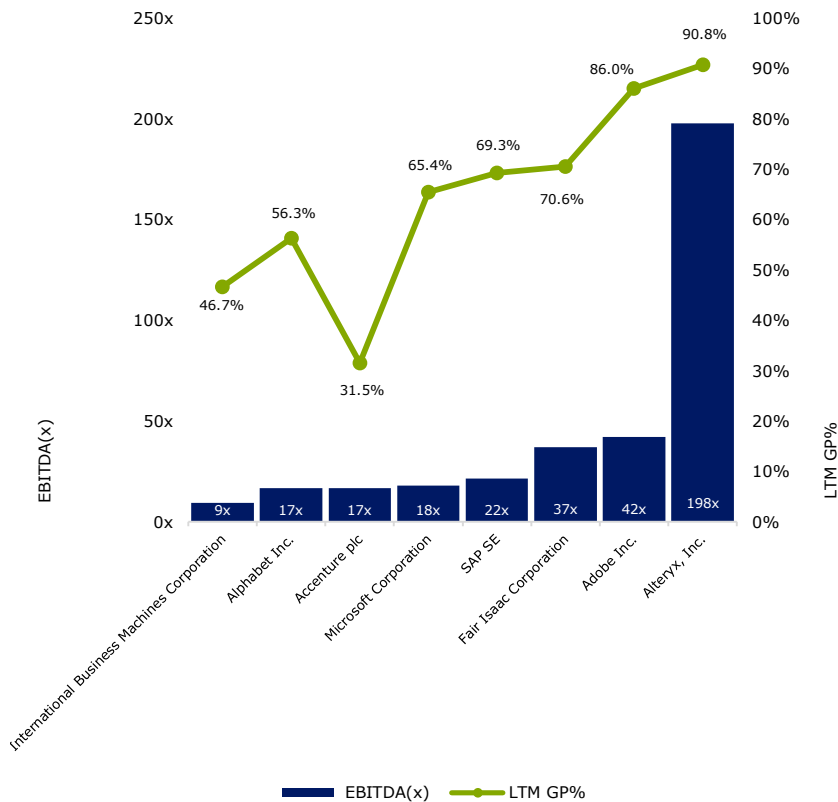
Price / LTM Earnings



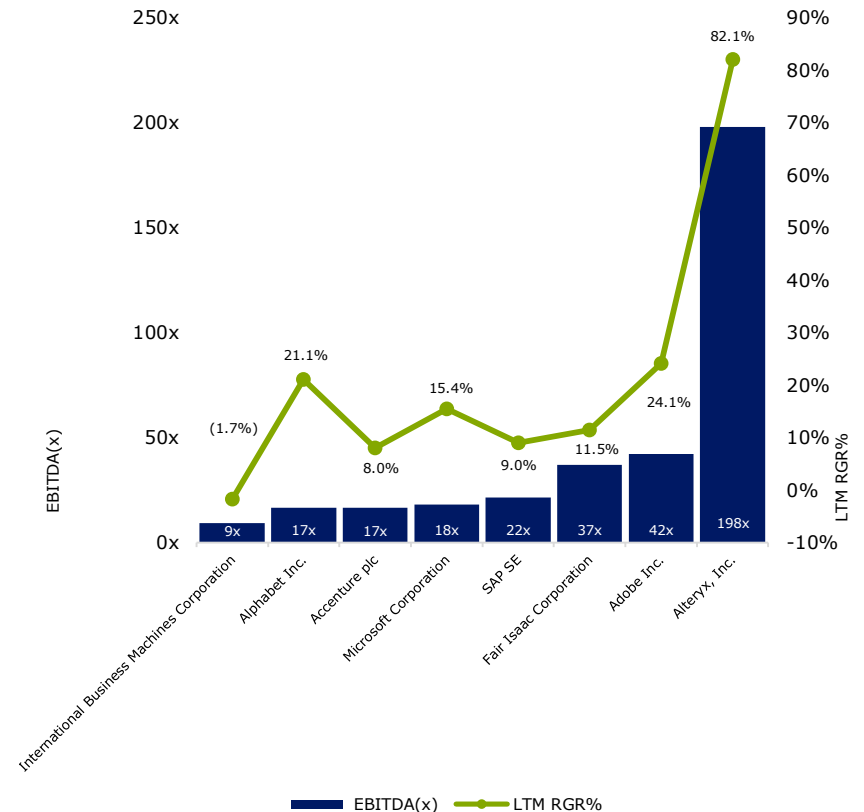
# Valuation



## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
20May19	Profitect Inc.	Zebra Technologies Corporation	-	-	-	-
26Mar19	Entic LLC	Aquicore, Inc.	-	-	-	-
13Mar19	ADVIZOR Solutions, Inc.	The Pursuant Group, Inc.	-	-	-	-
4Feb19	Innovizant LLC	R Systems, Inc.	4.00	3.20	1.3x	-
29Jan19	T-PRO Solutions, LLC	Blacksmith Applications, Inc.	-	-	-	-
8Jan19	Reach Analytics LLC	Data Decisions Group, LLC	-	-	-	-
7Jan19	Leo Enterprises Inc.	DS Co.	-	-	-	-
11Dec18	IQMS Inc.	Dassault Systèmes SE	425.00	56.00	7.6x	-
22Nov18	Noah Data Technologies Inc.	Indium Software, Inc.	-	-	-	-
8Oct18	Qlouder B.V.	Cloud Technology Solutions Ltd	-	-	-	-
21Aug18	Predikto, Inc.	United Technologies Corporation	-	-	-	-
30Mar18	PeopleDoc SAS	The Ultimate Software Group, Inc.	-	-	-	-
30Jun18	Sift Security, Inc.	Netskope, Inc.	-	-	-	-
21Jun18	Shape Analytics	Reflektive, Inc.	-	-	-	-
23May18	Evolusys SA	Bechtle AG	-	5.03	-	-
15May18	Cyient Insights Private Limited	Cyient Limited	0.52	1.96	0.5x	-
14Mar18	Avarea Oy	Digia Oyj	-	4.44	-	-
10Jan18	CBIG Consulting, LLC	Trianz Holdings Pvt. Limited	-	-	-	-
14Dec17	Innowera LLC	Magnitude Software, Inc.	-	-	-	-
25Oct17	Zettafox	Mazars Group	-	-	-	-
7Sep17	Logmatic.io	Datadog, Inc.	-	-	-	-
21Aug17	Affecto Oyj	CGI Nordic Investments Limited	132.94	140.98	0.8x	16.3x
8Jun17	Elite Analytics LLC	Aviana Global Technologies, Inc.	-	-	-	-
1Jun17	4i, Inc.	Fractal Analytics Inc.	-	-	-	-
1Feb17	YourMembership.com, Inc.	Insight Venture Partners LLC; MBP Holdings Limited	-	-	-	-
24Jan17	BlueFlare, LLC	Robots and Pencils Corp.	-	-	-	-
1Dec16	The Encima Group, Inc.	Indegene Lifesystems Pvt Ltd.	16.00	-	-	-
18Aug16	INTELLEGO S.C	Southern Cross Group	-	-	-	-

# Advanced Analytics

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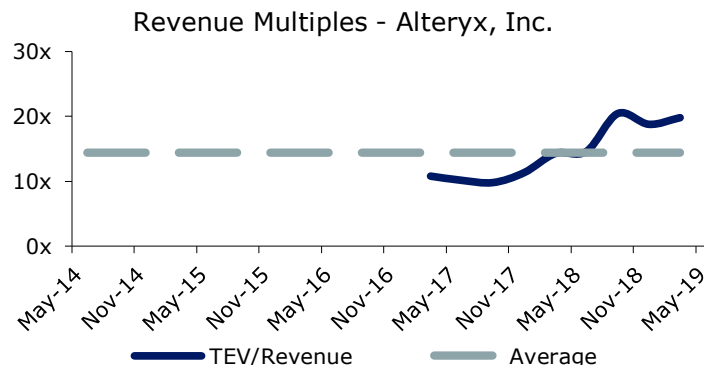
APPENDIX:  
Public Basket  
Constituents

# Public Basket



## Alteryx, Inc.

Alteryx, Inc. operates a self-service data analytics software platform that enables organizations to enhance business outcomes and the productivity of their business analysts. Its software platform includes Alteryx Designer for data preparation, blending, and analytics that could be deployable in the cloud and on premise; Alteryx Server, a secure and scalable server-based product for scheduling, sharing, and running analytic processes and applications in a Web-based environment; Alteryx Connect, a collaborative data exploration platform for discovering information assets and sharing recommendations across the enterprise; Alteryx Promote, an analytics model management product for data scientists and analytics teams to build, manage, monitor, and deploy predictive models to production; and Alteryx Analytics Gallery, a cloud-based collaboration offering that allows users to share workflows in a centralized repository. The company also provides technical support, instruction, and customer services. Alteryx, Inc. was founded in 1997 and is headquartered in Irvine, California.



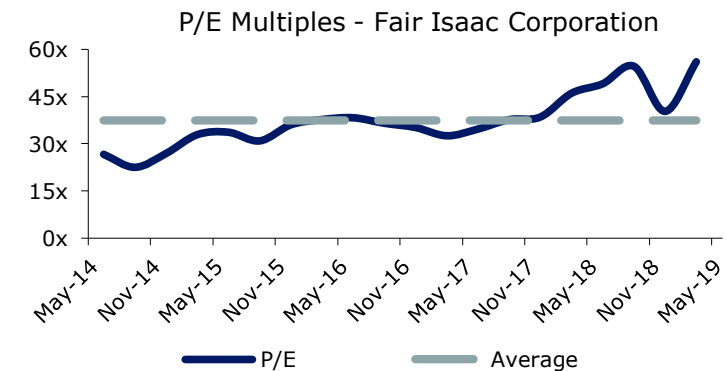
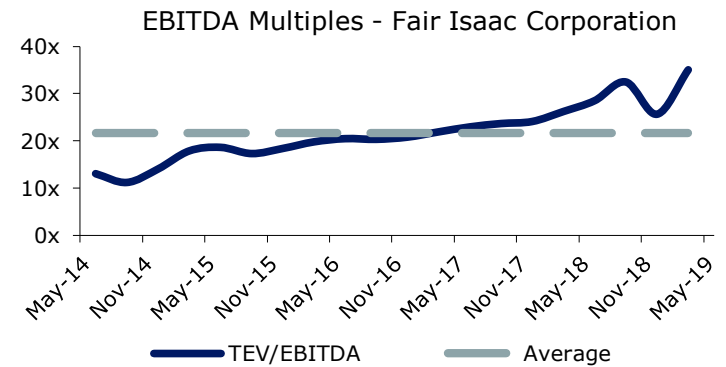
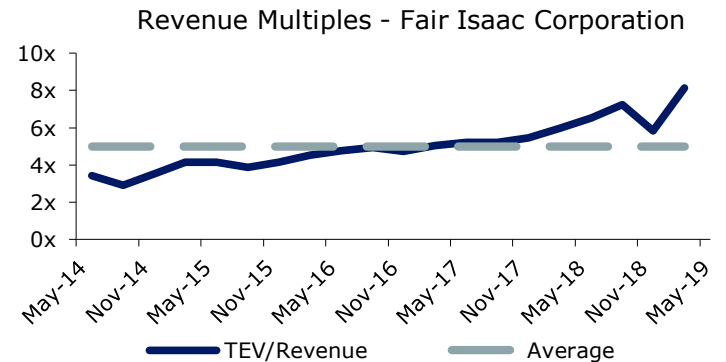
Date	Key Development Headline
4/3/19	Alteryx, Inc. (NYSE:AYX) acquired ClearStory Data, Inc. for \$20 million.

# Public Basket



## Fair Isaac Corporation

Fair Isaac Corporation develops analytic, software, and data management products and services that enable businesses to automate, enhance, and connect decisions. The company offers analytical solutions, credit scoring, and credit account management products and services to banks, credit reporting agencies, credit card processing agencies, insurers, retailers, healthcare organizations, and public agencies. It operates through three segments: Applications, Scores, and Decision Management Software. The Applications segment offers pre-configured decision management applications designed for various business problem or process, such as marketing, account origination, customer management, fraud, collection, and insurance claims management, as well as associated professional services. The Scores segment provides business-to-business scoring solutions and services, including myFICO solutions for consumers that give clients access to analytics to be integrated into their transaction streams and decision-making processes, as well as associated professional services. Fair Isaac Corporation was founded in 1956 and is headquartered in San Jose, California.



Date	Key Development Headline
12/11/18	Fair Isaac Corporation (NYSE:FICO) acquired GoOn - Evolucao em Gestao de Riscos Ltda.
7/26/18	Fair Isaac Seeks Acquisitions

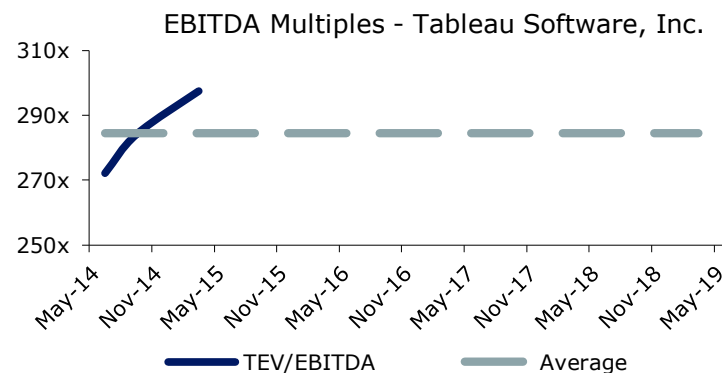
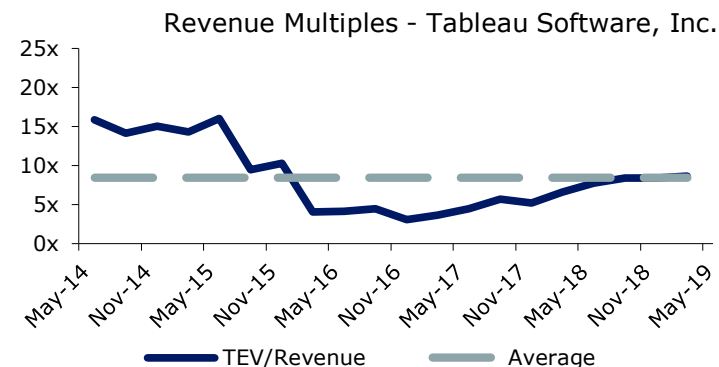


# Public Basket



## Tableau Software, Inc.

Tableau Software, Inc. provides business analytics software products. It offers Tableau Desktop, an analytics product that empowers people to access and analyze data; and Tableau Server, a business intelligence platform with data management and scalability to foster sharing of analytics, as well as to enhance the dissemination of information in an organization and promote decision-making. The company also provides Tableau Online, a hosted software-as-a-service version of Tableau Server; and Tableau Public, a cloud-based platform that allows various users, such as bloggers, journalists, researchers, and government workers to visualize public data on their Websites. In addition, it offers Visual Query Language (VizQL) for databases, which is a computer language for describing pictures of data, including graphs, charts, maps, time series, and tables of visualizations; Live Query Engine that interprets abstract queries generated by VizQL into syntax understandable by various database systems. Tableau Software, Inc. was founded in 2003 and is headquartered in Seattle, Washington.



Date	Key Development Headline
6/12/18	Tableau Software, Inc. (NYSE:DATA) acquired Empirical Systems, Inc.

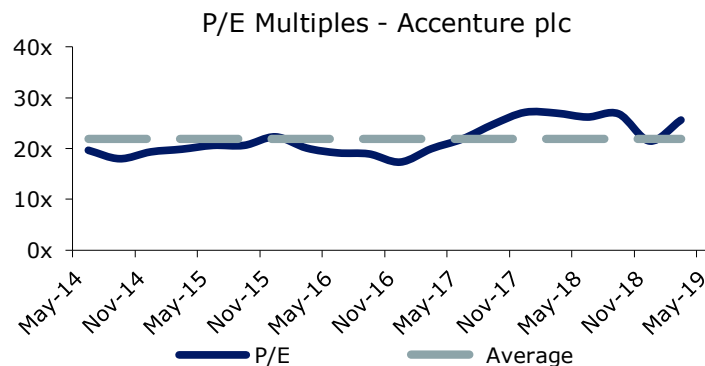
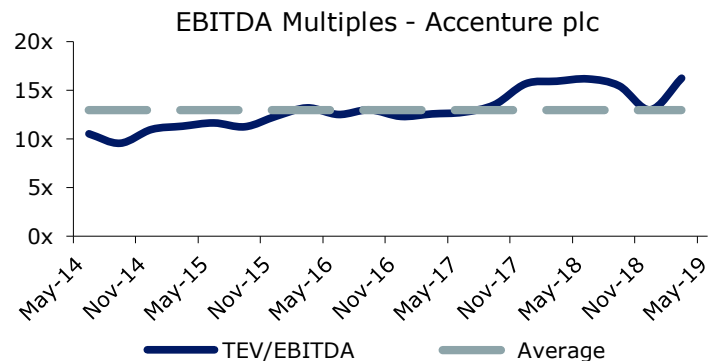
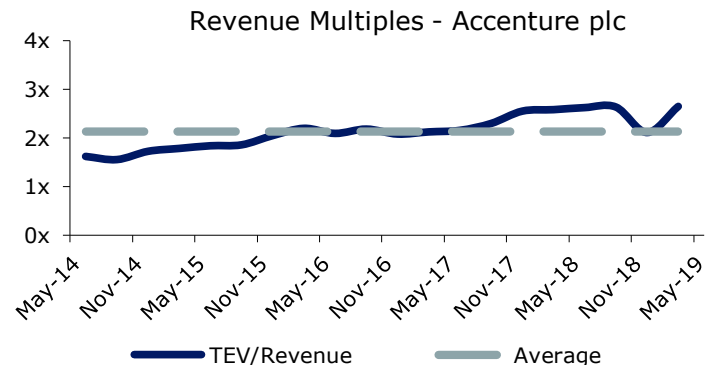
# Public Basket



## Accenture plc

Accenture plc provides consulting, technology, and outsourcing services worldwide. Its Communications, Media & Technology segment provides professional services that help clients accelerate and deliver digital transformation, and enhance business results through industry-specific solutions for communications, media, and high tech industries, as well as for software platforms. The company's Financial Services segment offers services that address profitability pressures, industry consolidation, regulatory changes, and the need to continually adapt to new digital technologies. This segment serves clients in banking, capital markets, and insurance industries. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

Date	Key Development Headline
5/6/19	Accenture plc and SAP SE to Co-Develop and Co-Innovate New Industry Solutions on SAP® C/4HANA Suite
5/6/19	Accenture Intends To Seek Acquisitions
4/30/19	Accenture plc (NYSE:ACN) completed the acquisition of Enterprise System Partners Limited.
4/29/19	Accenture plc (NYSE:ACN) entered into an agreement to acquire Zielpuls GmbH.
4/10/19	Pitney Bowes Inc. and Accenture Team to Help Clients Take Advantage of Intelligent, Data-Driven Solutions



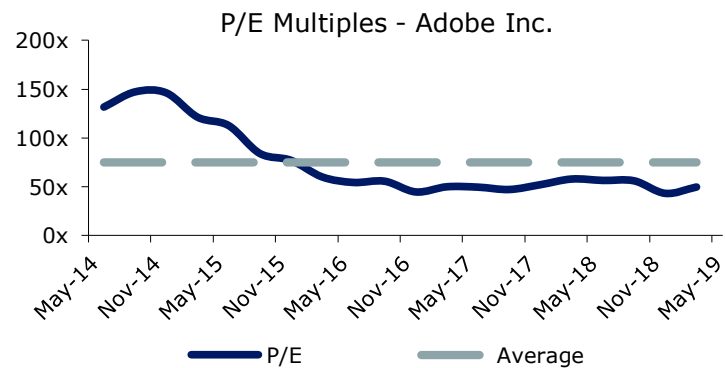
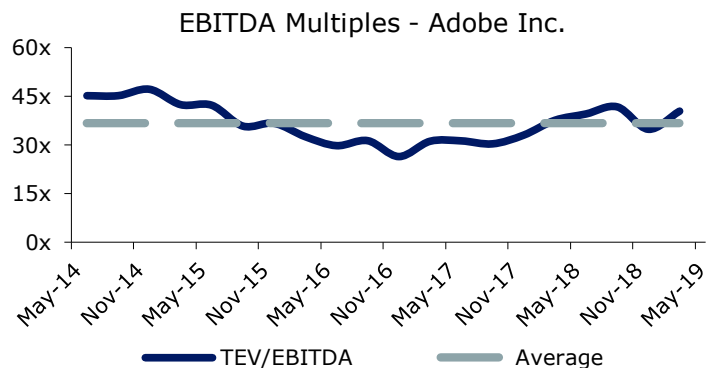
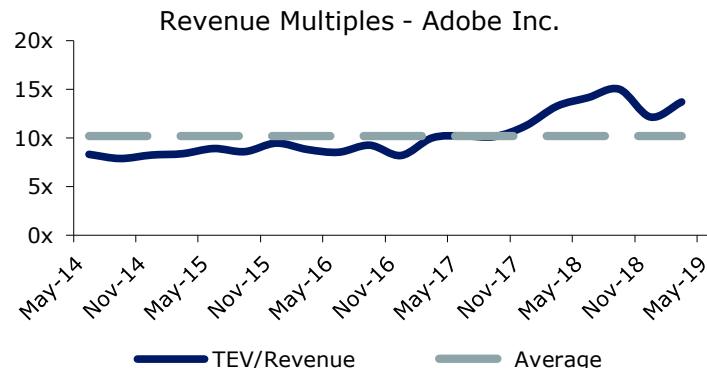
# Public Basket



## Adobe Inc.

Adobe Inc. operates as a diversified software company worldwide. Its Digital Media segment provides tools and solutions that enable individuals, small and medium businesses, and enterprises to create, publish, promote, and monetize their digital content. Its flagship product is Creative Cloud, a subscription service that allows customer to download and access the latest versions of its creative products. This segment serves traditional content creators, Web application developers, and digital media professionals, as well as their management in marketing departments and agencies, companies, and publishers. The company's Digital Experience segment offers solutions for how digital advertising and marketing are created, managed, executed, measured, and optimized. The company was founded in 1982 and is headquartered in San Jose, California.

Date	Key Development Headline
3/13/19	Yext, Inc. Announces the New Collaboration with Adobe to Drive Website Discovery
1/22/19	Adobe Inc. (NasdaqGS:ADBE) acquired remaining stake in Allegorithmic SAS for approximately €92.2 million.
1/8/19	Adobe Inc. (NasdaqGS:ADBE) acquired unknown minority stake in Marketo KK from SunBridge Partners, Inc.
10/30/18	Adobe Inc. (NasdaqGS:ADBE) completed the acquisition of Marketo, Inc. from Vista Equity Partners LLC.
10/9/18	Adobe Accelerates Experience-Driven Commerce with Major Advancements to Magento Commerce Cloud



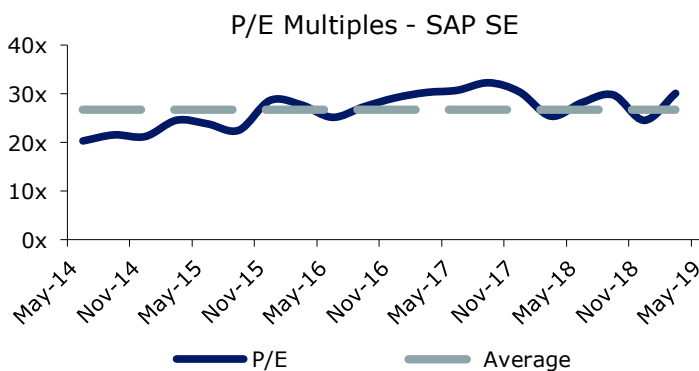
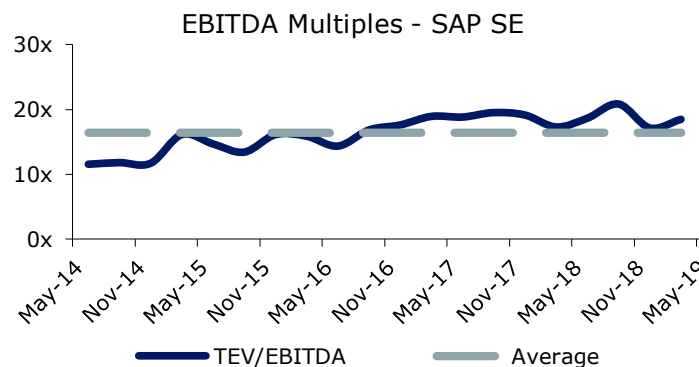
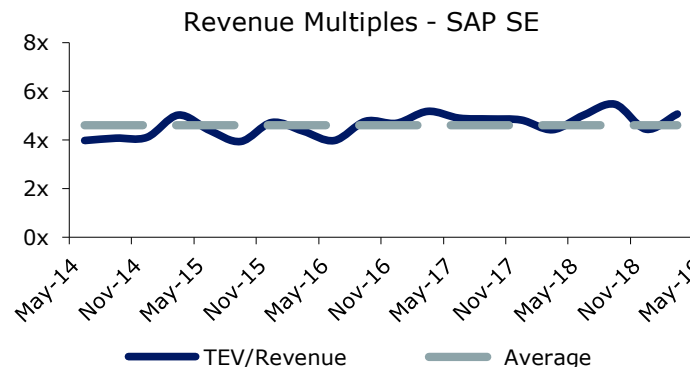
# Public Basket



## SAP SE

SAP SE operates as an enterprise application software, and analytics and business intelligence company worldwide. It offers SAP HANA, which enables businesses to process and analyze live data; SAP Data Hub, a solution that enables businesses to manage data from various sources; SAP Cloud Platform, which enables businesses to connect and integrate applications; SAP BW/4HANA, a data warehouse solution; SAP Leonardo, a system that enables customers to make business sense and opportunity of disruptive technologies; and SAP Analytics Cloud, which leverages the intersection of business intelligence, planning, and predictive analytics. SAP SE was founded in 1972 and is headquartered in Walldorf, Germany.

Date	Key Development Headline
5/6/19	Accenture plc and SAP SE to Co-Develop and Co-Innovate New Industry Solutions on SAP® C/4HANA Suite
4/24/19	SAP SE Intends To Seek Acquisitions
2/24/19	Verisk 3E signed a definitive agreement to acquire Content as a Service business of SAP SE (DB:SAP).
12/17/18	SAP and Software AG Launch Joint Platform for Smart Cities
12/17/18	Lition Signs a Co-Innovation Agreement with SAP SE



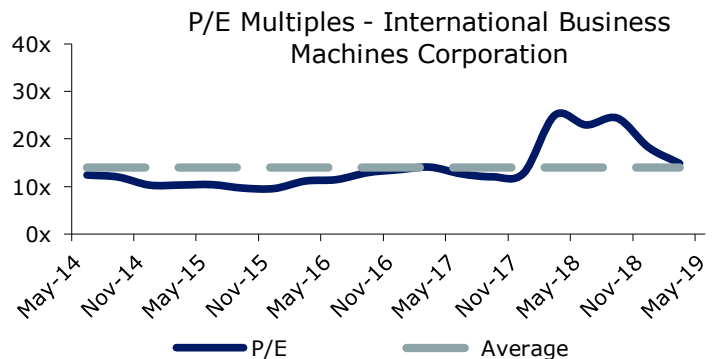
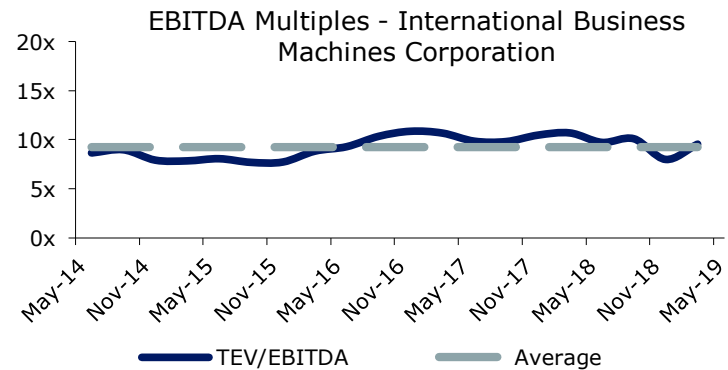
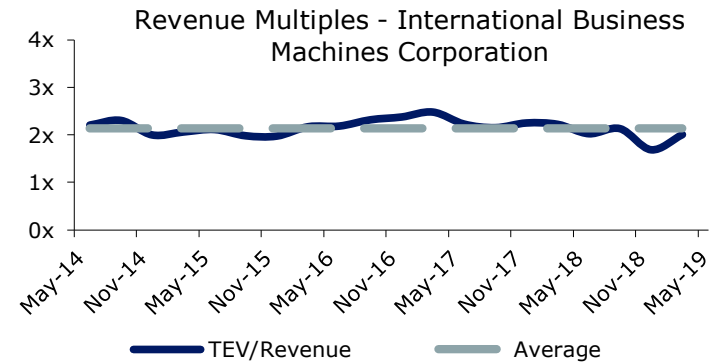
# Public Basket



## International Business Machines Corporation

International Business Machines Corporation operates as an integrated technology and services company worldwide. Its Cognitive Solutions segment offers Watson, a computing platform that interacts in language, processes big data, and learns from interactions with people and computers. This segment also offers data and analytics solutions, including analytics and data management platforms, cloud data services, enterprise social software, talent management solutions, and tailored industry solutions; and transaction processing software that runs mission-critical systems in banking, airlines, and retail industries. The company was founded in 1911 and is headquartered in Armonk, New York.

Date	Key Development Headline
5/10/19	International Business Machines Intends To Seek Acquisitions
5/8/19	IBM To Seek Acquisitions
4/3/19	Funds advised by affiliates of Centerbridge Partners, L.P. entered into a definitive agreement to acquire Marketing Platform and Commerce Software Offerings of International Business Machines Corporation (NYSE:IBM).
2/27/19	Nationstar Mortgage LLC completed the acquisition of Seterus, Inc. from International Business Machines Corporation (NYSE:IBM).
2/26/19	SEAT & IBM Revolutionize Urban Mobility with AI



# Public Basket

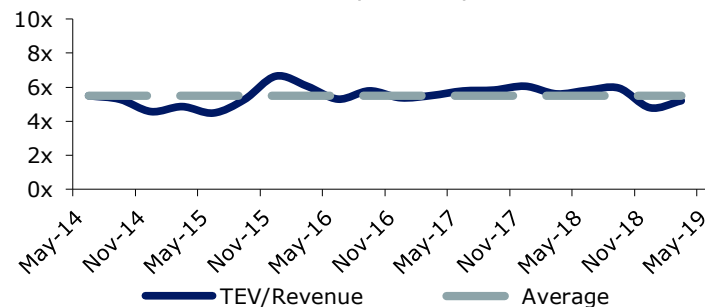


## Alphabet Inc.

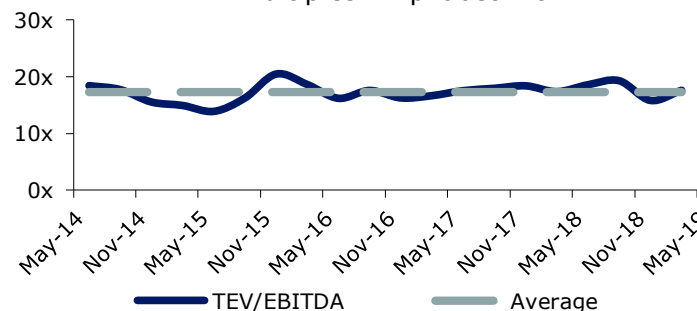
Alphabet Inc. provides online advertising services in the United States, Europe, the Middle East, Africa, the Asia-Pacific, Canada, and Latin America. It offers performance and brand advertising services. The company operates through Google and Other Bets segments. The Google segment offers products, such as Ads, Android, Chrome, Google Cloud, Google Maps, Google Play, Hardware, Search, and YouTube, as well as technical infrastructure. This segment also offers digital content, cloud services, hardware devices, and other miscellaneous products and services. The Other Bets segment includes businesses, including Access, Calico, CapitalG, GV, Verily, Waymo, and X, as well as Internet and television services. Alphabet Inc. was founded in 1998 and is headquartered in Mountain View, California.

Date	Key Development Headline
4/3/19	CommScope Holding Company, Inc. (NasdaqGS:COMM) completed the acquisition of ARRIS International plc (NasdaqGS:ARRS) from Alphabet Inc. (NasdaqGS:GOOG.L), BlackRock, Inc. (NYSE:BLK), The Vanguard Group, Inc., Hotchkis and Wiley Capital Management, LLC and other shareholders.
2/18/19	MediaTek Inc. Expands Collaboration with Google to Bring Machine Learning to Mid-Market Smartphones
2/11/19	Flywheel Announces Technology Partnership with Google Cloud
1/25/19	Alphabet Inc. Reportedly Plans To Acquire Enterprise Software Company
1/3/19	Verily To Seek Acquisitions

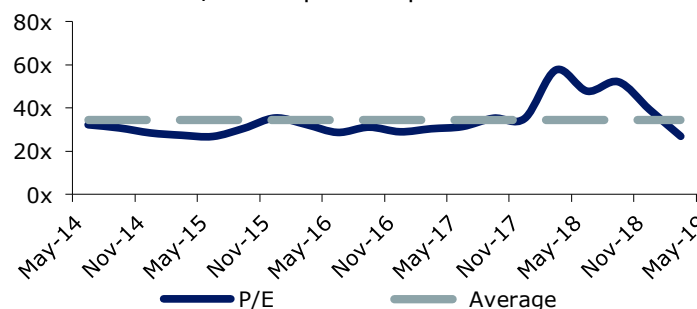
Revenue Multiples - Alphabet Inc.



EBITDA Multiples - Alphabet Inc.



P/E Multiples - Alphabet Inc.



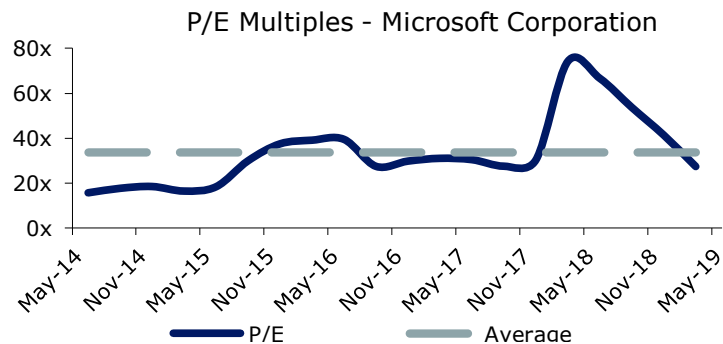
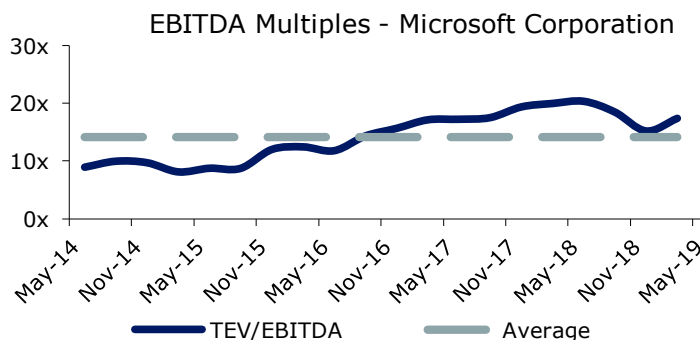
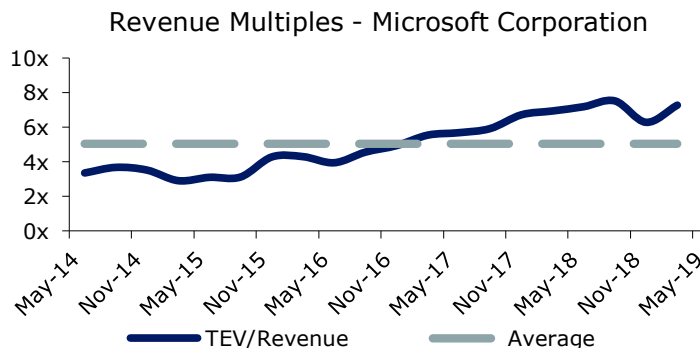
# Public Basket



## 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
5/17/19	Microsoft and General Assembly Launch Partnership to Close Global AI Skills Gap
5/16/19	Sony Corporation and Microsoft Corporation to Explore Strategic Partnership
5/13/19	SK Telecom, Microsoft to Collaborate on Cloud Computing, Artificial Intelligence, 5G Technology
4/29/19	Mid-Atlantic Broadband Communities Corp. and Microsoft to Build the SOVA Innovation Hub in Southern Virginia
4/17/19	Microsoft Corporation (NasdaqGS:MSFT) acquired Express Logic, Inc.
4/10/19	CUNA Mutual Group Announces Collaboration with Microsoft to Develop an Industry-Wide Data Platform for Credit Unions



# CONTACT INFO

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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