



Sectorwatch: Advanced Analytics

October 2019

Advanced Analytics

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Overview

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.



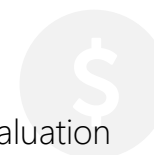
Public Basket Performance

- 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

↑ **3.9%**

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

↑ **0.4%**

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

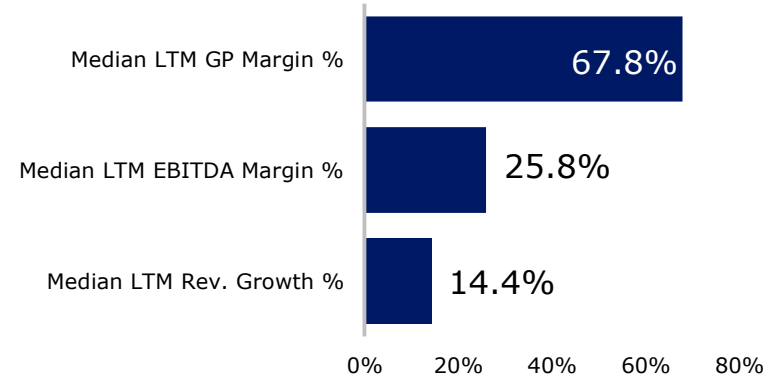
Profitability Momentum

↑ **0.9%**

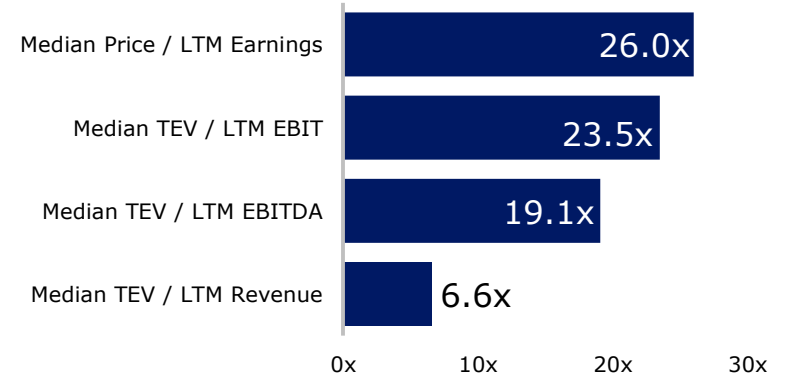
1 - year EBITDA % compared to EBITDA % average for last 3 years

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



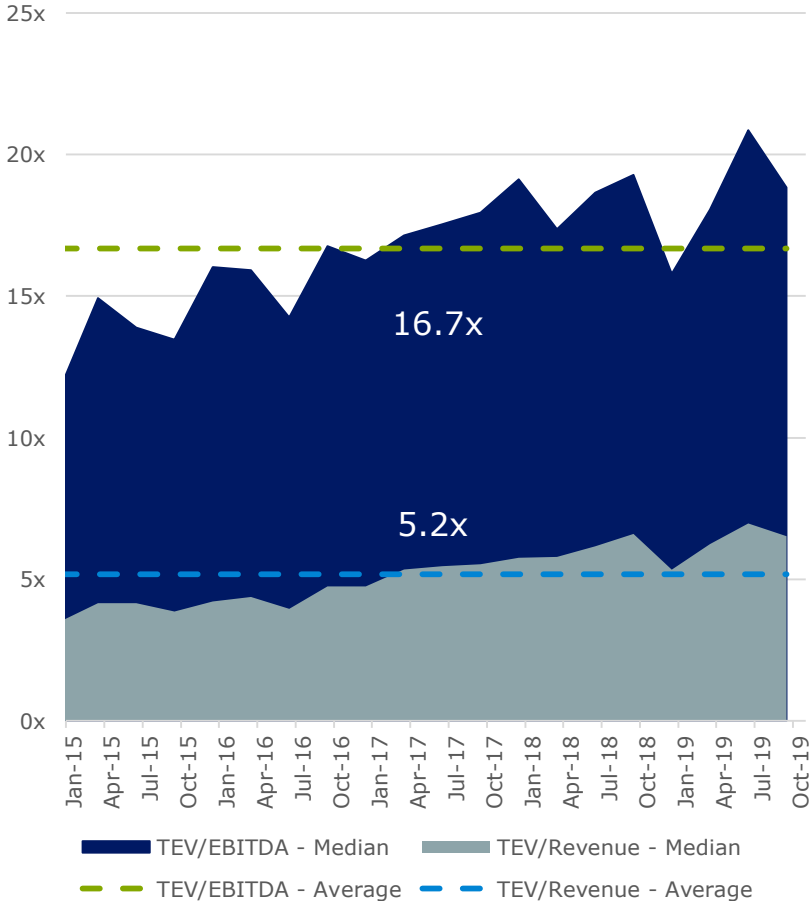
Public Basket



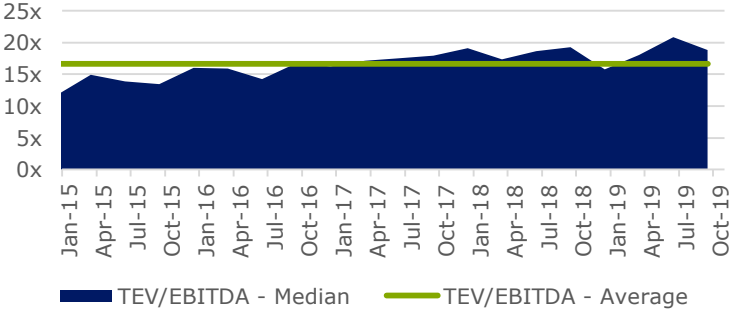
| Company | TEV \$m | LTM Rev \$m | Rev Growth YoY | GP % | EBITDA % | TEV / Rev X | TEV / EBITDA X | # FTEs | Rev / FTE \$k |
|---|-----------|-------------|----------------|------|----------|-------------|----------------|---------|---------------|
| Alteryx, Inc. | 5,370 | 310 | 77% | 90% | 7% | 17.3 | 233.1 | 800 | 387 |
| Fair Isaac Corporation | 9,095 | 1,144 | 15% | 71% | 25% | 8.0 | 31.2 | 2,400 | 477 |
| Accenture plc | 110,730 | 43,215 | 9% | 31% | 17% | 2.6 | 15.4 | 492,000 | 88 |
| Adobe Inc. | 126,875 | 10,644 | 24% | 85% | 34% | 11.9 | 35.6 | 21,357 | 498 |
| SAP SE | 155,580 | 29,374 | 12% | 70% | 26% | 5.2 | 19.8 | 96,498 | 304 |
| International Business Machines Corporation | 179,485 | 77,130 | -4% | 47% | 20% | 2.3 | 11.5 | 350,600 | 220 |
| Alphabet Inc. | 754,372 | 148,299 | 20% | 56% | 29% | 5.1 | 17.3 | 98,771 | 1,501 |
| Microsoft Corporation | 1,002,038 | 125,843 | 14% | 66% | 43% | 8.0 | 18.4 | 144,000 | 874 |
| Average | 292,943 | 54,495 | 21% | 65% | 25% | 7.5 | 47.8 | 150,803 | 544 |
| Median | 141,227 | 36,295 | 14% | 68% | 26% | 6.6 | 19.1 | 97,635 | 432 |

share price as of 23Oct19

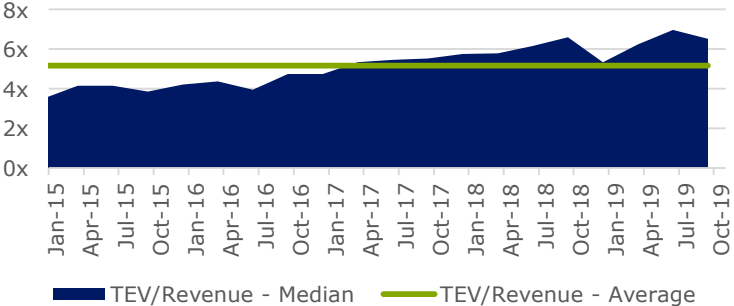
Public Basket Valuation Trends



Public EBITDA Multiples over Time



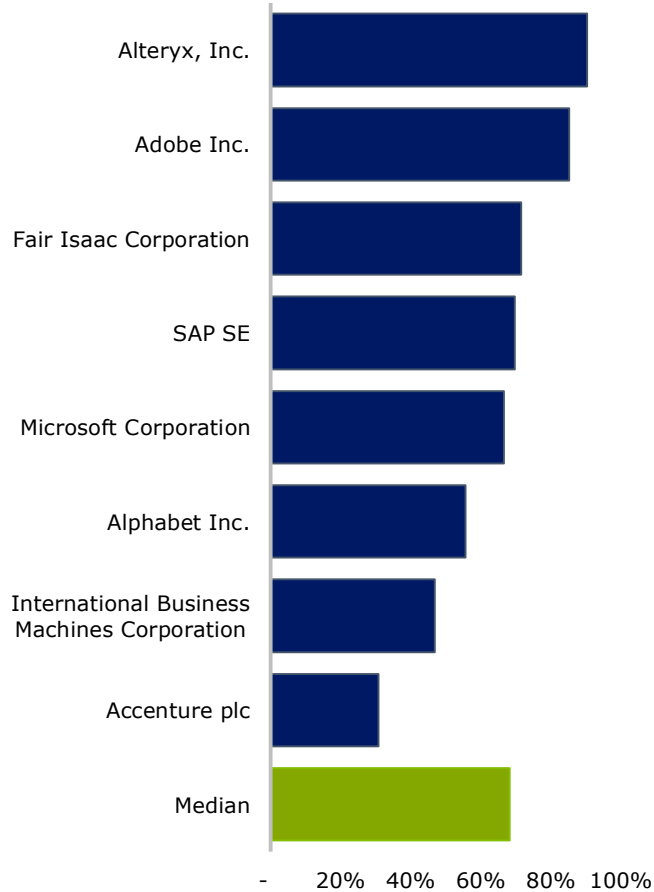
Public Revenue Multiples over Time



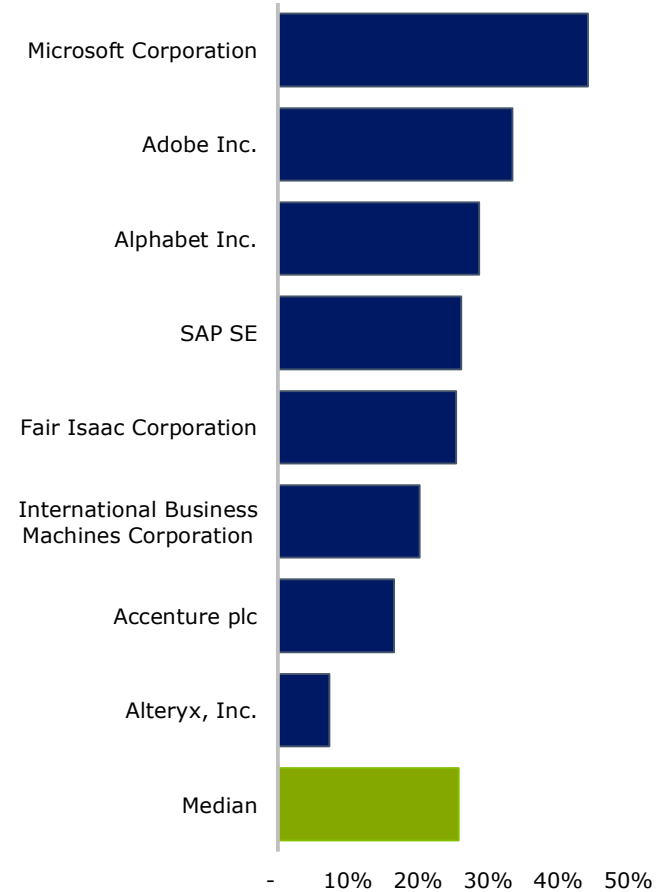
Operational Metrics



LTM Gross Profit Margin %



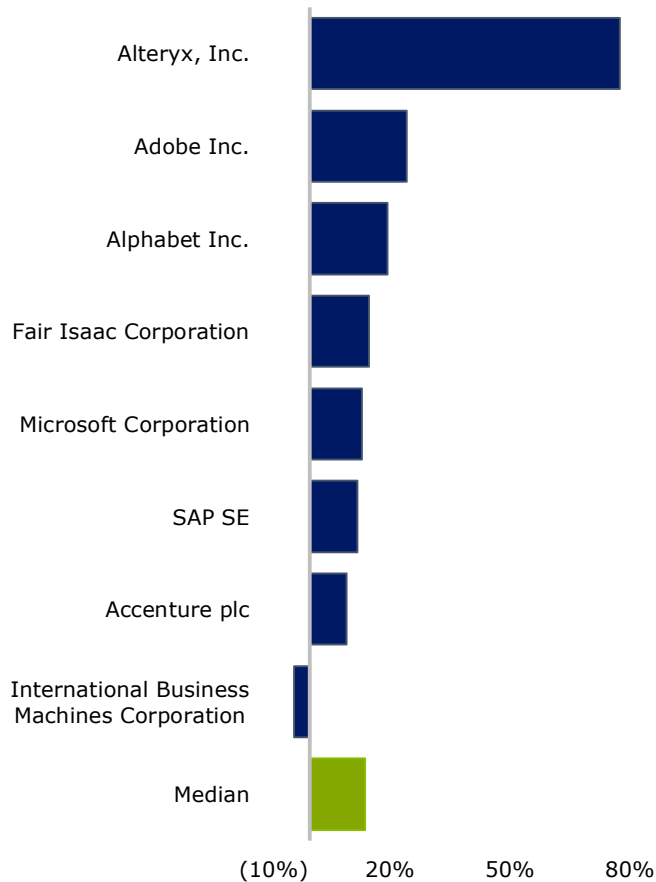
LTM EBITDA %



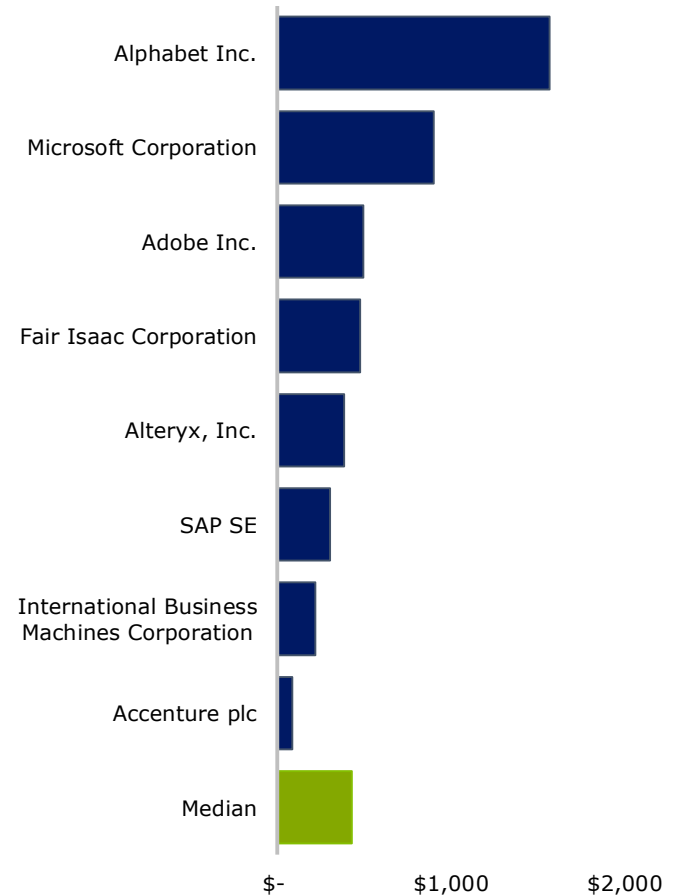
Operational Metrics



LTM Revenue Growth %



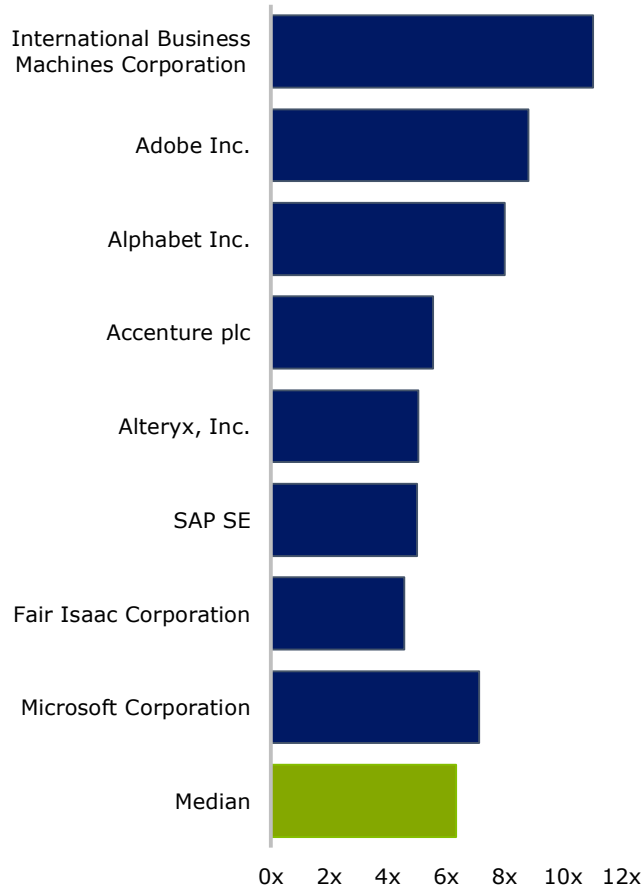
LTM Revenue per Full Time Employee x 000's



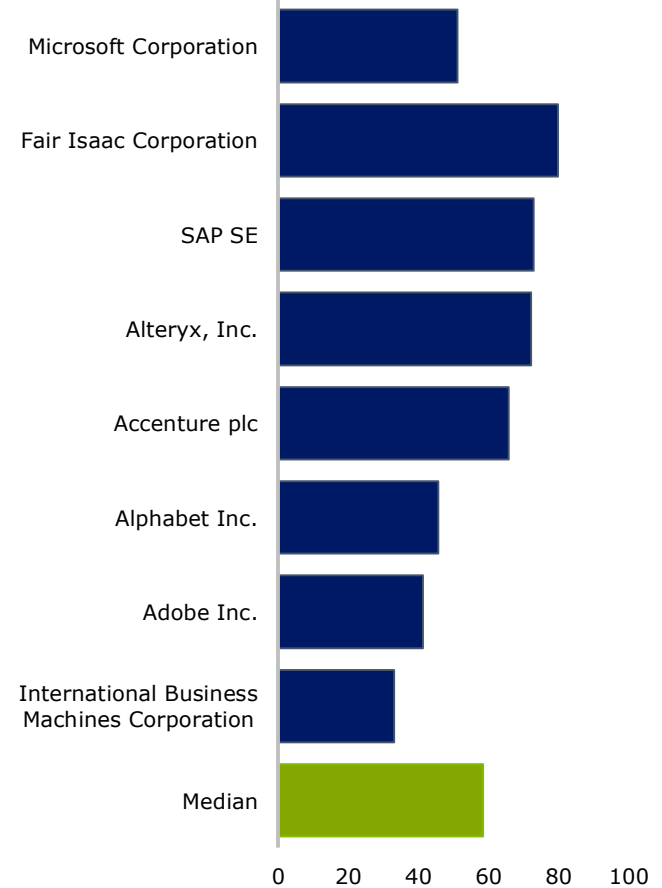
Operational Metrics



Accounts Receivable Turnover



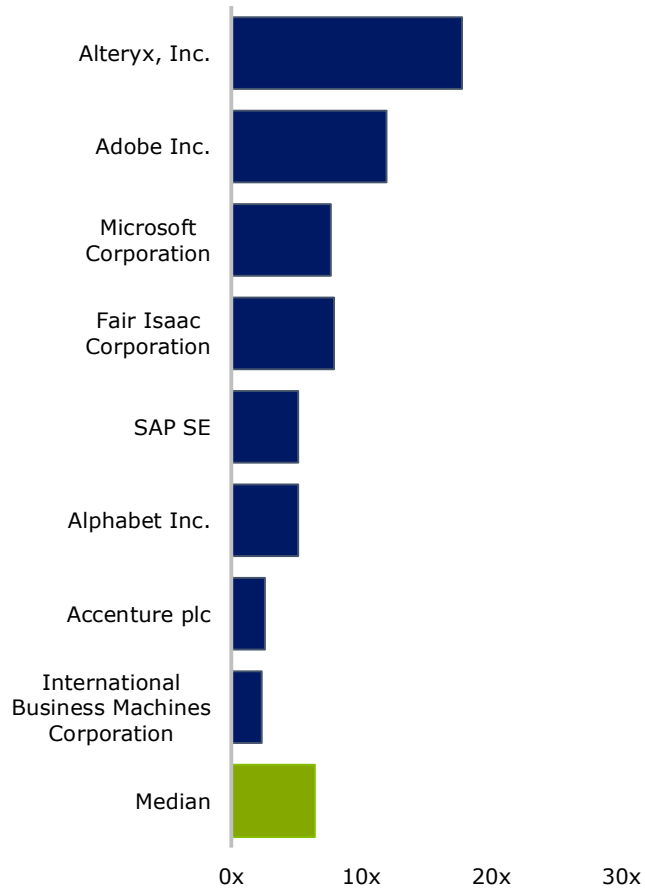
Average Days Sales Outstanding



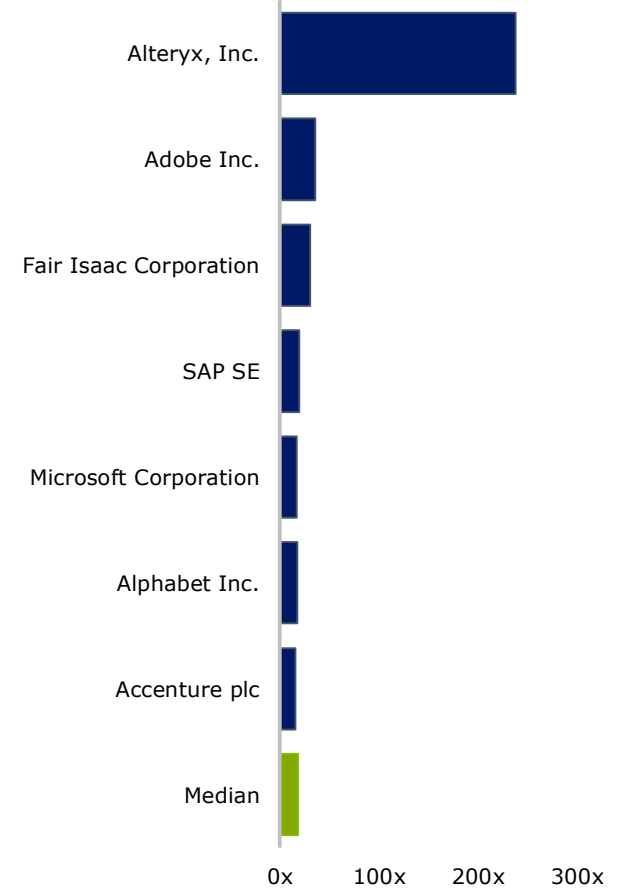
Valuation



TEV / LTM Revenue



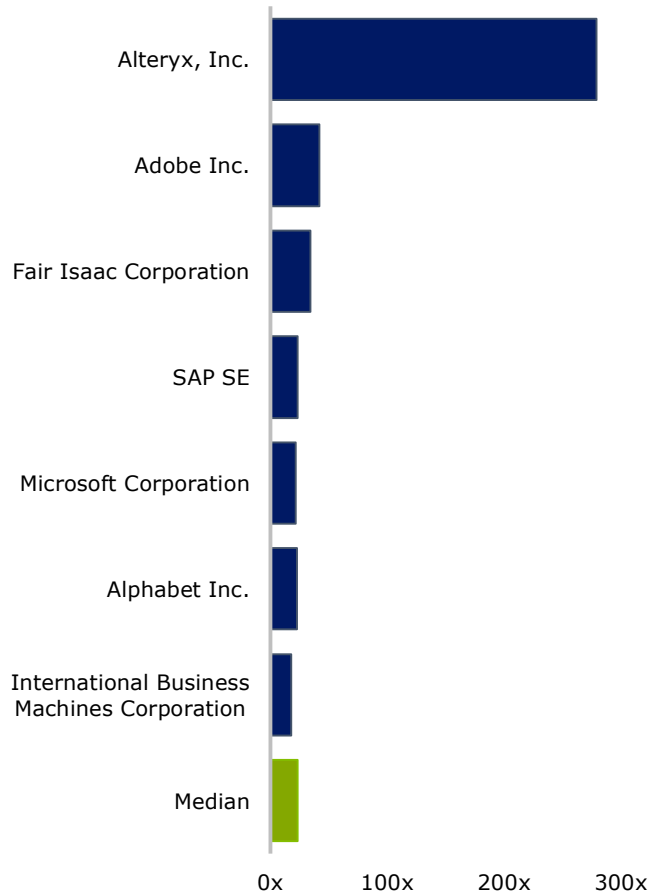
TEV / LTM EBITDA



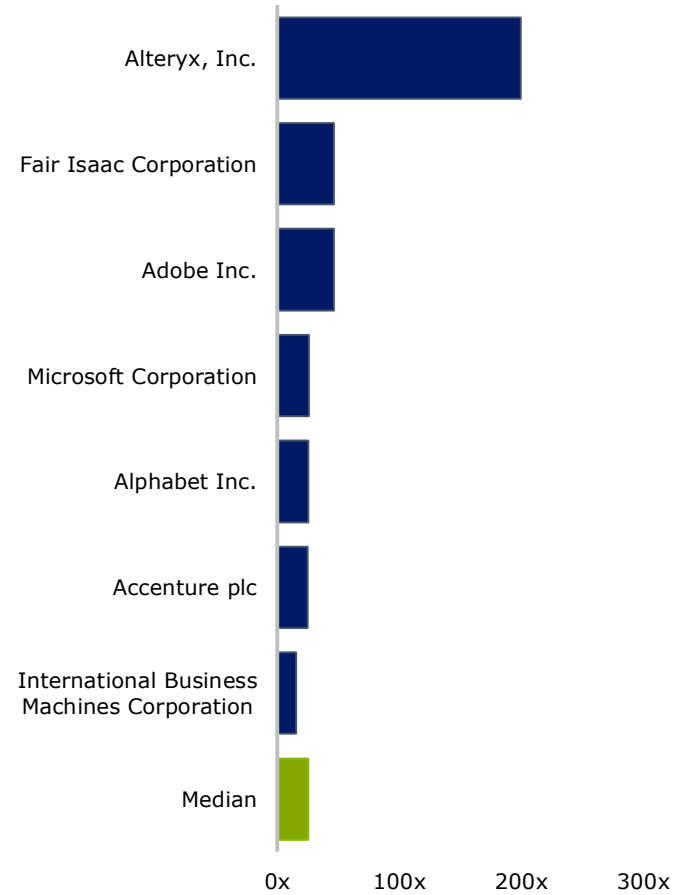
Valuation



TEV / LTM EBIT



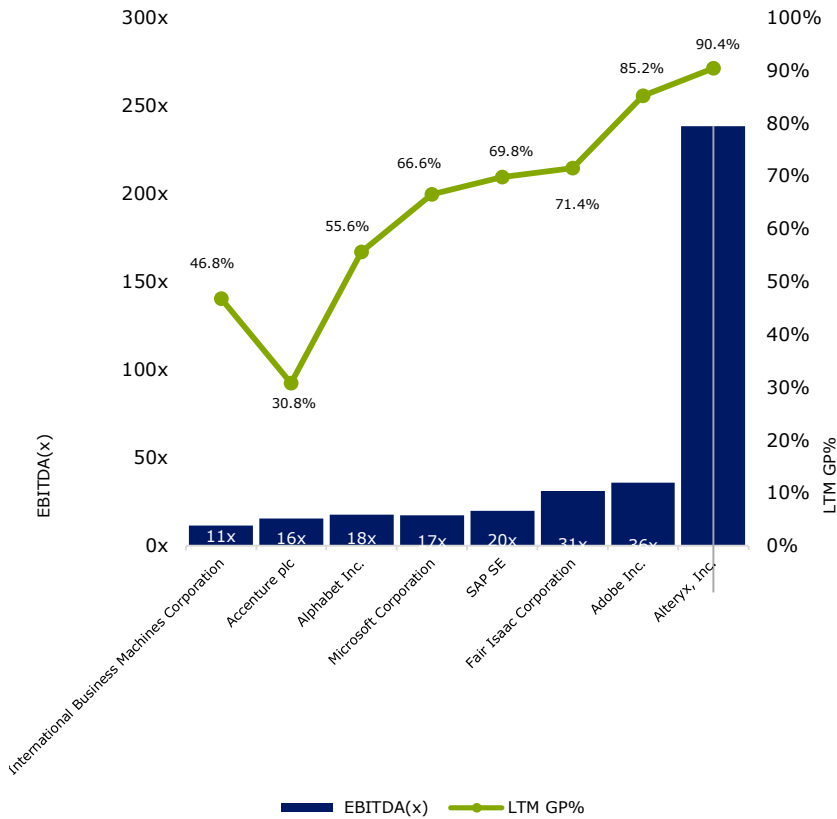
Price / LTM Earnings



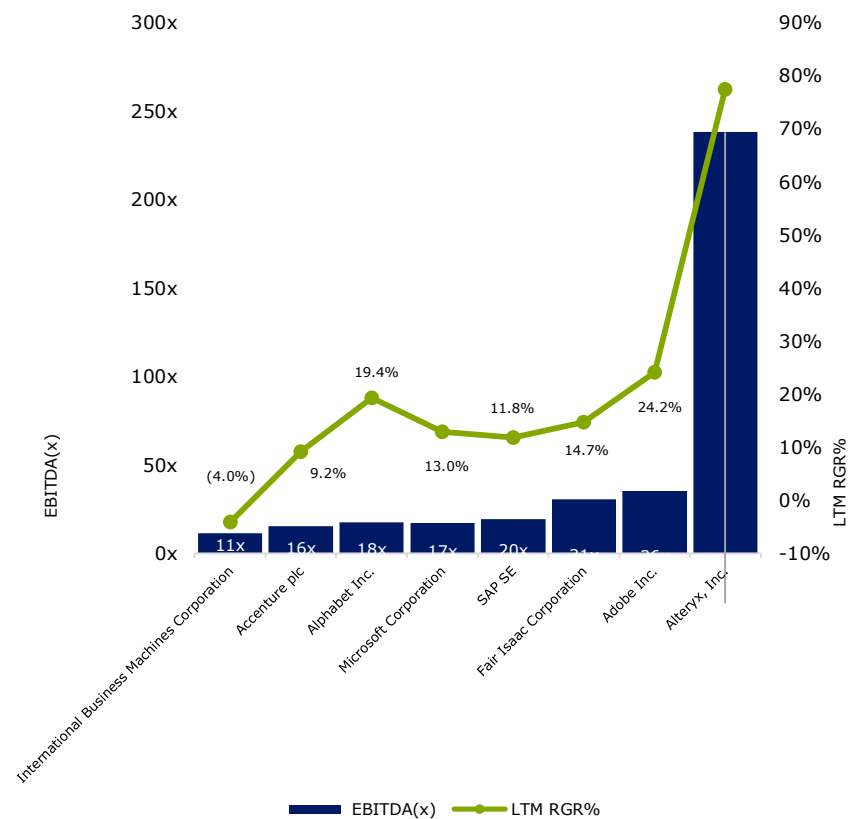
Valuation



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 |
|---------|-----------------------------------|---------------------------------------|-------------------------|----------------|---------------|--------------|
| 22Oct19 | Opex Analytics LLC | LLamasoft, Inc. | - | - | - | - |
| 22Oct19 | Opex Analytics LLC | LLamasoft, Inc. | - | - | - | - |
| 30Oct19 | Outbrain Inc. | Taboola, Inc. | - | - | - | - |
| 30Oct19 | Nexd Corporation | InsightSquared, Inc. | - | - | - | - |
| 10Oct19 | Silicus Technologies, LLC | Infogain Corporation | - | - | - | - |
| 19Aug19 | Assets of SmartZip Analytics Inc. | Constellation Real Estate Group, Inc. | - | - | - | - |
| 17Aug19 | Predictronics Corp. | TVS Motor (Singapore) Pte. Ltd. | 3.20 | - | - | - |
| 1Jul19 | Indecomm Holdings, Inc. | Warburg Pincus LLC | - | - | - | - |
| 21Jul19 | AgileThought, LLC | AN Global I.T. S.A.P.I. de C.V. | - | - | - | - |
| 28Jun19 | Perspective Partners, LLC | Manning Partners, LLC | 3.20 | - | - | - |
| 27Jun19 | LifeWhere, LLC | Resideo Technologies, Inc. | 6.00 | - | - | - |
| 13Jun19 | Lattice Engines, Inc. | The Dun & Bradstreet Corporation | - | - | - | - |
| 31May19 | LiteLink Technologies Inc. | - | 0.09 | 0.17 | NM | NM |
| 20May19 | Profitect Inc. | Zebra Technologies Corporation | 86.00 | - | - | - |
| 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 | Qloudier 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 | - | - |

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APPENDIX:
Public Basket
Constituents

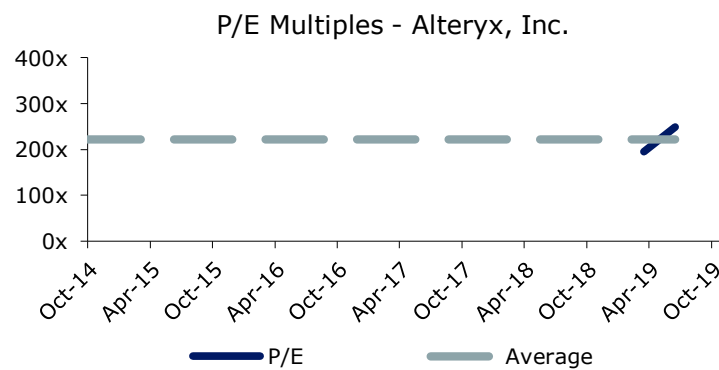
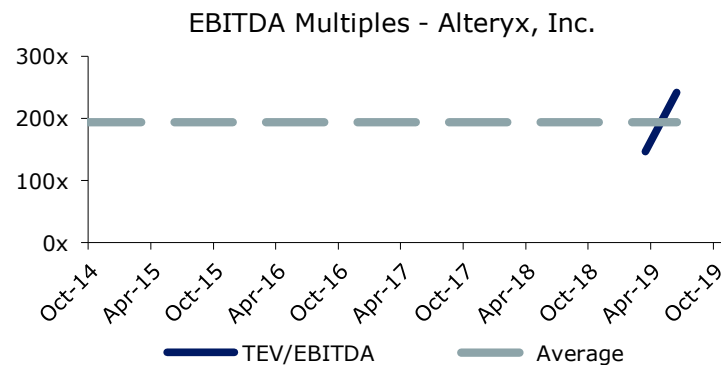
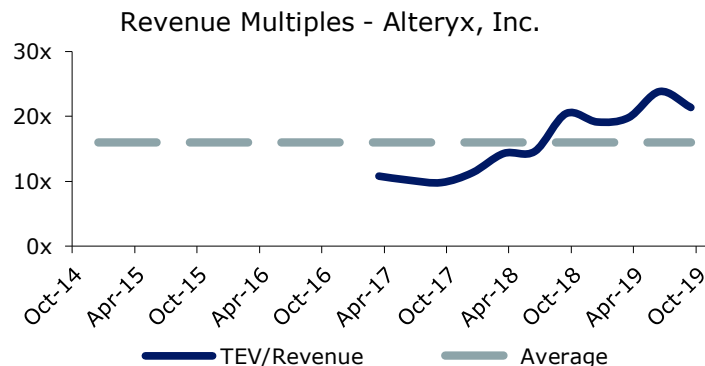
Public Basket



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 |
|--------|---|
| 8/6/19 | Alteryx To Seek Acquisitions |
| 4/3/19 | Alteryx, Inc. (NYSE:AYX) acquired ClearStory Data, Inc. for \$20 million. |
| 2/5/19 | H2o.AI Collaborates with Alteryx to Advance Data Science Workflows |

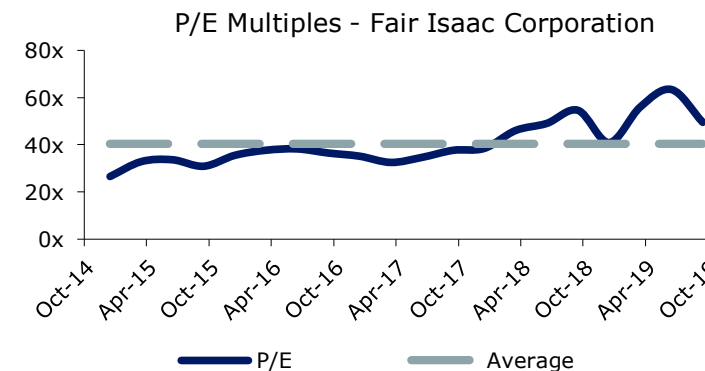
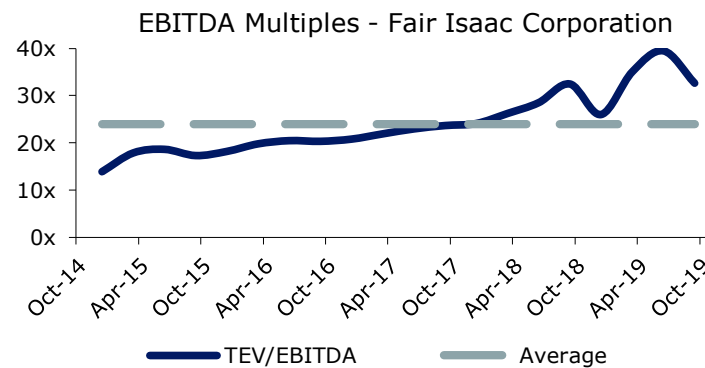
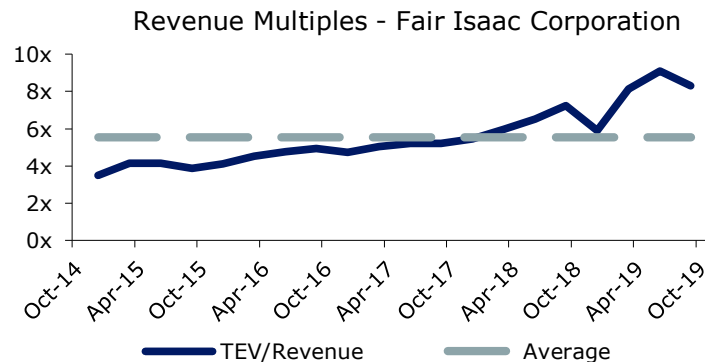


Public Basket



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 |

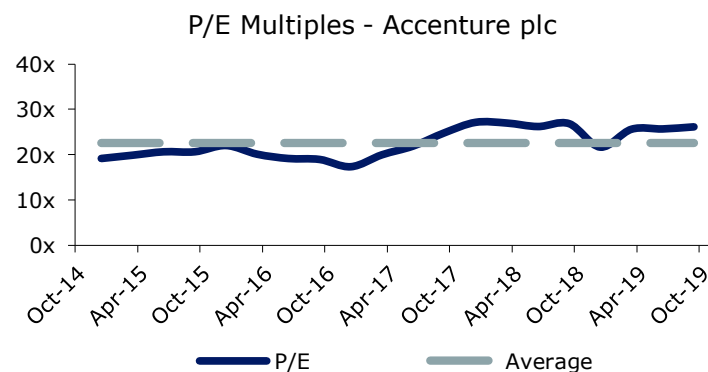
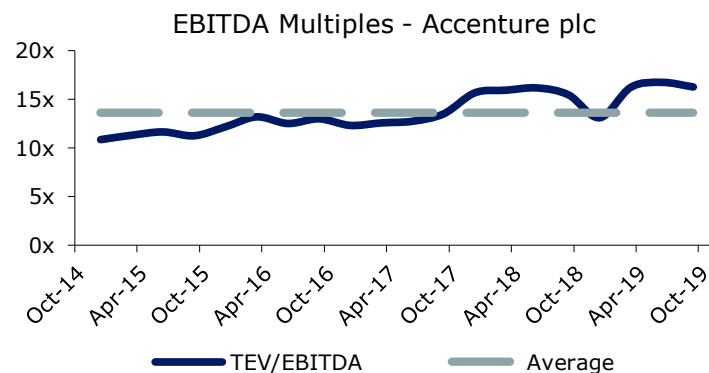
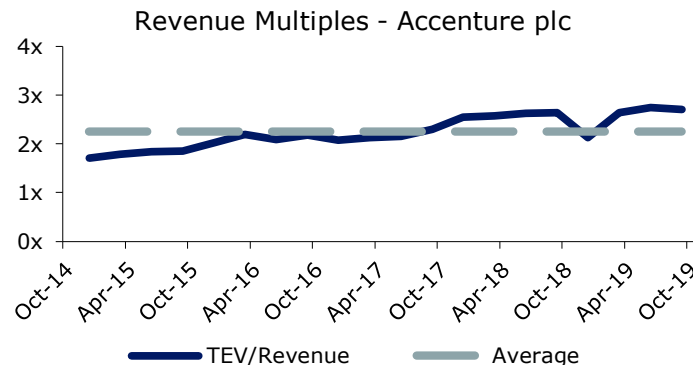
Public Basket



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 |
|---------|--|
| 9/9/19 | Accenture plc (NYSE:ACN) acquired Pragsis Bidoop. |
| 9/4/19 | Accenture and Google Cloud Announces Strategic Expansion of Their Global Partnership |
| 8/29/19 | Accenture plc (NYSE:ACN) completed the acquisition of Analytics8, LLC. |
| 8/26/19 | Accenture plc (NYSE:ACN) acquired Fairway Technologies, Inc. |
| 8/19/19 | Accenture plc (NYSE:ACN) acquired Parker Fitzgerald Ltd. |



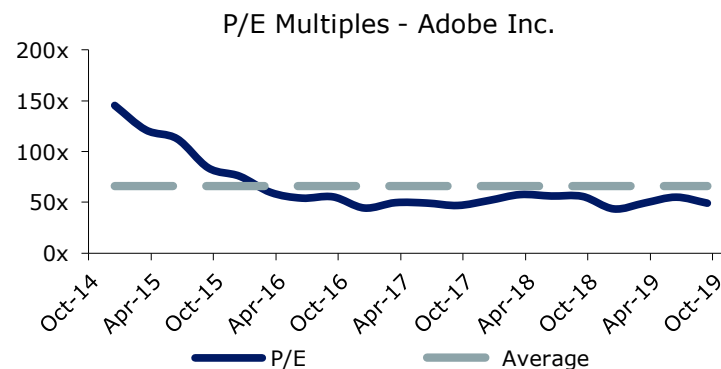
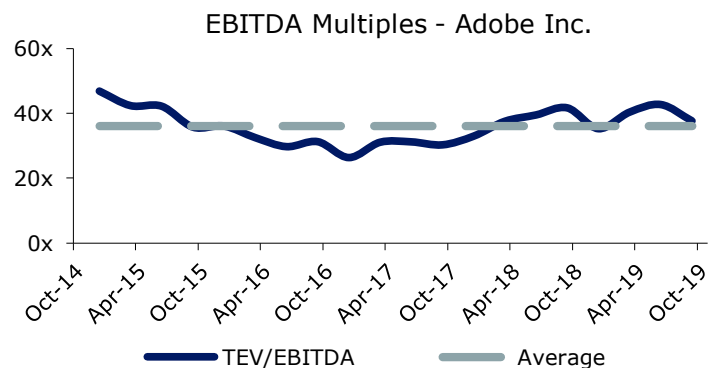
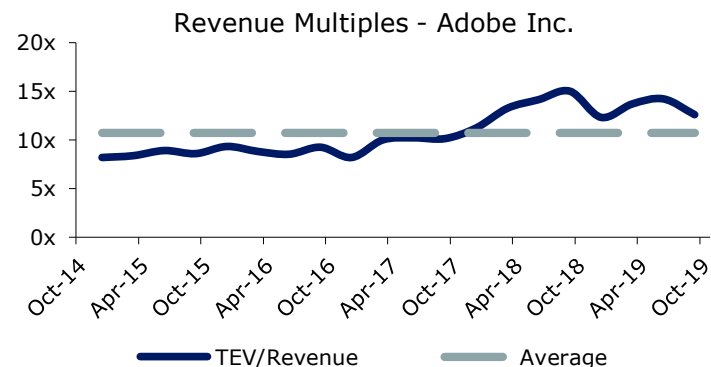
Public Basket



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 |
|----------|---|
| 6/11/19 | Datacolor Collaborates with Adobe to Launch New Innovative Solution for Textile Industry |
| 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 Marketo KK from SunBridge Partners, Inc for \$4.7 billion. |
| 10/30/18 | Adobe Inc. (NasdaqGS:ADBE) completed the acquisition of Marketo, Inc. from Vista Equity Partners LLC. |



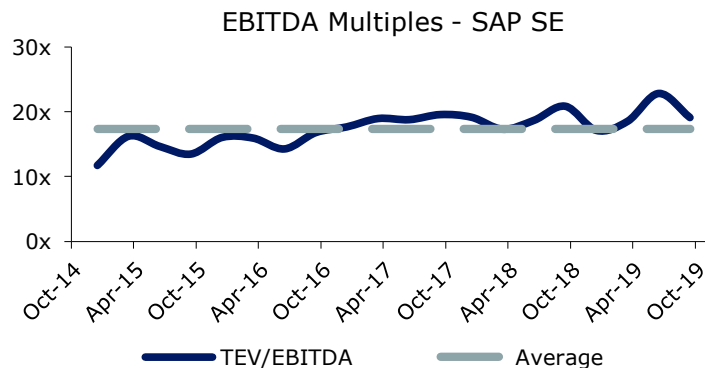
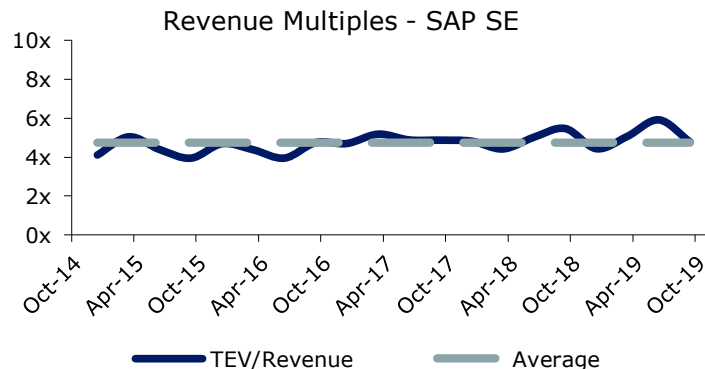
Public Basket



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 |
|---------|--|
| 8/29/19 | BearingPoint RegTech, Berlin Hyp, SAP and Okadis Develop Solution for the Integration with SAP FSDM in Regulatory Reporting on Abacus360 Banking |
| 8/22/19 | Schwarz GmbH & Co KG acquired Two Go from SAP SE (DB:SAP). |
| 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 |
| 3/28/19 | Verisk 3E completed the acquisition of Content as a Service business of SAP SE (DB:SAP) for \$69.1 million. |



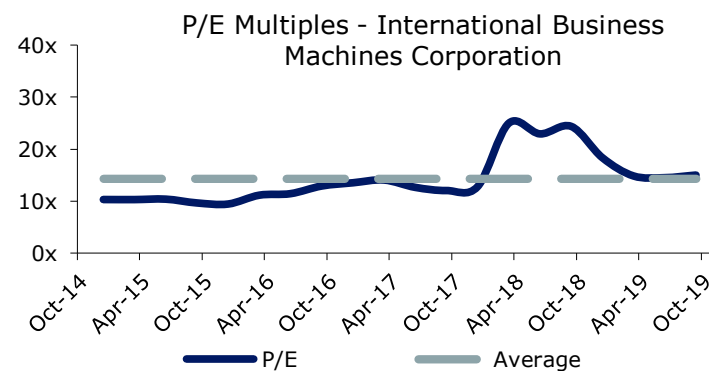
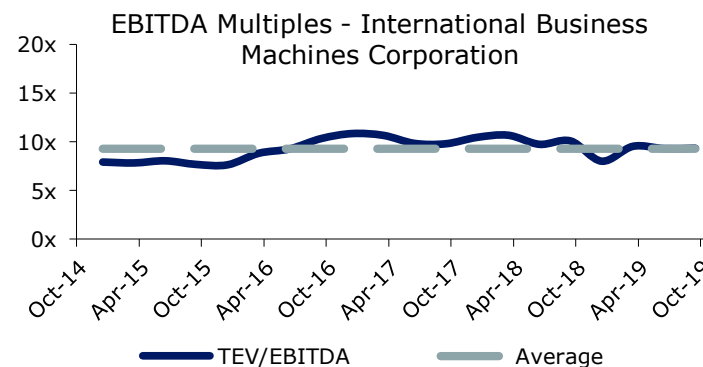
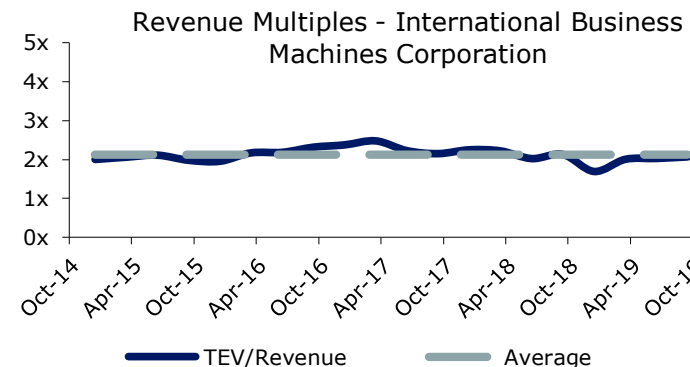
Public Basket



International Business Machines Corporation

International Business Machines Corporation operates as an integrated technology and services company worldwide. Its Cognitive Solutions segment offers a portfolio of enterprise artificial intelligence platforms, such as analytics and data management platforms, cloud data services, talent management, and industry solutions primarily under the Watson Platform, Watson Health, and Watson Internet of Things names. This segment also offers transaction processing software for use in banking, airlines, and retail industries. The company's Global Business Services segment offers business consulting services; delivers system integration, application management, maintenance, and support services for packaged software applications; and finance, procurement, talent and engagement, and industry-specific business process outsourcing services. The company was incorporated in 1911 and is headquartered in Armonk, New York.

| Date | Key Development Headline |
|---------|--|
| 9/11/19 | IBM and ŠKODA AUTO University Collaborate on New Digital Skills for Students |
| 9/10/19 | IBM and Fraunhofer-Gesellschaft Join Forces on Quantum Computing Initiative for Germany |
| 7/8/19 | International Business Machines Corporation (NYSE:IBM) completed the acquisition of Red Hat, Inc. (NYSE:RHT) from BlackRock, Inc. (NYSE:BLK), The Vanguard Group, Inc., Prudential Financial, Inc. (NYSE:PRU), T. Rowe Price Associates, Inc., FMR LLC and others. |



Public Basket

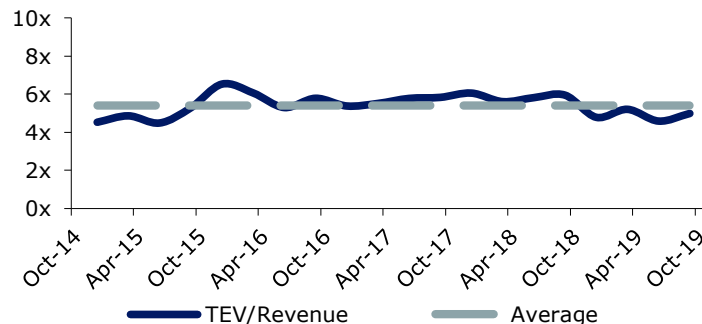


Alphabet Inc.

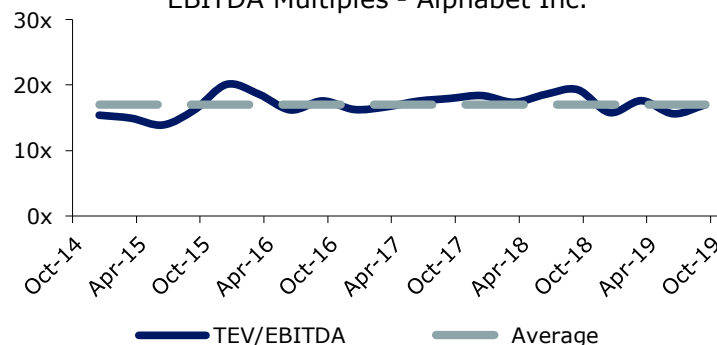
Alphabet Inc. provides online advertising services in the United States, Europe, the Middle East, Africa, the Asia-Pacific, Canada, and Latin America. It offers performance and brand advertising services. The company operates through Google and Other Bets segments. The Google segment offers products, 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 |
|---------|---|
| 8/14/19 | Alphabet Inc. (NasdaqGS:GOOG.L) acquired Socratic, Inc. from Andreessen Horowitz LLC, Betaworks Ventures Management, Llc and Spark Capital Partners, LLC. |
| 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 |

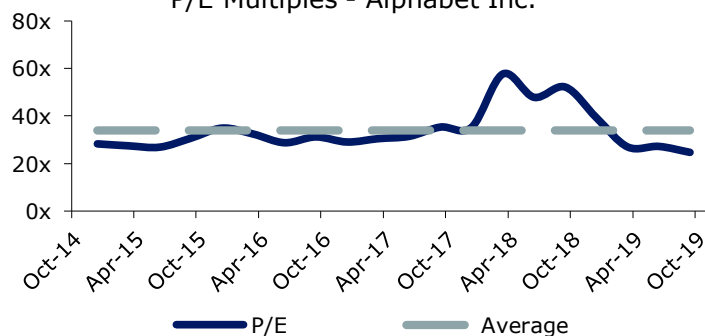
Revenue Multiples - Alphabet Inc.



EBITDA Multiples - Alphabet Inc.



P/E Multiples - Alphabet Inc.



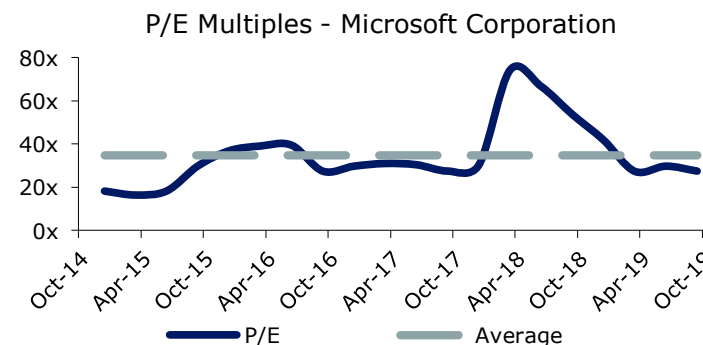
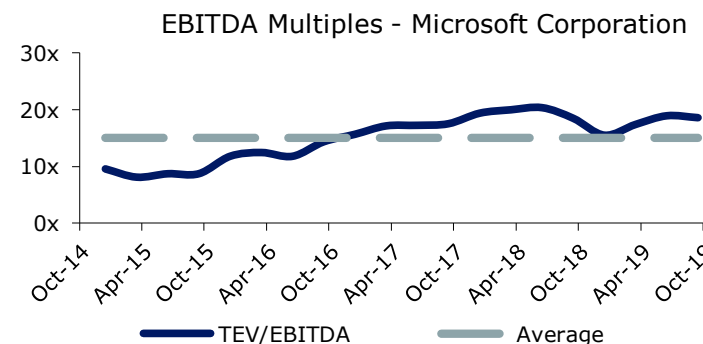
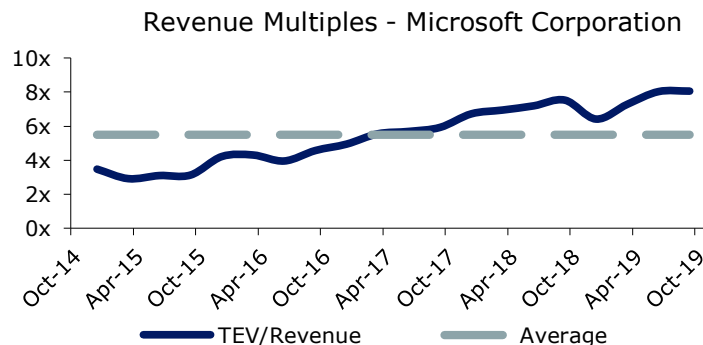
Public Basket



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 |
|---------|--|
| 9/9/19 | Otonomo Announces That It Is Collaborating with Microsoft to Build Services on Top of Microsoft Azure and the Microsoft Connected Vehicle Platform |
| 9/3/19 | Microsoft Corporation (NasdaqGS:MSFT) acquired Movere, Inc. |
| 8/18/19 | Microsoft Corporation (NasdaqGS:MSFT) acquired jClarity. |
| 8/12/19 | Reliance Jio and Microsoft Announce Alliance to Accelerate Digital Transformation in India |
| 8/5/19 | Amdocs Announces Expansion of Global Strategic Agreement with Microsoft |



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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