



# Sectorwatch: Advanced Analytics

November 2019

# Advanced Analytics

November 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.



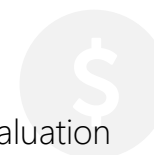
## Public Basket Performance

- 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

↑ **4.0%**

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 Momentum

↑ **0.7%**

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

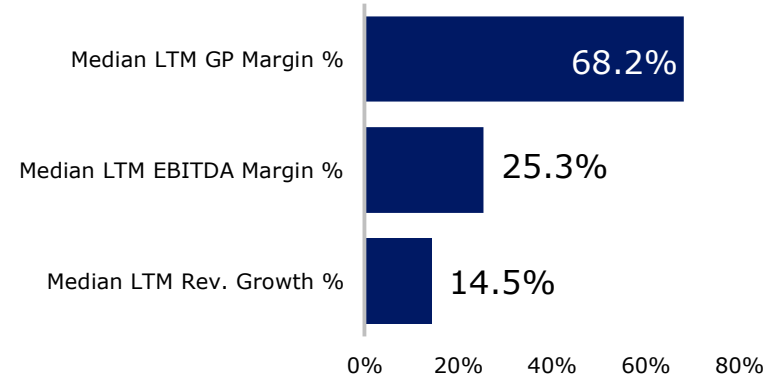
## Profitability Momentum

↑ **0.3%**

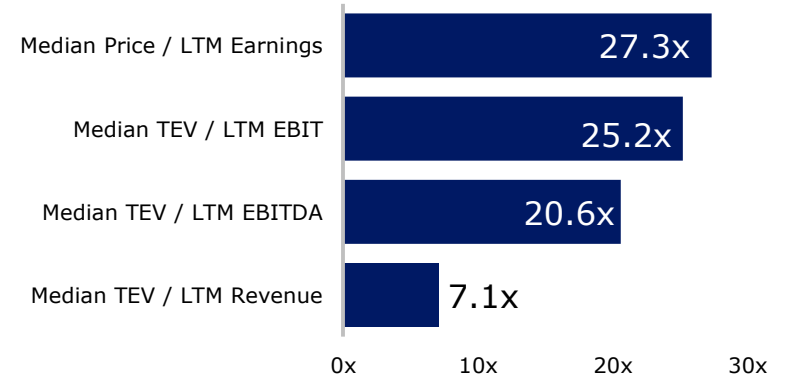
1 - year EBITDA % compared to EBITDA % average for last 3 years

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



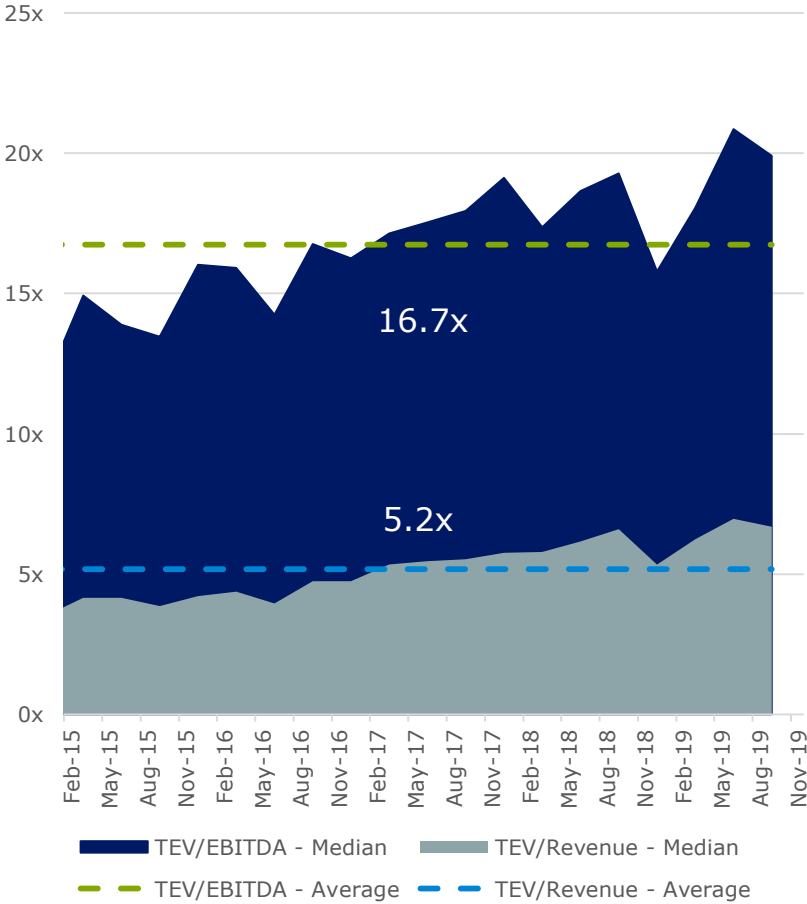
# Public Basket



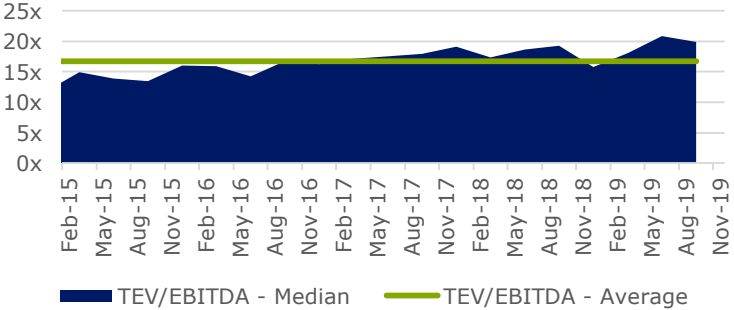
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Alteryx, Inc.	6,571	351	73%	90%	7%	18.7	250.2	800	438
Fair Isaac Corporation	11,016	1,160	16%	71%	24%	9.5	38.9	2,585	449
Accenture plc	119,279	43,215	5%	31%	16%	2.8	17.2	492,000	88
Adobe Inc.	145,129	10,644	24%	85%	34%	13.6	40.7	21,357	498
SAP SE	173,430	29,374	12%	70%	26%	5.8	22.2	96,498	304
International Business Machines Corporation	179,340	77,131	-4%	47%	22%	2.3	10.8	350,600	220
Alphabet Inc.	790,802	155,058	19%	56%	28%	5.1	17.9	98,771	1,570
Microsoft Corporation	1,089,305	129,814	13%	67%	44%	8.4	19.0	144,000	901
<b>Average</b>	314,360	55,843	20%	65%	25%	8.3	52.1	150,826	559
<b>Median</b>	159,280	36,295	14%	68%	25%	7.1	20.6	97,635	444

share price as of 22Nov19

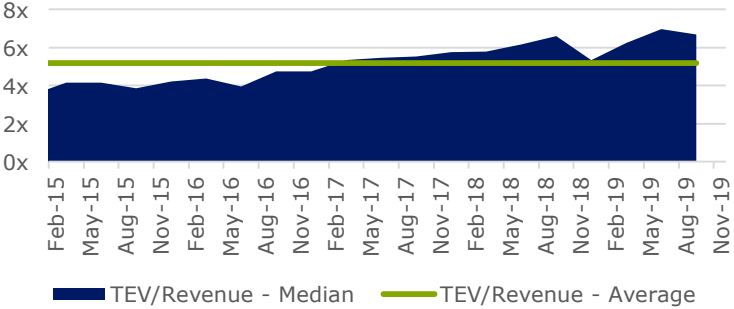
# Public Basket Valuation Trends



## Public EBITDA Multiples over Time



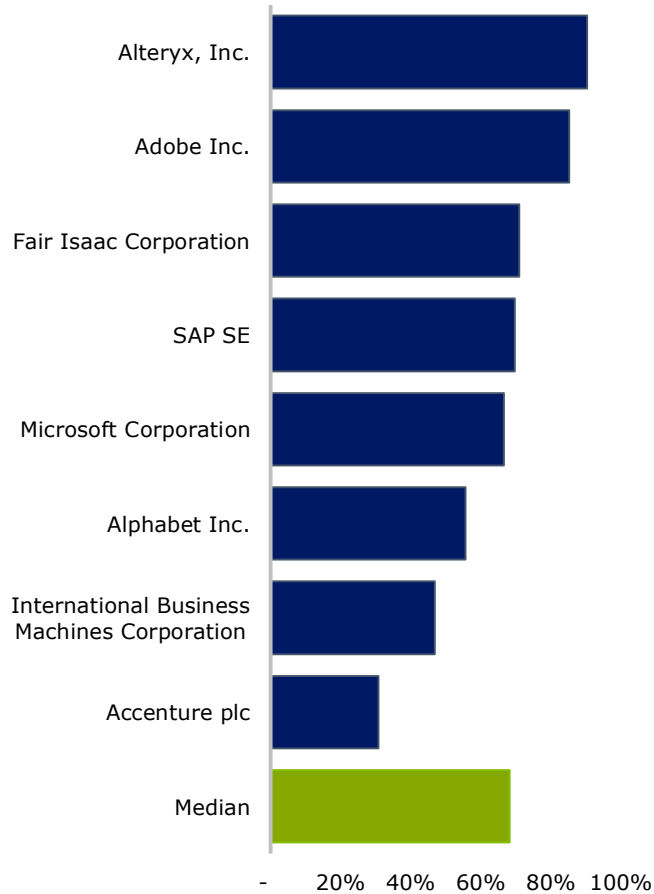
## Public Revenue Multiples over Time



# Operational Metrics



LTM Gross Profit Margin %



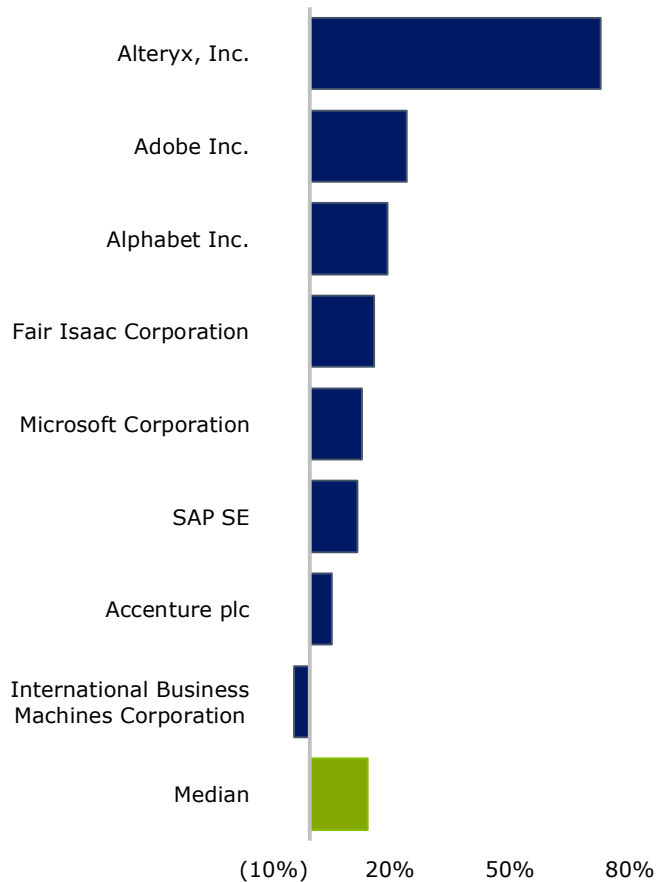
LTM EBITDA %



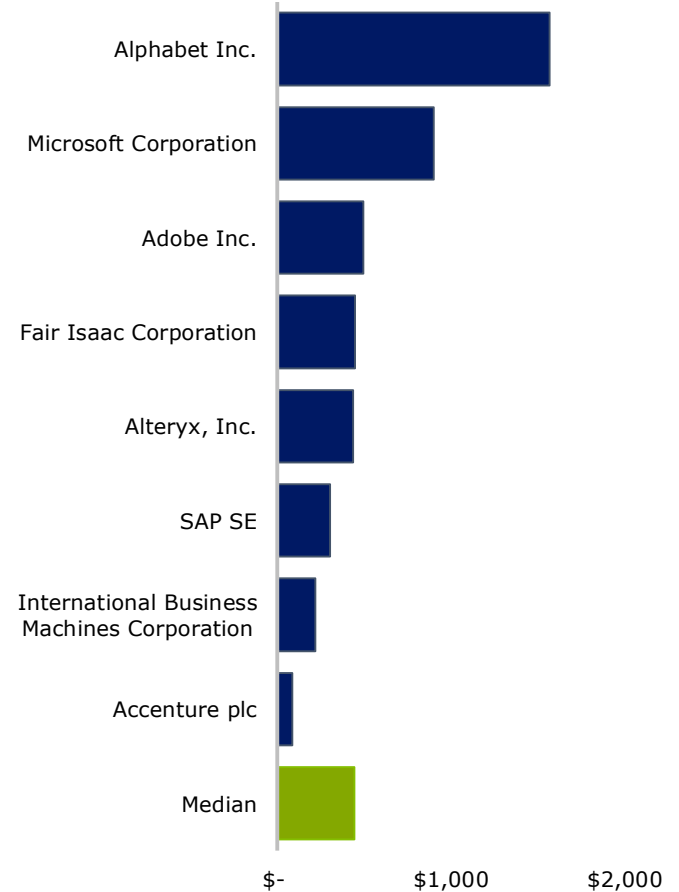
# Operational Metrics



LTM Revenue Growth %



LTM Revenue per Full Time Employee x 000's

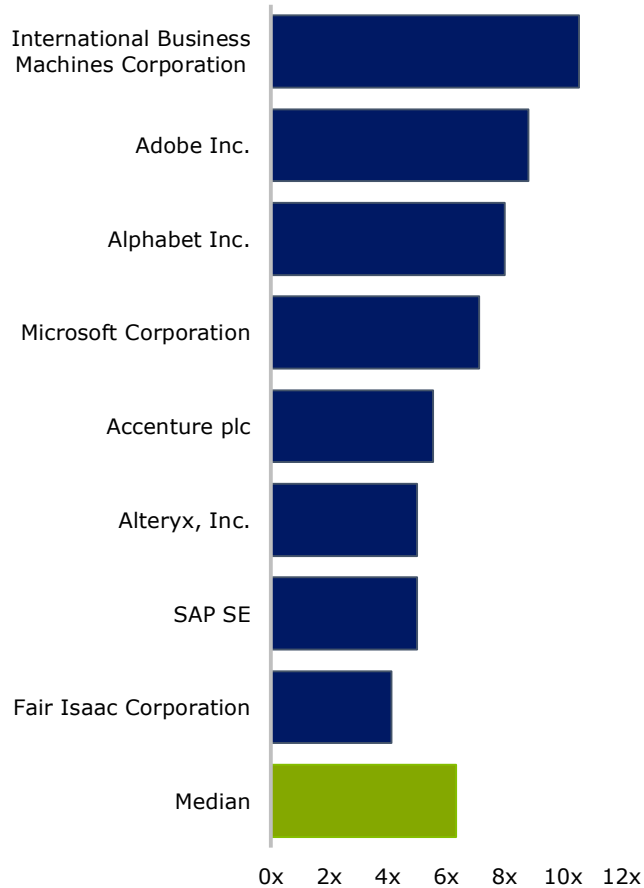




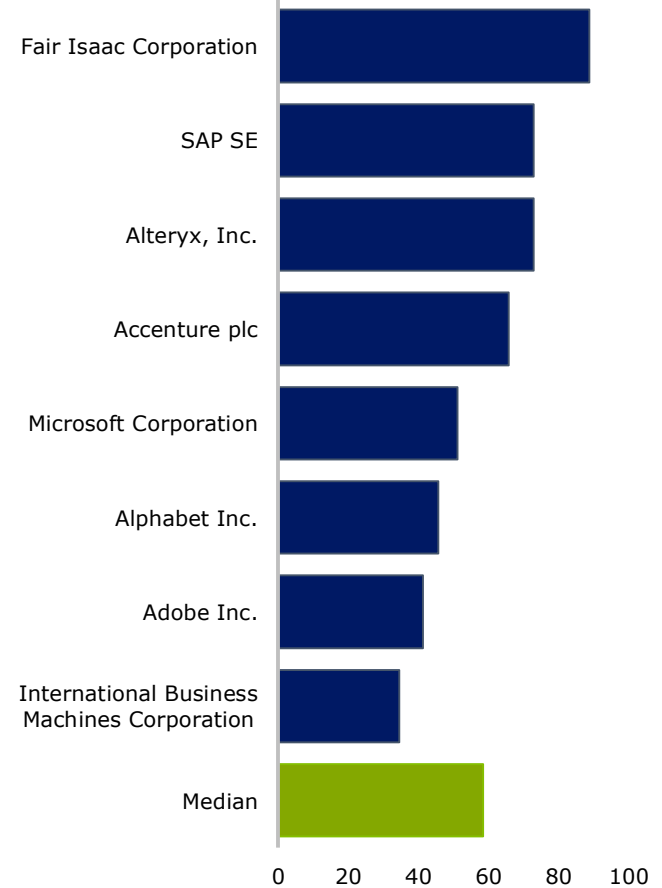
# Operational Metrics



## Accounts Receivable Turnover



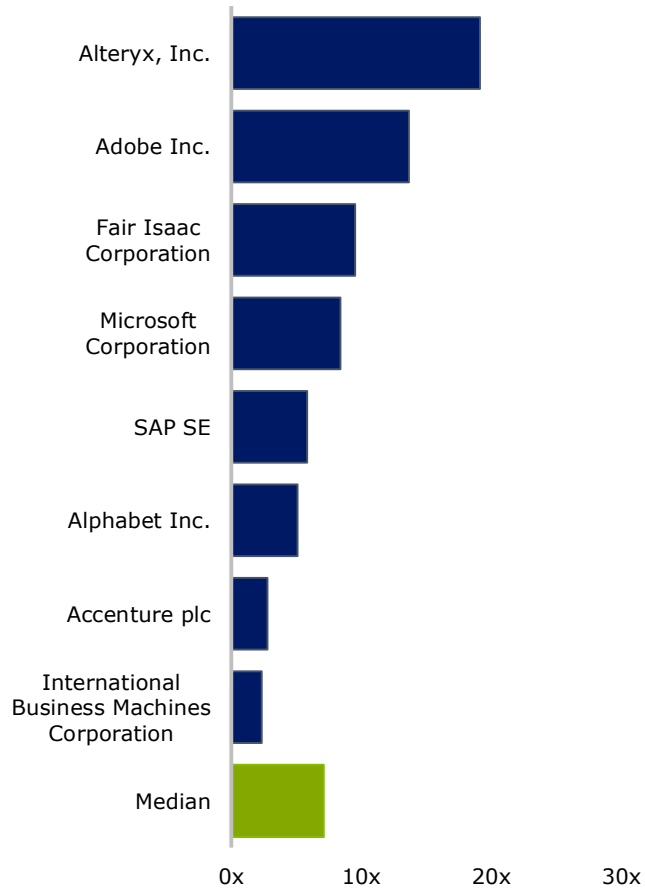
## Average Days Sales Outstanding



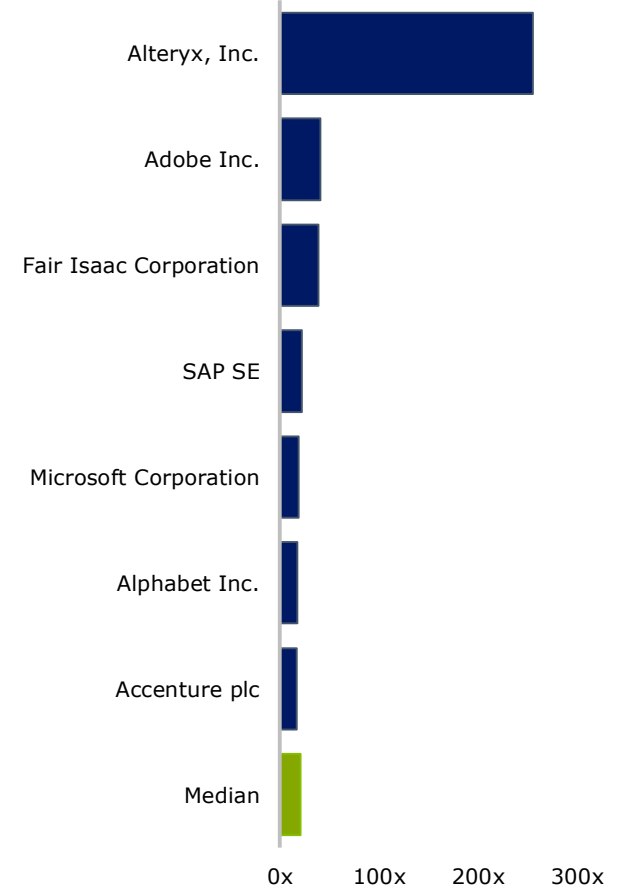
# Valuation



TEV / LTM Revenue



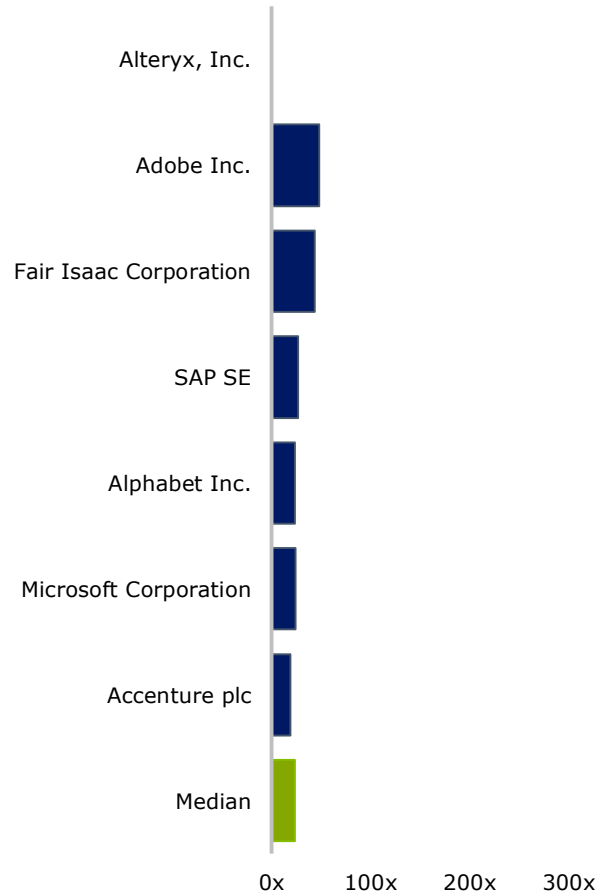
TEV / LTM EBITDA



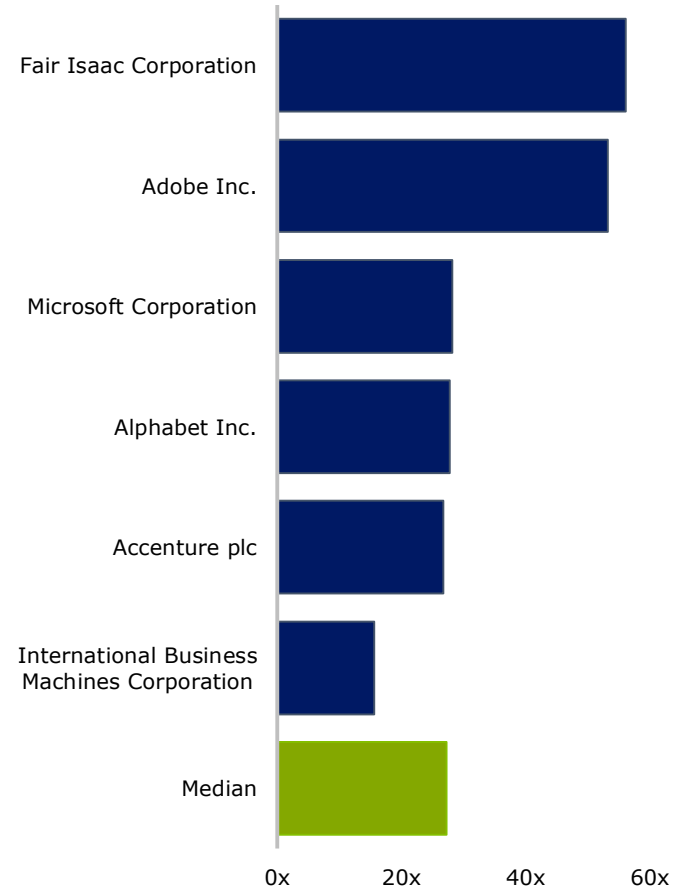
# Valuation



### TEV / LTM EBIT



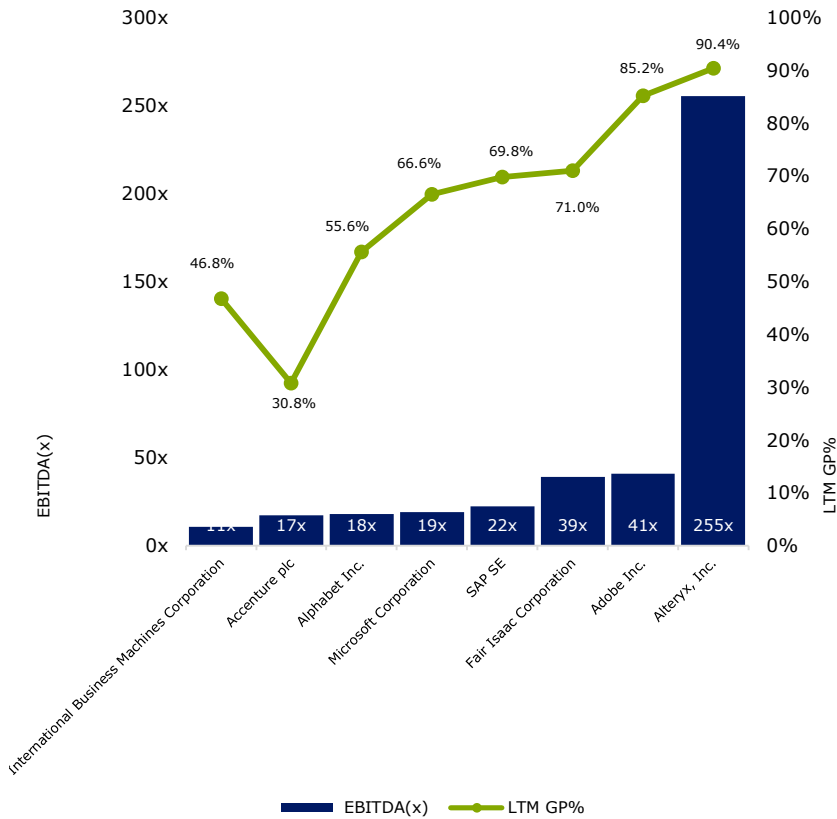
### Price / LTM Earnings



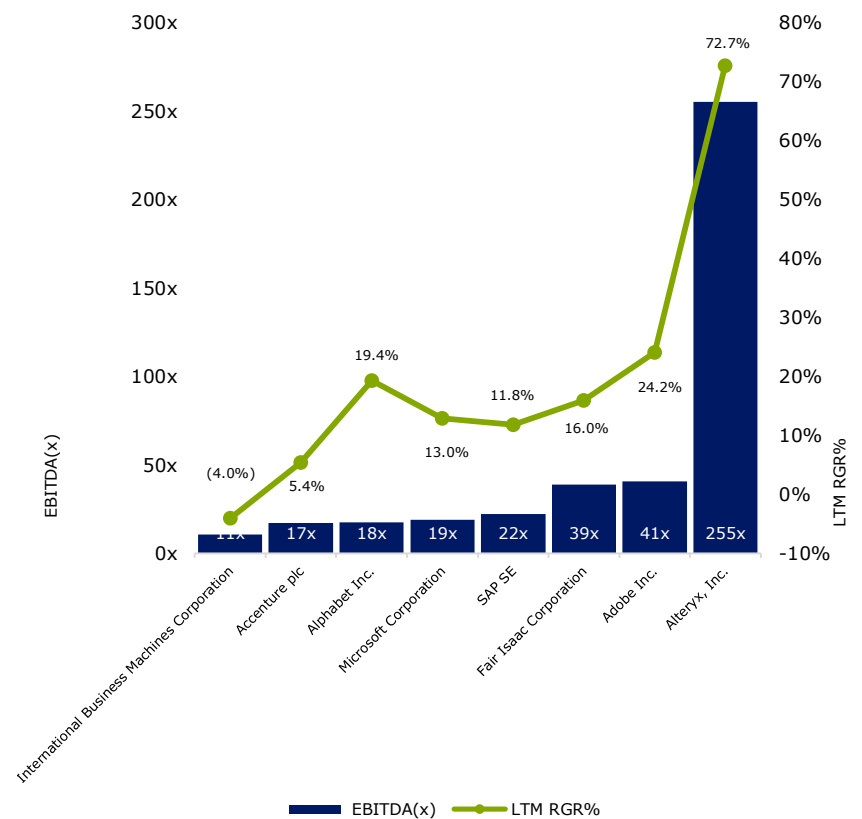
# Valuation



## 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
20Nov19	IAPP's Privacy Core® e-learning solution	OneTrust, LLC	-	-	-	-
19Nov19	Nymity Inc.	True Ultimate Standards Everywhere, Inc.	-	-	-	-
13Nov19	it.sec GmbH	Swiss IT Security AG	-	-	-	-
12Nov19	N-Dimension Solutions Inc.	IPKeys Technologies LLC	-	-	-	-
6Nov19	EZMCOM Inc.	Fair Isaac Corporation	-	-	-	-
6Nov19	CyberlinkASP Technology, Inc.	Staple Street Capital LLC	-	-	-	-
5Nov19	2Keys Corporation	Interac, Inc.	-	-	-	-
5Nov19	Tectrade Computers Ltd.	Computer Systems Integration Limited	-	40.15	-	-
4Nov19	Onica Inc.	Rackspace Hosting, Inc.	-	-	-	-
1Nov19	All Assets of Clockwork Solutions, Inc.	Logistics Management Institute, Inc.	-	-	-	-
18Oct19	Opex Analytics LLC	LLamasoft, Inc.	-	-	-	-
9Oct19	Pacific Technology Solutions, LLC	MSX International, 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	Predictronic 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	3.10	-	-	-
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.	-	-	-	-

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November 2019

APPENDIX:  
Public Basket  
Constituents

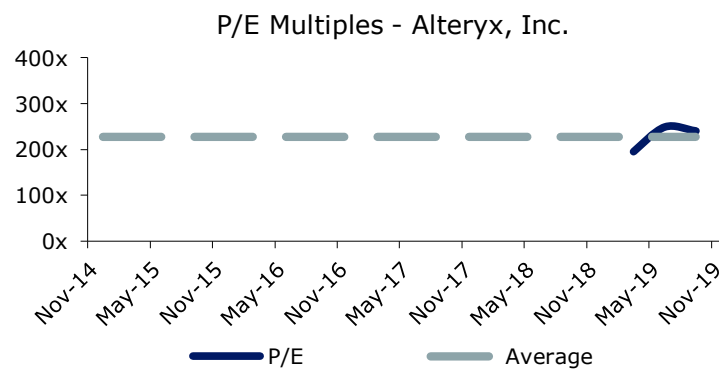
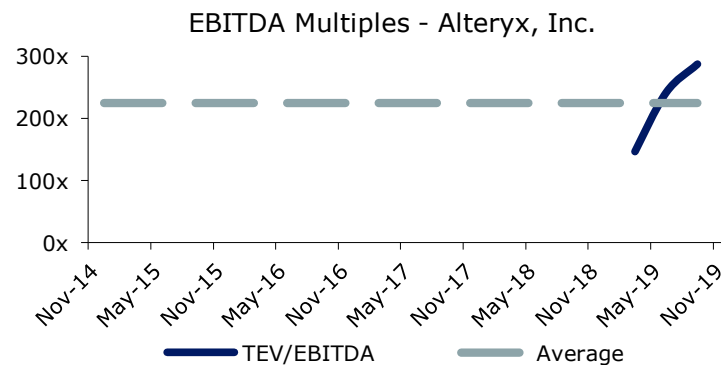
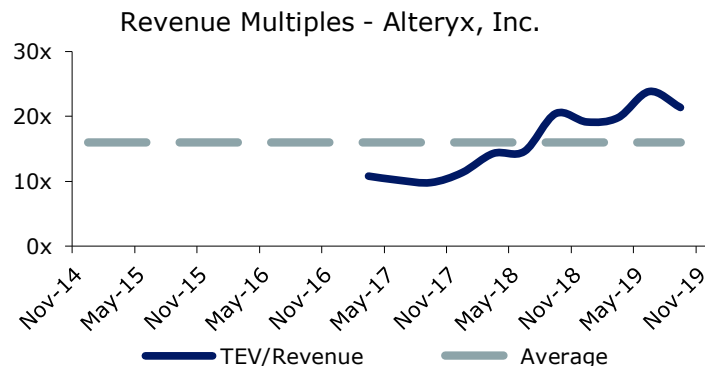
# Public Basket



## 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
11/15/19	Arizona State University and Alteryx Join Forces to Enable Smart City Initiatives in Phoenix Metro Area
10/3/19	Alteryx, Inc. (NYSE:AYX) acquired Feature Labs, Inc. for \$25.5 million.
8/6/19	Alteryx To Seek Acquisitions

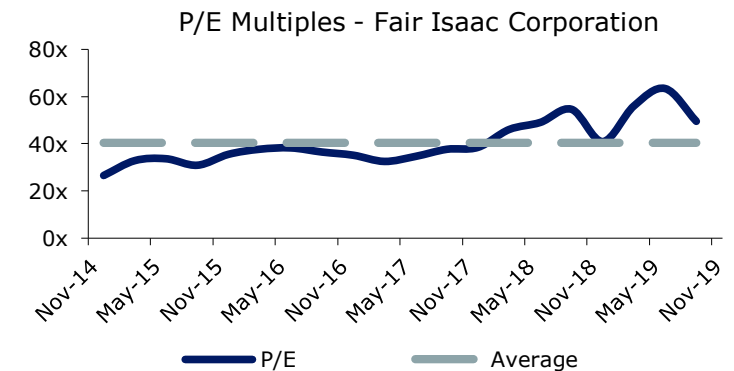
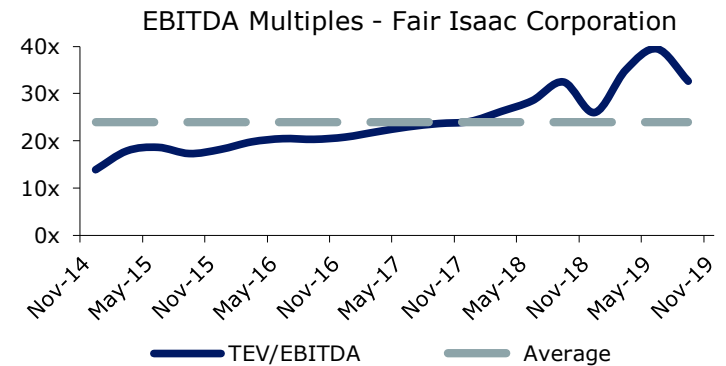
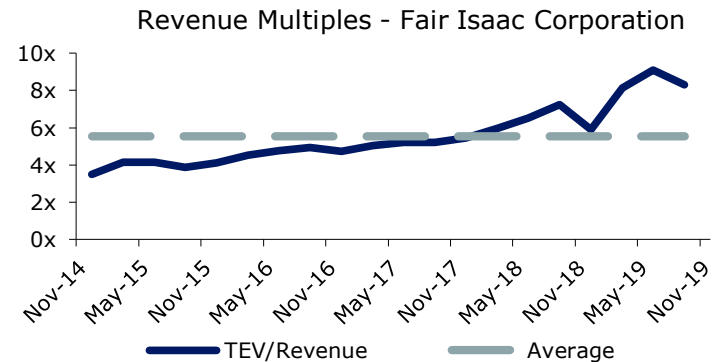


# Public Basket



## 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
11/5/19	Fair Isaac Corporation (NYSE:FICO) acquired EZMCOM Inc.
12/11/18	Fair Isaac Corporation (NYSE:FICO) acquired GoOn - Evolucao em Gestao de Riscos Ltda.



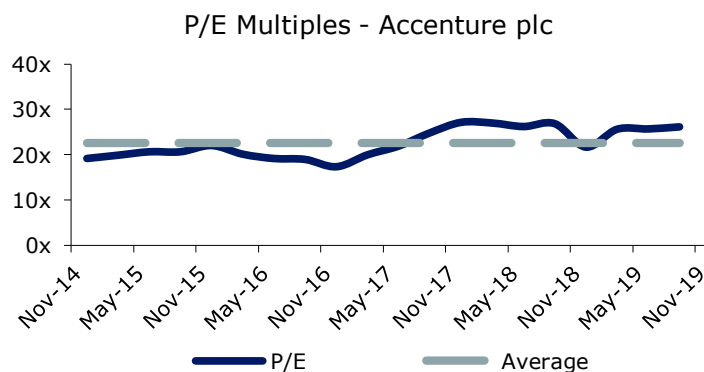
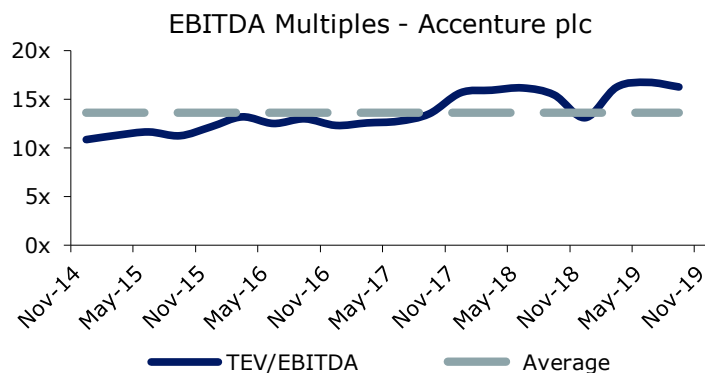
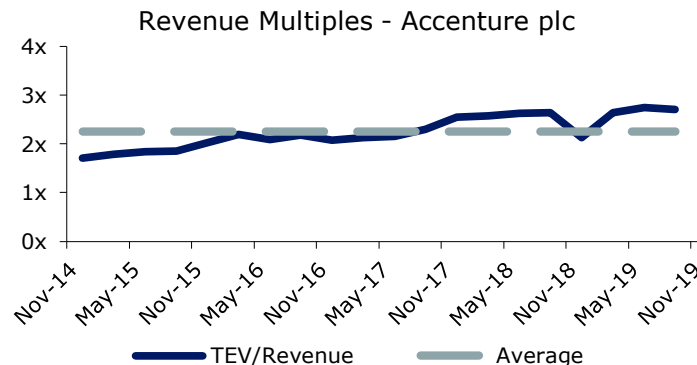
# Public Basket



## 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
11/13/19	Accenture plc (NYSE:ACN) agreed to acquire Silveo.
11/7/19	Ajinomoto Co., Inc. and Accenture plc Establishes Joint Venture in Japan
10/20/19	Accenture plc (NYSE:ACN) completed the acquisition of Nytec Inc.
10/16/19	Accenture plc (NYSE:ACN) acquired Happen Ltd.
10/2/19	Accenture (NYSE: ACN) agreed to acquire Nytec Inc.



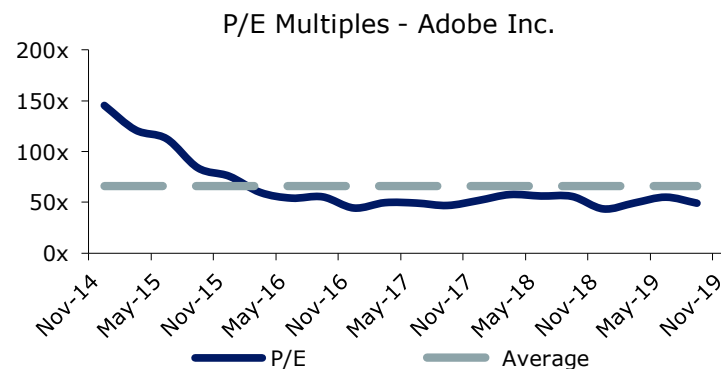
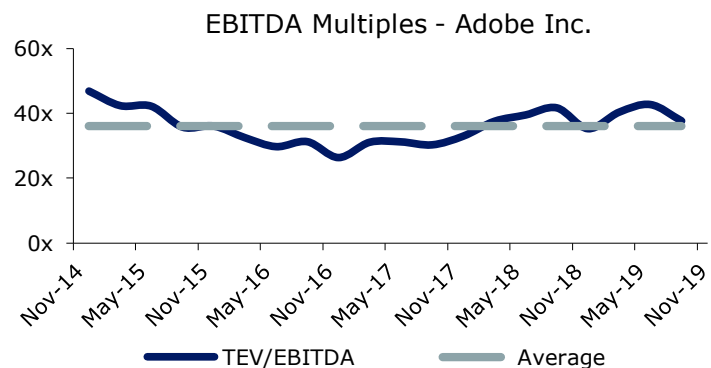
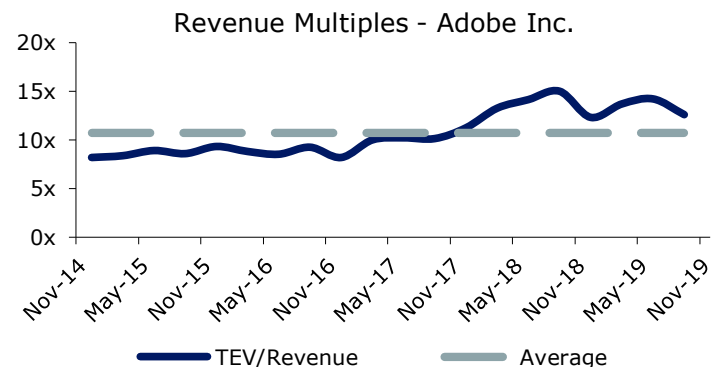
# Public Basket



## 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
11/4/19	HP Inc. and Adobe Fuel New Era of 3D Production Technology for Creatives
11/3/19	Adobe, The New York Times Company and Twitter Announce Content Authenticity Initiative to Develop Industry Standard for Content Attribution
6/11/19	Datacolor Collaborates with Adobe to Launch New Innovative Solution for Textile Industry
3/27/19	Adobe, Microsoft and SAP Announce New Open Data Initiative Details
3/13/19	Yext, Inc. Announces the New Collaboration with Adobe to Drive Website Discovery



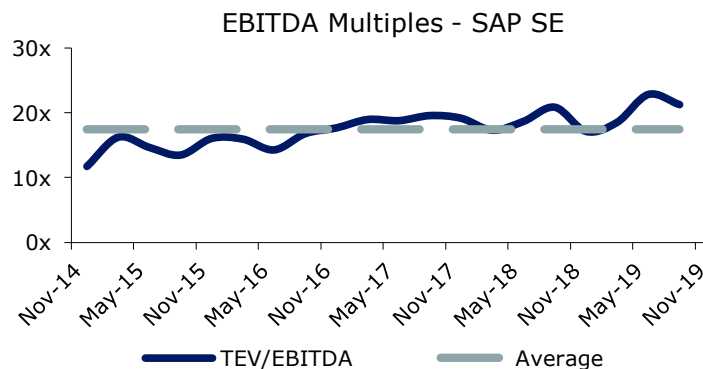
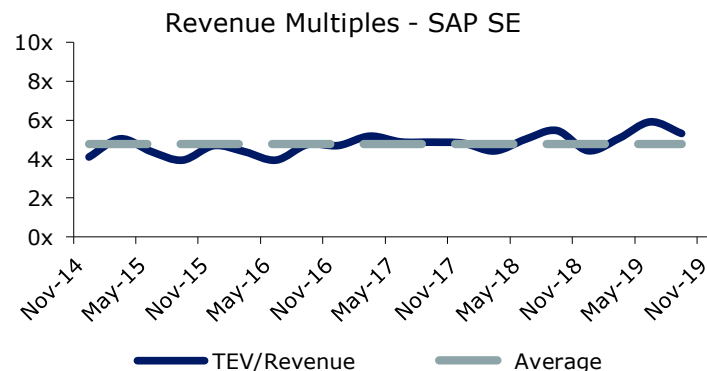
# Public Basket



## 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
10/23/19	Verizon and SAP SE Co-Developing Next Gen IoT Analytics Solutions
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



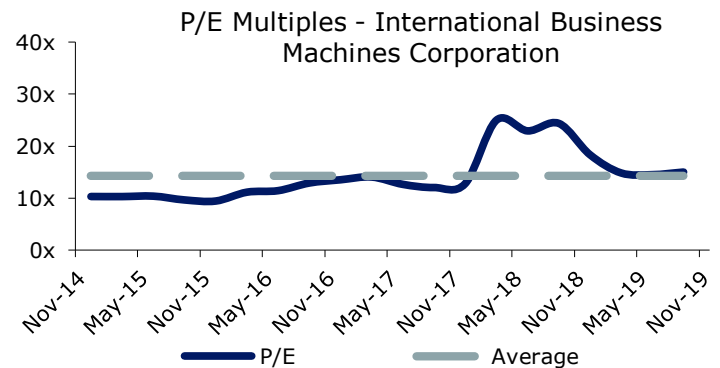
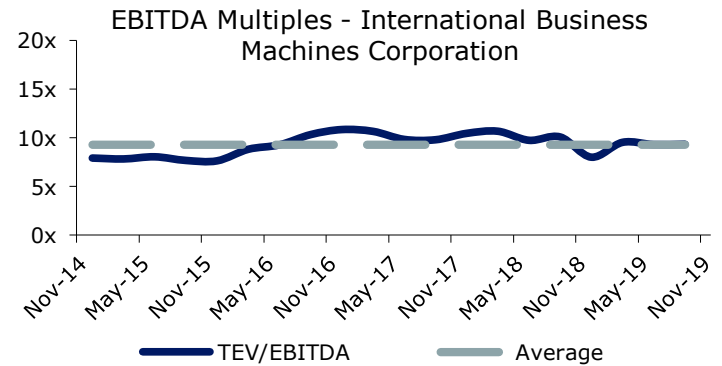
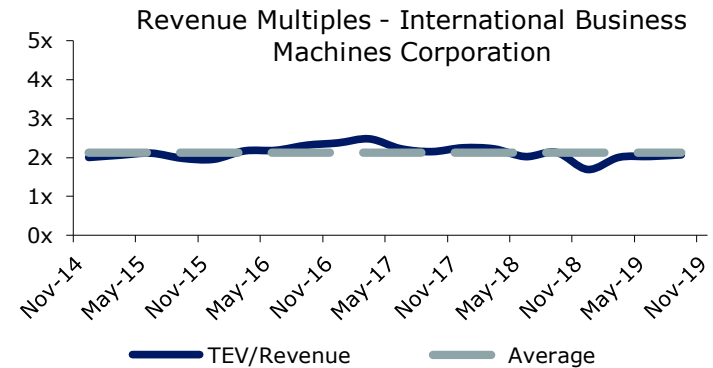
# Public Basket



## 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
11/19/19	Open Invention Network Teams with IBM, Linux Foundation and Microsoft to Further Protect Open Source from Patent Trolls
11/15/19	IBM to Collaborate with VetBloom to Form a Group Focused on the Application of Blockchain for Learning Credentials in the Veterinary Industry
9/24/19	SS&C Technologies Holdings, Inc. (NasdaqGS:SSNC) entered into a definitive agreement to acquire certain Algorithmics and related assets from International Business Machines Corporation (NYSE:IBM).



# Public Basket

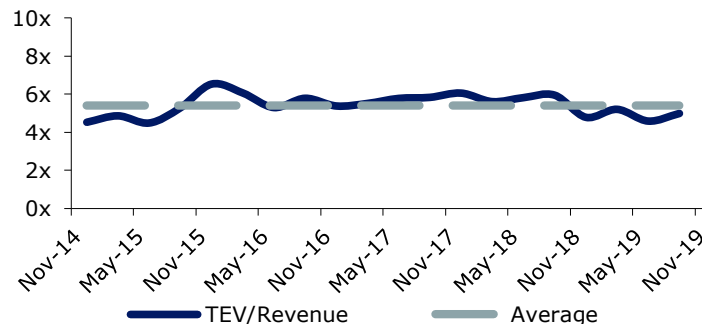


## Alphabet Inc.

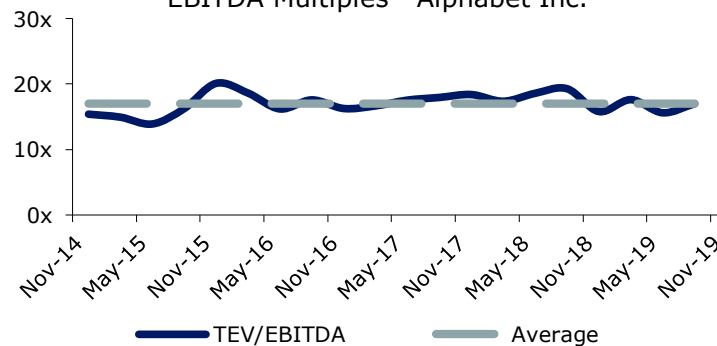
Alphabet Inc. provides online advertising services in the United States, Europe, the Middle East, Africa, the Asia-Pacific, Canada, and Latin America. It offers performance and brand advertising services. The company operates through Google and Other Bets segments. The Google segment offers products, 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
11/6/19	The AES Corporation and Google Create Strategic Alliance to Accelerate the Future of Energy
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

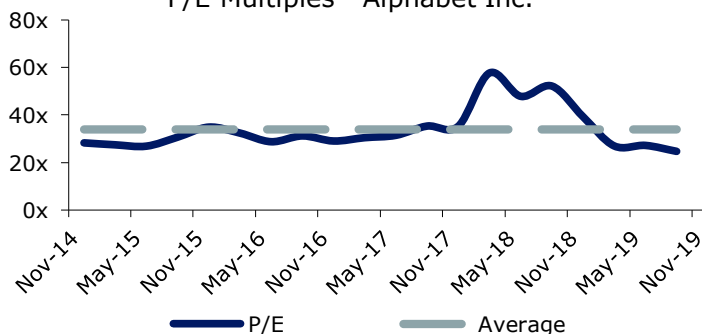
Revenue Multiples - Alphabet Inc.



EBITDA Multiples - Alphabet Inc.



P/E Multiples - Alphabet Inc.



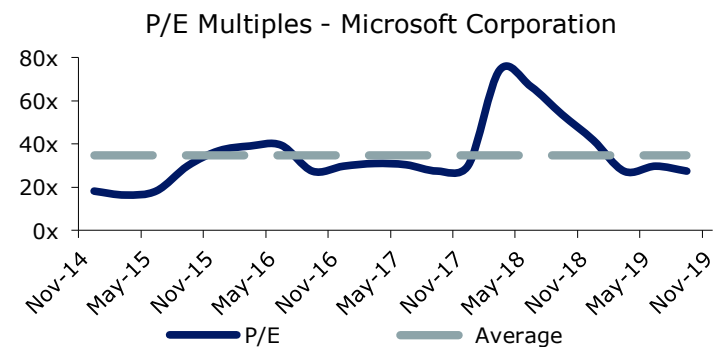
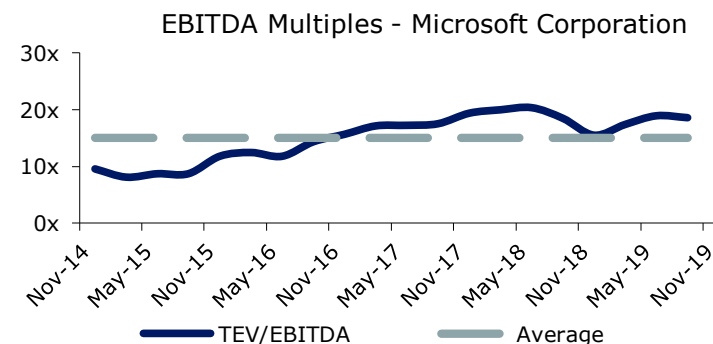
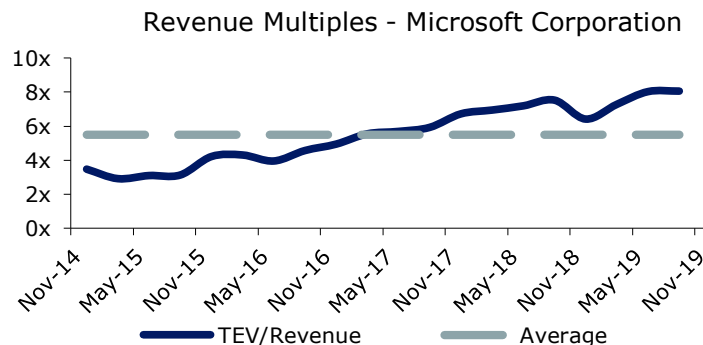
# Public Basket



## 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
11/20/19	Vattenfall and Microsoft Announces Joint Development of First-Of-Its-Kind Solution
11/19/19	Open Invention Network Teams with IBM, Linux Foundation and Microsoft to Further Protect Open Source from Patent Trolls
11/8/19	WANdisco and Microsoft Jointly Developed Azure Embedded Solution
11/5/19	Microsoft and Nokia Collaborate to Accelerate Digital Transformation and Industry 4.0 for Communications Service Providers and Enterprises
10/21/19	NVIDIA with Microsoft Announces Technology Collaboration for Era of Intelligent Edge



# 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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