



Sectorwatch: Cloud CRM Software

April 2020

Cloud CRM Software

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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

↓ -0.2%

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

↑ 1.1%

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

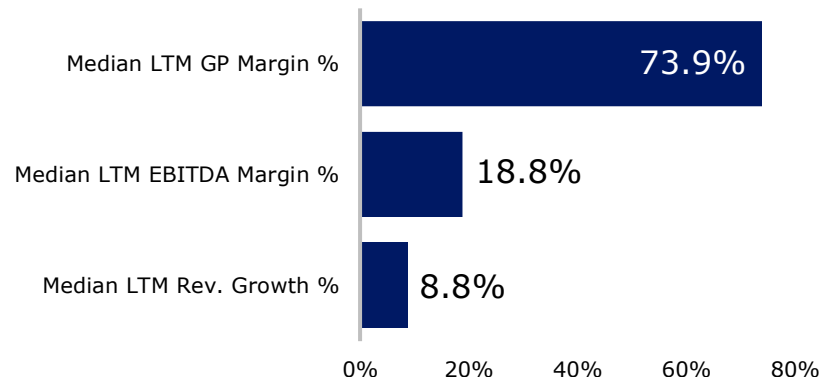
Profitability

↓ -1.6%

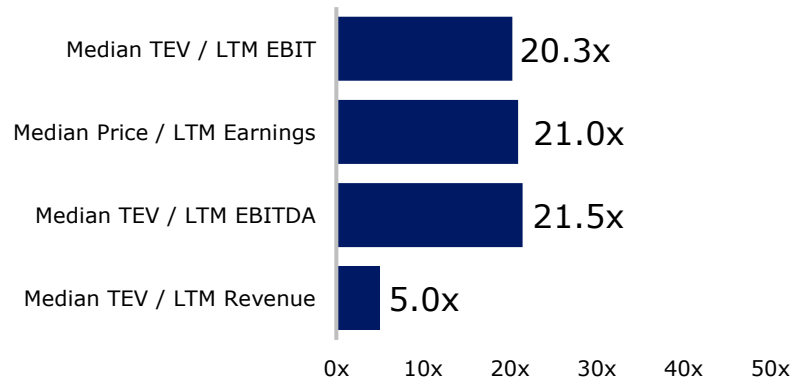
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

Operating Metrics



Valuation



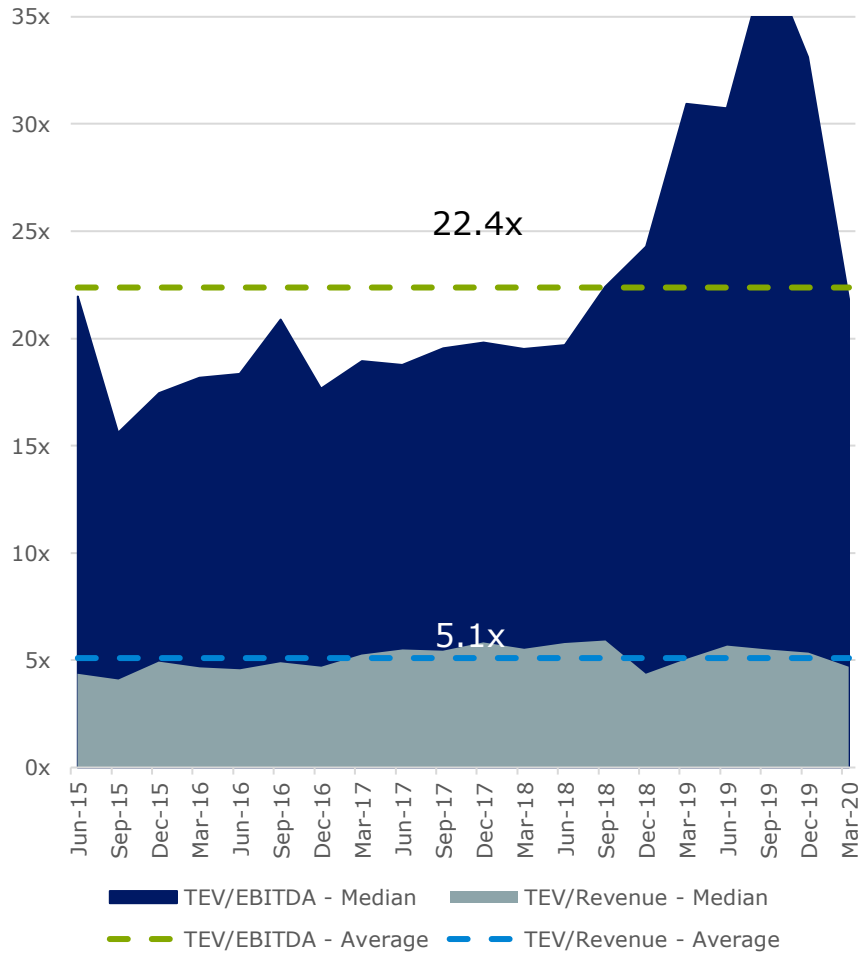
Public Basket



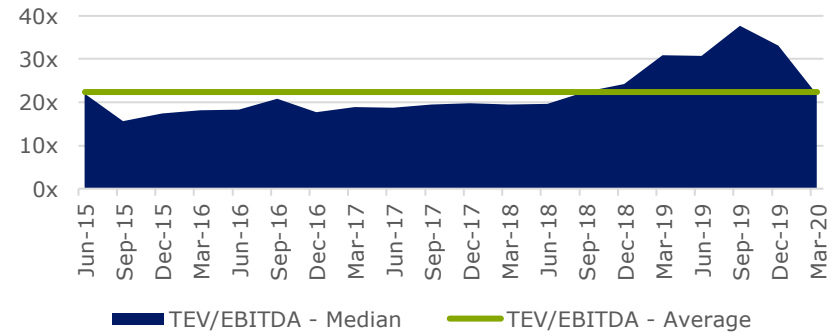
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
MicroStrategy Incorporated	781	486	-2%	79%	3%	1.6	23.0	2,396	203
Neusoft Corporation	2,056	1,054	5%	29%	2%	1.9	81.3	16,656	63
Blackbaud, Inc.	3,074	900	6%	54%	11%	3.4	23.5	3,611	249
HubSpot, Inc.	5,819	675	32%	81%	-4%	8.6	0.0	3,387	199
The Sage Group plc	8,887	2,381	5%	93%	25%	3.7	14.7	12,643	188
Veeva Systems Inc.	23,275	1,104	28%	73%	28%	21.1	73.7	3,501	315
salesforce.com, inc.	134,794	17,098	29%	75%	13%	7.9	42.2	49,000	349
SAP SE	154,272	30,920	12%	70%	24%	5.1	19.9	100,330	308
Oracle Corporation	195,399	39,766	1%	80%	41%	4.9	11.6	136,000	292
Microsoft Corporation	1,211,793	134,249	13%	68%	46%	9.0	19.2	144,000	932
Average	174,015	22,863	13%	70%	19%	6.7	30.9	47,152	310
Median	16,081	1,743	9%	74%	19%	5.0	21.5	14,650	271

share price as of 13Apr20

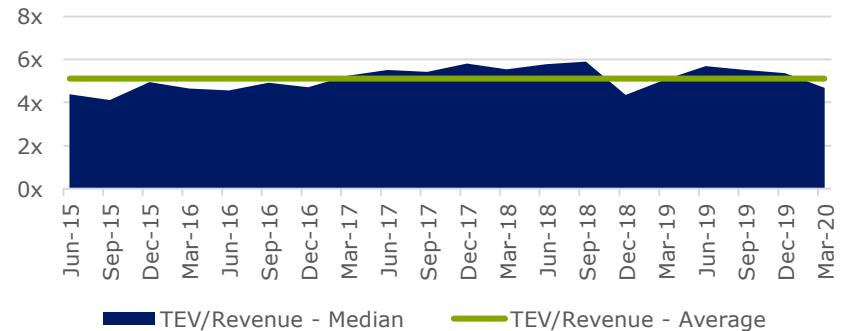
Public Basket Valuation Trends



Public EBITDA Multiples over Time



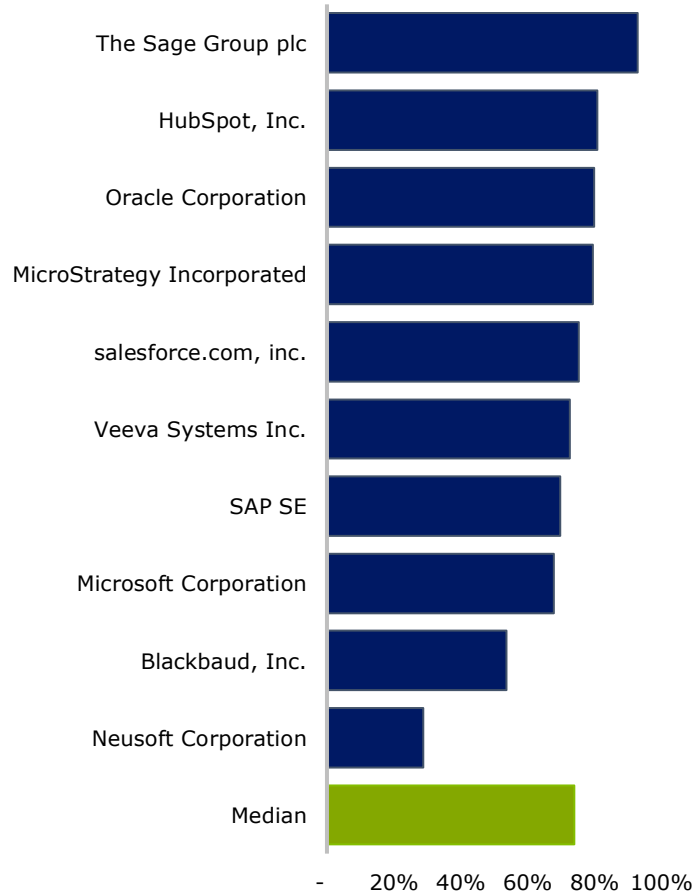
Public Revenue Multiples over Time



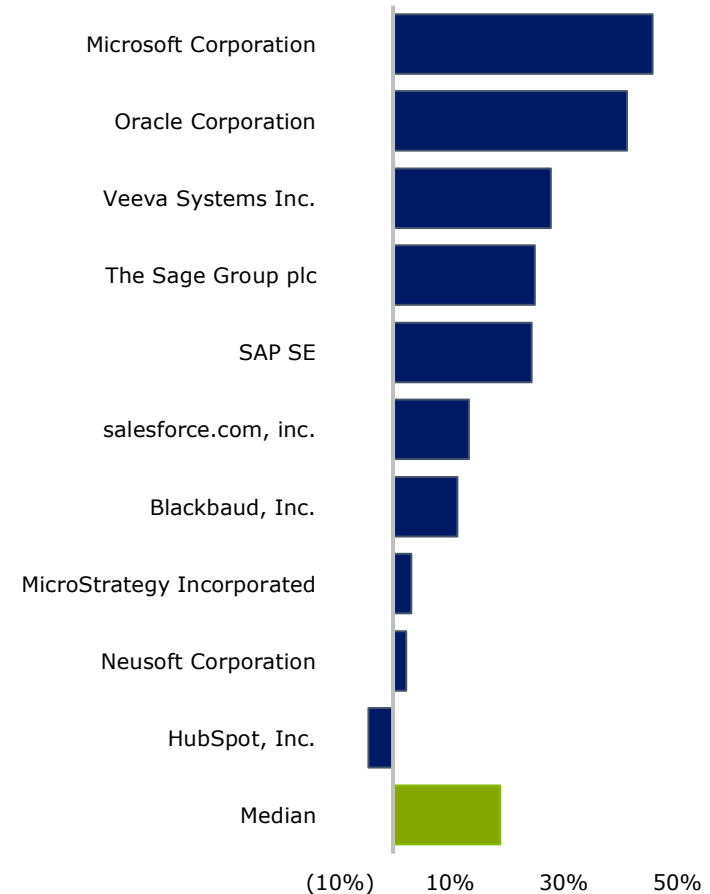
Operational Metrics



LTM Gross Profit Margin %



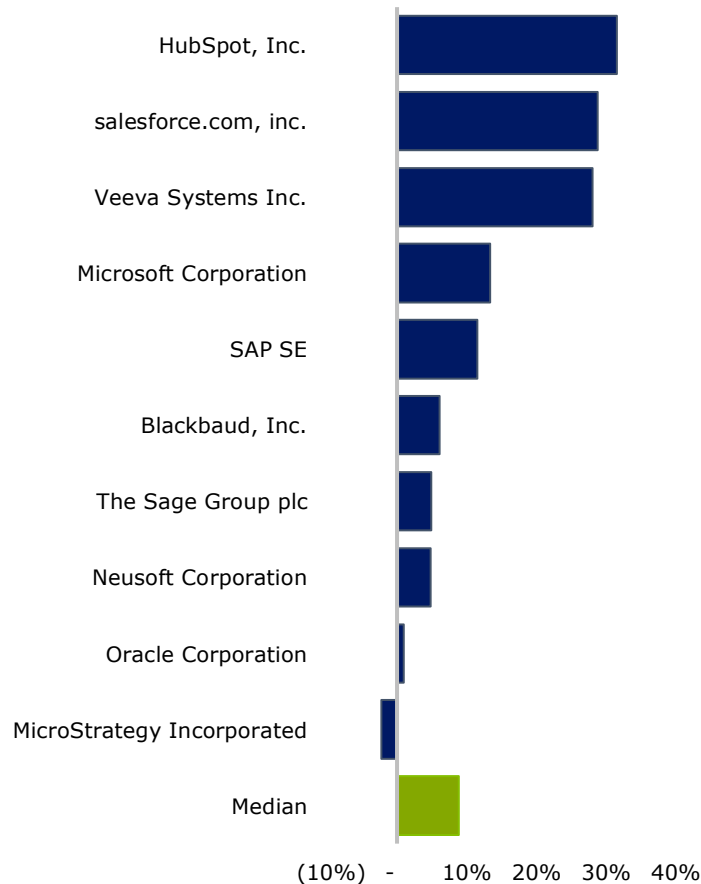
LTM EBITDA %



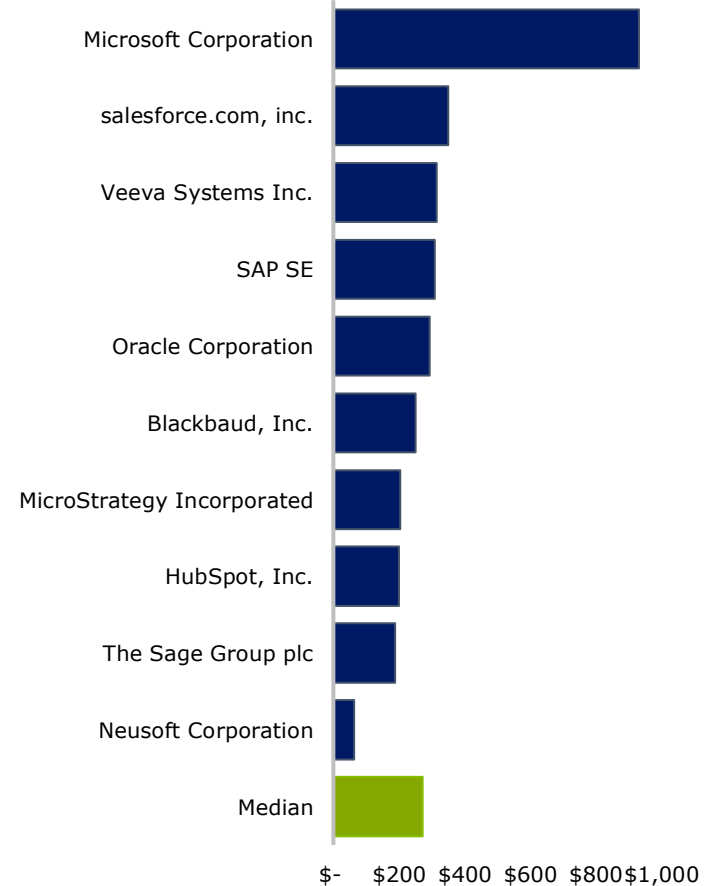
Operational Metrics



LTM Revenue Growth %



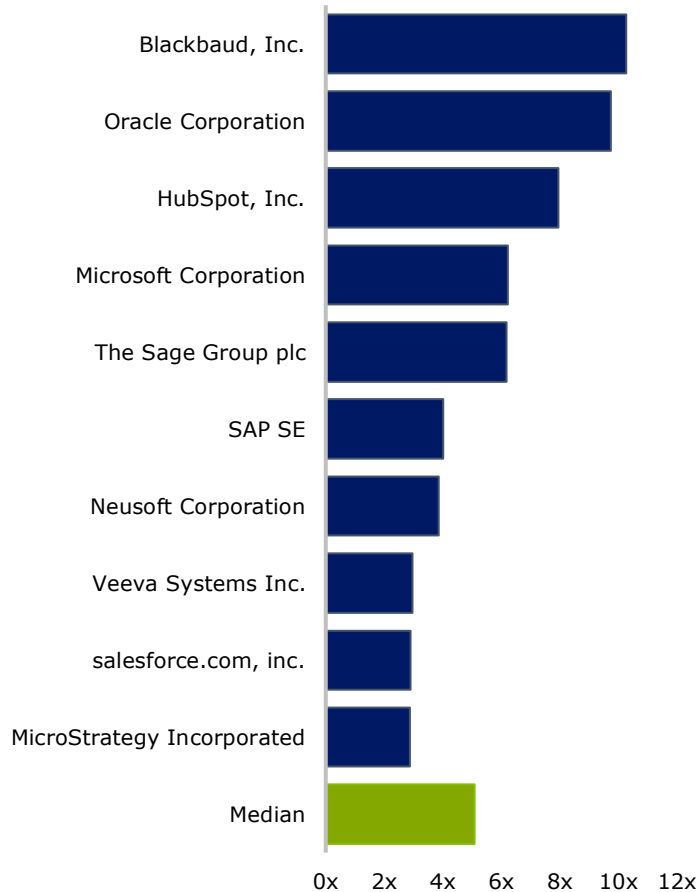
LTM Revenue per Full Time Employee x 000's



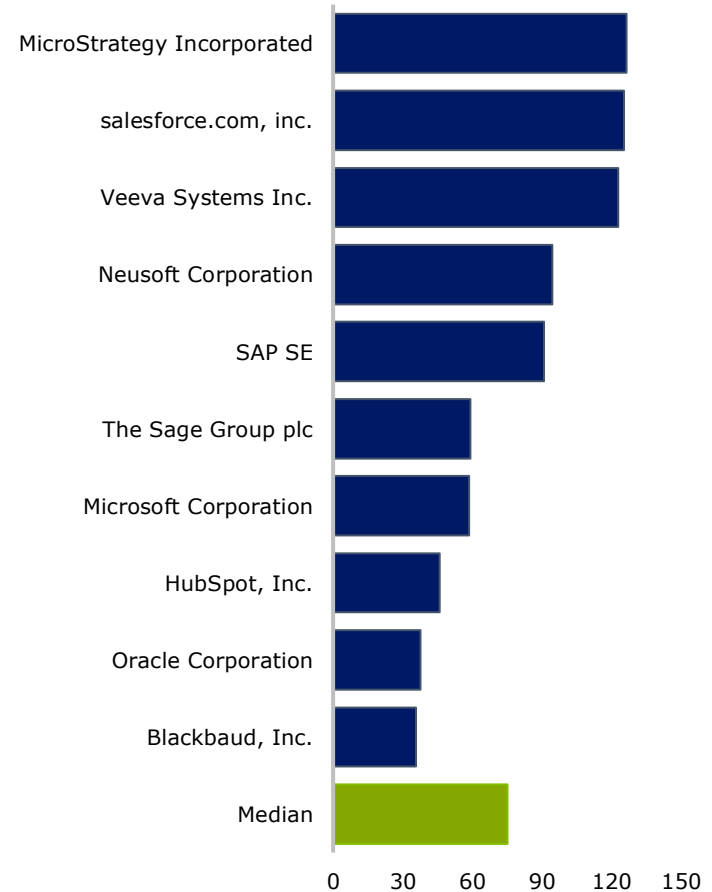
Operational Metrics



Accounts Receivable Turnover



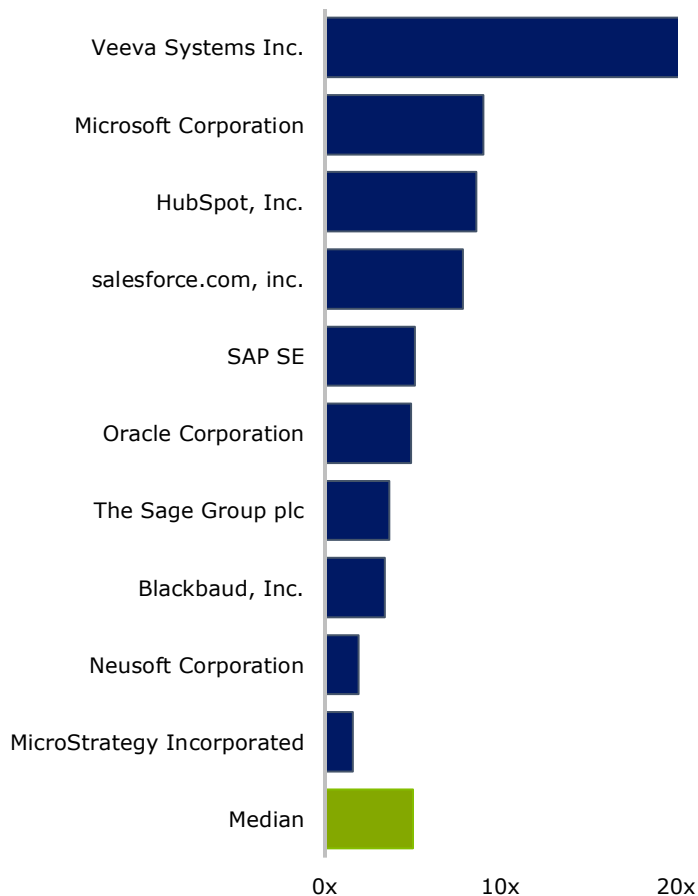
Average Days Sales Outstanding



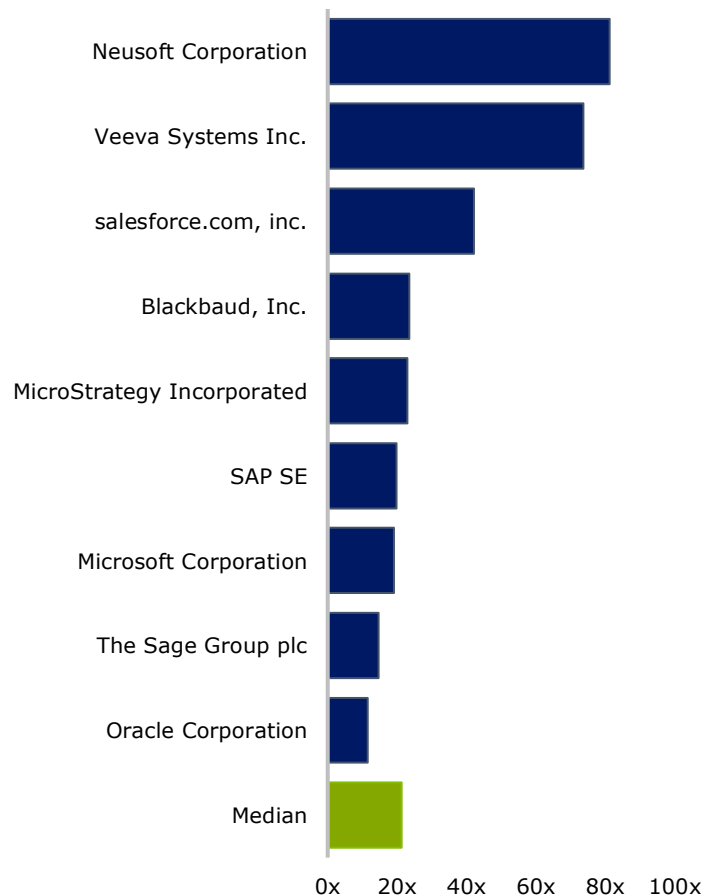
Valuation



TEV / LTM Revenue



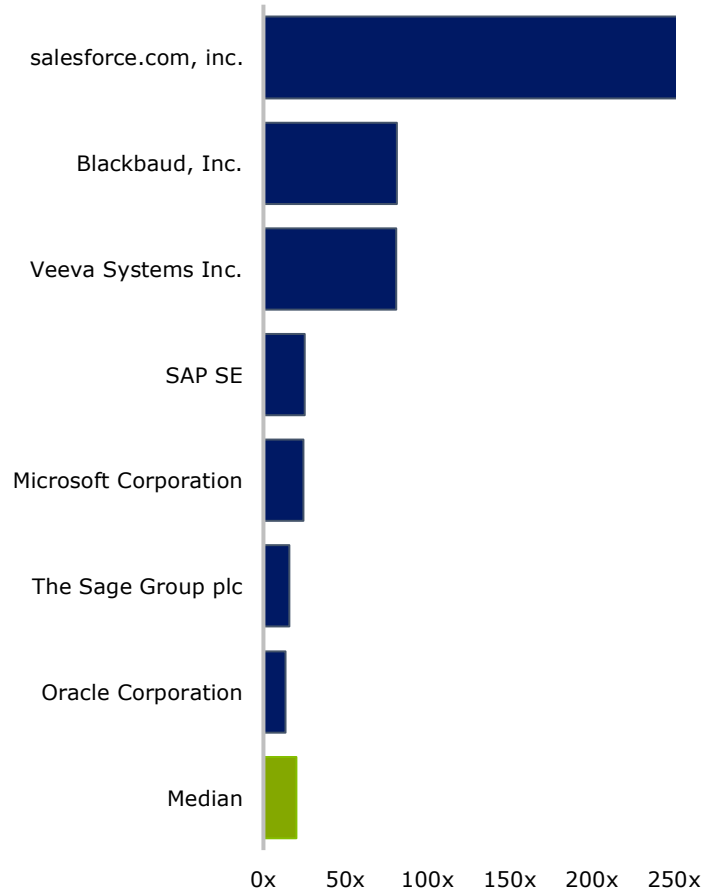
TEV / LTM EBITDA



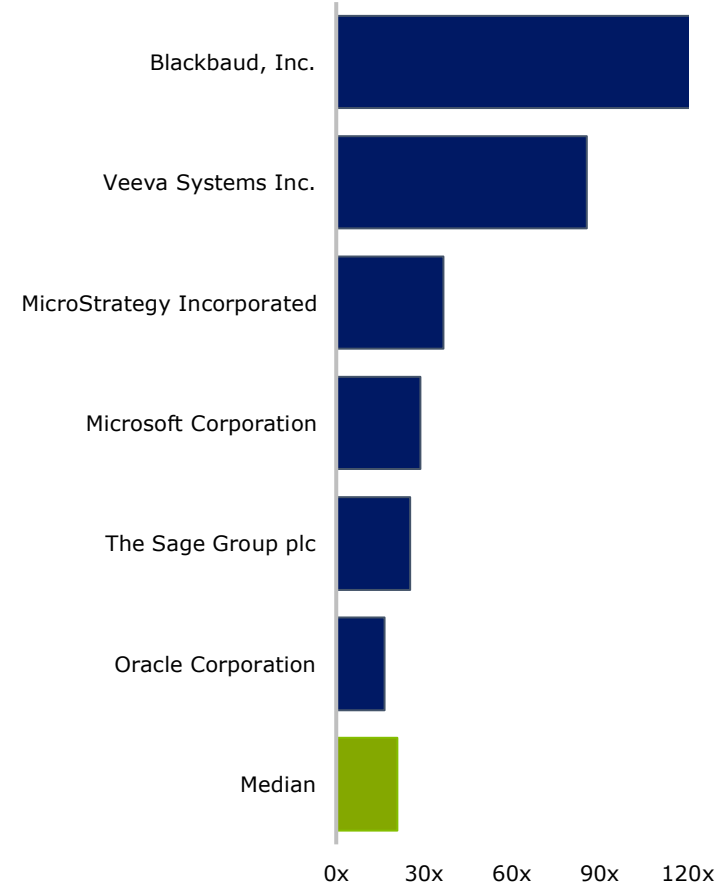
Valuation



TEV / LTM EBIT



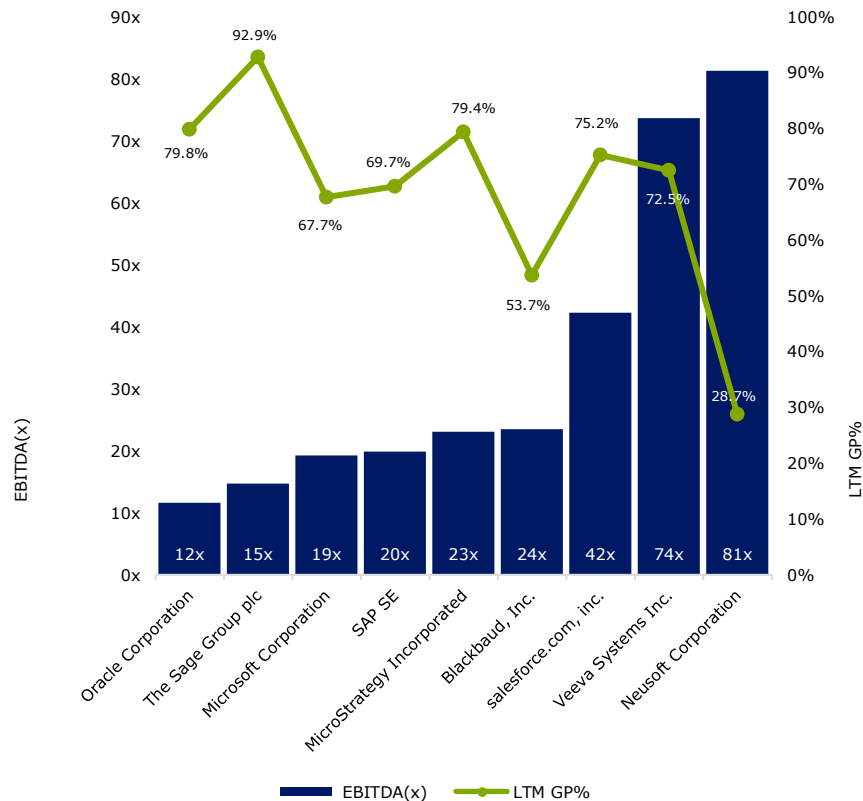
Price / LTM Earnings



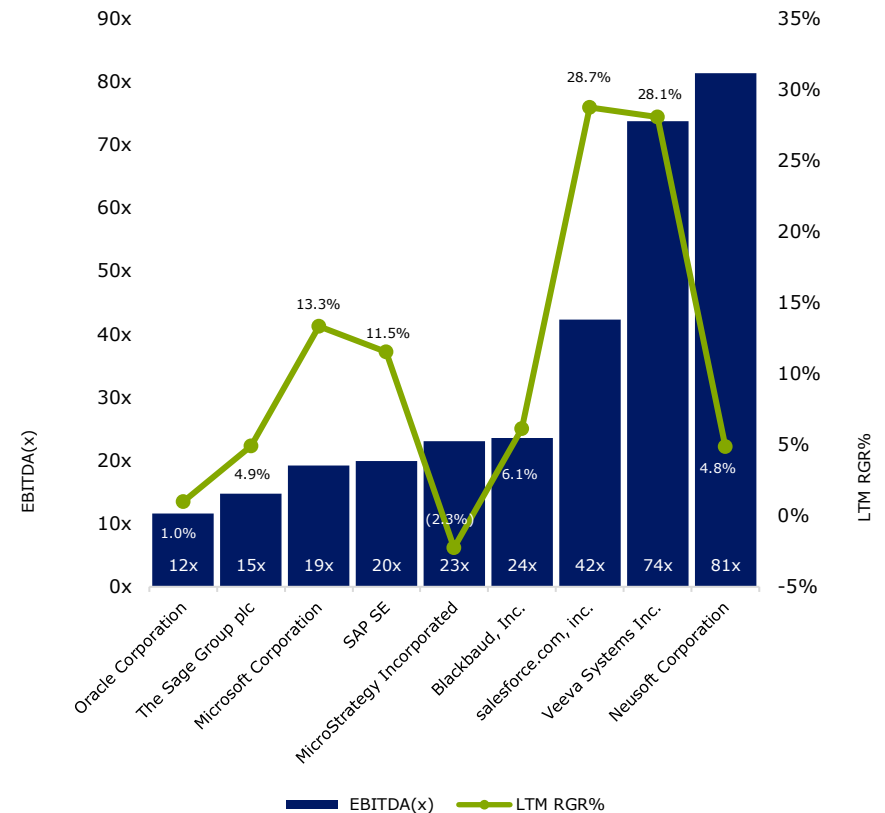
Valuation



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
7Apr20	Meelogic Consulting AG	GlobalLogic Inc.	-	-	-	-
7Apr20	Alchemy Cloud Inc.	-	-	-	-	-
25Mar20	Tikit Group plc	Advanced Computer Software Group Limited	-	-	-	-
25Mar20	Merkle Inc.	Dentsu Aegis Network Ltd.	98.78	-	-	-
24Mar20	BT France SAS	Computacenter plc	-	127.39	-	-
20Mar20	Advanced Business Systems, LLC	Stoneridge Software, Inc.	-	-	-	-
16Mar20	Sceptre Hospitality Resources, LLC	Serent Capital	-	-	-	-
11Mar20	We Are Arthur, Inc.	-	-	-	-	-
28Feb20	Xano, Inc.	-	-	-	-	-
25Feb20	Verb Technology Company, Inc.	-	6.00	6.62	-	-
19Feb20	ZynBit.com, Inc	-	-	-	-	-
17Feb20	Cloud Explorers AS	TargetEveryone AB (publ) (nka:SpectrumOne AB (publ))	7.32	-	-	-
13Feb20	Realvolve, LLC	FirePoint Solutions, LLC	-	-	-	-
10Feb20	Industrios Software, Inc.	Shoplogix Inc.	-	-	-	-
10Feb20	Brightpearl Limited	Verdane; Verdane Capital X AB	-	-	-	-
6Feb20	UpLaunch, LLC	DAXKO LLC	-	-	-	-
5Feb20	Text Us Services Inc.	-	5.00	-	-	-
3Feb20	HGS Colibrium, Inc.	HGS International	0.11	3.83	0.6x	-
27Jan20	Trimpakt, Inc.	-	1.07	-	-	-
21Jan20	DialSource, Inc.	Camden Partners Holdings, LLC	10.00	-	-	-
17Jan20	Client 4 Life Group, LLC	-	-	-	-	-

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APPENDIX: Public Basket Constituents

Public Basket

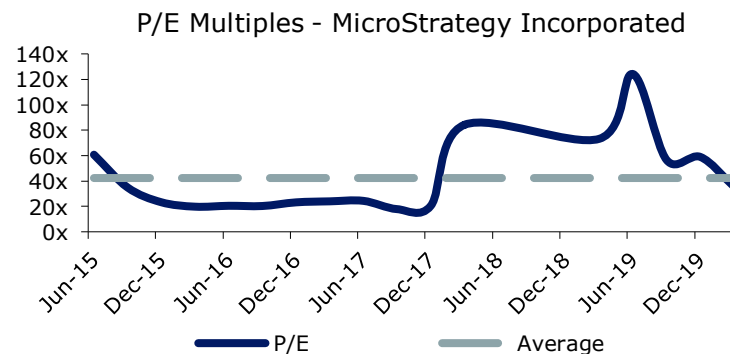
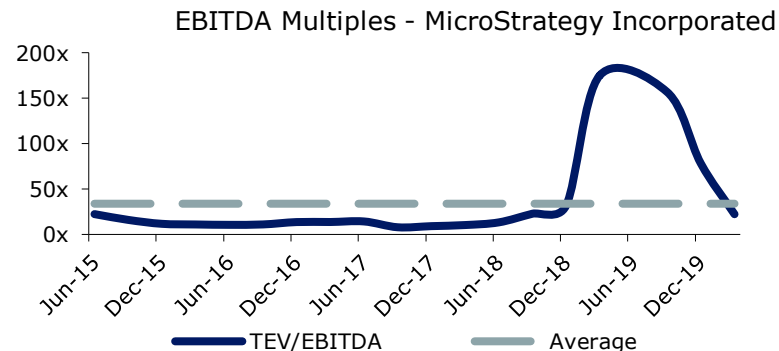
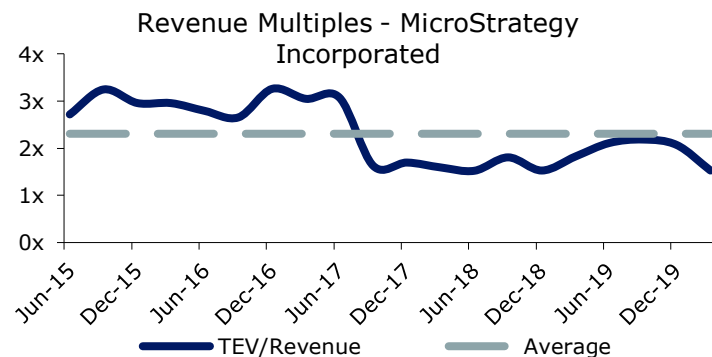


MicroStrategy Incorporated

MicroStrategy Incorporated provides enterprise software platforms worldwide. It offers MicroStrategy Analytics platform that delivers reports and dashboards, and enables users to conduct ad hoc analysis and share insights through mobile devices or the Web; MicroStrategy Server, which provides analytical processing and job management for various reporting, analysis, and monitoring applications; MicroStrategy Web, a primary reporting interface for analysts that offers interactive reporting, dashboarding, and analysis through a Web browser; and MicroStrategy Desktop, an on-premise and single-user tool for easy-to-use self-service visual data discovery. The company also provides MicroStrategy Mobile, a vehicle for mobilizing an organization's information systems, including its data warehouses, business intelligence, ERP, CRM, and Web applications that are accessible on the desktop; and Usher, a digital credential and identity intelligence that enables organizations to dematerialize the traditional forms of identity verification and replace them with a single mobile identity badge. The company was founded in 1989 and is headquartered in Tysons Corner, Virginia.

Date Key Development Headline

1/16/18	Snowflake Computing Teams with MicroStrategy® Incorporated to Deliver Fast Access and Rich Insight to Enterprise Data
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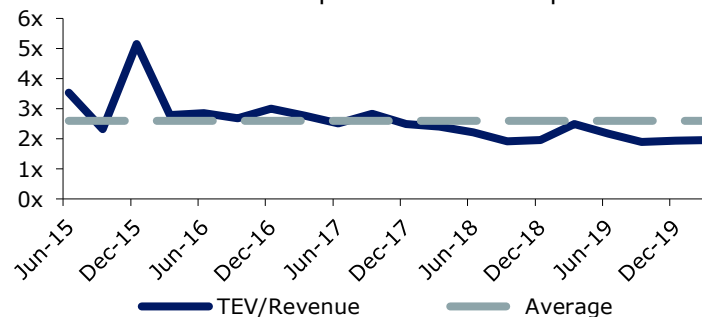
Public Basket



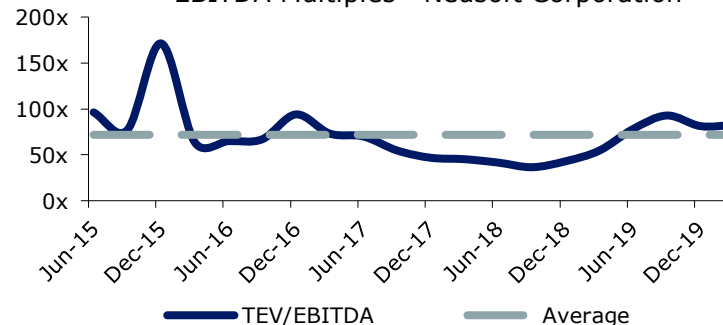
Neusoft Corporation

Neusoft Corporation provides information technology (IT) solutions and services worldwide. The company offers products and platforms, such as TalentBase human capital management system; SkillBase, an e-learning system; group financial management and control system; customer relationship management system; enterprise asset management system; super electronic archive system; business process content management platform; and UniOffice, an office management system. Its products and platforms also include picture archiving and communication software system; digital signage network/system; NetEye security operations center platform; NetPatrol, a network application monitoring and management system; Aclome, a cloud management environment; UniEAP, a unified enterprise application practice application; OpenBASE, a database management system; mobile device management system; navigation system; and rear view assistance system. In addition, it provides engineering services, such as application development and maintenance, ERP consulting and implementation, software globalization and localization, professional testing and performance engineering, and IT infrastructure services; on-demand services, such as Telemedicine, Xikang, and Telematics; and management consultation, business process outsourcing, and IT education and training services. The company was founded in 1991 and is headquartered in Shenyang, China.

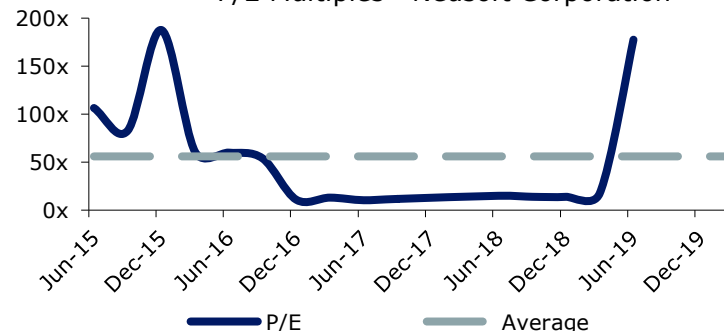
Revenue Multiples - Neusoft Corporation



EBITDA Multiples - Neusoft Corporation



P/E Multiples - Neusoft Corporation



Public Basket

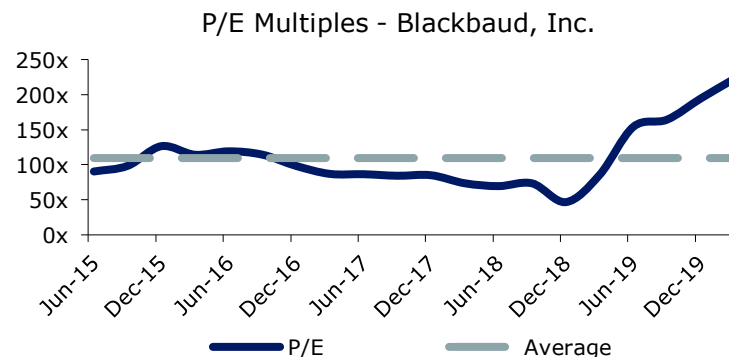
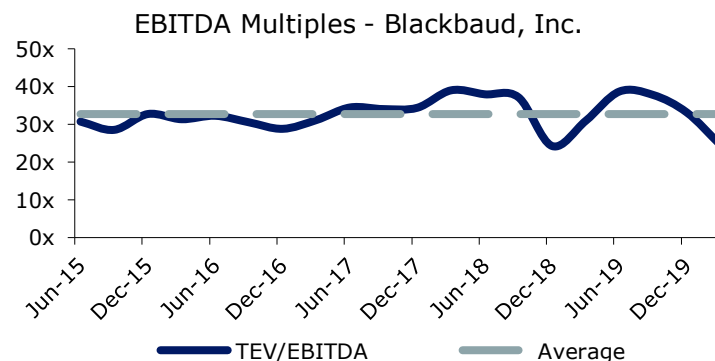
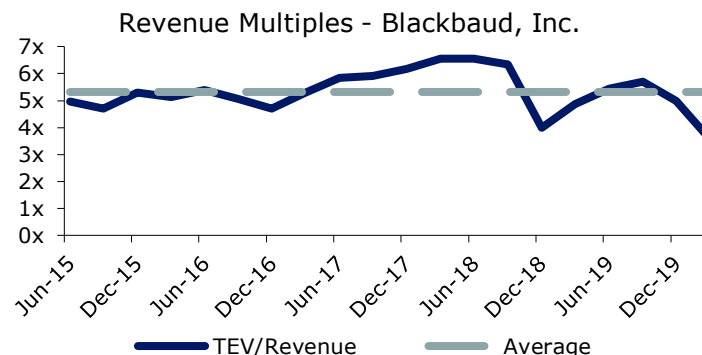


Blackbaud, Inc.

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. Blackbaud, Inc. was founded in 1981 and is headquartered in Charleston, South Carolina.

Date Key Development Headline

5/1/18	Blackbaud Seeks Acquisitions
4/30/18	Blackbaud, Inc. (NasdaqGS:BLKB) acquired Reeher LLC.

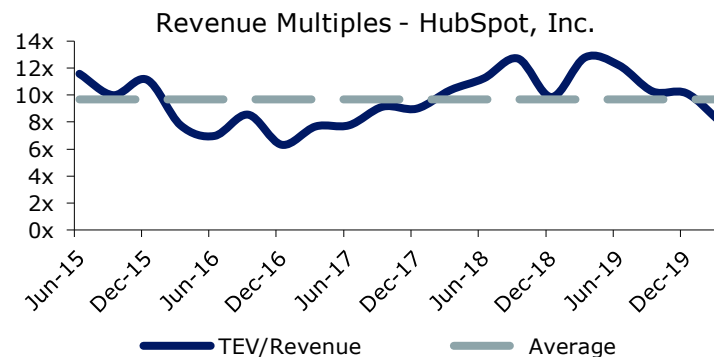


Public Basket



HubSpot, Inc.

HubSpot, Inc. provides a cloud-based marketing and sales software platform for businesses in the Americas, Europe, and the Asia Pacific. Its software platform includes integrated applications, such as social media, search engine optimization, blogging, Website content management, marketing automation, email, sales productivity, CRM, analytics, and reporting. The company also offers professional, and phone and email-based support services. It serves mid-market business-to-business, and B2B companies. The company markets its product through inbound go-to-market approach, marketing agency, and sales partners. HubSpot, Inc. was founded in 2005 and is headquartered in Cambridge, Massachusetts.



Date	Key Development Headline
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11/3/19	HubSpot, Inc. (NYSE:HUBS) acquired PieSync BVBA from Ark Angels Activator Fund N.V., Participatiemaatschappij Vlaanderen NV, IMEC, Investment Arm, and Fortino Capital for approximately \$26.5 million.
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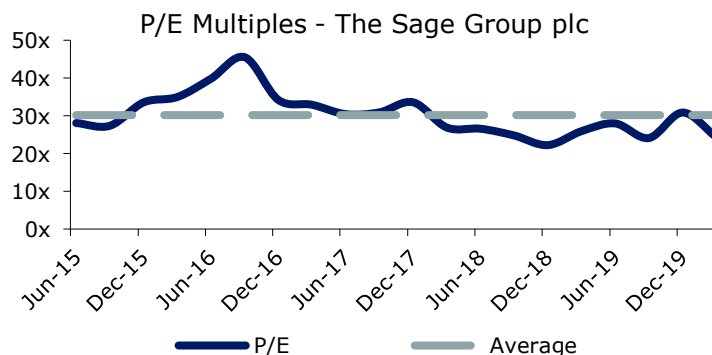
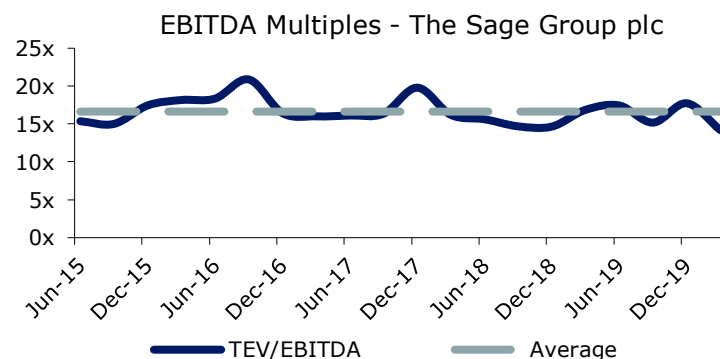
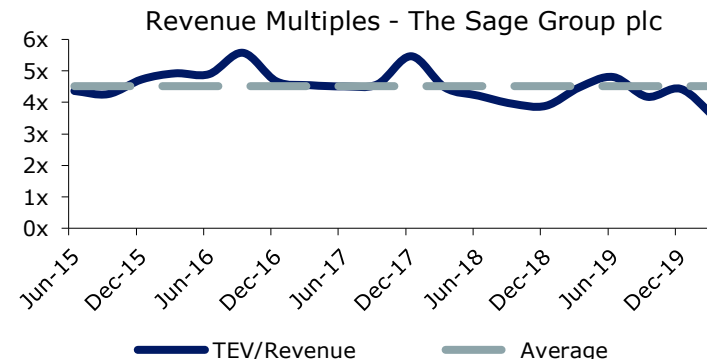
Public Basket



The Sage Group plc

The Sage Group plc provides business management software and services for small and medium sized companies. It offers software and services for accounting and payroll, enterprise resource planning, customer relationship management, and payments. The company serves business owners, bookkeepers, and finance directors. It operates primarily in Northern Europe, Central and Southern Europe, North America, and internationally. The Sage Group plc was founded in 1981 and is based in Newcastle upon Tyne, the United Kingdom.

Date	Key Development Headline
3/30/20	An unknown local management completed the acquisition of Brazilian business from The Sage Group plc (LSE:SGE).
3/1/20	An unknown local management entered into an agreement to acquire Brazilian business from The Sage Group plc (LSE:SGE) for £10 million.
11/27/19	The Sage Group plc (LSE:SGE) acquired HR Bakery Ltd.
11/22/19	The Sage Group plc (LSE:SGE) acquired certain assets of Allocate, Inc.
11/17/19	Elavon Inc. entered into an agreement to acquire Sage Pay business from The Sage Group plc (LSE:SGE) for approximately £230 million.
9/27/19	The Sage Group plc (LSE:SGE) acquired OCRex Ltd for £42 million.



Public Basket

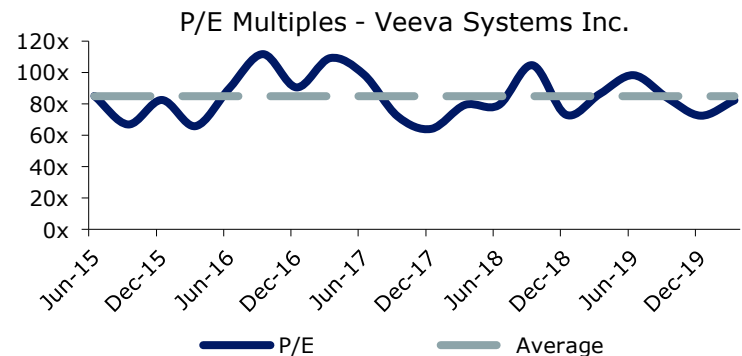
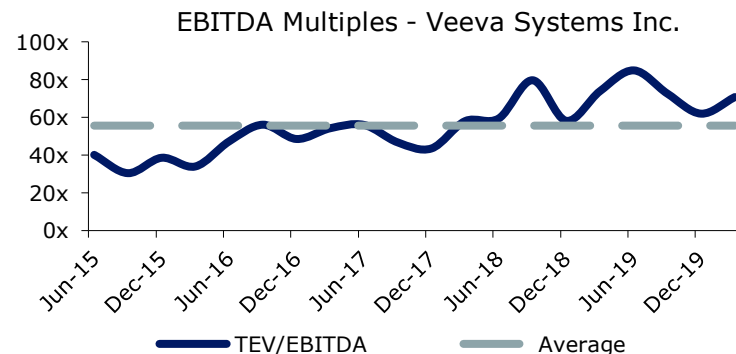
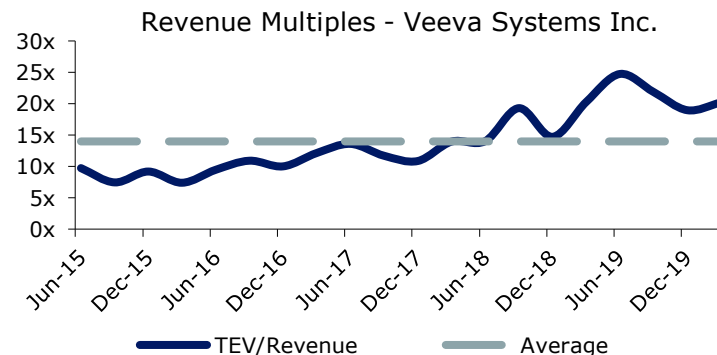


Veeva Systems Inc.

Veeva Systems Inc. provides cloud-based software for the life sciences industry in North America, Europe, the Asia Pacific, and internationally. The company offers Veeva Commercial Cloud, a suite of multichannel customer relationship management applications, data solutions, and master data management solutions; and Veeva Vault, a cloud-based enterprise content management applications for managing commercial functions, including medical, sales, and marketing, as well as research and development functions, such as clinical, regulatory, quality, and safety. It also provides professional and support services in the areas of implementation and deployment planning and project management; requirements analysis, solution design, and configuration; systems environment management and deployment services; services focused on advancing or transforming business and operating processes related to Veeva solutions; technical consulting services related to data migration and systems integrations; training on its solutions; and ongoing managed services that include outsourced systems administration. The company was formerly known as Verticals onDemand, Inc. and changed its name to Veeva Systems Inc. in April 2009. Veeva Systems Inc. was founded in 2007 and is headquartered in Pleasanton, California.

Date Key Development Headline

11/6/19	Veeva Systems Inc. (NYSE:VEEV) acquired Physicians World for \$41.4 million.
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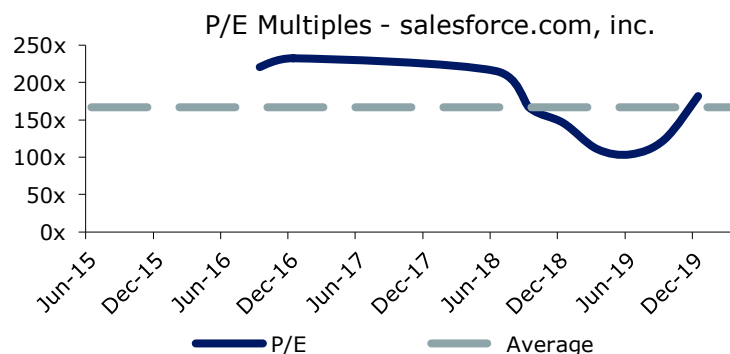
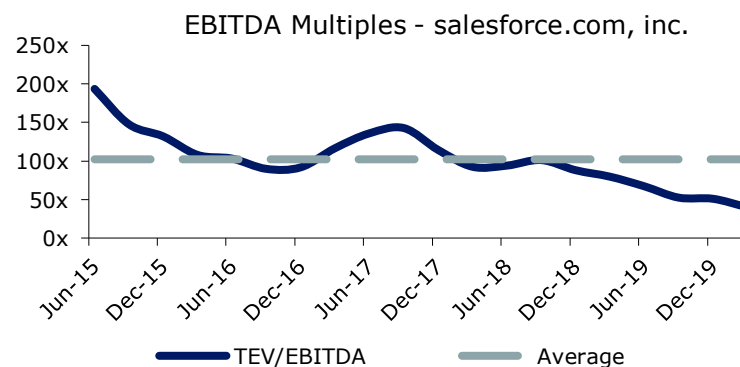
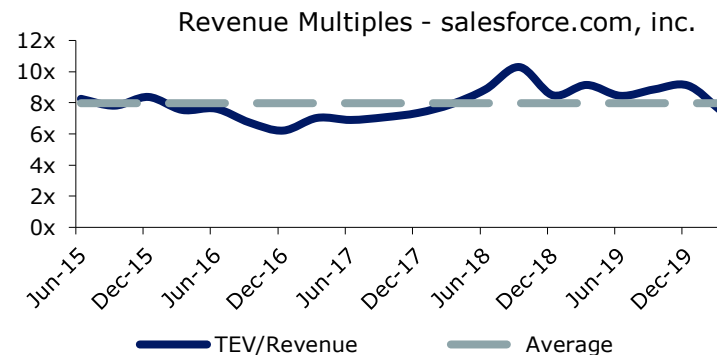
Public Basket



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, and gain insights through analytics and relationship intelligence, as well as deliver quotes, contracts, and invoices. It also provides Service Cloud, which enables companies to deliver personalized customer service and support, as well as a field service solution that enables companies to connect agents, dispatchers, and mobile employees through a centralized platform, which helps to schedule and dispatch work, and track and manage jobs in real-time. The company was founded in 1999 and is headquartered in San Francisco, California.

Date	Key Development Headline
3/1/20	salesforce.com, inc. (NYSE:CRM) completed the acquisition of C Level Club, LLC.
2/24/20	salesforce.com, inc. (NYSE:CRM) signed a definitive agreement to acquire an unknown remaining stake in Vlocity, Inc. for \$1.3 billion.
2/2/20	Salesforce.com, inc. (NYSE:CRM) completed the acquisition of Evergage, Inc.
12/16/19	Voluntis Collaborates with Salesforce to Introduce Full-Service Platform for Digital Therapeutics Prescription and Reimbursement
11/20/19	CaixaBank to Develop Digital Financial Services with Salesforce



Public Basket

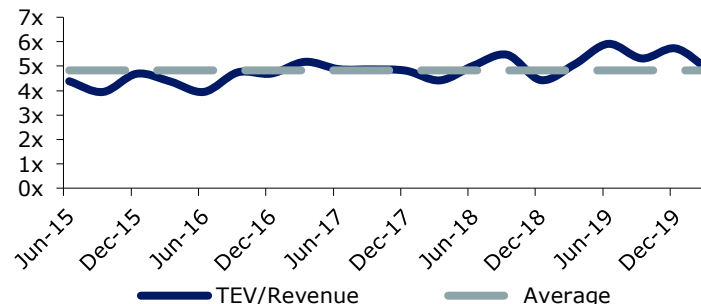


SAP SE

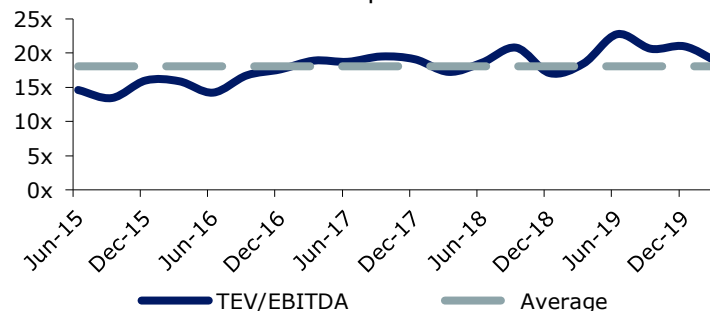
SAP SE operates as an enterprise application software, and analytics and business intelligence company worldwide. It offers SAP HANA, which enables businesses to process and analyze live data; SAP Data Hub, a solution that enables businesses to manage data from various sources; SAP Cloud Platform, which 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. The company also provides SAP S/4HANA, an enterprise resource planning (ERP) suite for the intelligent enterprise; SAP Integrated Business Planning solutions that deliver real-time supply chain planning capabilities. SAP SE was founded in 1972 and is headquartered in Walldorf, Germany.

Date	Key Development Headline
4/9/20	EY, SAP, and Qualtrics Collaborate to Bring Resources to Governments Around the World to Help in the Fight Against Covid-19
3/20/20	SAP and Accenture Launch Upstream Oil and Gas Solution to Help Streamline Processes and Costs
3/12/20	Wipro Limited Enters into Agreement with SAP SE
2/6/20	SAP and Proaxia to Deliver Intelligent Enterprise Solution for Automotive Retail Based on SAP S/4Hana
10/23/19	Verizon and SAP SE Co-Developing Next Gen Iot Analytics Solutions

Revenue Multiples - SAP SE



EBITDA Multiples - SAP SE



Public Basket

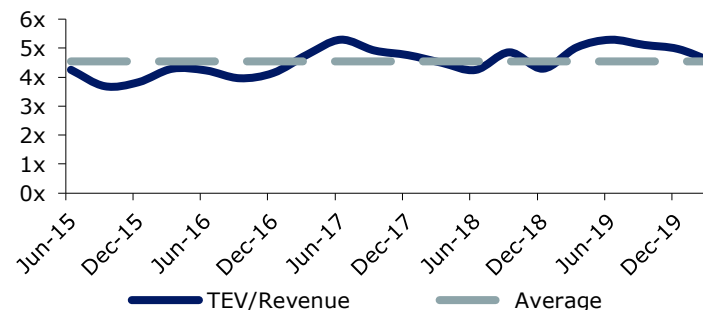


Oracle Corporation

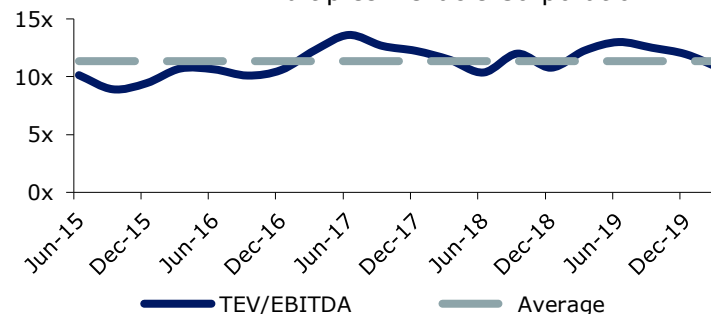
Oracle Corporation develops, manufactures, markets, sells, hosts, and supports application, platform, and infrastructure solutions for information technology (IT) environments worldwide. The company provides services in three primary layers of the cloud: Software as a Service, Platform as a Service,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

Date	Key Development Headline
2/12/20	Oracle and Microsoft Bring Enterprise Cloud Interoperability to European Customers
1/13/20	Achieve Life Sciences, University of Bristol, and Oracle Corporation Announce Study Results Demonstrating Potential for Accelerated Speed of Drug Discovery
10/1/19	Oracle Corporation (NYSE:ORCL) signed an agreement to acquire CrowdTwist, Inc.
9/23/19	Quantifind, Inc. and Oracle Announce Strategic Collaboration to Transform Anti-Money Laundering Processes
9/16/19	Agentis and Oracle Team to Help Utilities Drive Energy Efficiency for Every Customer

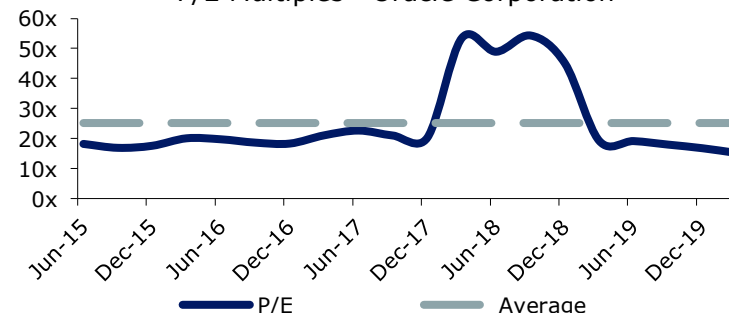
Revenue Multiples - Oracle Corporation



EBITDA Multiples - Oracle Corporation



P/E Multiples - Oracle Corporation



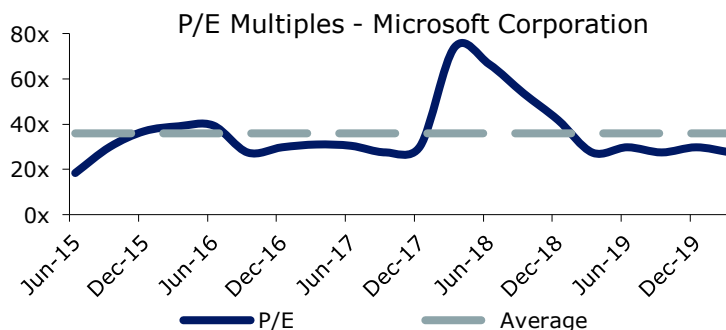
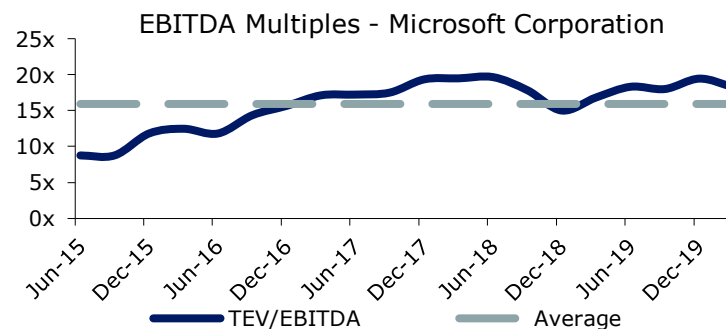
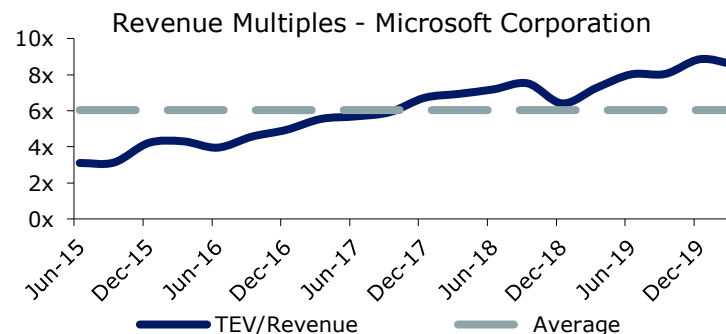
Public Basket



Microsoft Corporation

Microsoft Corporation develops, licenses, and supports software, services, devices, and solutions worldwide. The company operates through Productivity and Business Processes, Intelligent Cloud, and More Personal Computing segments. The Productivity and Business Processes segment offers Office 365 commercial products and services for businesses, such as Office, Exchange, SharePoint, Skype for Business, Microsoft Teams, and related Client Access Licenses (CALs); Office 365 consumer services, including Skype, Outlook.com, and OneDrive; LinkedIn online professional network; and Dynamics business solutions comprising financial management. The company was founded in 1975 and is headquartered in Redmond, Washington.

Date	Key Development Headline
3/26/20	Microsoft to Sell AnyVision Stake
3/25/20	Microsoft Corporation (NasdaqGS:MSFT) entered into a definitive agreement to acquire Affirmed Networks, Inc.
3/18/20	Wipro Launches Microsoft Business Unit for Digital Transformation Solutions
3/13/20	Swiss Re Announces Strategic Alliance with Microsoft
3/11/20	Microsoft and Cisco Team Up to Integrate Cloud and IoT Platforms
3/4/20	Microsoft Corporation and PT Telekomunikasi Selular Enters into Edge Computing Partnership
2/21/20	Firedome Announces Integration with Microsoft Azure Security Center for IoT to Offer End-To-End Device Cyber Threat Detection, Prevention, and Response



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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