

7 Mile Advisors



Sectorwatch: Advanced Analytics

June 2020



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

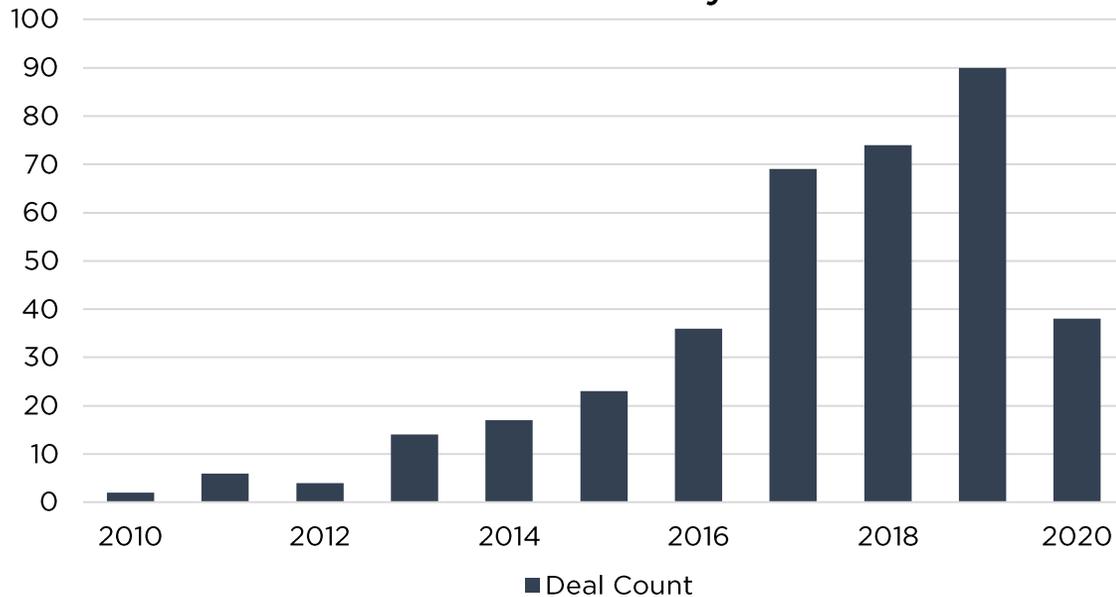
- The most recently announced deals in the sector

Dashboard

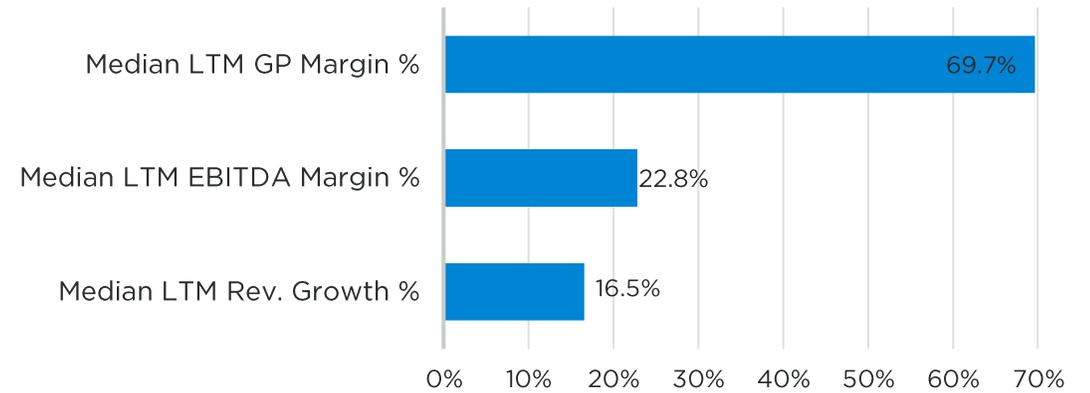
REVENUE GROWTH MOMENTUM ↑ 4.0%

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

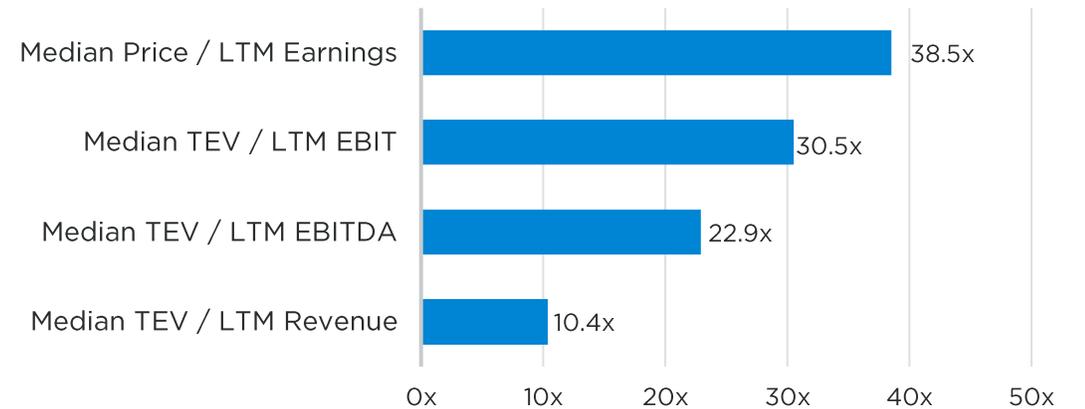
M&A Activity



Operating Metrics



Valuation



Public Basket Overview

Advanced Analytics

TMT

FICO | alteryx | The Thrill of Solving

Alphabet | IBM

Big Data

SAP | splunk

CloudTech & DevOps

Microsoft

Marketing Tech

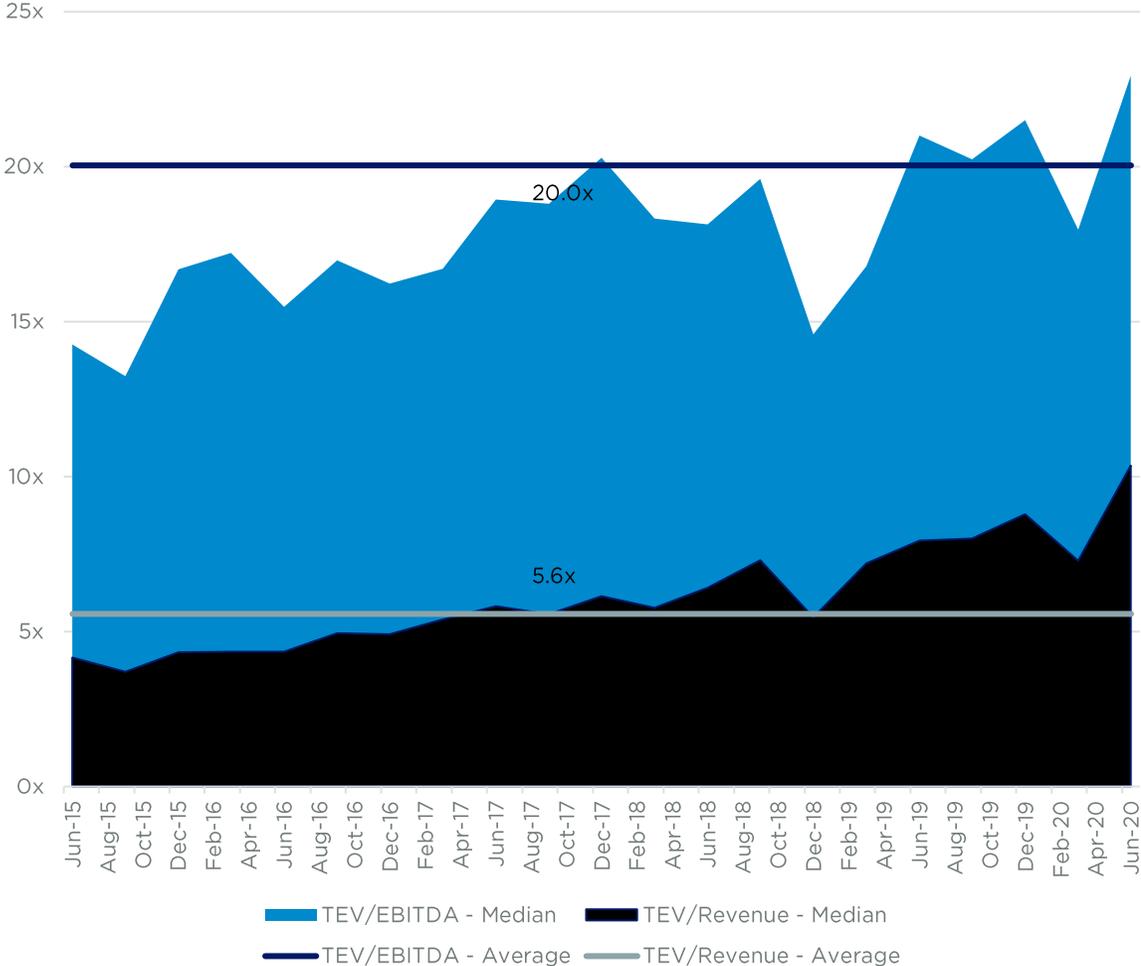
Adobe

Public Basket

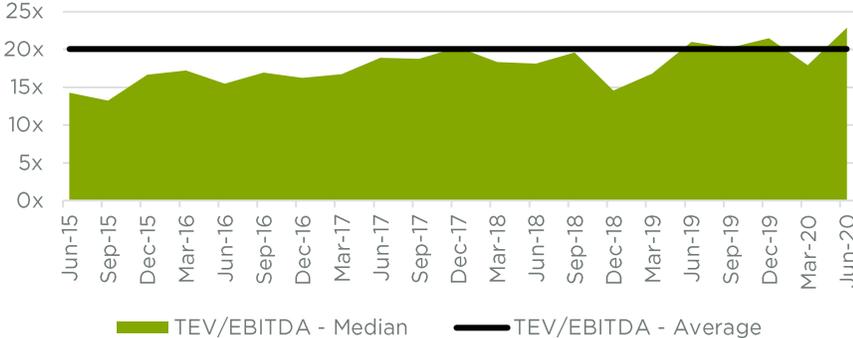
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Alteryx	10,425	17	451	61.4%	90.2%	3.7%	23.1x	638.9x	1,478	305
Fair Isaac	12,780	316	1,226	16.5%	71.1%	25.8%	10.4x	40.5x	4,029	304
Splunk	30,625	-359	2,368	23.6%	80.5%	-15.1%	12.9x	#N/A	5,800	408
Accenture	127,176	7,808	44,656	5.7%	31.3%	17.5%	2.8x	16.3x	509,000	88
SAP	171,274	7,019	30,844	11.5%	69.7%	22.8%	5.6x	24.4x	101,150	305
Adobe Systems	208,330	4,521	12,045	19.2%	85.6%	37.5%	17.3x	45.3x	22,634	532
International Business Machines	161,086	15,612	76,535	-2.8%	47.5%	20.4%	2.1x	10.3x	381,100	201
Alphabet	877,320	49,107	166,677	17.4%	55.1%	29.5%	5.3x	17.9x	123,048	1,355
Microsoft	1,436,540	67,000	138,699	13.5%	68.2%	48.3%	10.4x	21.4x	144,000	963
Average	337,284	16,782	52,611	18.5%	66.6%	21.1%	10.0x	101.9x	143,582	496
Median	161,086	7,019	30,844	16.5%	69.7%	22.8%	10.4x	22.9x	101,150	305

share price as of 25Jun20

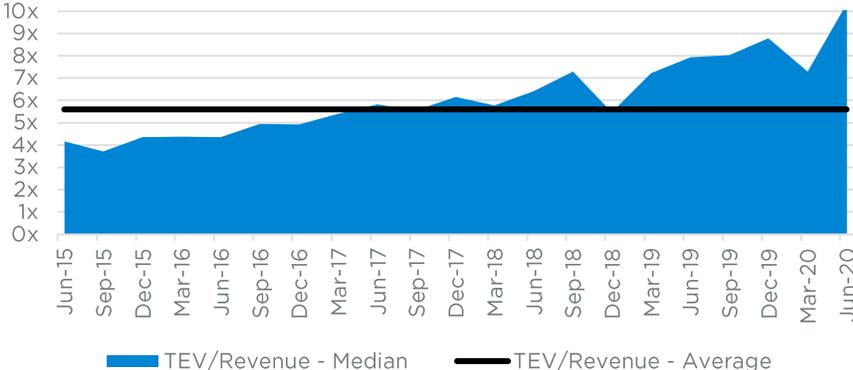
Public Basket



Public EBITDA Multiples over Time

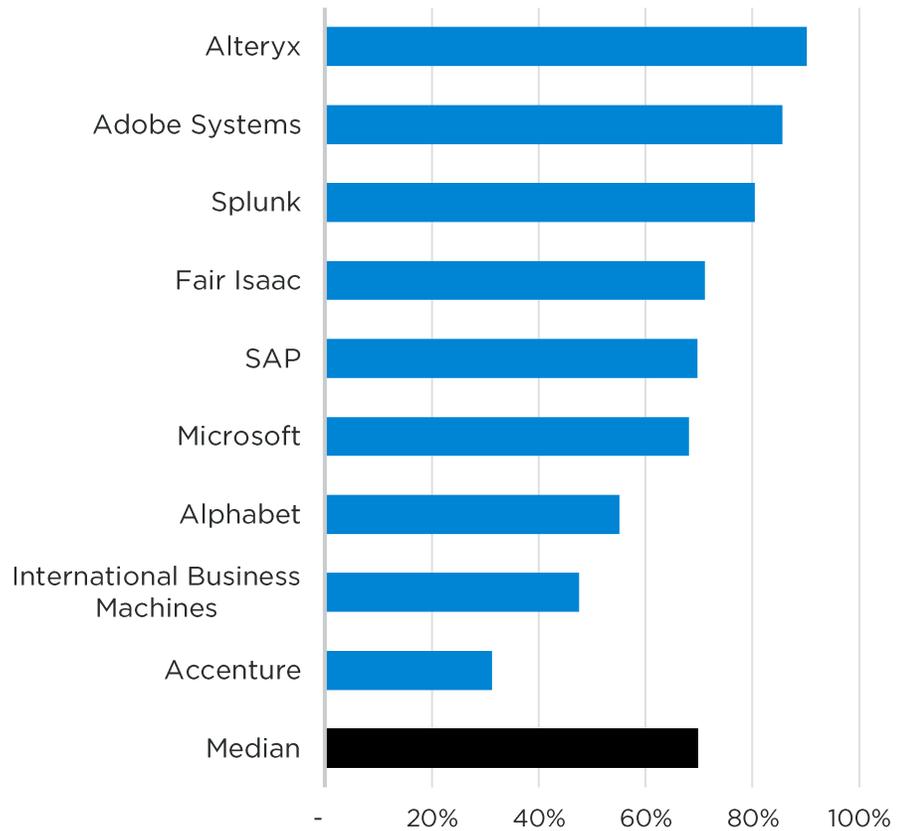


Public Revenue Multiples over Time

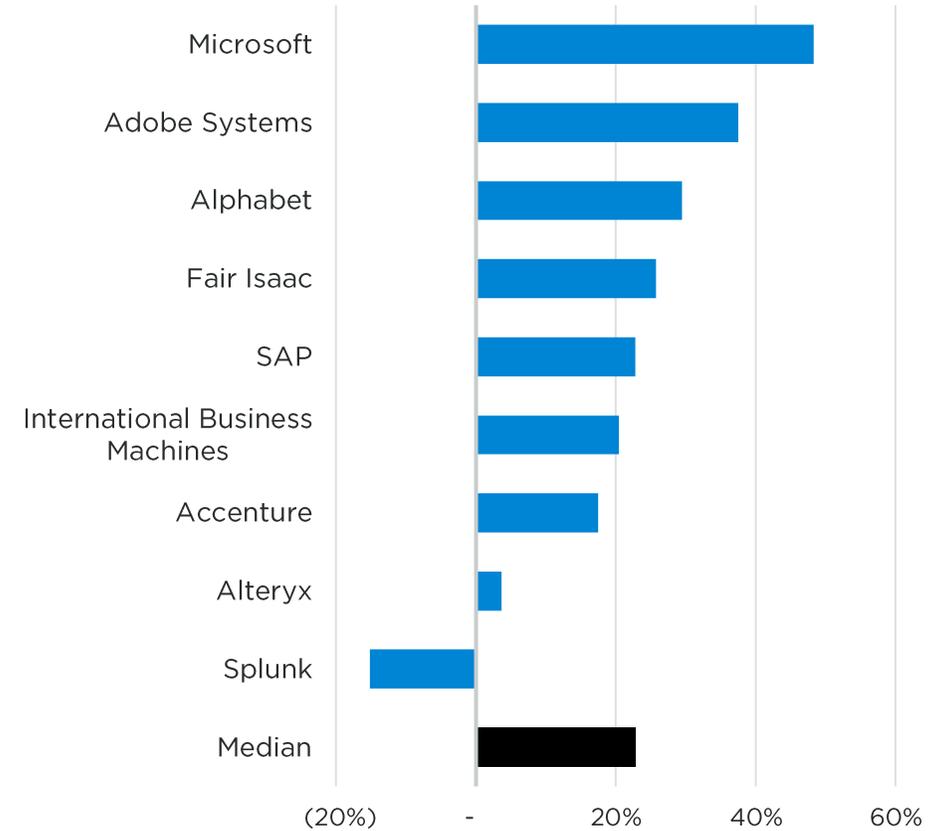


Operational Metrics

LTM Gross Profit Margin %

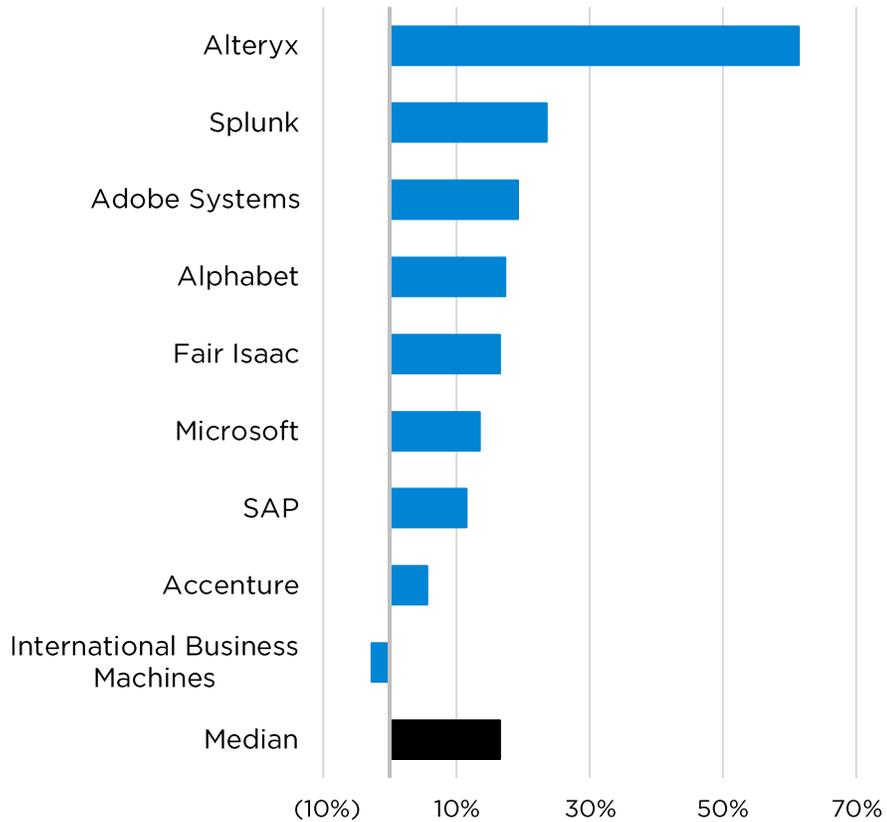


LTM EBITDA %

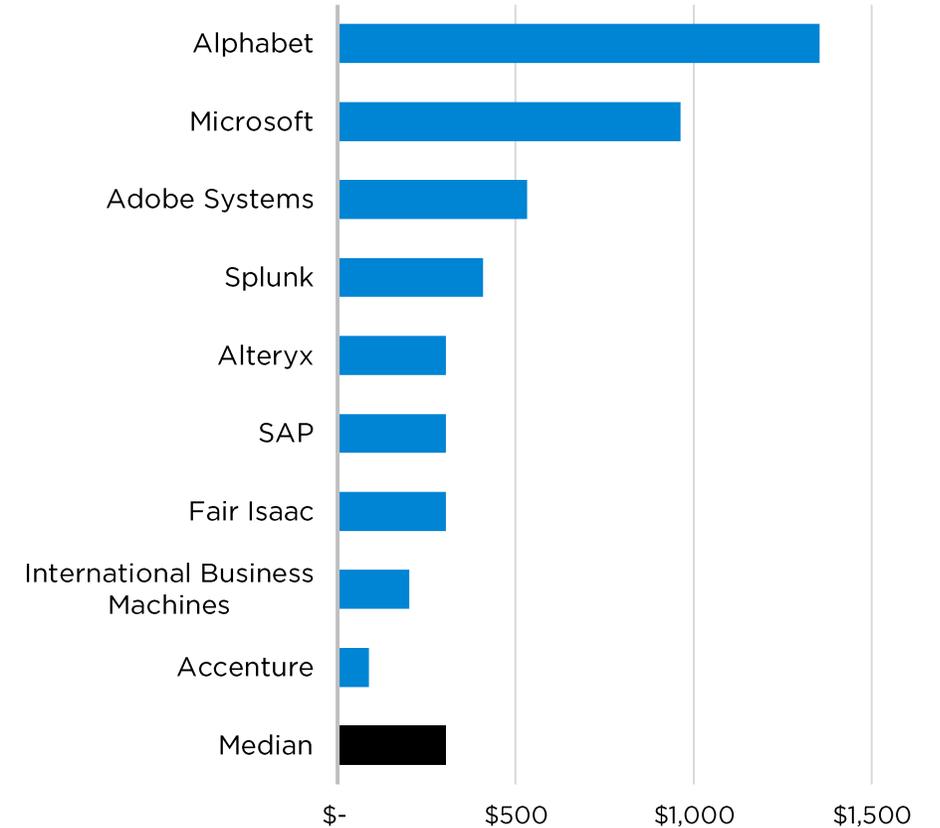


Operational Metrics

LTM Revenue Growth %

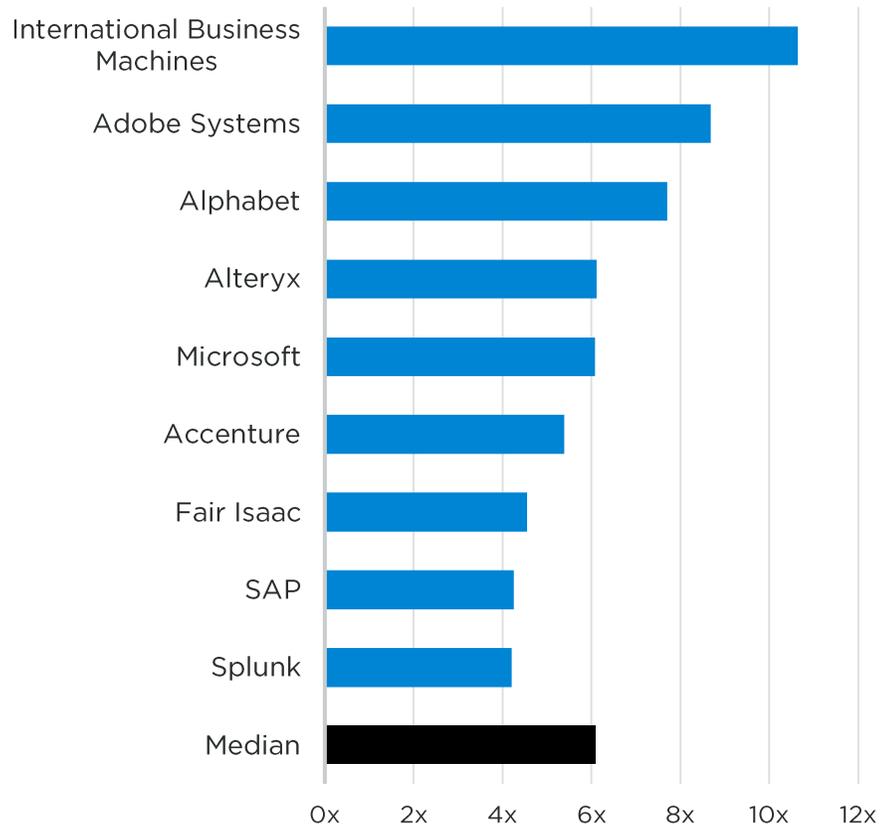


LTM Revenue per Full Time Employee x 000's

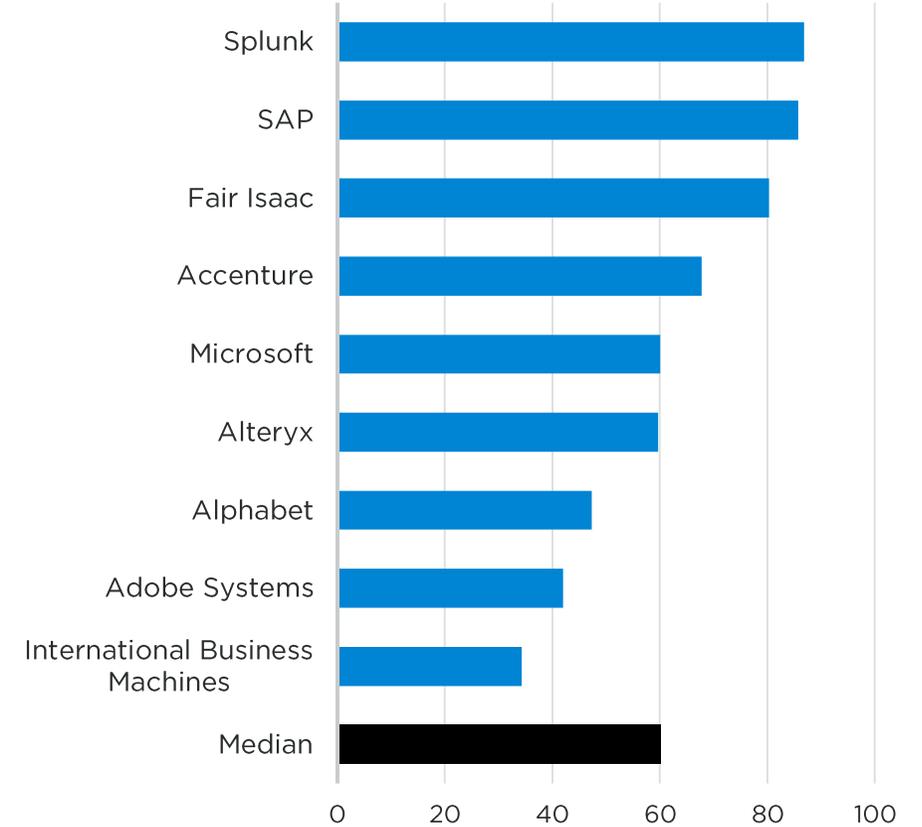


Operational Metrics

Accounts Receivable Turnover

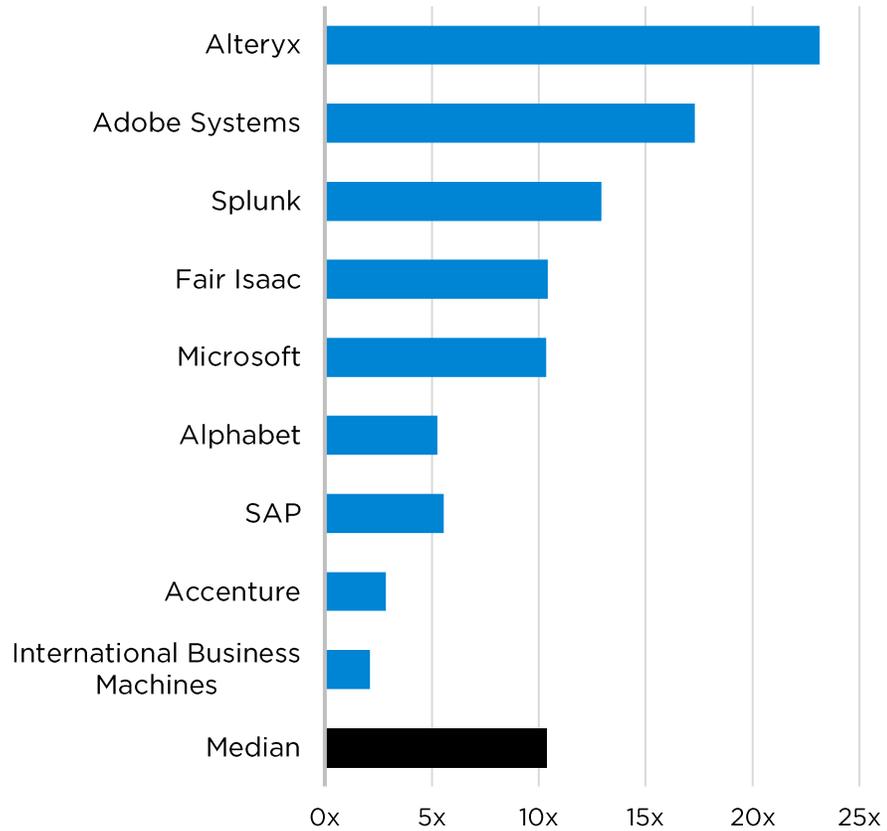


Average Days Sales Outstanding

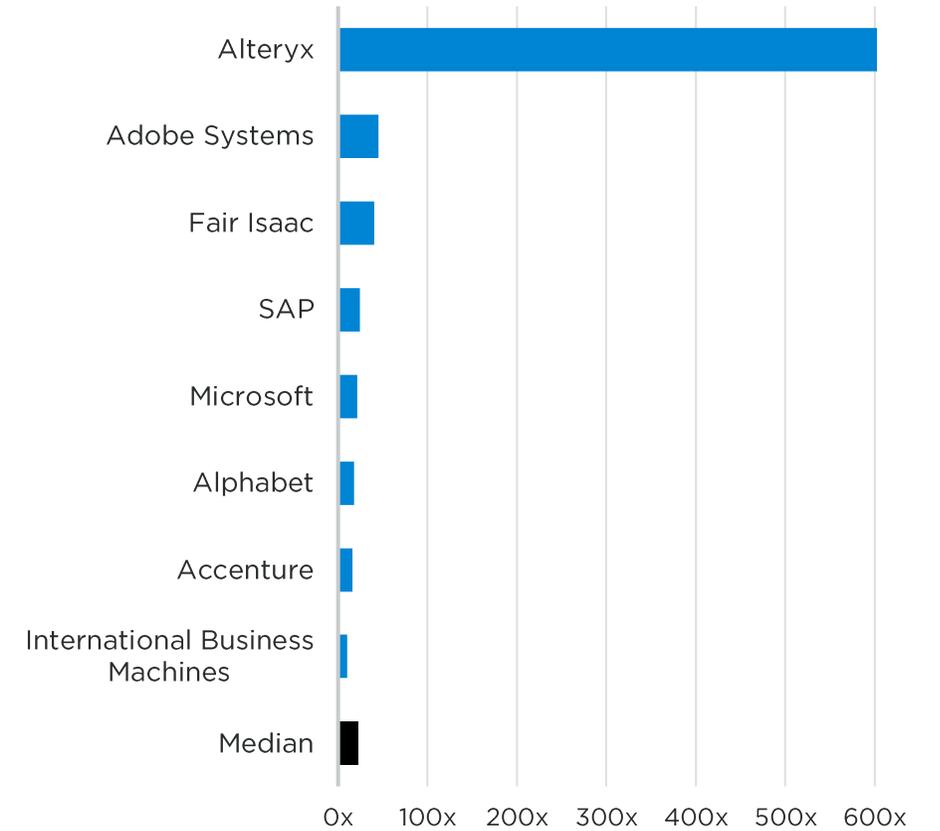


Valuation

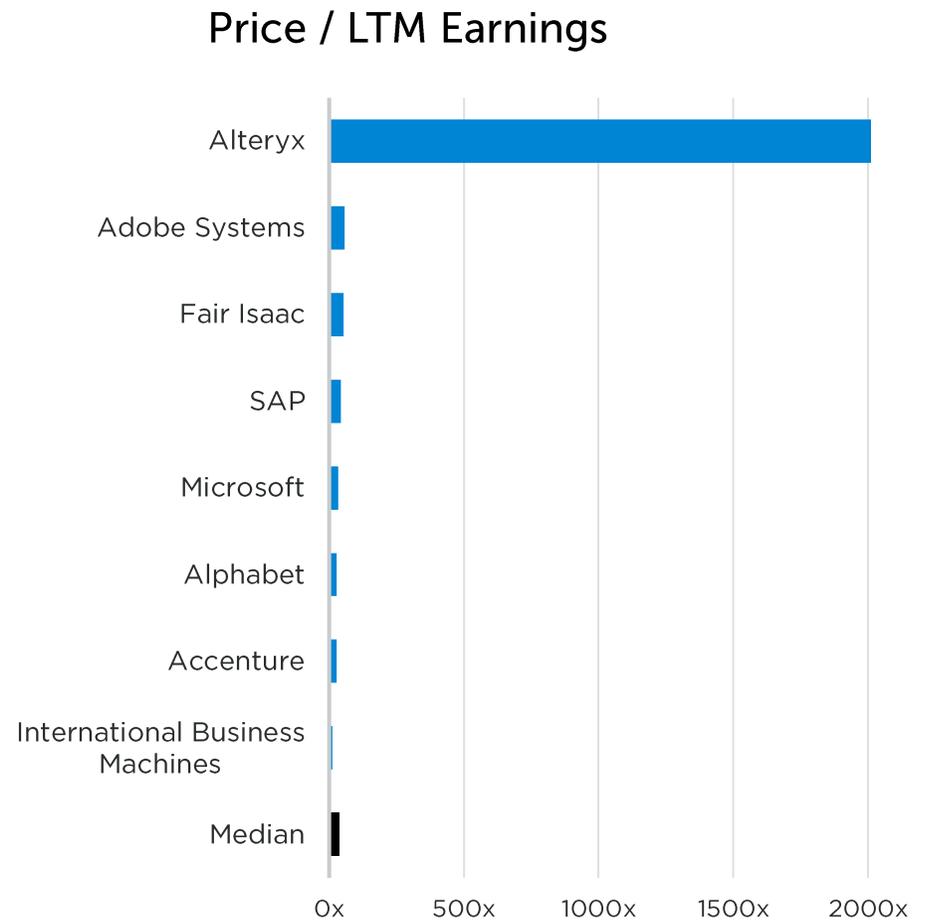
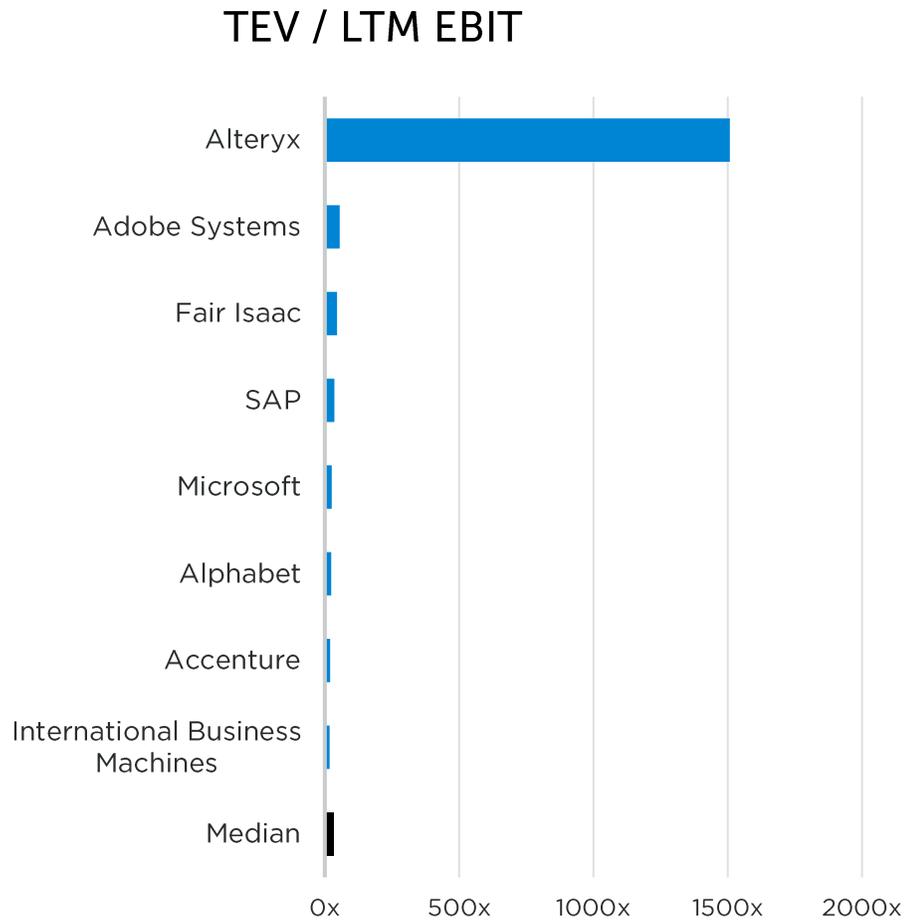
TEV / LTM Revenue



TEV / LTM EBITDA

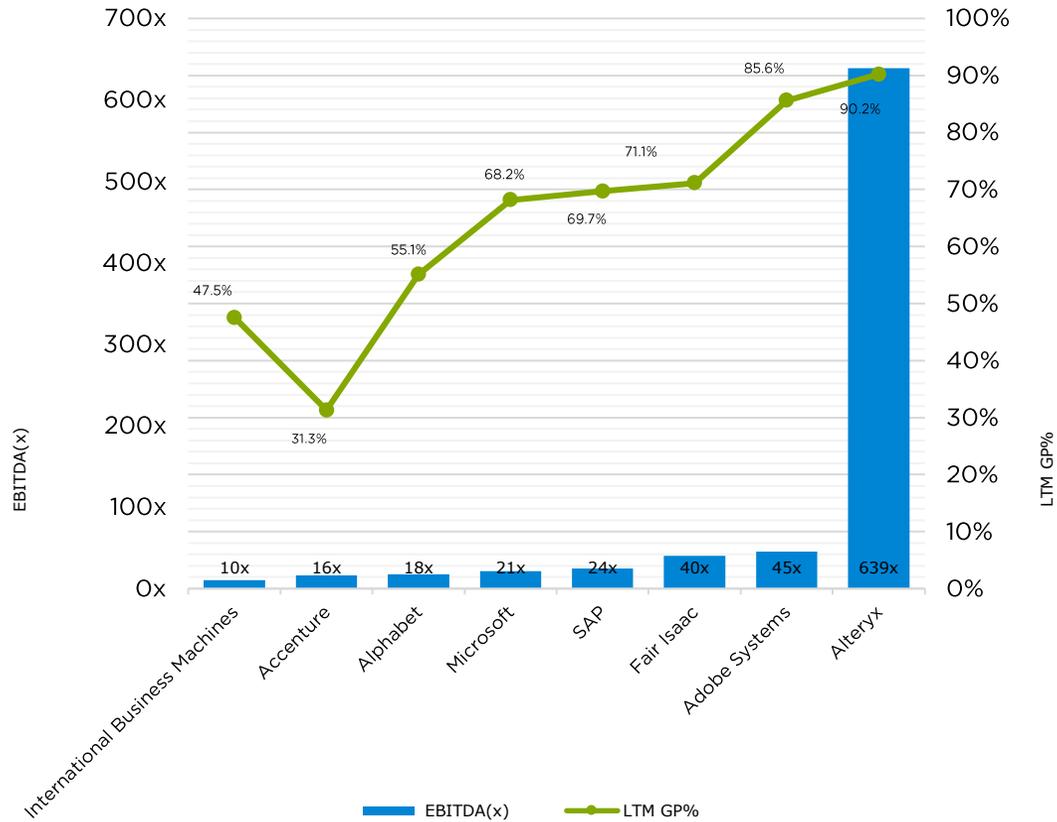


Valuation

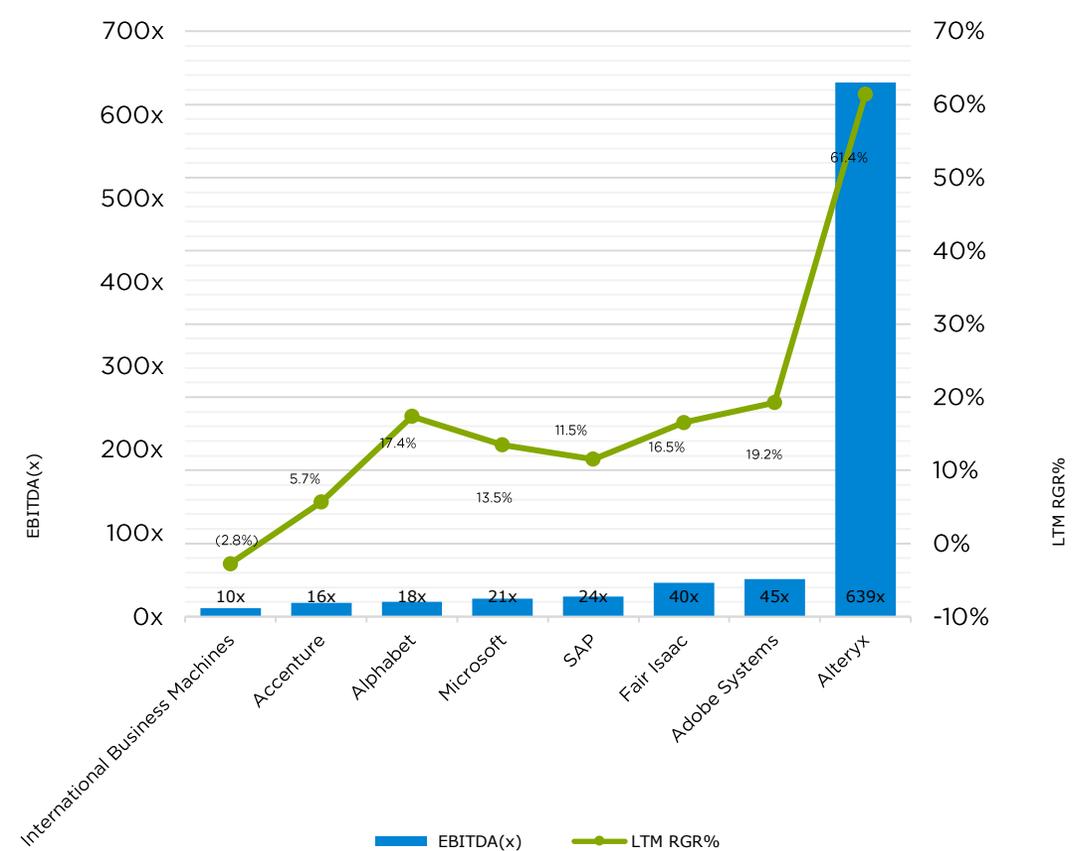


Valuation

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
24-Jun-20	APX10	Cimbria Capital	-	-	-	-
15-Jun-20	OpenQ	-	2.00	-	-	-
15-Jun-20	Rubikloud	Kinaxis	60.00	-	-	-
15-Jun-20	Xavier Analytics	Receipt Bank	-	-	-	-
10-Jun-20	Palantir Technologies	Fujitsu	50.00	-	-	-
26-May-20	IoTBox	TnP Consultants	-	-	-	-
15-May-20	Close Communications	Mphase Technologies	-	-	-	-
15-May-20	T4G	MNP	-	-	-	-
05-May-20	CyberX	Microsoft	170.00	-	-	-
04-May-20	City IQ	Ubicquia	-	-	-	-
01-May-20	VMock	The University of Virginia	-	-	-	-
30-Apr-20	Barquin Solutions	Battle Investment Group	-	-	-	-
22-Apr-20	Miner & Kasch	zData	-	-	-	-
22-Apr-20	Saracus Consulting	Maxburg Capital Partners	-	-	-	-
17-Apr-20	Brightmaven	Mohawk Analytics	-	-	-	-
15-Apr-20	Carbon DMP	Glam Holdings	-	-	-	-
30-Mar-20	Strands	CRIF	-	-	-	-
26-Mar-20	AIQ	Alchemist Codes	2.86	-	-	-
10-Mar-20	ClearBrain	Amplitude	-	-	-	-
10-Mar-20	Diploid	Invitae	104.31	-	-	-
28-Feb-20	Integrated Archive Systems	General Datatech	-	-	-	-
18-Feb-20	Analytics Cloud Consulting	Search Discovery	-	-	-	-
03-Feb-20	Peak (Business/Productivity Software)	Cmostores.com	1.96	-	-	-
28-Jan-20	NetBase	-	-	-	-	-
21-Jan-20	RoxAI	Canada Pension Plan Investment Board	-	-	-	-
17-Jan-20	RelayIQ	Astreya	-	-	-	-
16-Jan-20	Clustree	Cornerstone OnDemand	18.50	-	-	-
09-Jan-20	Riskpulse	Columbia Capital	22.00	-	-	-
31-Dec-19	Bay Dynamics	Broadcom	-	-	-	-

Appendix

*Public Basket
Contact Information*

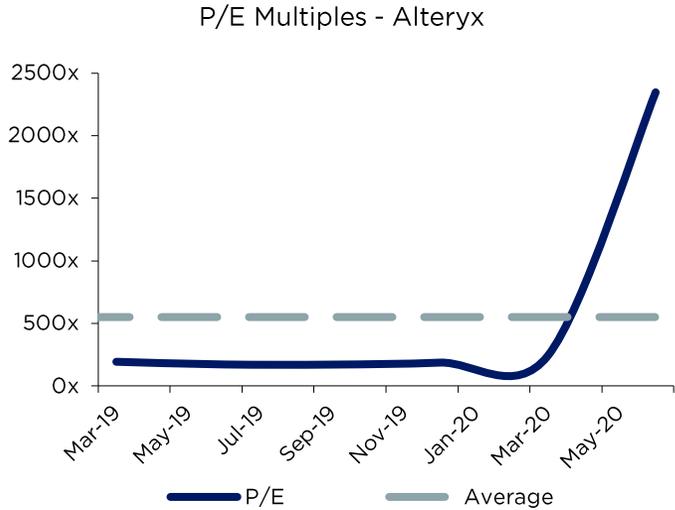
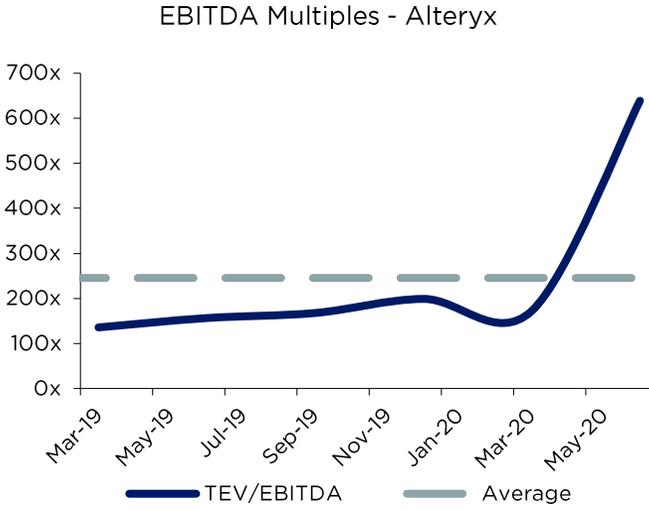
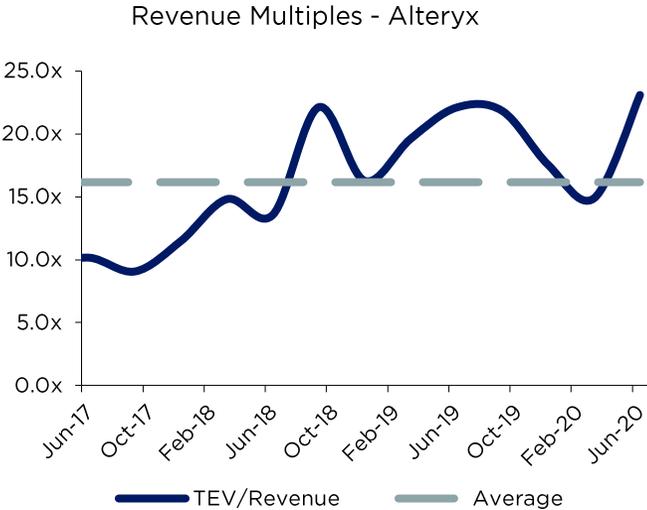


Alteryx

Alteryx Inc is a software company that provides self-service data analytics software.

Its software platform enables organizations to dramatically improve business outcomes and the productivity of business analysts. The firm offers solutions such as advanced analytics, location intelligence, data preparation, technology integrations, and others. The company generates its revenue from the sale of a subscription-based software platform.

Public Basket



Company Name	Date	Deal Synopsis
Feature Labs	03-Oct-19	The company was acquired by Alteryx (NYS: AYX) for \$25.2 million on October 3, 2019. The purpose of acquisition to help organizations empower every data worker to fill the data science and machine learning talent gap.
ClearStory Data	04-Apr-19	The company was acquired by Alteryx (NYS: AYX) for \$20 million on April 4, 2019. The acquisition creates a natural extension to the Alteryx technology center, needed to support the organization's rapid growth as a leader in the data science and analytics market.

Fair Isaac

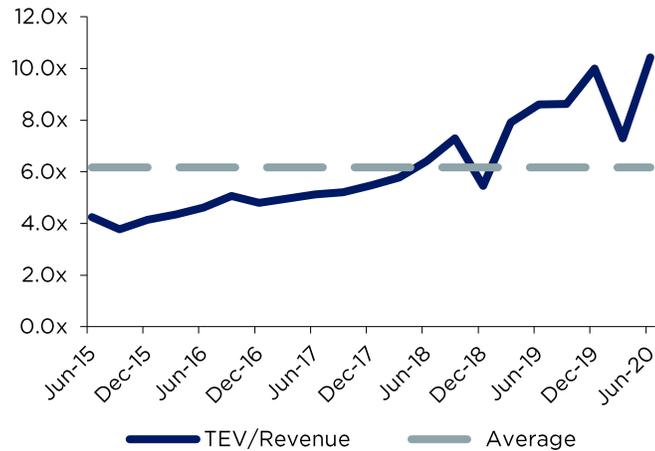
Fair Isaac Corp is a provider of business performance management solutions that allow corporations to automate and improve key decisions.

The firm operates in three segments: applications, which includes preconfigured software for marketing, account origination, and collections; scores, which primarily consists of business-to-business scoring solutions, including the FICO score; and decision management software, composed of analytic and decision management software tools. The company derives revenue from software license agreements and transaction-based fees. The majority of the firm's revenue is generated in the United States, followed by the United Kingdom, Canada, and other countries.

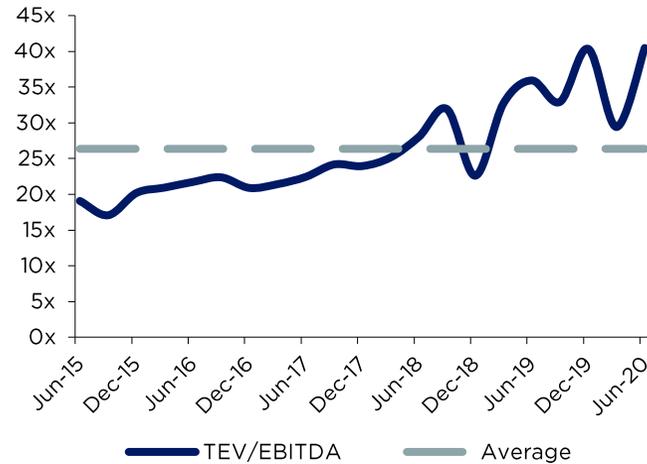
Public Basket

Fair Isaac

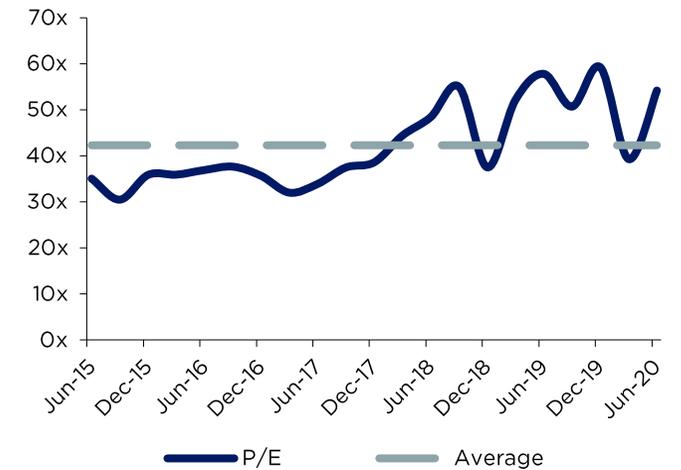
Revenue Multiples - Fair Isaac



EBITDA Multiples - Fair Isaac



P/E Multiples - Fair Isaac



Company Name

Date

Deal Synopsis

GoOn

12-Dec-18

The company was acquired by Fair Isaac (NYS: FICO) for an undisclosed amount on December 12, 2018. The acquisition will enable the acquirer to grow in areas of Brazil and Latin America.

QuadMetrics

14-Jun-16

The company was acquired by FICO for \$5.7 million amount on June 14, 2016. In acquiring QuadMetrics, FICO becomes the exclusive licensee of QuadMetrics' intellectual property and pending patents, and gains access to a rich historical pool of development data for additional analytics research.

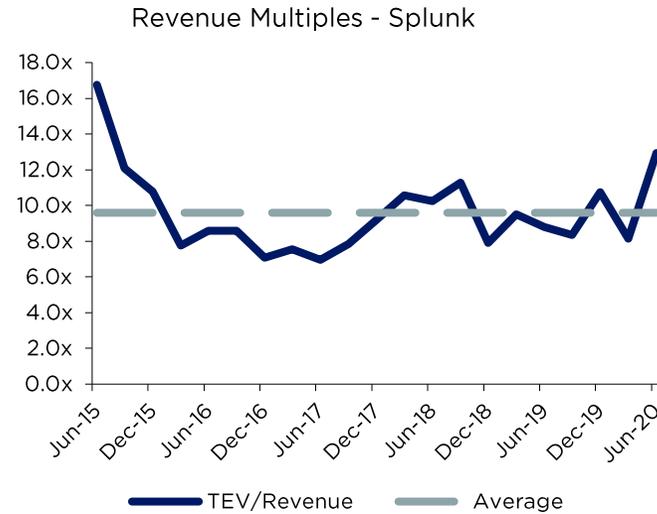
Splunk

Splunk provides software for machine log analysis.

Its flagship solution is Splunk Enterprise, used across a multitude of use cases including application management, IT operations, and security. The company has historically deployed its solutions on-premises, but the software-as-a-service delivery model is growing in popularity with Splunk Cloud. The company derives roughly 50% of its revenue from software licenses, with the remainder coming from cloud subscriptions, maintenance, and support.

Public Basket

Splunk



<i>Company Name</i>	<i>Date</i>	<i>Deal Synopsis</i>
Streamlio	23-Mar-20	The company was acquired by Splunk (NAS: SPLK) for \$19.8 million on November 1, 2019. The purchase price consisted of \$18.7 million in cash and \$1.1 million in fair value of replacement equity awards attributable to pre-acquisition service.
Zonehaven	06-Jan-20	The company raised an undisclosed amount of venture funding in the form of SAFE notes from Splunk on October 22, 2019. The funds will be used to expand its team, increase research and development and advance product capabilities.

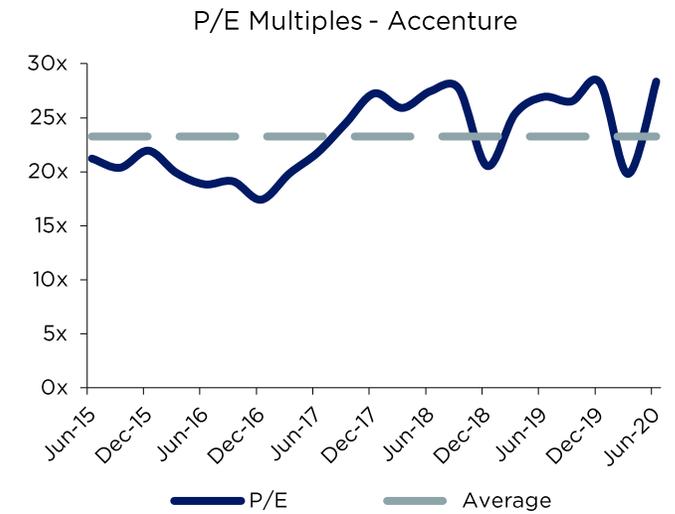
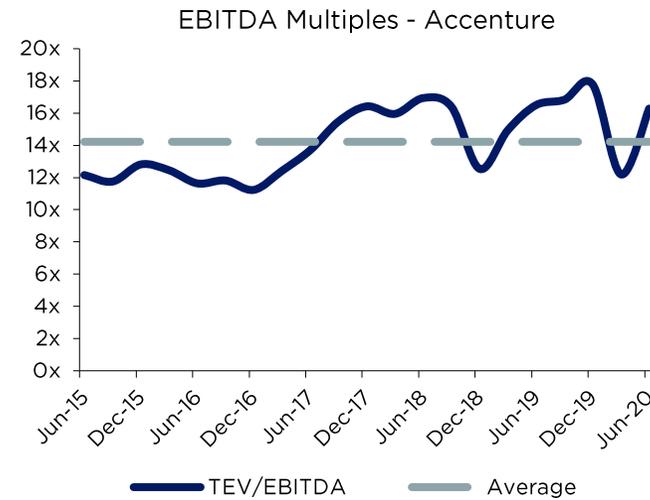
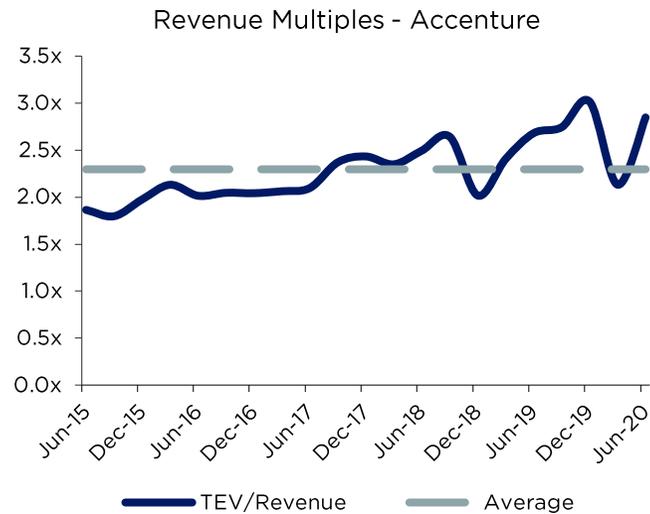
Accenture

Accenture is a leading global IT services firm that provides consulting, strategy, and technology and operational services.

These services run the gamut from aiding enterprises with digital transformation, to procurement services, to software system integration. The company provides its IT offerings to a variety of sectors, including communications, media and technology, financial services, health and public services, consumer products, and resources. Accenture employs just under 500,000 people throughout 200 cities in 51 countries.

Public Basket

Accenture



Company Name	Date	Deal Synopsis
Gekko (Industry Code)	02-Jun-20	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on June 6, 2020. The acquisition would expand Accenture's AWS resources in France to support enterprise migrations and development on cloud platforms, which has become the foundation for innovation and business transformation and also the acquisition of the company would strengthen Accenture's general and industry-specific cloud experience in AWS technologies.
iTrigger	29-May-20	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on May 29, 2020.

SAP

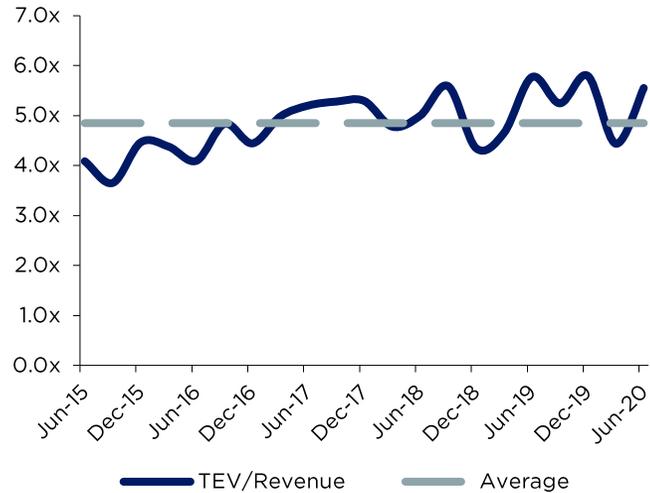
SAP is a global software vendor providing solutions for enterprise resource planning, database management, business intelligence, and vertical-specific software.

Its flagship software products run on SAP's HANA database technology. In fiscal 2017, the company generated roughly 44% of revenue from Europe, the Middle East, and Africa, 40% from the Americas, and 16% from Asia.

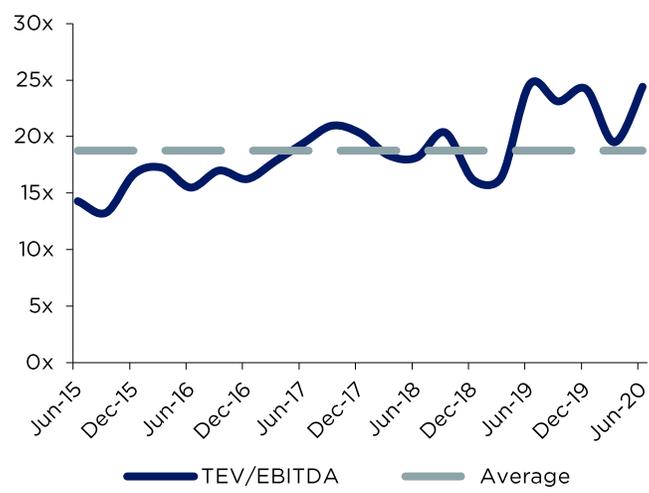
Public Basket

SAP

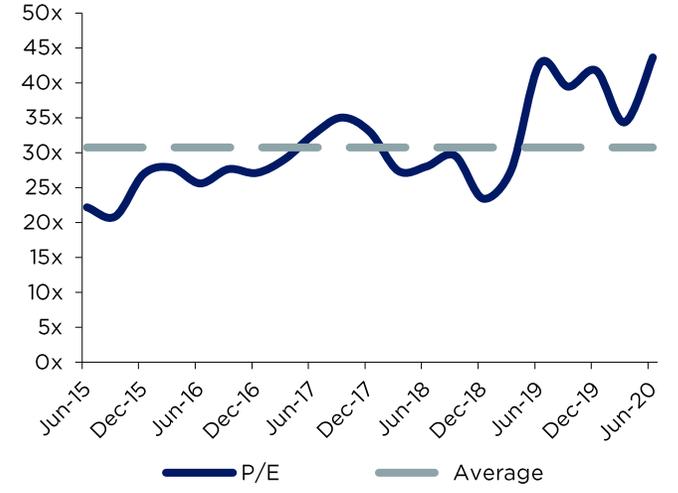
Revenue Multiples - SAP



EBITDA Multiples - SAP



P/E Multiples - SAP



Company Name

Date

Deal Synopsis

Dasha (Automation/Workflow Software)

20-Feb-20

The company joined SAP on February 20, 2020.

PlainID

03-Feb-20

The company received an undisclosed amount of funding from SAP on February 3, 2020. The funding will be used to bring the company's solution to a wider audience.

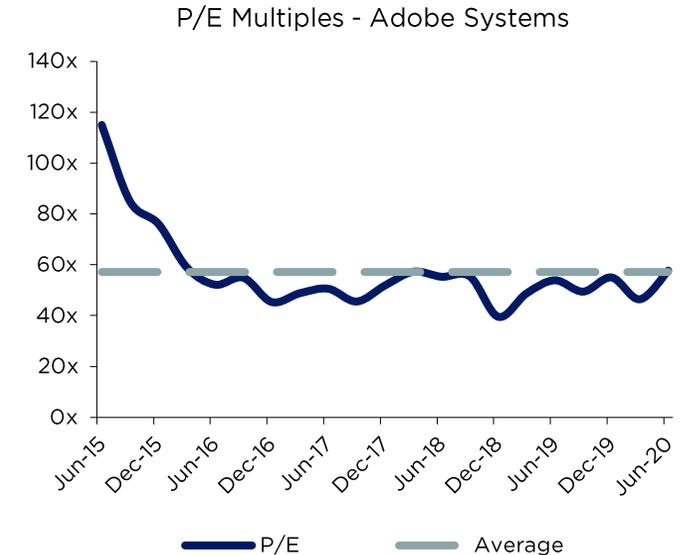
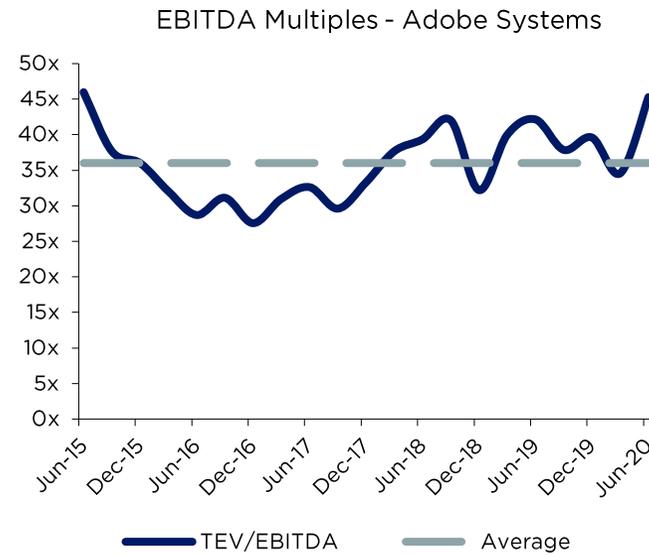
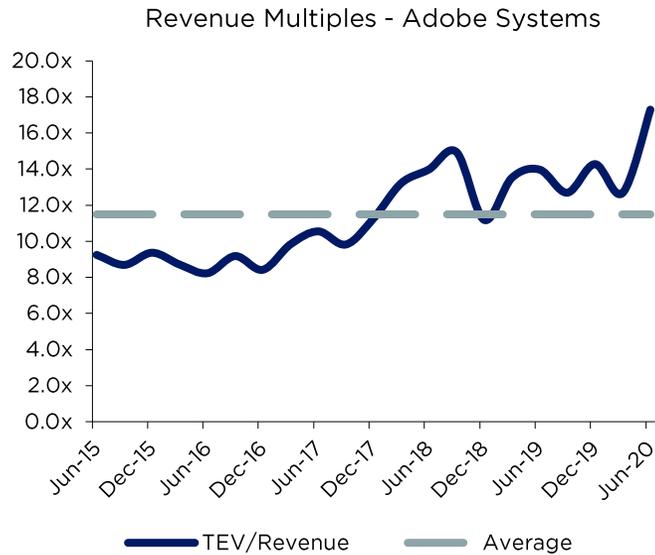
Adobe Systems

Adobe provides content creation, document management, and digital marketing and advertising software and services to creative professionals and marketers for creating, managing, delivering, measuring, optimizing and engaging with compelling content multiple operating systems, devices and media.

The company operates with three segments: digital media content creation, digital experience for marketing solutions, and publishing for legacy products (less than 5% of revenue).

Public Basket

Adobe Systems



Company Name	Date	Deal Synopsis
Facebook (Oculus Medium)	09-Dec-19	Oculus' virtual reality sculpting tool was acquired by Adobe for an undisclosed amount on December 09,2019. The acquisition will enable Facebook to accelerate 3D & immersive offerings.
Allegorithmic	23-Jan-19	The company was acquired by Adobe Systems (NAS: ADBE) for \$106.1 million on January 23, 2019. With this acquisition, Creative Cloud will benefit from the company's tools that are already helping top gaming, entertainment, retail, and other brands create the textures and materials that give 3D content detail and realism.

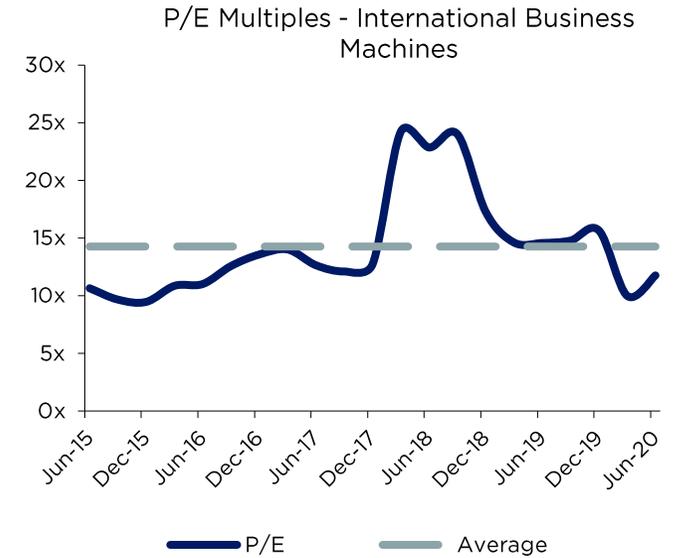
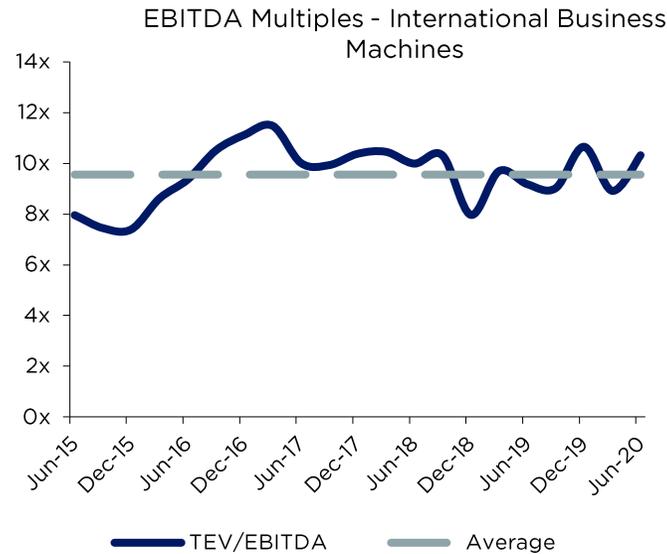
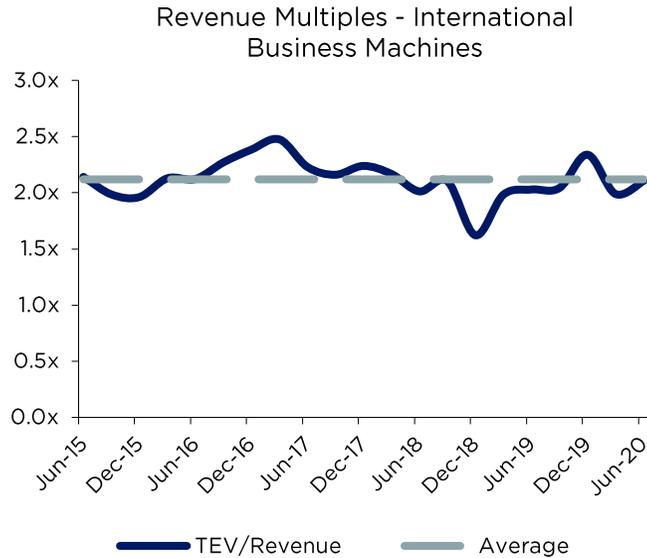
International Business Machines

IBM looks to be a part of every aspect of an enterprise's IT needs.

The company primarily sells infrastructure services (37% of revenue), software (29% of revenue), IT services (23% of revenue) and hardware (8% of revenues). IBM operates in 175 countries and employs approximately 350,000 people. The company has a robust roster of 80,000 business partners to service 5,200 clients - which includes 95% of all Fortune 500. While IBM is a B2B company, IBM's outward impact is substantial. For example, IBM manages 90% of all credit card transactions globally and is responsible for 50% of all wireless connections in the world.

Public Basket

International Business Machines



Company Name

Date

Deal Synopsis

Lightbend

15-Mar-20

The company raised \$25 million of Series D venture funding in a deal led by Dell Technologies Capital on March 15, 2020, putting the company's pre-money valuation at \$120 million. Intel Capital, International Business Machines, Juniper Ventures, Blue Cloud Ventures, Greylock Partners, Shasta Ventures and Bain Capital Ventures also participated in the round. The funding will be used to take advantage of the market opportunity, remaining cash flow positive while further scaling the company's business.

Cambridge Quantum Computing

03-Mar-20

The company raised an undisclosed amount of venture funding from Honeywell Ventures and International Business Machines on March 3, 2020.

Alphabet

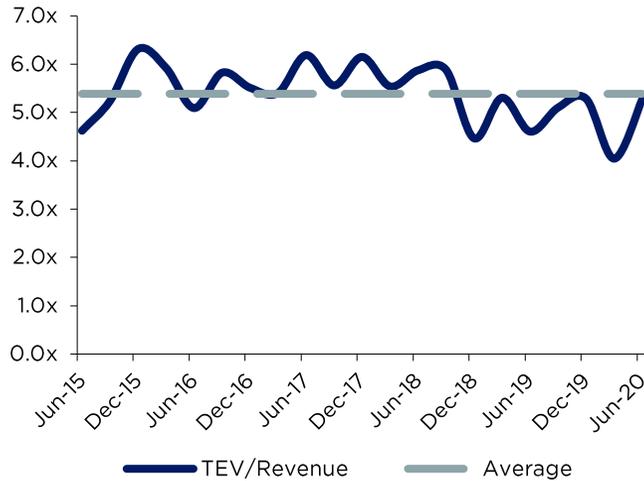
Alphabet is a holding company, with Google, the Internet media giant, as a wholly owned subsidiary.

Google generates 99% of Alphabet revenue, of which more than 85% is from online ads. Google's other revenue is from sales of apps and content on Google Play and YouTube, as well as cloud service fees and other licensing revenue. Sales of hardware such as Chromebooks, the Pixel smartphone, and smart homes products, which include Nest and Google Home, also contribute to other revenue. Alphabet's moonshot investments are in its other bets segment, where it bets on technology to enhance health (Verily), faster Internet access to homes (Google Fiber), self-driving cars (Waymo), and more. Alphabet's operating margin has been 25%-30%, with Google at 30% and other bets operating at a loss.

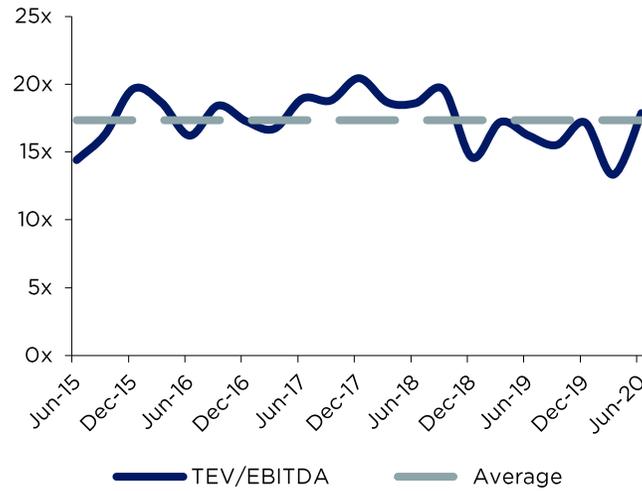
Public Basket

Alphabet

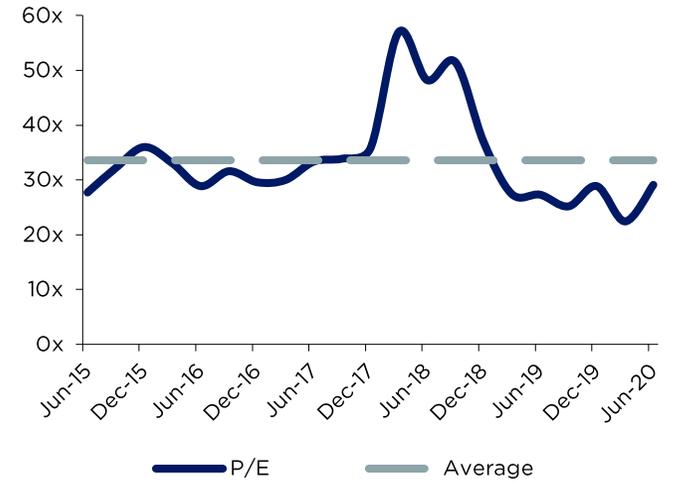
Revenue Multiples - Alphabet



EBITDA Multiples - Alphabet



P/E Multiples - Alphabet



Company Name

Date

Deal Synopsis

Waymo

12-May-20

The company raised \$3 billion of venture funding in a deal led by Silver Lake Management, Canada Pension Plan Investment Board and Mubadala Investment Company on May 12, 2020, putting the company's pre-money valuation at \$27.75 billion. Magna International, AutoNation, Perry Creek Capital, Andreessen Horowitz, Fidelity Management & Research, Alphabet, T. Rowe Price and other undisclosed investors also participated in the round. The funding raised will be used to invest in the company's workforce, product development and operating its Waymo One ride-hailing service, as well as its Waymo Via cargo and goods transportation service.

Lime

07-May-20

The company raised \$170 million of venture funding in a deal led by Uber on May 7, 2020, putting the company's pre-money valuation at \$340 million. GV, Bain Capital Ventures, Alphabet, Ajax Strategies and other undisclosed investors also participated in the round. The funds will be used to reaffirm the company's market strength and position the company to build a long-lasting business that empowers people with sustainable, safe and affordable transportation options.

Microsoft

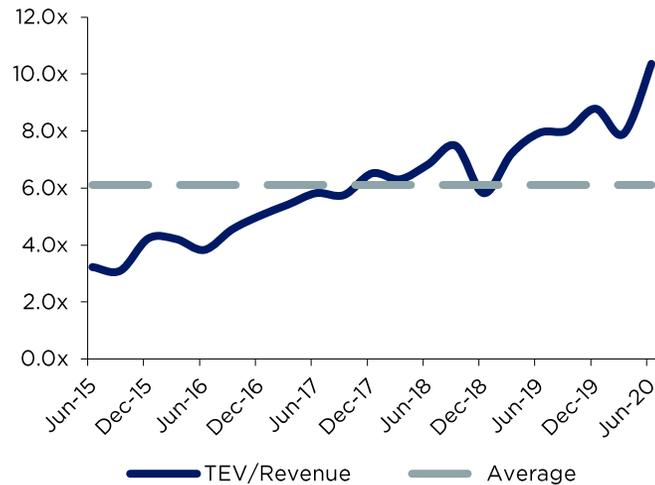
Microsoft develops and licenses consumer and enterprise software.

It is known for its Windows operating systems and Office productivity suite. The company is organized into three overarching segments: productivity and business processes (legacy Microsoft Office, cloud-based Office 365, Exchange, SharePoint, Skype, LinkedIn, Dynamics), intelligence cloud (infrastructure- and platform-as-a-service offerings Azure, Windows Server OS, SQL Server), and more personal computing (Windows Client, Xbox, Bing search, display advertising, and Surface laptops, tablets, and desktops). Through acquisitions, Microsoft owns Xamarin, LinkedIn, and GitHub. It reports revenue in product and service and other revenue on its income statement.

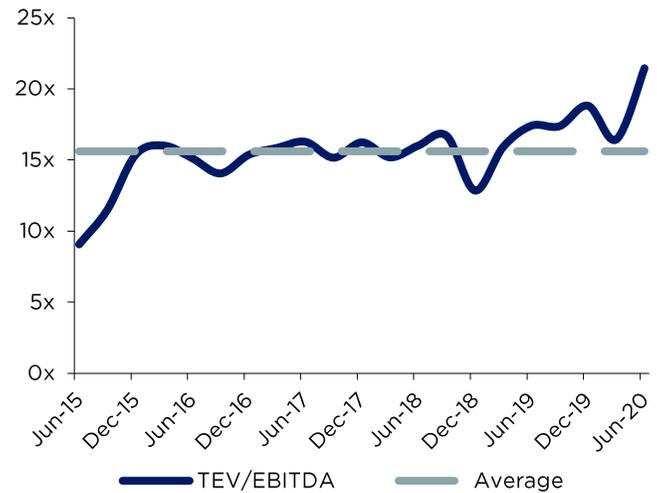
Public Basket

Microsoft

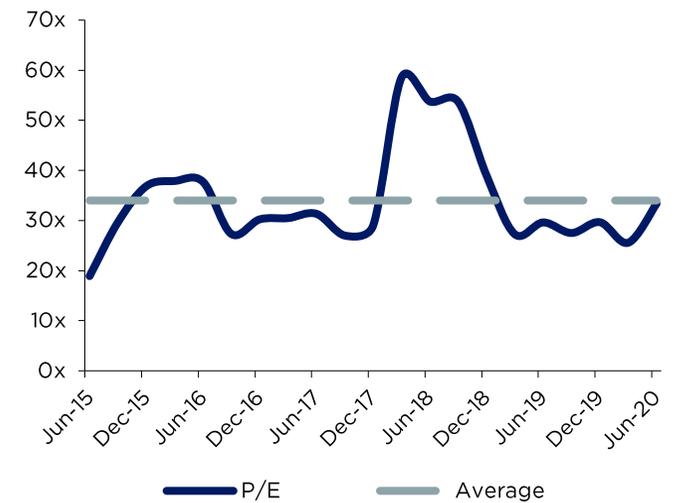
Revenue Multiples - Microsoft



EBITDA Multiples - Microsoft



P/E Multiples - Microsoft



Company Name

Date

Deal Synopsis

Softomotive

19-May-20

The company was acquired by Microsoft (NAS: MSFT) for an undisclosed amount on May 19, 2020.

Metaswitch Networks

14-May-20

The company reached a definitive agreement to be acquired by Microsoft (NAS: MSFT) for an undisclosed amount on May 14, 2020. The acquisition provides Microsoft's Azure cloud platform with the specialized software needed for running virtualized communication functions, applications and networks.

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.

Leroy Davis, Partner	704.899.5962	leroy@7mileadvisors.com
Tripp Davis, Partner	704.899.5762	tripp@7mileadvisors.com
Andy Johnston, Partner	704.899.5961	andy@7mileadvisors.com
John Cooper, Managing Director	704.973.3996	john@7mileadvisors.com
Mark Landry, Managing Director	561.972.0609	mark@7mileadvisors.com
Ben Lunka, Managing Director	704.496.2995	ben@7mileadvisors.com
Ariail Barker, Director, Sales & Marketing	704.981.2908	ariail@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Tim Frye, Director	704.973.3994	tim@7mileadvisors.com
Ben Garber, Vice President	412.626.7898	ben.garber@7mileadvisors.com
Garth Martin, Vice President	704.973.3997	garth.martin@7mileadvisors.com
Nicholas Prendergast, Vice President	704.973.3995	nicholas@7mileadvisors.com
Emily Halstenberg, Marketing & Sales Coordinator	704.409.9912	emily@7mileadvisors.com
Marty Johnson, Senior Associate	704.973.3999	marty@7mileadvisors.com
Sydney Scadden, Senior Associate	704.973.3998	sydney@7mileadvisors.com
Steve Buffington, Associate	704.960.1828	steve@7mileadvisors.com
Dennis Fox, Associate	704.706.9168	dennis@7mileadvisors.com
Daniel Kim, Associate	704.912.4584	daniel@7mileadvisors.com
Robin Siegel, Analyst	704.285.8173	robin@7mileadvisors.com