

7 Mile Advisors



Sectorwatch: Advanced Analytics

September 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.

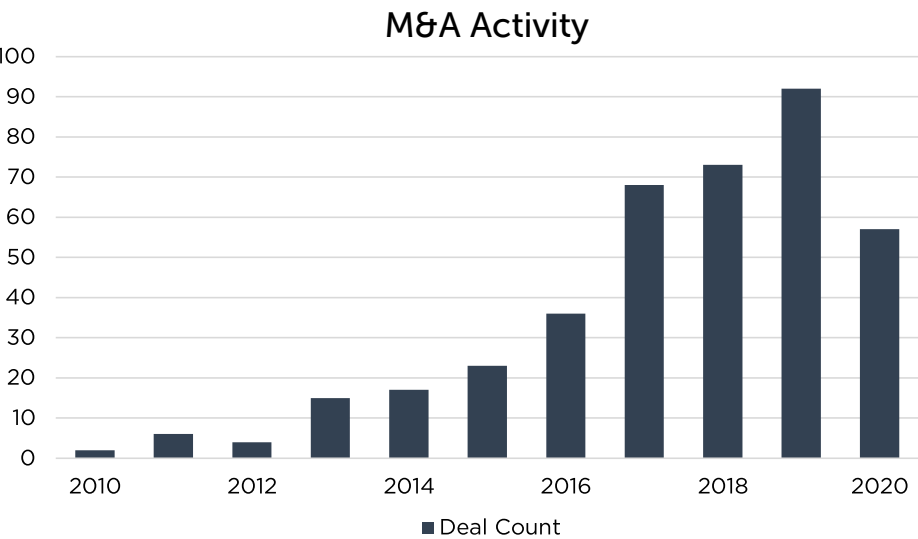
RECENT DEALS

- The most recently announced deals in the sector

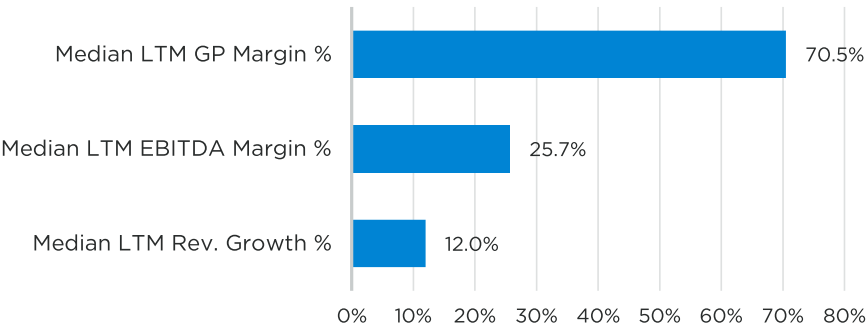
Dashboard

REVENUE GROWTH MOMENTUM ↓ -2.0%

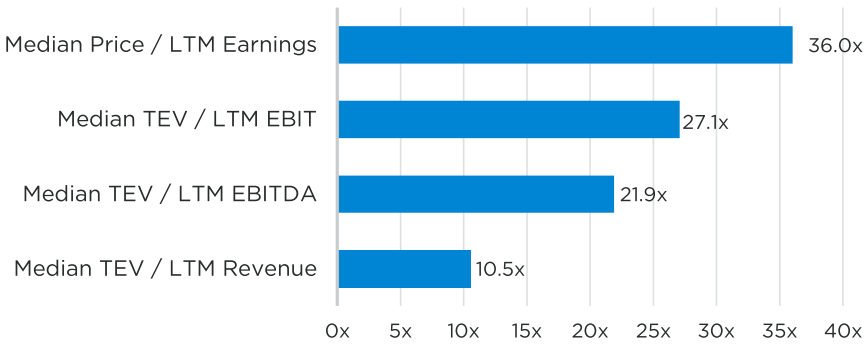
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



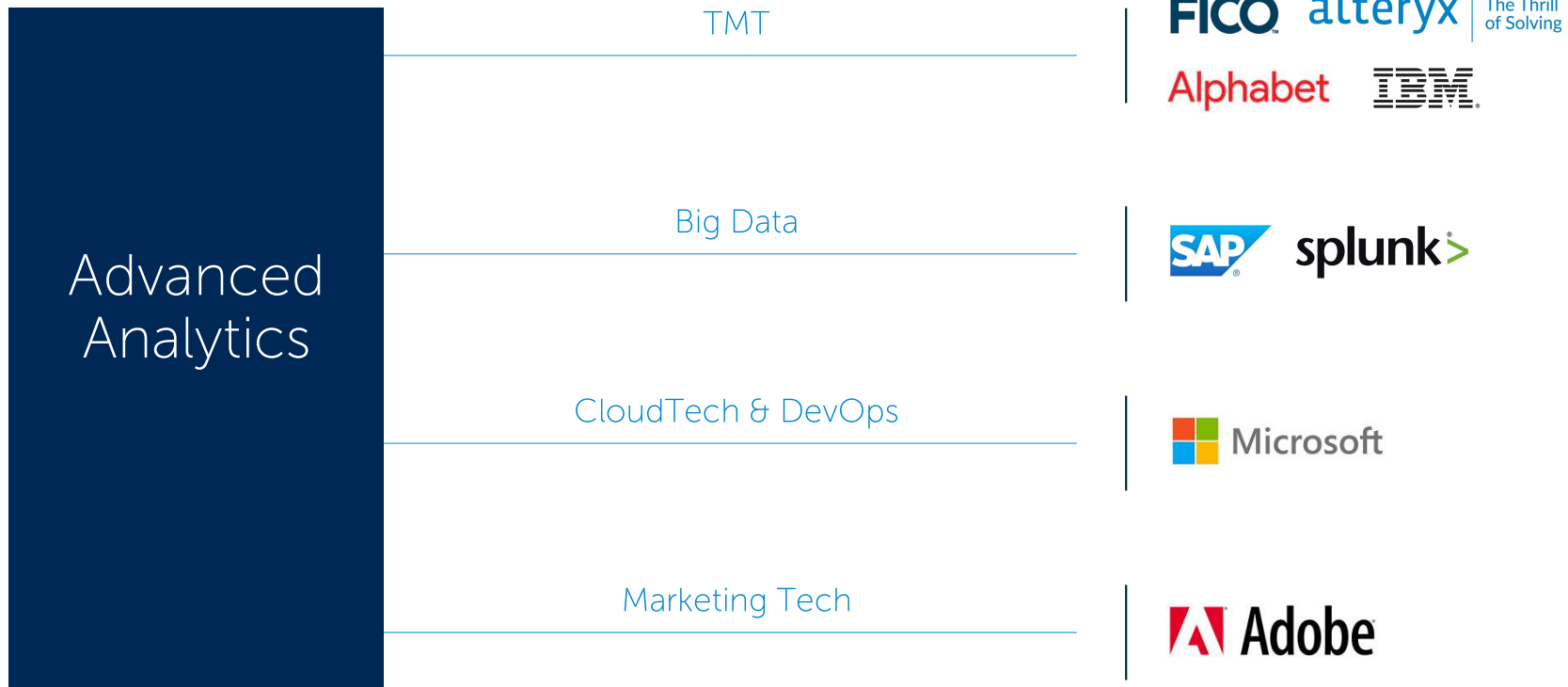
Operating Metrics



Valuation



Public Basket Overview

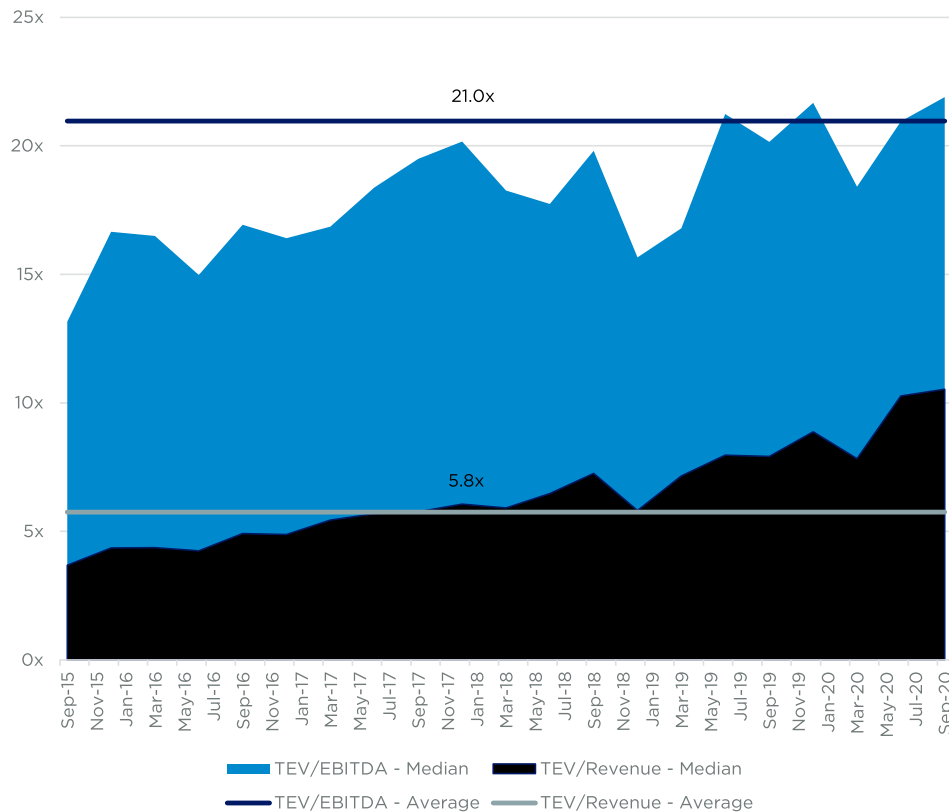


Public Basket

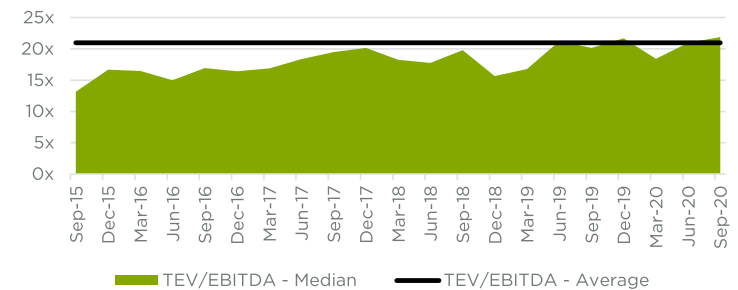
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Alteryx	7,416	11	465	50.1%	90.4%	2.4%	16.0x	573.2x	1,478	315
Fair Isaac	13,061	315	1,226	10.3%	71.0%	25.7%	10.7x	41.5x	4,029	304
Splunk	30,197	-496	2,343	14.6%	78.8%	-21.2%	12.9x	N/A	5,800	404
Accenture	131,763	8,016	44,547	4.4%	31.4%	18.0%	3.0x	15.5x	513,000	87
SAP	193,482	8,893	31,066	7.4%	70.5%	28.6%	6.2x	21.8x	101,150	307
Adobe Systems	229,622	4,743	12,436	16.8%	86.0%	38.1%	18.5x	47.2x	22,634	549
International Business Machines	161,732	14,919	75,498	-3.0%	47.8%	19.8%	2.1x	10.8x	381,100	198
Alphabet	875,828	45,996	166,030	12.0%	54.2%	27.7%	5.3x	19.0x	123,048	1,349
Microsoft	1,507,181	68,423	143,015	13.6%	67.8%	47.8%	10.5x	22.0x	144,000	993
Average	350,031	16,758	52,958	14.0%	66.4%	20.8%	9.5x	93.9x	144,027	501
Median	161,732	8,016	31,066	12.0%	70.5%	25.7%	10.5x	21.9x	101,150	315

share price as of 28Sep20

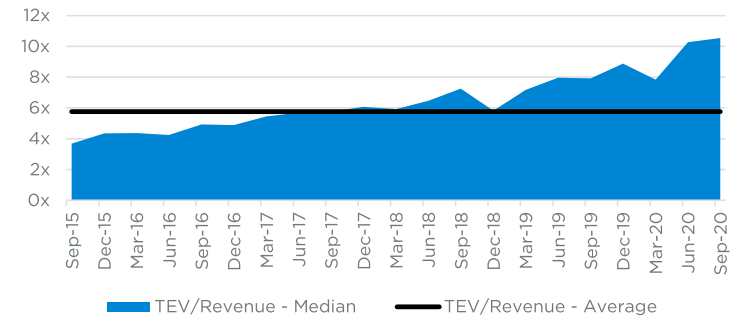
Public Basket



Public EBITDA Multiples over Time

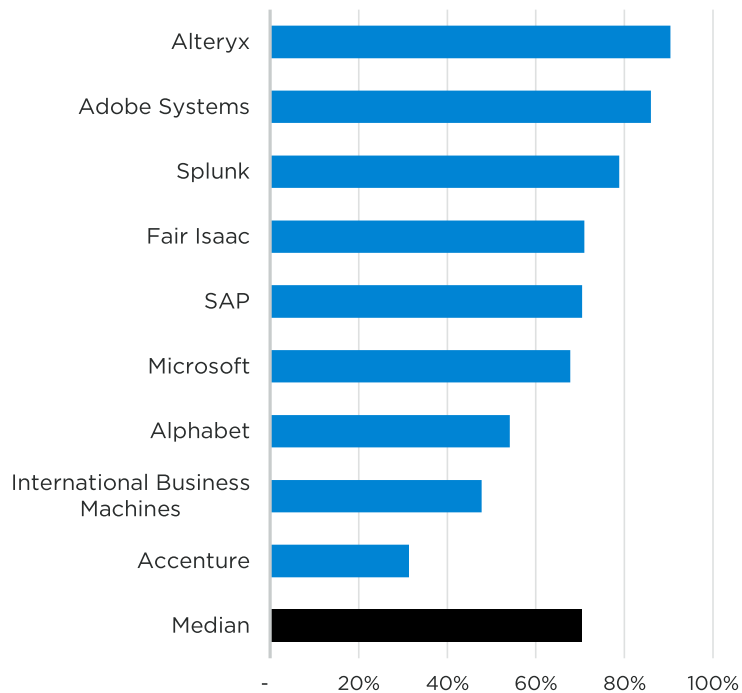


Public Revenue Multiples over Time

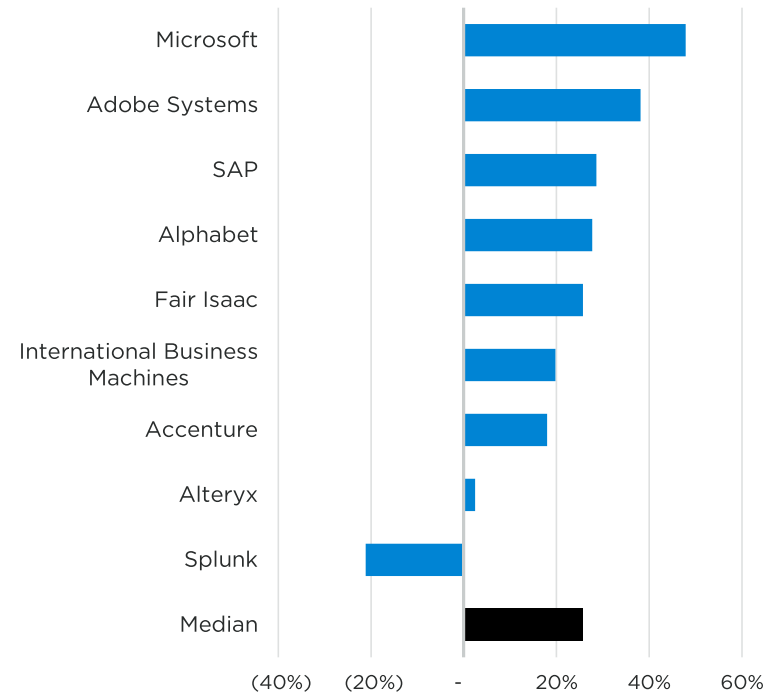


Operational Metrics

LTM Gross Profit Margin %

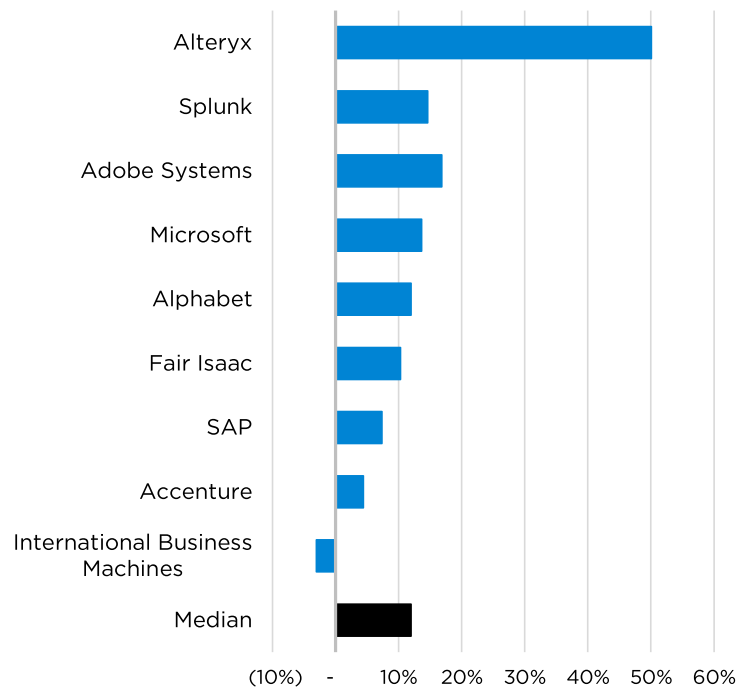


LTM EBITDA %

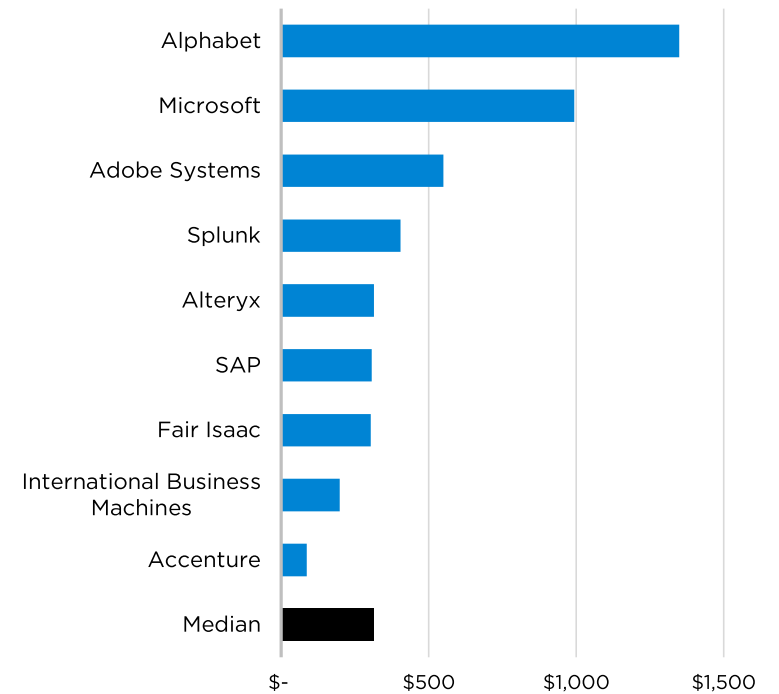


Operational Metrics

LTM Revenue Growth %

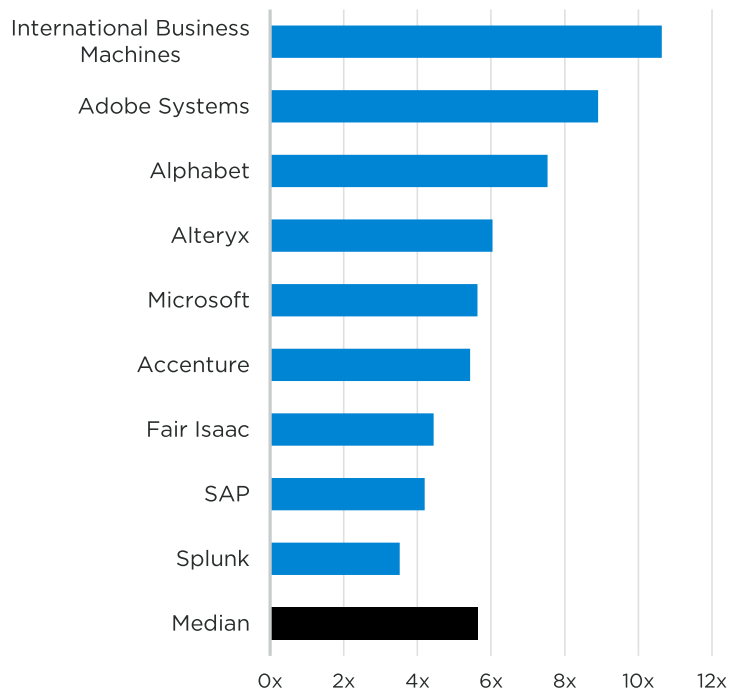


LTM Revenue per Full Time Employee x 000's

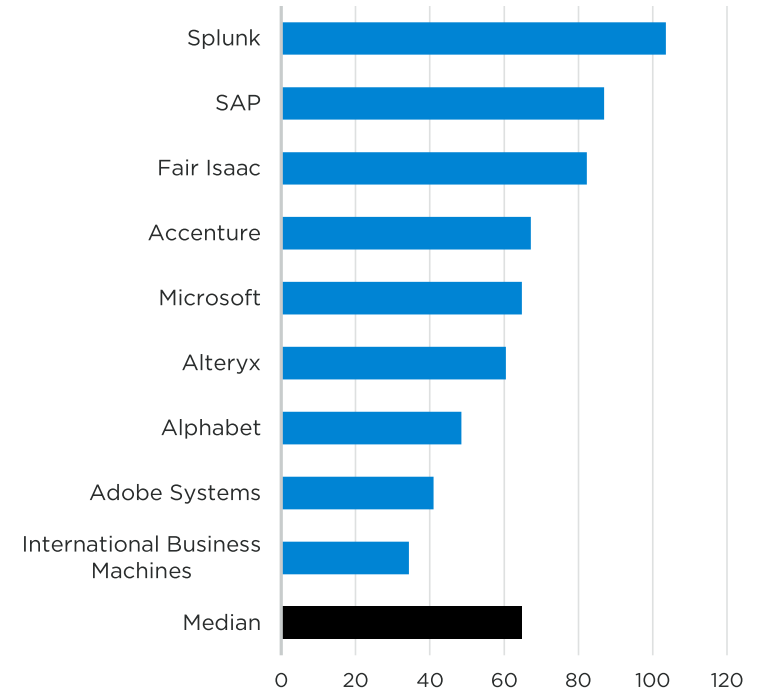


Operational Metrics

Accounts Receivable Turnover

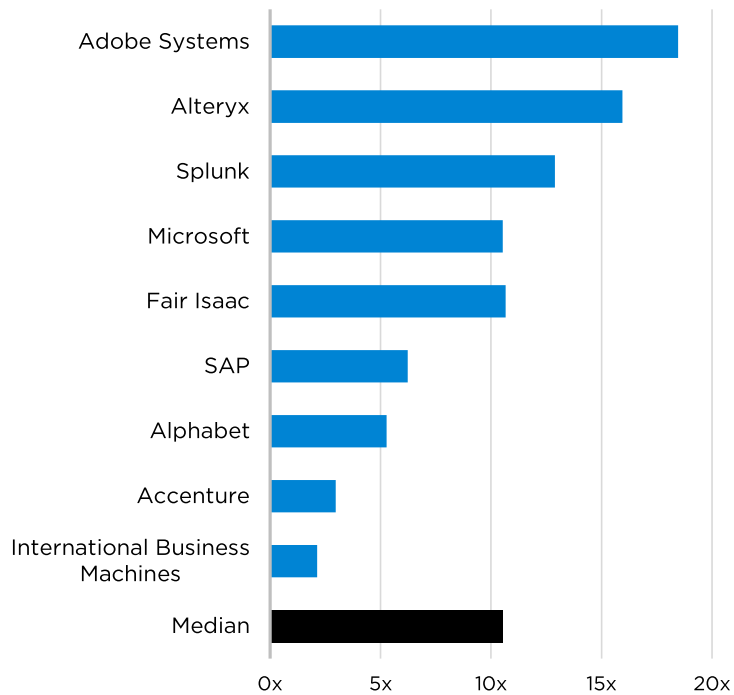


Average Days Sales Outstanding

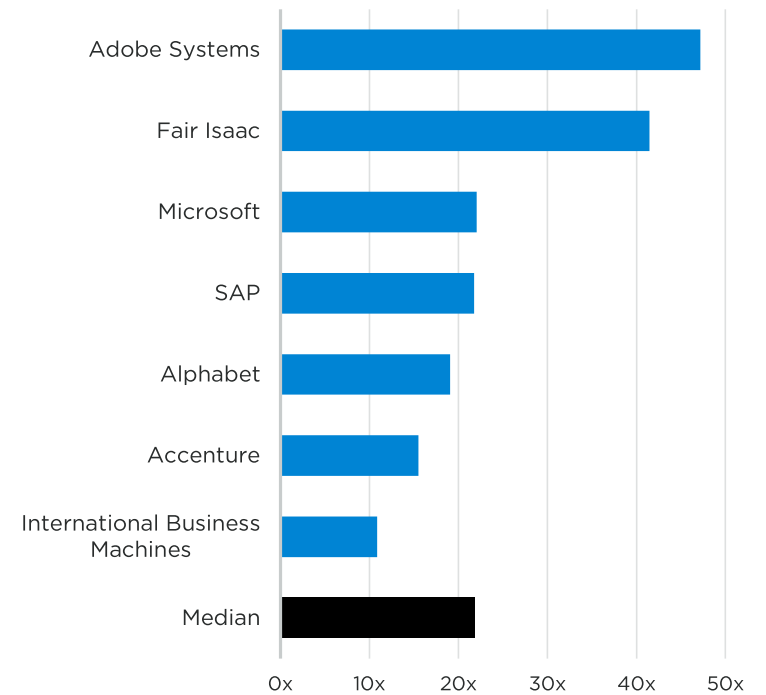


Valuation

TEV / LTM Revenue

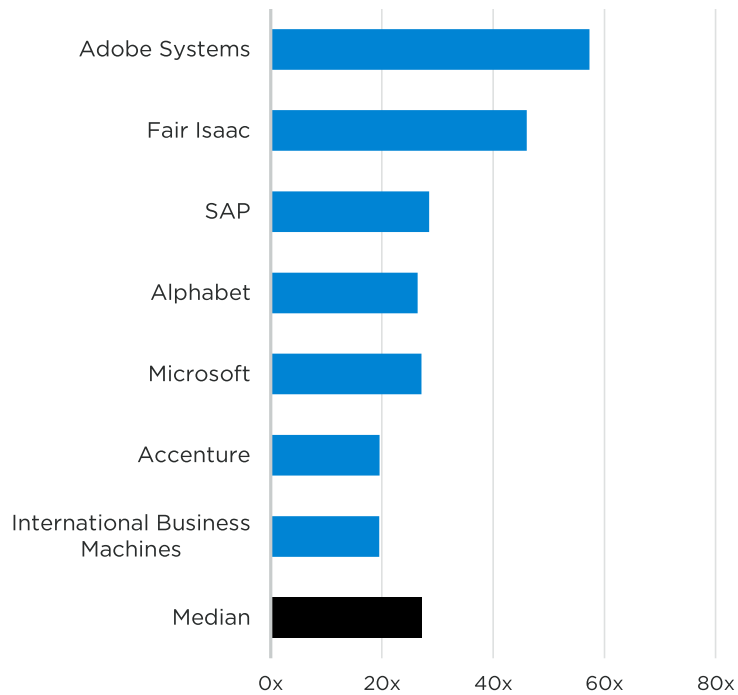


TEV / LTM EBITDA

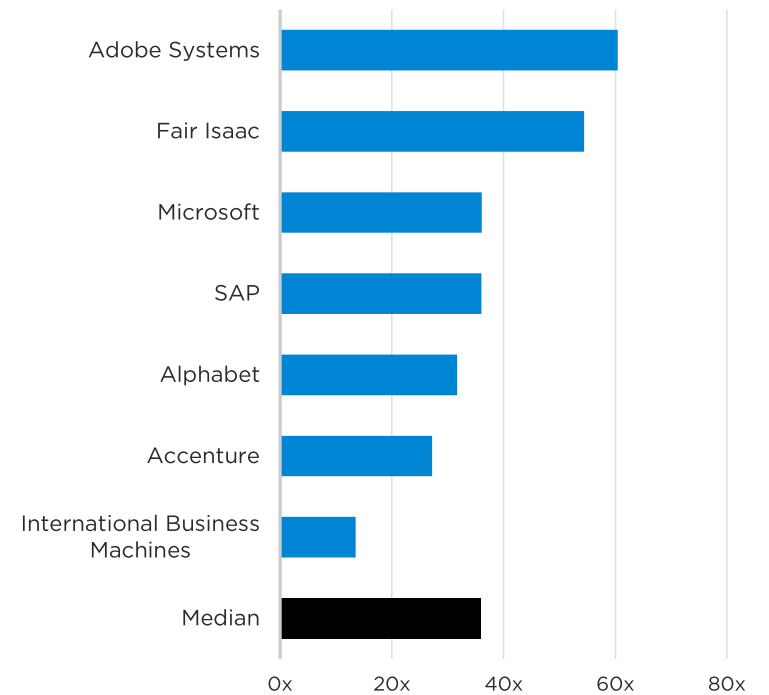


Valuation

TEV / LTM EBIT

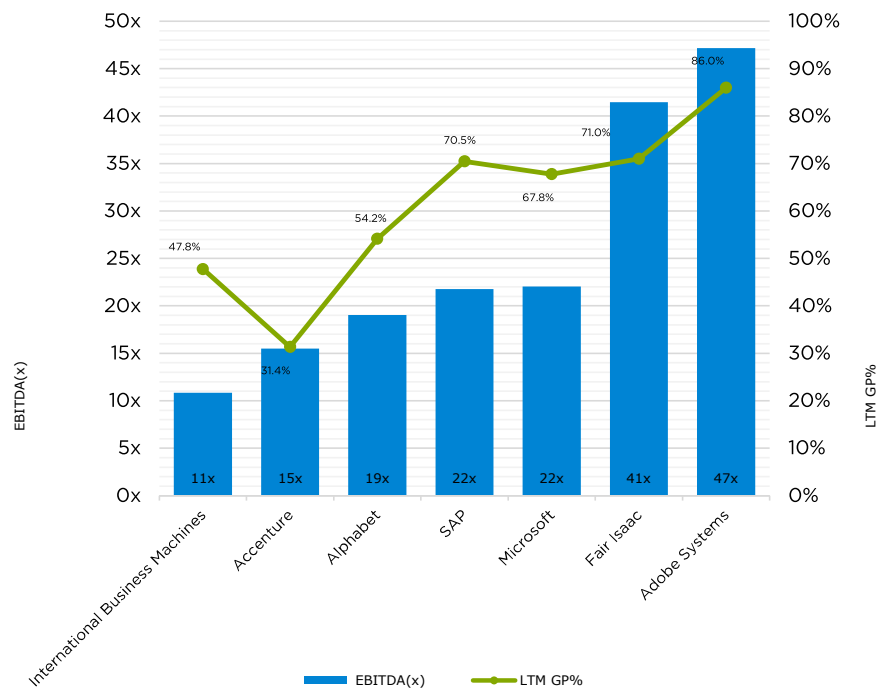


Price / LTM Earnings

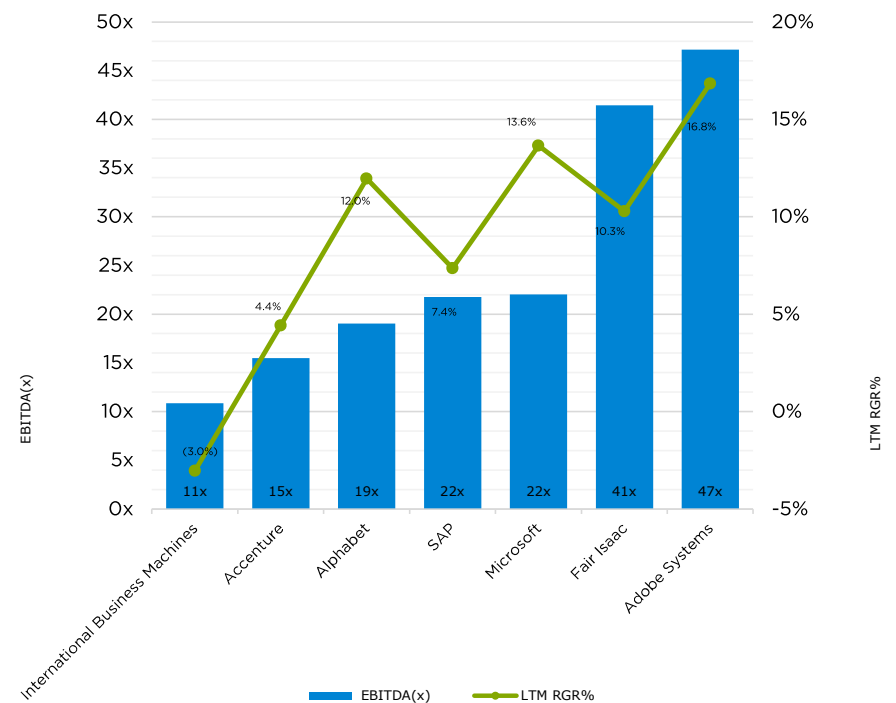


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
24-Sep-20	GPredictive	CrossEngage	-	-	-	-
22-Sep-20	Roam Analytics	Pamplona Capital Management	-	-	-	-
09-Sep-20	Fourth Technologies	Mission Mining	-	-	-	-
08-Sep-20	Fourcast by Devoteam	Devoteam	-	-	-	-
17-Aug-20	GreenBay Technologies	AlpInvest Partners	-	-	-	-
11-Aug-20	NexLP	Gallant Capital	-	-	-	-
05-Aug-20	Coda Global	BC Partners	-	-	-	-
30-Jul-20	Resci	Endurance International Group	35.00	-	-	-
24-Jul-20	FreightWaves	Kayne Anderson Capital Advisors	30.00	-	-	-
23-Jul-20	Proxem	Dassault Systemes	-	-	-	-
15-Jul-20	HVH Precision Analytics	Eversana	-	-	-	-
13-Jul-20	Predictive Partner	Jobvite	-	-	-	-
09-Jul-20	eSoftThings	Lacroix Group	-	-	-	-
07-Jul-20	Avant (Online Lending Firm)	Specialty Program Group	-	-	-	-
06-Jul-20	Wyzerr	PopCom	-	-	-	-
01-Jul-20	Verus Analytics	Kroll	-	-	-	-
30-Jun-20	Antecipa	XP Inc	-	-	-	-
26-May-20	IoTBox	TnP Consultants	-	-	-	-
15-May-20	Close Communications	Mphase Technologies	-	-	-	-
15-May-20	T4G	MNP	-	-	-	-
06-Jun-20	CyberX	Microsoft	-	-	5.07	-
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	-	-	-

Appendix

*Public Basket
Contact Information*



Alteryx

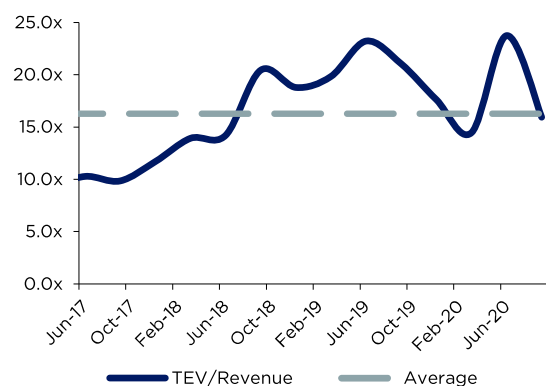
Alteryx Inc is a software company that provides self-service data analytics software.

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.

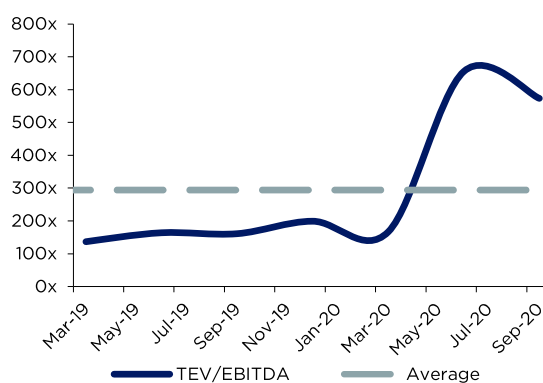
Public Basket

Alteryx

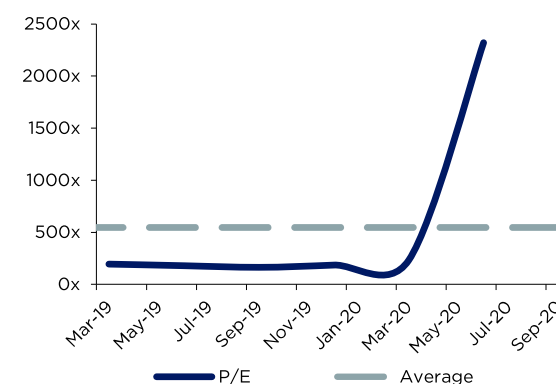
Revenue Multiples - Alteryx



EBITDA Multiples - Alteryx



P/E Multiples - Alteryx



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.

Public Basket

Fair Isaac

Fair Isaac

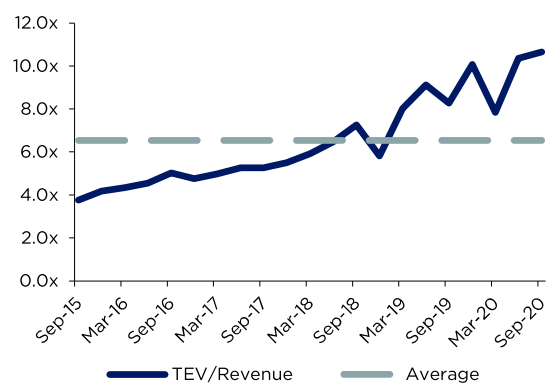
Fair Isaac Corp is a provider of business performance management solutions that allow corporations to automate and improve key decisions.

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.

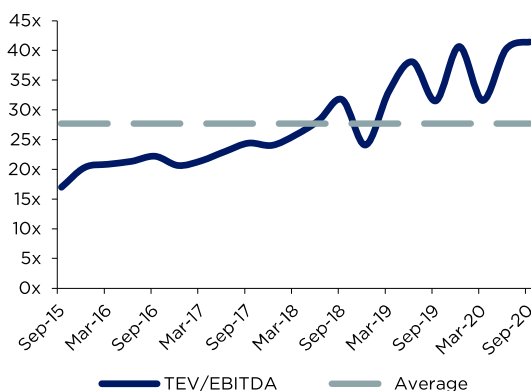
Public Basket

Fair Isaac

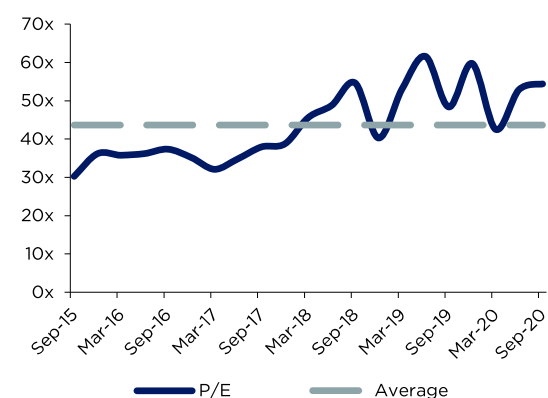
Revenue Multiples - Fair Isaac



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.

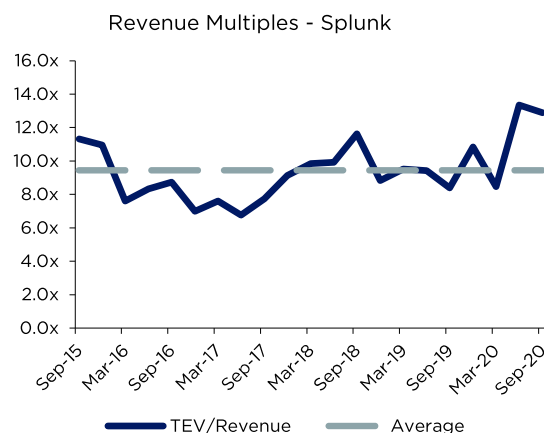
Splunk

Splunk provides software for machine log analysis.

Its flagship solution, Splunk Enterprise, is employed 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 revenue from software licenses, as well as cloud subscriptions, maintenance, and support.

Public Basket

Splunk



Company Name	Date	Deal Synopsis
Armored Things	23-Jun-20	The company raised \$7 million of seed funding in a deal led by Will Ventures on June 23, 2020, putting the company's pre-money valuation at \$15 million. Rivas Capital, Splunk, Glasswing Ventures, Inovia Capital, and MassVentures also participated in the round. The funds will be used to expand sales and the company's go-to-market strategy.
Streamlio	01-Nov-19	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.

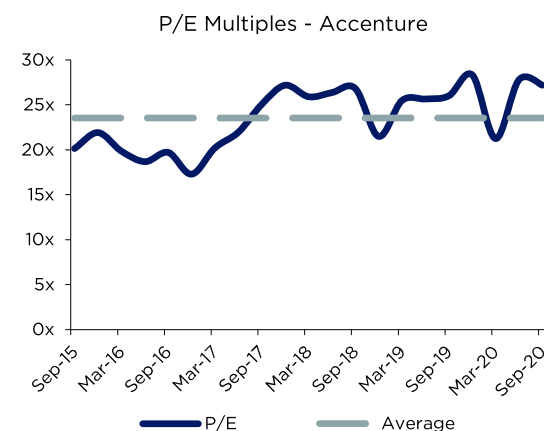
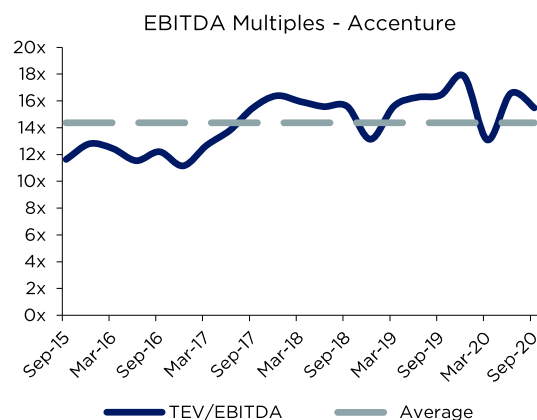
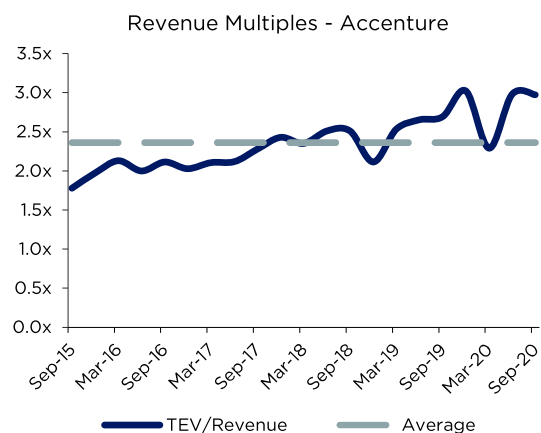
Accenture

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

N3

22-Sep-20

The company reached a definitive agreement to be acquired by Accenture (NYS: ACN) for an undisclosed amount on September 22, 2020. The combination will offer clients the ability to aggregate millions of interaction points into actionable insights that drive sales growth.

SALT Solutions

16-Sep-20

The company reached a definitive agreement to be acquired by Accenture (NYS: ACN) for an undisclosed amount on September 16, 2020. The acquisition will help Accenture build cloud-based industrial internet of things (IoT) platforms that speed up and optimize clients' production and logistics and enable them to reduce quality and waste issues along the entire supply chain.

Public Basket

SAP

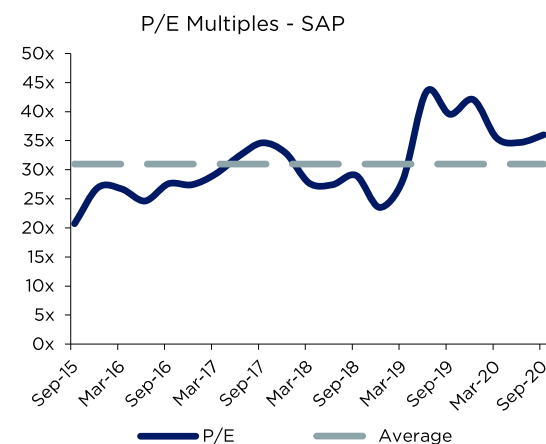
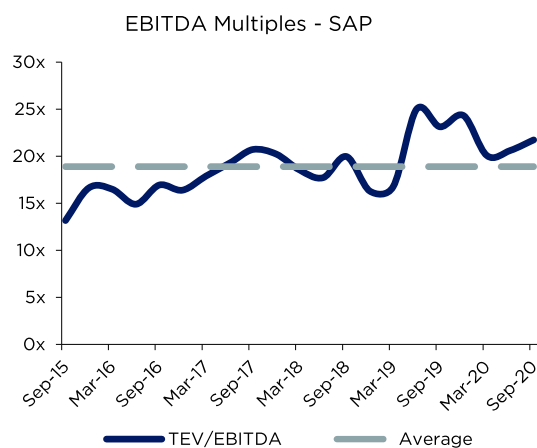
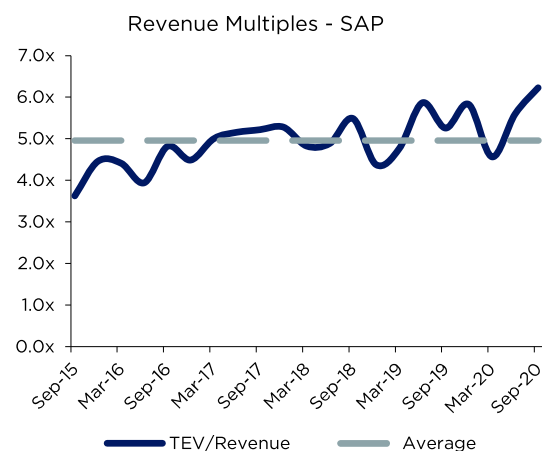
SAP

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 2019, the company generated roughly 44% of revenue from Europe, the Middle East, and Africa, 41% from the Americas, and 15% from Asia.

Public Basket

SAP



Company Name

Date

Deal Synopsis

Vistex (Illinois)

04-Aug-20

The company received an undisclosed amount of financing from SAP on August 4, 2020. This investment in the company showcases SAP's commitment to developing its partner community and reflects the impact that the partner ecosystem has on its overall success.

Crosschq

21-Jul-20

The company raised \$2.33 million of seed funding from Slack Fund, SAP and Bessemer Venture Partners on July 21, 2020, putting the company's pre-money valuation at \$20 million. GGV Capital, Rocketship and Tiger Global Management also participated in the round. The funds will be used to strengthen the company's core product, grow its team, expand partnerships and focus on building out additional data and analytics capabilities.

Public Basket

Adobe Systems

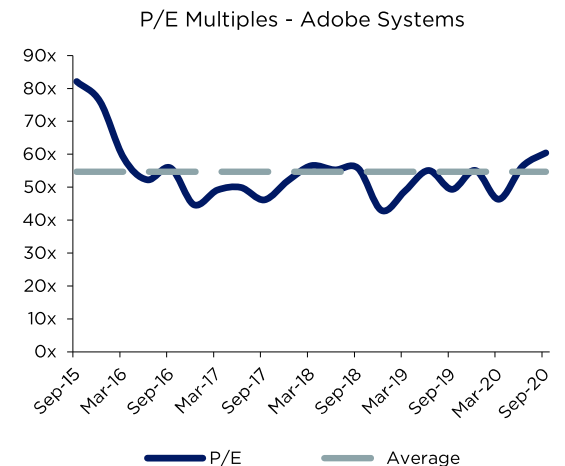
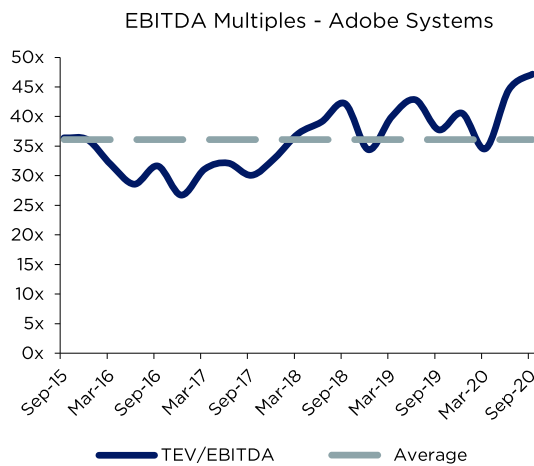
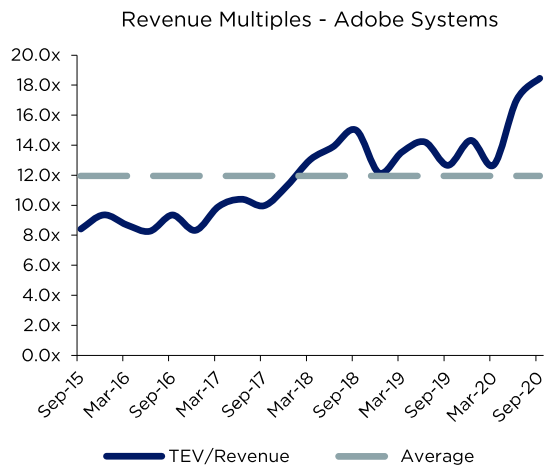
Adobe Systems

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.

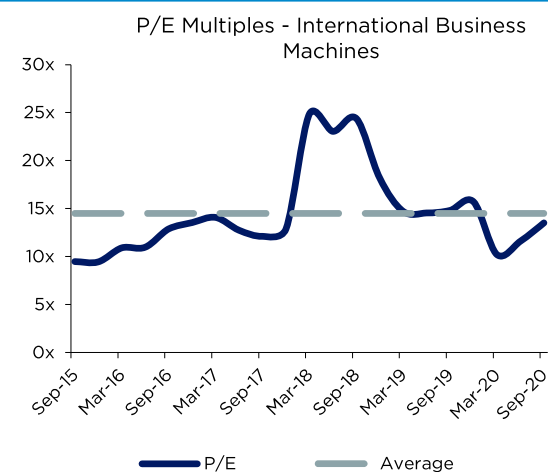
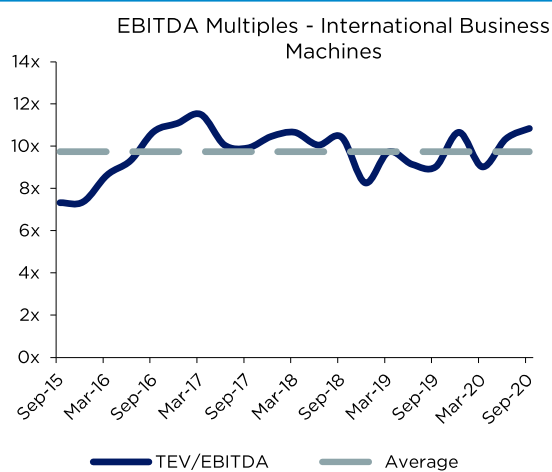
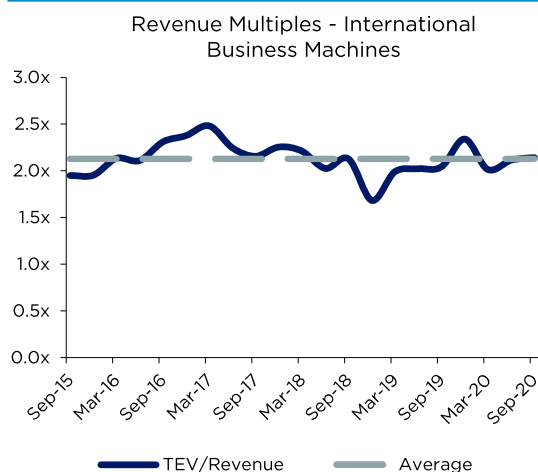
International Business Machines

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

WDG Automation

08-Jul-20

The company reached a definitive agreement to be acquired by International Business Machines (NYS: IBM) for an undisclosed amount on July 8, 2020. The acquisition further advances IBM's comprehensive AI-infused automation capabilities, spanning business processes to IT operations.

Spanugo

15-Jun-20

The company reached a definitive agreement to be acquired by International Business Machines (NYS: IBM) for an undisclosed amount on June 15, 2020.

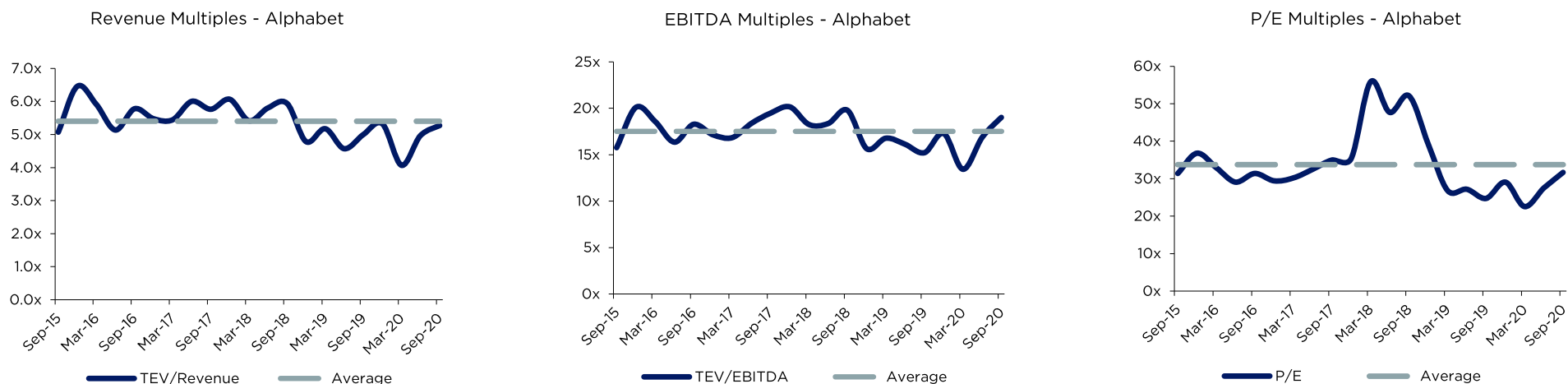
Alphabet

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



Company Name	Date	Deal Synopsis
ADT Security Services	17-Sep-20	Alphabet acquired a 6.6% stake in the company (NYS:ADT) for \$450 million on September 17, 2020 through a private placement. The company issued 54,744,525 shares of Class B common stock at \$8.22 per share.
Dunzo	01-Sep-20	The company closed on \$28 million of an undisclosed targeted amount of Series E venture funding in a deal led by LGT Lightstone Aspada and Alphabet on September 1, 2020, putting the company's pre-money valuation at \$217 million. Moving Capital, Kaplavriksh Fund, Pivot Ventures, Lightbox, Bhorka Finance Corporation, and 3L Capital also participated in the round. The funds will be used to stay in the race of high capital burn segment with competitors like Swiggy, Zomato, BigBasket and Shadowfax among others.

Microsoft

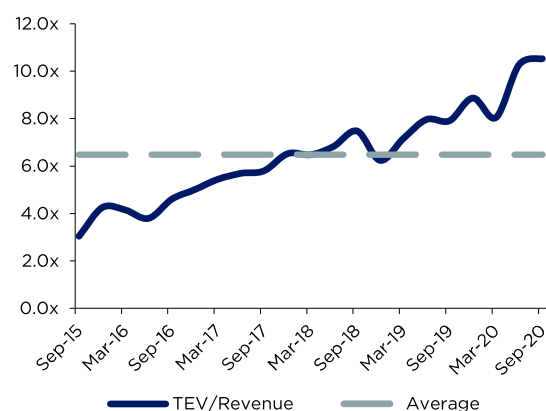
Microsoft develops and licenses consumer and enterprise software.

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.

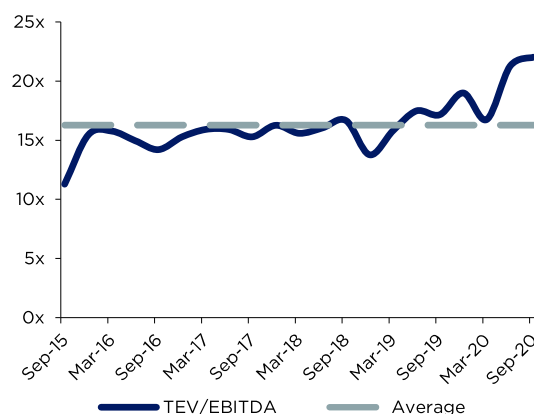
Public Basket

Microsoft

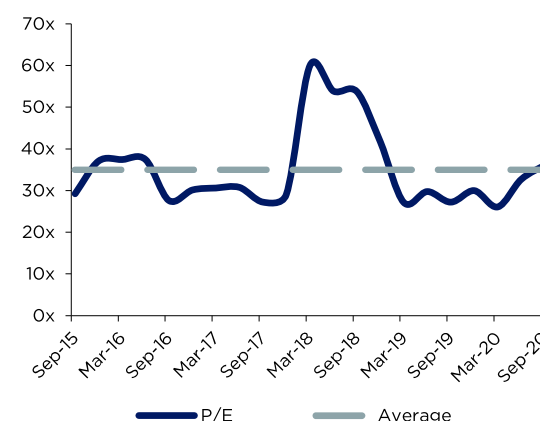
Revenue Multiples - Microsoft



EBITDA Multiples - Microsoft



P/E Multiples - Microsoft



Company Name

Date

Deal Synopsis

ZeniMax Media

21-Sep-20

The company reached a definitive agreement to be acquired by Microsoft (NAS: MSFT) for \$7.5 billion on September 21, 2020. The transaction is expected to complete in the second half of 2021, subject to regulatory approval.

CarbonCure

18-Sep-20

The company raised an undisclosed amount of venture funding in a deal co-led by Amazon.com and Breakthrough Energy Ventures on September 18, 2020. Microsoft, BDC Capital, 2150, Thistledown Capital, Taronga Group, GreenSoil Investments (Israel), Jeffrey Bezos, Marc Benioff, Reid Hoffman and Jack Ma also participated in the round.

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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