

7 Mile Advisors



Sectorwatch: Enterprise Software

October 2020



Enterprise 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

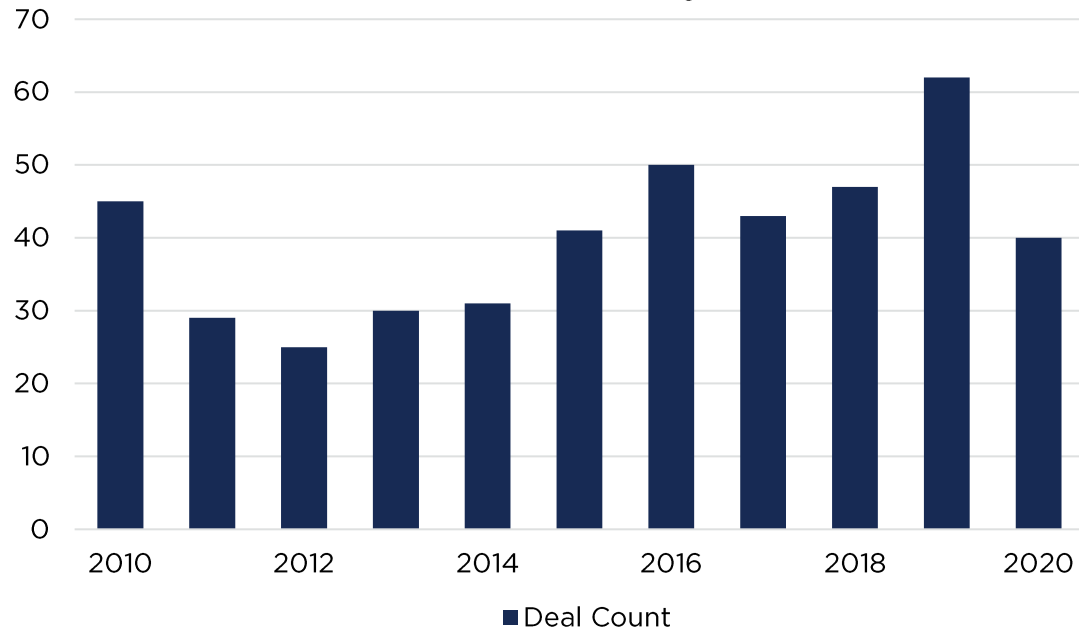
- The most recently announced deals in the sector

Dashboard

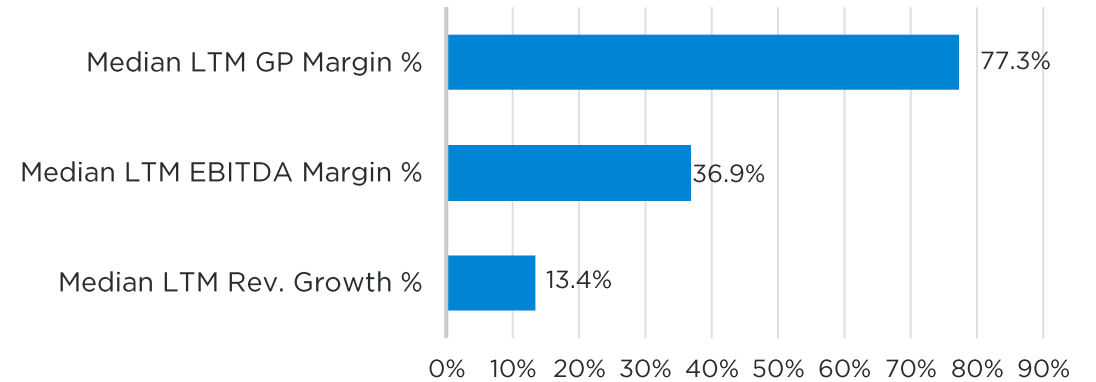
REVENUE GROWTH MOMENTUM ↓ -0.6%

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

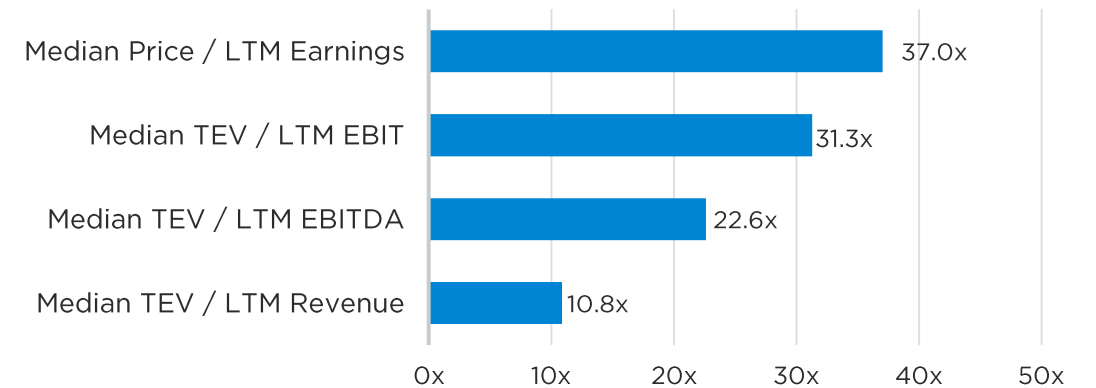
M&A Activity



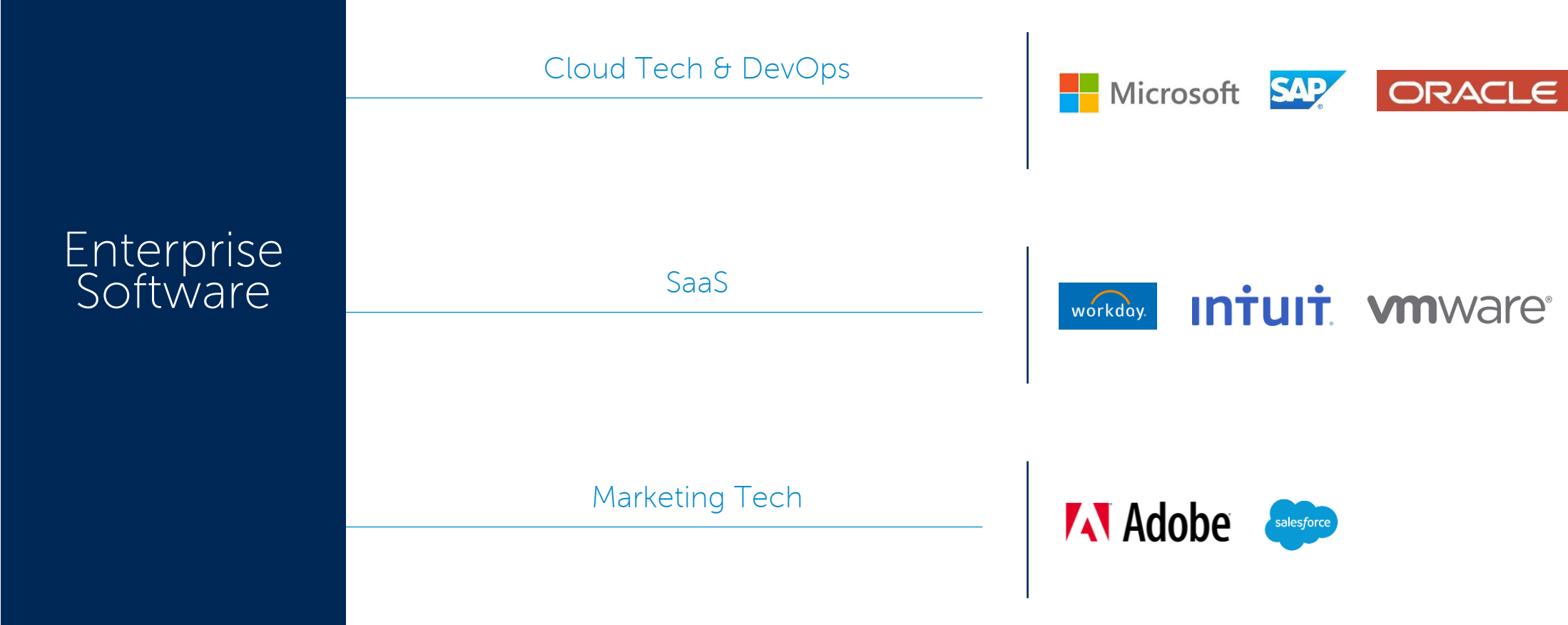
Operating Metrics



Valuation



Public Basket Overview

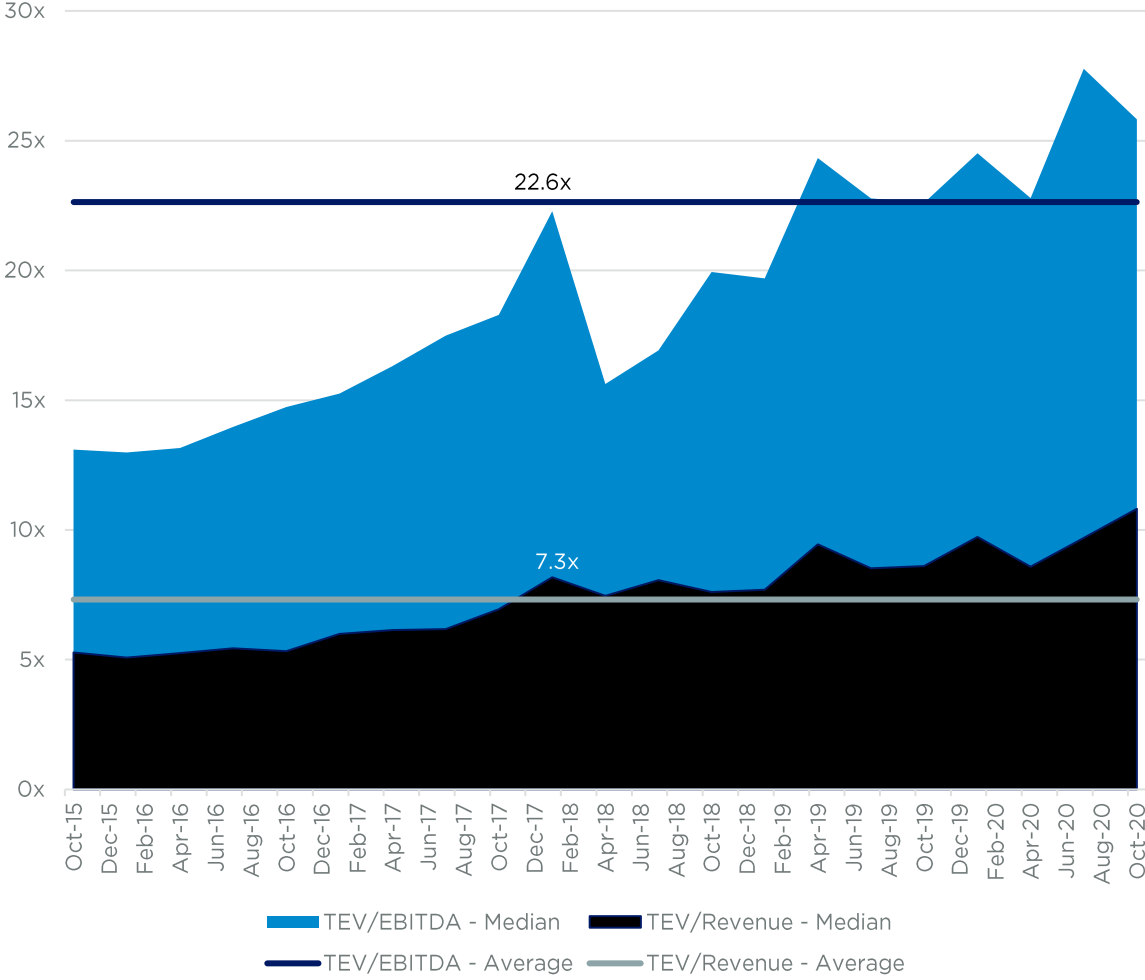


Public Basket

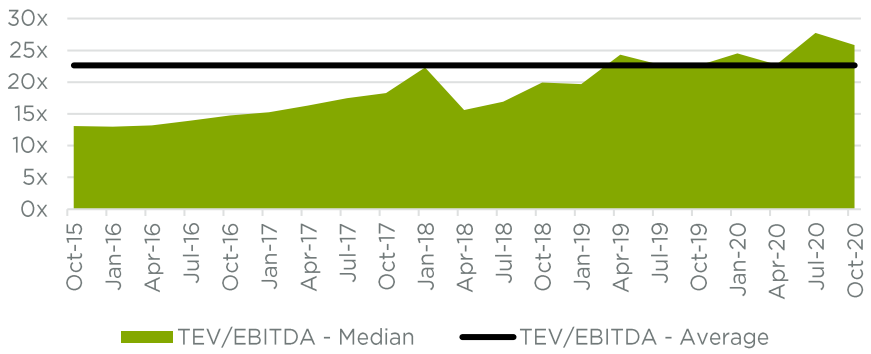
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Workday	50,142	967	3,995	23.1%	71.3%	24.2%	12.6x	51.9x	12,200	327
VMware	61,002	4,276	11,715	11.4%	82.5%	36.5%	5.2x	14.3x	31,000	378
Intuit	83,053	2,860	7,679	13.2%	82.1%	37.2%	10.8x	29.0x	9,400	817
SAP	149,064	11,155	31,066	7.4%	70.5%	35.9%	4.8x	13.4x	101,150	307
Oracle	200,997	18,807	39,216	-0.8%	80.0%	48.0%	5.1x	10.7x	136,000	288
Salesforce	224,337	4,719	19,380	31.6%	74.6%	24.3%	11.6x	47.5x	49,000	396
Adobe Systems	229,036	5,624	12,436	16.8%	86.0%	45.2%	18.4x	40.7x	22,634	549
Microsoft	1,547,244	68,423	143,015	13.6%	67.8%	47.8%	10.8x	22.6x	144,000	993
Average	318,109	14,604	33,563	14.5%	76.8%	37.4%	9.9x	28.8x	63,173	507
Median	175,031	5,172	15,908	13.4%	77.3%	36.9%	10.8x	25.8x	40,000	387

share price as of 28Oct20

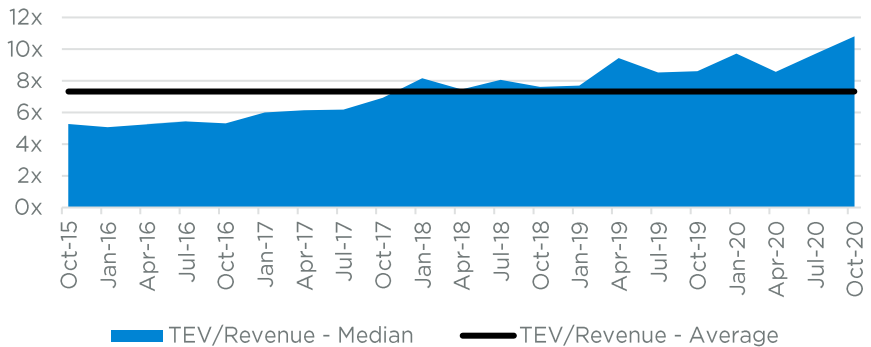
Public Basket



Public EBITDA Multiples over Time

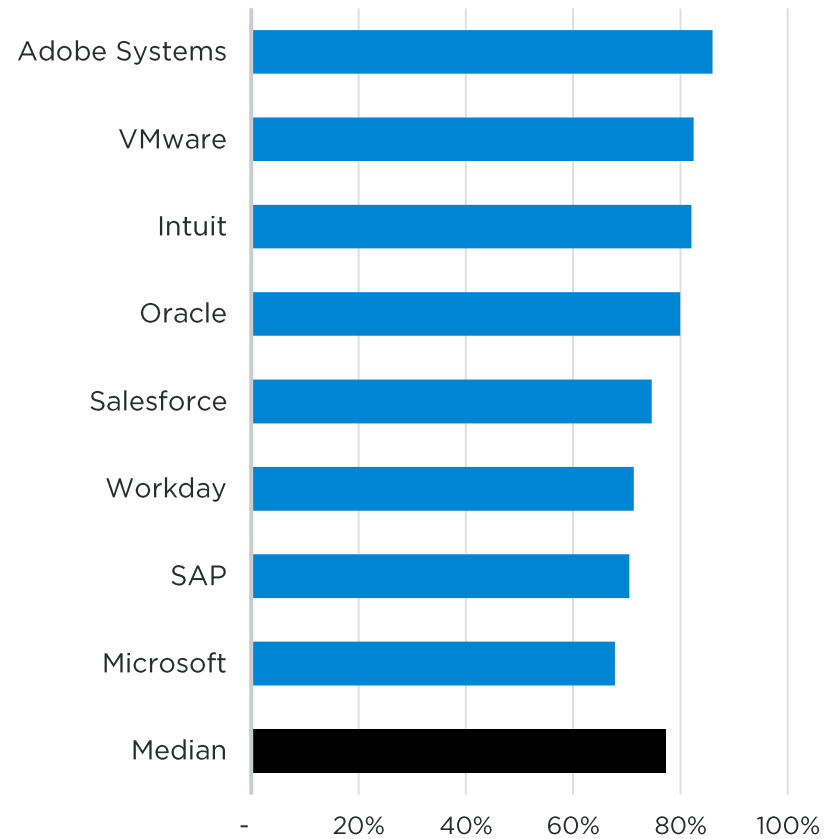


Public Revenue Multiples over Time

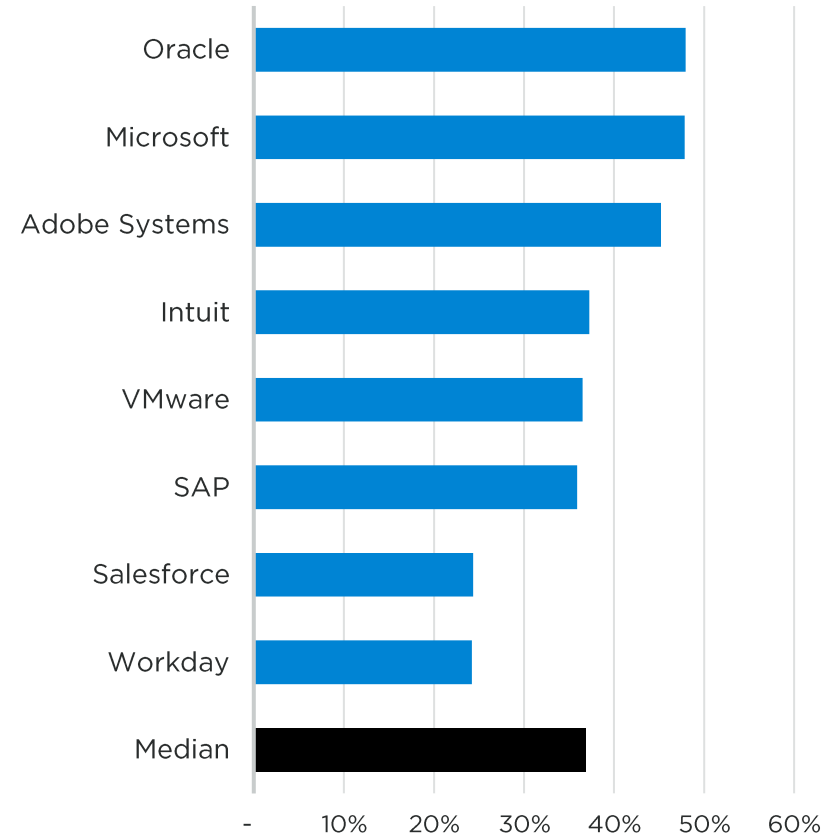


Operational Metrics

LTM Gross Profit Margin %

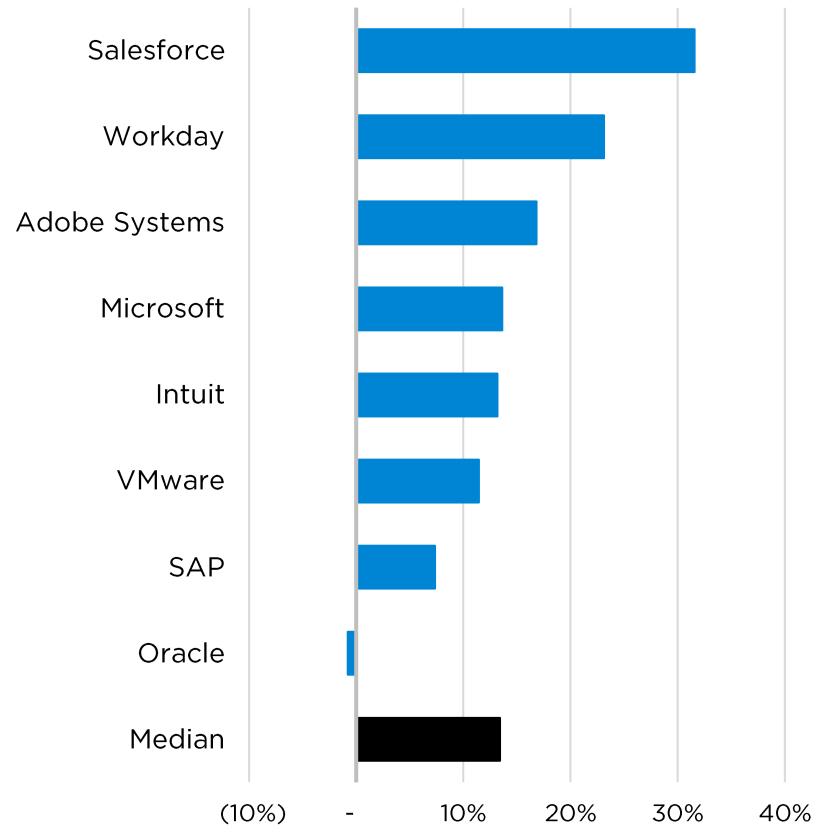


LTM EBITDA %

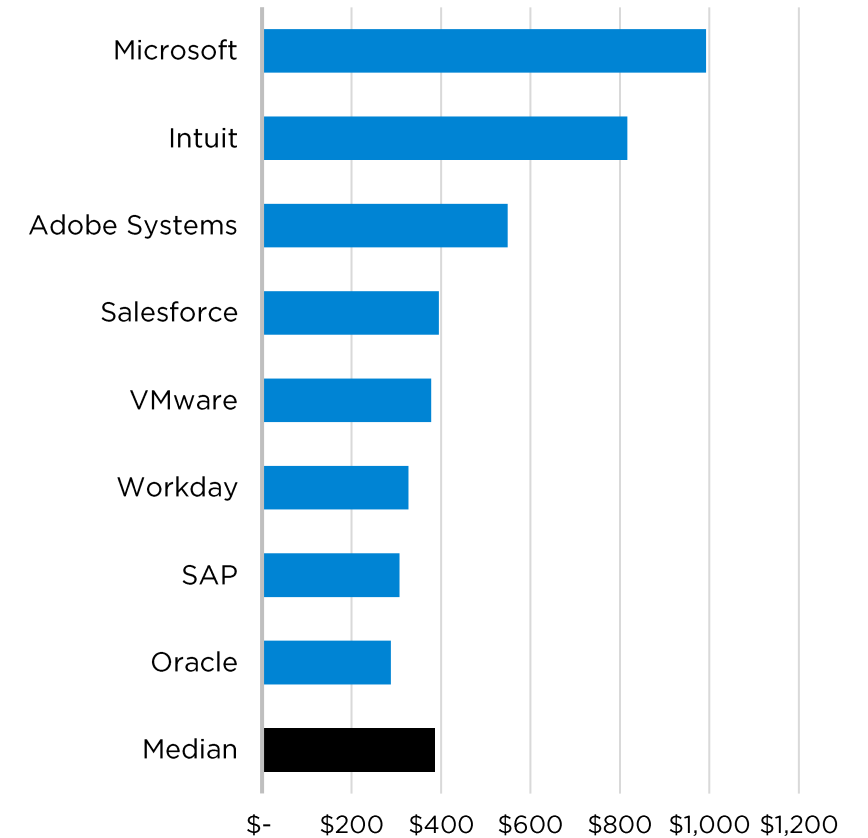


Operational Metrics

LTM Revenue Growth %

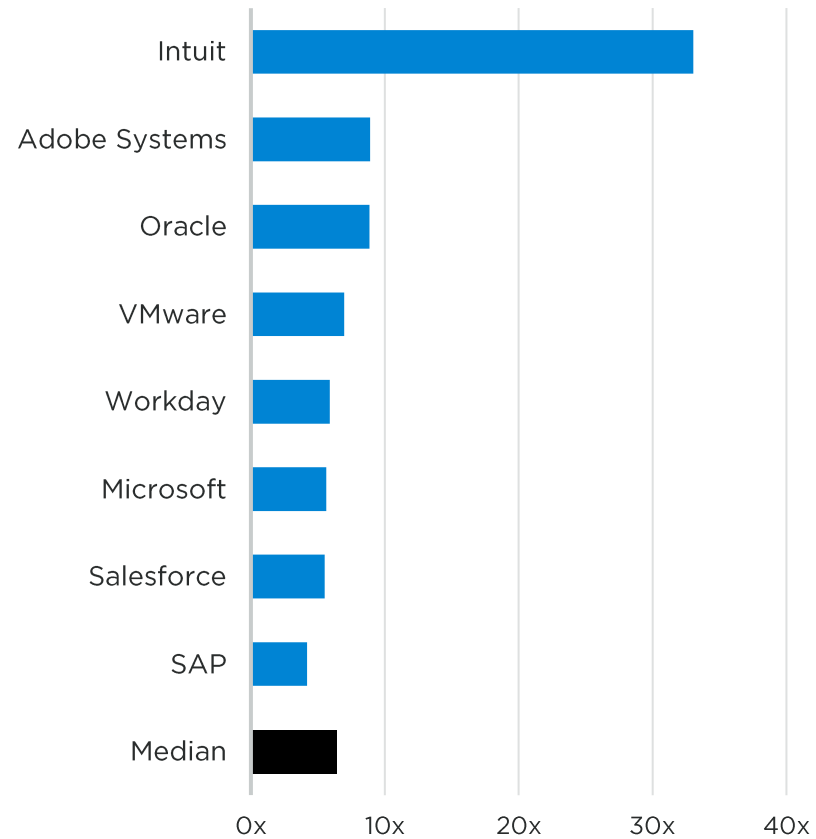


LTM Revenue per Full Time Employee x 000's

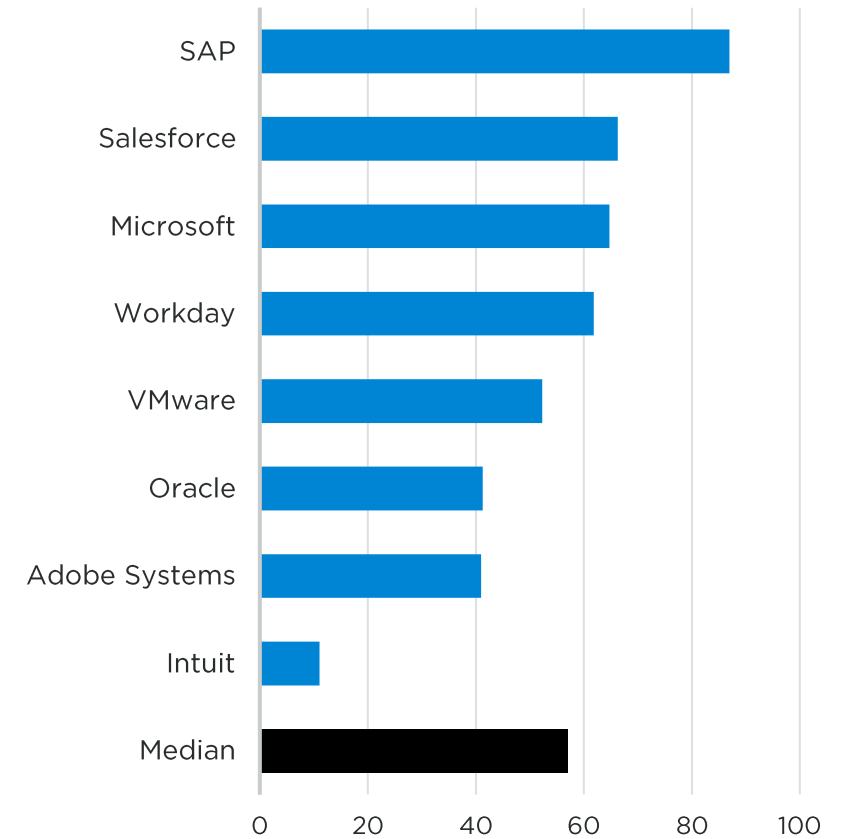


Operational Metrics

Accounts Receivable Turnover

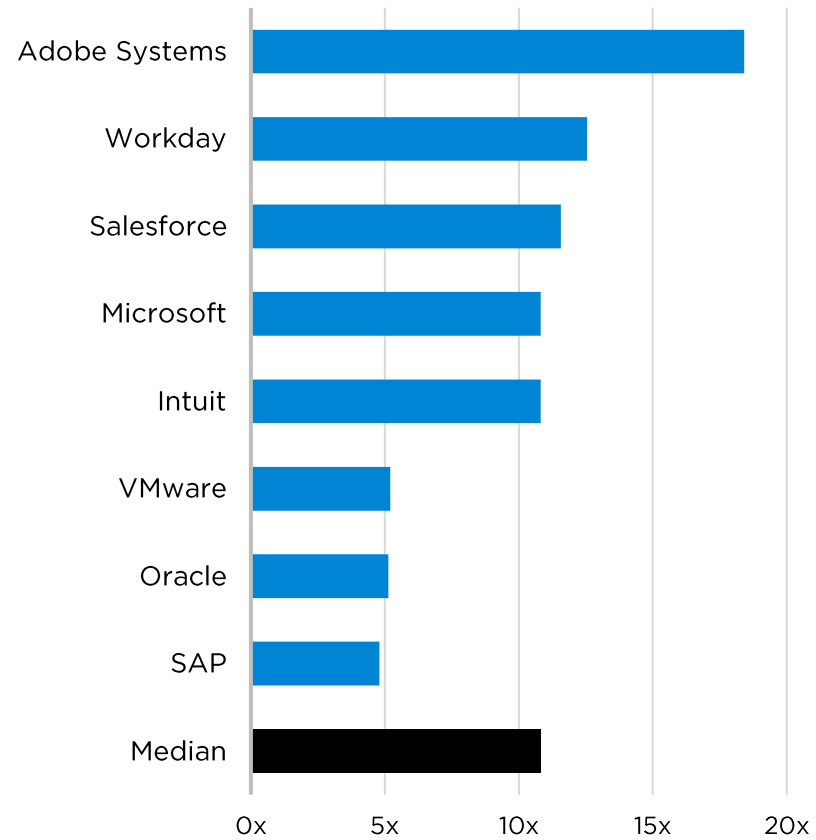


Average Days Sales Outstanding

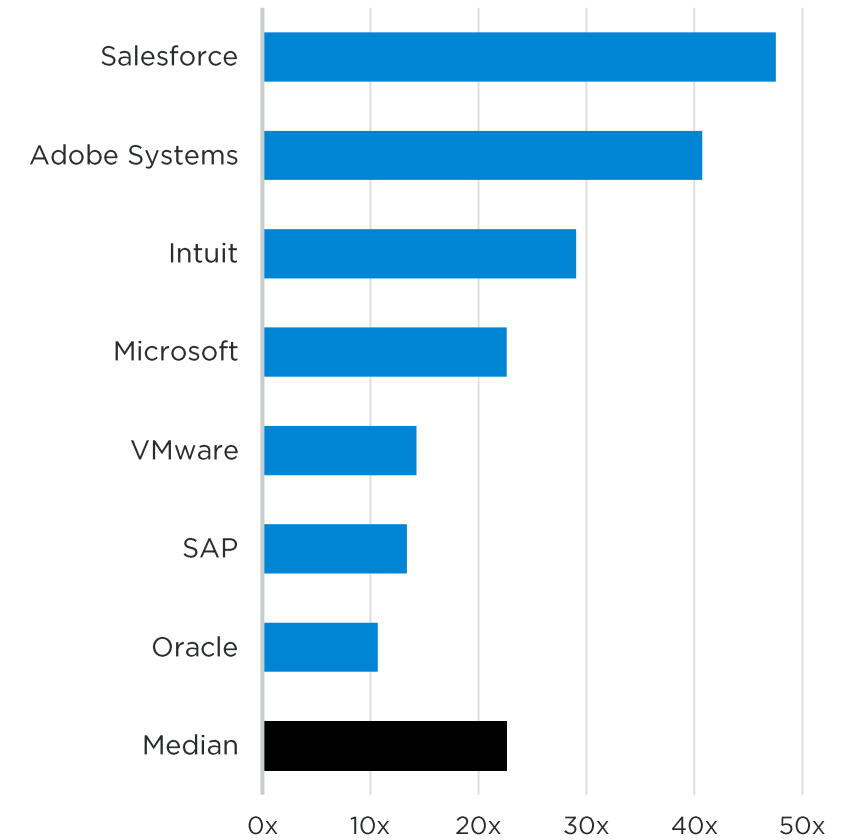


Valuation

TEV / LTM Revenue

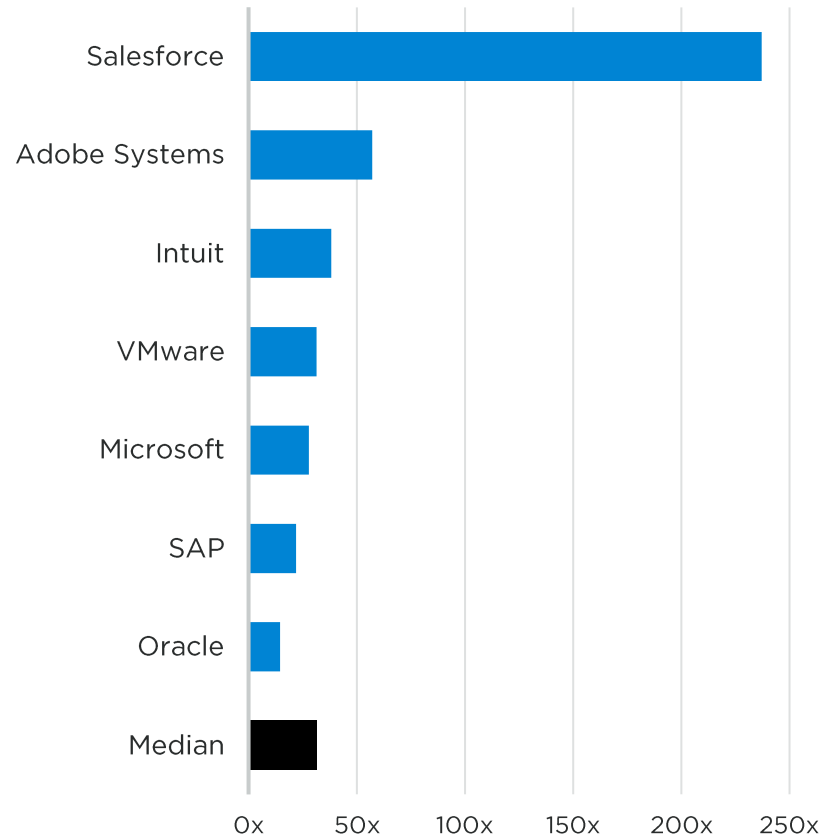


TEV / LTM EBITDA

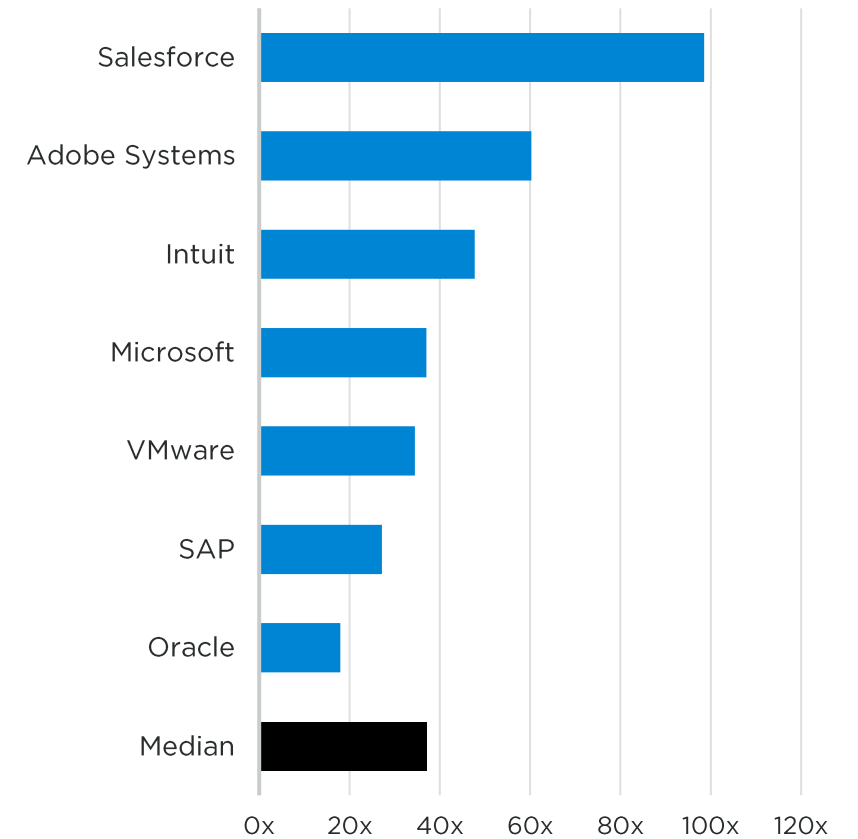


Valuation

TEV / LTM EBIT

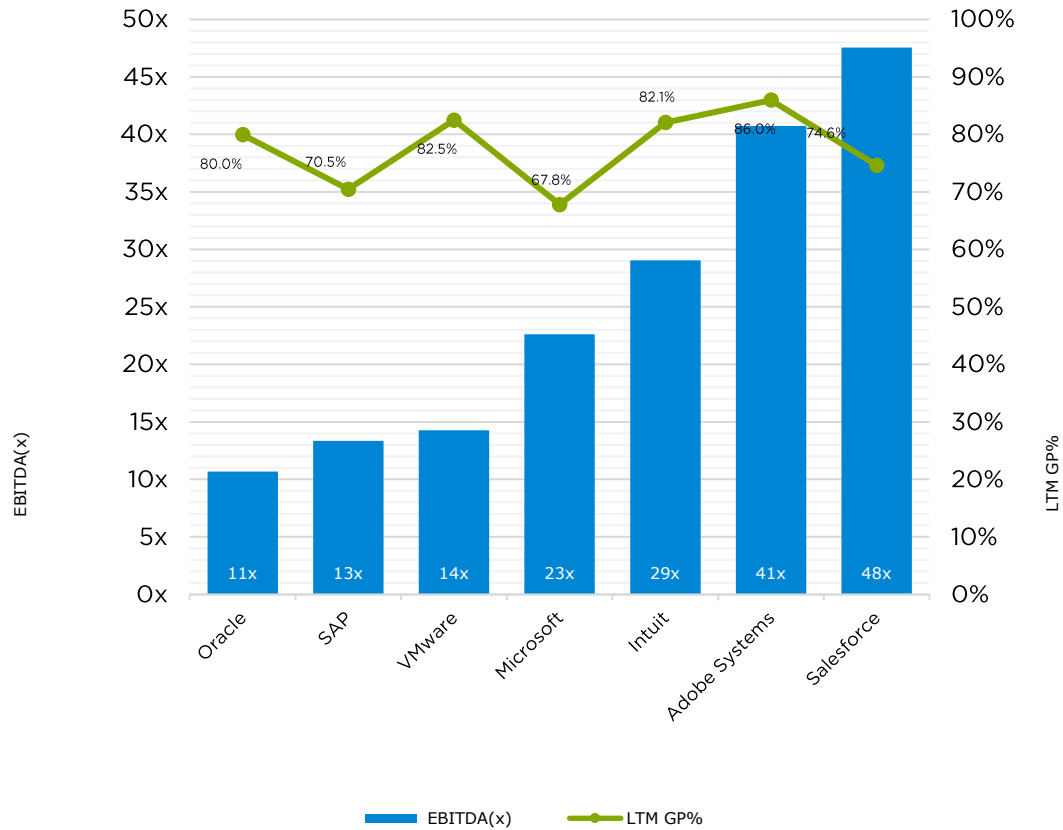


Price / LTM Earnings

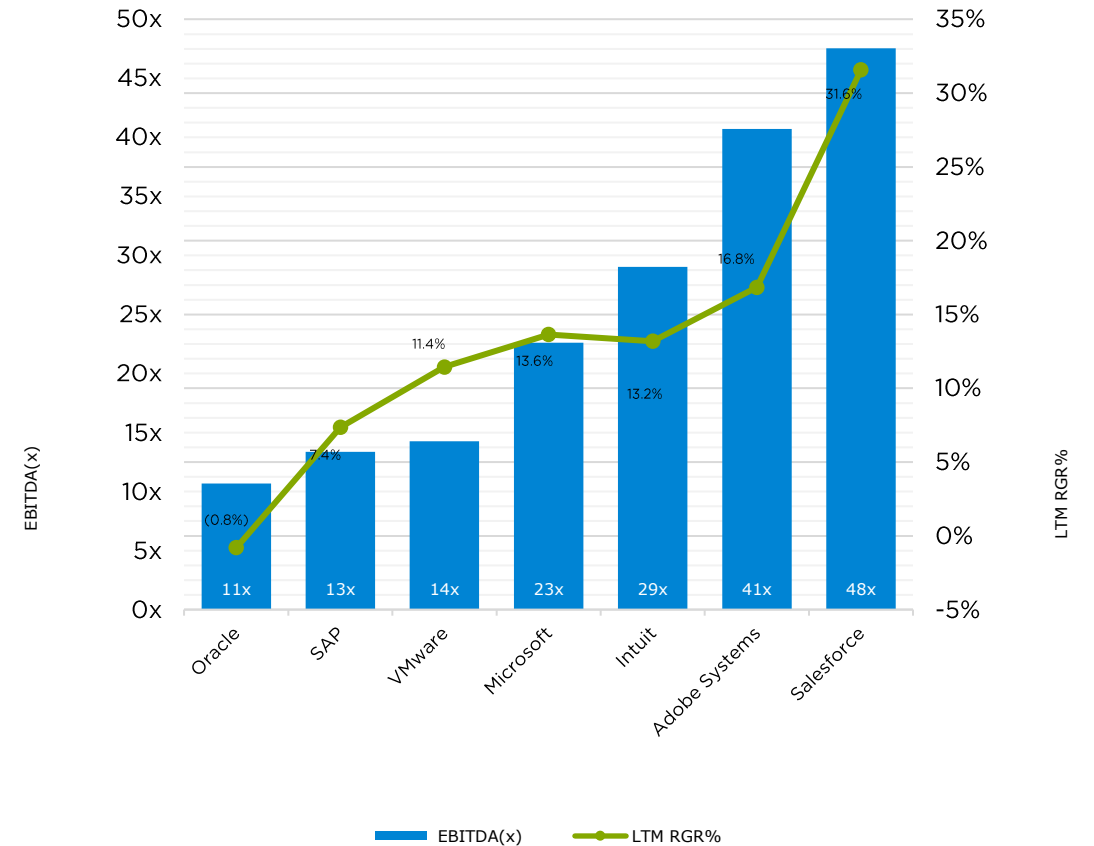


Valuation

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
29-Oct-20	Icon Solutions	J.P. Morgan	-	-	-	-
29-Oct-20	Monocl	22C Capital	-	-	-	-
26-Oct-20	TotalMobile	Bowmark Capital	-	-	-	-
05-Oct-20	TargetX	Liaison International	-	-	-	-
24-Sep-20	ImagineTime	Greater Sum Ventures	-	-	-	-
22-Sep-20	School Software Group	Education Advanced	-	-	-	-
21-Sep-20	Volly	Camden Partners	11.00	-	-	-
18-Sep-20	Trans + Plus Systems	Banyan Software	-	-	-	-
15-Sep-20	Infinite Automation Systems	Radix IoT	-	-	-	-
08-Sep-20	Acarda Services	Greenspring Associates	-	-	-	-
09-Jun-20	TruePath Technologies	Antin Infrastructure Partners	-	-	-	-
23-Jun-20	Aptean	Charlesbank Capital Partners	-	-	-	-
10-Aug-20	Limelight Health	Fineos	-	-	-	-
13-Aug-20	Object Partners	Improving Holdings	-	-	-	-
13-Aug-20	Smartspace Software (Enterprise Software Business)	Four Winds Interactive	-	-	-	-
04-Aug-20	Practice Point	Aquiline Capital Partners	-	-	-	-
04-Aug-20	Vistex (Illinois)	SAP	-	-	-	-
27-Jul-20	Cforia Software	Gemspring Capital	-	-	-	-
13-Jul-20	NuGen IT	Genstar Capital	-	-	-	-
08-Jul-20	Boxview	Spacelabs Healthcare	-	-	-	-
30-Jun-20	Shero	Ambientia	-	-	-	-
26-Jun-20	Elogbooks Facilities Management	Marlowe (UK)	-	-	-	-
22-Jun-20	Attivio	LucidWorks	-	-	-	-
19-Jun-20	Botron Software	Appfire Technologies	-	-	-	-

Appendix

*Public Basket
Contact Information*



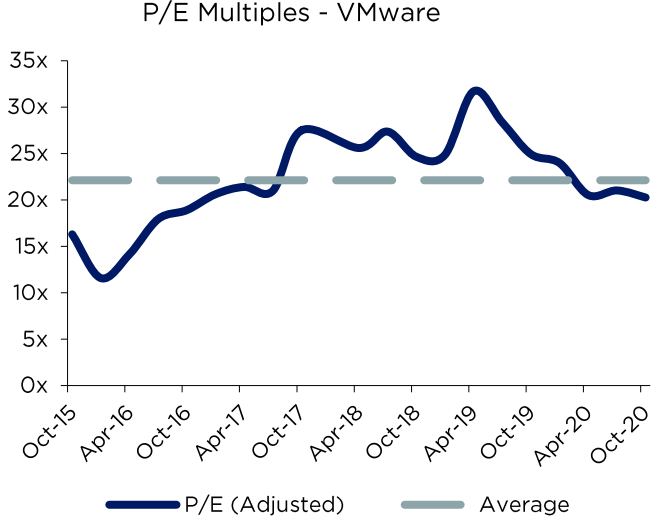
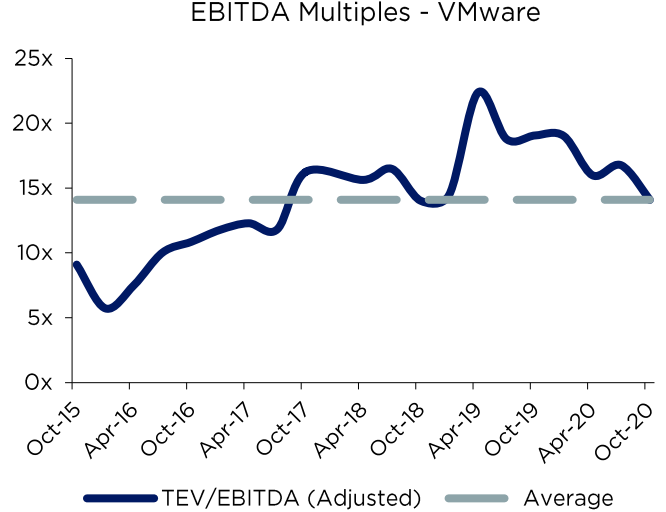
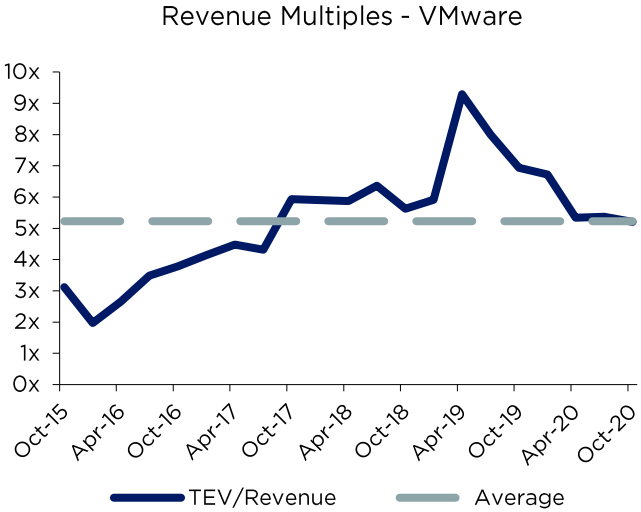
Workday

Workday is a software-as-a-service provider that offers enterprise resource planning software for medium and large enterprises.

The firm's roots are in ERP software vendor PeopleSoft, which was founded by Workday cofounder David Duffield, while fellow Workday cofounder Aneel Bhusri served as vice chairman at PeopleSoft. The company's product portfolio is centered on human capital and financial management software, though it continues to add new applications to the product set. Just over 75% of the firm's revenue comes from the U.S.

Public Basket

Workday



<i>Company Name</i>	<i>Date</i>	<i>Deal Synopsis</i>
Trusted Key Solutions	18-Jul-19	The company was acquired by Workday (NAS: WDAY) for an undisclosed amount on July 18, 2019.

VMware

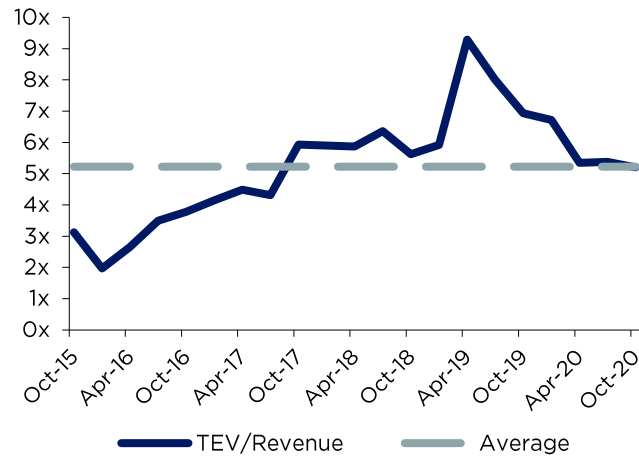
VMware, a majority-owned subsidiary of Dell, is an industry leader in virtual machines for data center servers and computer desktops.

The software provider operates in the three segments of licenses, maintenance, and professional services. Customers include enterprises utilizing data centers, end-user computing, cloud providers, and software-defined networking. The Palo Alto, California, firm operates and sells on a global scale, with about half its revenue from the United States, through direct sales, distributors, and partnerships.

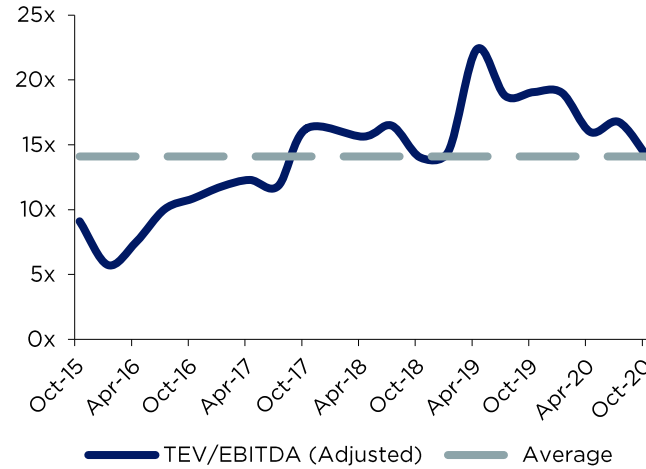
Public Basket

VMware

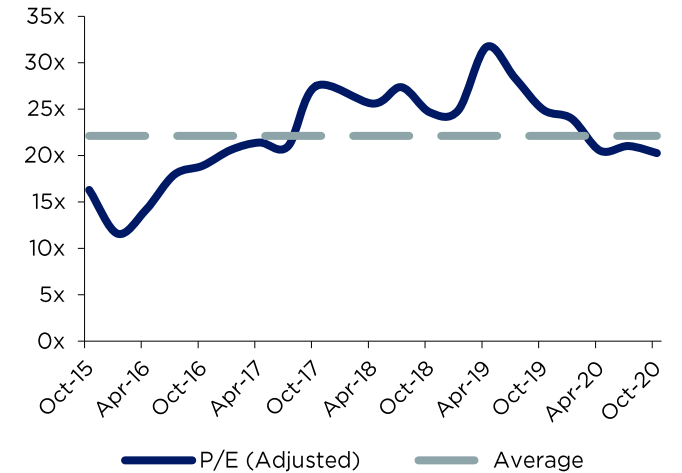
Revenue Multiples - VMware



EBITDA Multiples - VMware



P/E Multiples - VMware



Company Name	Date	Deal Synopsis
Blue Medora (True Visibility Suite)	07-Jul-20	The True Visibility Suite team and products of Blue Medora was acquired by VMware for \$17.6 million on July 7, 2020. The acquisition extend VMware reporting operations and automatic piloting of cloud platforms as well as strengthen its analysis and reporting tools on its cloud platforms and boost VMware hybrid cloud management capabilities.

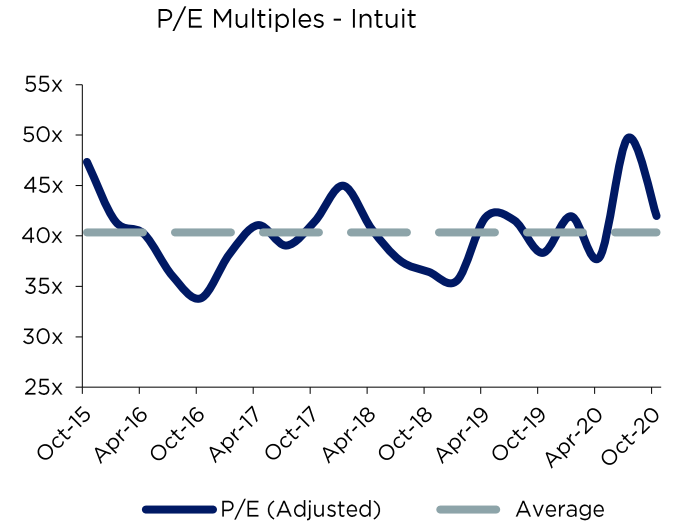
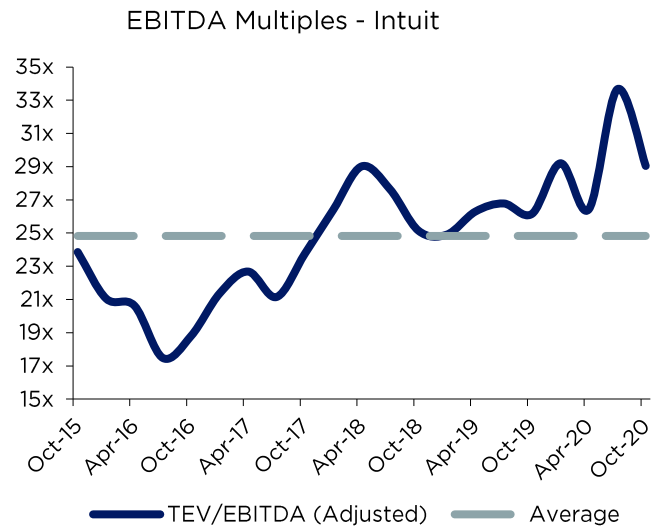
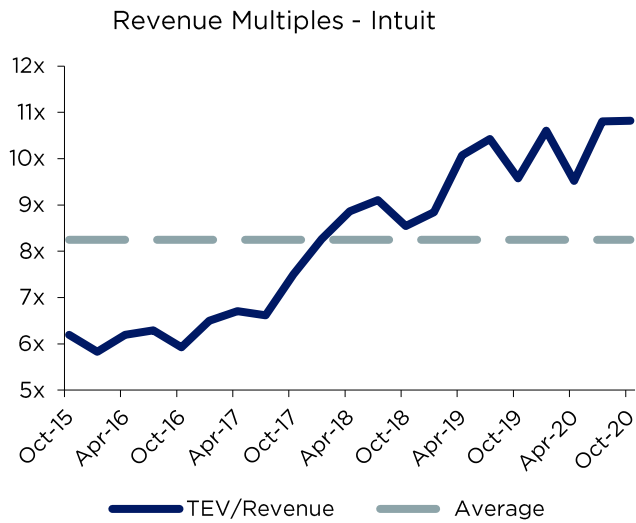
Intuit

Intuit is a provider of small-business accounting software (QuickBooks), personal tax solutions (TurboTax), and professional tax offerings (Lacerte).

Founded in the mid-1980s, Intuit controls the majority of U.S. market share for small-business accounting and DIY tax-filing software.

Public Basket

Intuit



Company Name	Date	Deal Synopsis
Credit Karma	1/6/20	The company reached a definitive agreement to be acquired by Intuit (NAS: INTU) for \$7.1 billion on February 24, 2020.

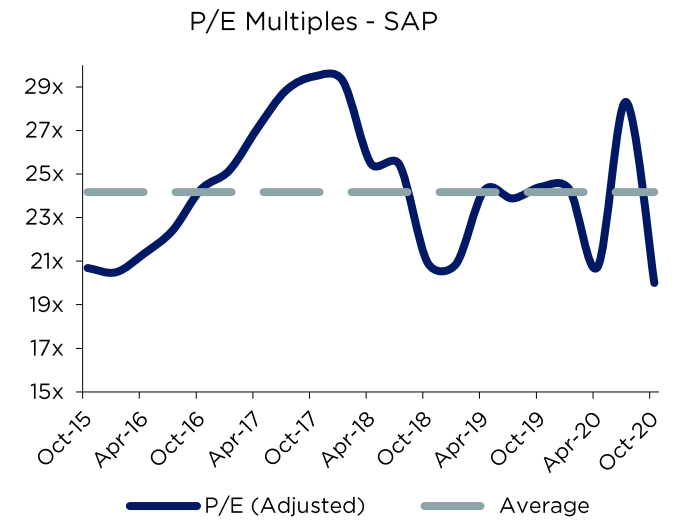
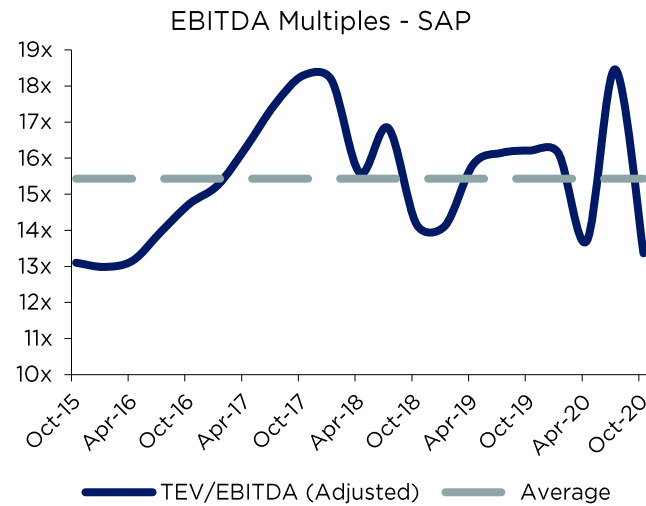
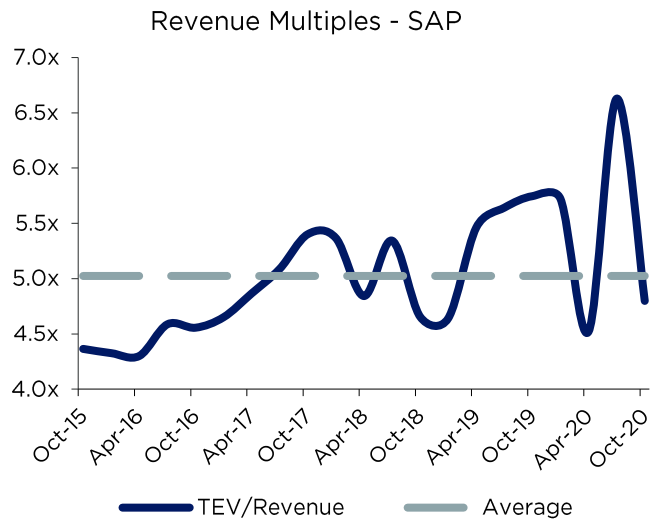
SAP

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



<i>Company Name</i>	<i>Date</i>	<i>Deal Synopsis</i>
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.

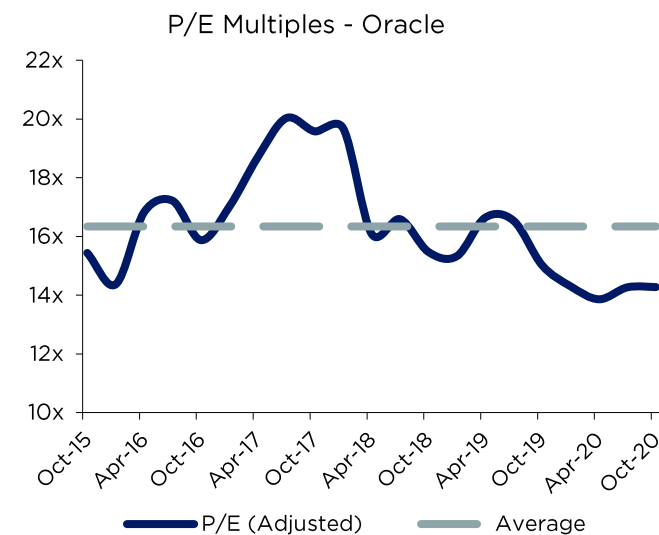
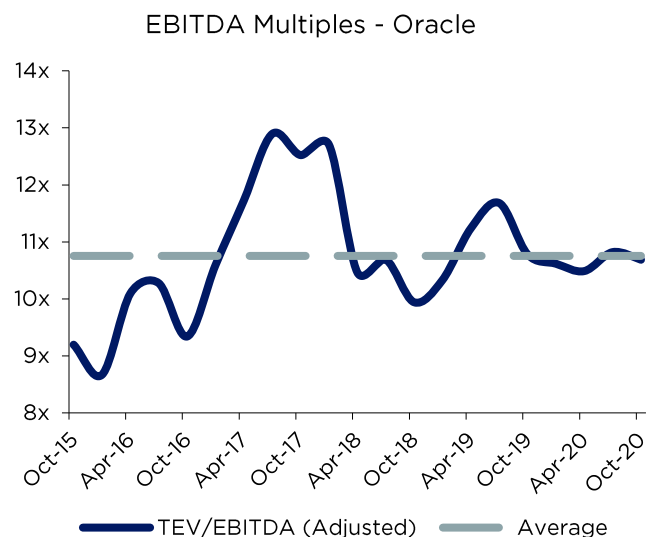
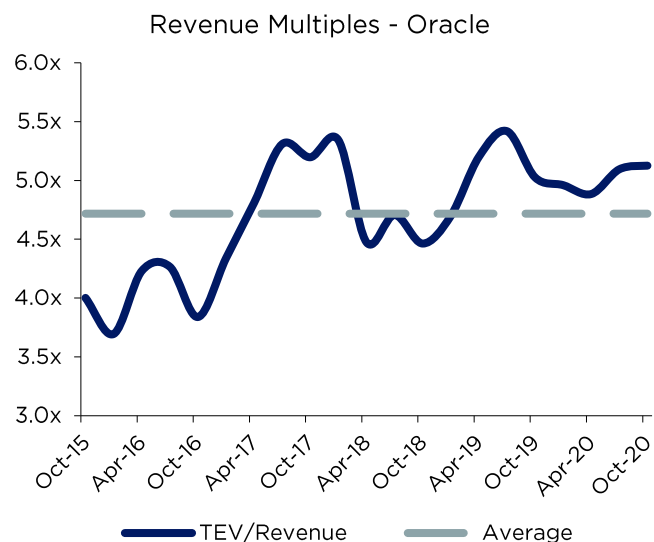
Oracle

Oracle sells a wide range of enterprise IT solutions, including databases, middleware, applications, and hardware.

While software licenses, support, and maintenance continue to represent roughly 70% of revenue, the firm is undergoing a mix shift toward cloud-based subscriptions that should necessitate continued heavy investment in the business model transition. Oracle offers software-as-a-service, platform-as-a-service, and infrastructure-as-a-service offerings. Legacy offerings include Oracle Database software and Oracle Fusion Middleware.

Public Basket

Oracle



<i>Company Name</i>	<i>Date</i>	<i>Deal Synopsis</i>
LiveData Utilities	01-Apr-20	The company, a subsidiary of LiveData, was acquired by Oracle (NYS: ORCL) for an undisclosed amount in April 2020. This acquisition extends Oracle Utilities' Network Management System (NMS) by adding a long-standing partner that provides leading operational technology (OT) middleware solutions and SCADA capabilities to monitor and control utility equipment while reducing the complexity of real-time systems.

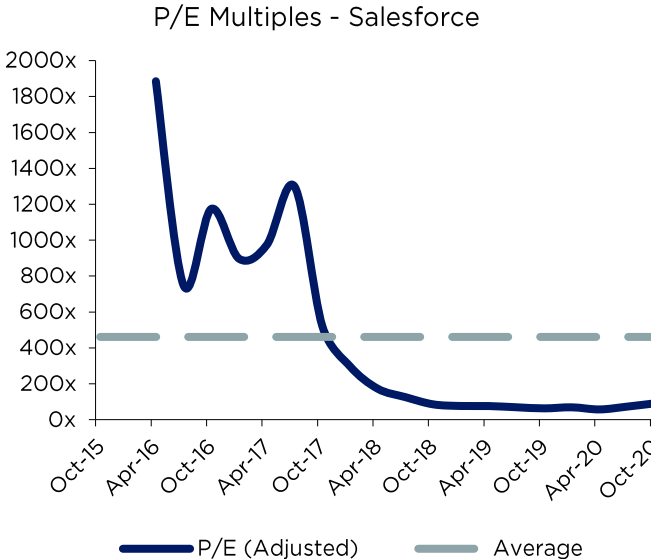
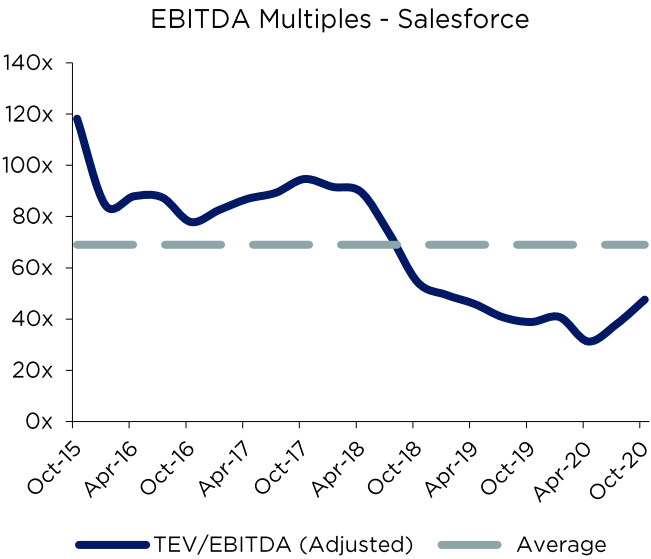
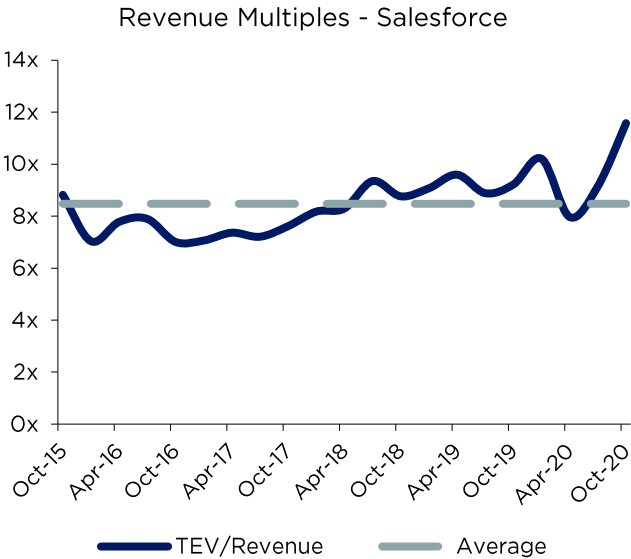
Salesforce

Salesforce.com provides enterprise cloud computing solutions, including Sales Cloud, the company's main customer relationship management software-as-a-service product.

Salesforce.com also offers Service Cloud for customer support, Marketing Cloud for digital marketing campaigns, Commerce Cloud as an e-commerce engine, the Salesforce Platform, which allows enterprises to build applications, and other solutions, such as MuleSoft for data integration.

Public Basket

Salesforce



Company Name	Date	Deal Synopsis
Vlocity	01-Jun-20	The company was acquired by Salesforce (NYS: CRM) for \$1.38 billion on June 1, 2020. The acquisition will enhance and complement Salesforce's industry capabilities and product knowledge, open up new industry capabilities built on the Salesforce platform and provide customers with even more tools and expert guidance to digitally transform.

Adobe Systems

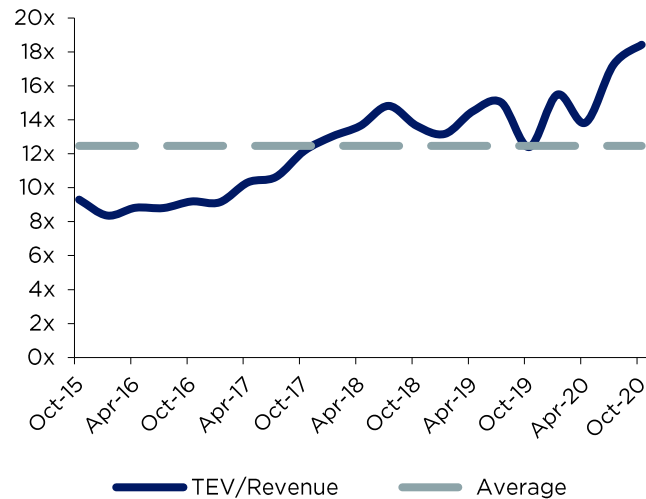
Adobe provides content creation, document management, and digital marketing and advertising software and services to creative professionals and marketers for creating, managing, delivering, measuring, optimizing and engaging with compelling content multiple operating systems, devices and media.

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).

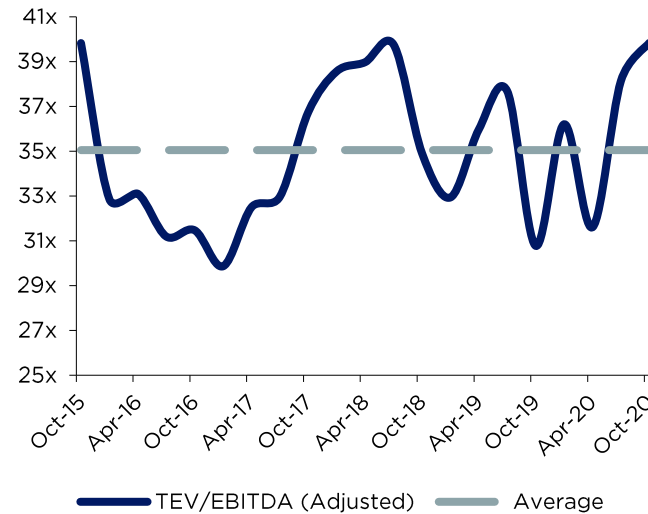
Public Basket

Adobe Systems

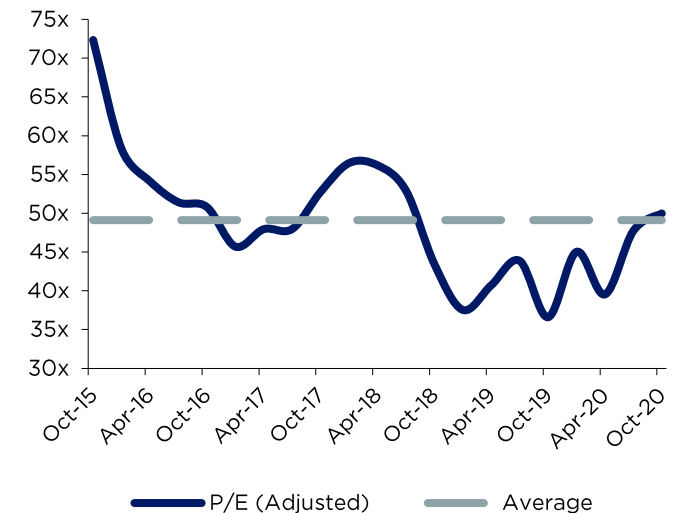
Revenue Multiples - Adobe Systems



EBITDA Multiples - Adobe Systems



P/E Multiples - Adobe Systems



Company Name

Date

Deal Synopsis

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.

Microsoft

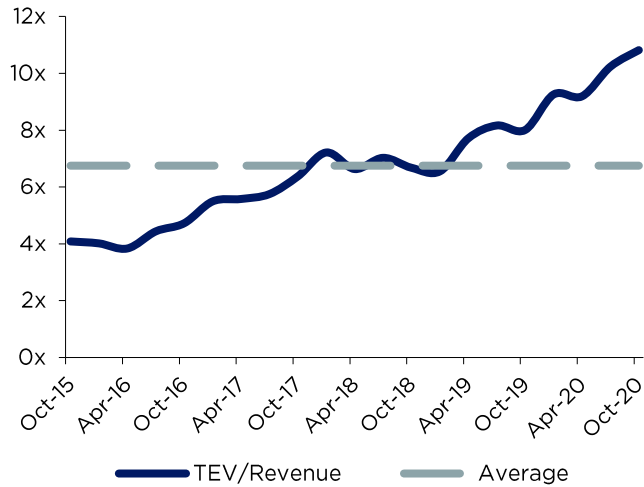
Microsoft develops and licenses consumer and enterprise software.

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.

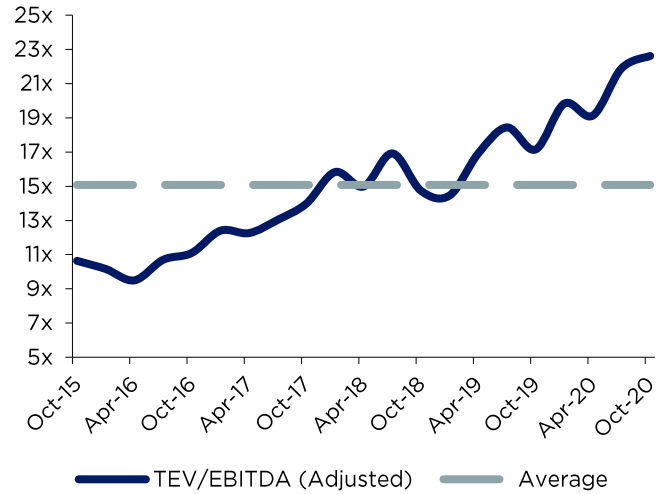
Public Basket

Microsoft

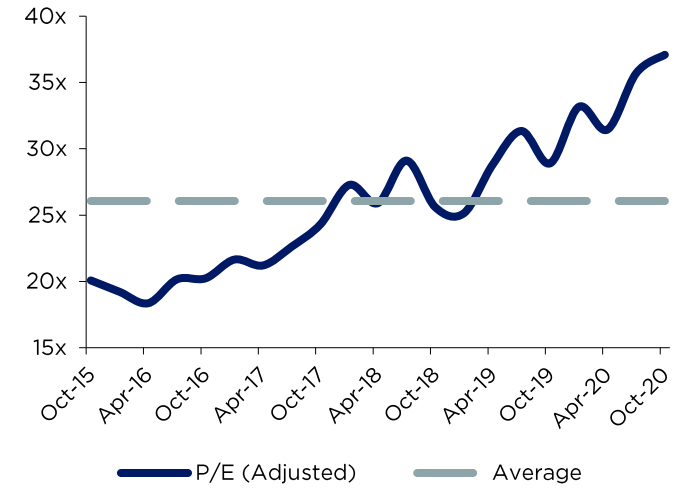
Revenue Multiples - Microsoft



EBITDA Multiples - Microsoft



P/E Multiples - Microsoft



Company Name

Date

Deal Synopsis

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

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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
Ben Bruggeworth, Vice President, Business Development	704.365.8859	ben.bruggeworth@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
Nic Anderle, Analyst	704.826.7492	nic.anderle@7mileadvisors.com
Luke Perda, Analyst	704.851.4013	luke.perda@7mileadvisors.com
Robin Siegel, Analyst	704.285.8173	robin@7mileadvisors.com
Sawyer Willingham, Analyst	704.285.8171	sawyer.willingham@7mileadvisors.com