

7 Mile Advisors



Sectorwatch: Enterprise Software

September 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.

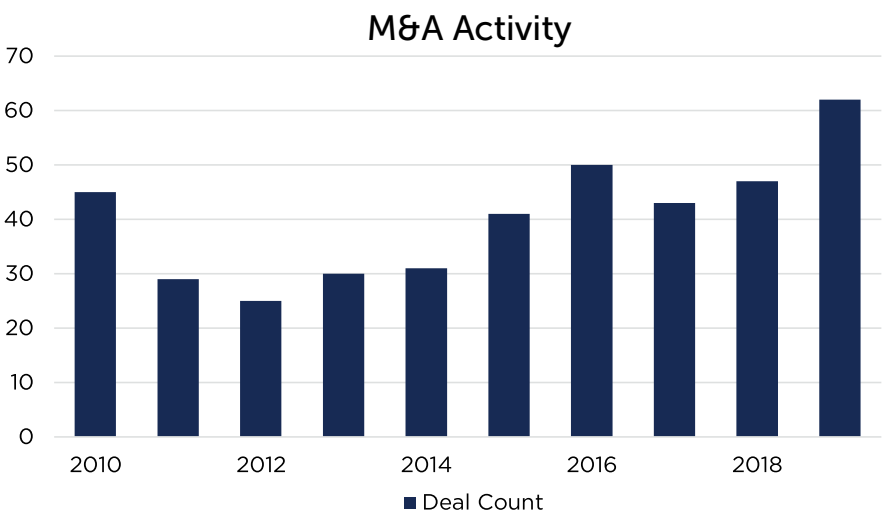
RECENT DEALS

- The most recently announced deals in the sector

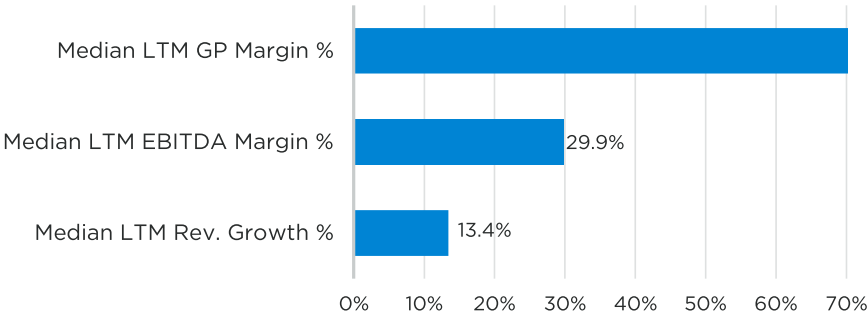
Dashboard

REVENUE GROWTH MOMENTUM ↑ -0.6%

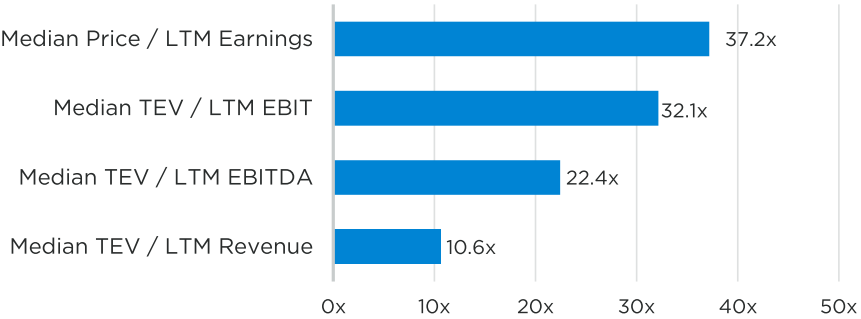
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



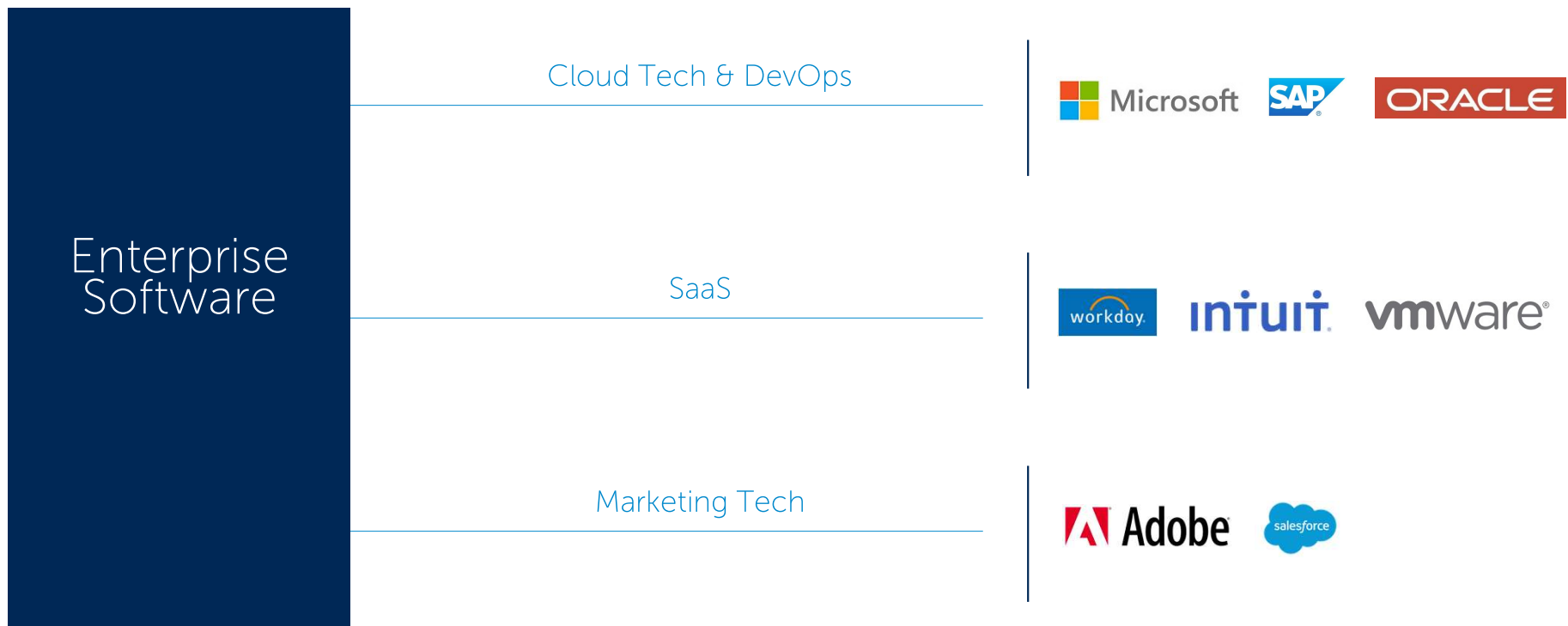
Operating Metrics



Valuation



Public Basket Overview

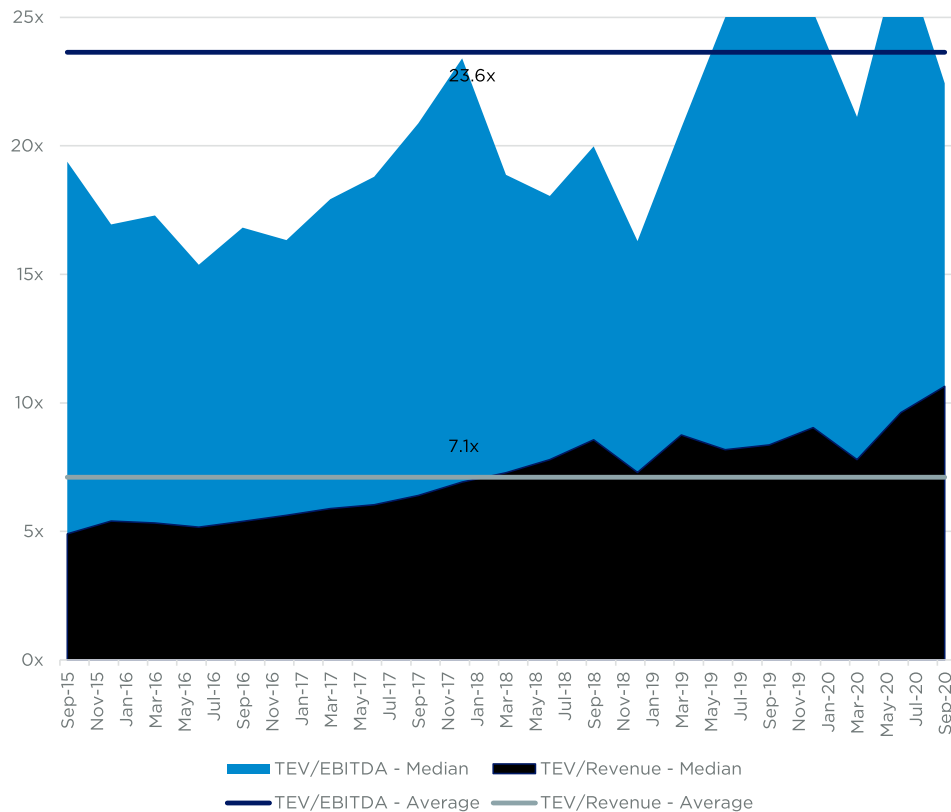


Public Basket

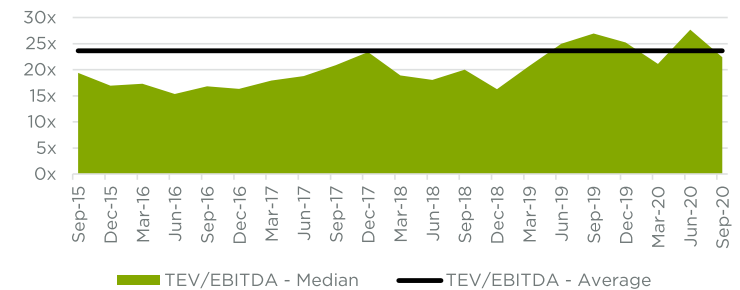
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Workday	51,604	-98	3,995	23.1%	71.3%	-2.5%	12.9x	#N/A	12,200	327
VMware	62,636	2,911	11,715	11.4%	82.5%	24.8%	5.3x	21.1x	31,000	378
Intuit	81,817	2,391	7,679	13.2%	82.1%	31.1%	10.7x	34.2x	9,400	817
Salesforce	221,034	3,494	19,380	31.6%	74.6%	18.0%	11.4x	63.3x	49,000	396
SAP	199,415	8,893	31,066	7.4%	70.5%	28.6%	6.4x	22.4x	101,150	307
Adobe Systems	233,810	4,743	12,436	16.8%	86.0%	38.1%	18.8x	48.0x	22,634	549
Oracle	208,525	16,842	39,216	-0.8%	80.0%	42.9%	5.3x	12.4x	136,000	288
Microsoft	1,519,440	68,423	143,015	13.6%	67.8%	47.8%	10.6x	22.2x	144,000	993
Average	322,285	13,450	33,563	14.5%	76.8%	28.6%	10.2x	31.9x	63,173	507
Median	203,970	4,119	15,908	13.4%	77.3%	29.9%	10.6x	22.4x	40,000	387

share price as of 29Sep20

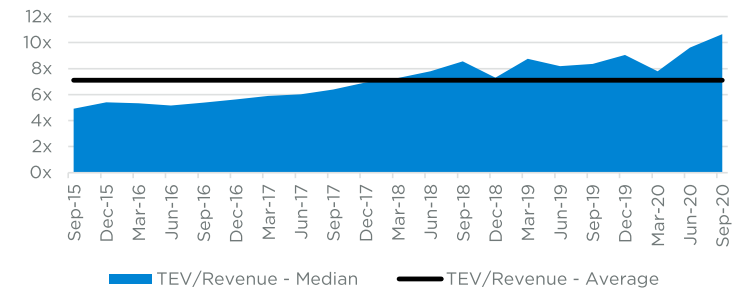
Public Basket



Public EBITDA Multiples over Time

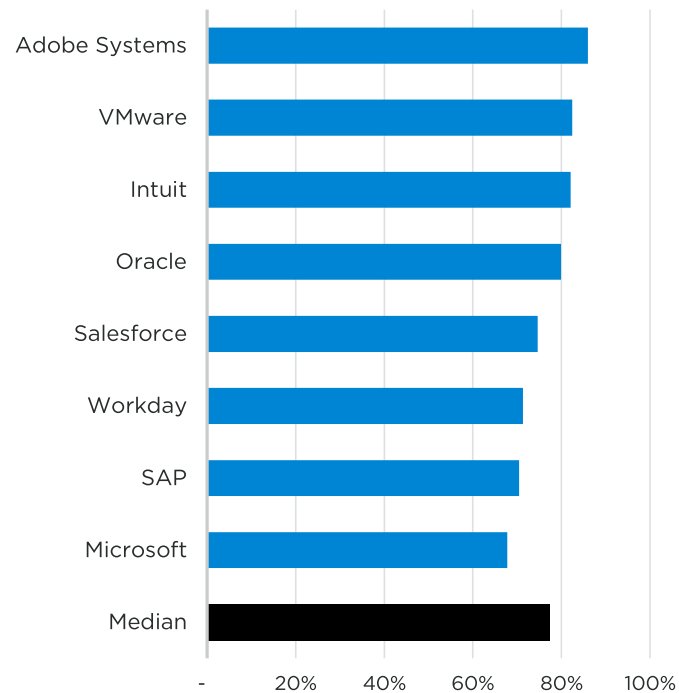


Public Revenue Multiples over Time

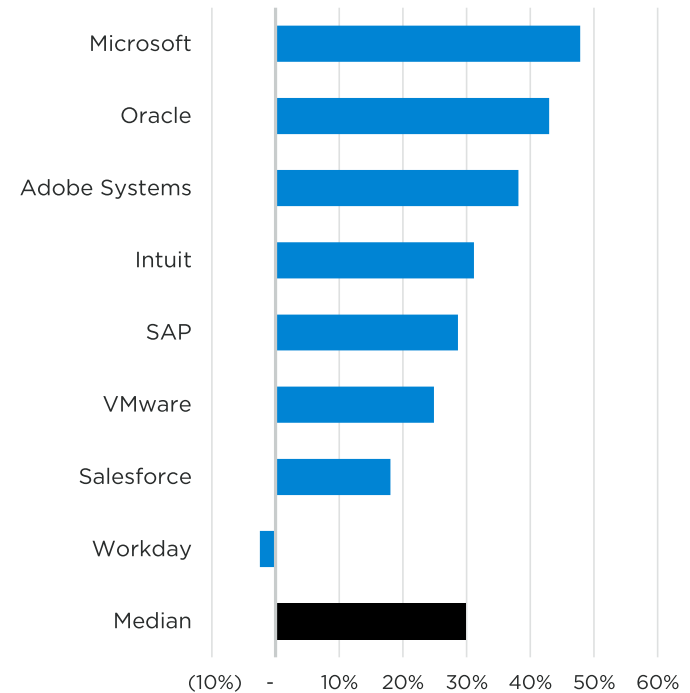


Operational Metrics

LTM Gross Profit Margin %

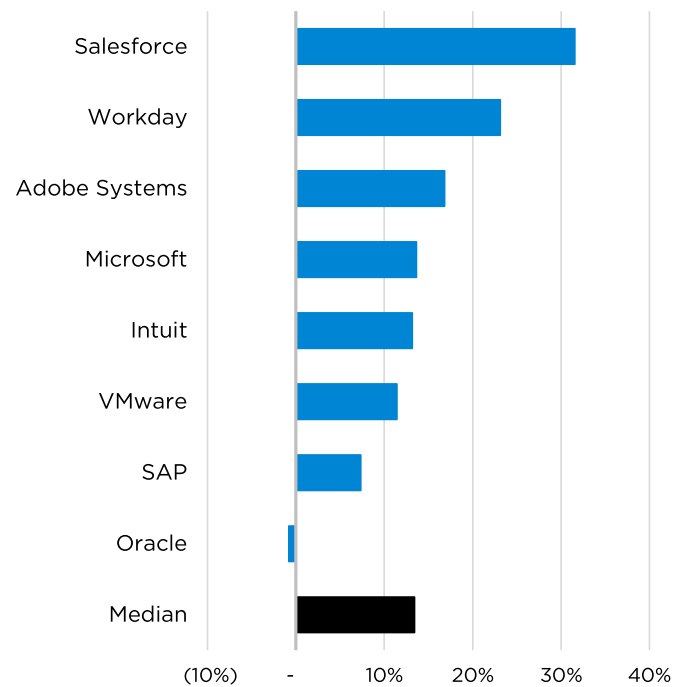


LTM EBITDA %

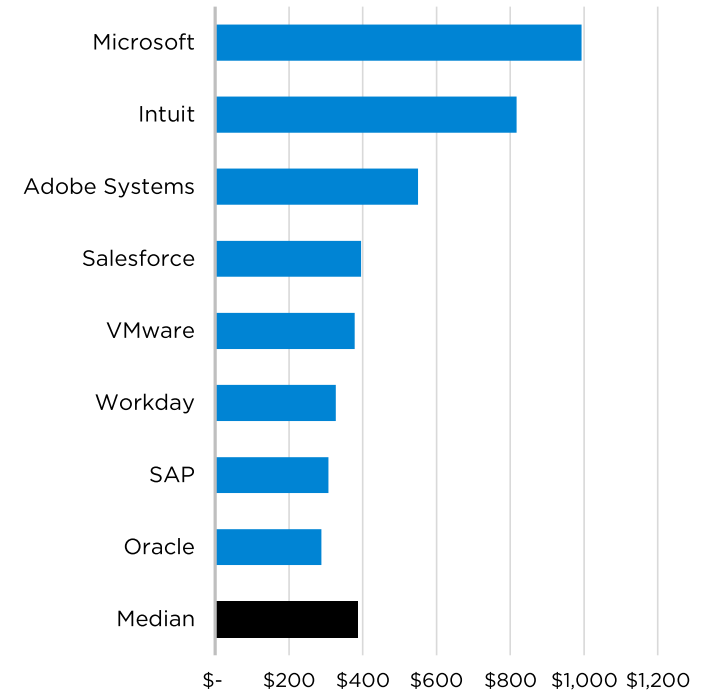


Operational Metrics

LTM Revenue Growth %

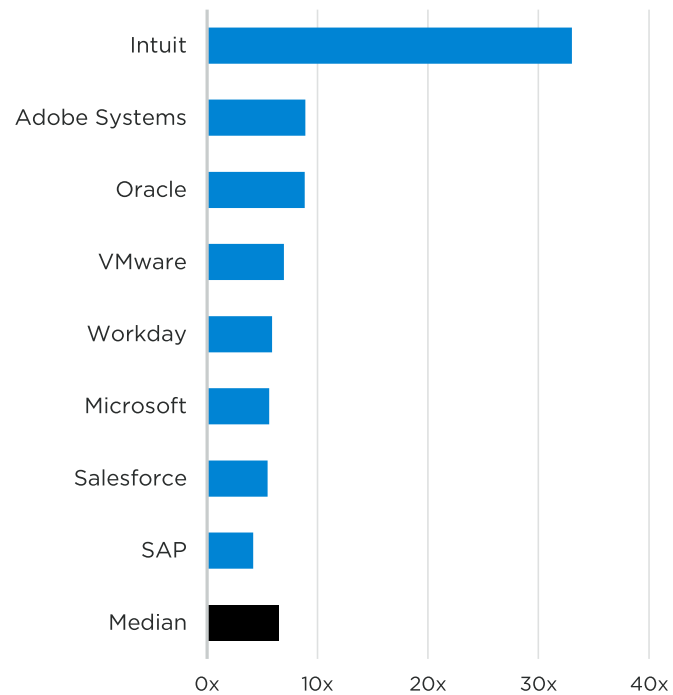


LTM Revenue per Full Time Employee x 000's

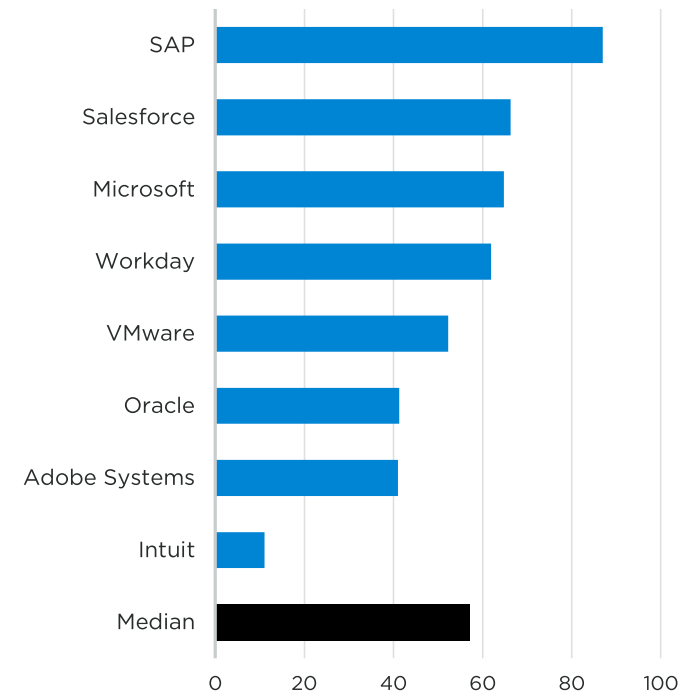


Operational Metrics

Accounts Receivable Turnover

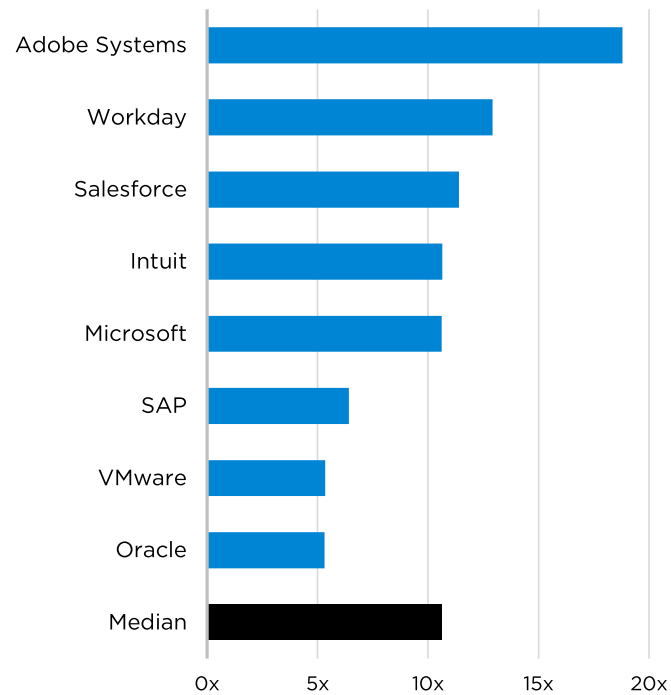


Average Days Sales Outstanding

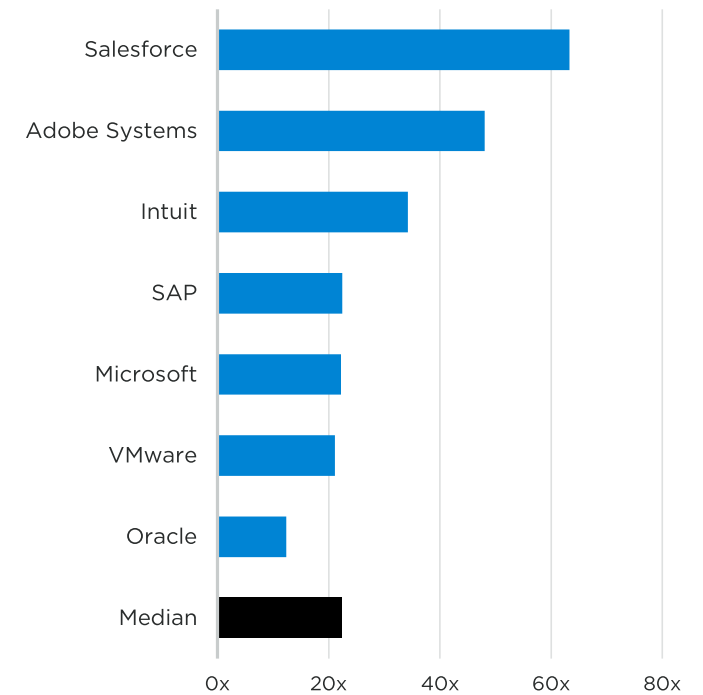


Valuation

TEV / LTM Revenue

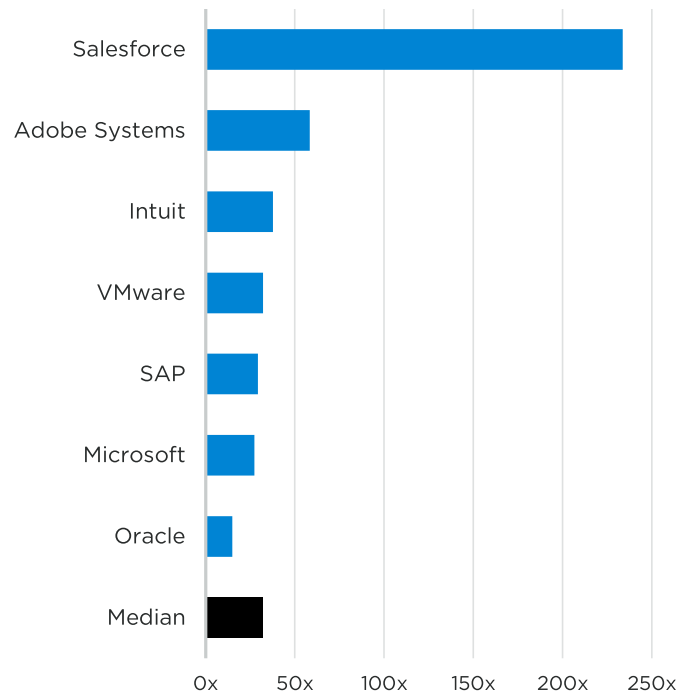


TEV / LTM EBITDA

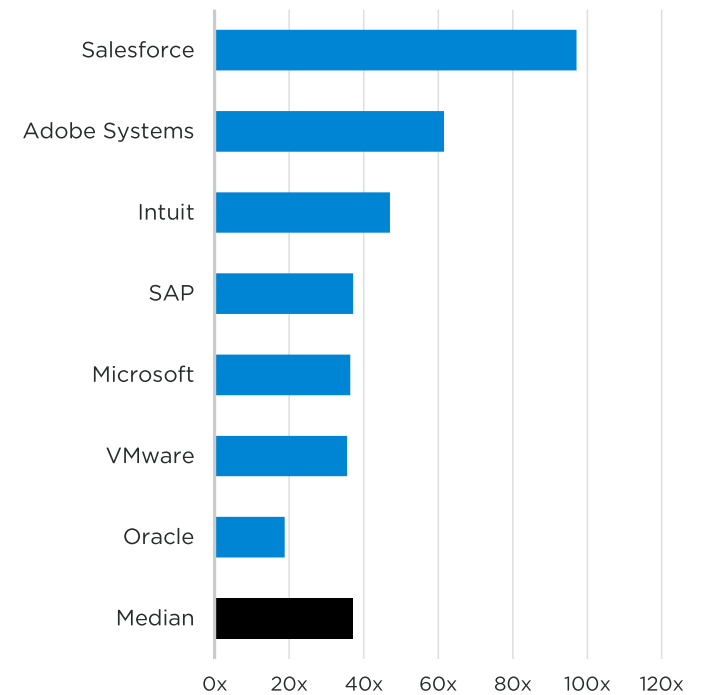


Valuation

TEV / LTM EBIT

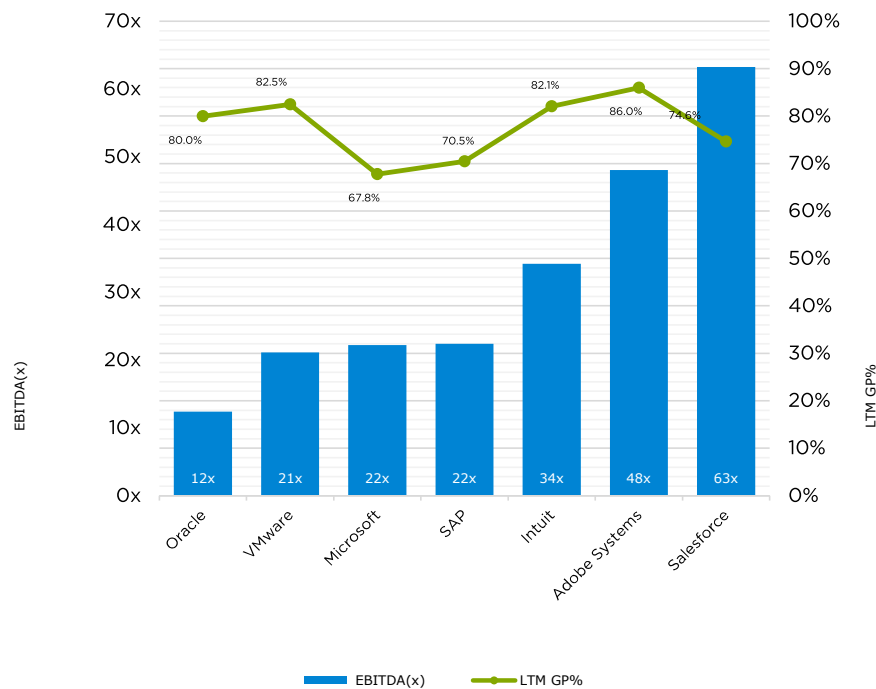


Price / LTM Earnings

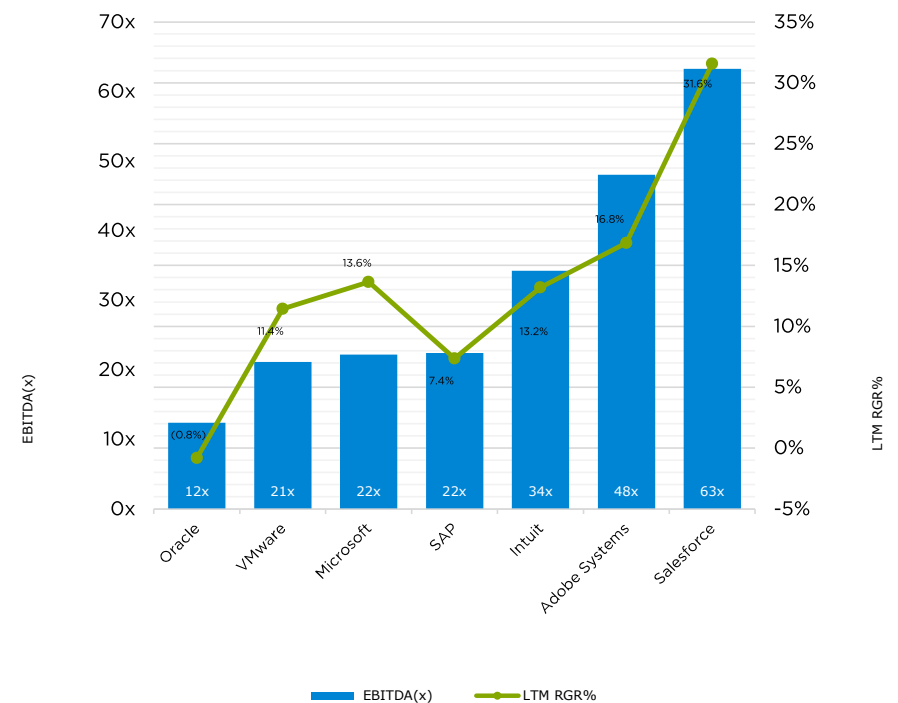


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer / Investor	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
21-Sep-20	Volly	Camden Partners	11.00	-	-	-
18-Sep-20	Trans + Plus Systems	Banyan Software	-	-	-	-
08-Sep-20	Acarda Services	Greenspring Associates	-	-	-	-
09-Jun-20	TruePath Technologies	Antin Infrastructure Partners	-	-	-	-
10-Aug-20	Limelight Health	Fineos	75.00	-	-	-
13-Aug-20	Object Partners	Improving Holdings	-	-	-	-
13-Aug-20	Smartspace Software (Enterprise Software Business)	Four Winds Interactive	6.44	-	-	-
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)	17.58	-	3.13	10.60
23-Jun-20	Aptean	Charlesbank Capital Partners	-	-	-	-
19-Jun-20	Botron Software	Appfire Technologies	-	-	-	-
02-Jun-20	CloudMonix	Finrock Growth Partners	-	-	-	-
25-May-20	ID-ware	Committed Capital (Amsterdam)	-	-	-	-
25-May-20	Mobile Solutions	Zucchetti Group	-	-	-	-
18-May-20	Trade Area Systems	Hanover Investors	-	-	-	-
15-May-20	Viziya	Genstar Capital	35.11	-	-	-
11-May-20	Avedos	GBTEC Software + Consulting	-	-	-	-
01-May-20	Seal Software	DocuSign	188.00	-	-	-
21-Apr-20	Alligatortek	HealthChampion	-	-	-	-
13-Apr-20	PKWARE	Thompson Street Capital Partners	-	-	-	-

Appendix

*Public Basket
Contact Information*



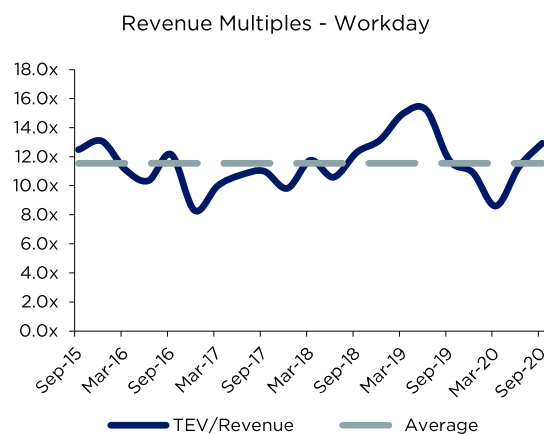
Workday

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



Company Name

Date

Deal Synopsis

Trusted Key Solutions

18-Jul-19

The company was acquired by Workday (NAS: WDAY) for an undisclosed amount on July 18, 2019.

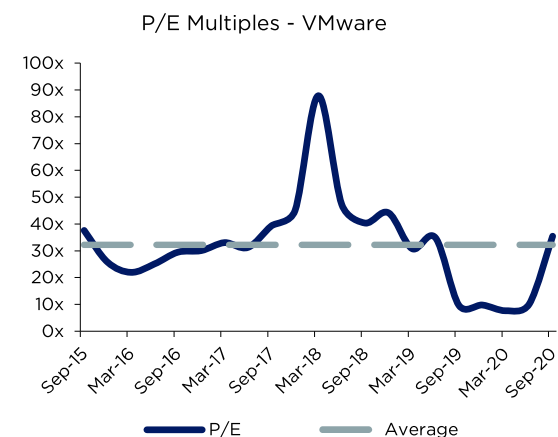
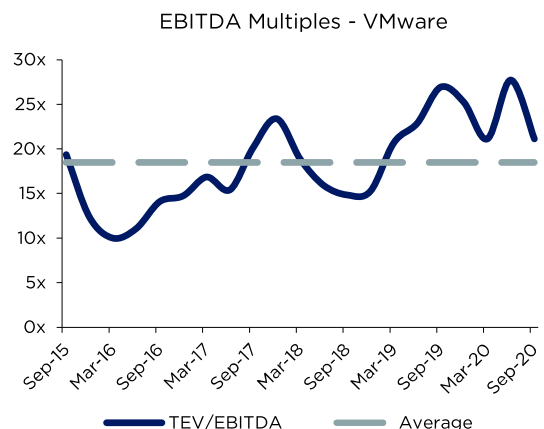
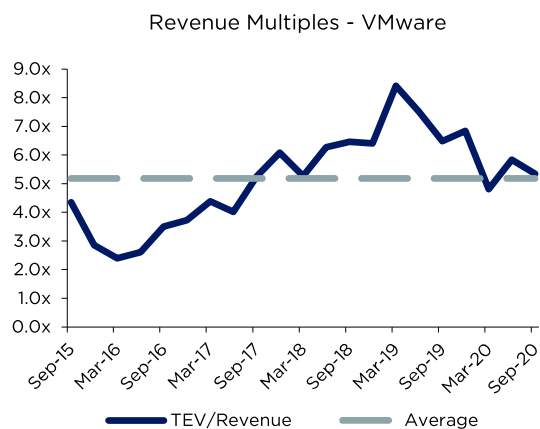
VMware

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



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.

Public Basket

Intuit

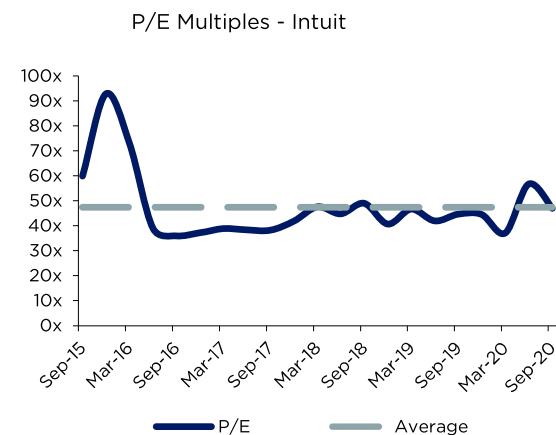
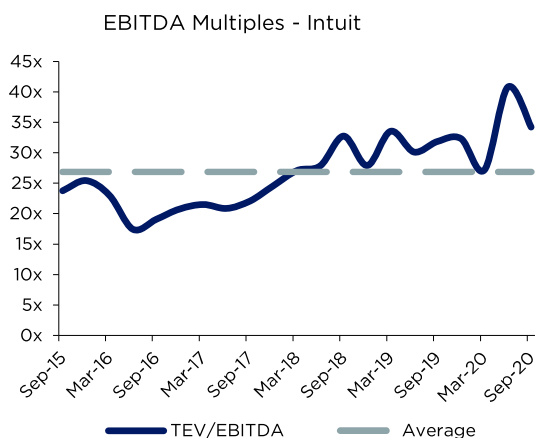
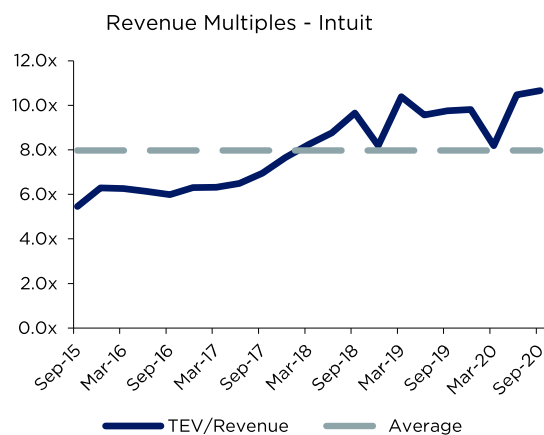
Intuit

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.

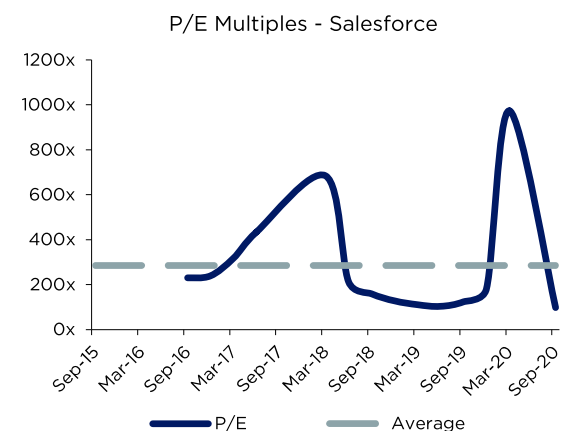
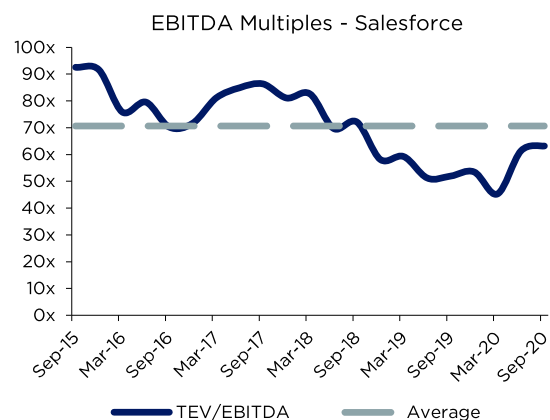
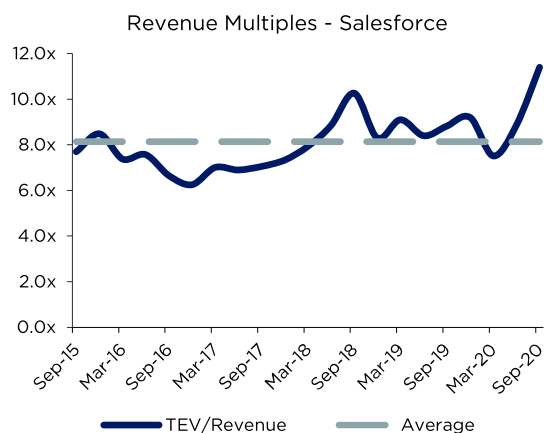
Salesforce

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.

Public Basket

SAP

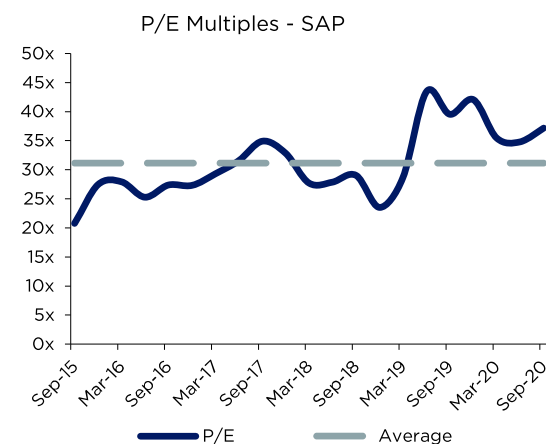
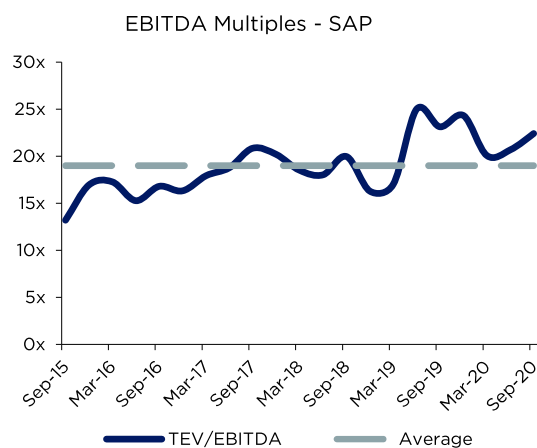
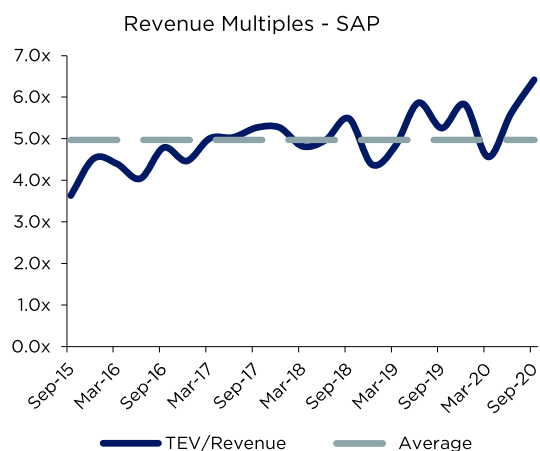
SAP

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 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



Company Name

Date

Deal Synopsis

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

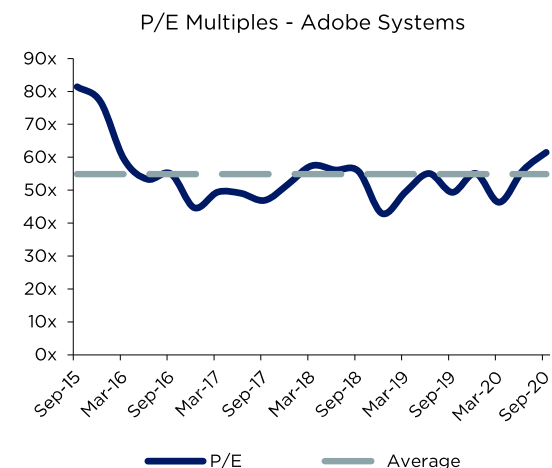
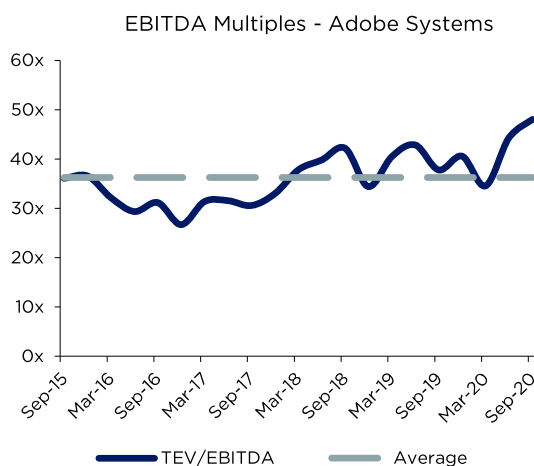
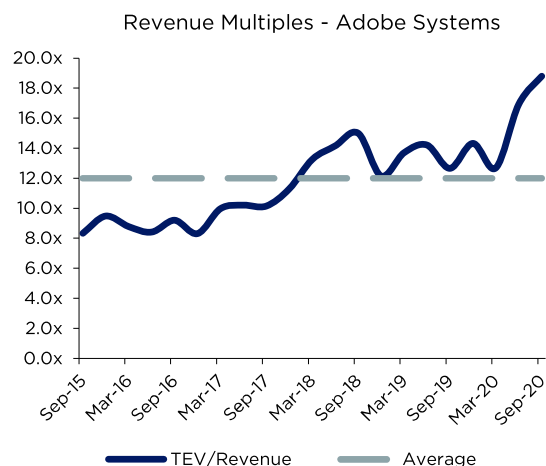
Adobe Systems

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

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.

Public Basket

Oracle

Oracle

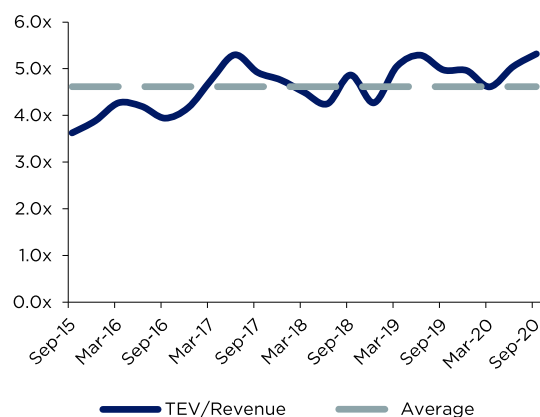
Oracle sells a wide range of enterprise IT solutions, including databases, middleware, applications, and hardware.

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.

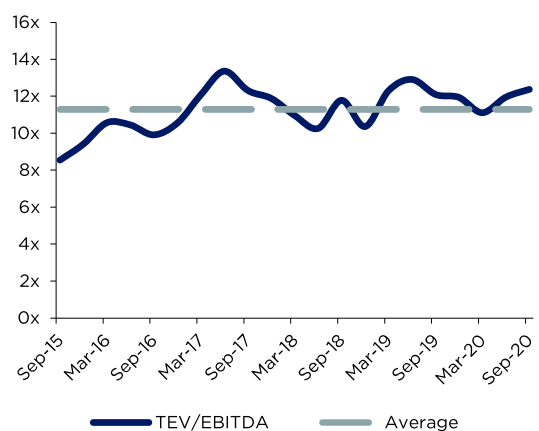
Public Basket

Oracle

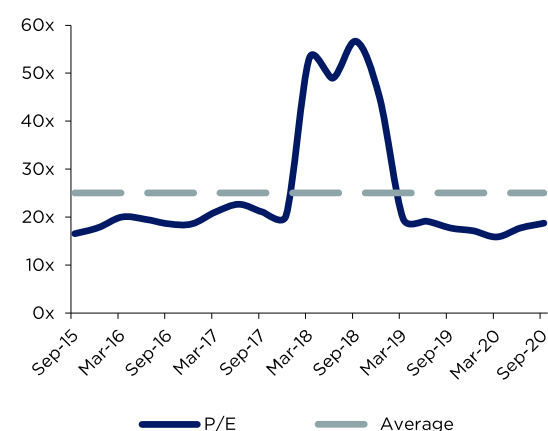
Revenue Multiples - Oracle



EBITDA Multiples - Oracle



P/E Multiples - Oracle



Company Name

Date

Deal Synopsis

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.

Microsoft

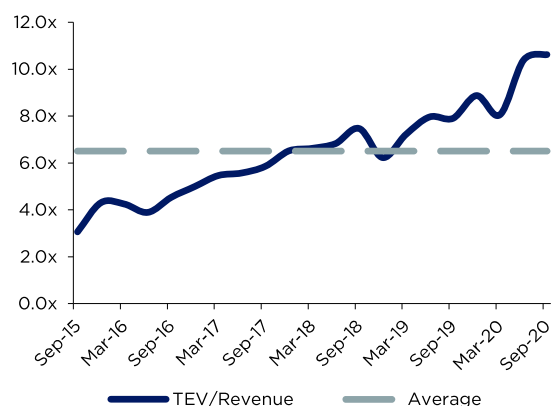
Microsoft develops and licenses consumer and enterprise software.

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.

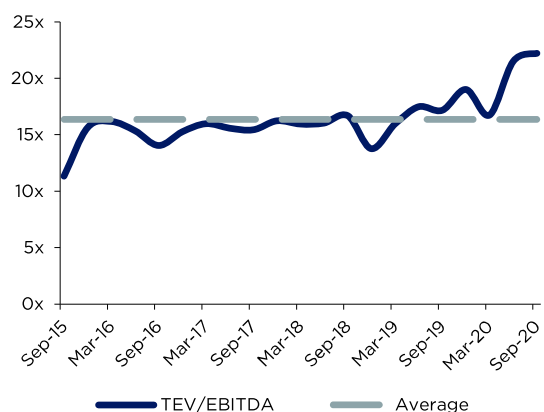
Public Basket

Microsoft

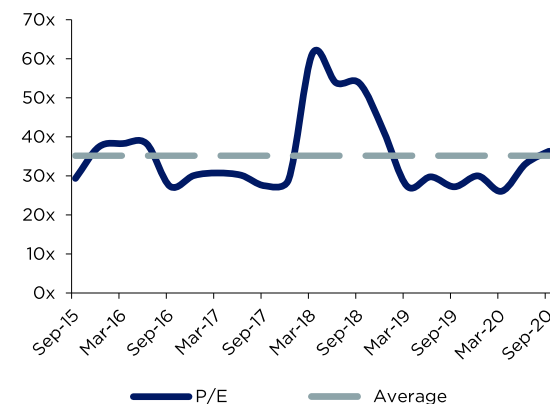
Revenue Multiples - Microsoft



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

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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