

7 Mile Advisors



Sectorwatch: E-commerce

February 2021



7MA

E-commerce

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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.

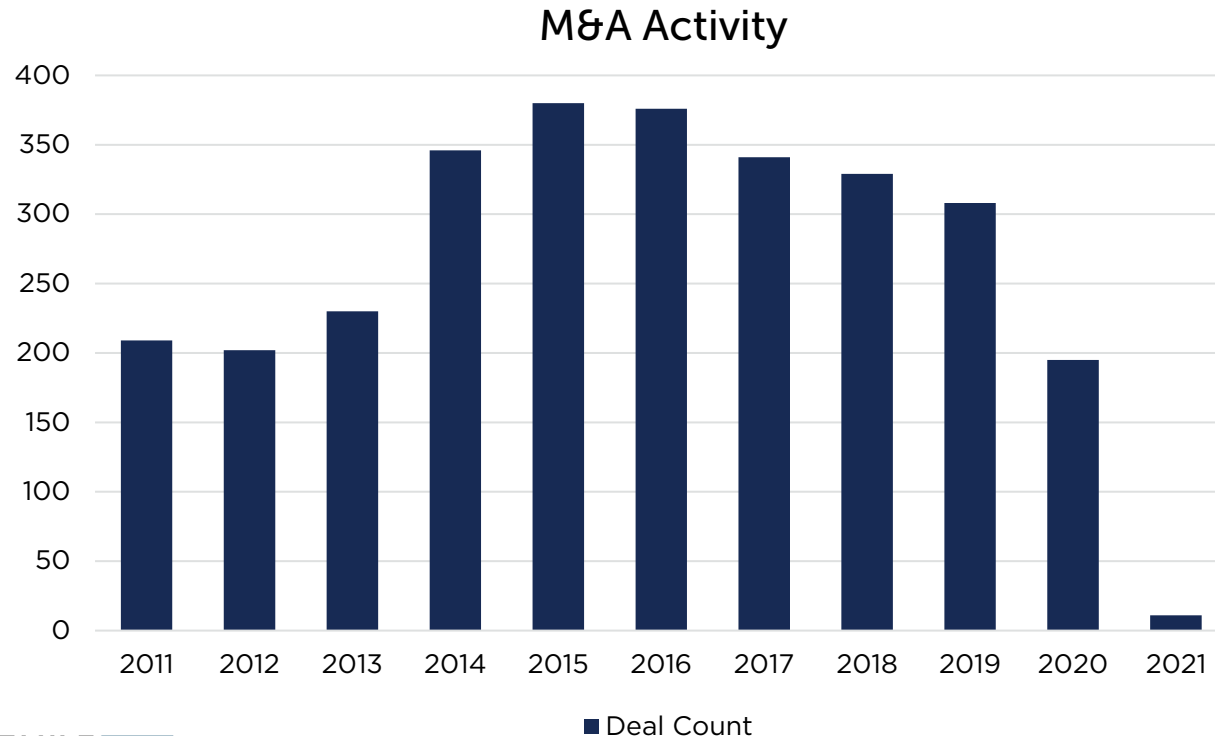
RECENT DEALS

- The most recently announced deals in the sector

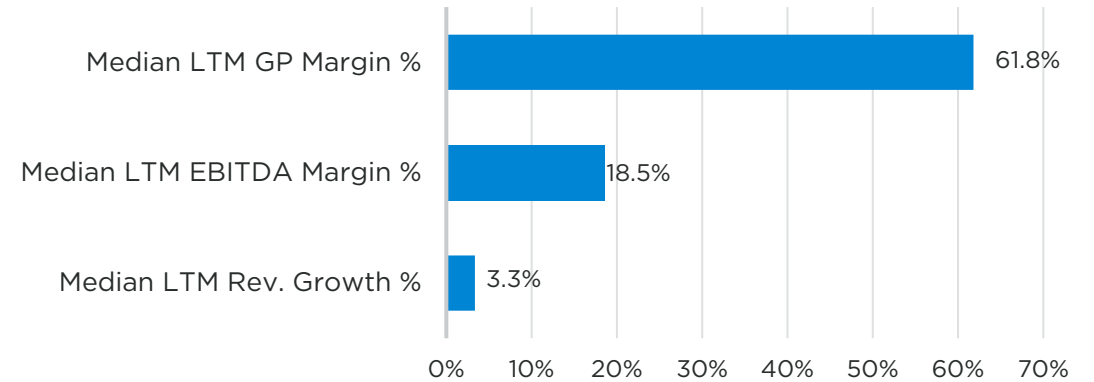
Dashboard

REVENUE GROWTH MOMENTUM ↓ -14.0%

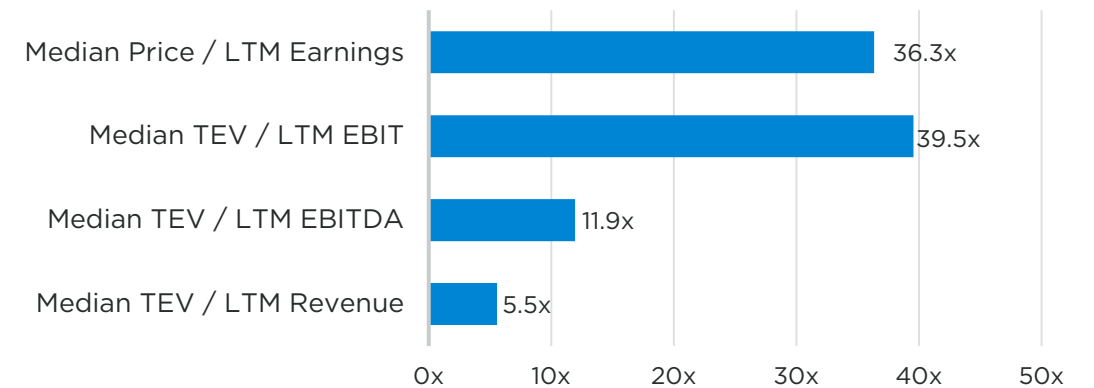
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



Operating Metrics



Valuation



Platforms Overview



United States

A row of logos for the United States market. From left to right: BigCommerce (black triangle with white text), Adobe (red 'A' logo with 'Adobe' text), Salesforce (blue cloud logo with 'salesforce' text), and Oracle (red square with 'ORACLE' text).

Germany

The SAP logo, consisting of the letters 'SAP' in white on a blue trapezoidal background.

Canada

The Shopify Plus logo, featuring a green shopping bag icon with a white 'S' and the text 'shopify plus' in a mix of black and orange.

India

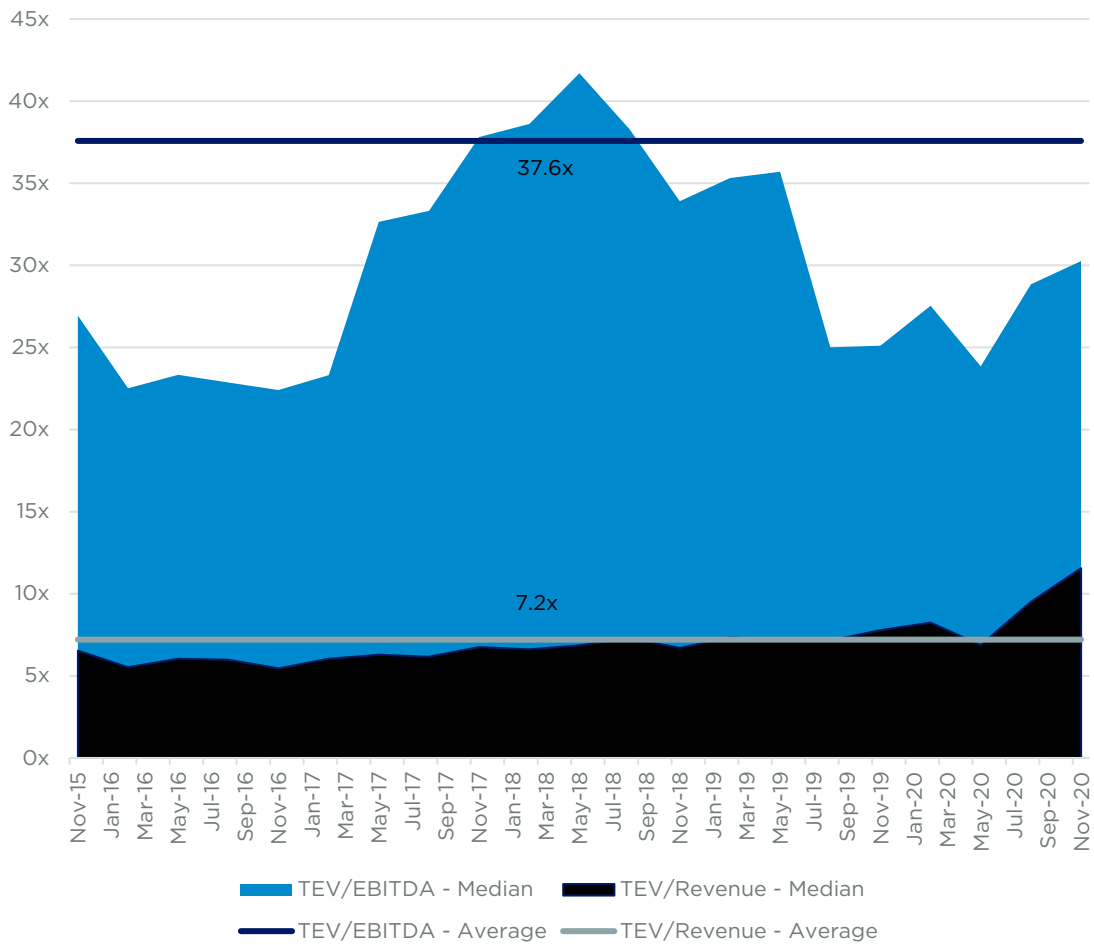
The HCL logo, consisting of the letters 'HCL' in a bold, blue, italicized sans-serif font.

Public Basket - Platforms

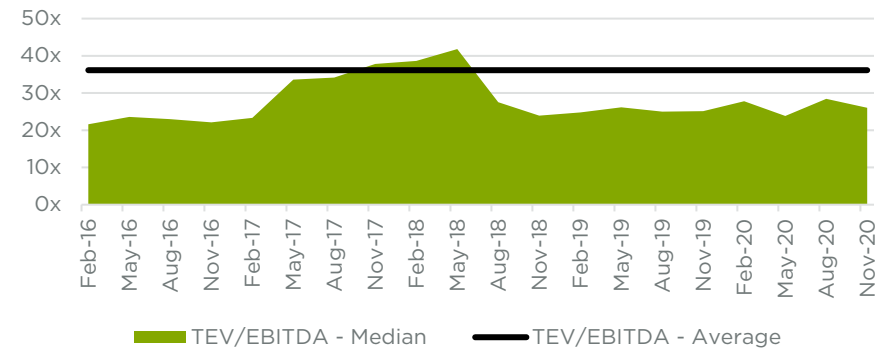
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Adobe Systems	237,511	5,719	12,868	15.2%	86.6%	44.4%	18.5x	41.5x	22,516	572
Oracle	218,598	19,415	39,402	-0.5%	80.3%	49.3%	5.5x	11.3x	135,000	292
Salesforce.com	216,944	4,960	20,286	28.0%	74.5%	24.5%	10.7x	43.7x	49,000	414
Shopify	172,254	310	2,457	73.4%	53.0%	12.6%	70.1x	554.9x	5,000	491
SAP	170,335	11,260	31,160	3.3%	70.7%	36.1%	5.5x	15.1x	102,430	304
HCL Technologies	35,069	2,778	9,997	9.2%	46.5%	27.8%	3.5x	12.6x	159,682	63
BigCommerce	4,945	-26	140	-	77.2%	-18.4%	35.3x	-191.9x	600	234

Average	150,808	6,345	16,616	21.4%	69.8%	25.2%	21.3x	69.6x	67,747	338
Median	172,254	4,960	12,868	12.2%	74.5%	27.8%	10.7x	15.1x	49,000	304

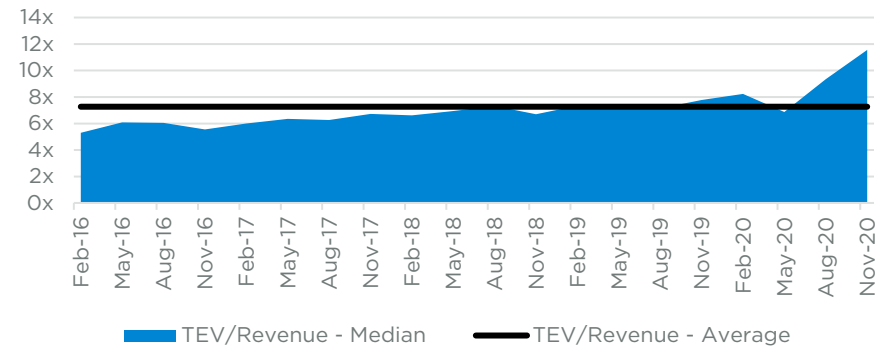
Public Basket - Platforms



Public EBITDA Multiples over Time

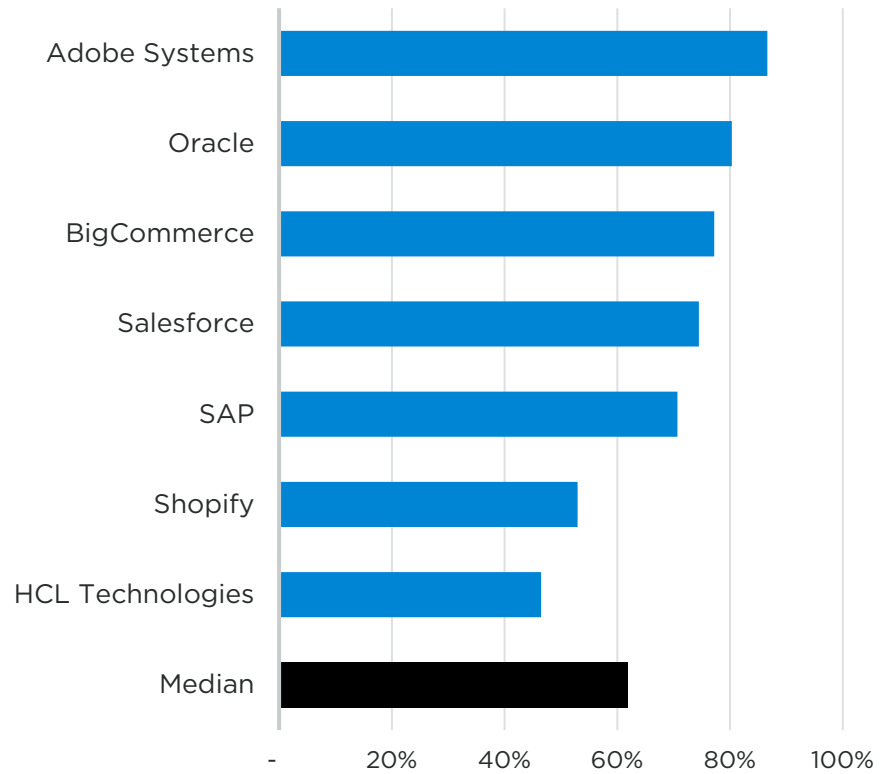


Public Revenue Multiples over Time

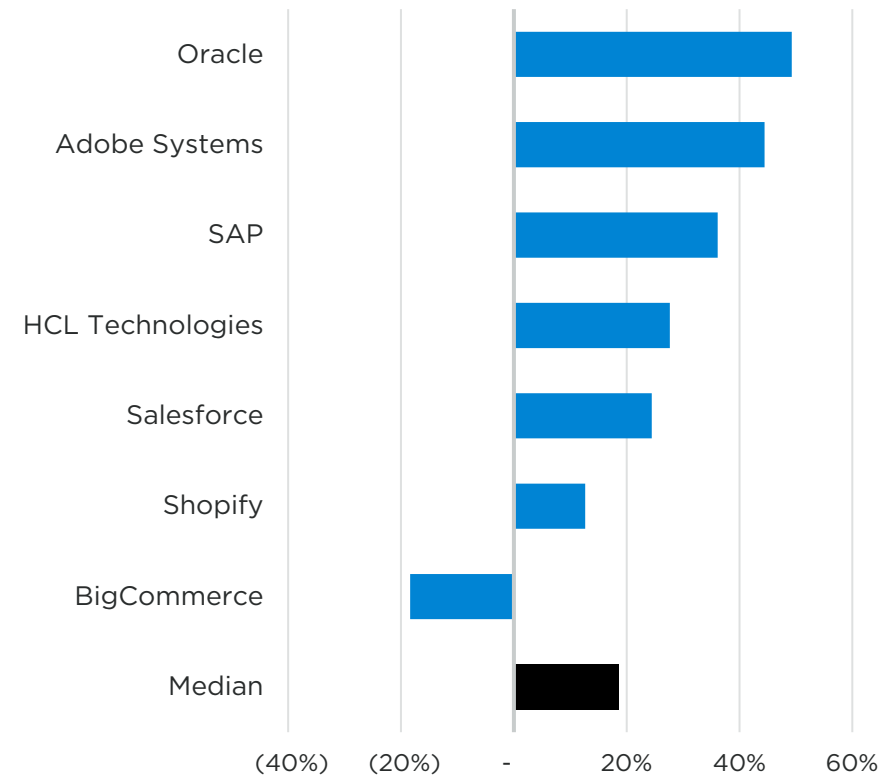


Operational Metrics

LTM Gross Profit Margin %

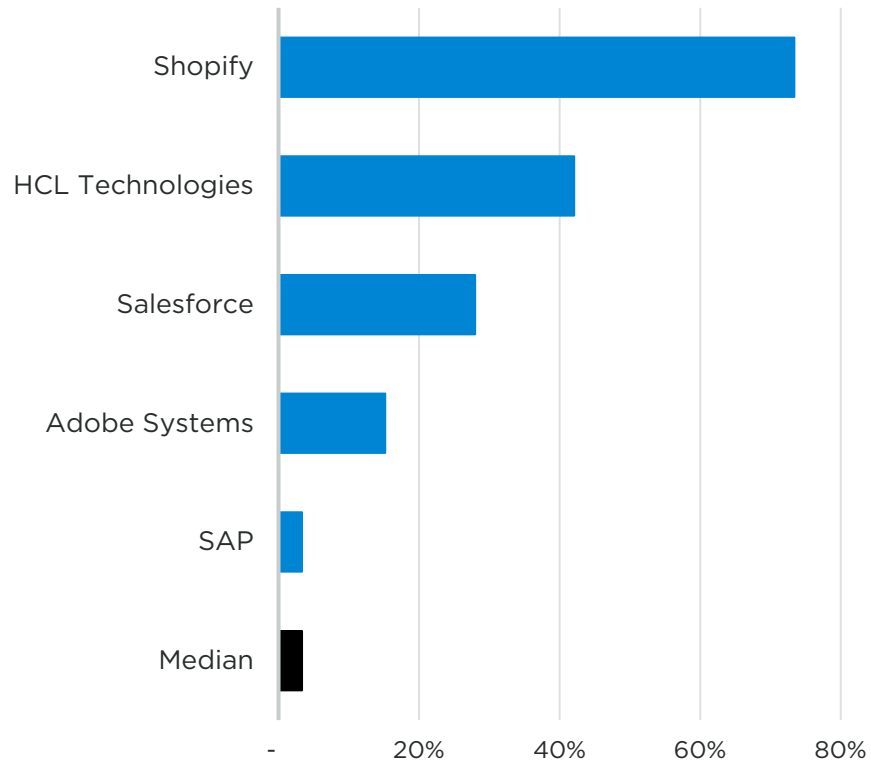


LTM EBITDA %

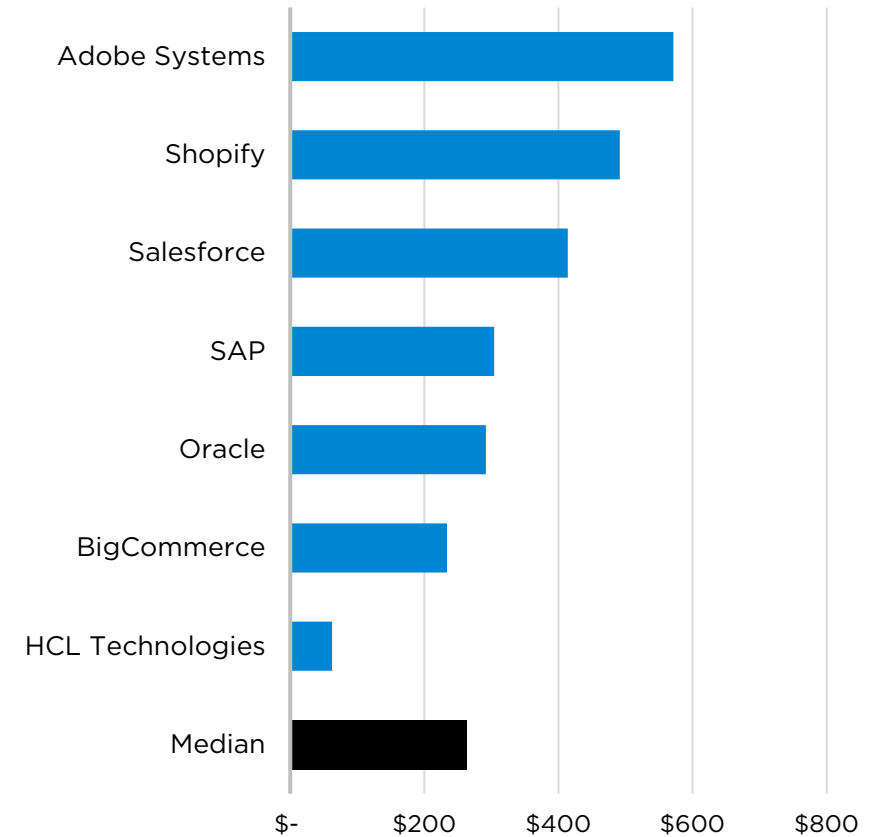


Operational Metrics

LTM Revenue Growth %

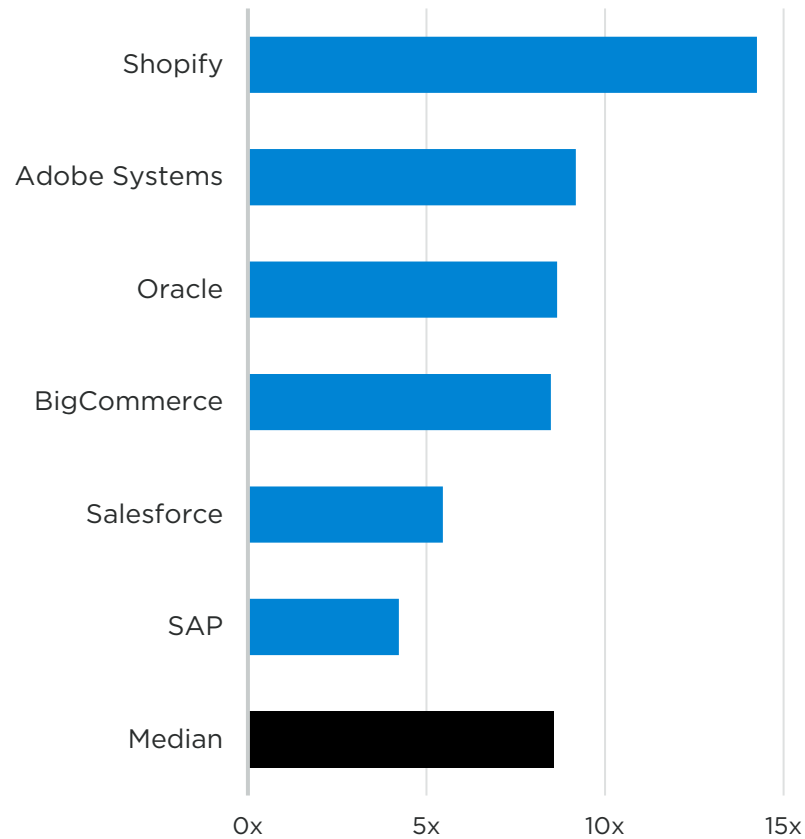


LTM Revenue per Full Time Employee x 000's

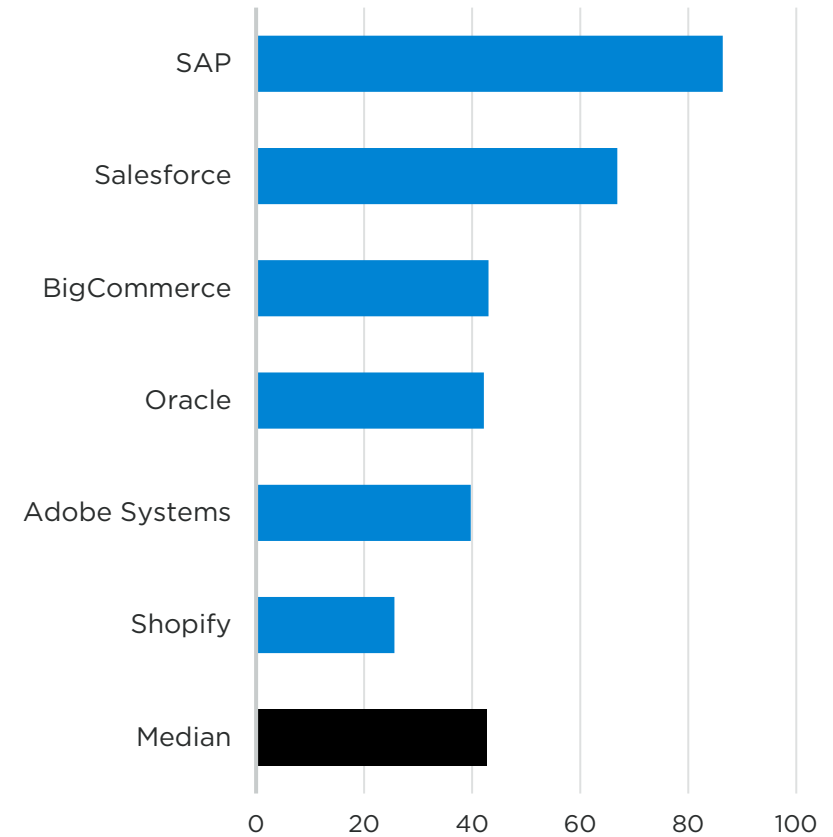


Operational Metrics

Accounts Receivable Turnover

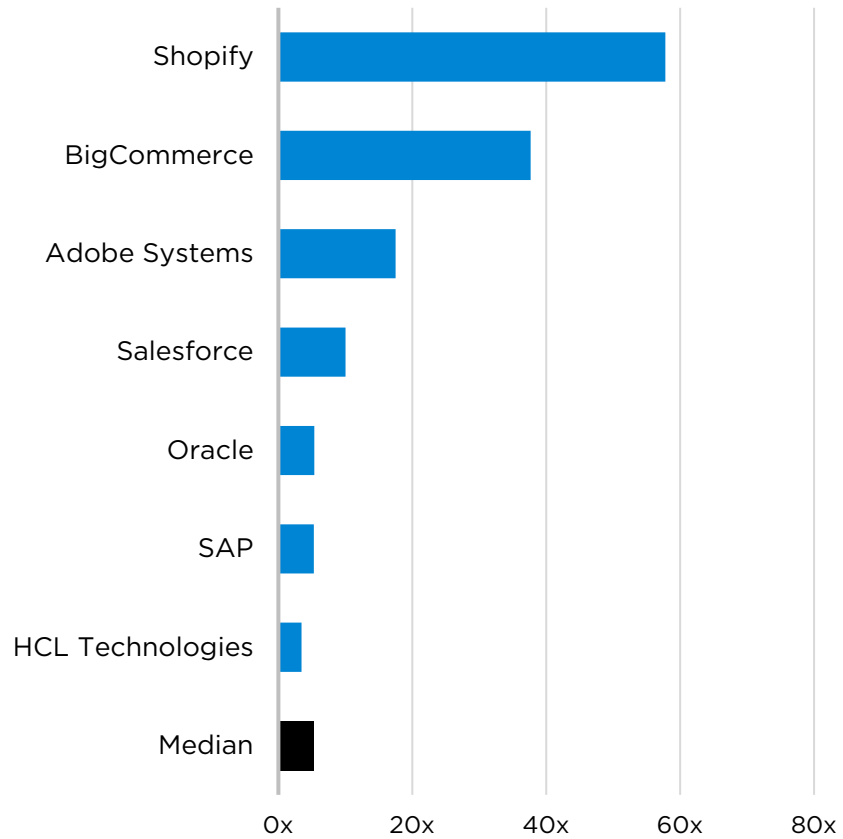


Average Days Sales Outstanding

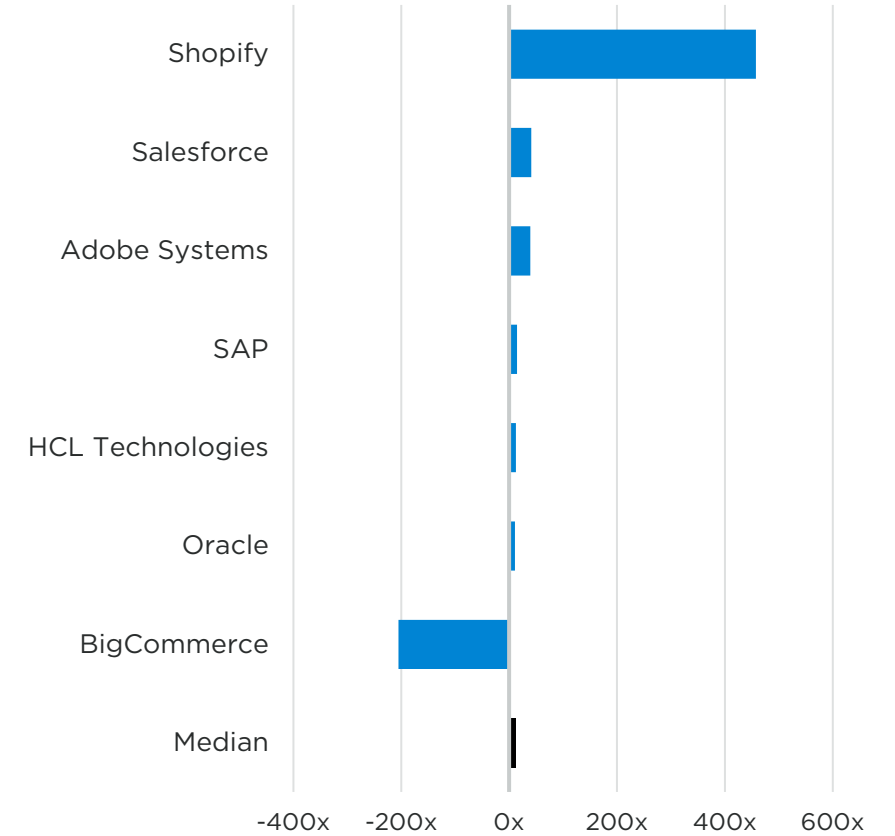


Valuation

TEV / LTM Revenue

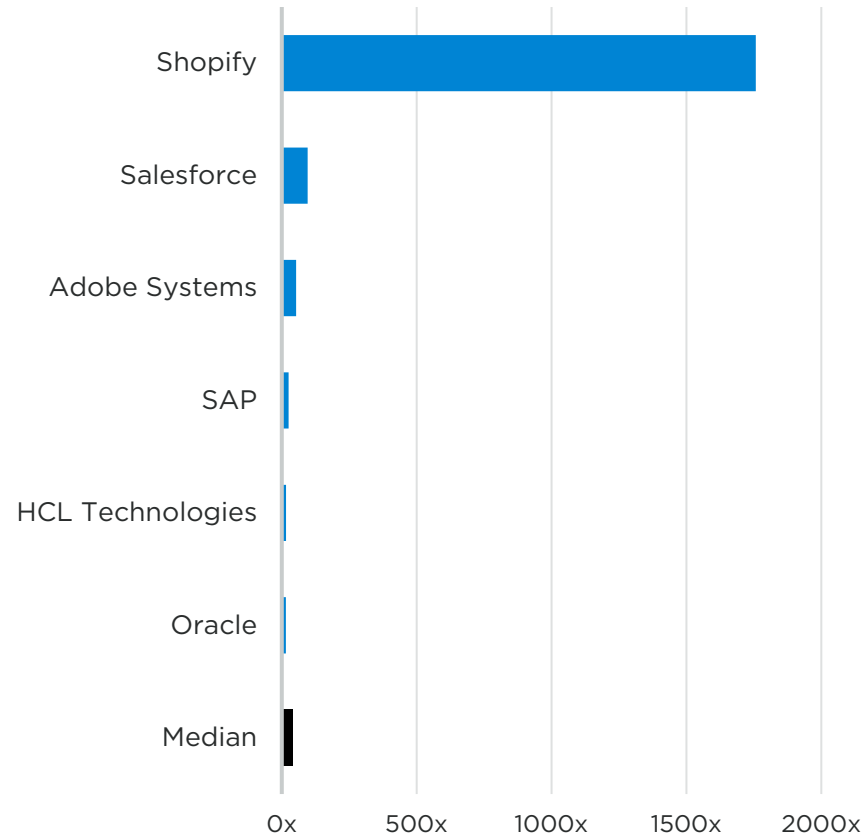


TEV / LTM EBITDA

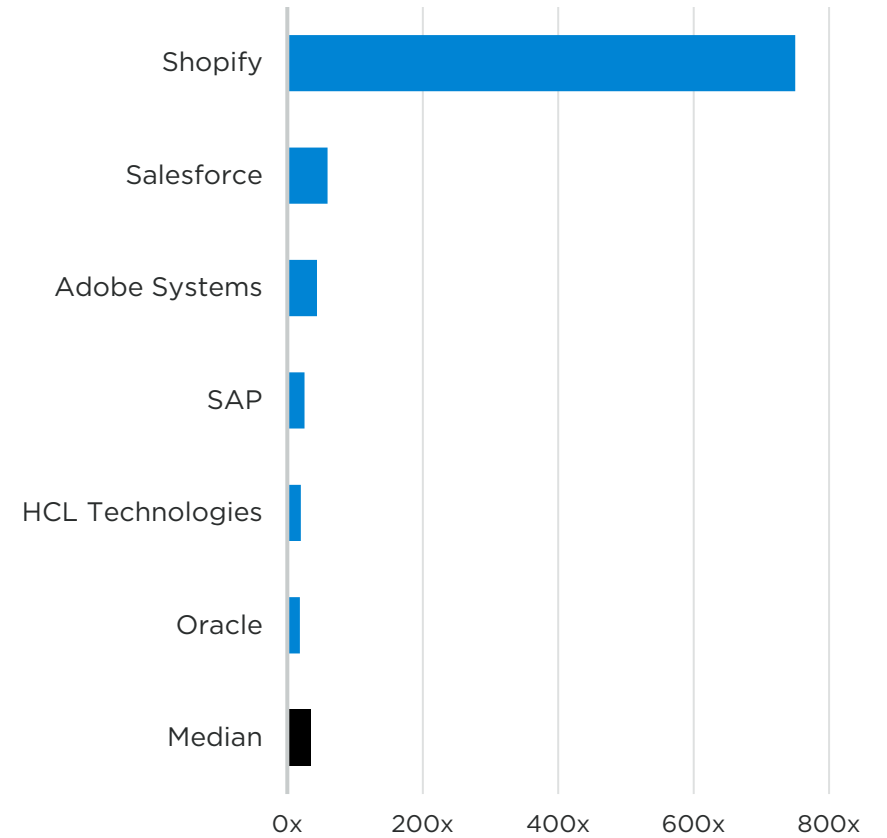


Valuation

TEV / LTM EBIT

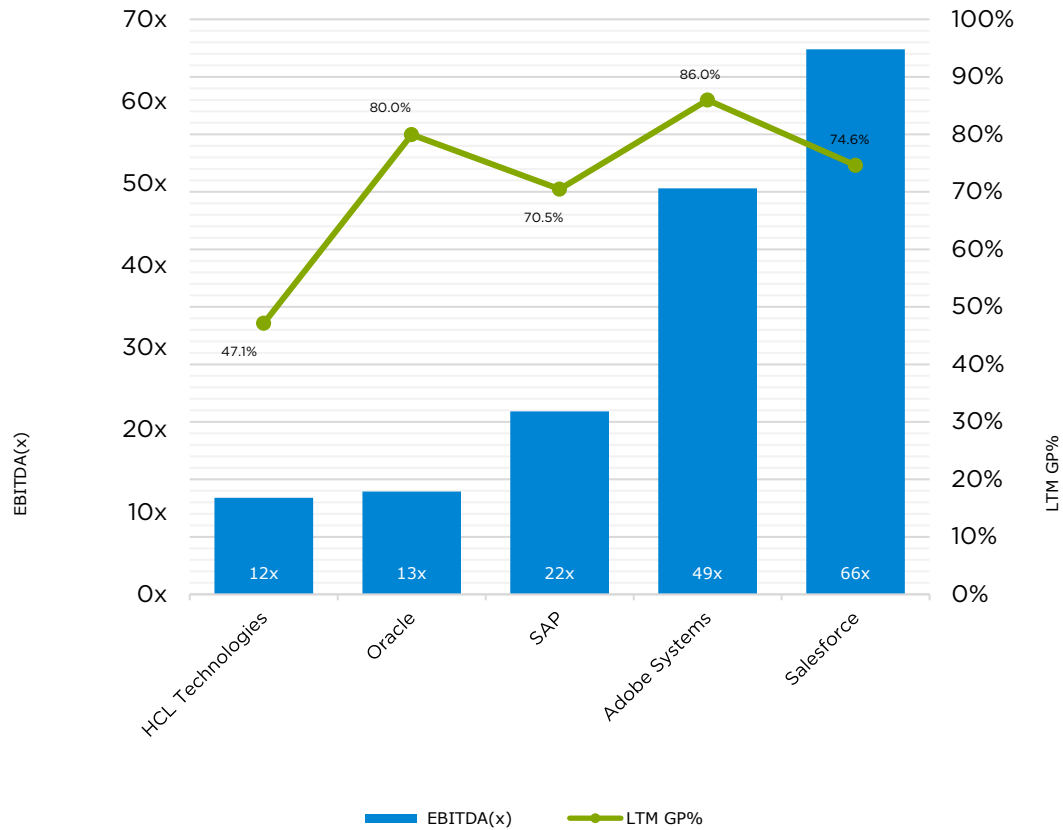


Price / LTM Earnings

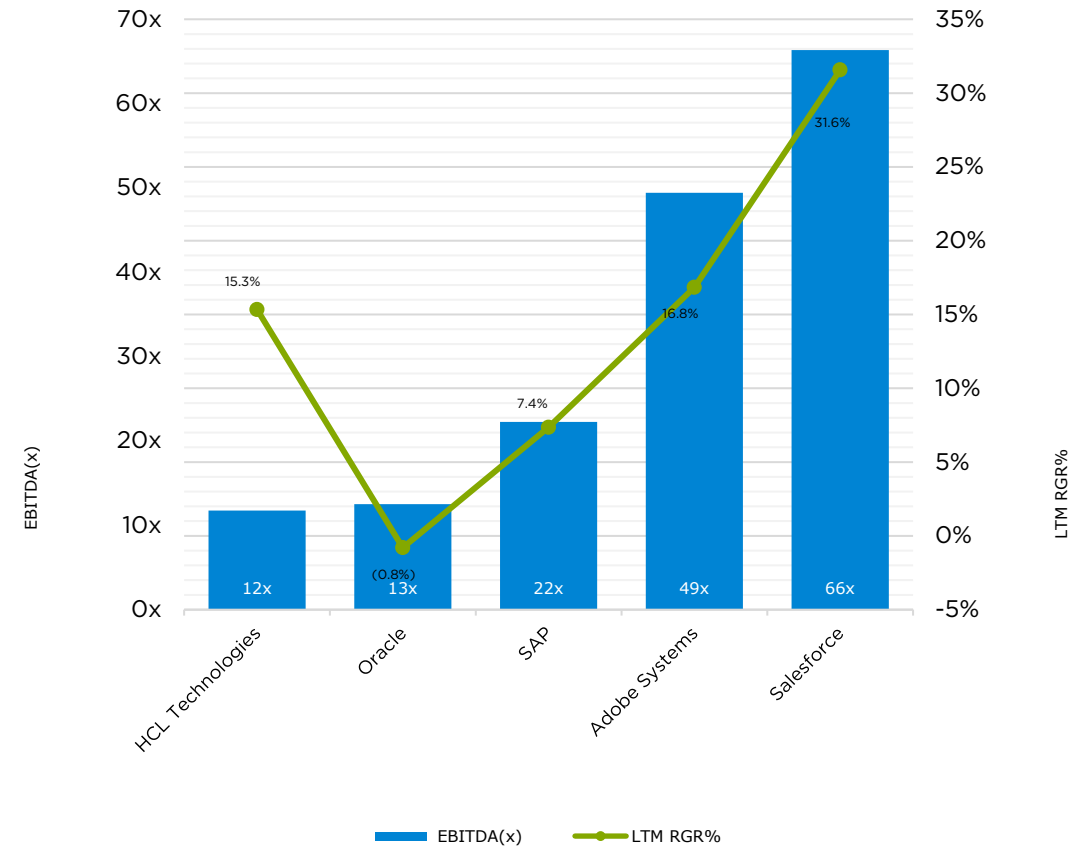


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue (TTM at time of deal)	TEV / Revenue	TEV / EBITDA
21-Jan-21	Genflow	BGF	11.00	-	-	-
14-Jan-21	Unilog	Investcorp Strategic Capital Group	-	-	-	-
07-Jan-21	AmeriCommerce	Cart.com	-	-	-	-
07-Jan-21	Optimus Performance Marketing	Gen3 Marketing	-	-	-	-
06-Jan-21	PlumRiver	Emerald Holding	-	-	-	-
01-Jan-21	Chore Check	Rego Payment Architectures	-	-	-	-
28-Dec-20	ShopRunner	FedEx	-	-	-	-
16-Dec-20	X Target	Ascential (London)	15.86	-	-	-
15-Dec-20	RestAR	Unity	-	-	-	-
02-Dec-20	Creuna	Knowit	20.62	-	-	-
04-Nov-20	Upper Echelon Products	Guardian Capital Partners	-	-	-	-
16-Oct-20	Air360	Scalefast	-	-	-	-
06-Oct-20	Morrison Consulting	Mode Effect	-	-	-	-
05-Oct-20	Something Digital	Genpact	-	-	-	-
02-Sep-20	DevGurus	Digital Management	-	-	-	-
30-Jun-20	Shero	Ambientia	-	-	-	-
29-Jun-20	Vertex Software (Austin)	Level 5 Lab	-	-	-	-
25-Jun-20	Nextmove (Italy)	DigiTouch	0.40	-	0.76	5.08
08-Jun-20	ICUBE (Indonesia)	Sirclo	-	-	-	-
03-Jun-20	Marvellous	Ponderosa Communications Group	-	-	-	-

Appendix

*Public Basket
Contact Information*



Public Basket - Platforms

Adobe Systems

Adobe Systems

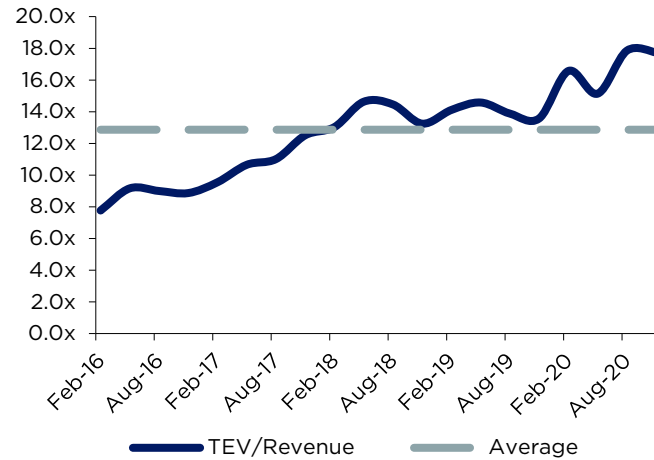
Adobe provides content creation, document management, and digital marketing and advertising software and services to creative professionals and marketers for creating, managing, delivering, measuring, optimizing and engaging with compelling content multiple operating systems, devices and media.

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).

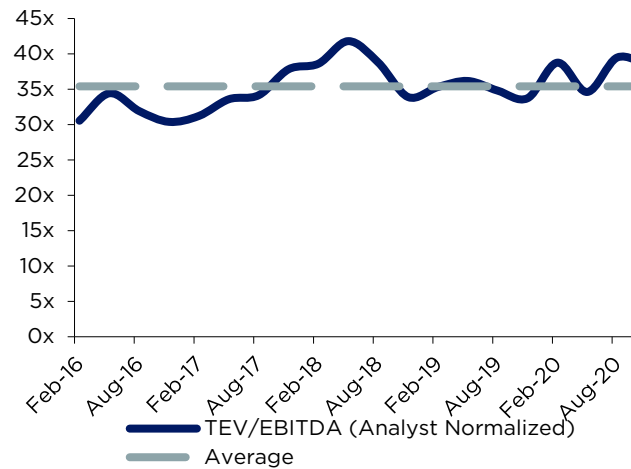
Public Basket - Platforms

Adobe Systems

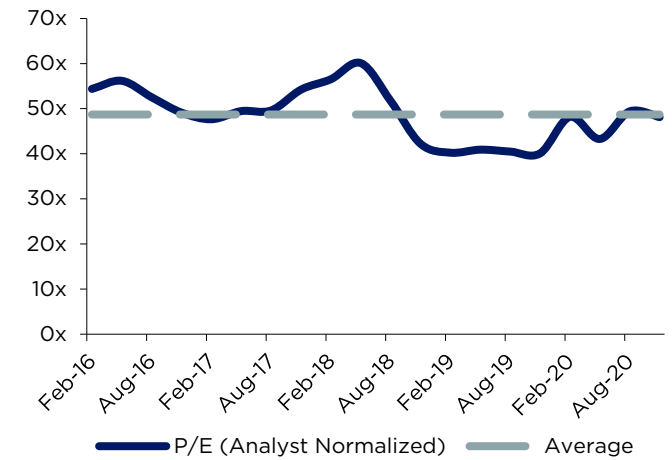
Revenue Multiples - Adobe Systems



EBITDA Multiples - Adobe Systems



P/E Multiples - Adobe Systems



Company Name

Date

Deal Synopsis

Workfront

07-Dec-20

The company was acquired by Adobe Systems (NAS: ADBE) for \$1.5 billion on December 7, 2020.

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.

Public Basket - Platforms

Oracle

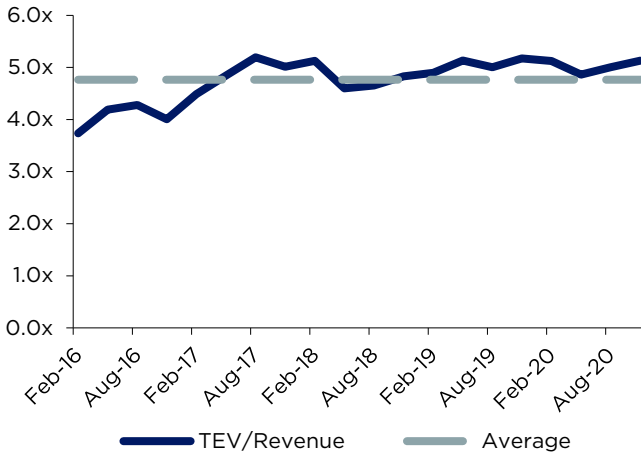
Oracle

Oracle provides database technology and enterprise resource planning, or ERP, software to enterprises around the world.

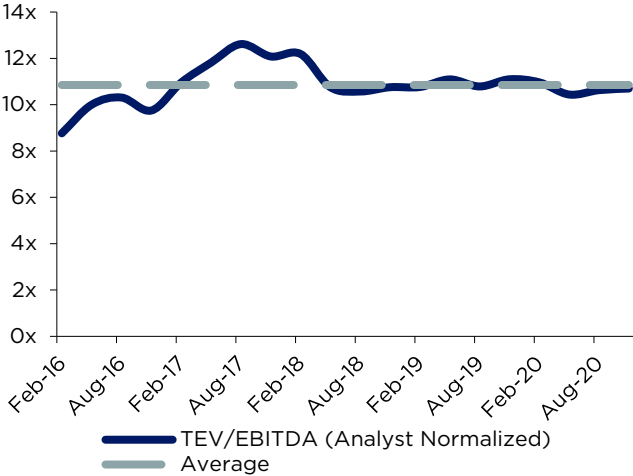
Founded in 1977, Oracle pioneered the first commercial SQL-based relational database management system. Today, Oracle has 430,000 customers in 175 countries, supported by its base of 136,000 employees.

Public Basket - Platforms

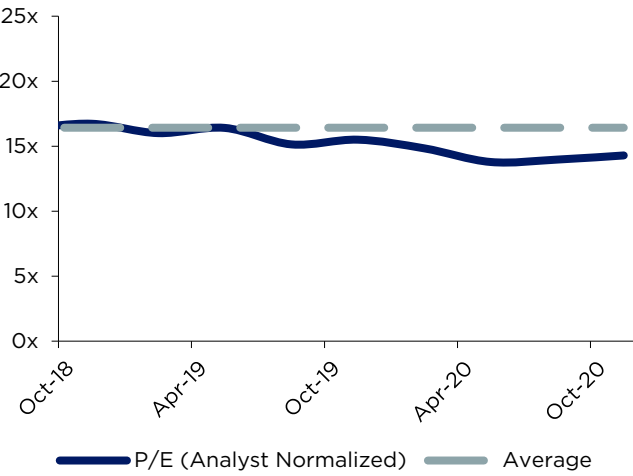
Revenue Multiples - Oracle



EBITDA Multiples - Oracle



P/E Multiples - Oracle



Company Name	Date	Deal Synopsis
Nor1	18-Nov-20	The company reached a definitive agreement to be acquired by Oracle (NYS: ORCL) for an undisclosed amount on November 18, 2020.
Sauce Video	27-Apr-20	The company was acquired by Oracle (NYS: ORCL) for an undisclosed amount on April 27, 2020. The acquisition helps Oracle to enhance its portfolio with advanced video capabilities and to provide customers with a comprehensive set of content creation and management tools in order to create exceptional customer, employee and supplier experiences.

Public Basket - Platforms

Salesforce.com

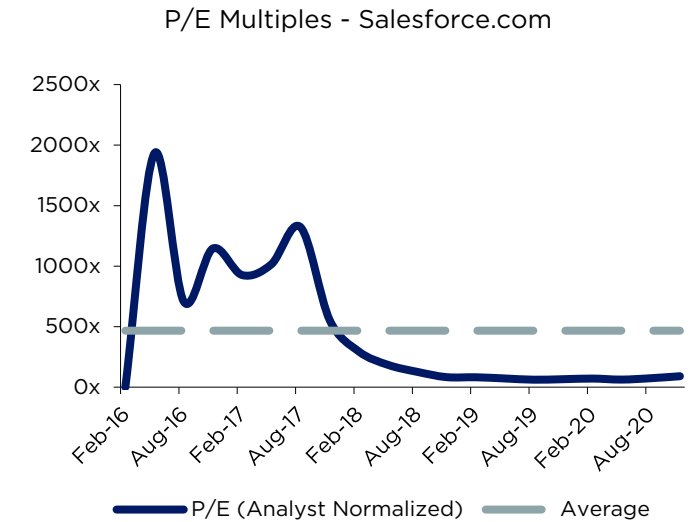
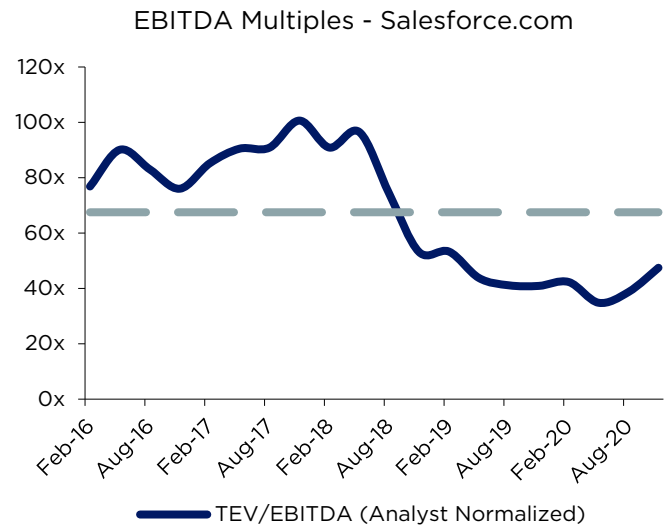
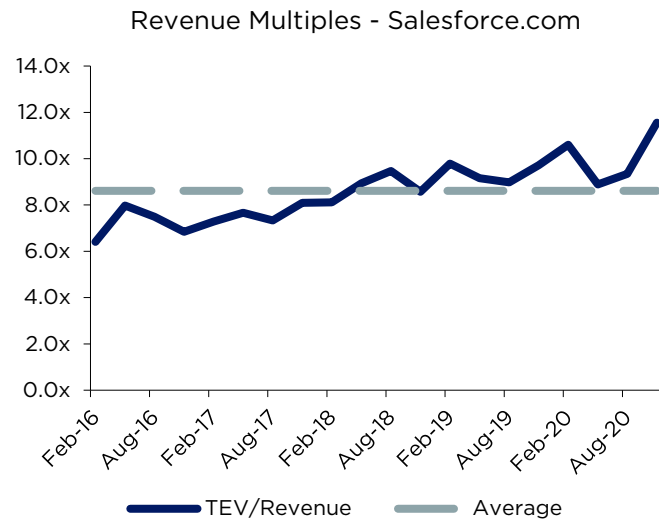
Salesforce.com

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 - Platforms

Salesforce.com



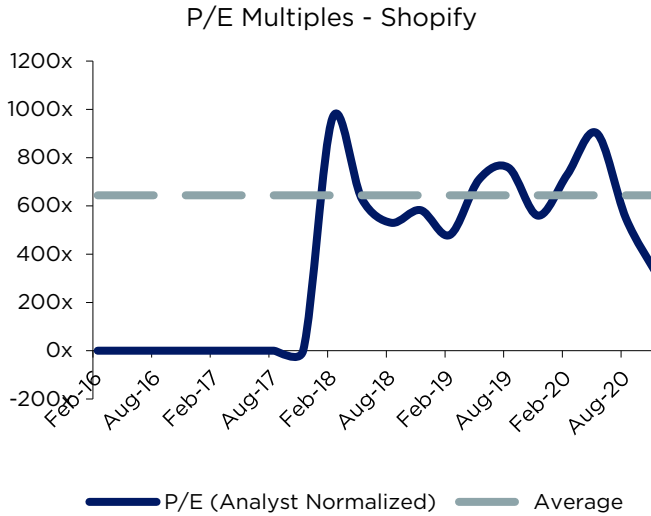
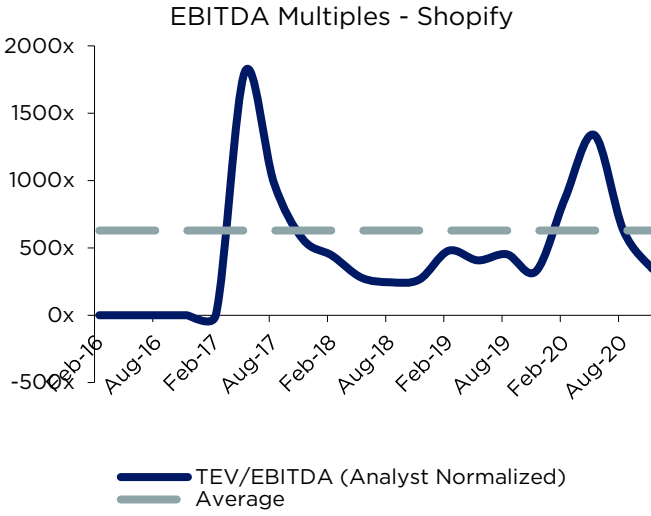
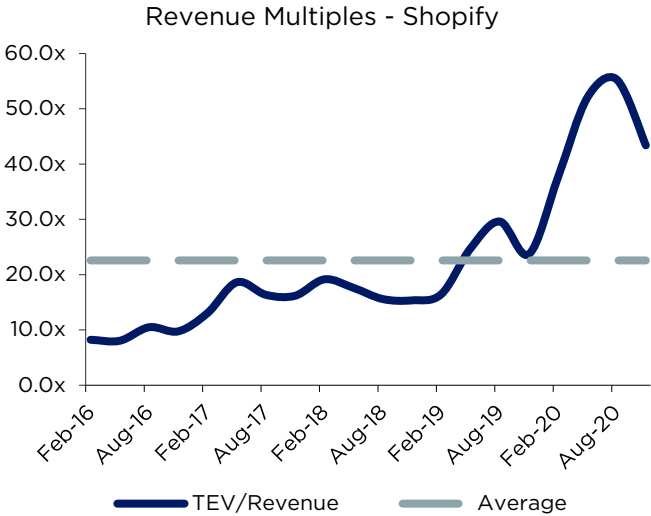
Company Name	Date	Deal Synopsis
Acumen Solutions	3/23/20	The company was acquired by Salesforce (NYS: CRM) for an undisclosed amount on February 1, 2021. The acquisition will enable Salesforce Professional Services to help industry customers get closer to their clients and constituents through the Customer 360 Platform.
Slack	1/6/20	The company reached a definitive agreement to be acquired by Salesforce (NYS: CRM) for an estimated \$27.7 billion on December 1, 2020. Under the terms of the agreement, the company's shareholders will receive \$26.79 in cash and 0.0776 shares of Salesforce common stock for each of the company's shares.

Shopify

Shopify offers an e-commerce platform primarily to small and midsize businesses.

The firm has two segments: subscription solutions (43% of fiscal 2018 revenue) and merchant solutions (57% of fiscal 2018 revenue). The subscription solutions segment allows Shopify merchants to conduct e-commerce on a variety of platforms, including the company's website, physical stores, pop-up stores, kiosks, social networks (Facebook), and Amazon. Merchant solutions are add-on products for the platform that facilitate e-commerce and include Shopify Payments, Shopify Shipping, and Shopify Capital.

Public Basket - Platforms



Company Name	Date	Deal Synopsis
Affirm	16-Sep-20	The company raised \$509.95 million of Series G venture funding in a deal led by Durable Capital Partners and Government of Singapore Investment Corporation (GIC) on September 16, 2020. Lightspeed Venture Partners, CMFG Ventures, Spark Capital, Founders Fund and 5 other investors also participated in the round.
6 River Systems	17-Oct-19	The company was acquired by Shopify (TSE: SHOP) for \$394 million on October 17, 2019. This will enable Shopify to help thousands of businesses improve their fulfillment operations, while 6 River Systems will continue to expand its industry-leading solution for warehouses.

Public Basket - Platforms

SAP

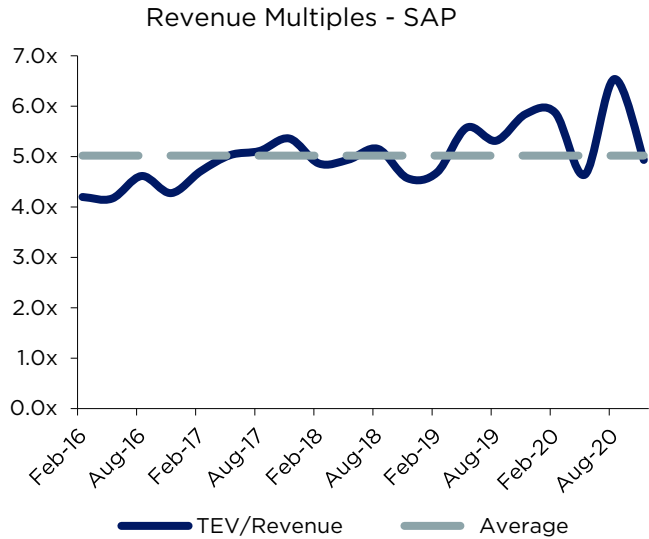
SAP

Founded in 1972 by former IBM employees, SAP provides database technology and enterprise resource planning software to enterprises around the world.

Across more than 180 countries, the company serves 440,000 customers, approximately 80% of which are small to medium-size enterprises.

Public Basket - Platforms

SAP



<i>Company Name</i>	<i>Date</i>	<i>Deal Synopsis</i>
AppGyver	11-Feb-21	The company was acquired by SAP (ETR: SAP) for an undisclosed amount on February 11, 2021.
Signavio	27-Jan-21	The company reached a definitive agreement to be acquired by SAP (ETR: SAP) for EUR 1 billion on January 27, 2021.

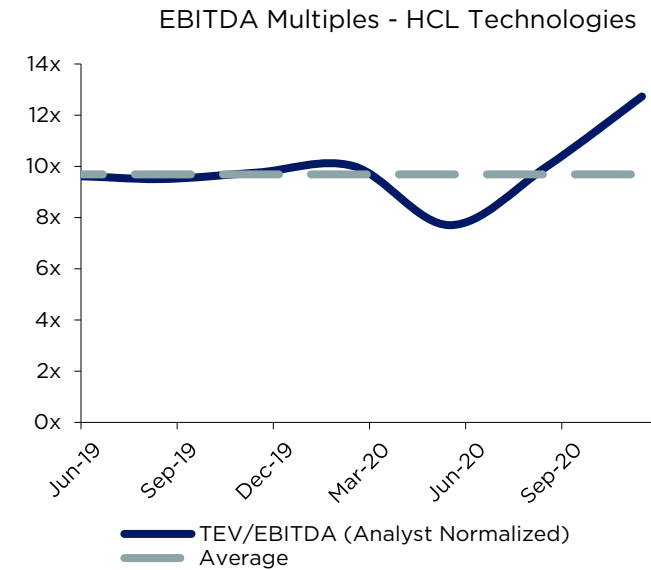
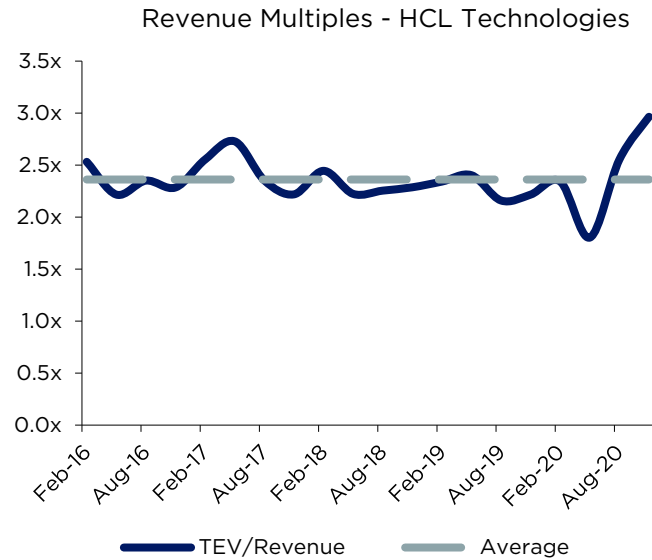
HCL Technologies

HCL Technologies Ltd provides enterprises with IT solutions in India.

It focuses on offering Digital, Internet of Things Services, Cloud, Automation, Cybersecurity, Infrastructure Management, and Engineering Services to solve business problems for clients. While the company is based in India, it has international clients in a large number of countries. It offers solutions to a variety of industries including Financial Services, Public Services, Consumer Services, Healthcare, and Manufacturing. It operates in three segments Software services, IT Infrastructure services, and Business Process Outsourcing services. The firm emphasizes consultation services for firms, with the goal to offer them digital and design solutions. Most of the firm's revenue comes from Software services segment.

Public Basket - Platforms

HCL Technologies



Company Name	Date	Deal Synopsis
Cisco (Self-Optimizing Network technology)	25-Oct-20	The Self-Optimising Network business of Cisco Systems (NASDAQ: CSCO) was acquired by HCL Technologies (NSE: HCLTECH) for \$50 million on October 25, 2020. The acquisition enables HCL Technologies to meet the growing needs of its customers in the telecommunications industry, which includes tier-one communications service providers globally.
DWS Group	21-Sep-20	The company reached a definitive agreement to be acquired by HCL Technologies (NSE: HCLTECH) for AUD 162 million on September 21, 2020.

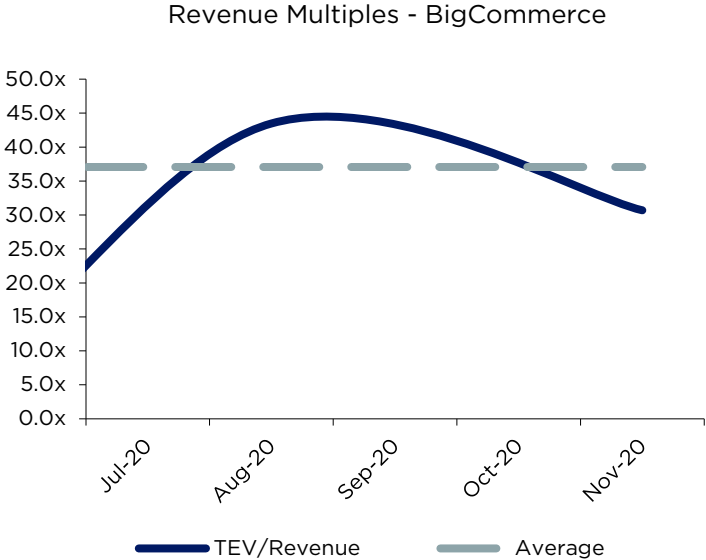
BigCommerce

BigCommerce Holdings Inc is a new era of ecommerce.

Its software-as-a-service (SaaS) platform simplifies the creation of beautiful, engaging online stores by delivering a combination of ease-of-use, enterprise functionality, and flexibility. The company powers both its customers' branded ecommerce stores and their cross-channel connections to popular online marketplaces, social networks, and offline point-of-sale systems. It operates in a single segment covering geographical areas of Americas - U.S.; Americas - other; EMEA; and APAC.

Public Basket - Platforms

BigCommerce



<i>Company Name</i>	<i>Date</i>	<i>Deal Synopsis</i>
Zing (Austin)	28-Apr-15	The company was acquired by Bigcommerce for an undisclosed amount on April 28, 2015. Bigcommerce was backed by several VC investors.

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.

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