

7 Mile Advisors



Sectorwatch: Enterprise Software

March 2021



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

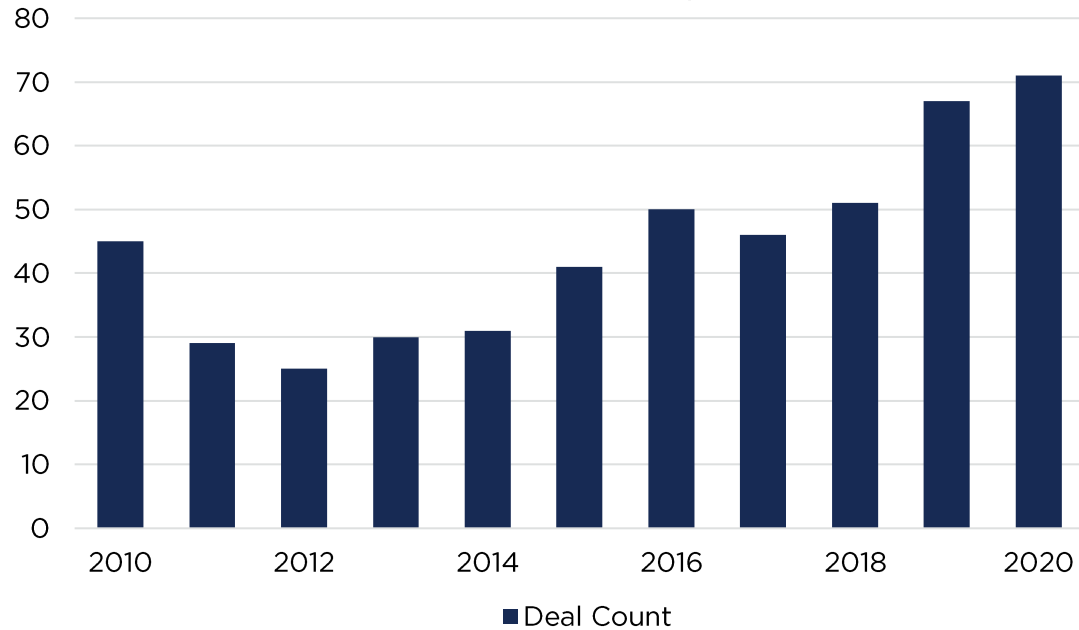
- The most recently announced deals in the sector

Dashboard

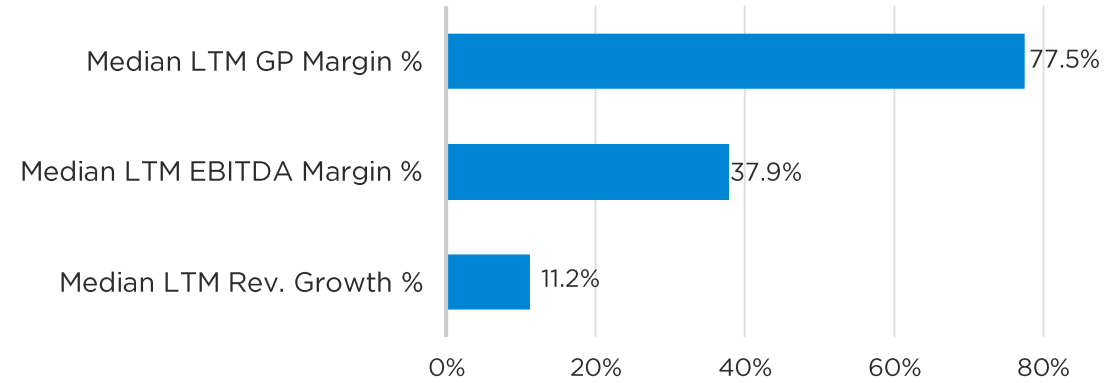
REVENUE GROWTH MOMENTUM ↓ -3.2%

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

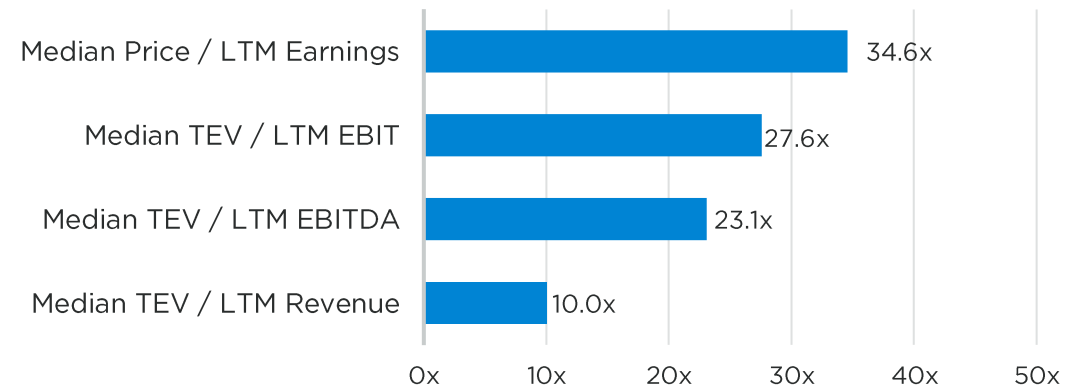
M&A Activity



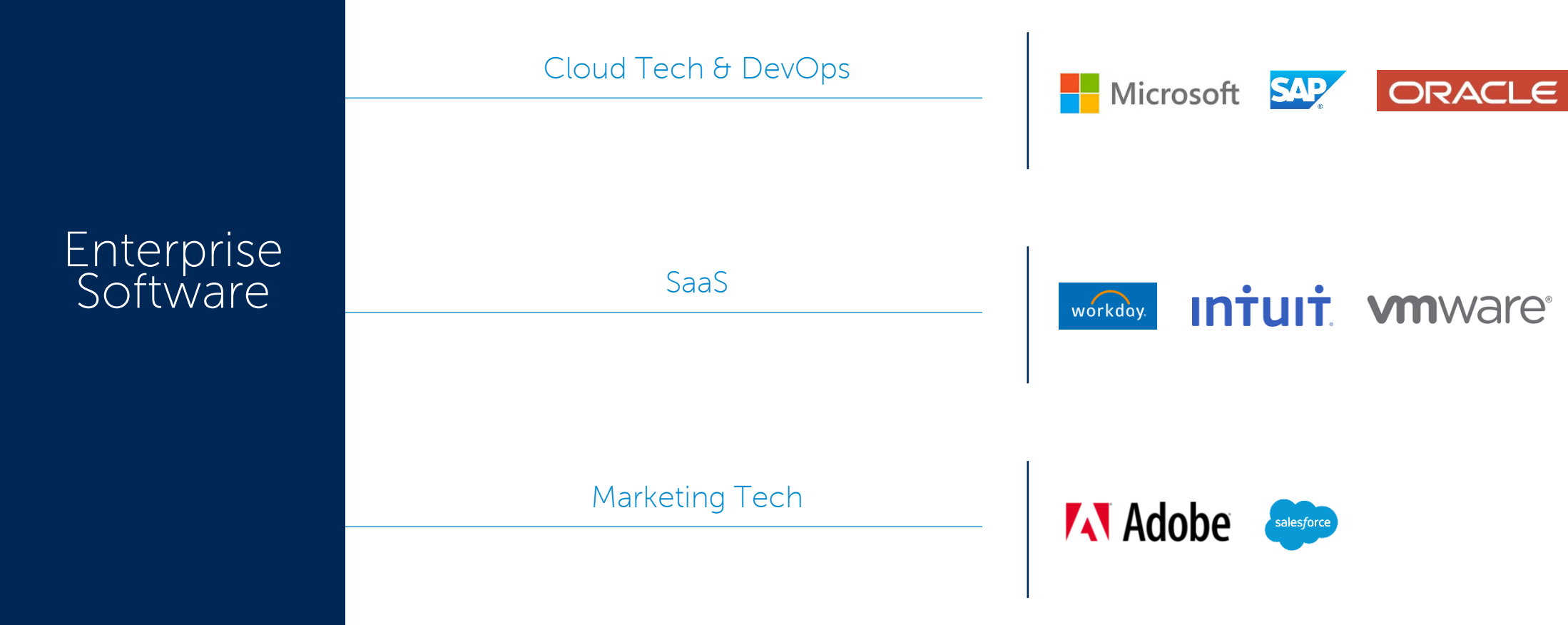
Operating Metrics



Valuation



Public Basket Overview

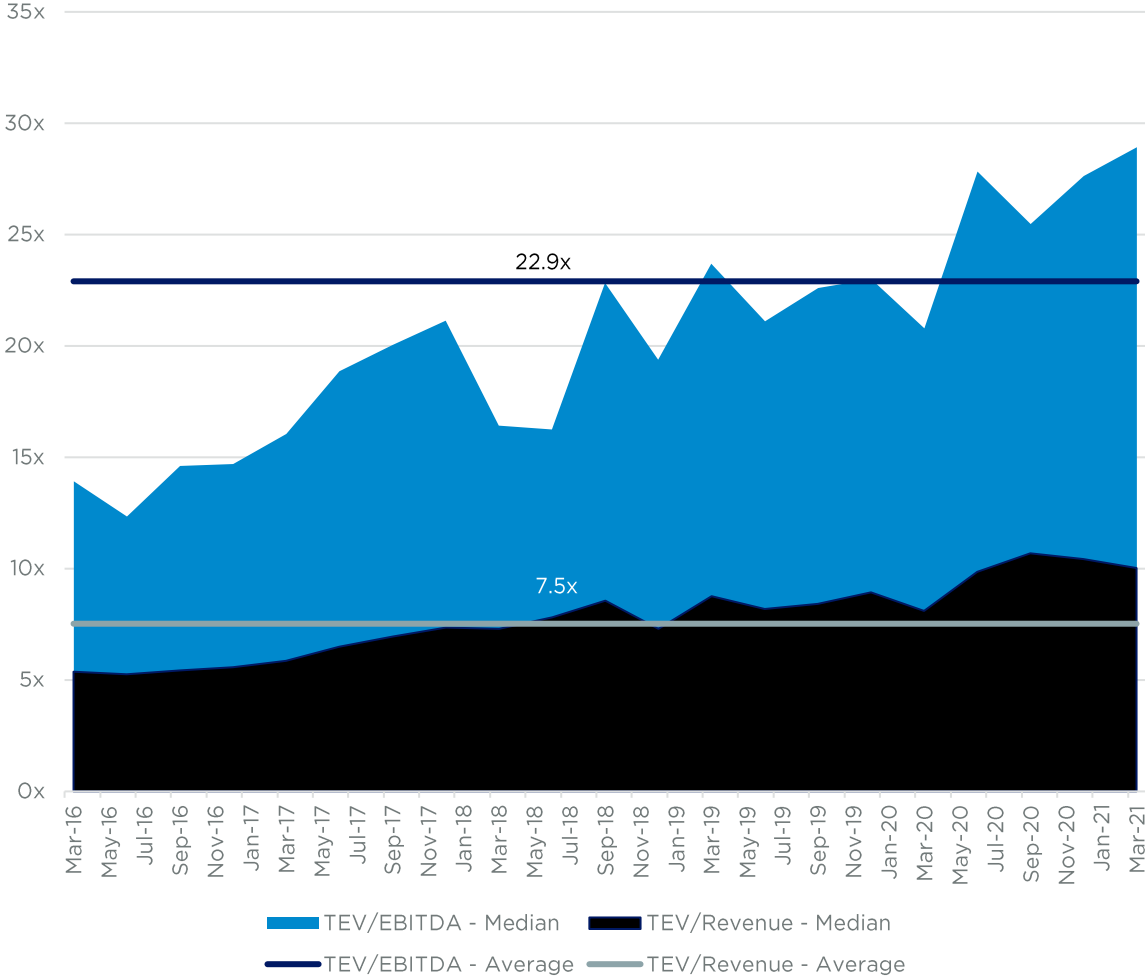


Public Basket

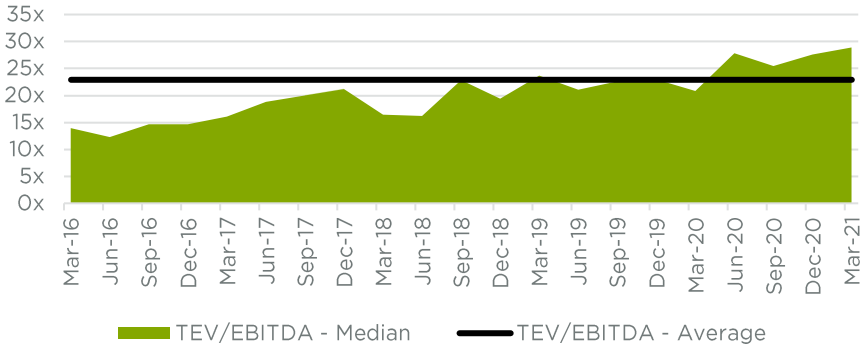
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Workday	57,756	1,184	4,318	19.0%	72.3%	27.4%	13.4x	48.8x	12,300	351
VMware	65,981	4,404	11,546	5.3%	83.0%	38.1%	5.7x	15.0x	31,000	372
Intuit	102,669	2,899	7,717	8.3%	82.2%	37.6%	13.3x	35.4x	9,400	821
SAP	153,072	11,324	31,163	-0.8%	71.2%	36.3%	4.9x	13.5x	101,450	307
Oracle	239,278	19,958	39,691	-0.2%	80.6%	50.3%	6.0x	12.0x	136,000	292
Salesforce	188,434	5,427	21,252	24.3%	74.4%	25.5%	8.9x	34.7x	49,000	434
Adobe Systems	224,701	5,719	12,868	15.2%	86.6%	44.4%	17.5x	39.3x	22,634	569
Microsoft	1,711,661	74,099	153,284	14.2%	68.4%	48.3%	11.2x	23.1x	144,000	1,064
Average	342,944	15,627	35,230	10.7%	77.3%	38.5%	10.1x	27.7x	63,223	526
Median	170,753	5,573	17,060	11.2%	77.5%	37.9%	10.0x	28.9x	40,000	403

share price as of 30Mar21

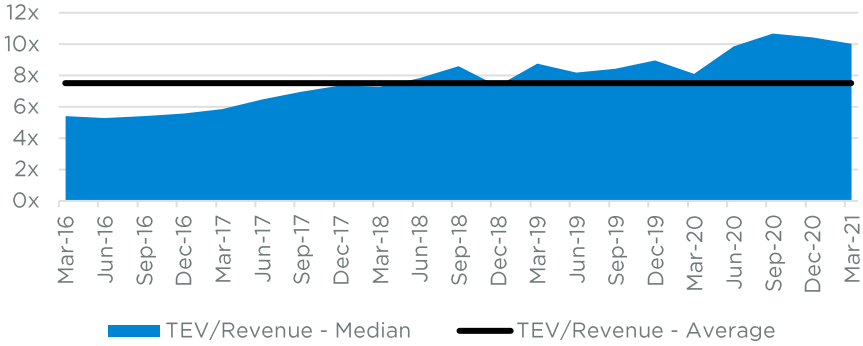
Public Basket



Public EBITDA Multiples over Time

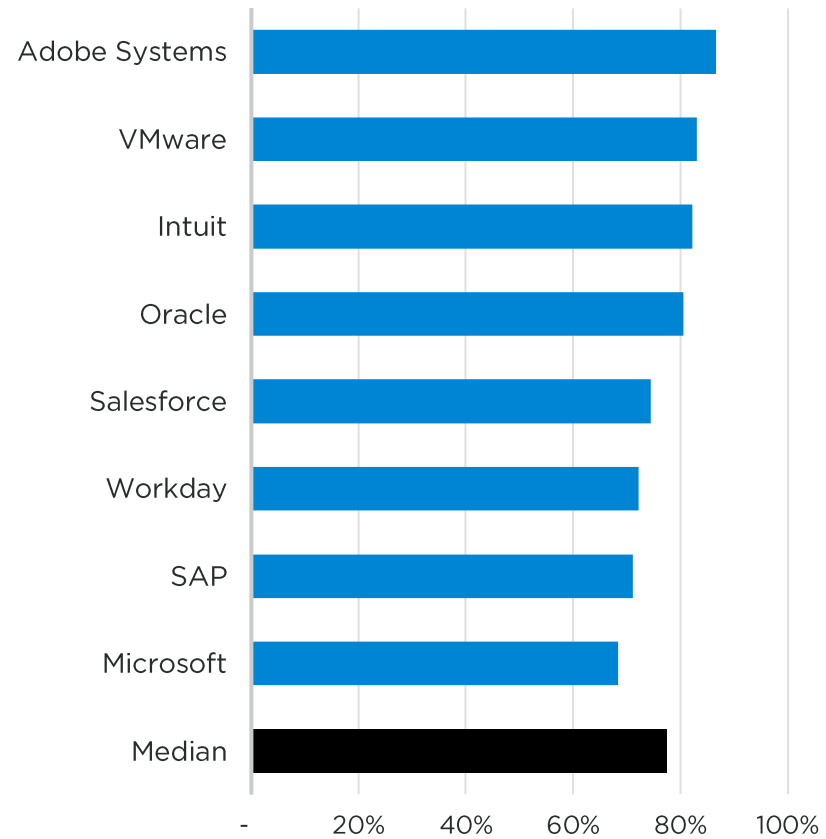


Public Revenue Multiples over Time

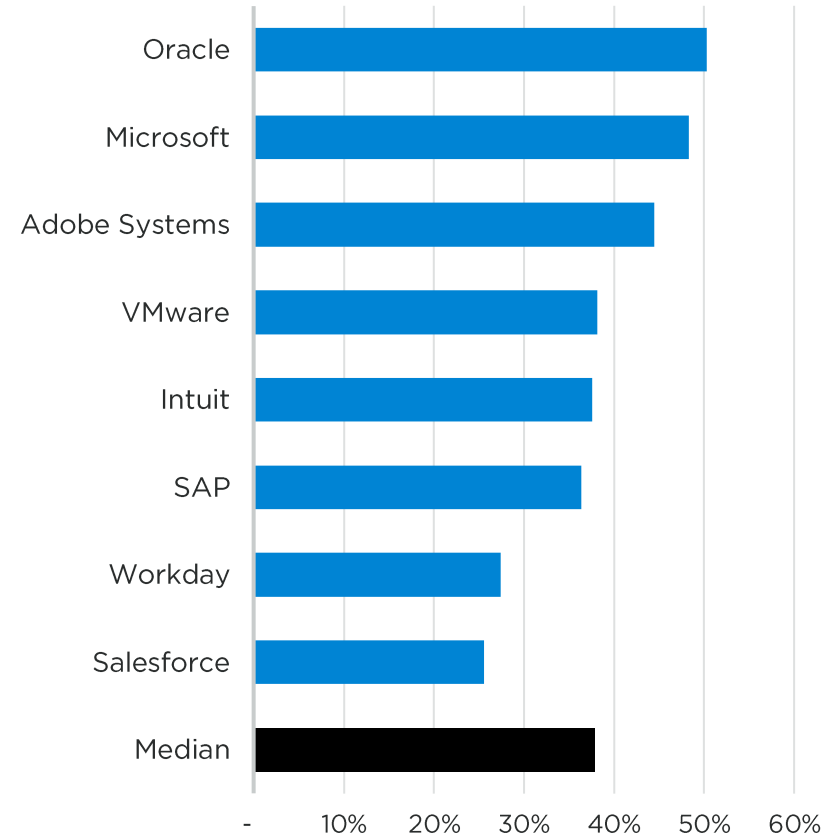


Operational Metrics

LTM Gross Profit Margin %

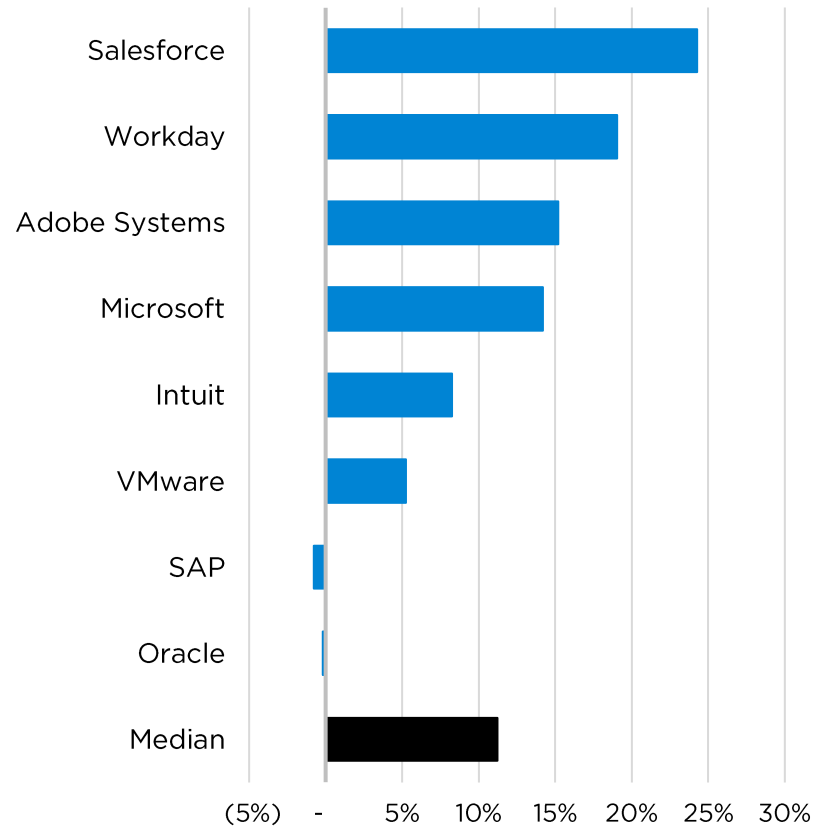


LTM EBITDA %

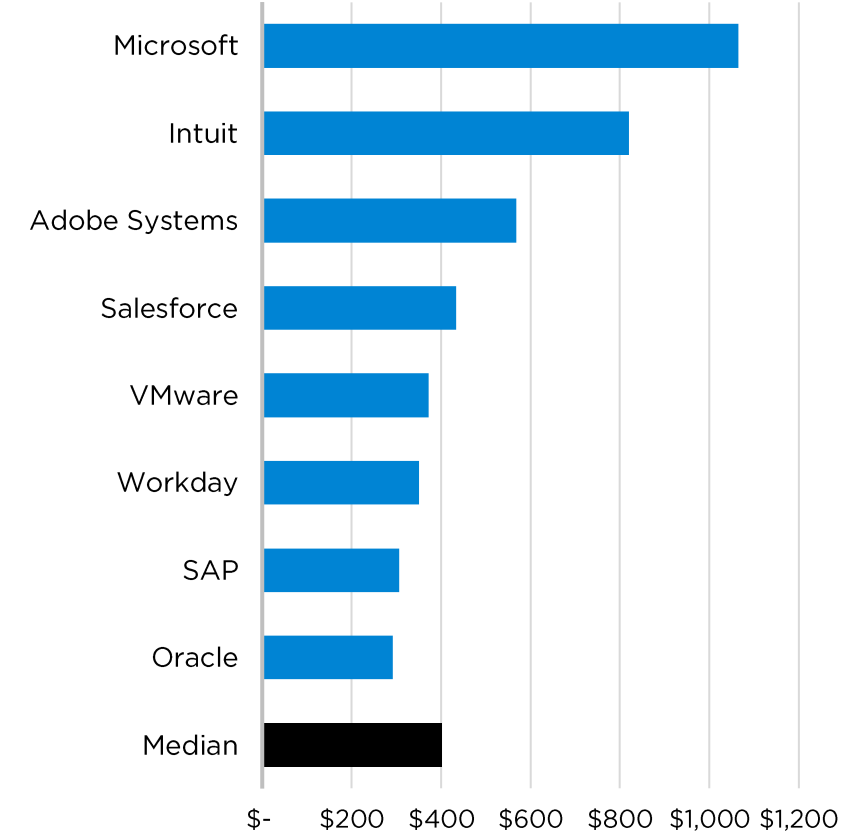


Operational Metrics

LTM Revenue Growth %

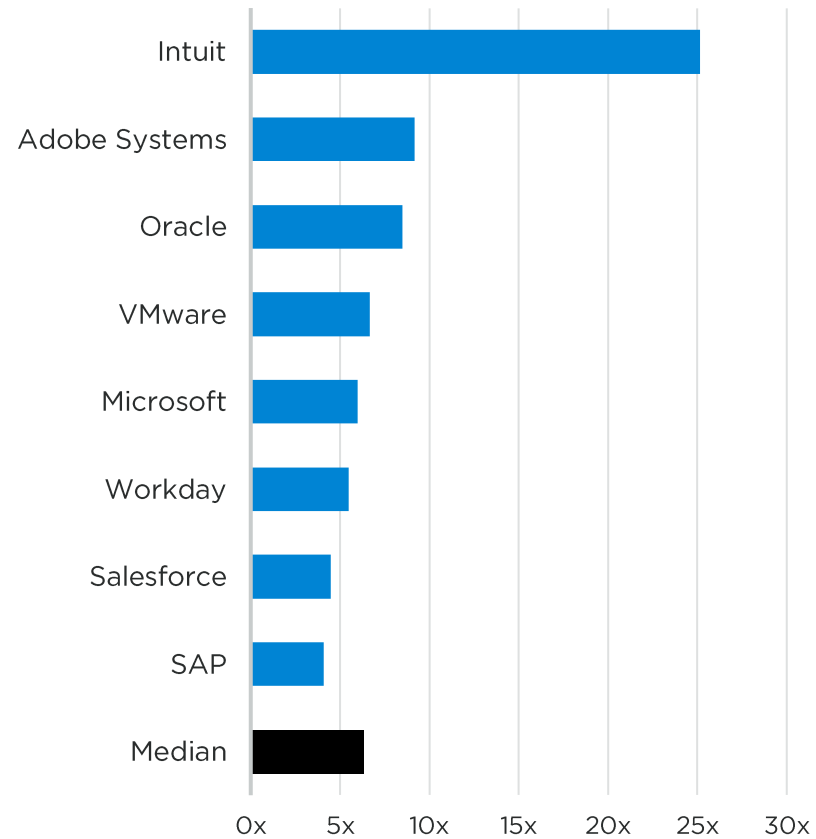


LTM Revenue per Full Time Employee x 000's

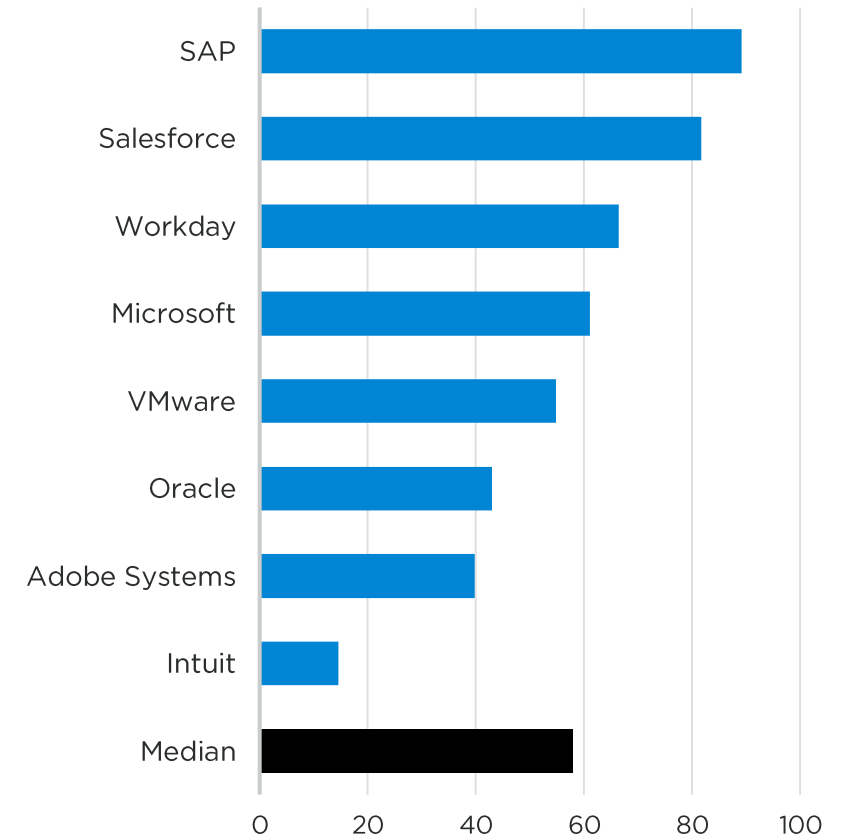


Operational Metrics

Accounts Receivable Turnover

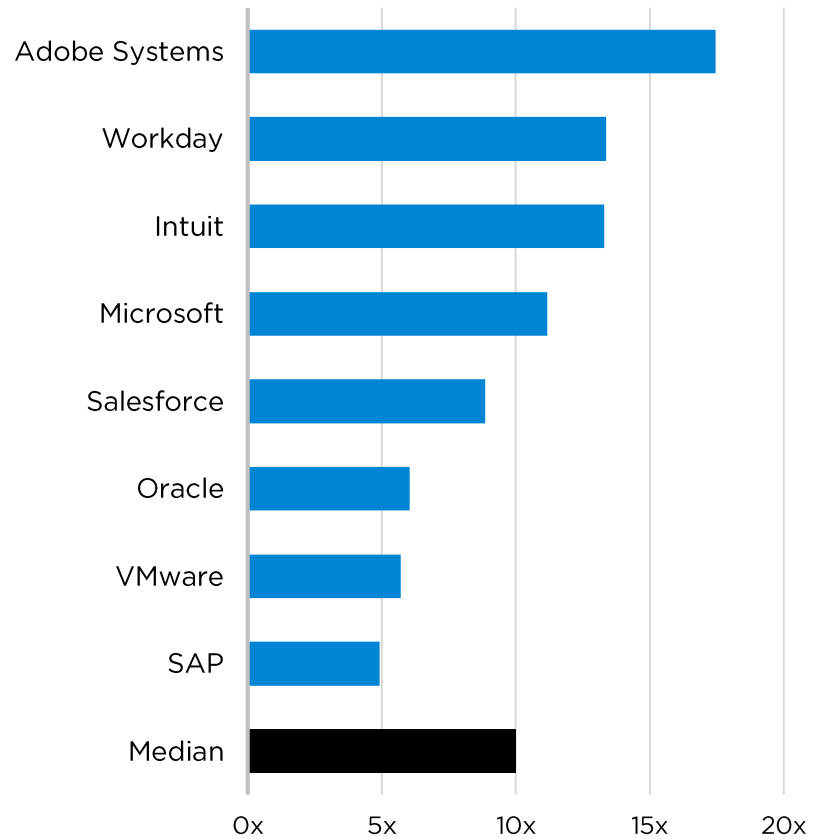


Average Days Sales Outstanding

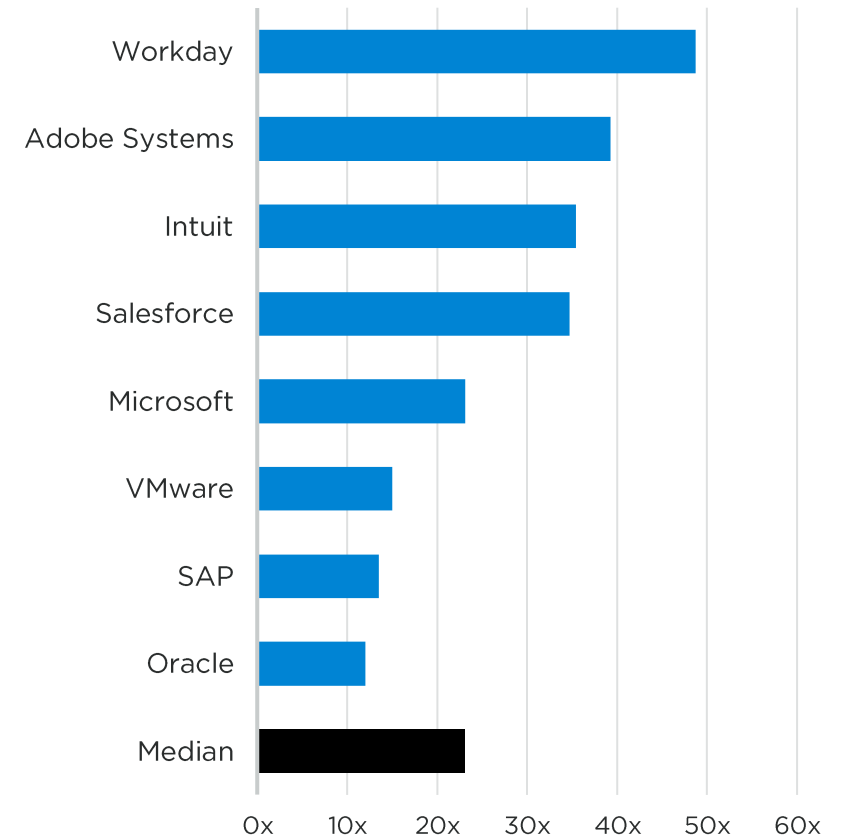


Valuation

TEV / LTM Revenue

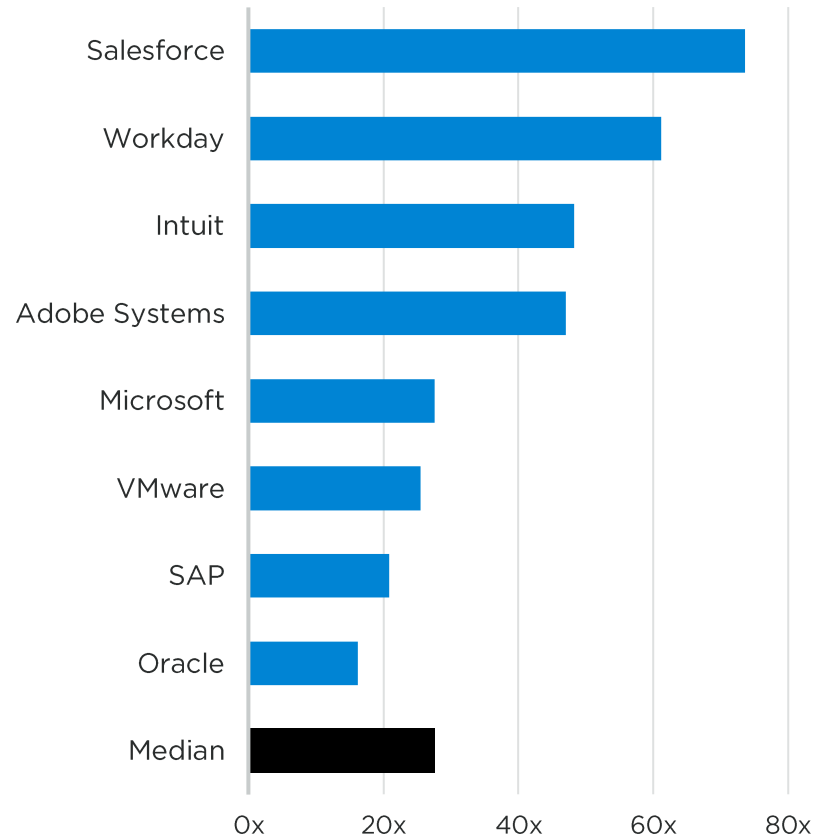


TEV / LTM EBITDA

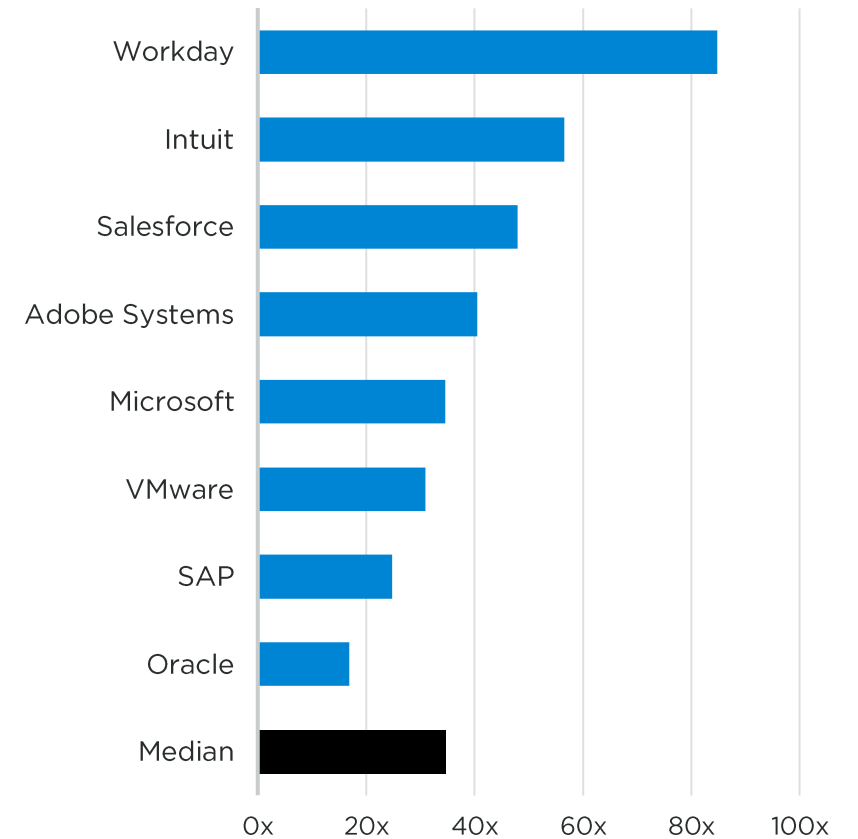


Valuation

TEV / LTM EBIT

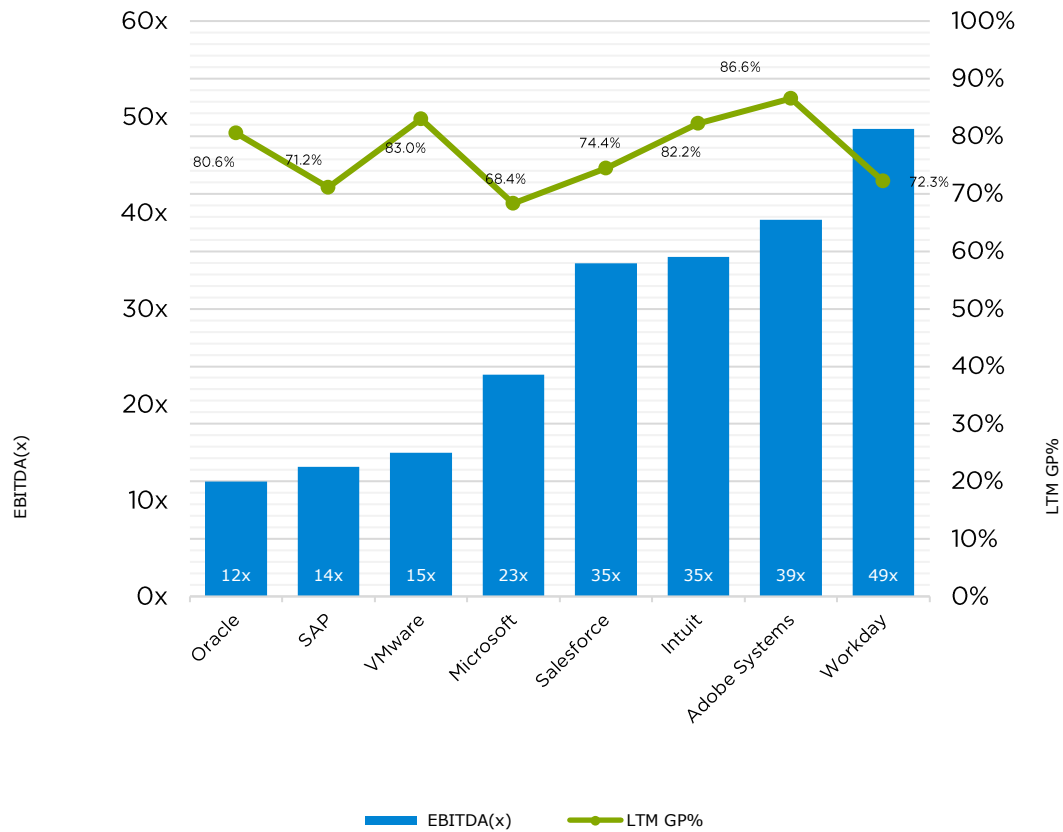


Price / LTM Earnings

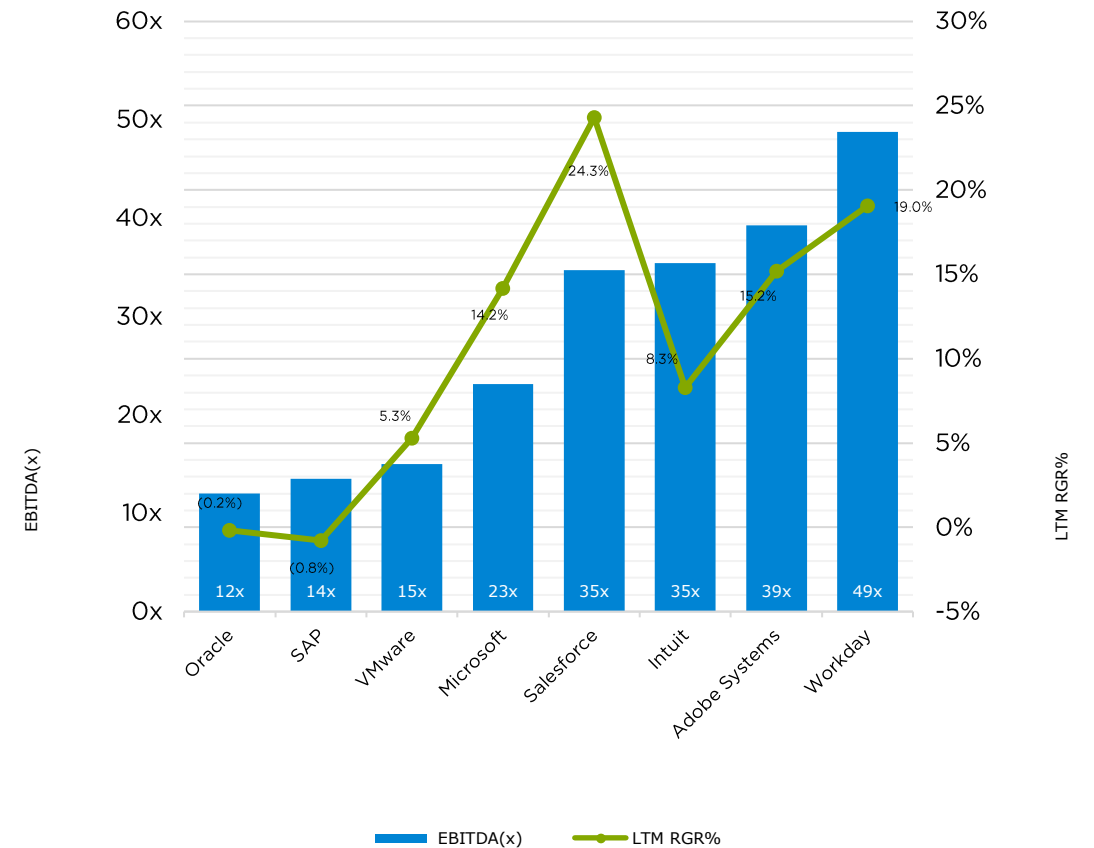


Valuation

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-Mar-21	Yaguara	Chord (Business/Productivity Software)	-	-	-	-
03-Mar-21	InfoSaaS	Amtivo Group	-	-	-	-
02-Mar-21	Upskill	TeamViewer	-	-	-	-
01-Mar-21	Raynet	PINOVA Capital	-	-	-	-
26-Feb-21	Easit	Jonas Software	-	-	-	-
24-Feb-21	ForeUp	Clubessential	-	-	-	-
05-Feb-21	BrokerCloud	Saffelberg Investments	-	-	-	-
28-Jan-21	Bind ERP	SUMA (London)	-	-	-	-
26-Jan-21	Caringo	DataCore Software	-	-	-	-
14-Jan-21	Unilog	Investcorp Strategic Capital Group	-	-	-	-
12-Jan-21	Orbus Software	SilverTree Equity	-	-	-	-
07-Jan-21	Lateral Innovations	PG Solutions	-	-	-	-
30-Dec-20	Fertsoft	CSAM Health	0.72	-	1.44	11.52
23-Dec-20	Anchor Computer Systems	Aryza	-	-	-	-
21-Dec-20	Fieldlens (Mobile Field Management Technology)	JettyCove	-	-	-	-
17-Dec-20	Starcompliance	Marlin Equity Partners	-	-	-	-
14-Dec-20	GoSpotCheck	Diversis Capital	-	-	-	-
09-Dec-20	Precisely (Confirm Software)	Clearlake Capital Group	-	-	-	-
07-Dec-20	Contextere	Serco	0.85	-	-	-
10-Nov-20	TITAN School Solutions	APES Ventures	75.00	-	-	-
29-Oct-20	Icon Solutions	J.P. Morgan	-	-	-	-
29-Oct-20	Monocl	22C Capital	-	-	-	-
26-Oct-20	TotalMobile	Bowmark Capital	-	-	-	-

Appendix

*Public Basket
Contact Information*



Workday

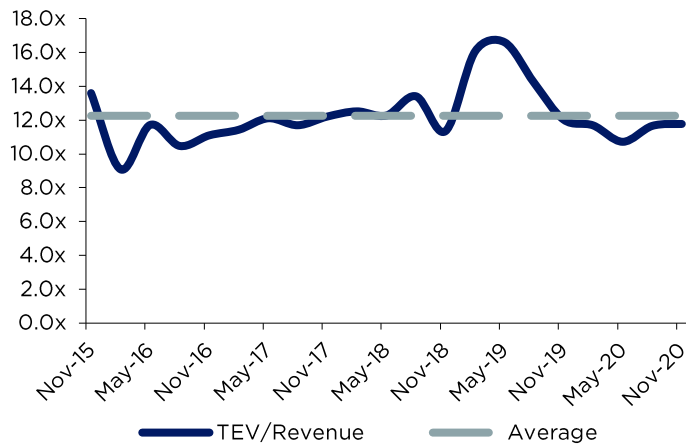
Workday is a software company that offers human capital management, or HCM, financial management, and business planning solutions.

Known for being a cloud-only software provider, Workday is headquartered in Pleasanton, California. Founded in 2005, Workday now employs over 12,000 employees.

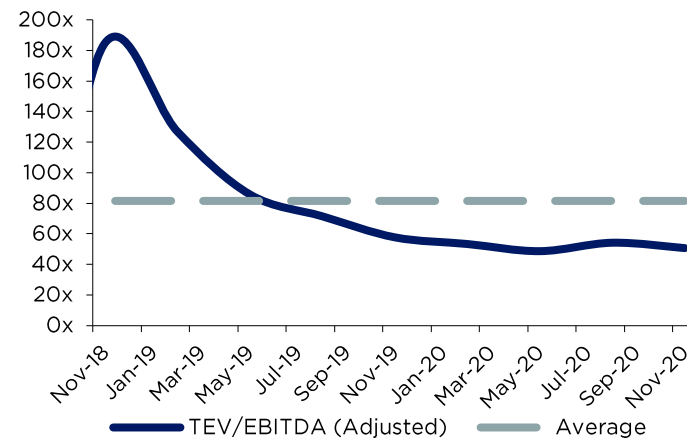
Public Basket

Workday

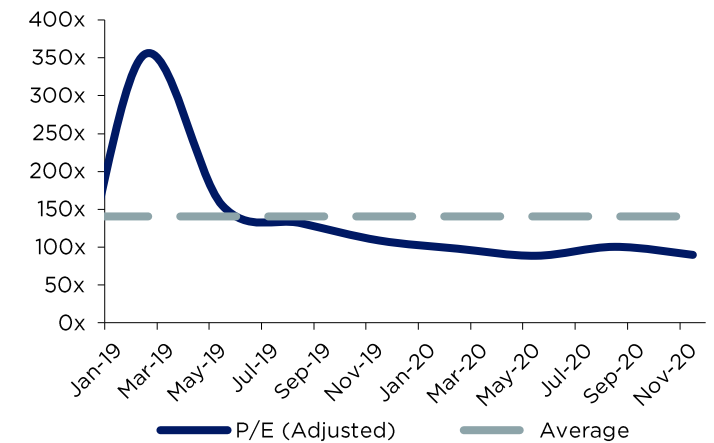
Revenue Multiples - Workday



EBITDA Multiples - Workday



P/E Multiples - Workday



Company Name

Date

Deal Synopsis

Scout (Business/Productivity Software)

09-Dec-19

The company was acquired by Workday (NAS: WDAY) for \$513 million on December 9, 2019. The acquisition will help the acquirer to deliver a comprehensive source-to-pay solution to its customers.

VMware

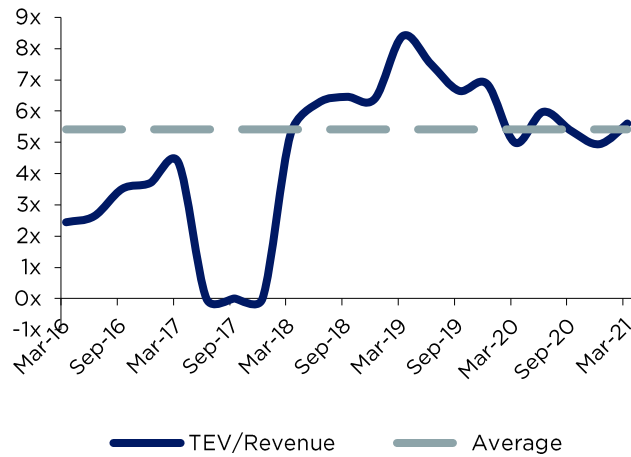
VMware, a majority-owned subsidiary of Dell, is an industry leader in virtual machines for data center servers and computer desktops.

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.

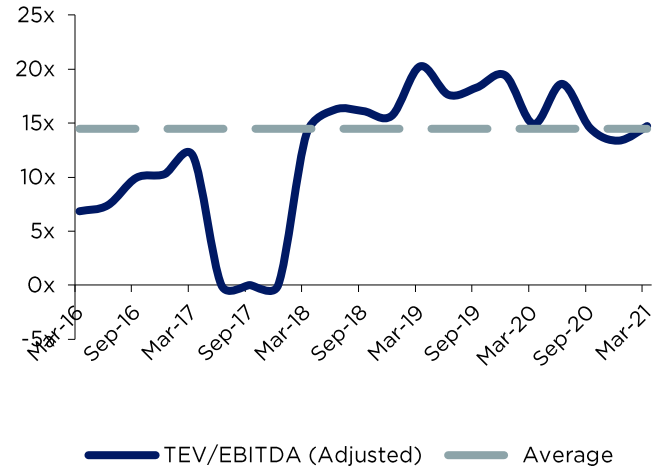
Public Basket

VMware

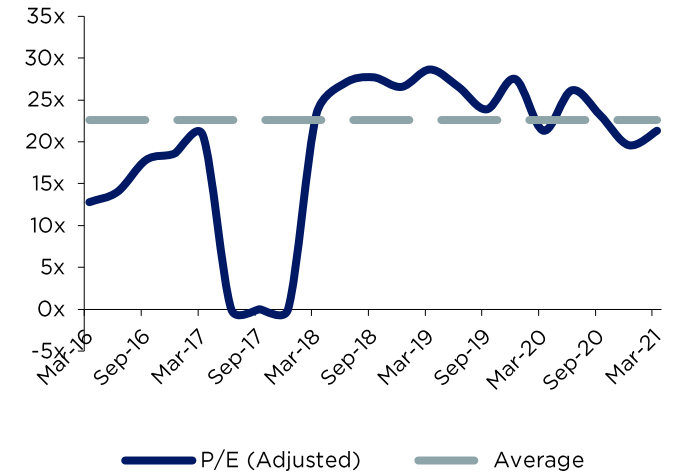
Revenue Multiples - VMware



EBITDA Multiples - VMware



P/E Multiples - VMware



Company Name	Date	Deal Synopsis
SaltStack	13-Oct-20	The company was acquired by VMware (NYS: VMW), a subsidiary of Dell Technologies (NYS: DELL), for an undisclosed amount on October 13, 2020.

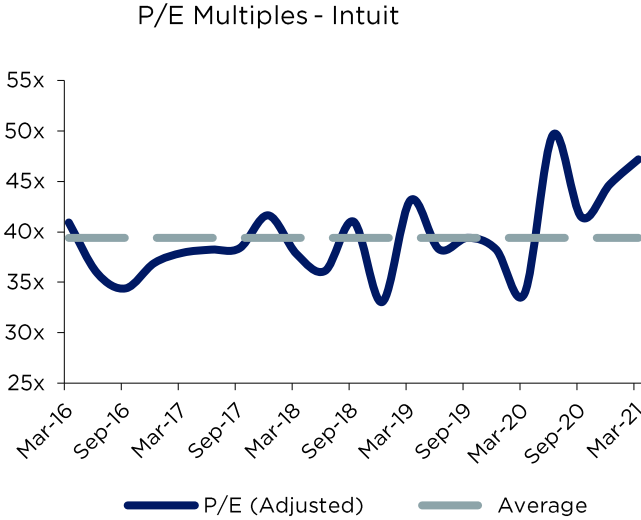
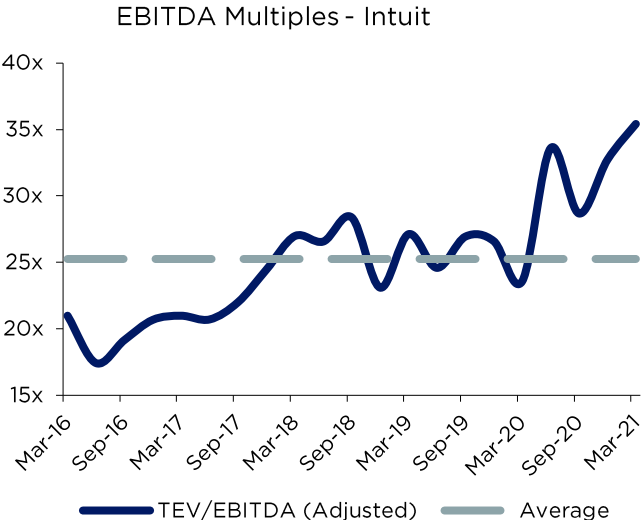
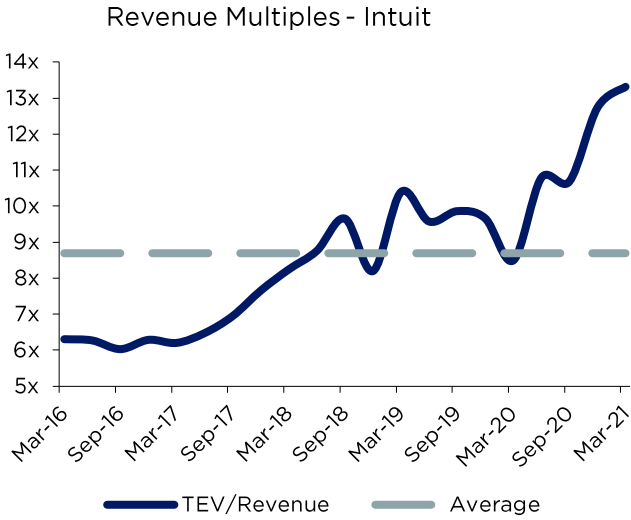
Intuit

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 was acquired by Intuit (NAS: INTU) for \$7.1 billion on December 3, 2020.

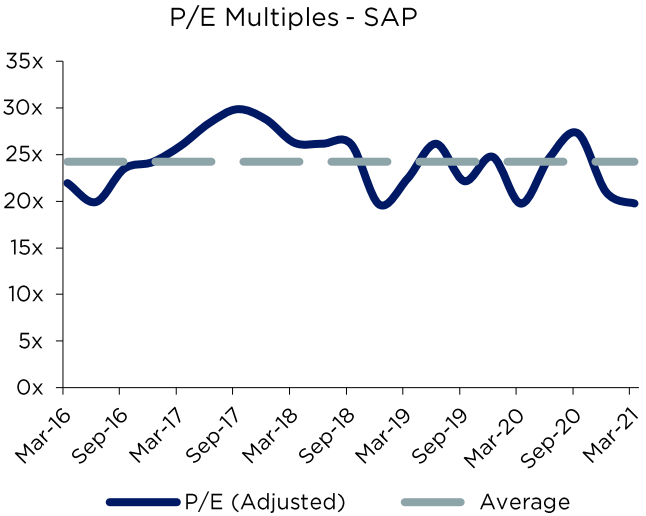
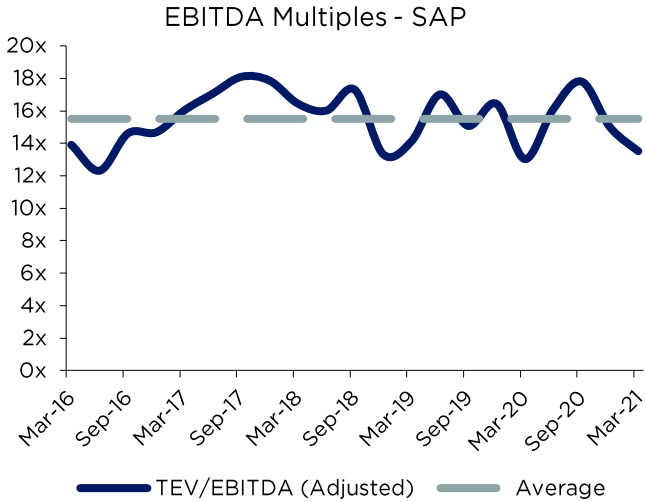
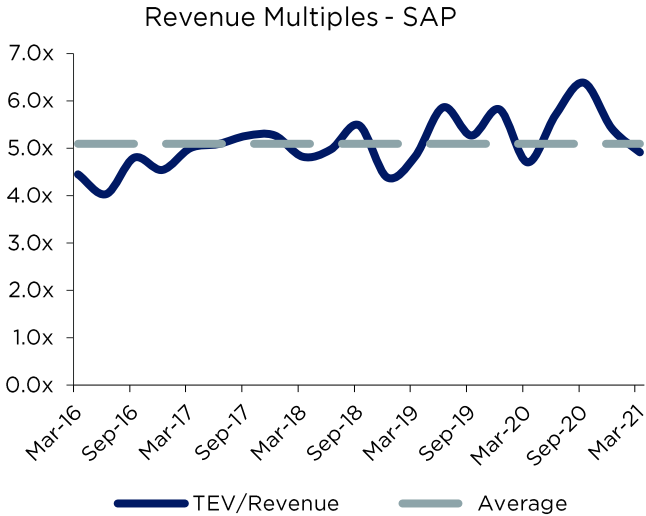
SAP

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

SAP



Company Name	Date	Deal Synopsis
Signavio	05-Mar-21	The company was acquired by SAP (ETR: SAP) for EUR 1 billion on March 5, 2021.

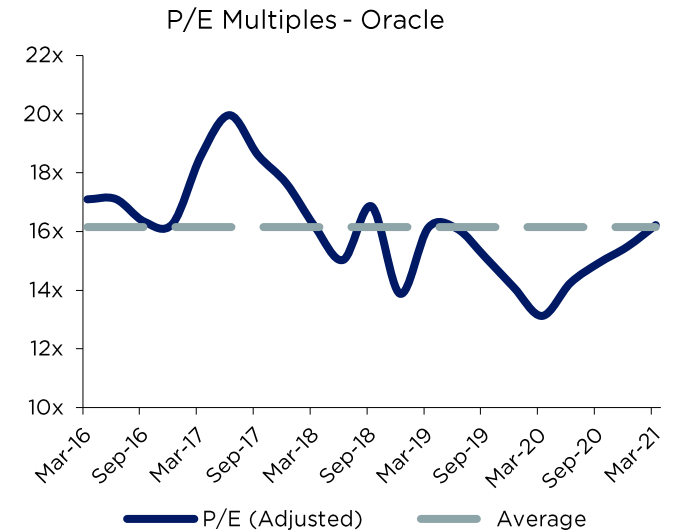
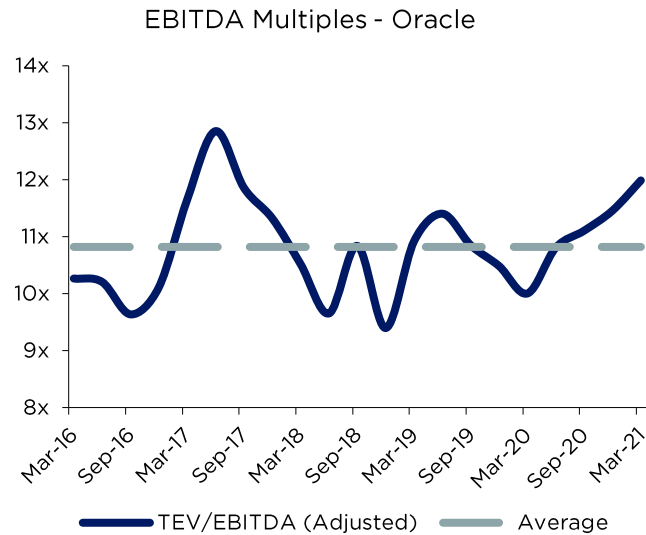
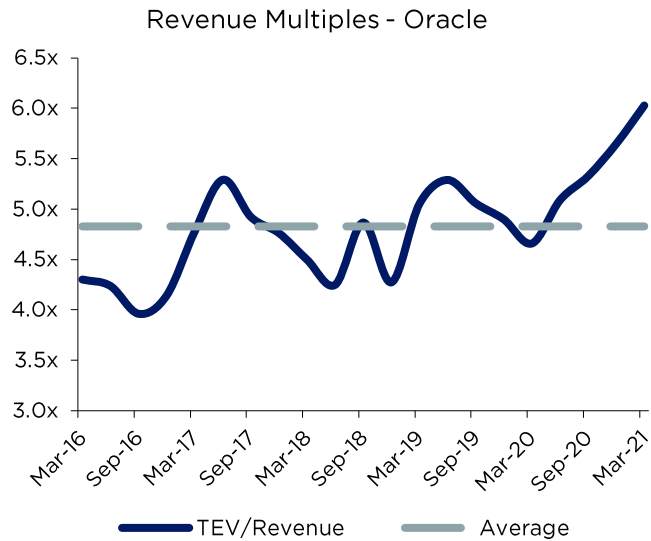
Oracle

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

Oracle



Company Name	Date	Deal Synopsis
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.

Salesforce

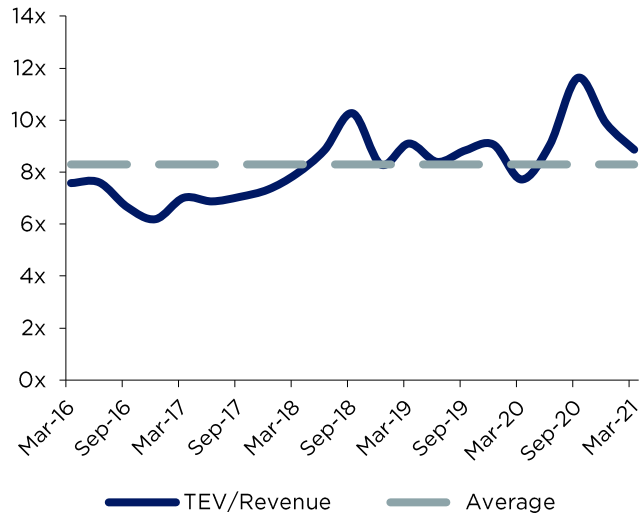
Salesforce.com provides enterprise cloud computing solutions, including Sales Cloud, the company's main customer relationship management software-as-a-service product.

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.

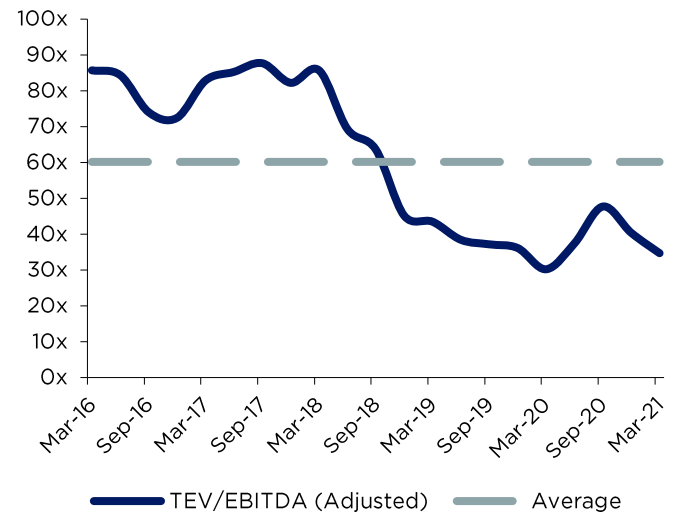
Public Basket

Salesforce

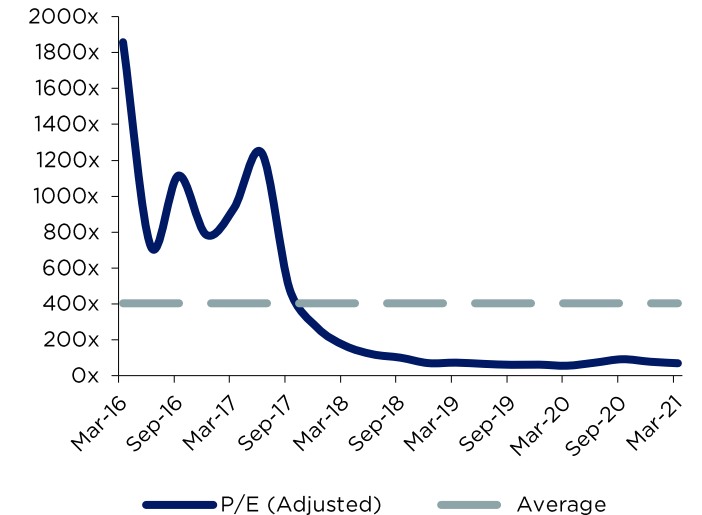
Revenue Multiples - Salesforce.com



EBITDA Multiples - Salesforce.com



P/E Multiples - Salesforce.com



Company Name

Date

Deal Synopsis

Slack

01-Dec-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.

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

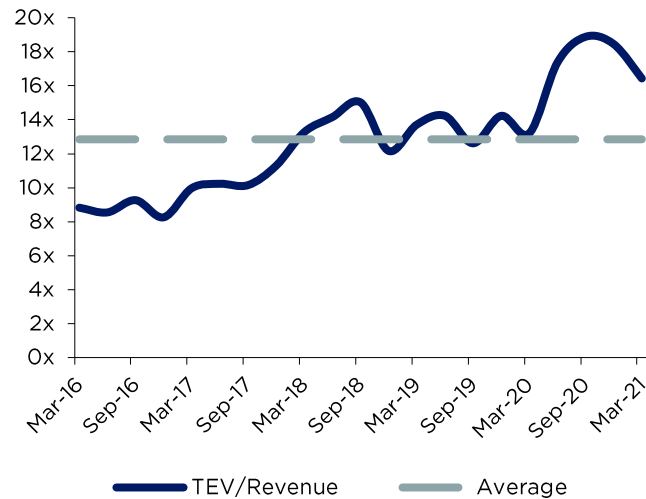
The company operates with three segments: digital media content creation, digital experience for marketing solutions, and publishing for legacy products (less than 5% of revenue).

compelling content multiple operating systems, devices and media.

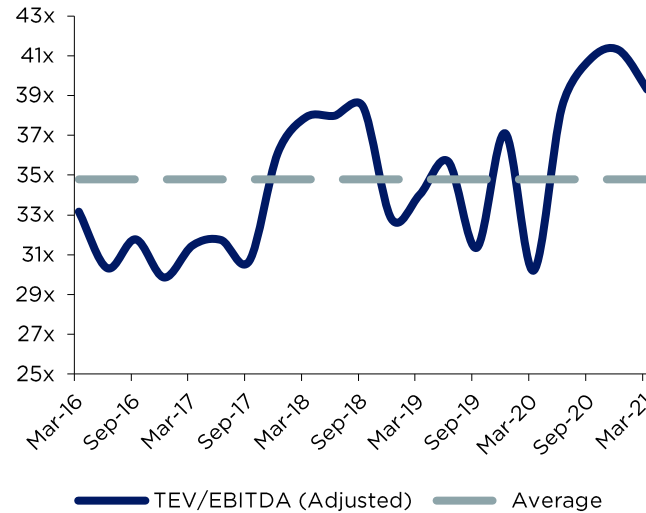
Public Basket

Adobe Systems

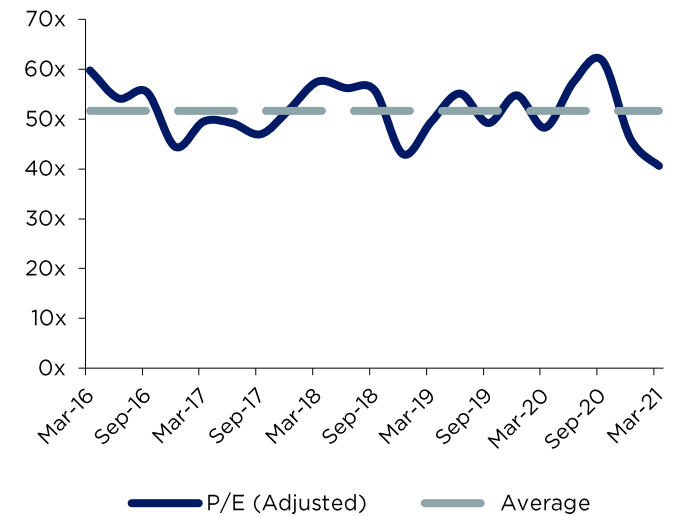
Revenue Multiples - Adobe Systems



EBITDA Multiples - Adobe Systems



P/E Multiples - 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.

Microsoft

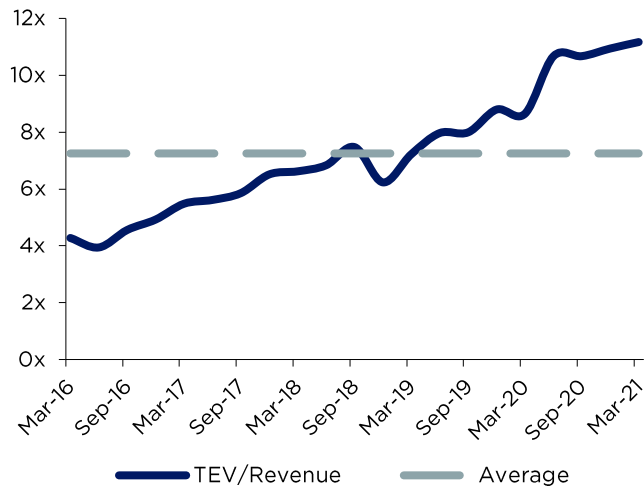
Microsoft develops and licenses consumer and enterprise software.

It is known for its Windows operating systems and Office productivity suite. The company is organized into three equally sized broad 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).

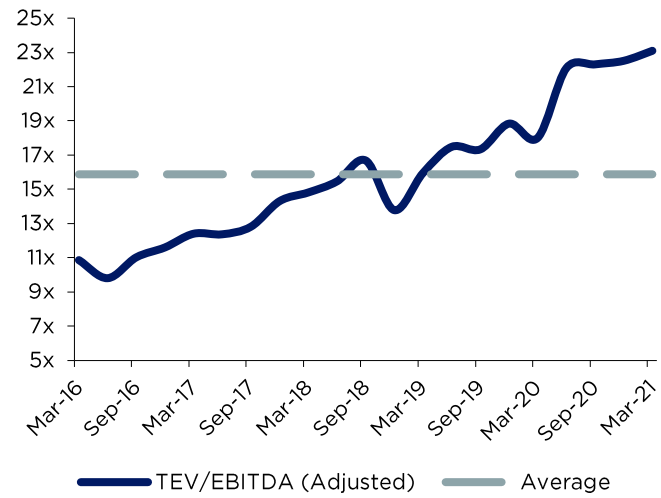
Public Basket

Microsoft

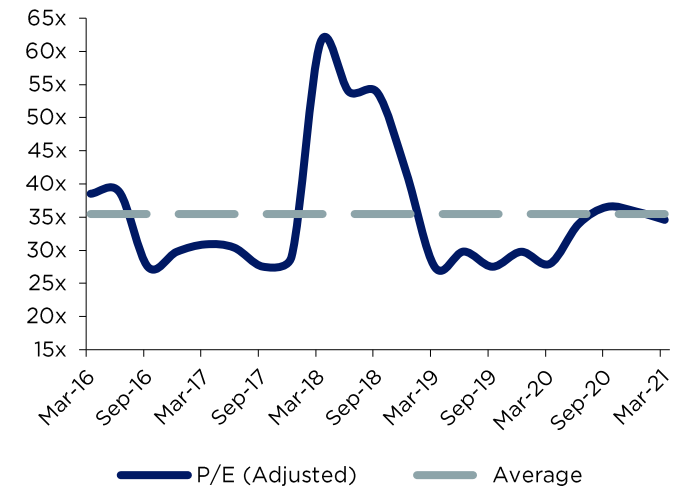
Revenue Multiples - Microsoft



EBITDA Multiples - Microsoft



P/E Multiples - Microsoft



Company Name

Date

Deal Synopsis

Vertical Aerospace

11-Mar-21

The company raised GBP 25 million of funding in the form of convertible notes from Microsoft, Rocket Internet, and other undisclosed investors on March 11, 2021.

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
Tim Frye, Senior Director	704.973.3994	tim@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@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
Ariail Barker, Director, Sales & Marketing	704.981.2908	ariail@7mileadvisors.com
Ben Bruggeworth, VP, Business Development	704.365.8859	ben.bruggeworth@7mileadvisors.com
Steve Sypek, VP, Business Development	704.414.8736	Steve.sypek@7mileadvisors.com
Emily Halstenberg, Marketing & Sales Manager	704.409.9912	emily@7mileadvisors.com
Alexis Papa, Marketing & Sales Coordinator	704.414.8732	lexi.papa@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
Ilia Ulianchuk, Senior Analyst	704.414.8743	ilia@7mileadvisors.com
Nic Anderle, Analyst	704.826.7492	nic.anderle@7mileadvisors.com
Robin Siegel, Analyst	704.285.8173	robin@7mileadvisors.com
Conor Smith, Analyst	704.855.2134	conor.smith@7mileadvisors.com
Sawyer Willingham, Analyst	704.285.8171	sawyer.willingham@7mileadvisors.com