

7 Mile Advisors



# Sectorwatch: Advanced Analytics

May 2021



# Advanced Analytics

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- 4 Sector Dashboard
- 5 Public Basket Overview
- 6 Public Basket Performance
- 8 Operational Metrics
- 11 Vacation Comparison
- 14 Recent Deals
- 15 Appendix

# 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.

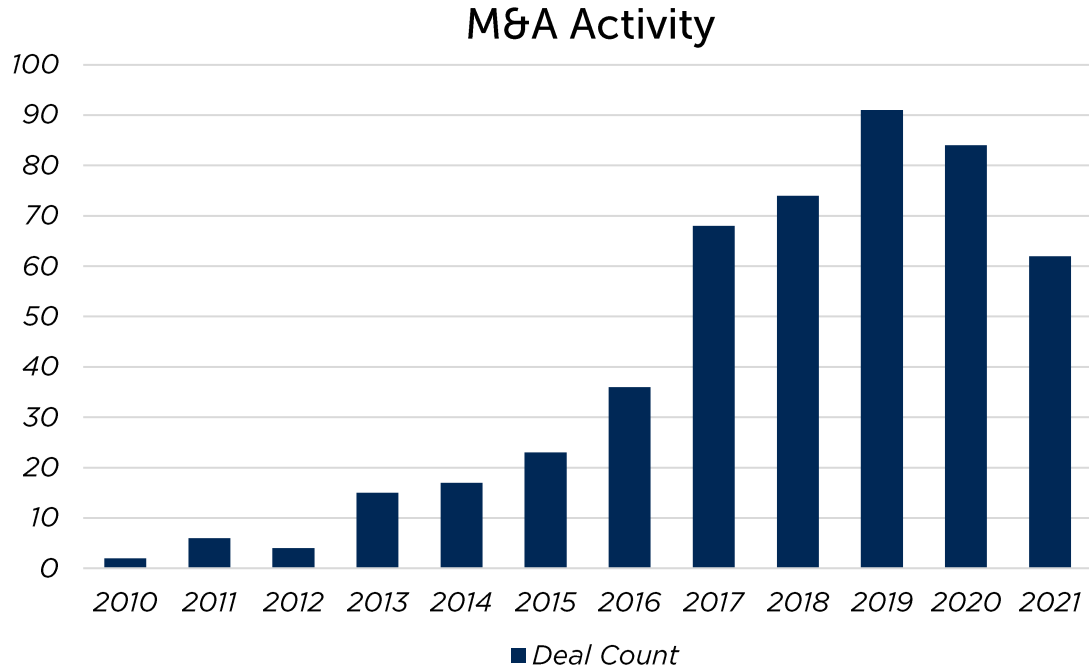
## **RECENT DEALS**

- The most recently announced deals in the sector

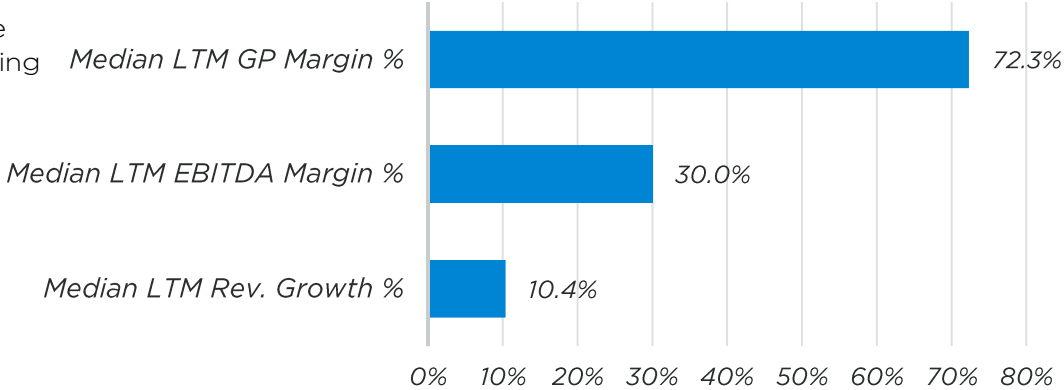
# Dashboard

## REVENUE GROWTH MOMENTUM ↓ -6.4%

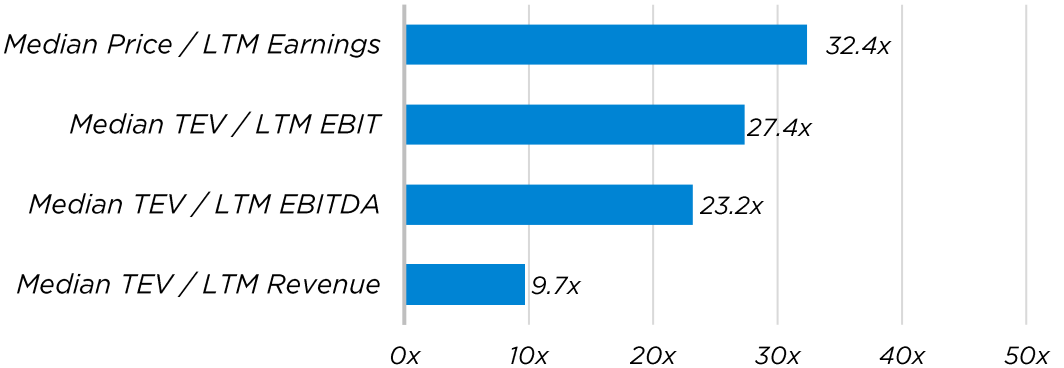
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



## Operating Metrics



## Valuation



# Public Basket Overview



TMT

**FICO** **alteryx** | The Thrill of Solving

**Alphabet** **IBM**

Big Data

**SAP** **splunk**>

CloudTech & DevOps

 Microsoft

Marketing Tech

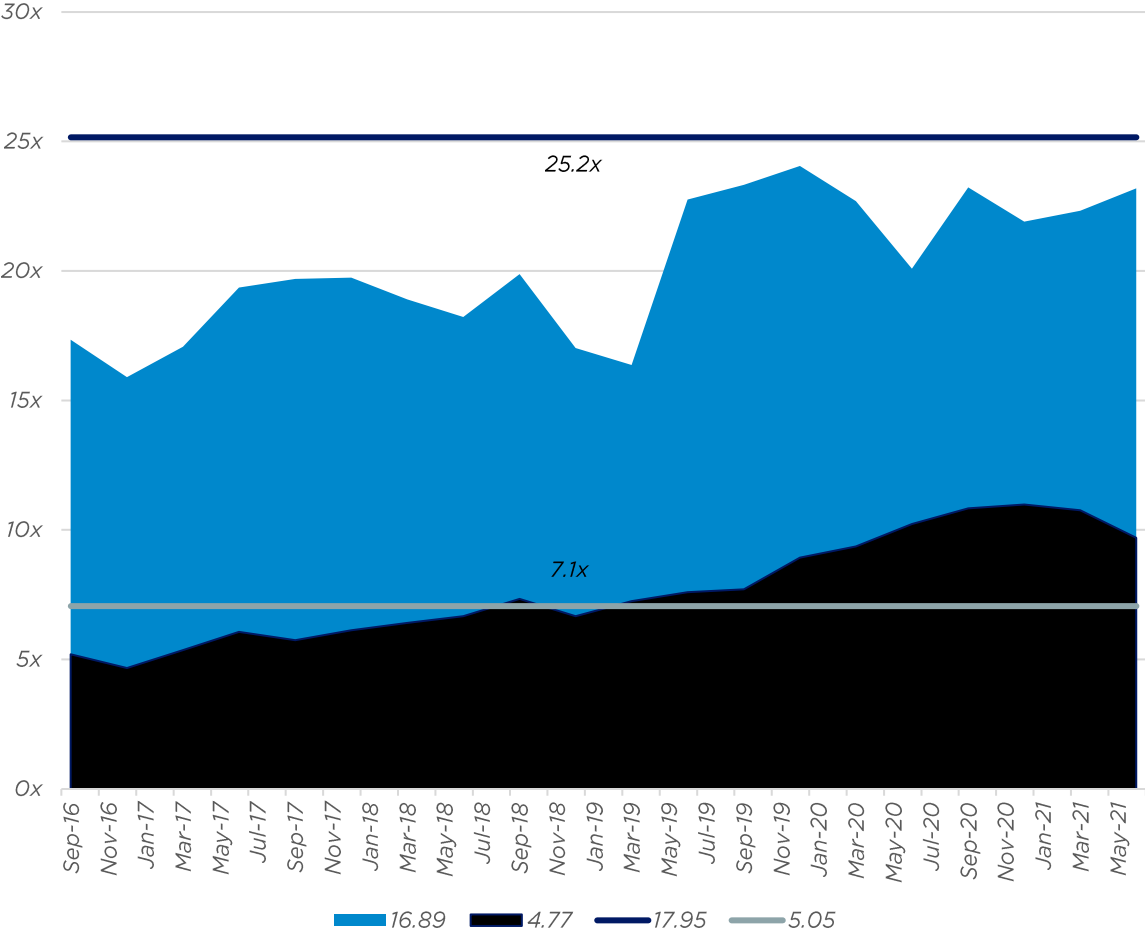
 **Adobe**

# Public Basket

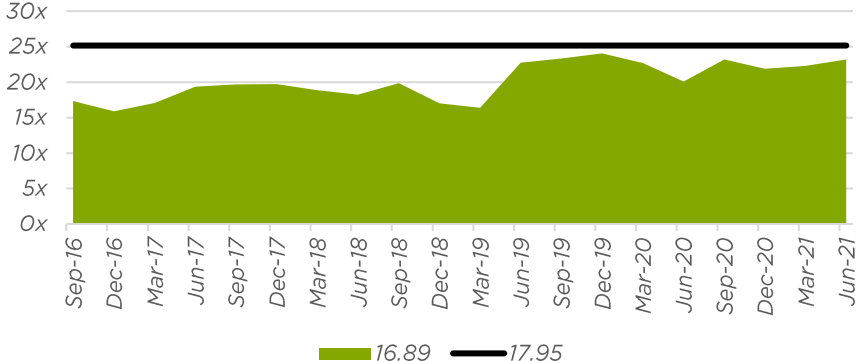
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Alteryx	5,188	16	505	12.1%	91.8%	3.2%	10.3x	324.2x	1,469	344
Fair Isaac	15,062	402	1,332	8.6%	73.0%	30.2%	11.3x	37.5x	3,890	342
Splunk	20,979	-698	2,229	-5.5%	75.4%	-31.3%	9.1x	NA	6,500	343
International Business Machines	180,317	13,501	73,781	-3.6%	48.6%	18.3%	2.4x	13.4x	375,300	197
SAP	172,065	9,445	31,648	-2.9%	71.6%	29.8%	5.4x	18.2x	103,142	307
Adobe Systems	236,722	5,338	13,682	17.3%	87.5%	39.0%	17.3x	44.3x	22,516	608
Alphabet	1,497,139	73,516	196,682	18.0%	54.3%	37.4%	7.6x	20.4x	139,995	1,405
Microsoft	1,804,481	79,895	159,969	15.3%	68.4%	49.9%	11.3x	23.2x	163,000	981
<b>Average</b>	491,494	22,677	59,979	7.4%	71.3%	22.1%	9.3x	68.7x	101,977	566
<b>Median</b>	176,191	7,391	22,665	10.4%	72.3%	30.0%	9.7x	23.2x	62,829	343

share price as of 03Jun21

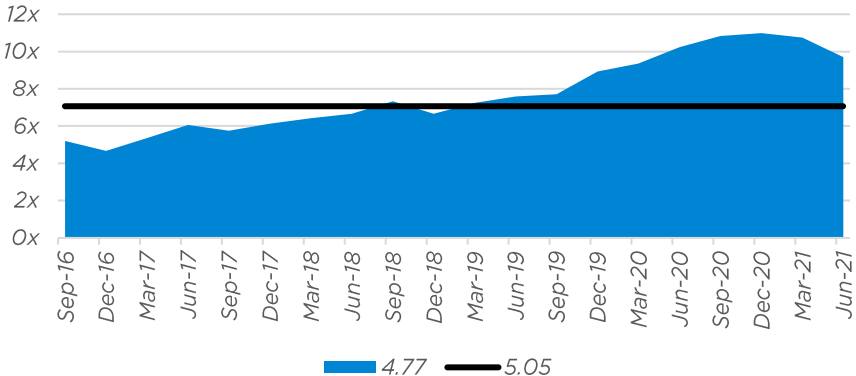
# Public Basket



### Public EBITDA Multiples over Time

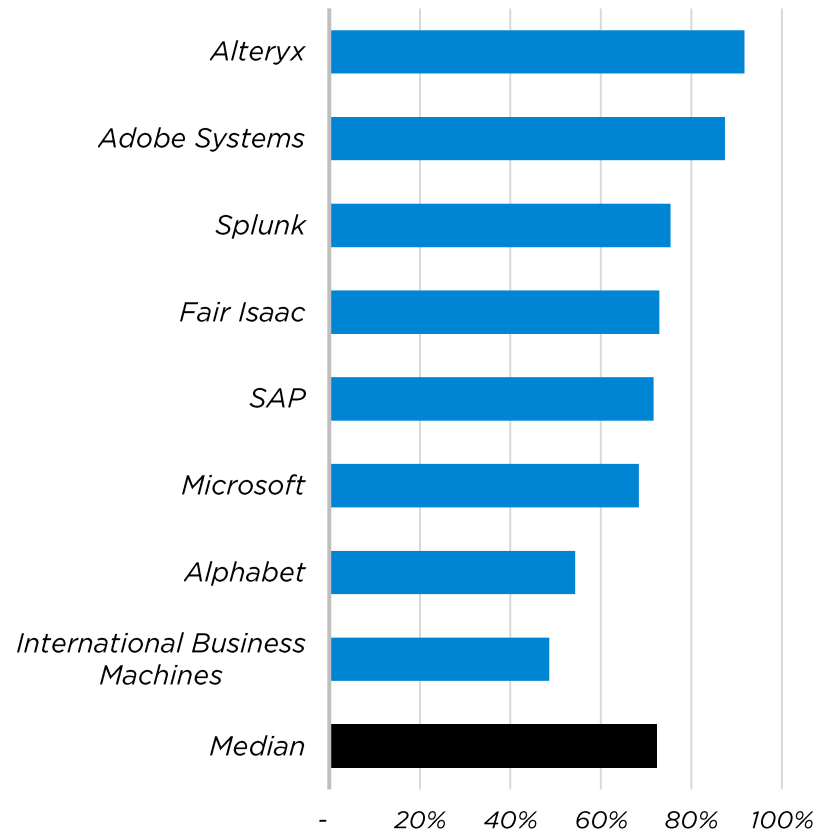


### Public Revenue Multiples over Time

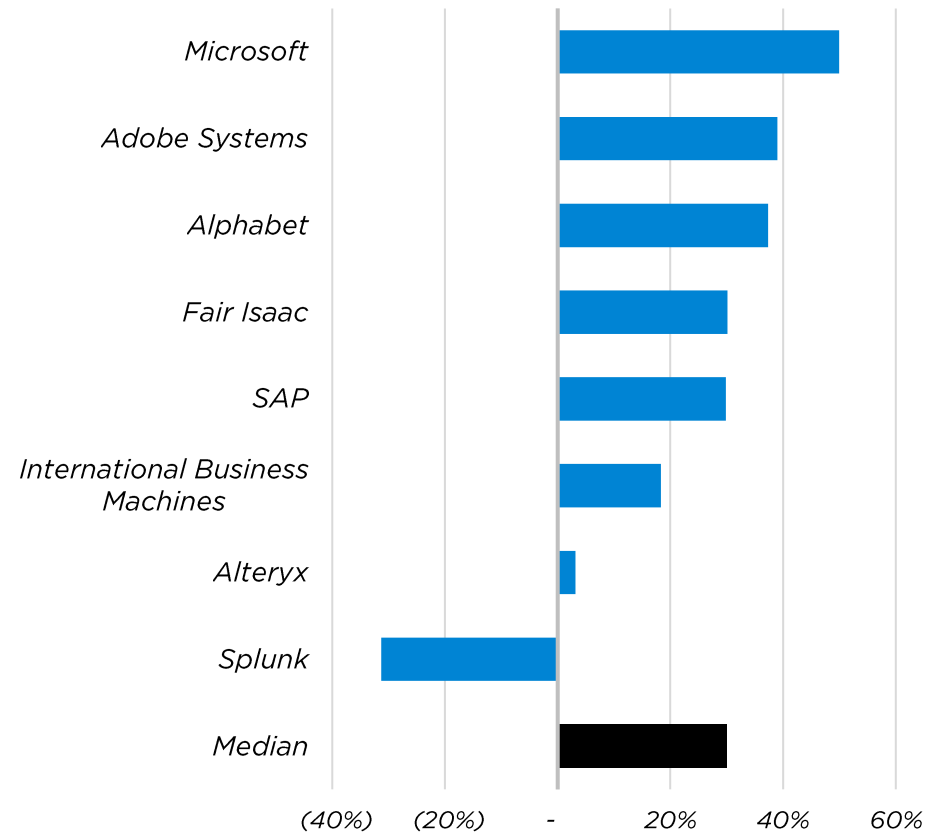


# Operational Metrics

## LTM Gross Profit Margin %



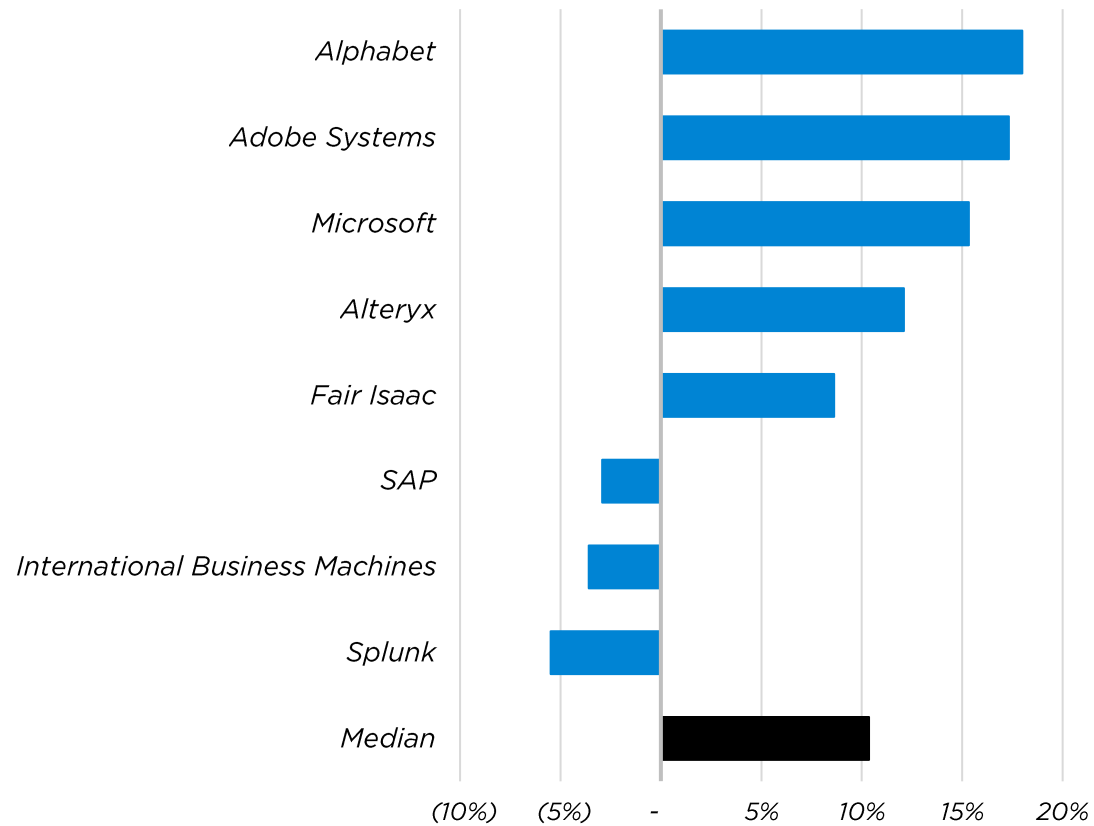
## LTM EBITDA %



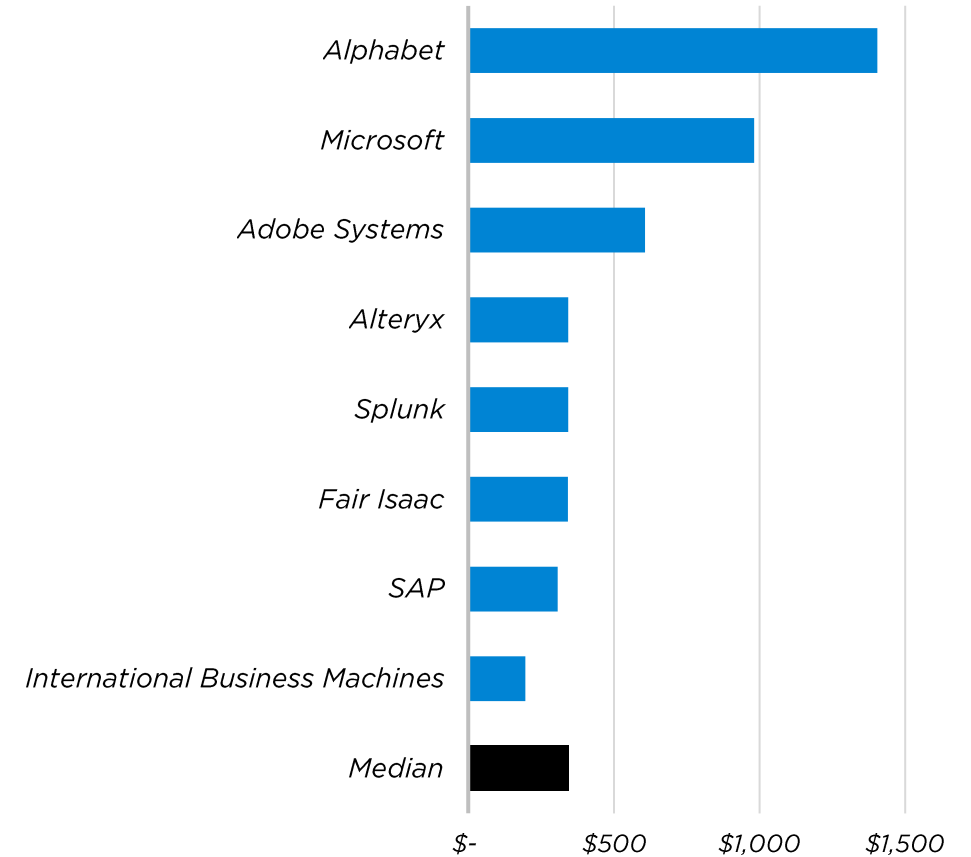


# Operational Metrics

## LTM Revenue Growth %

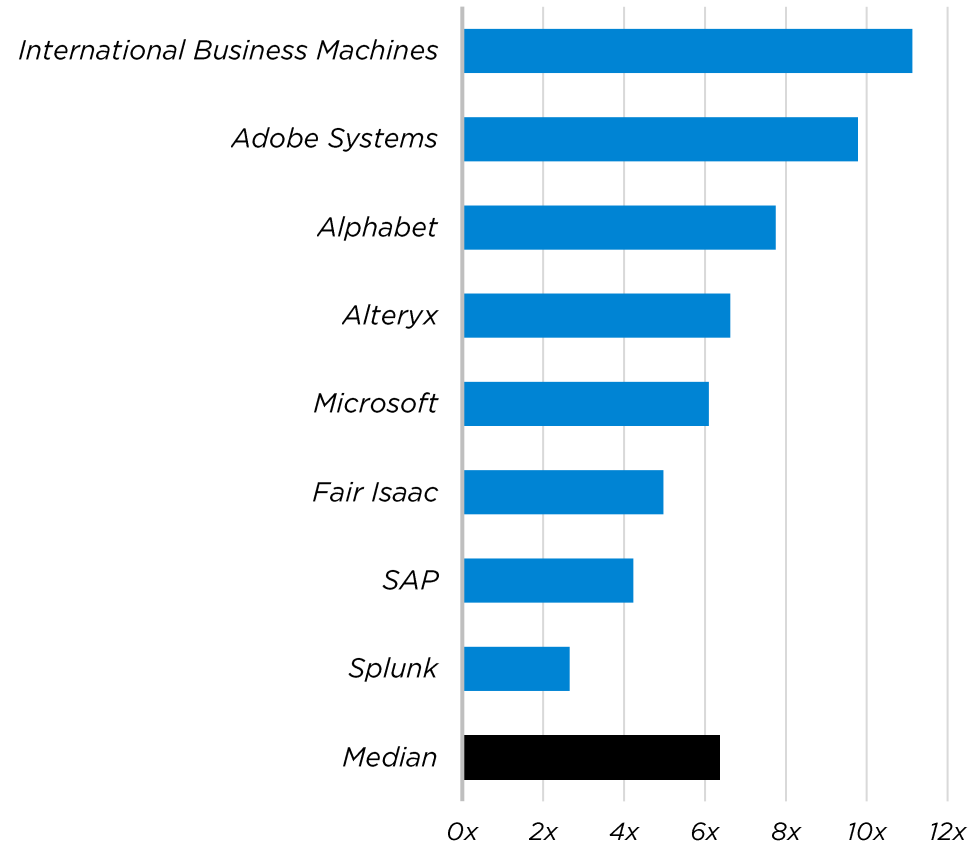


## LTM Revenue per Full Time Employee x 000's

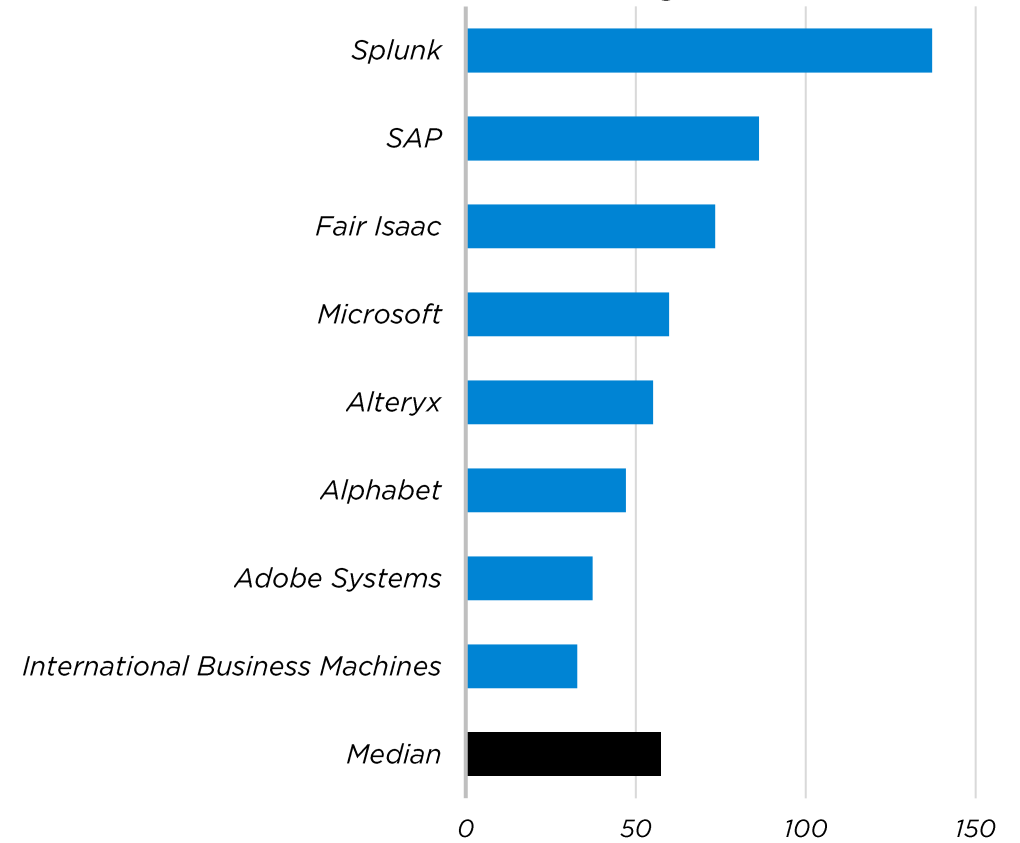


# Operational Metrics

## Accounts Receivable Turnover

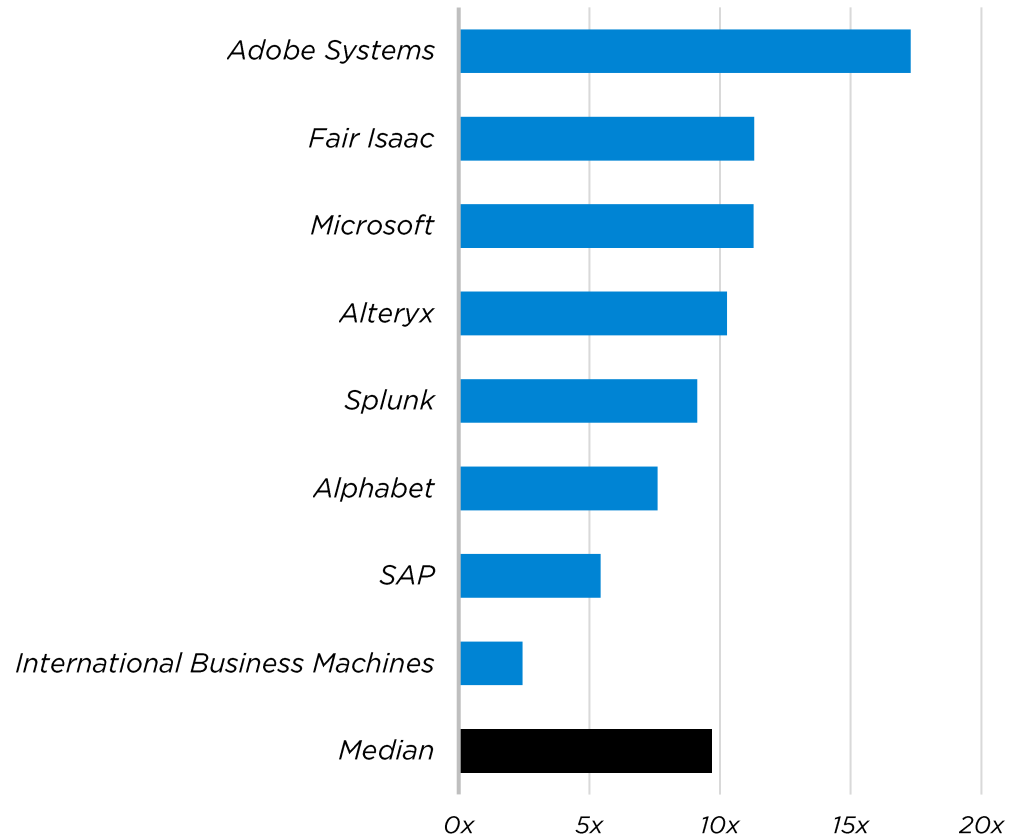


## Average Days Sales Outstanding

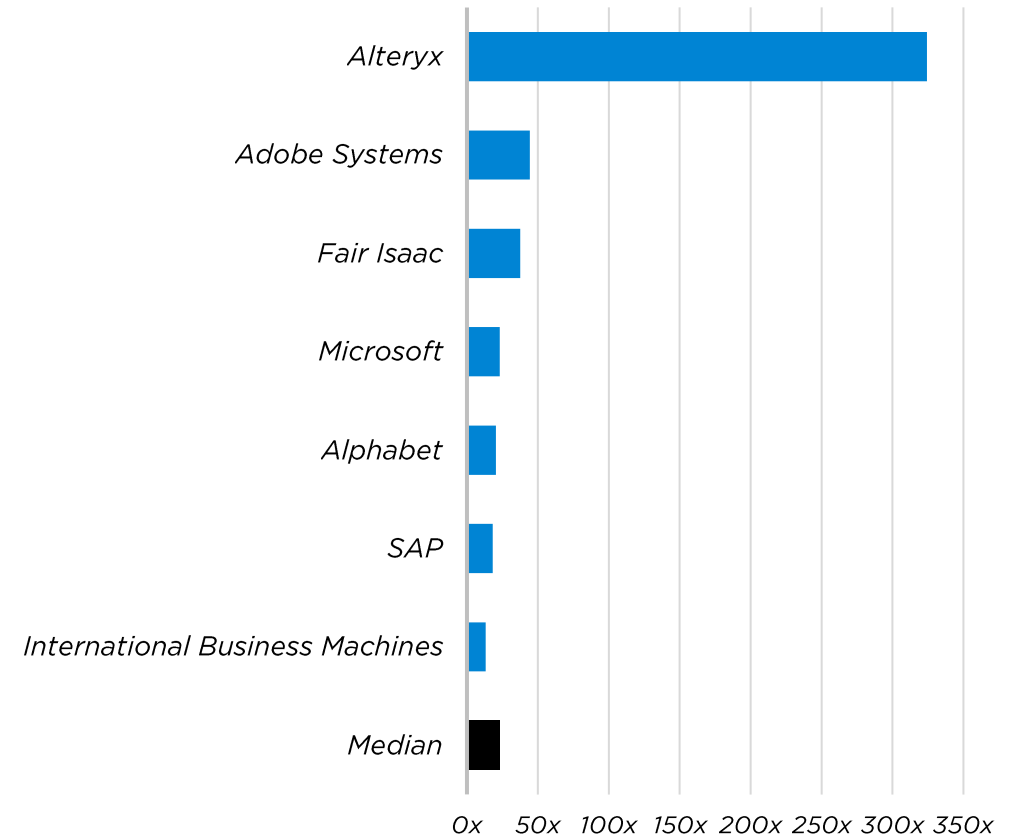


# Valuation

## TEV / LTM Revenue

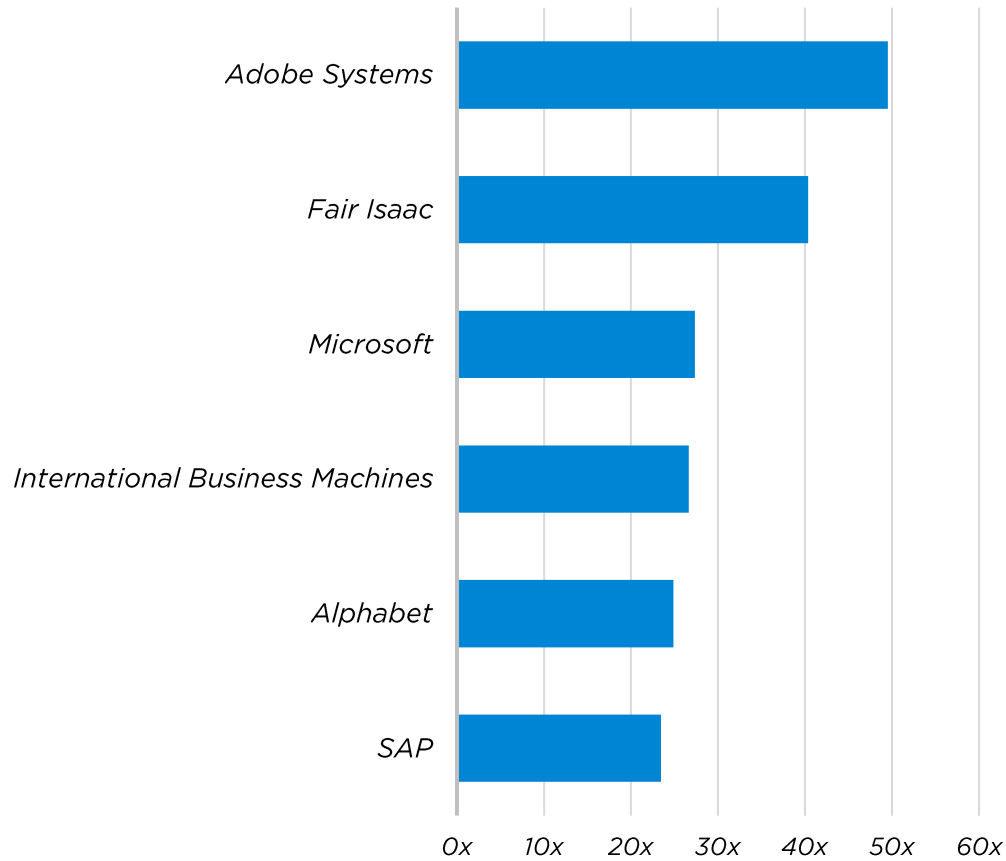


## TEV / LTM EBITDA

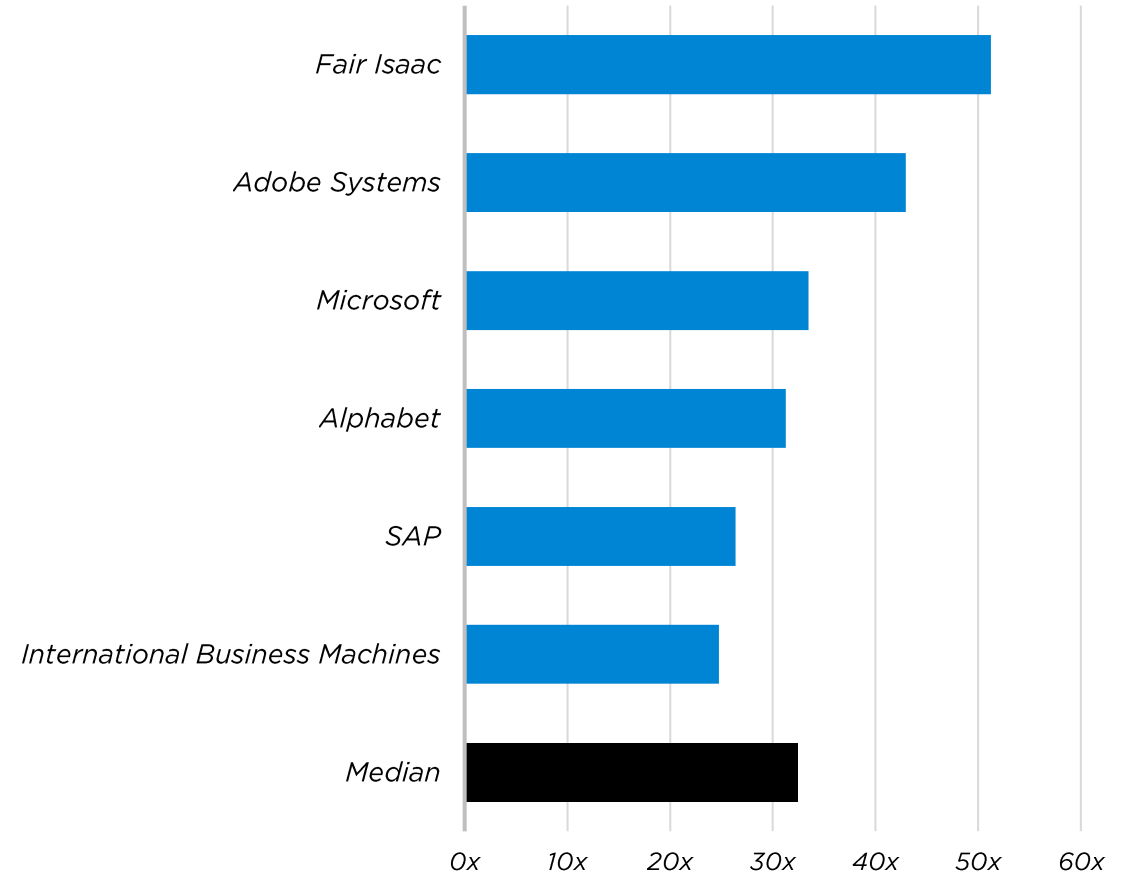


# Valuation

## TEV / LTM EBIT

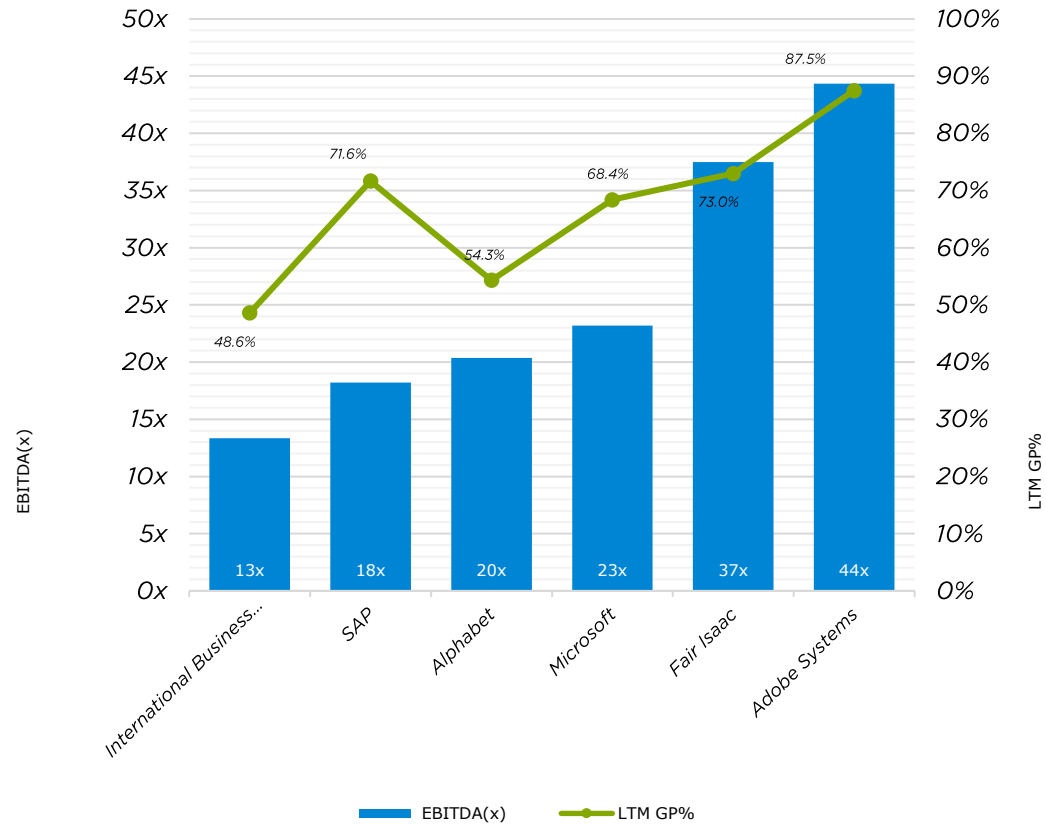


## Price / LTM Earnings

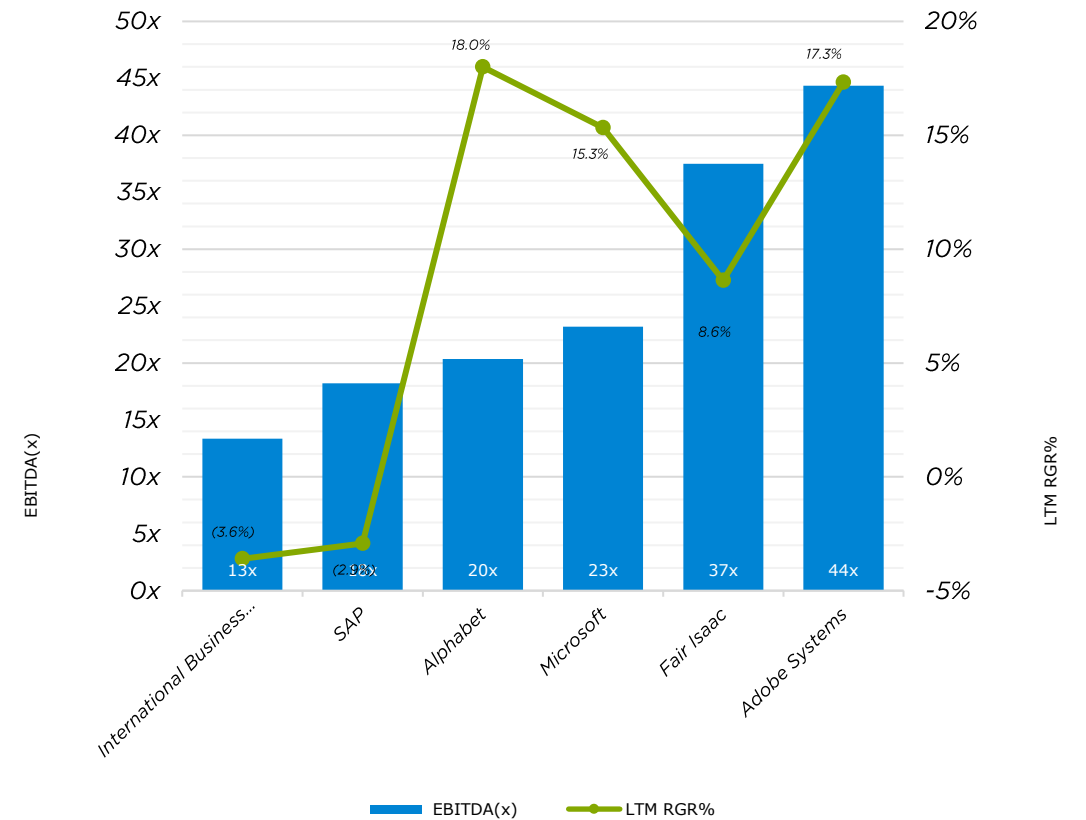


# Valuation

## 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
01-Jun-21	Novetta	Accenture	-	-	-	-
24-May-21	Chesapeake Technology International	Bluestone Investment Partners	-	-	-	-
28-Apr-21	TimeSeries	Siemens Digital Industries Software	-	-	-	-
20-Apr-21	Impact Analytics (AI)	Onethird	-	-	-	-
13-Apr-21	Openvalue (France)	Caisse des Dépôts Group	-	-	-	-
07-Apr-21	Core Compete	Accenture	-	-	-	-
30-Mar-21	Groundswell Group	Deloitte Canada	-	-	-	-
24-Mar-21	INNOSPOT	HYPE Softwaretechnik	-	-	-	-
24-Mar-21	Yaguara	Chord (Business/Productivity Software)	-	-	-	-
09-Mar-21	Leansys	Object Ware Group	-	-	-	-
25-Feb-21	Exa Ag	SNP Schneider-Neureither & Partner	-	-	-	-
23-Feb-21	BeSmartee	Arthur Ventures	-	-	-	-
23-Feb-21	CloudPhysics	Hewlett Packard Enterprise	-	-	-	-
04-Jan-21	AMBR Detroit	Fusionary Media	-	-	-	-
14-Jan-21	MIA Data	Scanmarket	-	-	-	-
02-Feb-21	Skyline Technologies	Core Business Technology Solutions	-	-	-	-
13-Jan-21	Intelligent Shift	The Jordan Company	-	-	-	-
28-Dec-20	Datastrong	OceanSound Partners	-	-	-	-
11-Jan-21	Mavens Consulting Services	Komodo Health	-	-	-	-
07-Jan-21	Boemaska Technology Solutions	SAS Institute	-	-	-	-
06-Jan-21	CarpeDatum Consulting	Converge Technology Solutions	4.97	-	-	-
23-Dec-20	Cascade Data Labs	Kin + Carta	-	-	-	-
23-Dec-20	Data Cloud Solutions	Long Point Capital	-	-	-	-
21-Dec-20	Fortego	Aegis Technologies Group	-	-	-	-
18-Dec-20	Bluecap Management Consulting	Globant	179.90	-	-	-

# Appendix

*Public Basket  
Contact Information*



## Alteryx

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

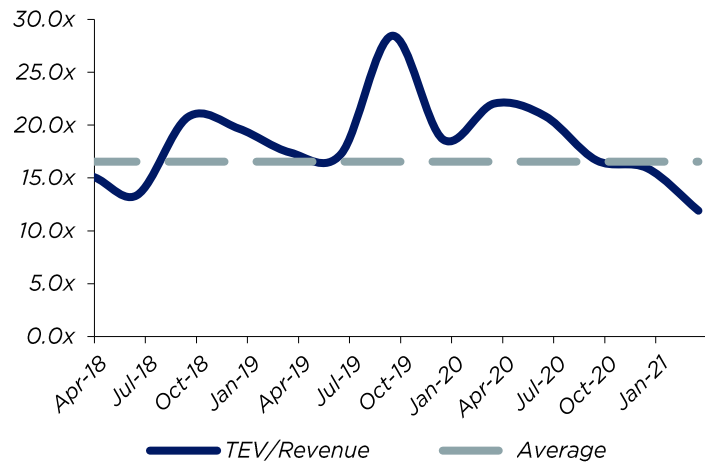
Its software platform enables organizations to dramatically improve business outcomes and the productivity of business analysts. The firm offers solutions such as advanced analytics, location intelligence, data preparation, technology integrations, and others. It serves Financial Services; Healthcare; Retail; Transportation and Logistics; Oil and Gas; Pharmaceuticals and Biotechnology and other industries. The company generates its revenue from the sale of a subscription-based software platform.



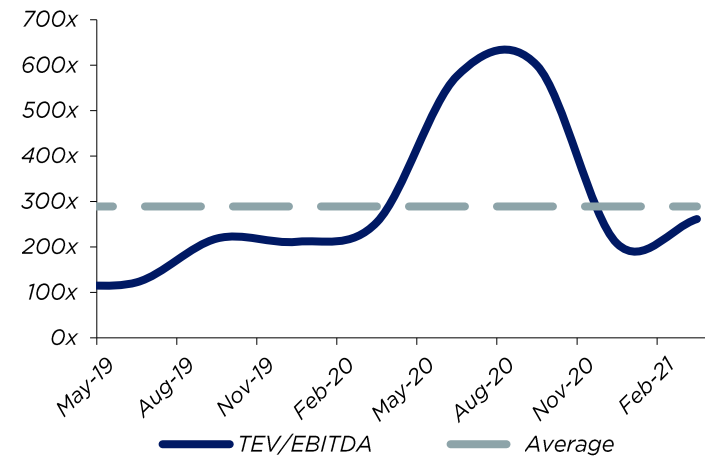
# Public Basket

Alteryx

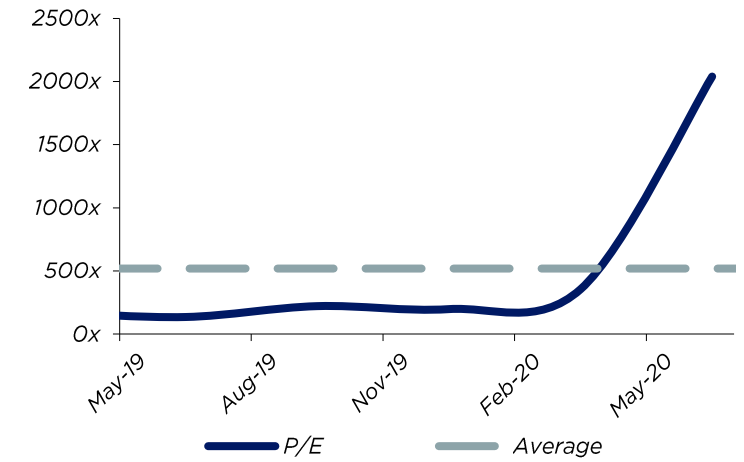
Revenue Multiples - Alteryx



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.

## Fair Isaac

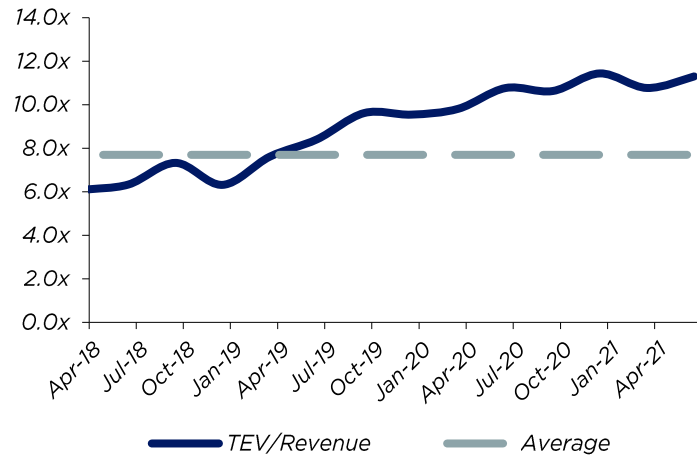
**Fair Isaac Corp is a provider of business performance management solutions that allow corporations to automate and improve key decisions.**

The firm operates in three segments: Applications, which includes preconfigured software for marketing, account origination, and collections; Scores, which 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.

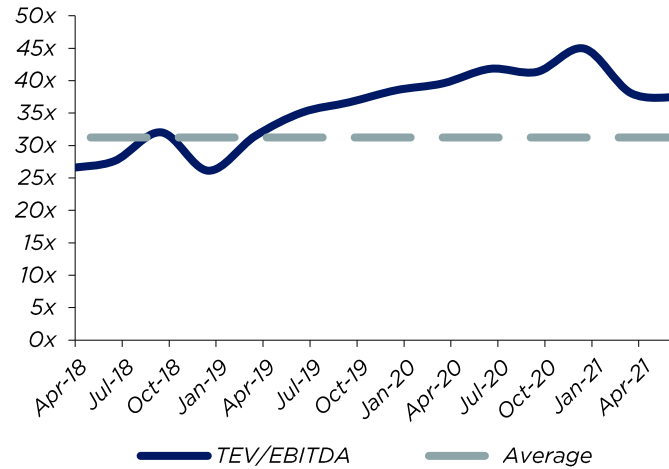
# Public Basket

Fair Isaac

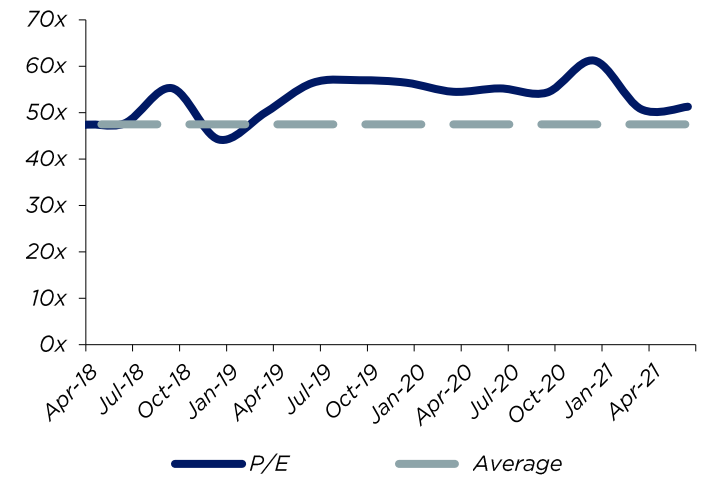
Revenue Multiples - Fair Isaac



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

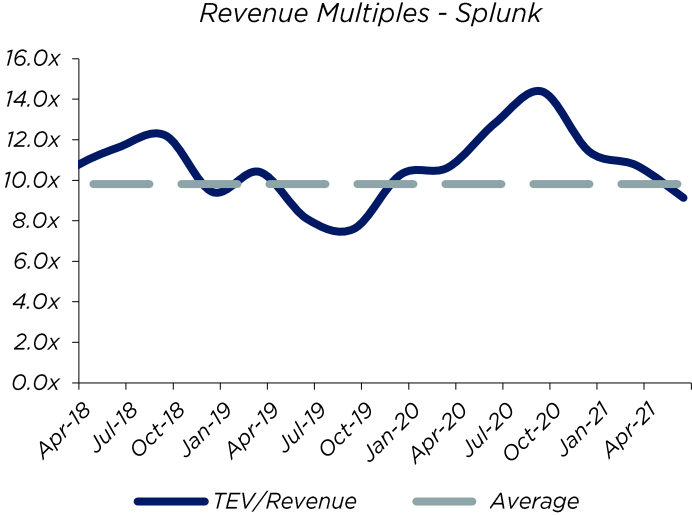
The company was acquired by FICO for \$5.7 million amount on June 14, 2016. In acquiring QuadMetrics, FICO becomes the exclusive licensee of QuadMetrics' intellectual property and pending patents, and gains access to a rich historical pool of development data for additional analytics research.

## 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



Company Name	Date	Deal Synopsis
TruSTAR (Network Management Software)	18-May-21	The company reached a definitive agreement to be acquired by Splunk (NAS: SPLK) for an undisclosed amount on May 18, 2021. With this acquisition, Splunk further expands its existing security capabilities, giving customers the ability to access all their data to cut through complexity, drive highly effective detection and respond to threats faster and in an autonomous fashion.
Rigor	05-Nov-20	The company was acquired by Splunk (NAS: SPLK) for \$37.6 million on November 5, 2020. The acquisition will enable the acquirer to bring a new dimension of visibility in its observability platform.

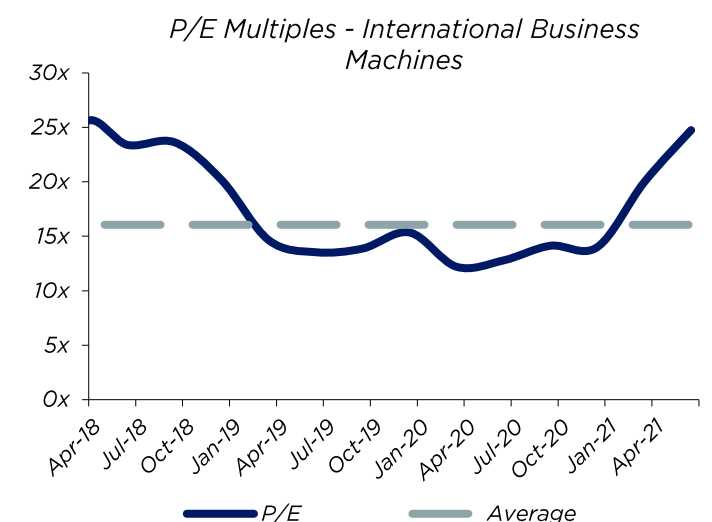
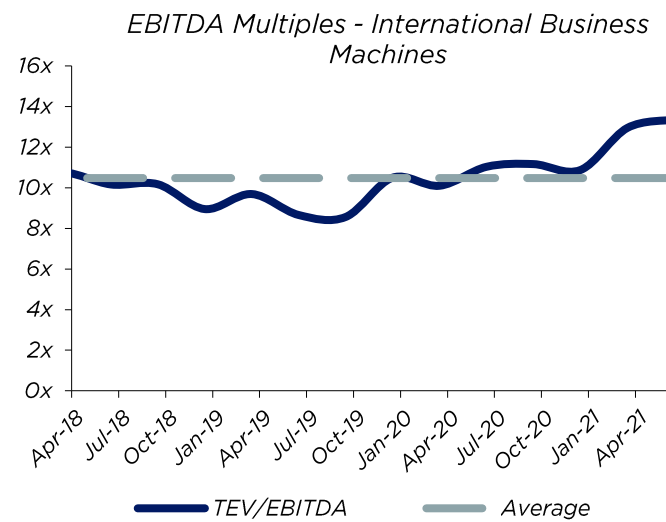
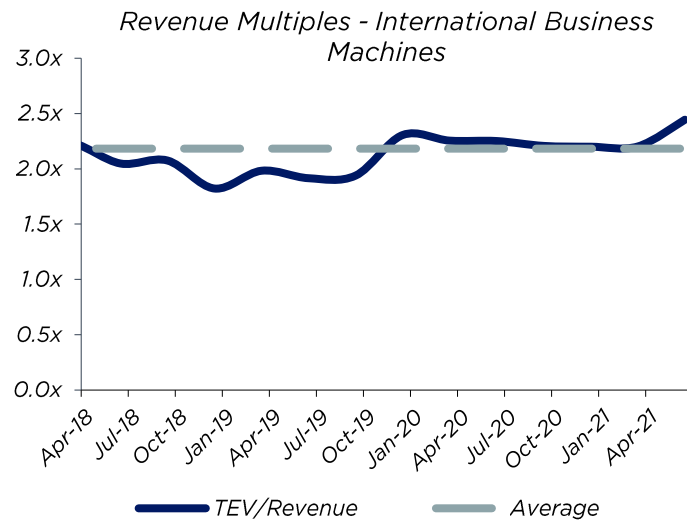
### International Business Machines

## 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



<i>Company Name</i>	<i>Date</i>	<i>Deal Synopsis</i>
Catalogic Software (ECX Copy Data Management Business)	24-May-21	The company, a business unit of Catalogic Software was acquired by International Business Machines (NYS: IBM) for an undisclosed amount on May 24, 2021.
Turbonomic	28-Apr-21	The company reached a definitive agreement to be acquired by International Business Machines (NYS: IBM) for approximately \$1.75 billion on April 28, 2021.

## SAP

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

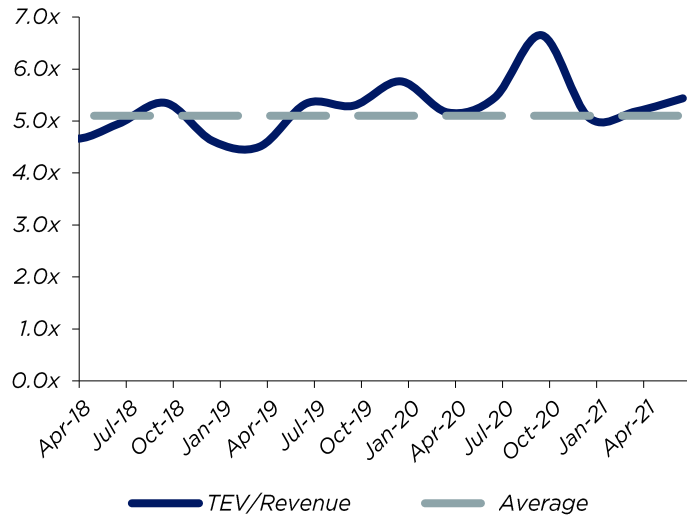
Across more than 180 countries, the company serves 440,000 customers, approximately 80% of which are small to medium-size enterprises.



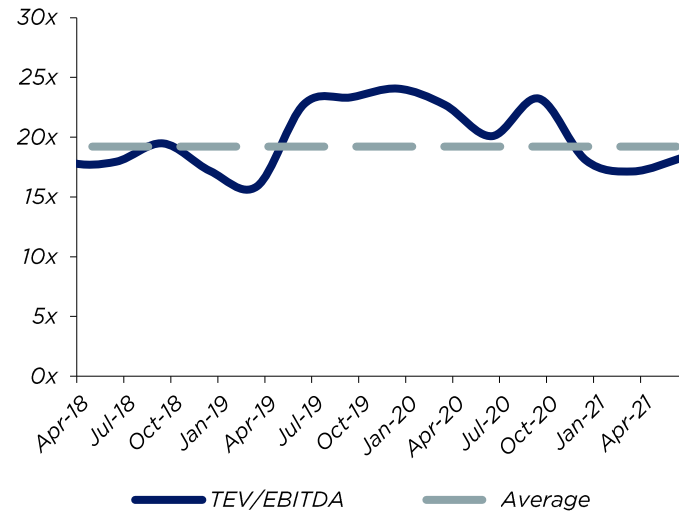
# Public Basket

SAP

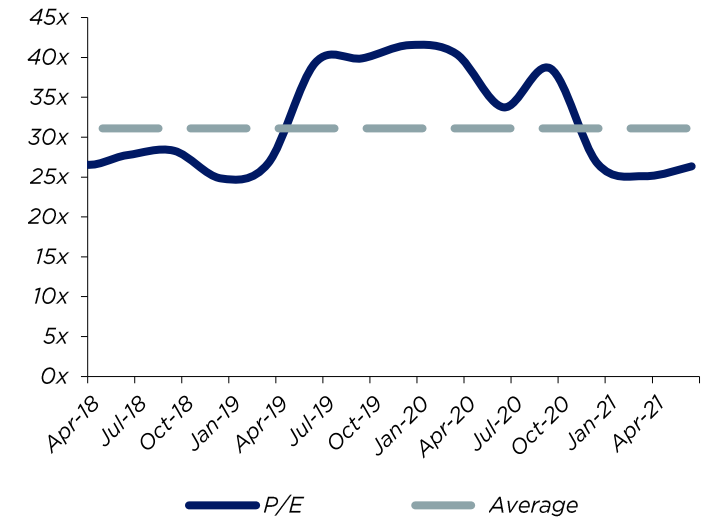
Revenue Multiples - SAP



EBITDA Multiples - SAP



P/E Multiples - SAP



Company Name

Date

Deal Synopsis

SAP Pioneer

13-Apr-21

Dediq, Hasso Plattner Foundation and SAP have entered into an agreement to form a joint venture as of April 13, 2021. As result of this transaction, SAP will hold a 20% stake in the company.

Crosschq

09-Mar-21

The company raised \$13.00 million of Series A venture funding in a deal led by Tiger Global Management on March 9, 2021, putting the company's pre-money valuation at \$50 million. Intersect Capital, Slack Fund, SAP, Rocketship, Bessemer Venture Partners, GGV Capital, Klay Thompson, Aaron Gordon, Isaiah Thomas, Khris Middleton, Nolan Arenado, and DK Metcalf also participated in the round. The funds will be used to enhance the company's data analytics that enables companies to track and measure the quality of hire and also use the financing to grow its ML/AI, Go-To-Market and Development teams, expand partnerships and continue its focus on driving diversity in hiring practices across companies of all sizes and industries.

## Adobe Systems

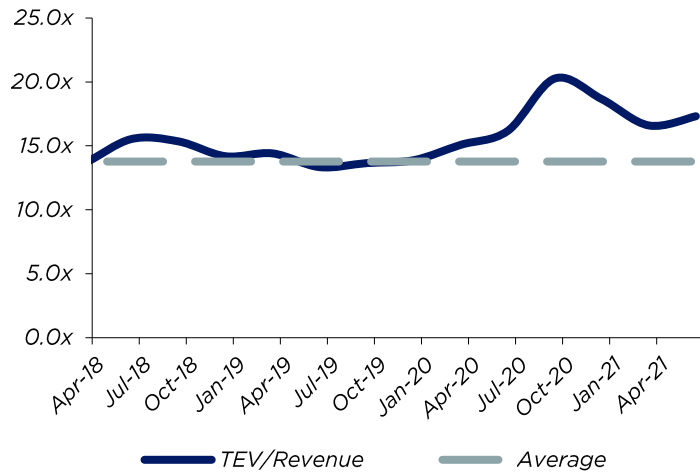
**Adobe provides content creation, document management, and digital marketing and advertising software and services to creative professionals and marketers for creating, managing, delivering, measuring, optimizing and engaging with compelling content multiple operating systems, devices and media.**

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).

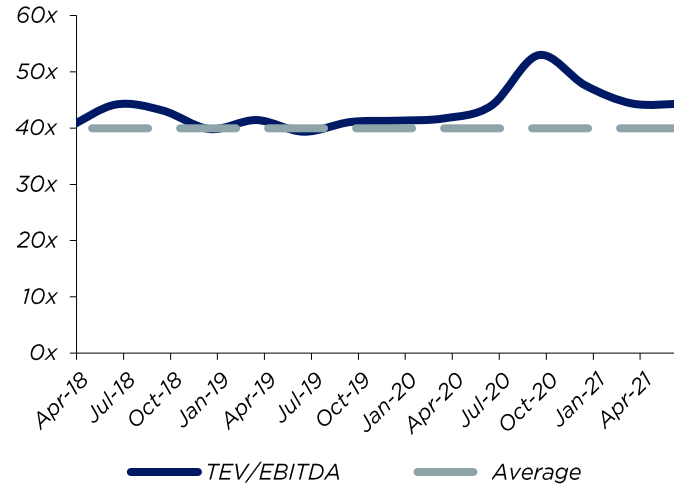
# Public Basket

## Adobe Systems

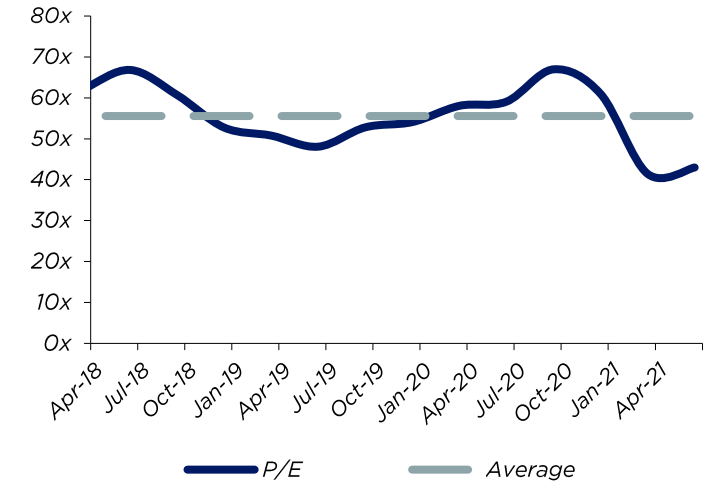
Revenue Multiples - Adobe Systems



EBITDA Multiples - Adobe Systems



P/E Multiples - Adobe Systems



Company Name

Date

Deal Synopsis

Workfront

07-Dec-20

The company was acquired by Adobe Systems (NAS: ADBE) for \$1.524 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.

## Alphabet

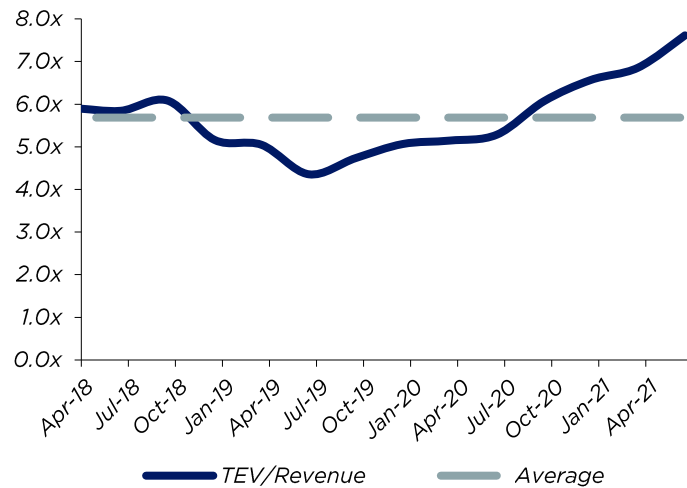
**Alphabet is a holding company, with Google, the Internet media giant, as a wholly owned subsidiary.**

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.

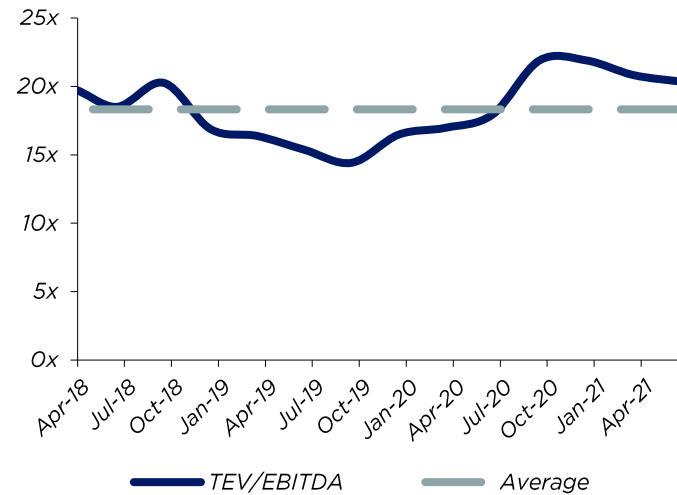
# Public Basket

Alphabet

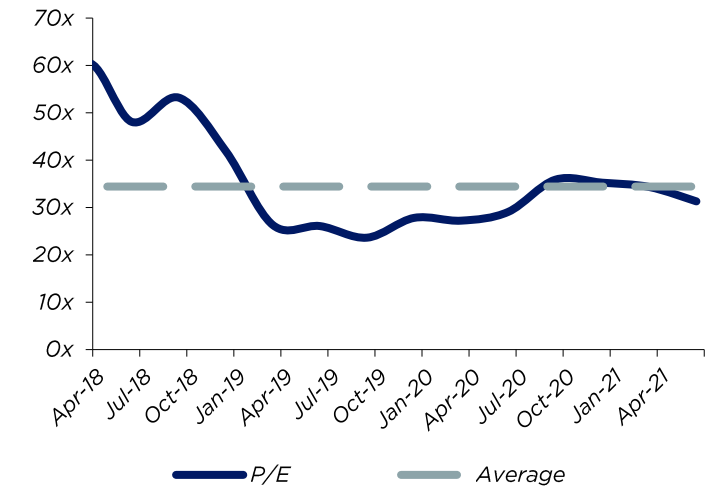
Revenue Multiples - Alphabet



EBITDA Multiples - Alphabet



P/E Multiples - Alphabet



Company Name	Date	Deal Synopsis
SpaceX	14-Apr-21	The company raised \$1.16 billion of venture funding in a deal led by Sequoia Capital on April 14, 2021, putting the company's pre-money valuation at \$73.15 billion. Soul Ventures, Midway Venture Partners, Ferter, Vy Capital, Founders Fund, DFJ Growth, 75 and Sunny, Dedicated Venture Capital, Alphabet, D1 Capital Partners, Falcon Ventures, Future Communities Capital and Darsana Capital Partners also participated in the round.
Televisa	13-Apr-21	The company reached a definitive agreement to be acquired by Univision Communications for MXN 4.8 billion on April 13, 2021.

## Microsoft

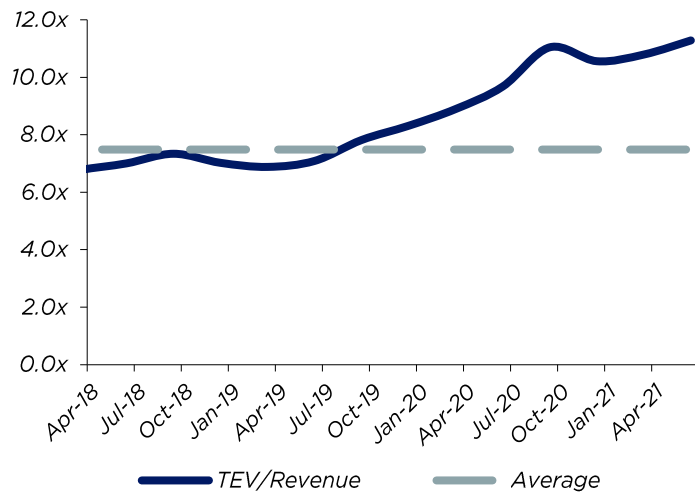
# Microsoft develops and licenses consumer and enterprise software.

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).

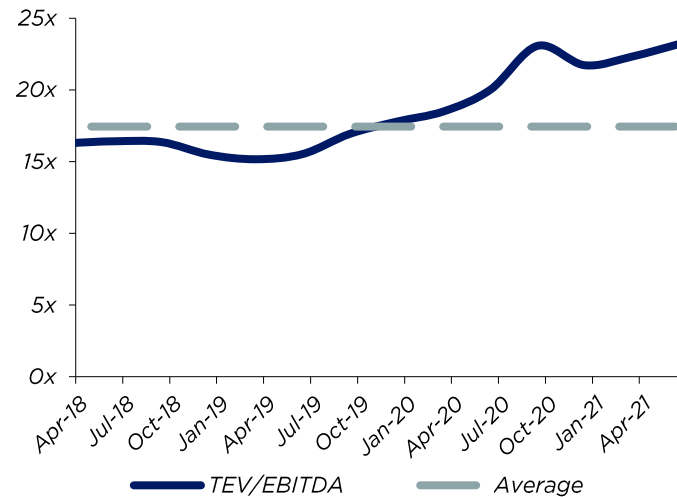
# Public Basket

Microsoft

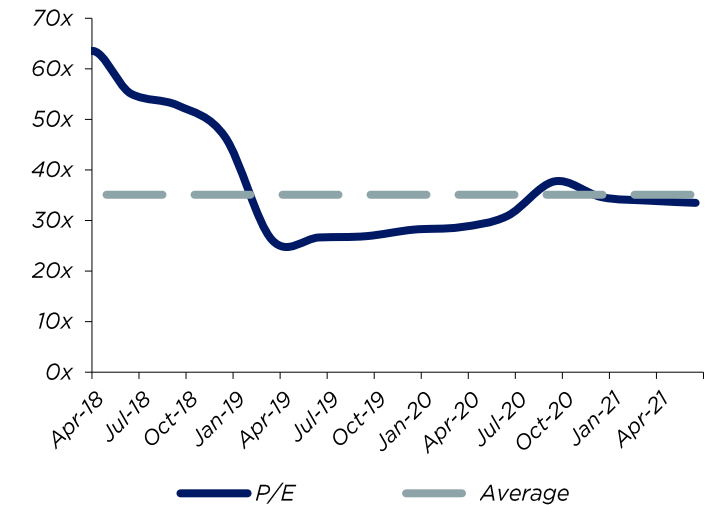
Revenue Multiples - Microsoft



EBITDA Multiples - Microsoft



P/E Multiples - Microsoft



Company Name

Date

Deal Synopsis

ONE Store

01-Jun-21

The company raised \$15 million of venture funding from Microsoft and DTCP on June 1, 2021.

Reform Labs

01-Jun-21

The company was acquired by Microsoft (NAS: MSFT) for an undisclosed amount on June 1, 2021. The acquisition will help the acquirer to enhance chip-to-cloud protection.

# 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
Simon Baitler, Executive Managing Director	310.829.1635	simon.baitler@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