

7 Mile Advisors



Sectorwatch: Enterprise Software

May 2021



7MA

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

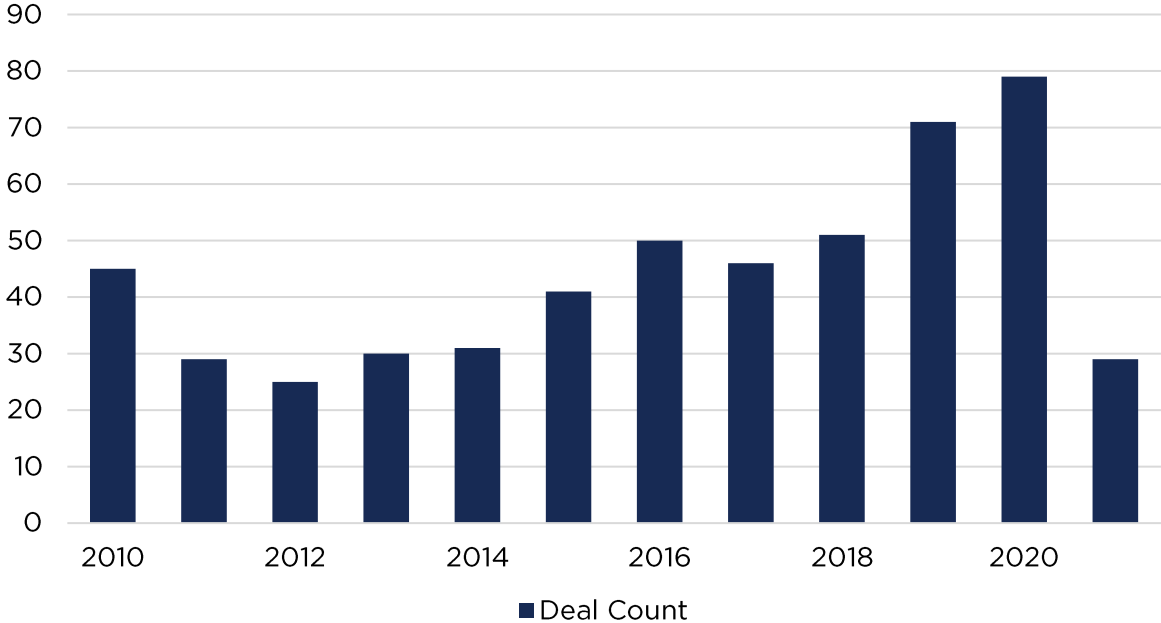
- The most recently announced deals in the sector

Dashboard

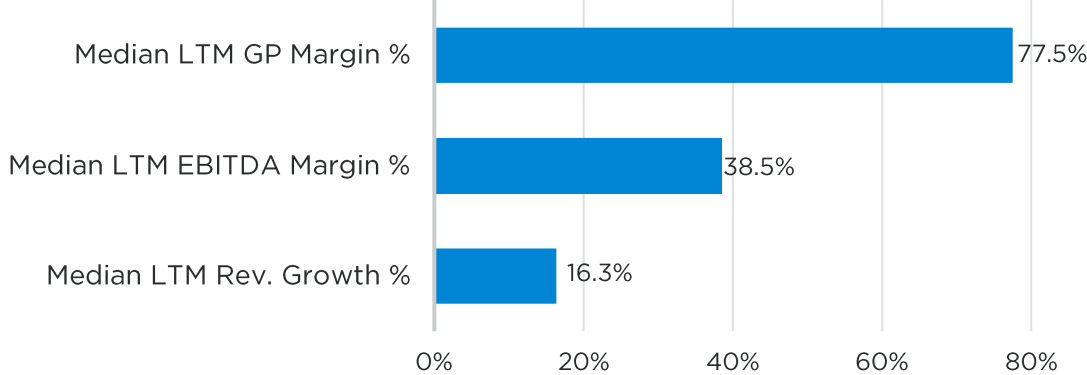
REVENUE GROWTH MOMENTUM ↓ 1.6%

1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

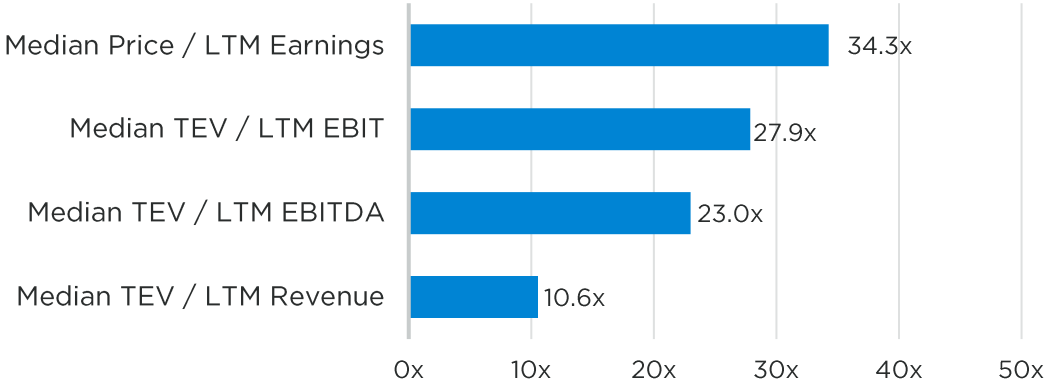
M&A Activity



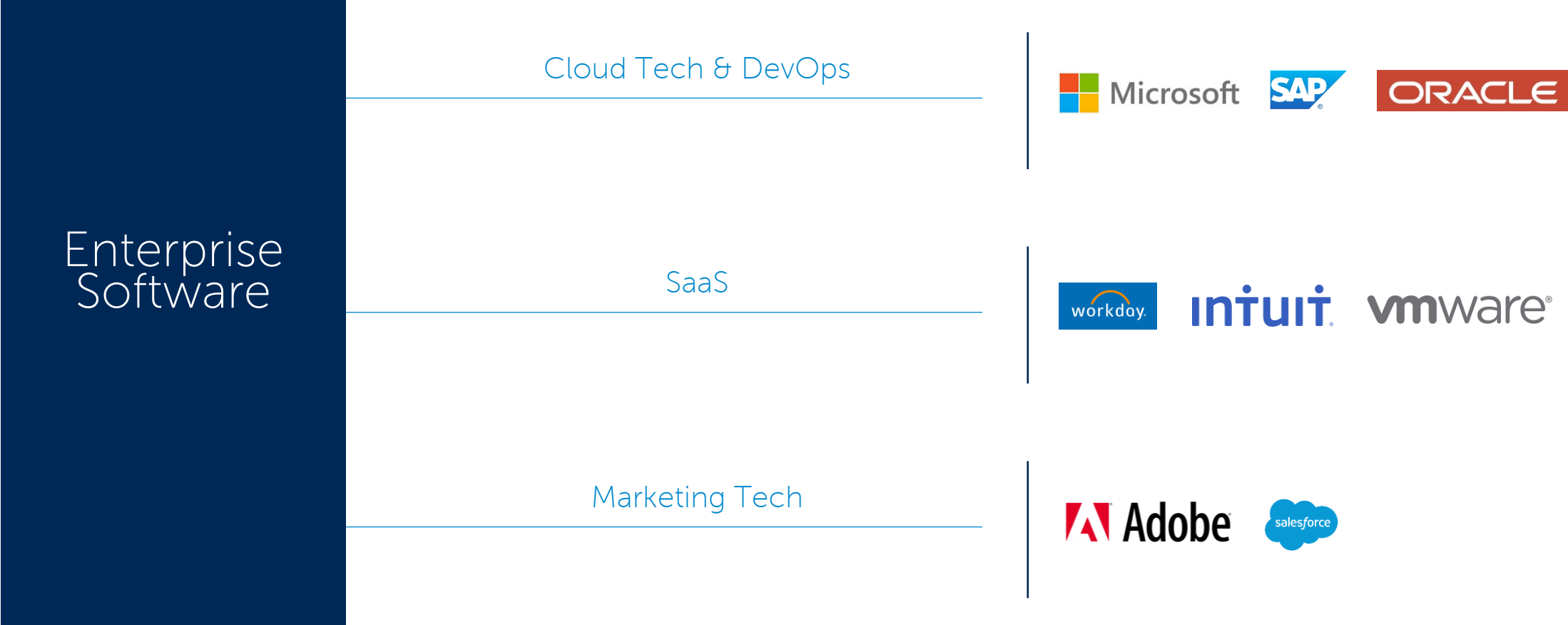
Operating Metrics



Valuation



Public Basket Overview

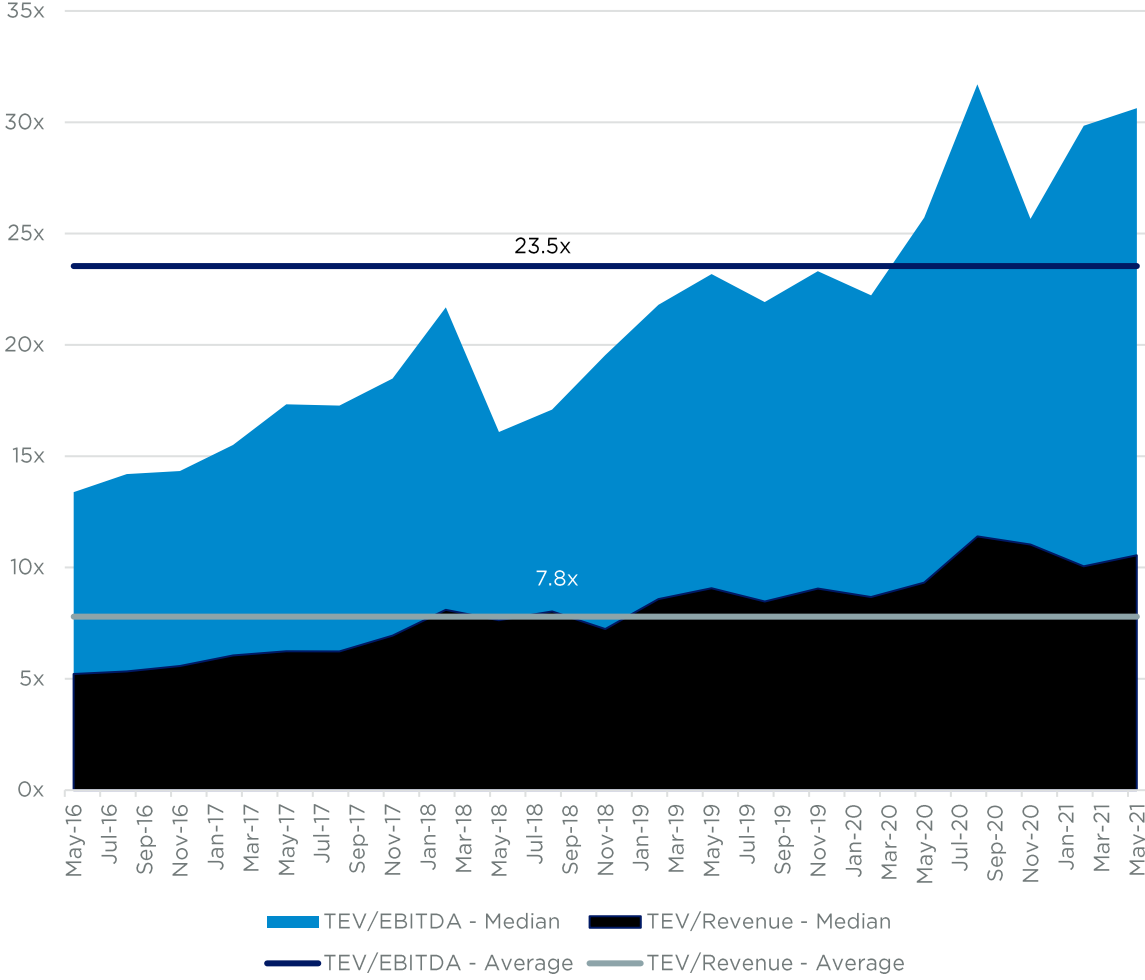


Public Basket

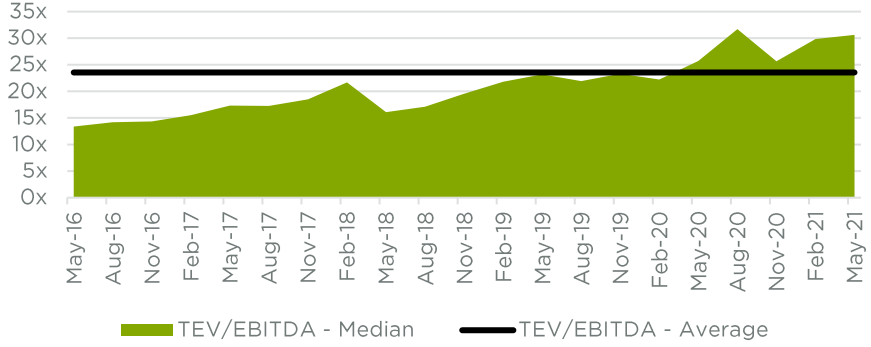
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Workday	56,411	1,184	4,318	19.0%	72.3%	27.4%	13.1x	47.6x	12,500	345
VMware	68,672	4,529	11,767	8.8%	82.6%	38.5%	5.8x	15.2x	34,000	346
Intuit	118,569	#N/A	8,888	29.6%	82.7%	#N/A	13.3x	#N/A	12,196	729
SAP	173,416	11,969	31,648	-2.9%	71.6%	37.8%	5.5x	14.5x	102,430	309
Oracle	261,481	19,958	39,691	-0.2%	80.6%	50.3%	6.6x	13.1x	135,000	294
Salesforce.com	204,317	5,427	21,252	24.3%	74.4%	25.5%	9.6x	37.6x	56,606	375
Adobe Systems	241,172	6,313	13,682	17.3%	87.5%	46.1%	17.6x	38.2x	22,516	608
Microsoft	1,837,771	79,895	159,969	15.3%	68.4%	49.9%	11.5x	23.0x	163,000	981
Average	370,226	18,468	36,402	13.9%	77.5%	39.4%	10.4x	27.0x	67,281	498
Median	188,866	6,313	17,467	16.3%	77.5%	38.5%	10.6x	23.0x	45,303	361

share price as of 27May21

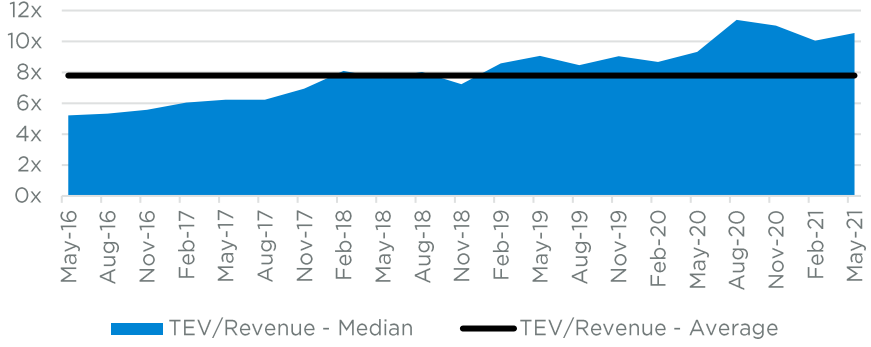
Public Basket



Public EBITDA Multiples over Time

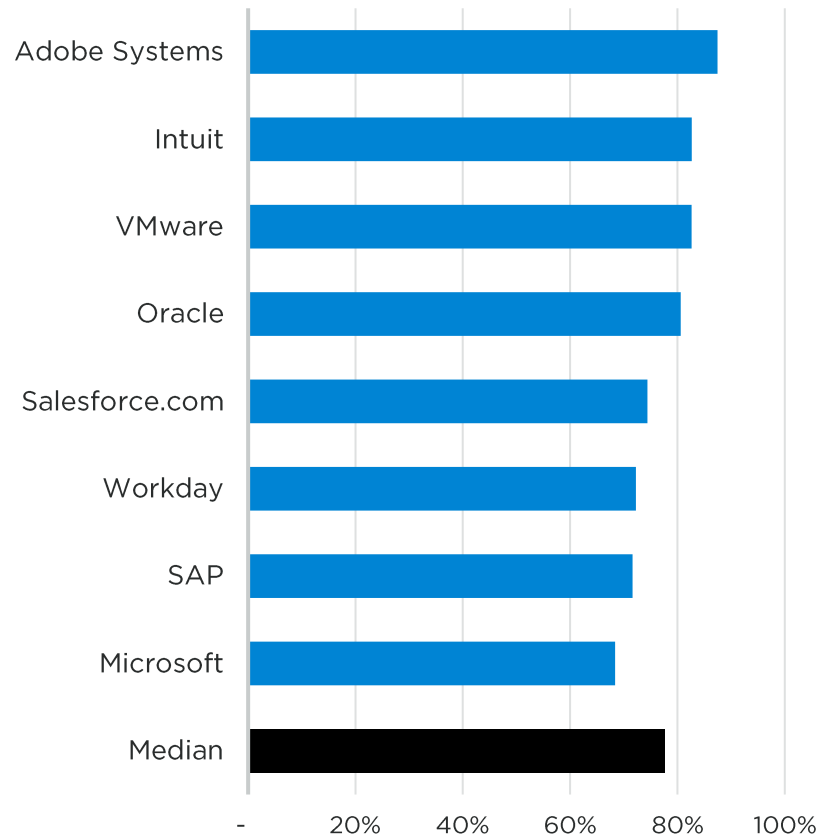


Public Revenue Multiples over Time

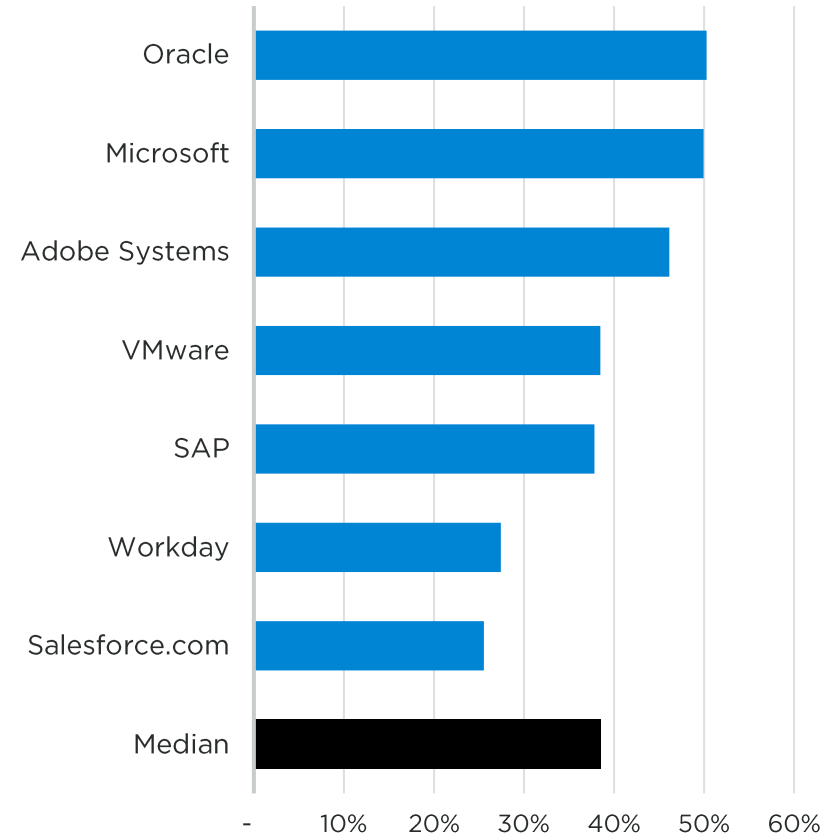


Operational Metrics

LTM Gross Profit Margin %

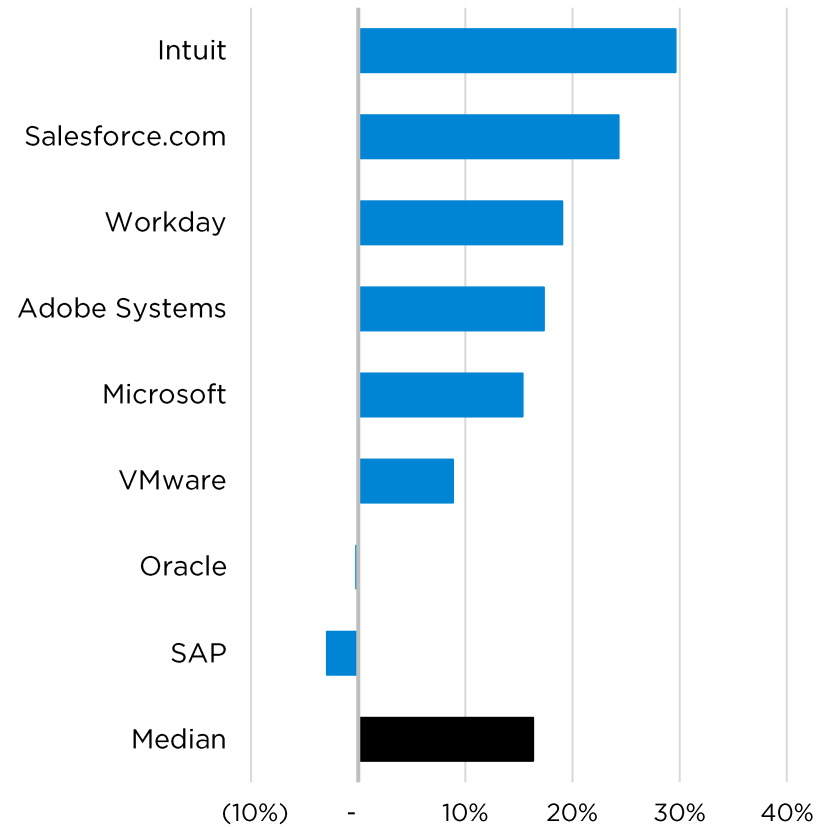


LTM EBITDA %

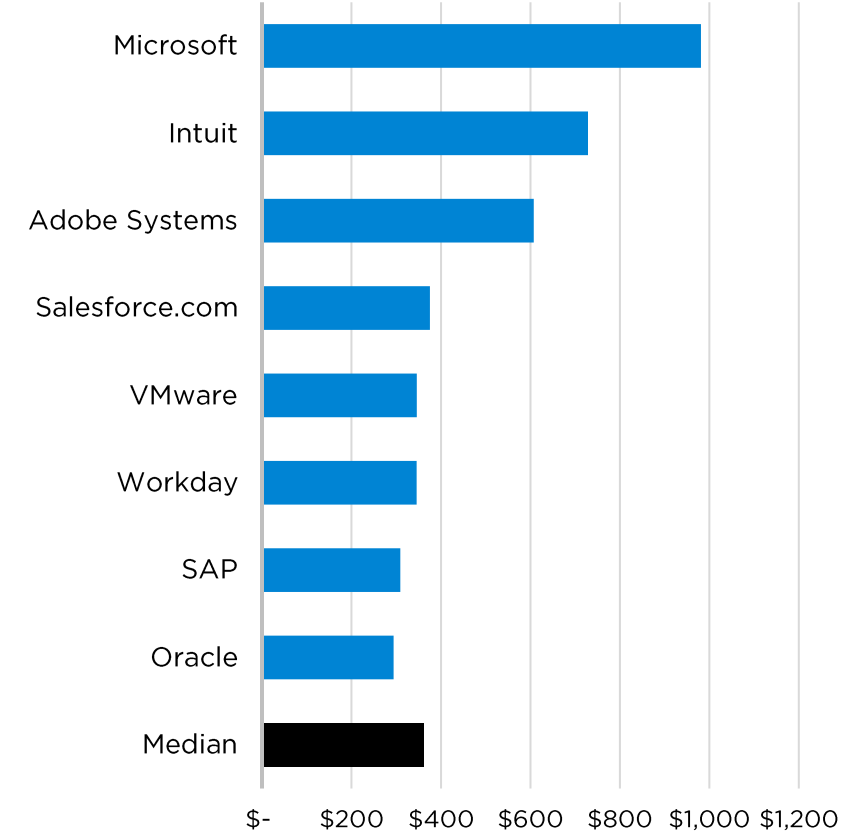


Operational Metrics

LTM Revenue Growth %

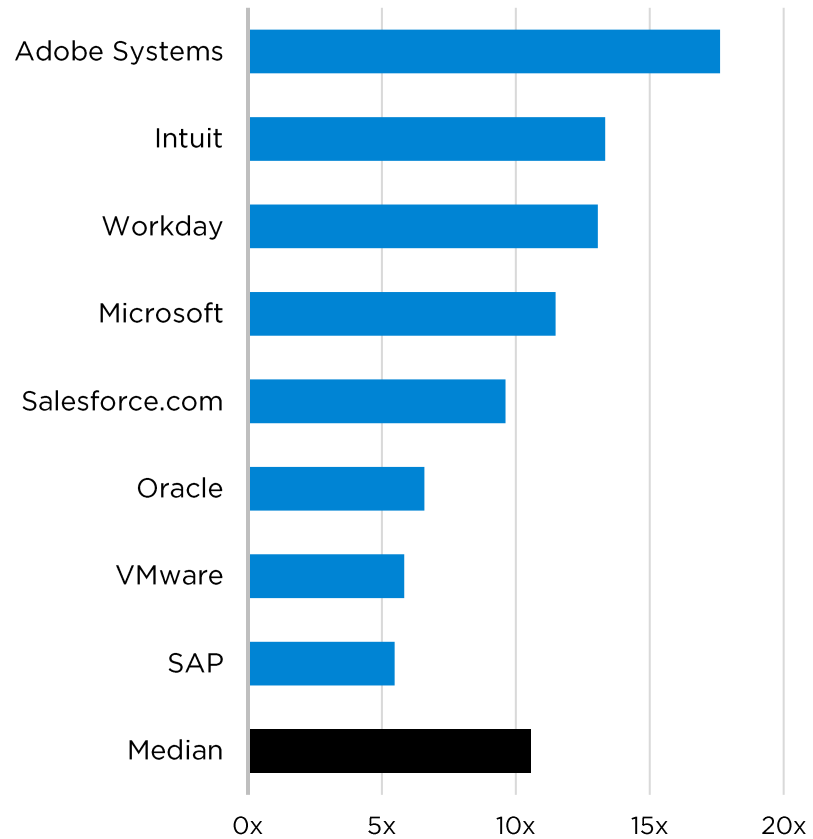


LTM Revenue per Full Time Employee x 000's

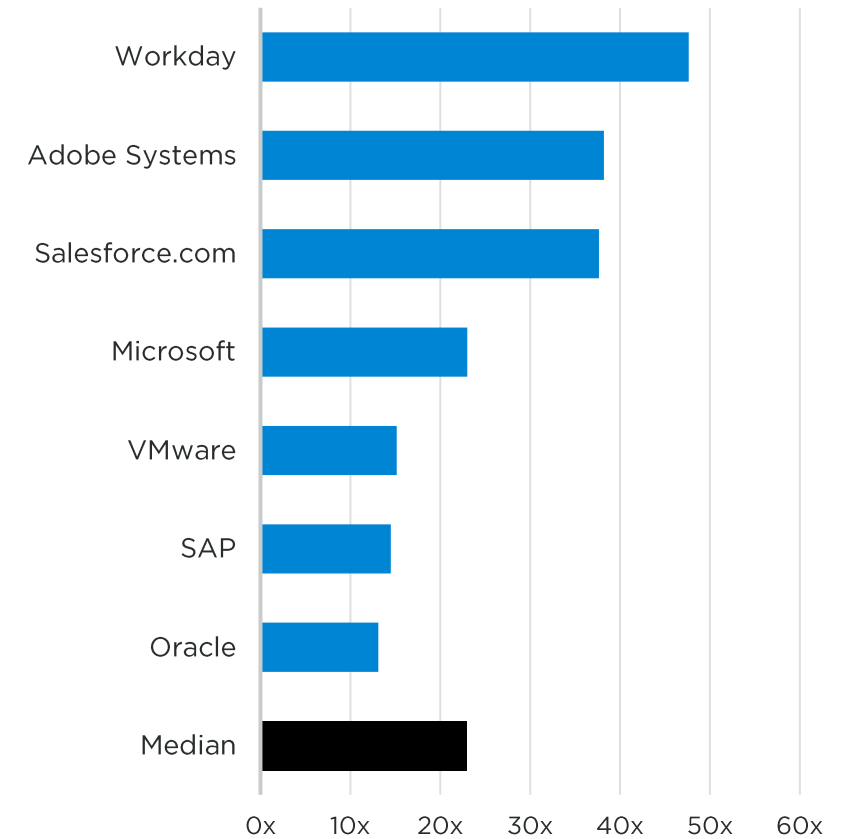


Valuation

TEV / LTM Revenue

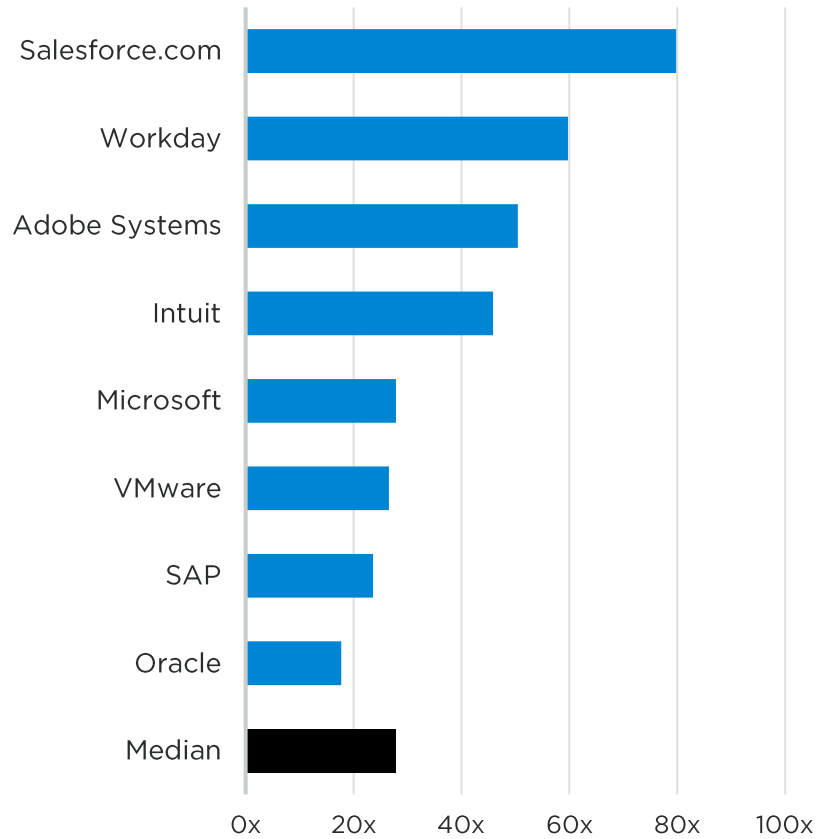


TEV / LTM EBITDA

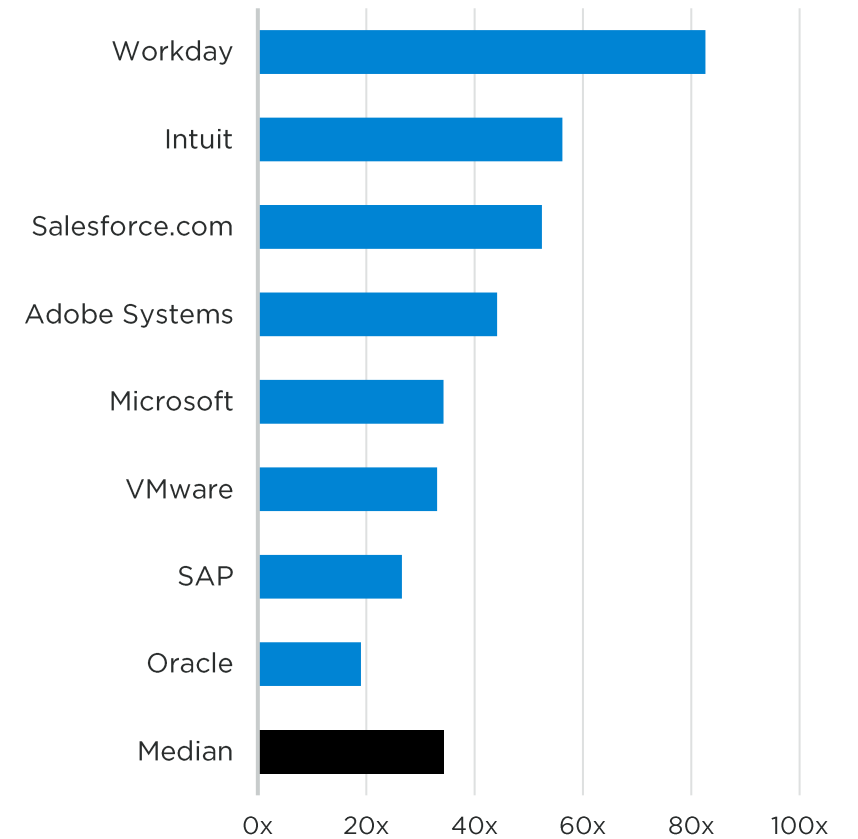


Valuation

TEV / LTM EBIT

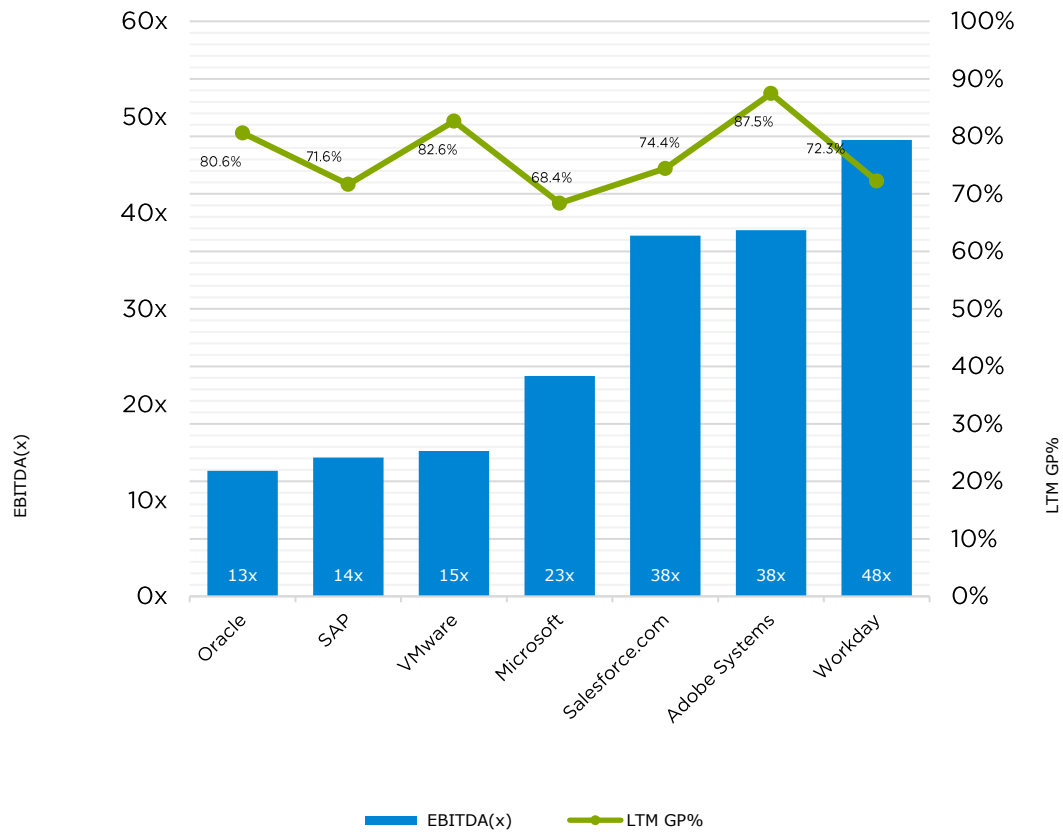


Price / LTM Earnings

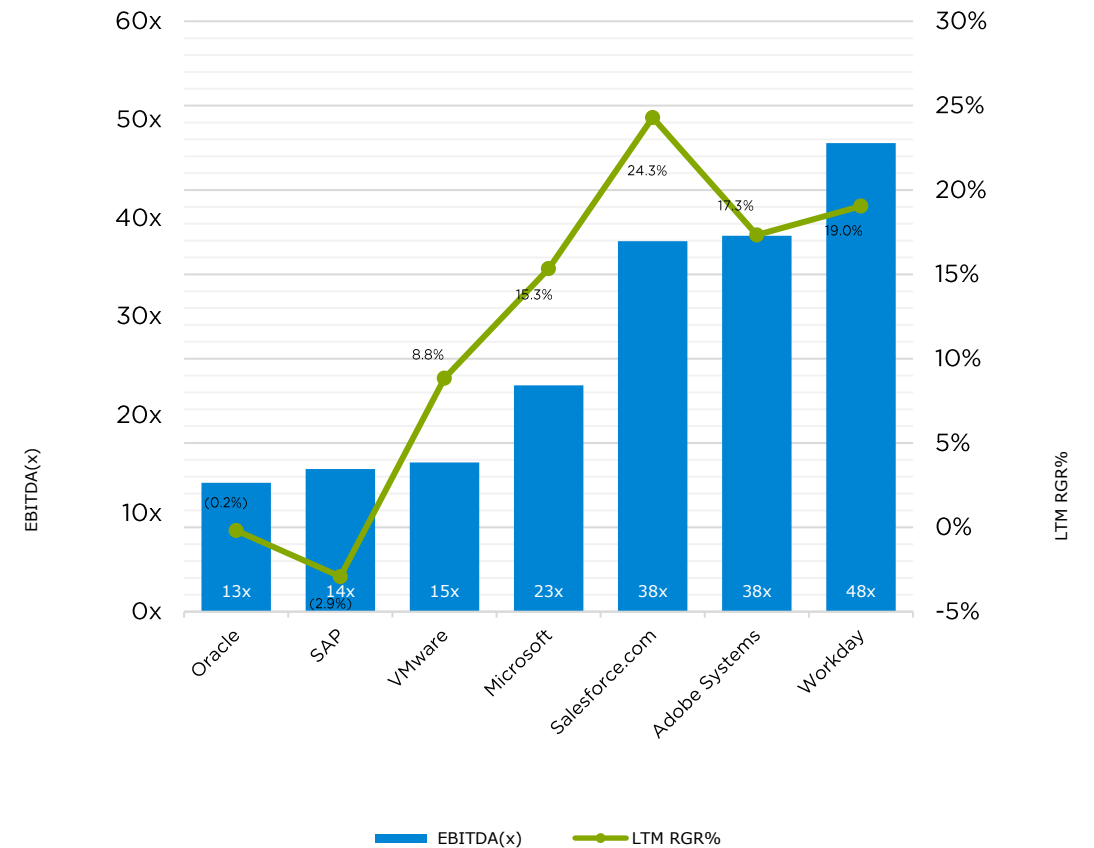


Valuation

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
17-May-21	Whiterock AI	Azur	-	-	-	-
12-May-21	Nexant	BV Investment Partners	-	-	-	-
11-May-21	Padam Mobility	Siemens	-	-	-	-
11-May-21	Viscopic	TeamViewer	-	-	-	-
04-May-21	Fenergo	Astorg (Paris)	600.00	-	172.63	-
19-Apr-21	rfXcel	Antares Vision	-	-	7.06	-
19-Apr-21	Trabian Technology	MVB Financial	-	-	-	-
15-Apr-21	Pointwise	Cadence Design Systems	-	-	-	-
06-Apr-21	Amalto	Sidetrade	-	-	-	-
05-Apr-21	Finantech	Asseco PST	-	-	-	-
05-Apr-21	Nuvi	Reputation.com	-	-	-	-
01-Apr-21	Thinkwise Software	Arches Capital	-	-	-	-
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	-	-	-	-

Appendix

*Public Basket
Contact Information*



Workday

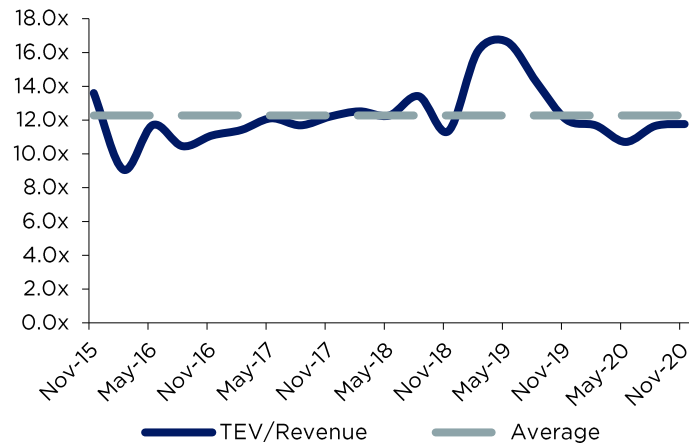
Workday is a software company that offers human capital management, or HCM, financial management, and business planning solutions.

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

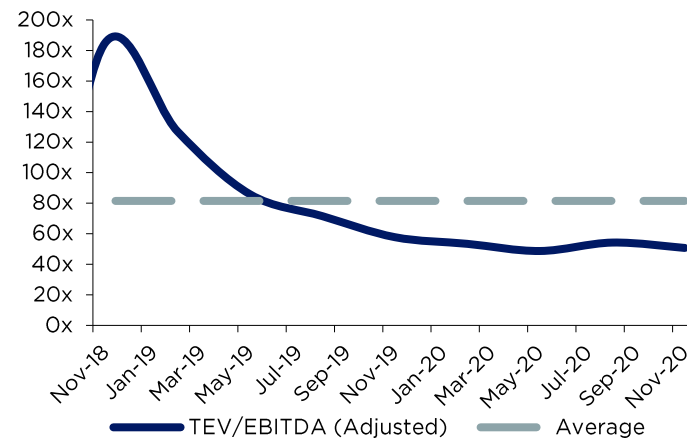
Public Basket

Workday

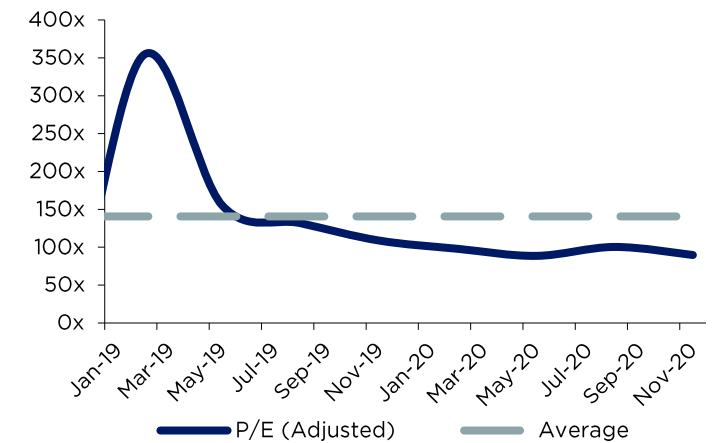
Revenue Multiples - Workday



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 \$513.49 million on December 9, 2019. The acquisition will help the acquirer to deliver a comprehensive source-to-pay solution to its customers.

VMware

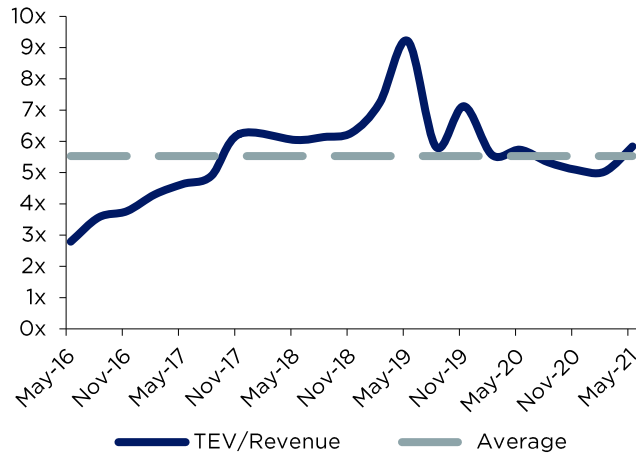
VMware, a majority-owned subsidiary of Dell, is an industry leader in virtual machines for data center servers and computer desktops.

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.

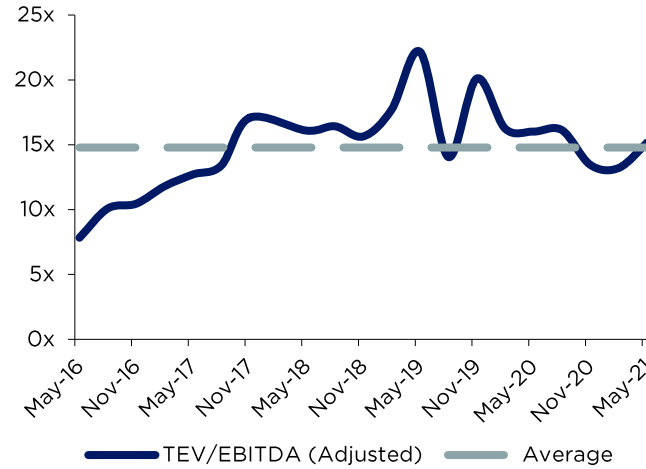
Public Basket

VMware

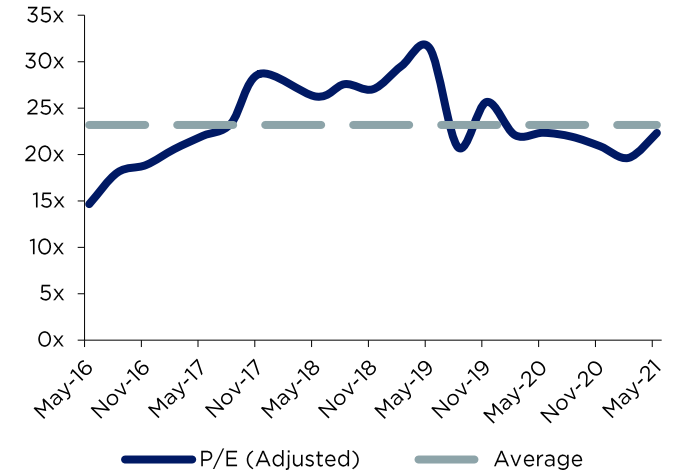
Revenue Multiples - VMware



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 \$51 million on October 13, 2020.

Intuit

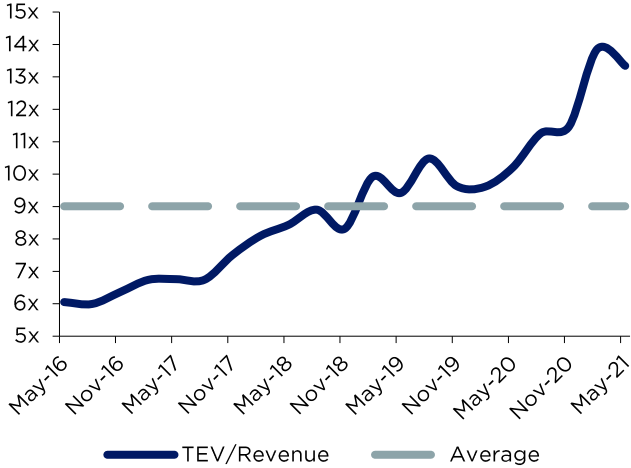
Intuit is a provider of small-business accounting software (QuickBooks), personal tax solutions (TurboTax), and professional tax offerings (Lacerte).

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

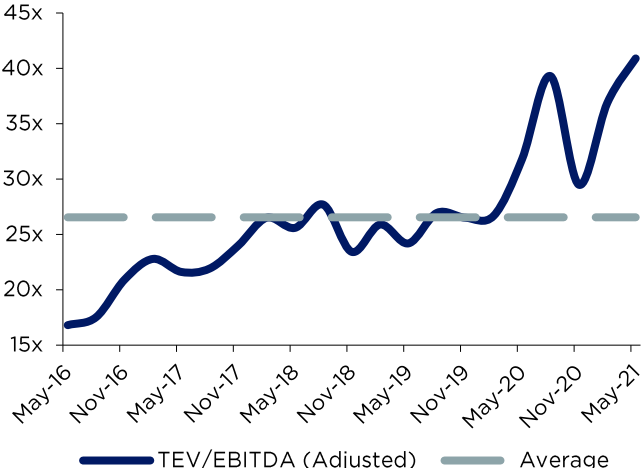
Public Basket

Intuit

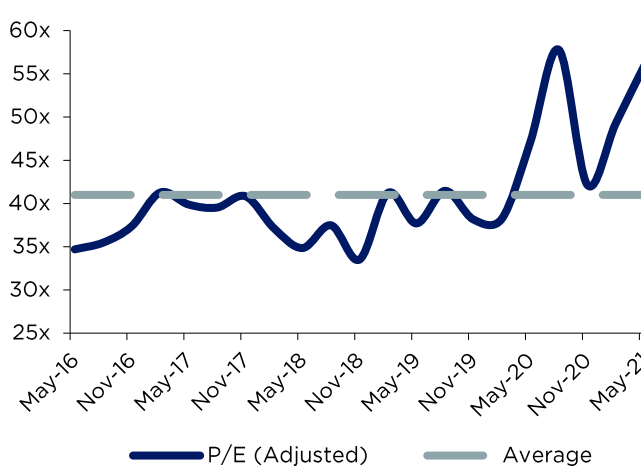
Revenue Multiples - Intuit



EBITDA Multiples - Intuit



P/E Multiples - Intuit



Company Name	Date	Deal Synopsis
Credit Karma	1/6/20	The company was acquired by Intuit (NAS: INTU) for \$8.1 billion on December 3, 2020.

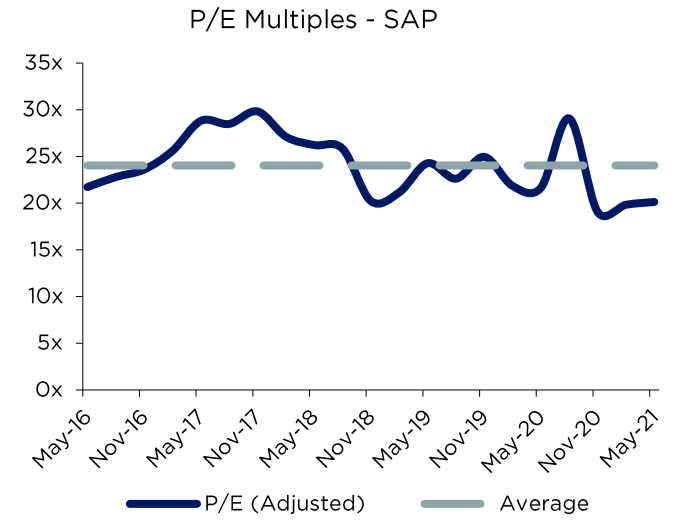
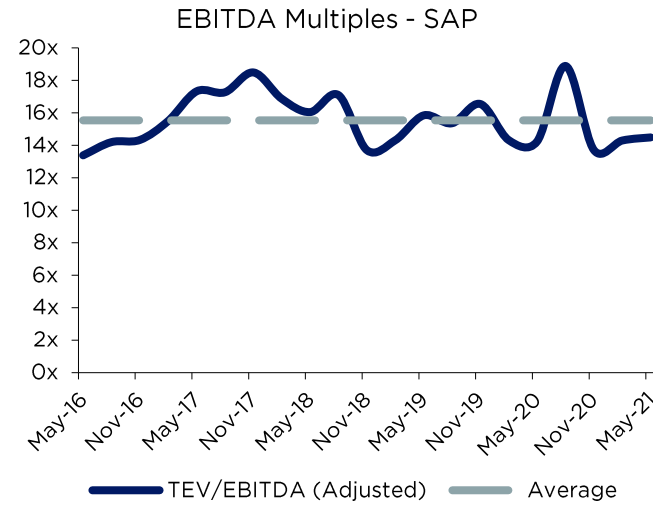
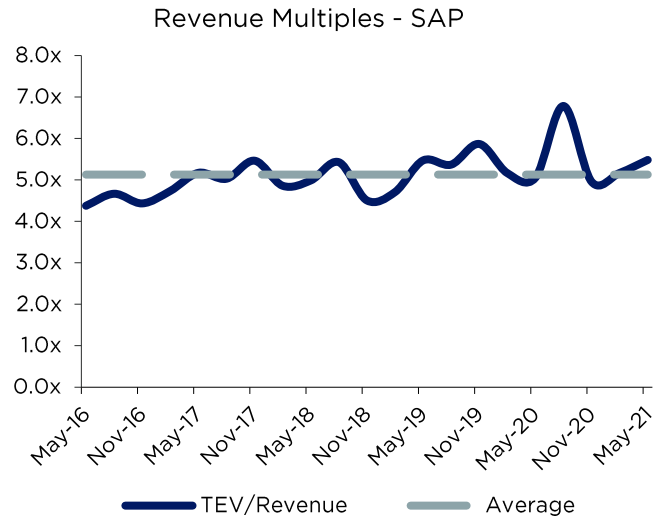
SAP

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
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

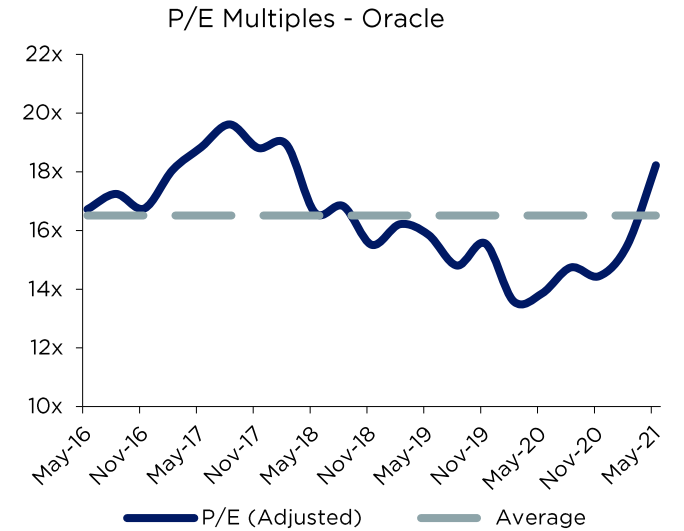
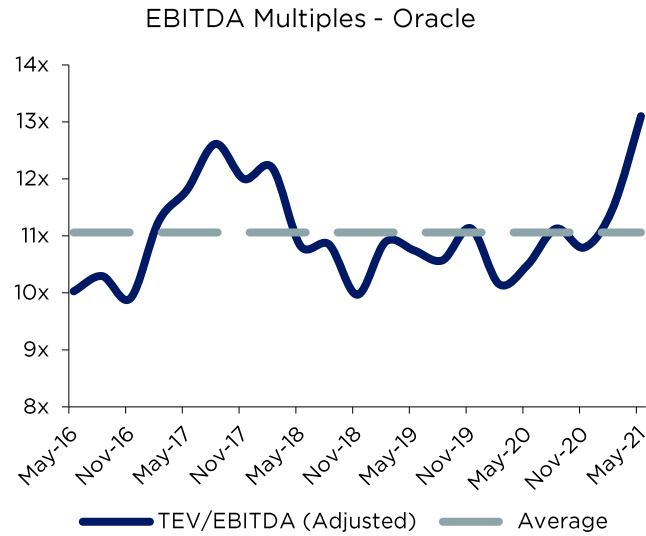
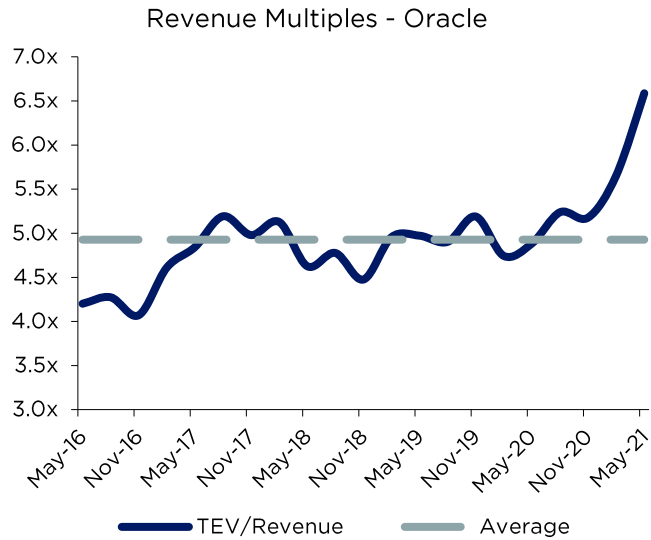
Oracle

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.com](https://www.salesforce.com)

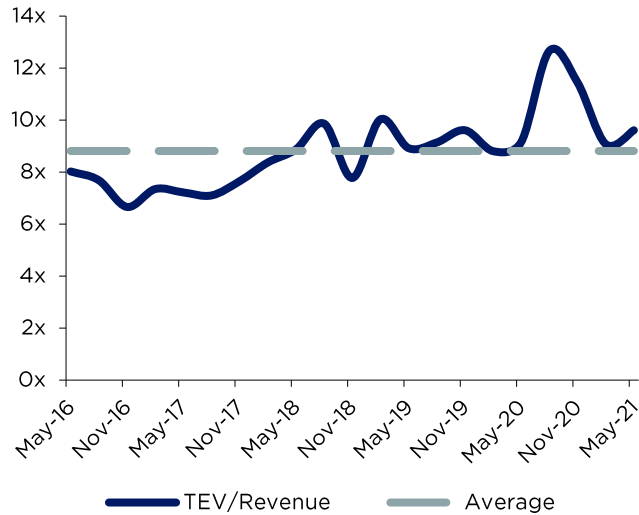
Salesforce.com provides enterprise cloud computing solutions, including Sales Cloud, the company's main customer relationship management software-as-a-service product.

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.

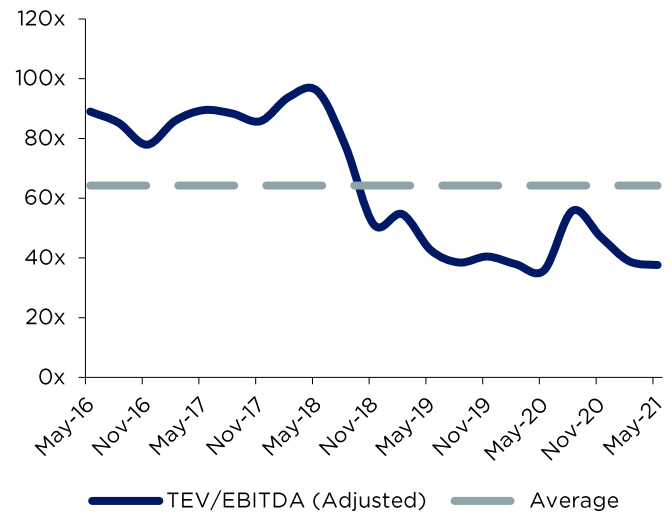
Public Basket

Salesforce.com

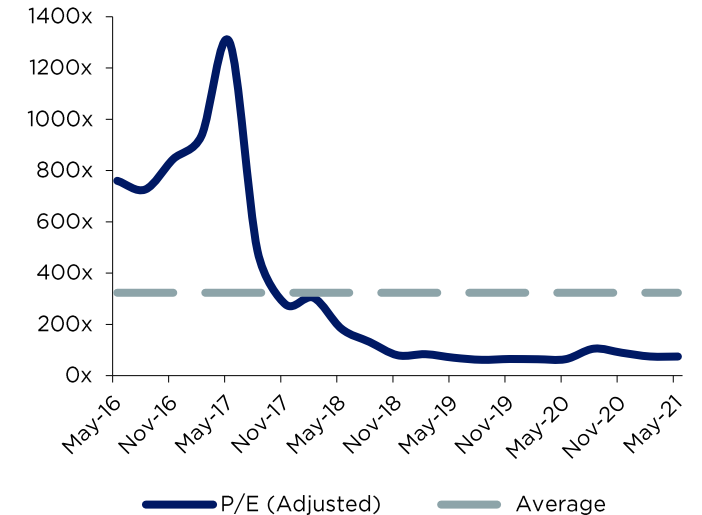
Revenue Multiples - Salesforce.com



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

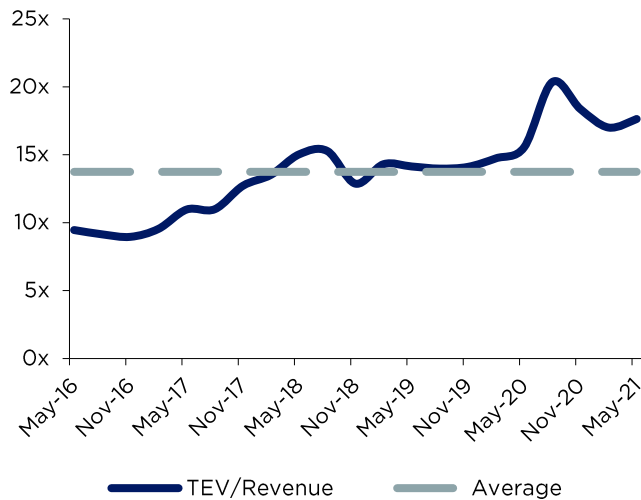
Adobe provides content creation, document management, and digital marketing and advertising software and services to creative professionals and marketers for creating, managing, delivering, measuring, optimizing and **engaging with compelling content multiple operating systems, devices and media.**

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).

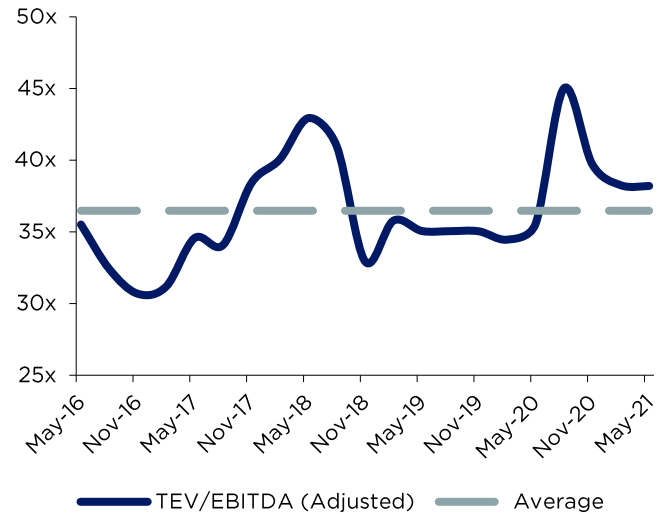
Public Basket

Adobe Systems

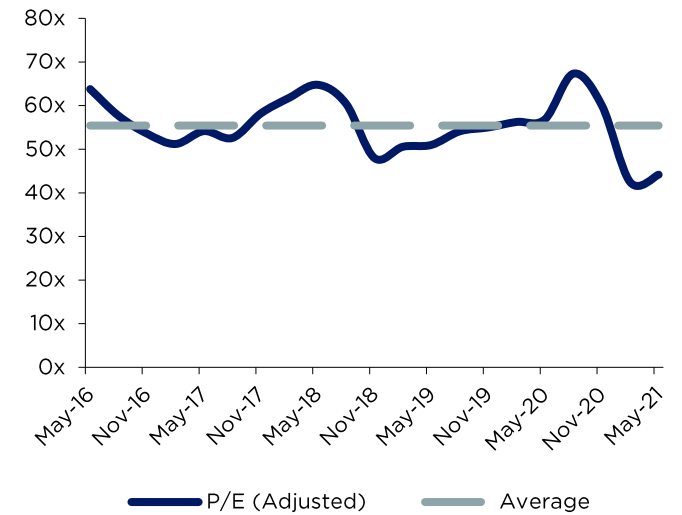
Revenue Multiples - Adobe Systems



EBITDA Multiples - Adobe Systems



P/E Multiples - Adobe Systems



Company Name

Date

Deal Synopsis

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

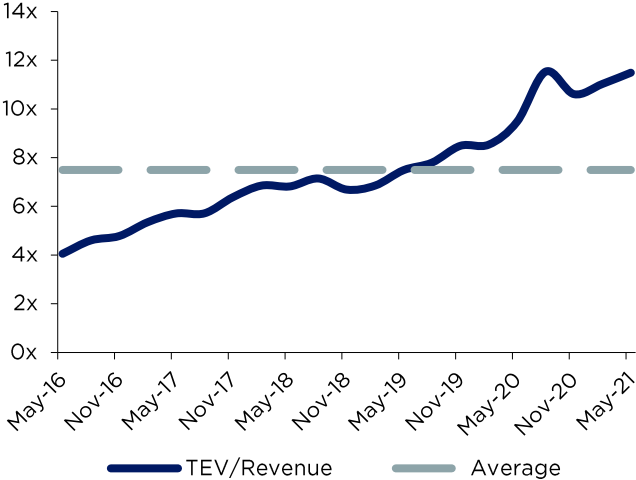
Microsoft develops and licenses consumer and enterprise software.

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).

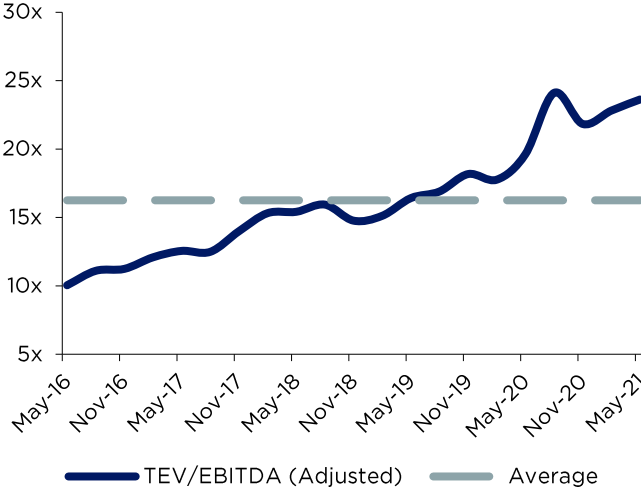
Public Basket

Microsoft

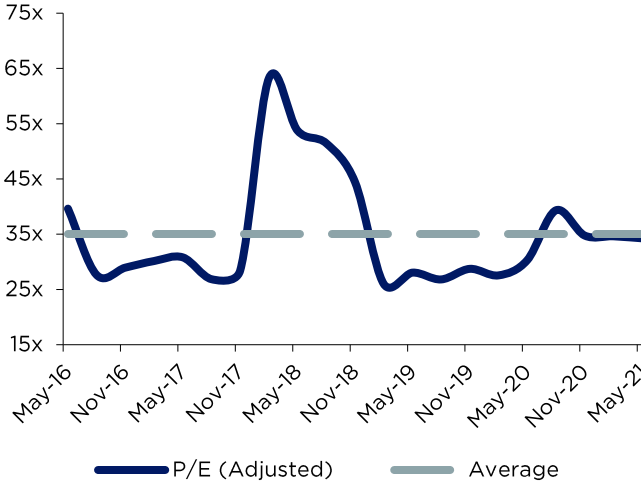
Revenue Multiples - Microsoft



EBITDA Multiples - Microsoft



P/E Multiples - Microsoft



Company Name	Date	Deal Synopsis
Nuance Communications	12-Apr-21	The company reached a definitive agreement to be acquired by Microsoft (NAS: MSFT) for \$16 billion on April 12, 2021. The acquisition will help Microsoft to put advanced AI solutions into the hands of professionals everywhere to drive better decision-making and create more meaningful connections.

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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