

7 Mile Advisors



Sectorwatch: Unified Communications

June 2021



Unified Communications

- 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.

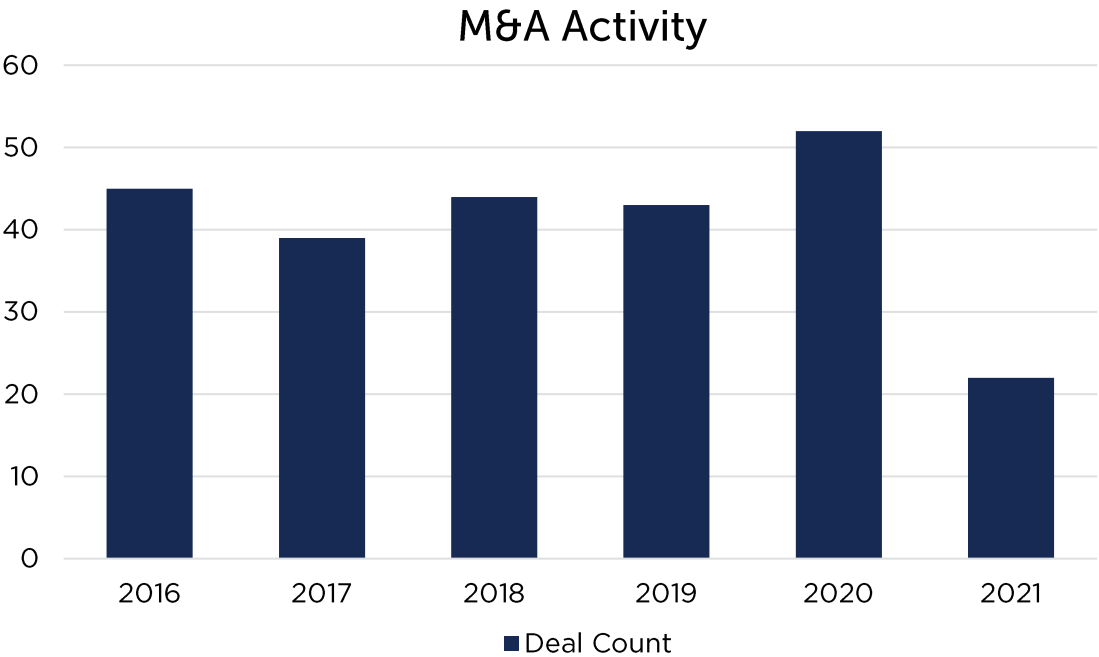
RECENT DEALS

- The most recently announced deals in the sector

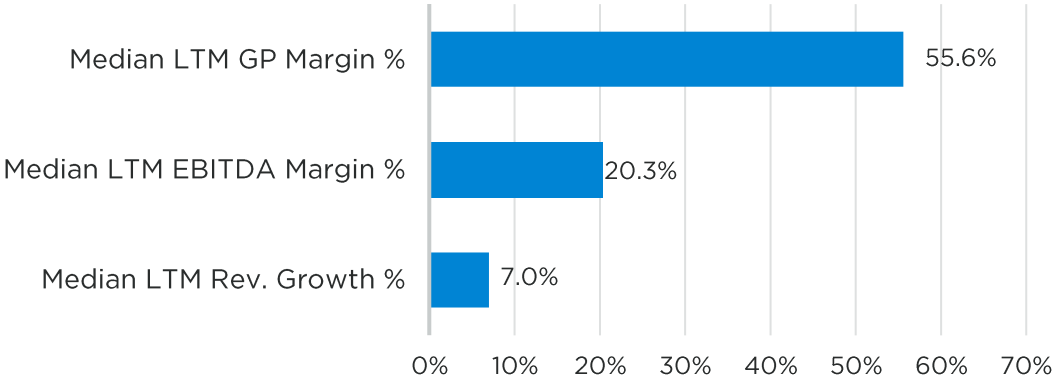
Dashboard

REVENUE GROWTH MOMENTUM ↓ -1.8%

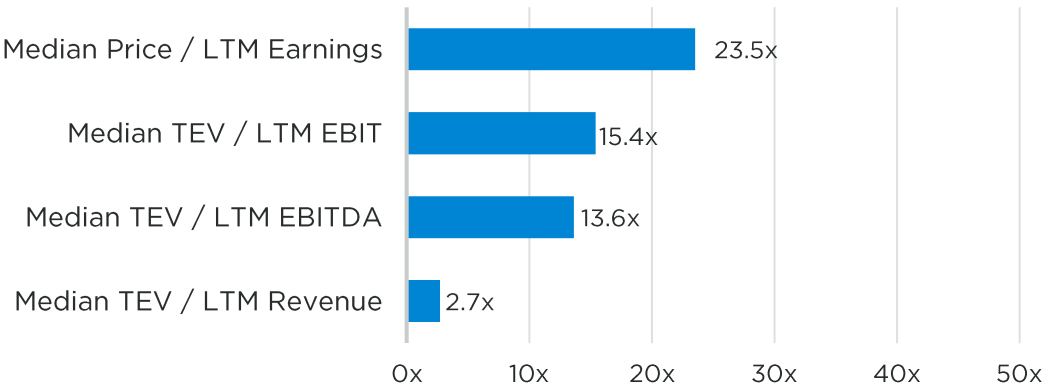
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



Operating Metrics



Valuation

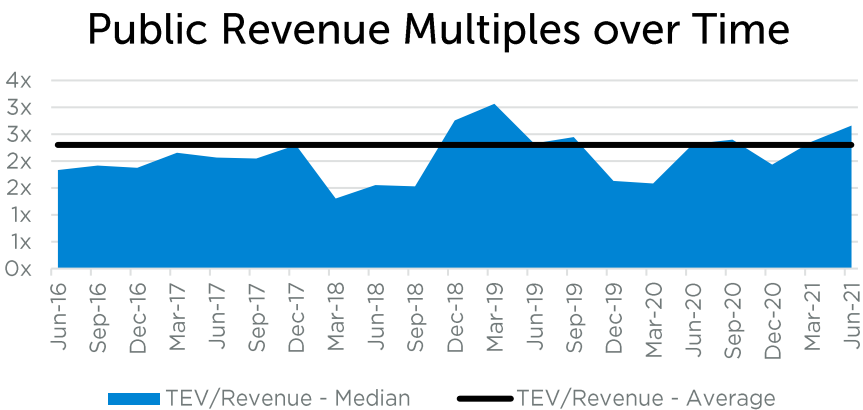
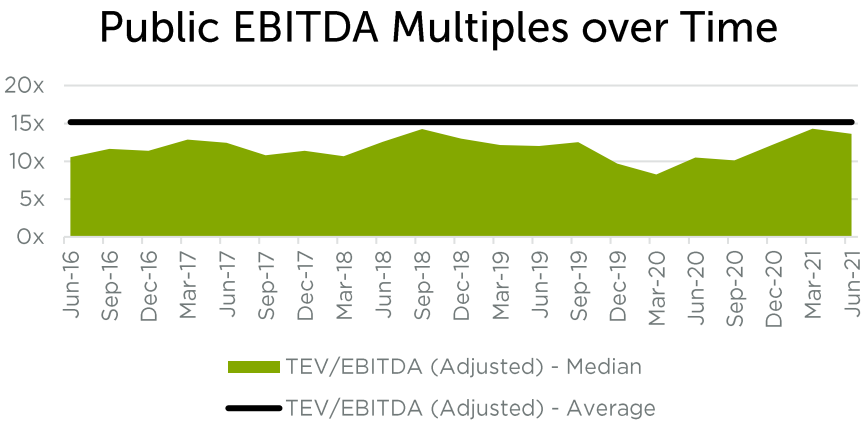
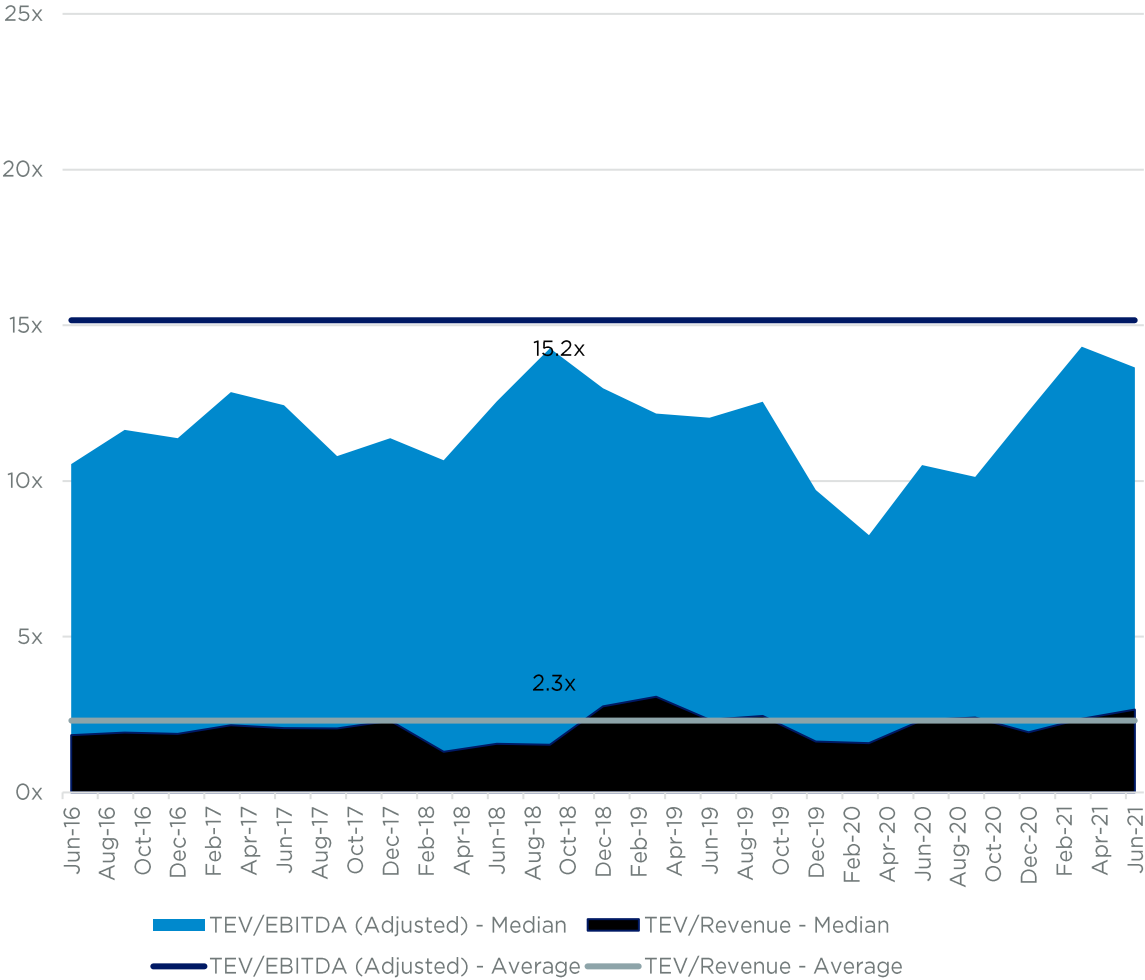


Public Basket

Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Netgear	847	144	1,343	37.1%	31.0%	10.8%	0.6x	5.9x	818	1,642
Adtran	891	27	520	3.7%	42.3%	5.2%	1.7x	32.8x	1,405	370
Ciena	7,776	702	3,456	-4.7%	47.5%	20.3%	2.2x	11.1x	7,032	492
F5 Networks	11,159	818	2,468	7.0%	81.3%	33.1%	4.5x	13.6x	6,109	404
TTEC	5,472	324	2,056	22.3%	26.1%	15.8%	2.7x	16.9x	61,000	34
Cisco Systems	210,884	17,294	48,846	-3.4%	63.9%	35.4%	4.3x	12.2x	77,500	630
Microsoft	1,822,407	79,895	159,969	15.3%	68.4%	49.9%	11.4x	22.8x	163,000	981
Avaya	4,935	737	2,957	4.2%	55.6%	24.9%	1.7x	6.7x	8,266	358
8X8	2,839	25	532	19.3%	56.8%	4.8%	5.3x	111.6x	1,696	314
Average	229,690	11,107	24,683	11.2%	52.5%	22.3%	3.8x	26.0x	36,314	580
Median	5,472	702	2,468	7.0%	55.6%	20.3%	2.7x	13.6x	7,032	404

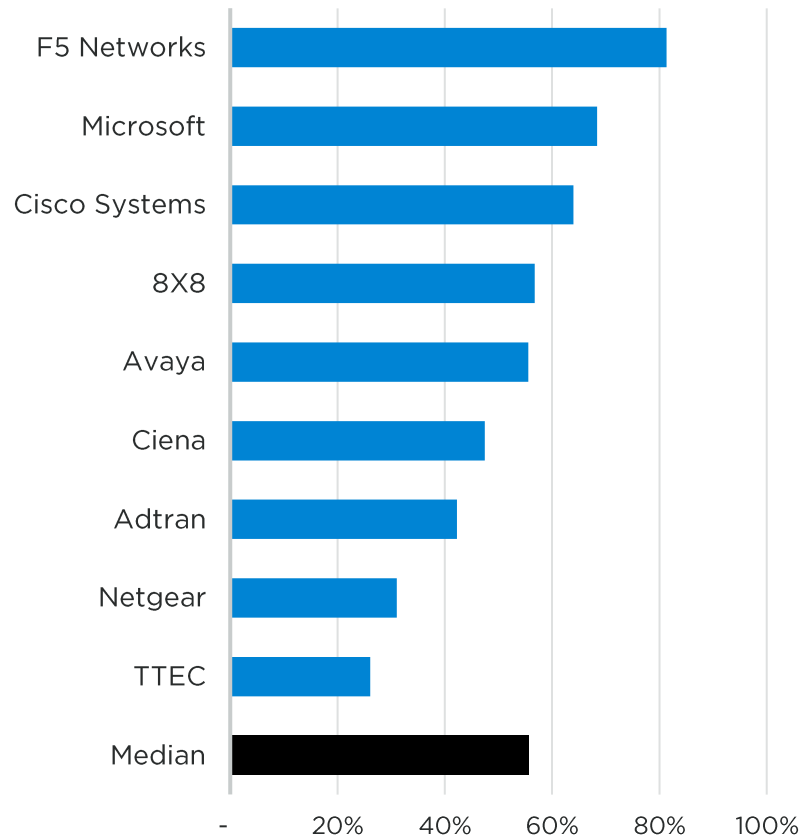
share price as of 01Jun21

Public Basket

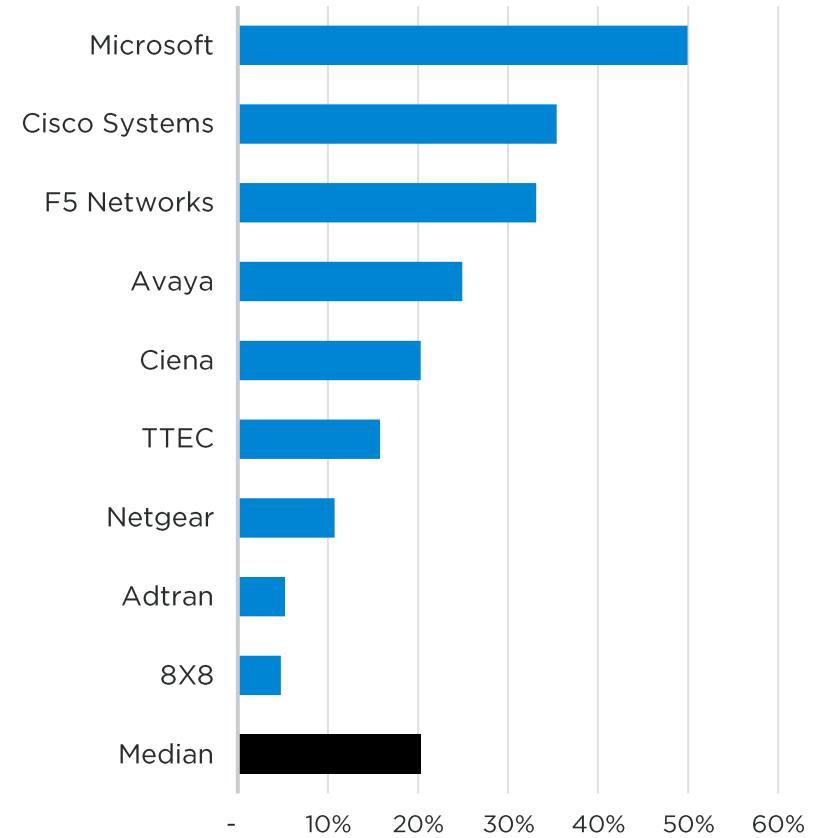


Operational Metrics

LTM Gross Profit Margin %

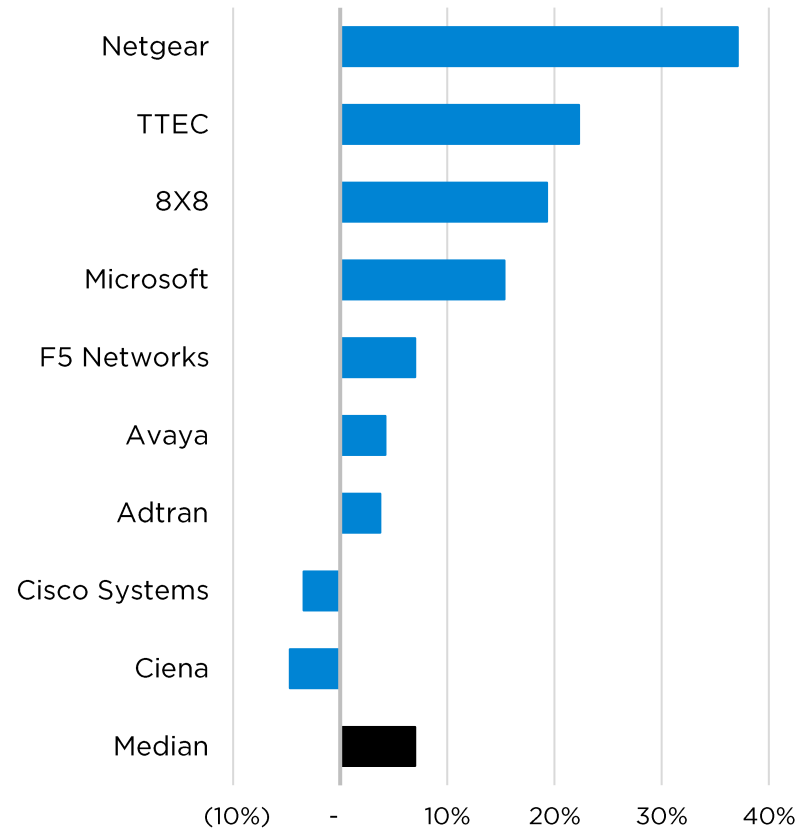


LTM EBITDA %

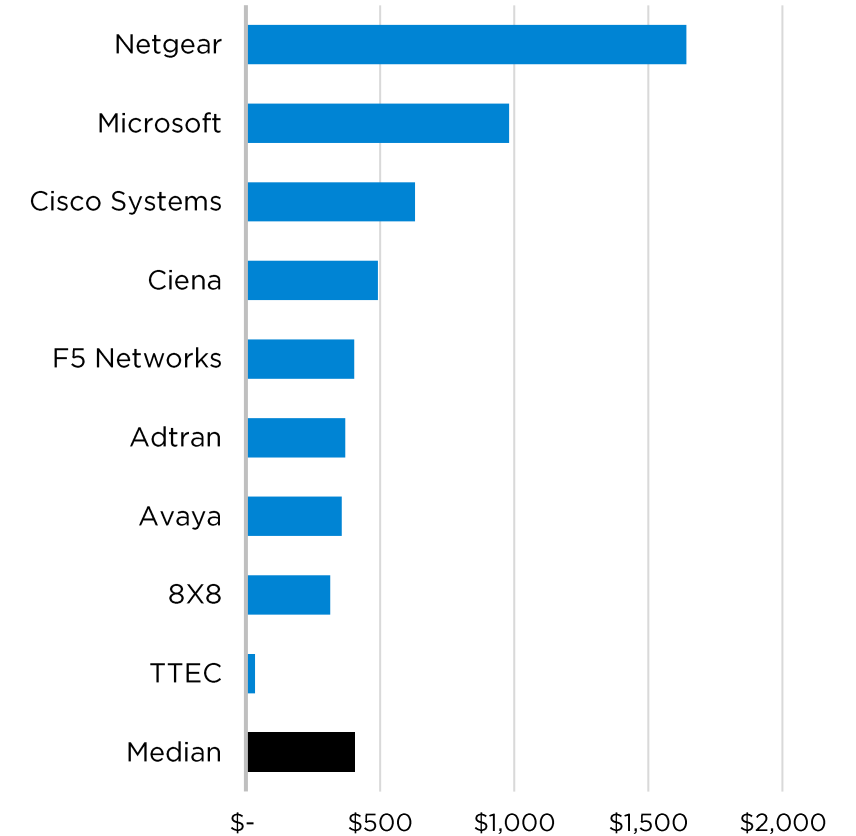


Operational Metrics

LTM Revenue Growth %

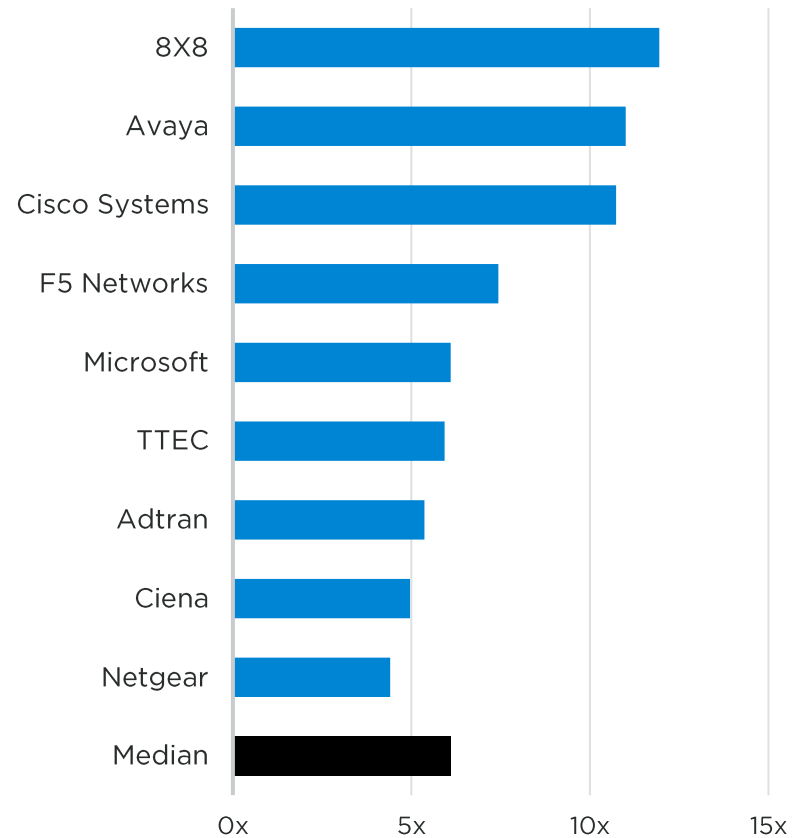


LTM Revenue per Full Time Employee x 000's

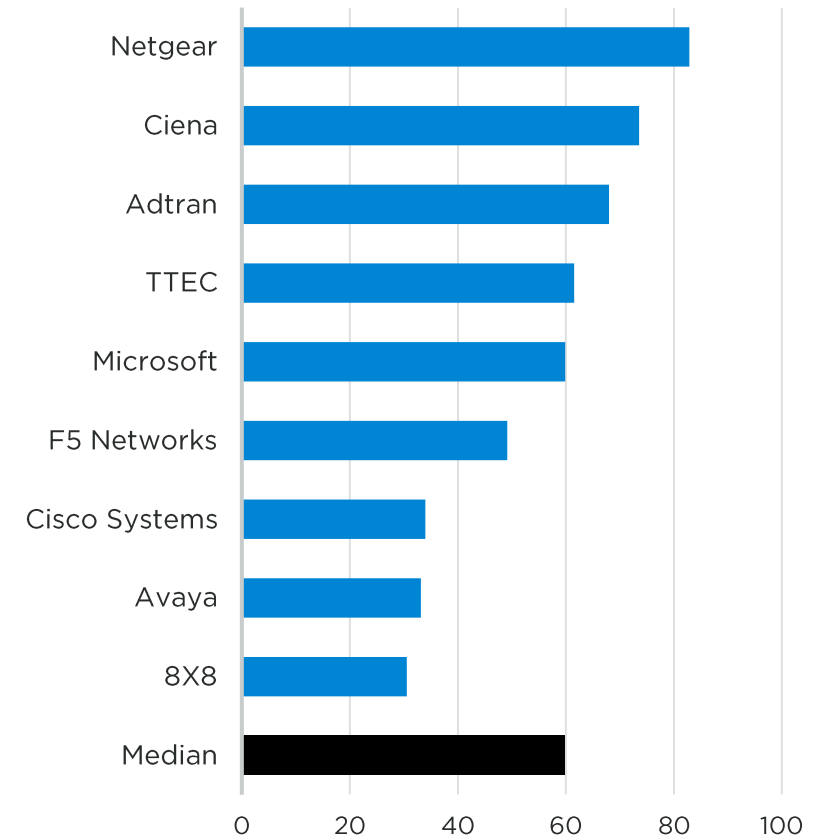


Operational Metrics

Accounts Receivable Turnover

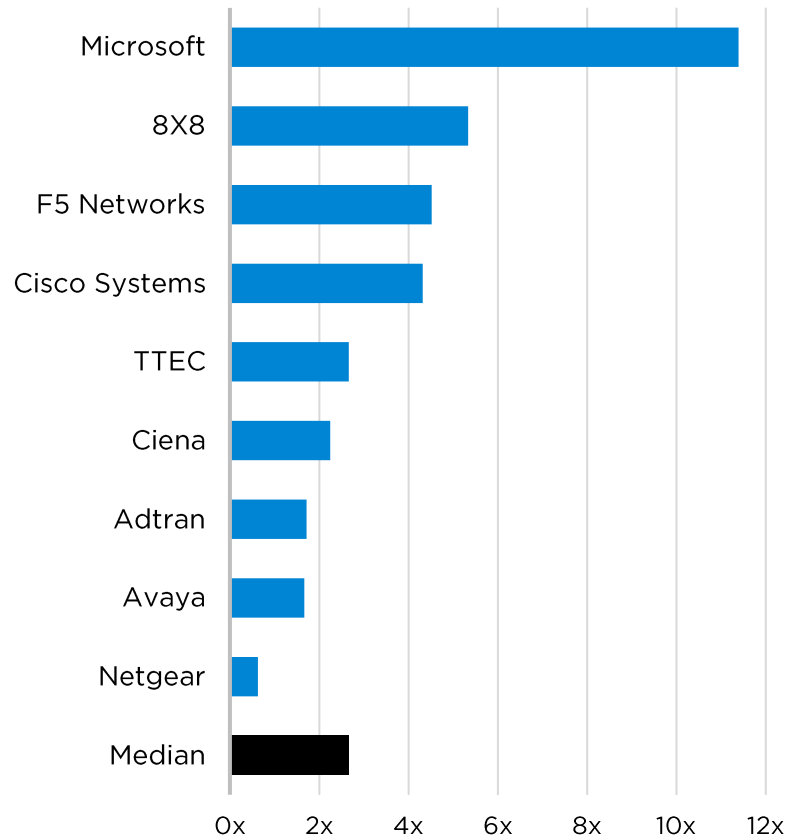


Average Days Sales Outstanding

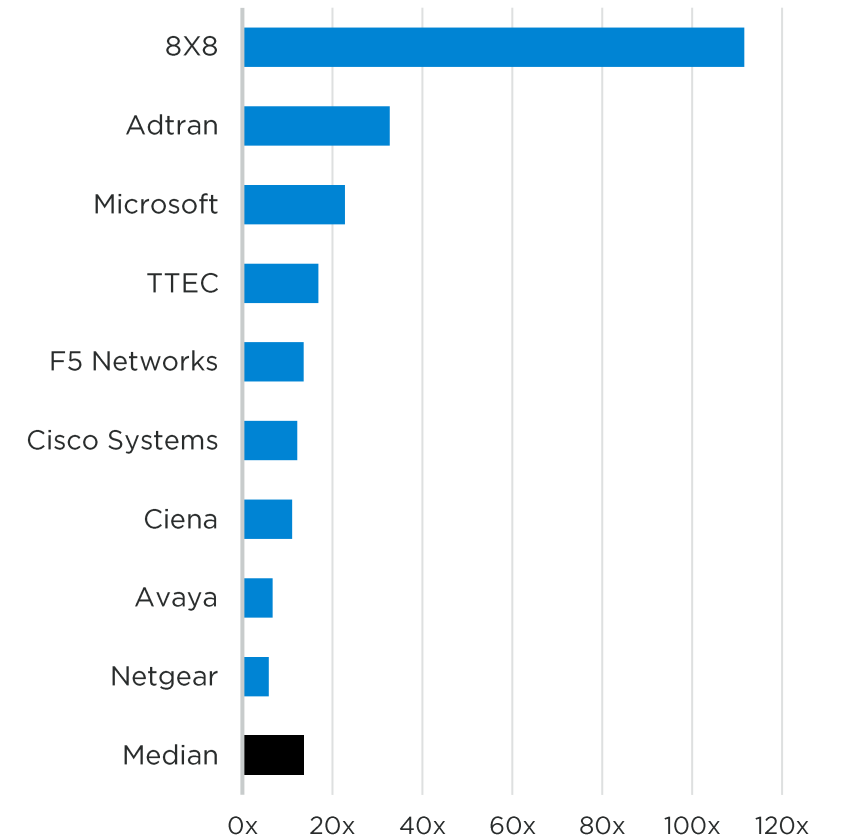


Valuation

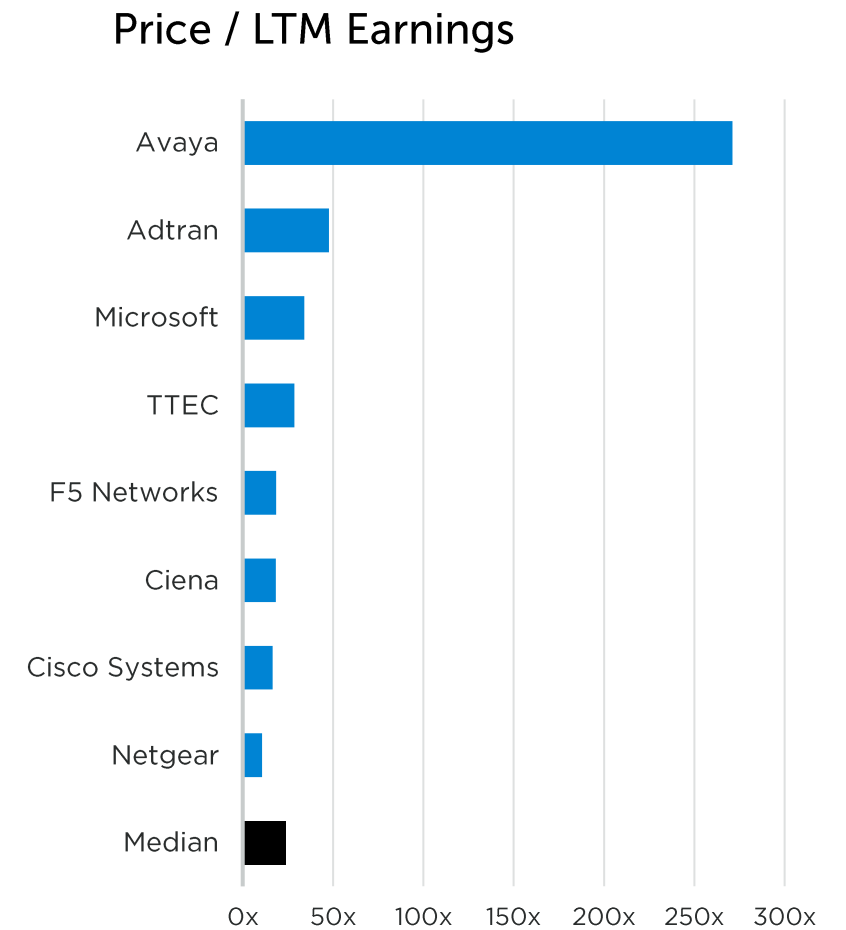
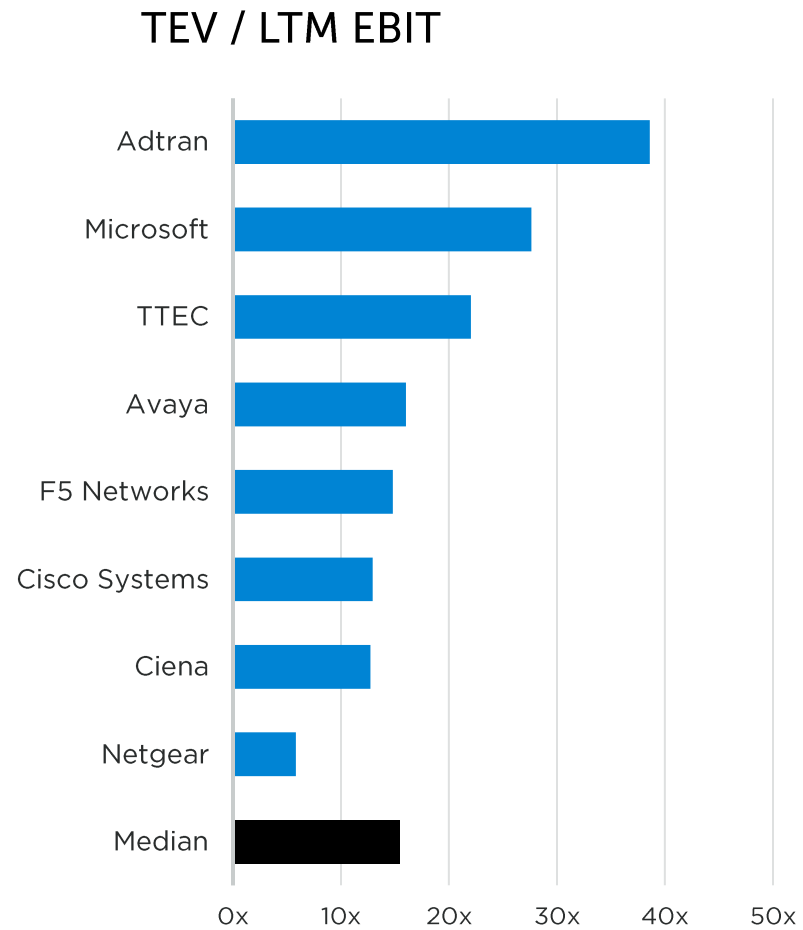
TEV / LTM Revenue



TEV / LTM EBITDA

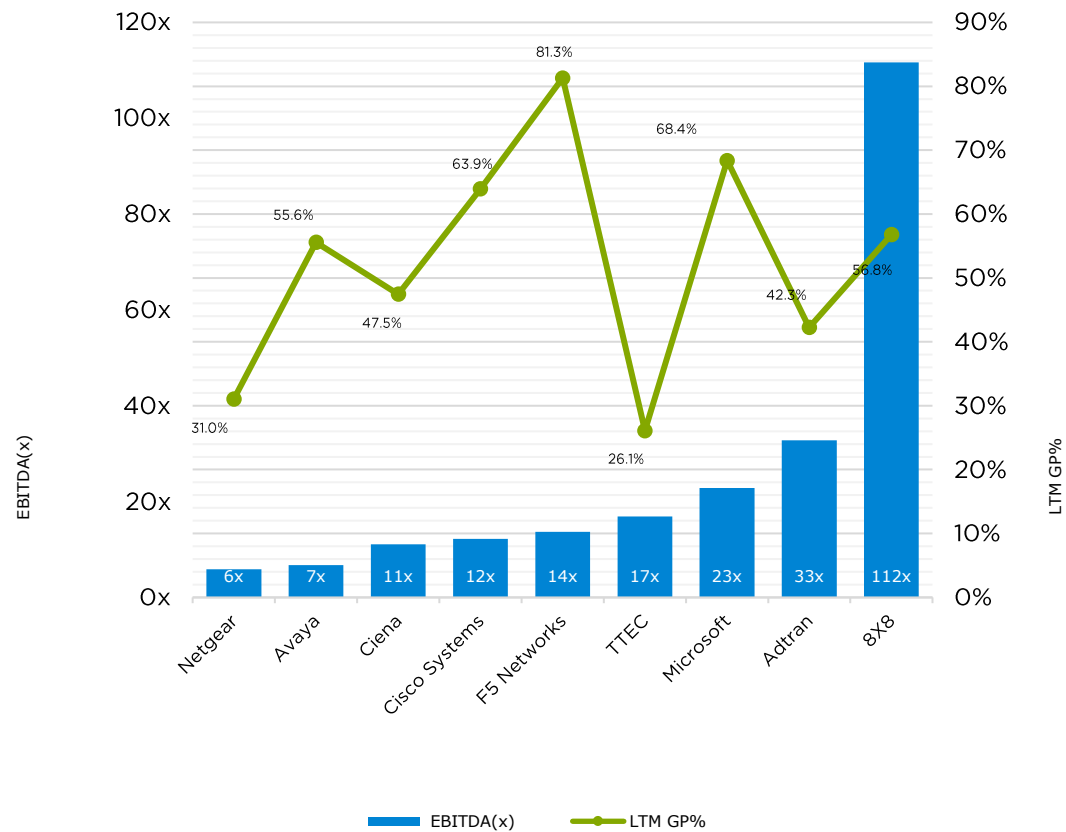


Valuation

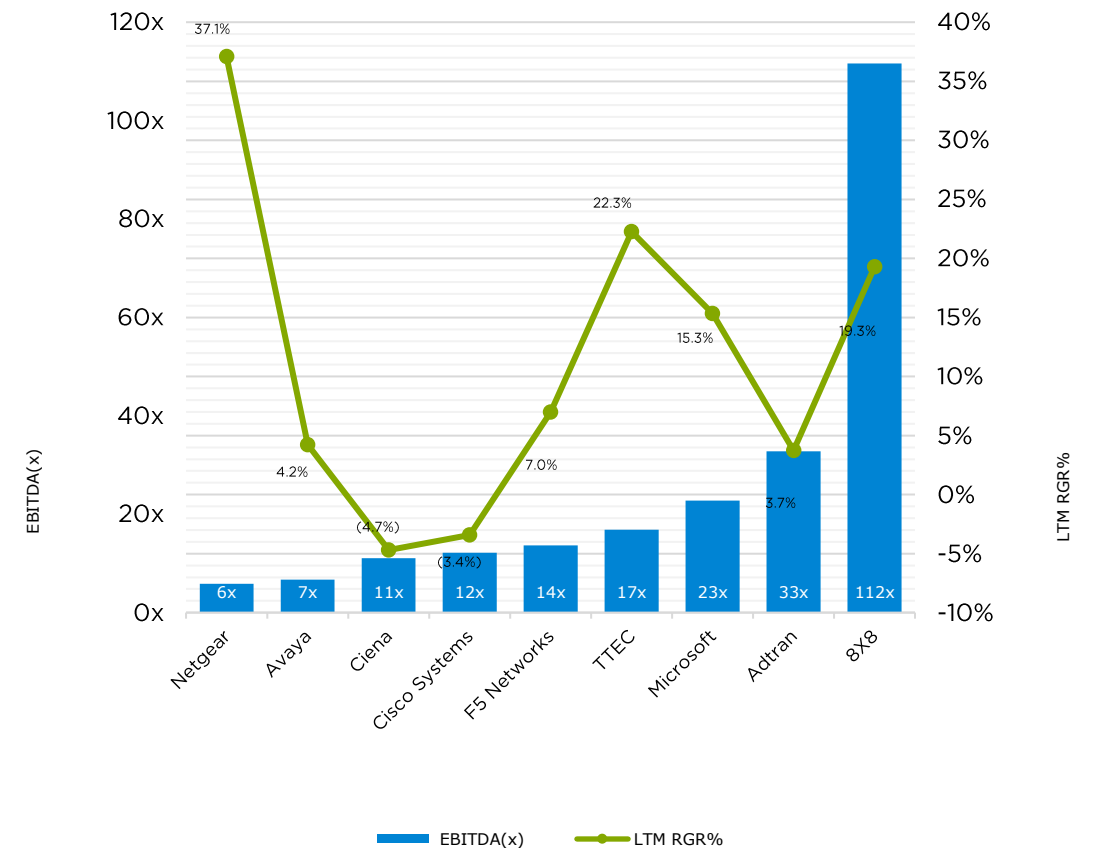


Valuation

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
09-Nov-20	20/20 Technology	Bagnols Family Office Investment Partners	-	-	-	-
18-Mar-21	Alliantel	Altamir	-	-	-	-
29-Sep-20	Axia Technology Partners	Delaware Life Insurance Company	20.00	-	2.05	-
12-May-21	Carousel Industries of North America	New State Capital Partners	-	-	-	-
05-Jan-21	Inflow Communications	Renovus Capital Partners	-	-	-	-
01-Jun-21	IPLine	Altamir	-	-	-	-
05-Oct-20	Ivocom	GCC Group (Managed IT services)	-	-	-	-
01-Dec-20	Kandy Communications	American Virtual Cloud Technologies	45.00	-	-	-
05-Jan-21	LincLogix	BCM One	-	-	-	-
26-May-21	M2 Enterprise Group	Berkshire Partners	-	-	-	-
18-Mar-21	Martello Technologies Group	#VALUE!	0.35	12.77	-	-
07-Dec-20	MicroCorp	AppSmart	-	-	-	-
17-Dec-20	MTM Technologies	Axispoint Technology Solutions Group	-	-	-	-
05-Mar-21	NetRD Bilgi Teknolojileri ve Telekomünikasyon	MERA (Switzerland)	9.20	-	-	-
16-Mar-21	NextWave Technology Advisors	ARG	-	-	-	-
12-Feb-21	South West Communications Group	Bowmark Capital	-	-	-	-
31-Mar-21	Star2Star Communications	Sangoma Technologies	560.00	-	7.05	38.10
09-Mar-21	Systal Technology Solutions	Inflexion Private Equity Partners	-	-	-	-
23-Nov-20	Telarus	Columbia Capital	-	-	-	-
05-Jan-21	TelcoSwitch	Boost&Co	5.38	-	-	-
10-Sep-20	Tele-Verse Communications	CCi Voice	-	-	-	-
23-Oct-20	UCware	#VALUE!	-	-	-	-
20-Apr-21	Wavenet	Macquarie Group	-	-	-	-
02-Feb-21	Waycom (France)	Adista	-	-	-	-
21-Dec-20	Welltel	Livingbridge	-	-	-	-

Appendix

*Public Basket
Contact Information*



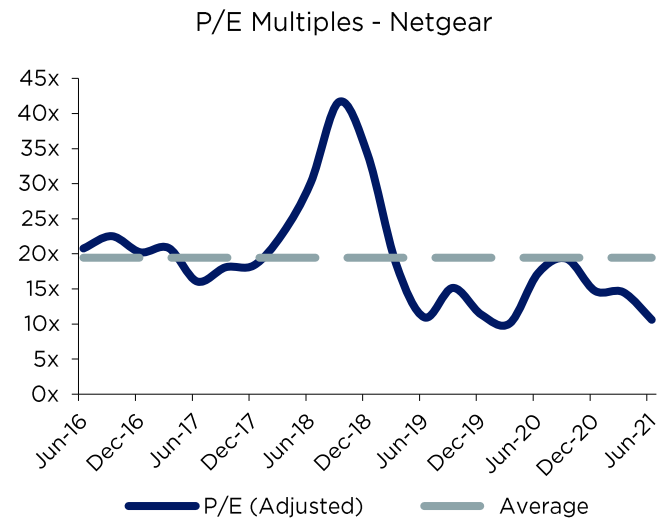
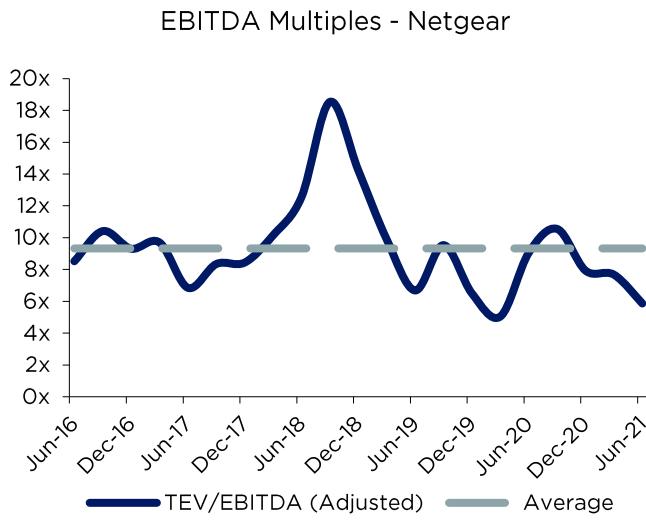
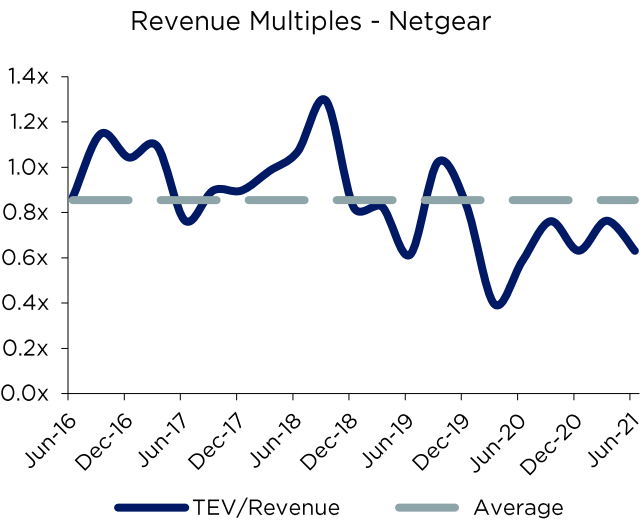
Netgear

Netgear Inc is a provider of networking solutions.

The reportable segments of the company are connected home, and Small and Medium Business (SMB). The Connected Home segment focuses on consumers and consists of high-performance, dependable and easy-to-use 4G/5G mobile, Wi-Fi internet networking solutions and smart devices such as Orbi Voice smart speakers and Meural digital canvas; and SMB focused on small and medium-sized businesses and consists of business networking, storage, wireless LAN and security solutions that bring enterprise-class functionality to small and medium-sized businesses at an affordable price.

Public Basket

Netgear



Company Name	Date	Deal Synopsis
Boomerang (Automotive)	27-Jan-20	The company raised \$2.63 million through a combination of Seed funding in a deal led by Netgear on January 27, 2020, putting the company's pre-money valuation at \$5.6 million. Eldorado Oil and Gas, R42 Group, Presley Warner, Ronjon Nag and Venture Highway also participated in the round.
Circle (Electronics (B2C))	22-Feb-19	The company raised \$20 million of Series B venture funding from Netgear, T-Mobile Ventures and Third Kind Venture Capital on February 22, 2019. Relay Ventures, Touchdown Ventures and other undisclosed investors also participated in this round. The funds will be used for growth of Circle's brand awareness and overall platform through its range of offerings, including direct to consumer software and hardware products, cloud solutions delivered through mobile carrier partners, and embedded solutions delivered through OEM router partners.

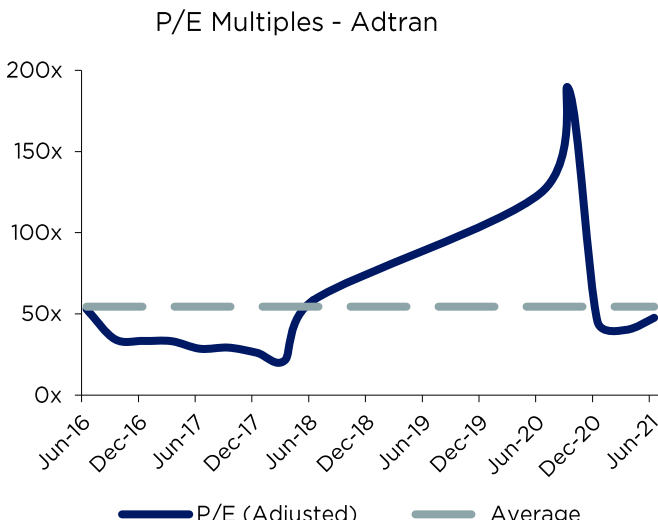
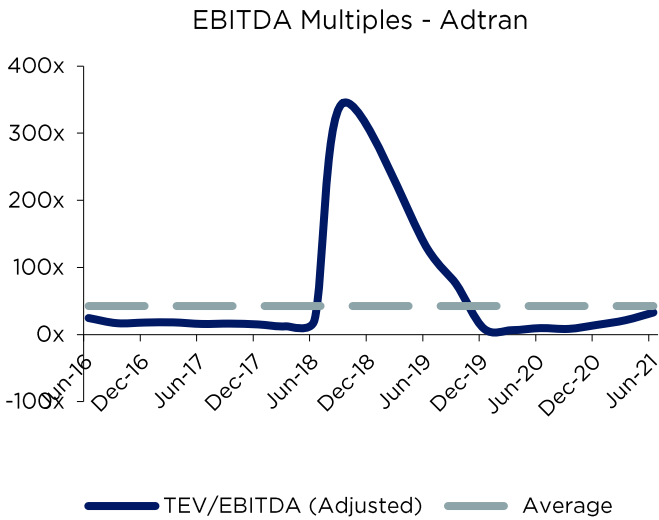
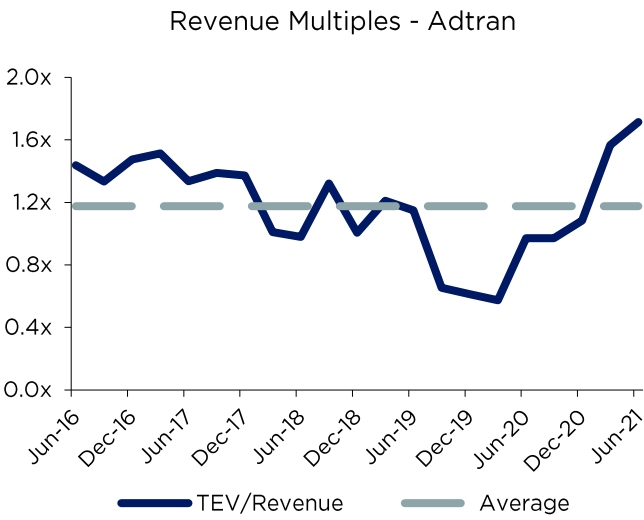
Adtran

Adtran is a global provider of networking and broadband infrastructure solutions, serving a diverse domestic and international customer base in multiple countries that includes Tier-1, 2 and 3 service providers, cable/ MSOs and distributed enterprises.

The company's solutions and services enable voice, data, video and internet communications across a variety of network infrastructures and are in use by millions worldwide.

Public Basket

Adtran



Company Name	Date	Deal Synopsis
Cambridge Communication Systems	25-Feb-19	The company raised GBP 5.65 million of venture funding from Etagra Group, Adtran and IP Group on February 25, 2019, putting the company's pre-money valuation at GBP 4.6 million. IQ Capital Partners and Cambridge Angels also participated in the round. The funds will be used to support development of its next-generation wireless access and backhaul product suite, including the Metnet 1200 mmWave platform in the licensed 24/26/28GHz bands, and the Metnet 60G product in the unlicensed 60GHz mmWave bands.
SmartRG	30-Nov-18	The company was acquired by Adtran (NAS: ADTN) for \$16.042 million on November 30, 2018.

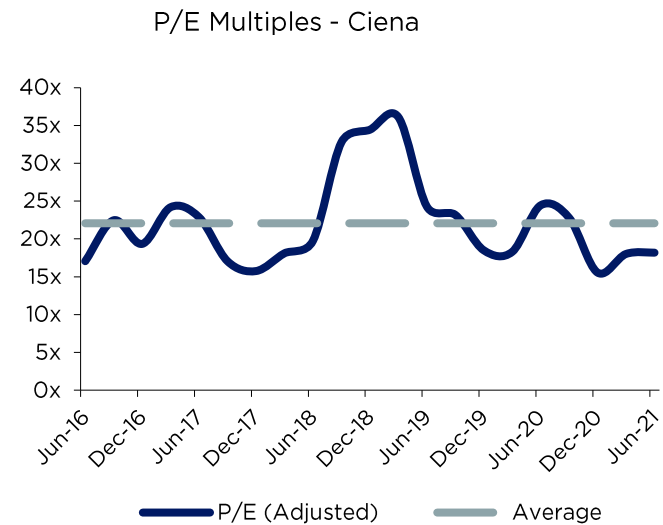
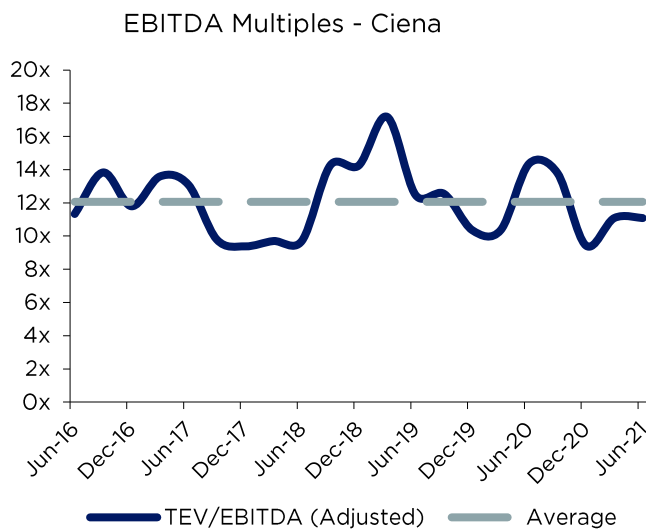
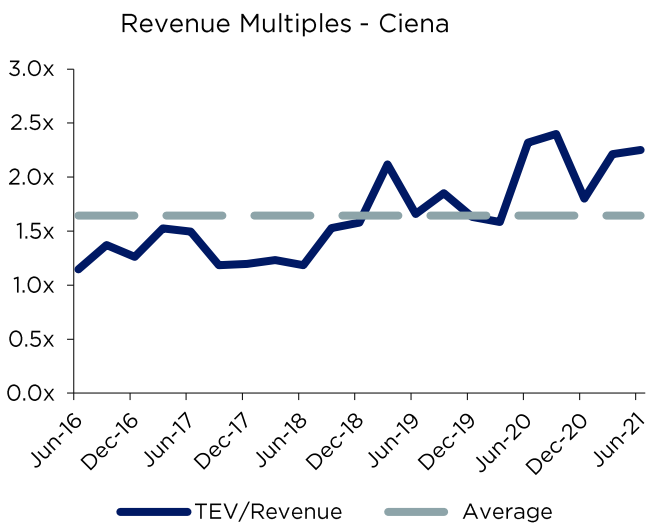
Ciena

Ciena Corp is a network strategy and technology company.

It provides network hardware, software, and services that support the transport, switching, aggregation, service delivery, and management of video, data, and voice traffic on communications networks. It serves various industries such as communication services providers, web-scale providers, cable operators, government, and large enterprises worldwide. The business activities function through Networking Platforms; Platform Software and Services; Blue Planet Automation Software, and Global Services segments. Geographically, its presence is seen in the markets of the United States, Canada, the Caribbean, Latin America, Europe, the Middle East, Africa, the Asia Pacific, Japan, and India.

Public Basket

Ciena



Company Name	Date	Deal Synopsis
Waymo	3/23/20	The company raised \$3 billion of venture funding in a deal led by Silver Lake Management, Canada Pension Plan Investment Board and Mubadala Investment Company on May 12, 2020, putting the company's pre-money valuation at \$27.75 billion. Magna International, AutoNation, Perry Creek Capital, Andreessen Horowitz, Fidelity Management & Research, Alphabet, T. Rowe Price and other undisclosed investors also participated in the round. The funding raised will be used to invest in the company's workforce, product development and operating its Waymo One ride-hailing service, as well as its Waymo Via cargo and goods transportation service.
Lime	1/6/20	The company raised \$170 million of venture funding in a deal led by Uber on May 7, 2020, putting the company's pre-money valuation at \$340 million. GV, Bain Capital Ventures, Alphabet, Ajax Strategies and other undisclosed investors also participated in the round. The funds will be used to reaffirm the company's market strength and position the company to build a long-lasting business that empowers people with sustainable, safe and affordable transportation options.

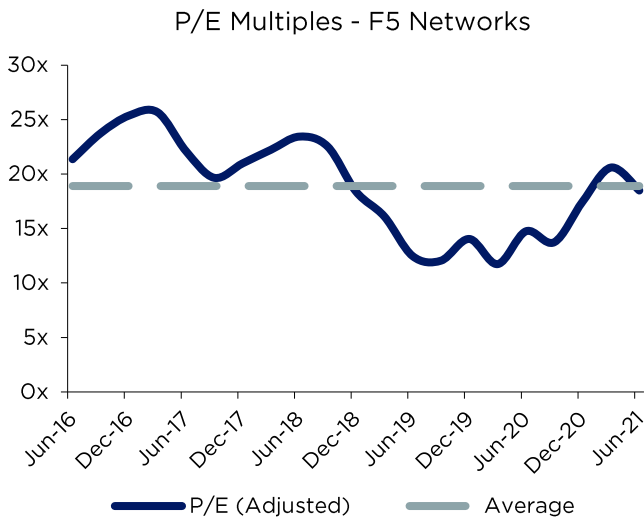
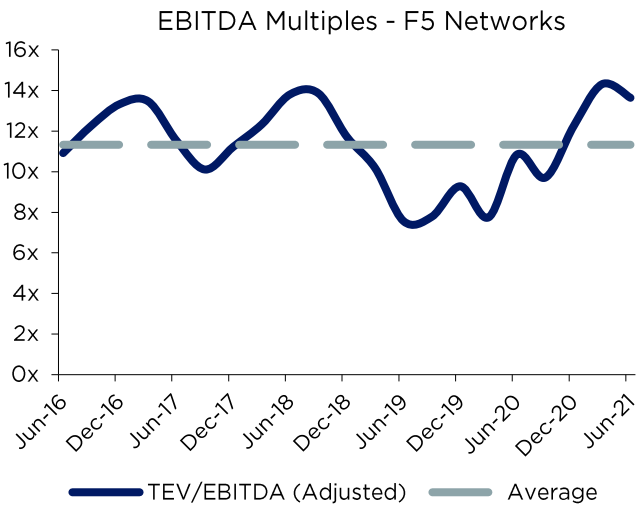
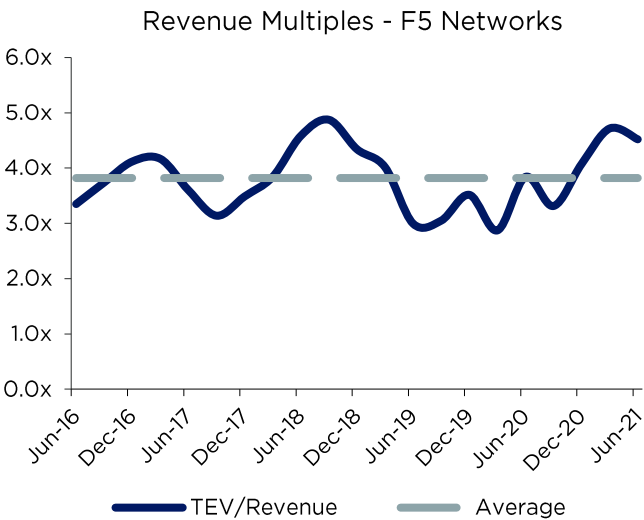
F5 Networks

F5 Networks is a market leader in the application delivery controller market.

The company sells products for networking traffic, security, and policy management. Its products ensure applications are safely routed in efficient manners within on-premises data centers and across cloud environments. More than half of its revenue is based on providing services, and its three customer verticals are enterprises, service providers, and government entities. The Seattle-based firm was incorporated in 1996 and generates sales globally.

Public Basket

F5 Networks



Company Name	Date	Deal Synopsis
Volterra	26-Jan-21	The company was acquired by F5 Networks (NAS: FFIV) for \$440 million on January 26, 2021.
Shape Security	24-Jan-20	The company was acquired by F5 Networks (NAS: FFIV) for \$1.028 billion on January 24, 2020.

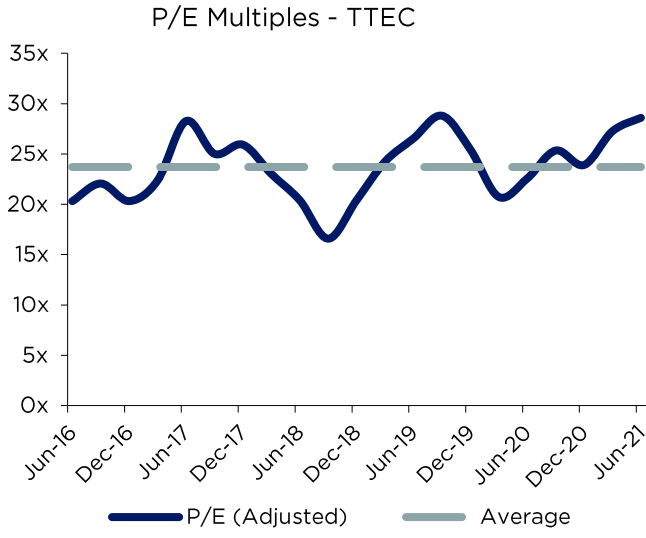
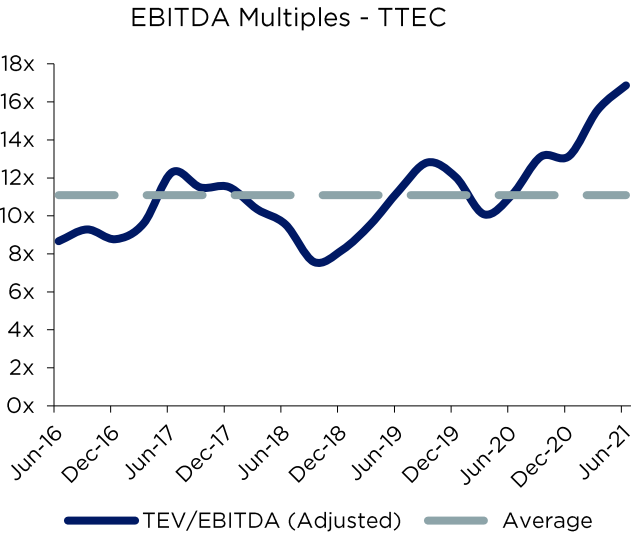
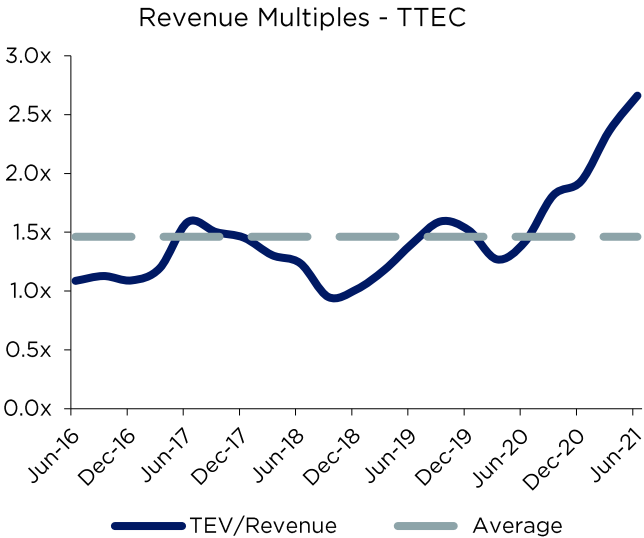
TTEC

TTEC Holdings provides customer engagement management tools and services.

The company operates through four operating segments that are organized into two groups, TTEC Digital and TTEC Engage. TTEC Digital is engaged in building and implementing cloud-based and on-premises customer experience tools that enable clients to develop customer engagement strategies. TTEC Engage focuses on delivering sales and marketing solutions to help clients boost their revenue as well as on managing customer's front-to-back office processes to optimize the customer experience. TTEC Engage contributes the vast majority of the company's revenue, and most of the sales are derived from North America, followed by Asia-Pacific and India.

Public Basket

TTEC



Company Name	Date	Deal Synopsis
Avtex Solutions	08-Apr-21	The company was acquired by TTEC (NAS: TTEC) for an undisclosed amount on April 8, 2021.
VoiceFoundry	05-Aug-20	The company was acquired by TTEC (NAS: TTEC) for \$45.89 million on August 5, 2020. The acquisition will enable TTEC to provide speed, agility and expand its CX Marketplace with AWS's cloud-first solutions that can accelerate digital CX transformation for its clients.

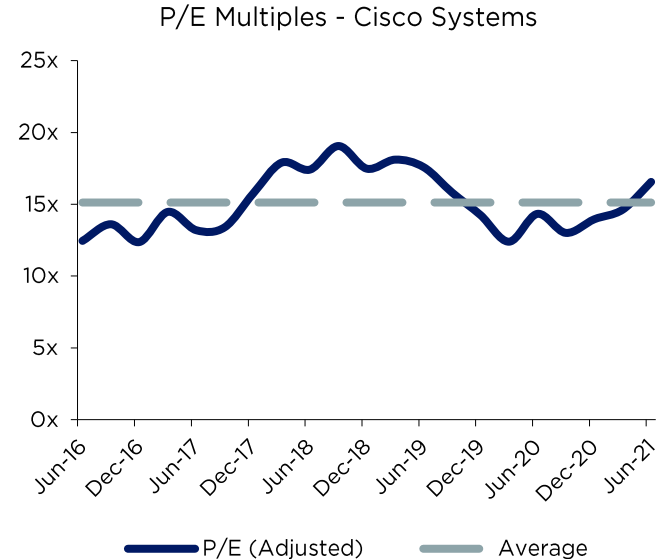
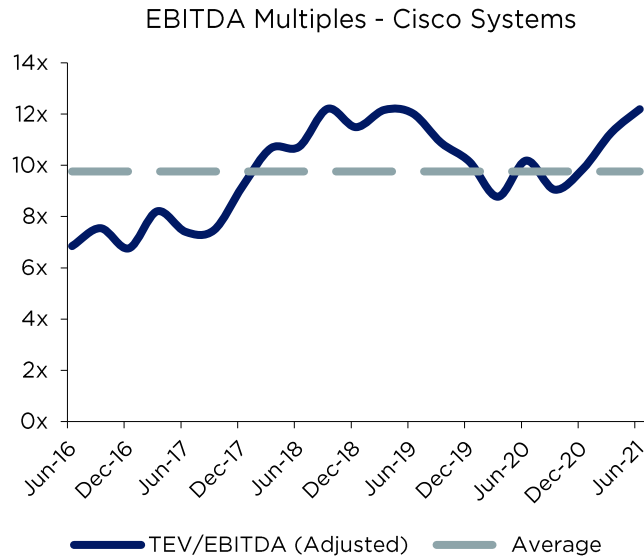
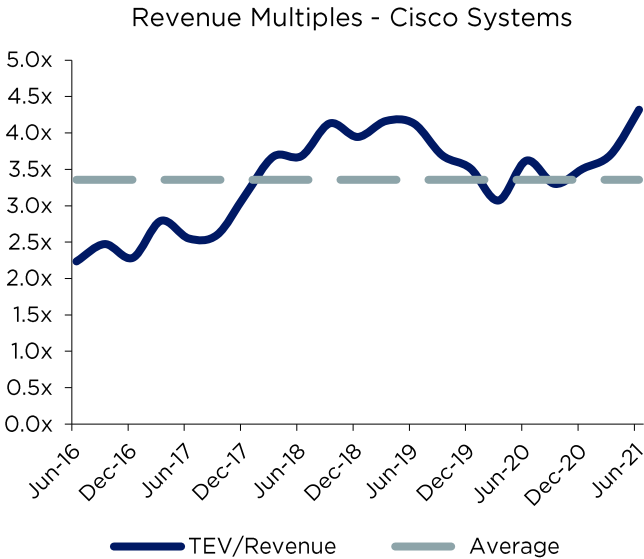
Cisco Systems

Cisco Systems, Inc.

is the world's largest hardware and software supplier within the networking solutions sector. The infrastructure platforms group includes hardware and software products for switching, routing, data center, and wireless applications. Its applications portfolio contains collaboration, analytics, and Internet of Things products. The security segment contains Cisco's firewall and software-defined security products. Services are Cisco's technical support and advanced services offerings. The company's wide array of hardware is complemented with solutions for software-defined networking, analytics, and intent-based networking. In collaboration with Cisco's initiative on growing software and services, its revenue model is focused on increasing subscriptions and recurring sales.

Public Basket

Cisco Systems



Company Name	Date	Deal Synopsis
Socio (Business/Productivity Software)	12-May-21	The company reached a definitive agreement to be acquired by Cisco Systems (NAS: CSCO) for an undisclosed amount on May 12, 2021.
Sedona Systems	11-May-21	The company reached a definitive agreement to be acquired by Cisco Systems (NAS: CSCO) for \$100 million on May 11, 2021.

Microsoft

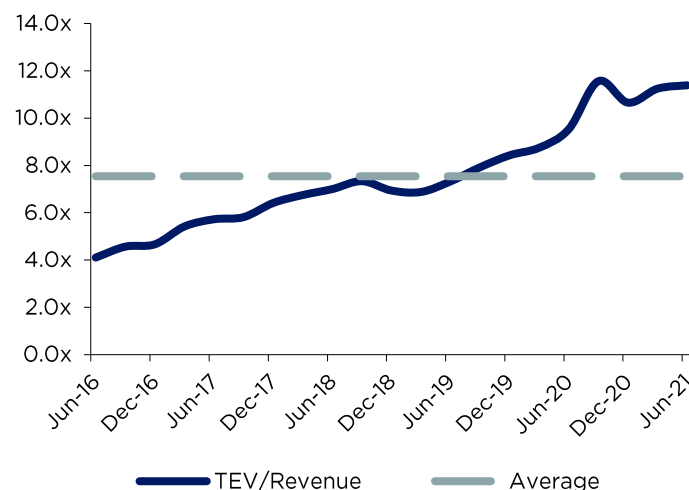
Microsoft develops and licenses consumer and enterprise software.

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).

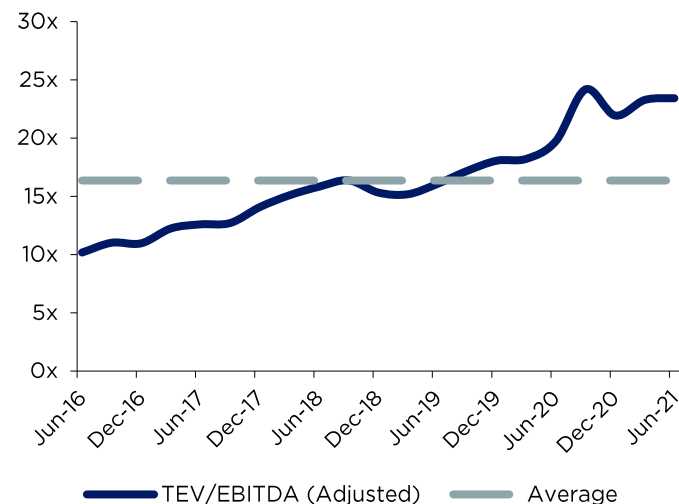
Public Basket

Microsoft

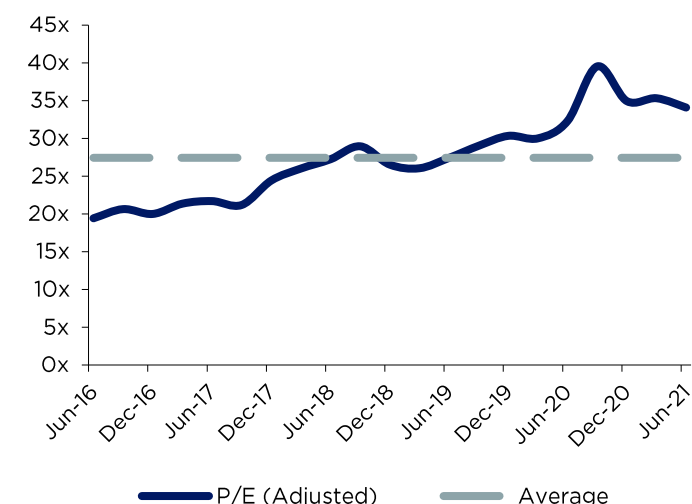
Revenue Multiples - Microsoft



EBITDA Multiples - Microsoft



P/E Multiples - Microsoft



Company Name	Date	Deal Synopsis
Bukalapak	15-Apr-21	The company raised \$234 million of venture funding in a deal led by Elang Mahkota Teknologi, Microsoft and Government of Singapore Investment Corporation (GIC) on April 15, 2021. Naver, Standard Chartered and SC Ventures also participated in the round.
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.

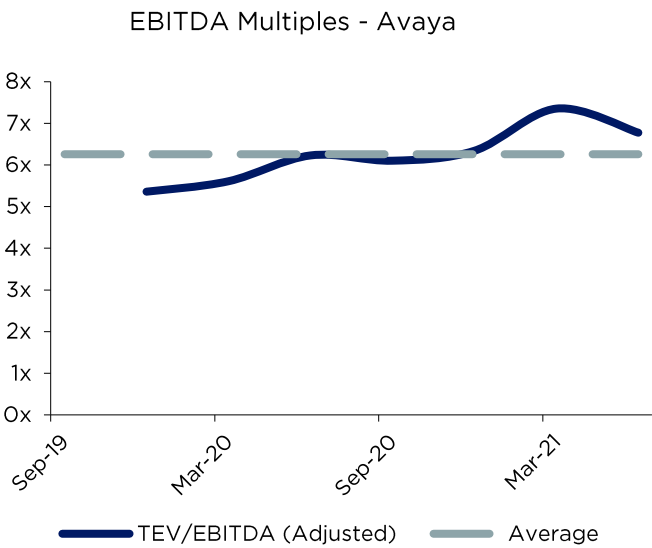
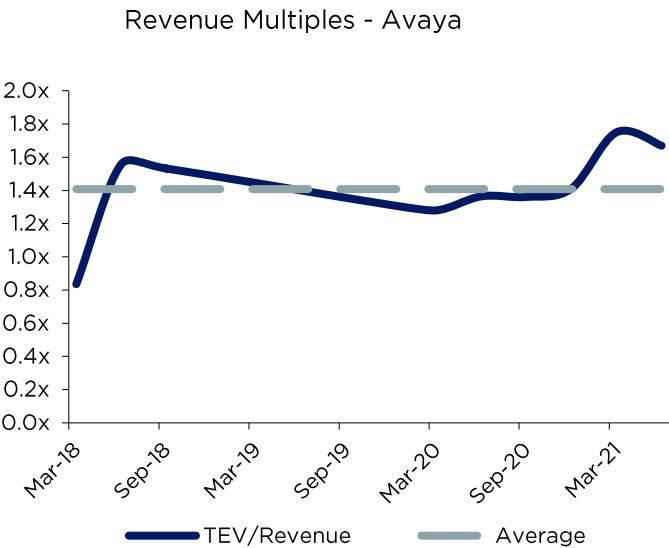
Avaya

Avaya Holdings Corp provides digital communications products, solutions, and services for businesses.

Avaya Holdings Corp provides digital communications products, solutions, and services for businesses. The company has two operating segments namely Products and Solutions, and Services. Products and Solutions offer Unified Communications and Contact Center platforms, applications and devices. It helps to offer an open, extensible development platform so that customers and third parties can easily create custom applications and automated workflows for their unique needs. Whereas Services consists of three business areas: Global Support Services, Enterprise Cloud and Managed Services and Professional Services. The company generates maximum revenue from the Services segment. Geographically, it derives a majority of revenue from the U.S.

Public Basket

Avaya



Company Name	Date	Deal Synopsis
LingYun ZhiFu Technology	28-Apr-20	The company raised approximately CNY 10 million of Series Pre-A seed funding from Avaya and SUVC on April 28, 2020. ChangDao Capital also participated in the round. This round of funding will be used for research and development of algorithms and platform scenarios, as well as market channel construction and vendor cooperation.
Cogito (Business/Productivity Software)	04-Sep-19	The company raised \$20 million of Series C-1 venture funding in a deal led by New York Life Ventures on September 4, 2019, putting the company's pre-money valuation at \$250 million. Salesforce Ventures, Goldman Sachs Growth Equity, Battery Ventures, Defense Advanced Research Projects Agency, Hearst Ventures, National Institutes of Mental Health, New York Life Ventures, OpenView Venture Partners, Romulus Capital, and Western Technology Investment also participated in the round. The company will use the funds to create a broader offering for existing customers and continue its accelerated go-to-market strategy, including expansion into new industry segments.

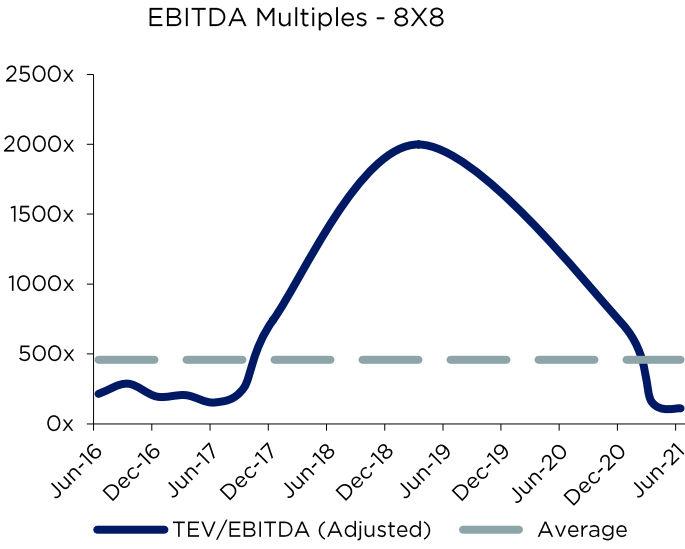
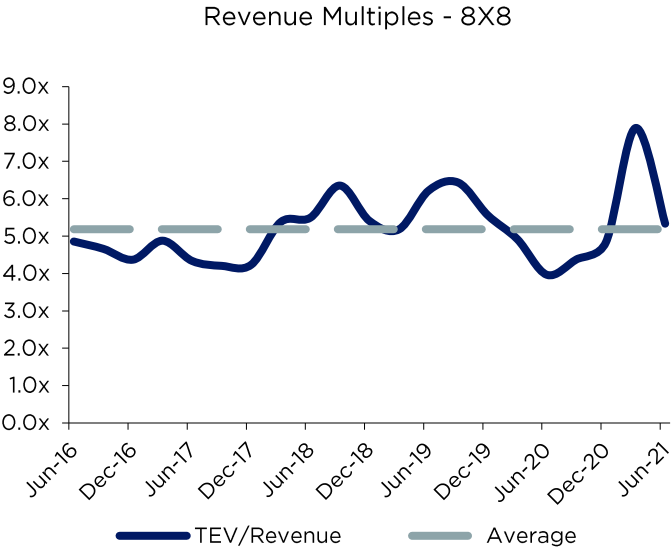
8X8

8x8 Inc provides contact-center-as-a-service and unified-communications-as-a-service software applications to approximately 1.8 million users.

8x8 Inc provides contact-center-as-a-service and unified-communications-as-a-service software applications to approximately 1.8 million users. The company's unified platform enables omnichannel communication to assist employees in communicating across voice, video, text, chat, and contact centers. Geographically, it derives a majority of revenue from the United States.

Public Basket

8X8



Company Name	Date	Deal Synopsis
Callstats.io	01-Jan-20	The company was acquired by 8X8 (NYS: EGHT) for an undisclosed amount in 2020.
Wavecell	17-Jul-19	The company was acquired by 8X8 (NYS: EGHT) for \$125 million on July 17, 2019. The acquisition provides 8X8 with an established technology platform and high-growth revenue business to pursue CPaaS globally.

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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