

7 Mile Advisors



# Sectorwatch: Enterprise Software

July 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.

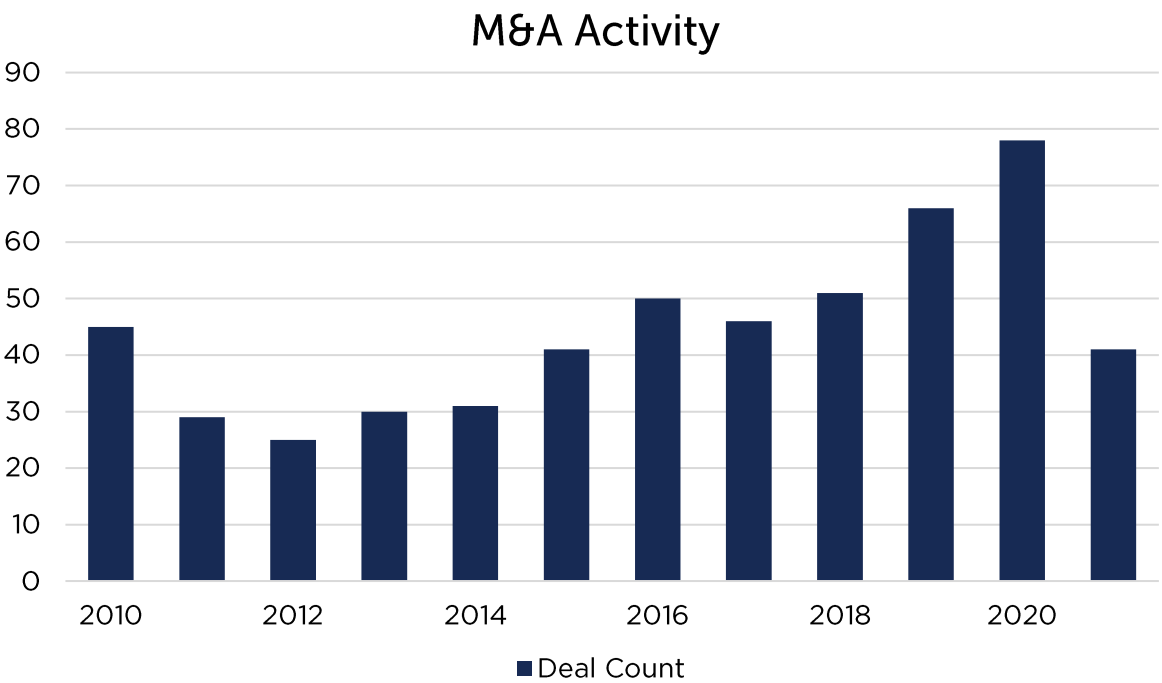
## RECENT DEALS

- The most recently announced deals in the sector

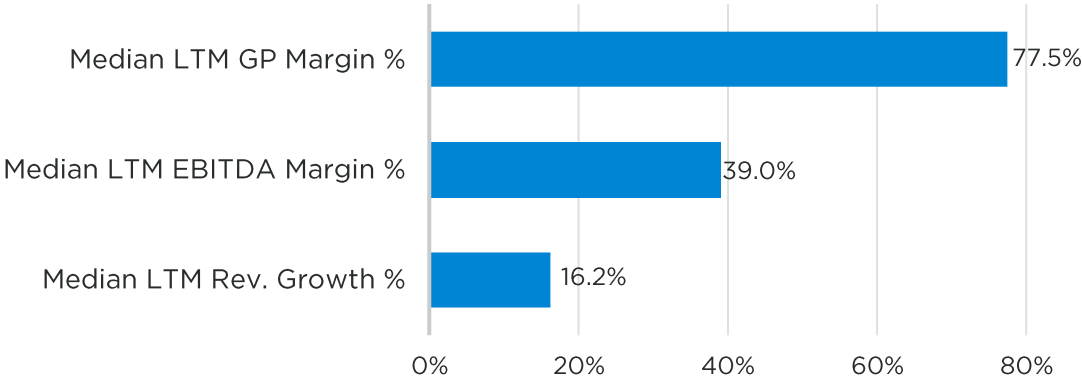
# Dashboard

## REVENUE GROWTH MOMENTUM ↑ 1.5%

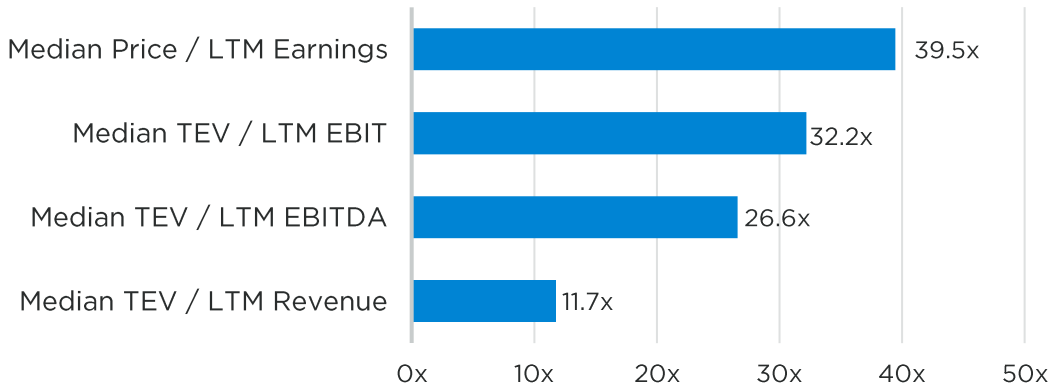
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing



## Operating Metrics

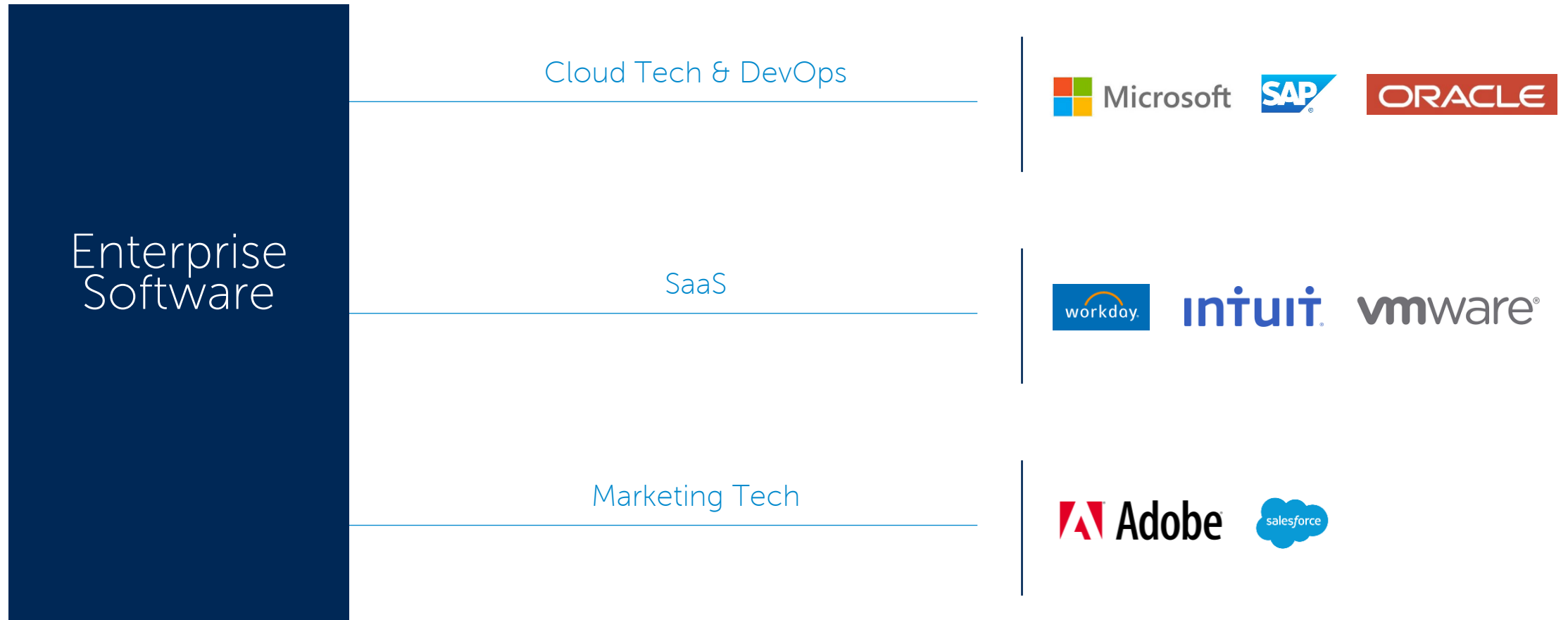


## Valuation



# Public Basket Overview

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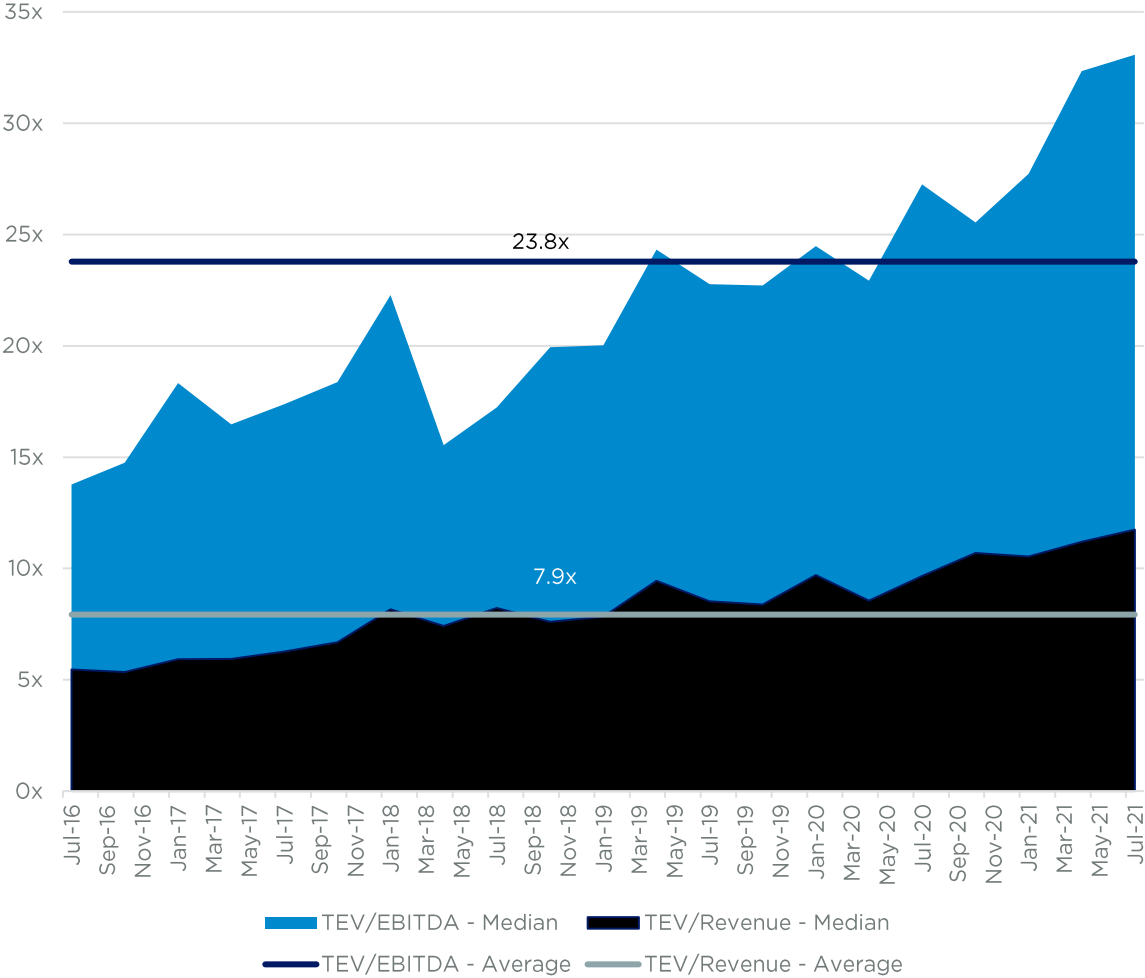


# Public Basket

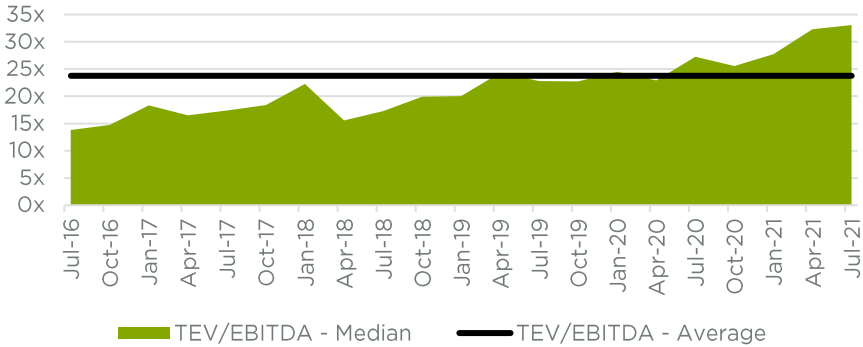
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Workday	58,544	1,348	4,475	17.1%	72.6%	30.1%	13.1x	43.4x	12,500	358
VMware	66,500	3,713	12,027	8.4%	82.6%	30.9%	5.5x	17.9x	34,000	354
Intuit	142,754	3,582	8,888	29.6%	82.7%	40.3%	16.1x	39.9x	12,196	729
SAP	173,679	12,197	32,295	-3.6%	71.9%	37.8%	5.4x	14.2x	102,430	315
Oracle	283,235	20,715	40,479	3.6%	80.6%	51.2%	7.0x	13.7x	135,000	300
Salesforce.com	232,291	5,975	22,350	22.6%	74.3%	26.7%	10.4x	38.9x	56,606	395
Adobe Systems	297,089	6,744	14,389	19.5%	87.9%	46.9%	20.6x	44.1x	22,516	639
Microsoft	2,123,594	79,895	159,969	15.3%	68.4%	49.9%	13.3x	26.6x	163,000	981
<b>Average</b>	422,211	16,771	36,859	14.1%	77.6%	39.2%	11.4x	29.8x	67,281	509
<b>Median</b>	202,985	6,360	18,370	16.2%	77.5%	39.0%	11.7x	32.7x	45,303	376

share price as of 26Jul21

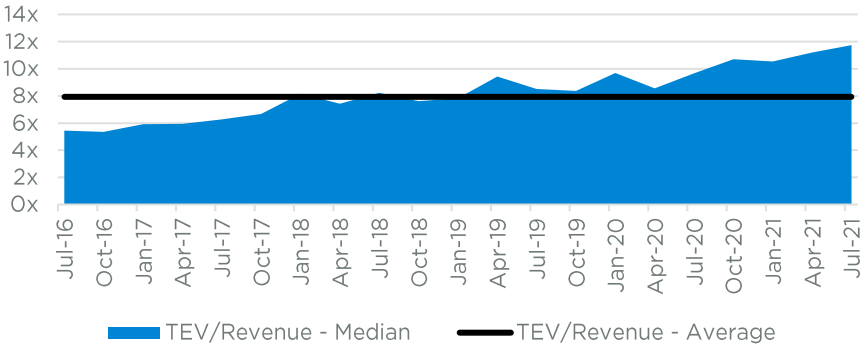
# Public Basket



## Public EBITDA Multiples over Time

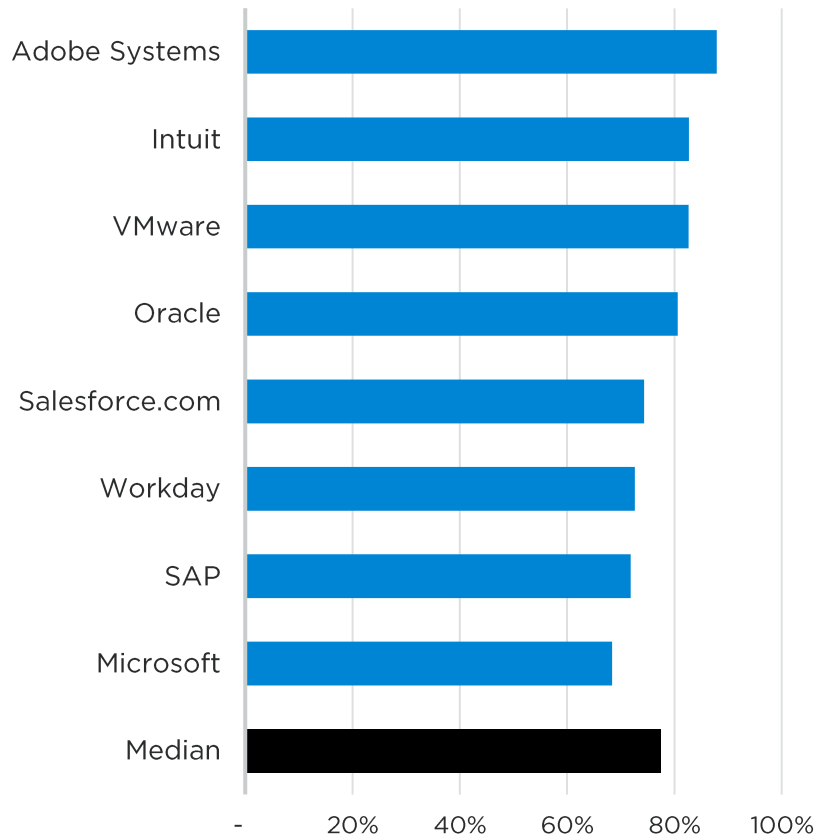


## Public Revenue Multiples over Time

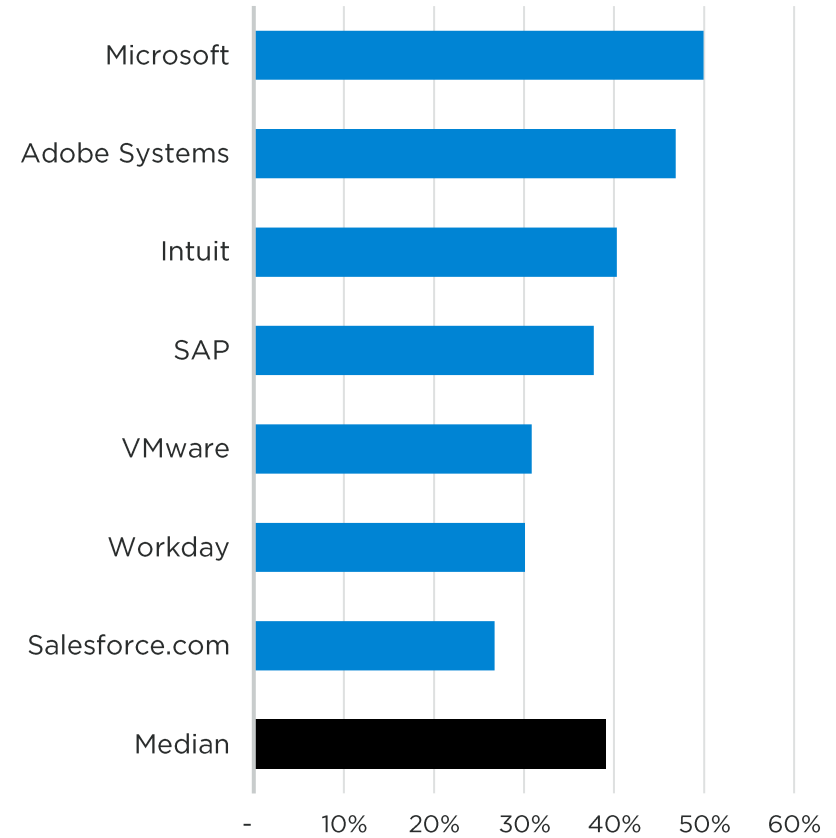


# Operational Metrics

LTM Gross Profit Margin %

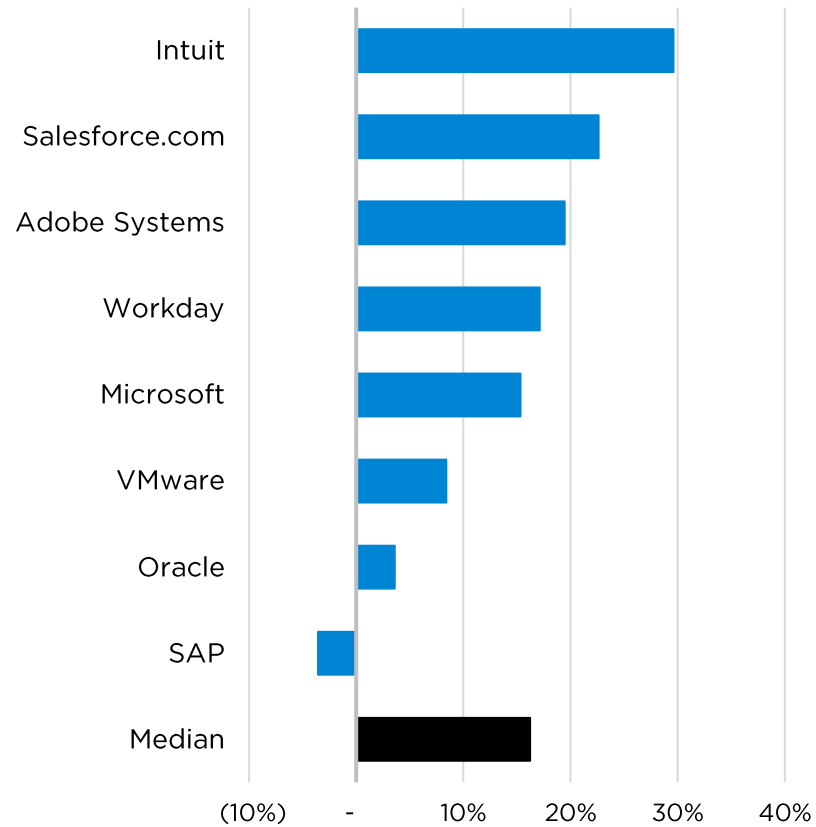


LTM EBITDA %

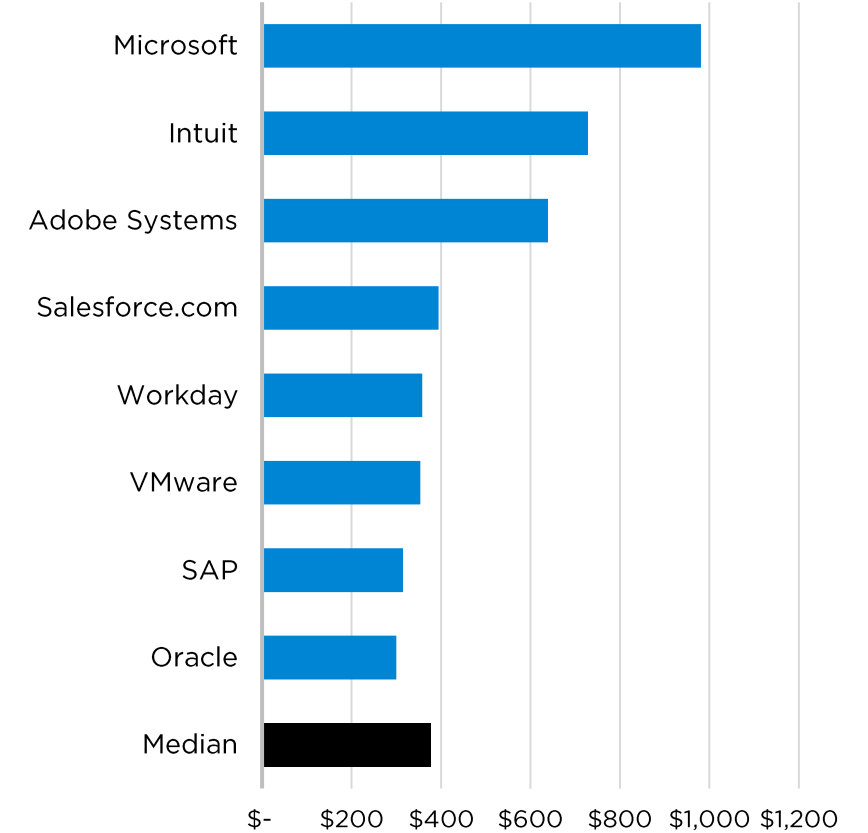


# Operational Metrics

LTM Revenue Growth %

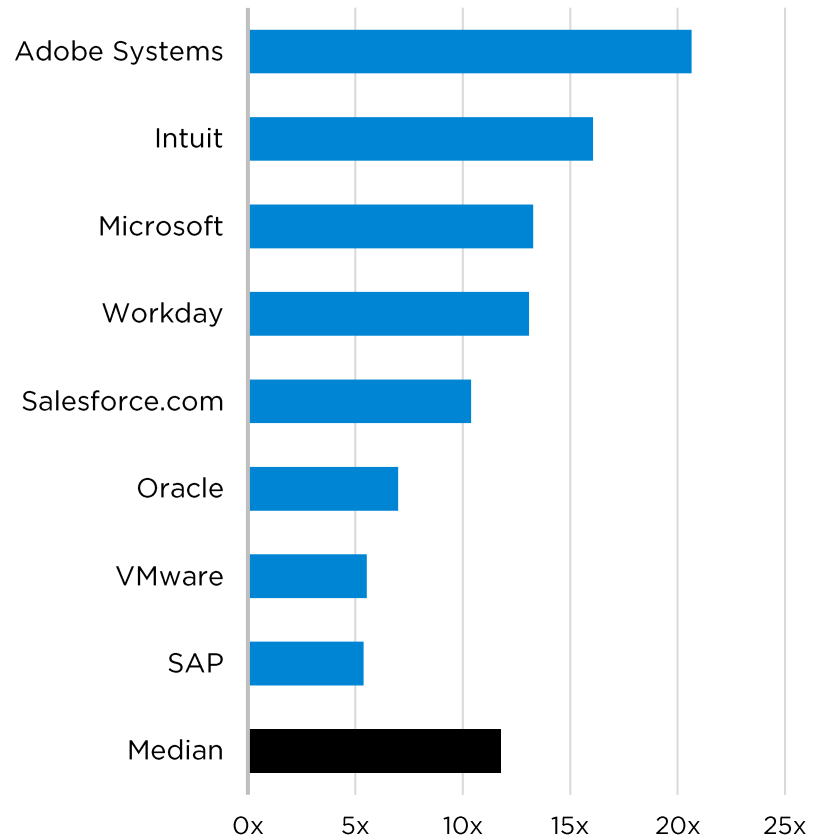


LTM Revenue per Full Time Employee x 000's

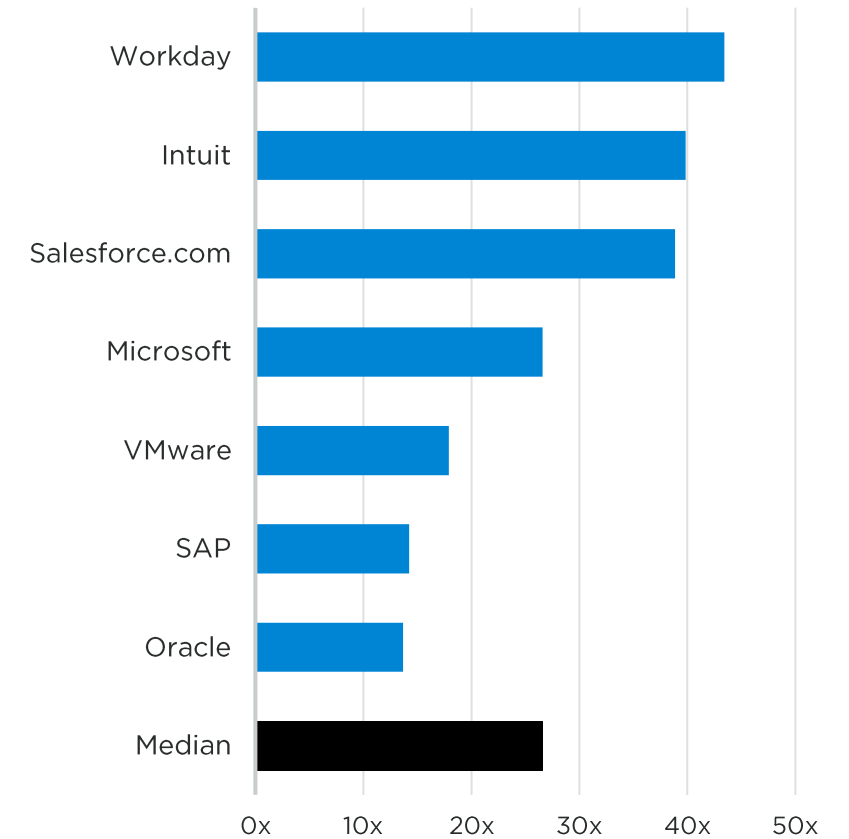


# Valuation

TEV / LTM Revenue

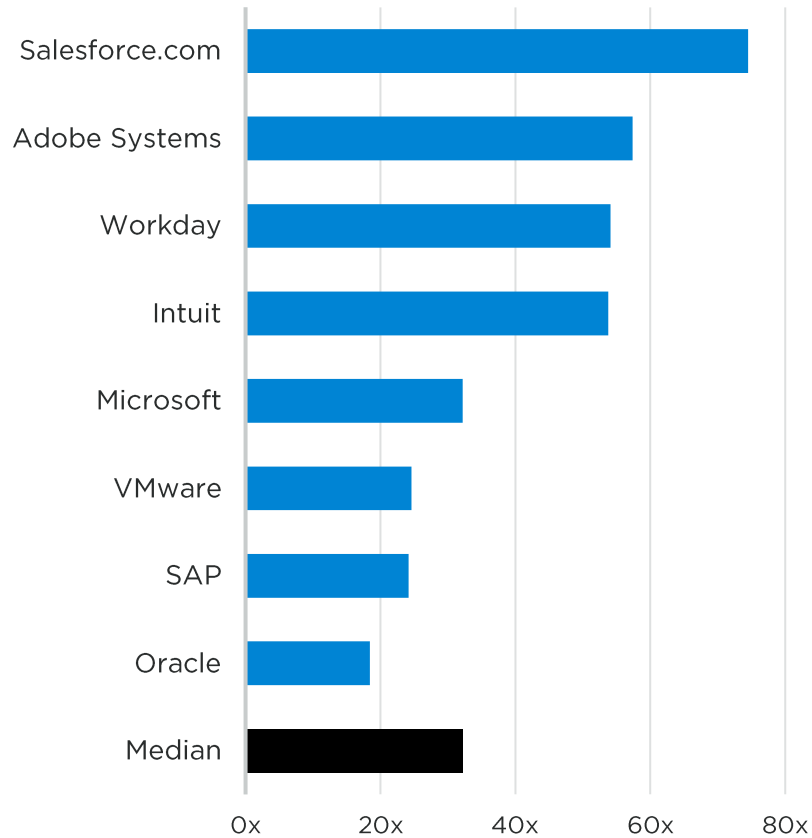


TEV / LTM EBITDA

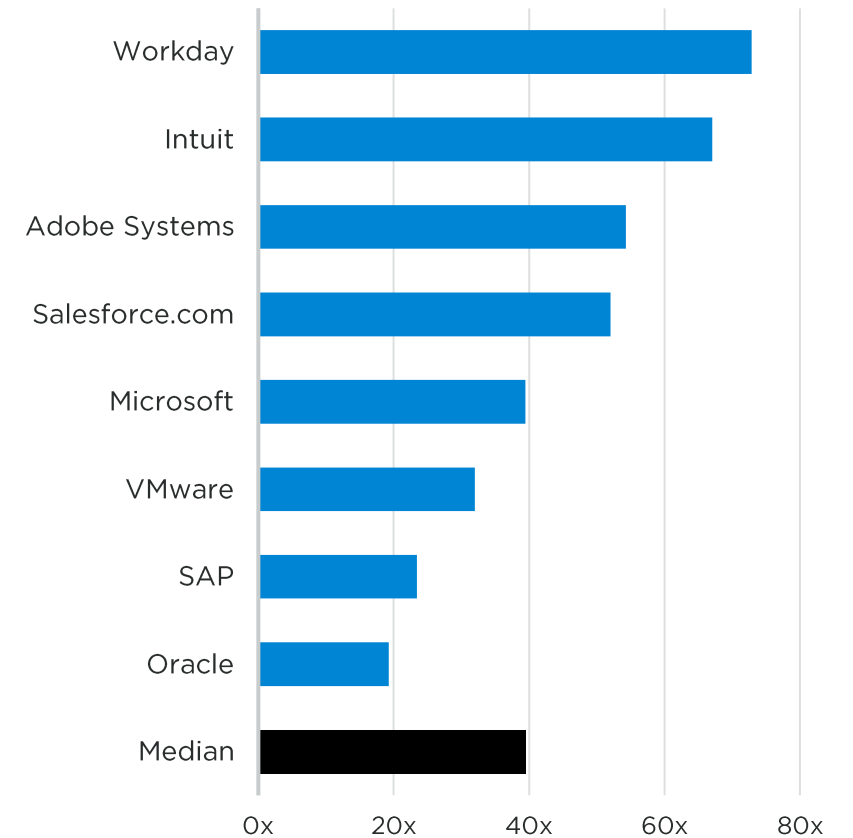


# Valuation

TEV / LTM EBIT

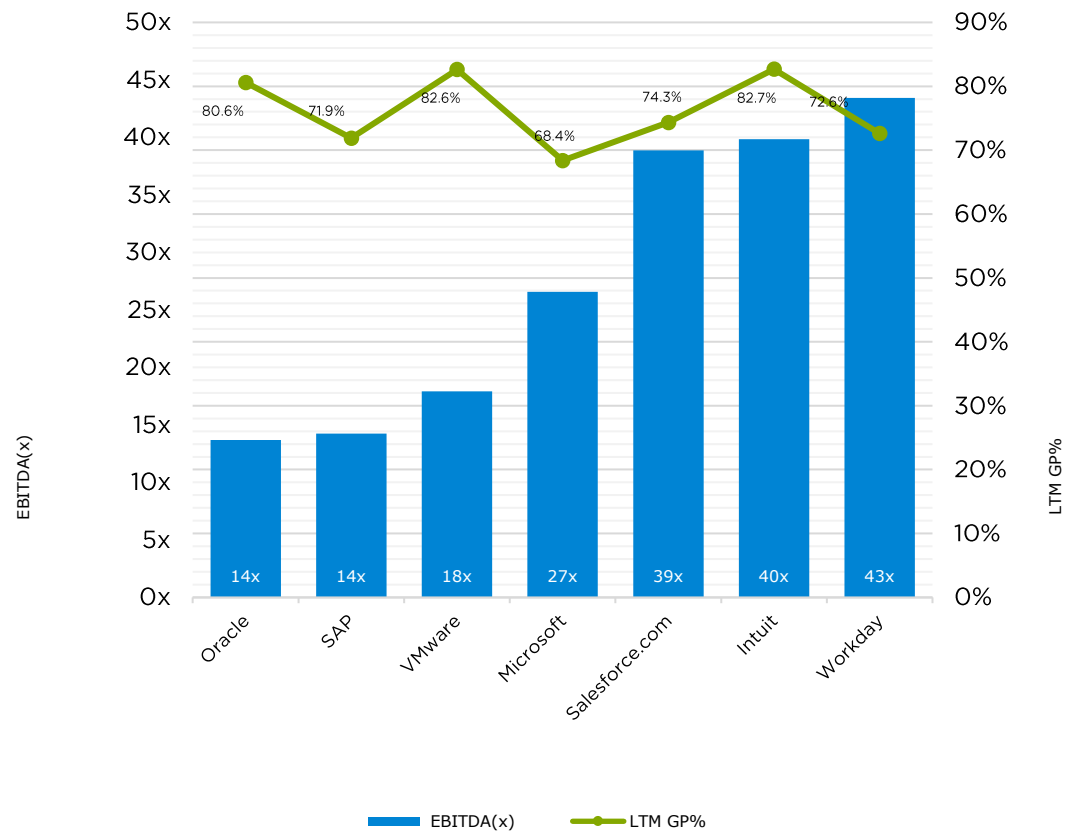


Price / LTM Earnings

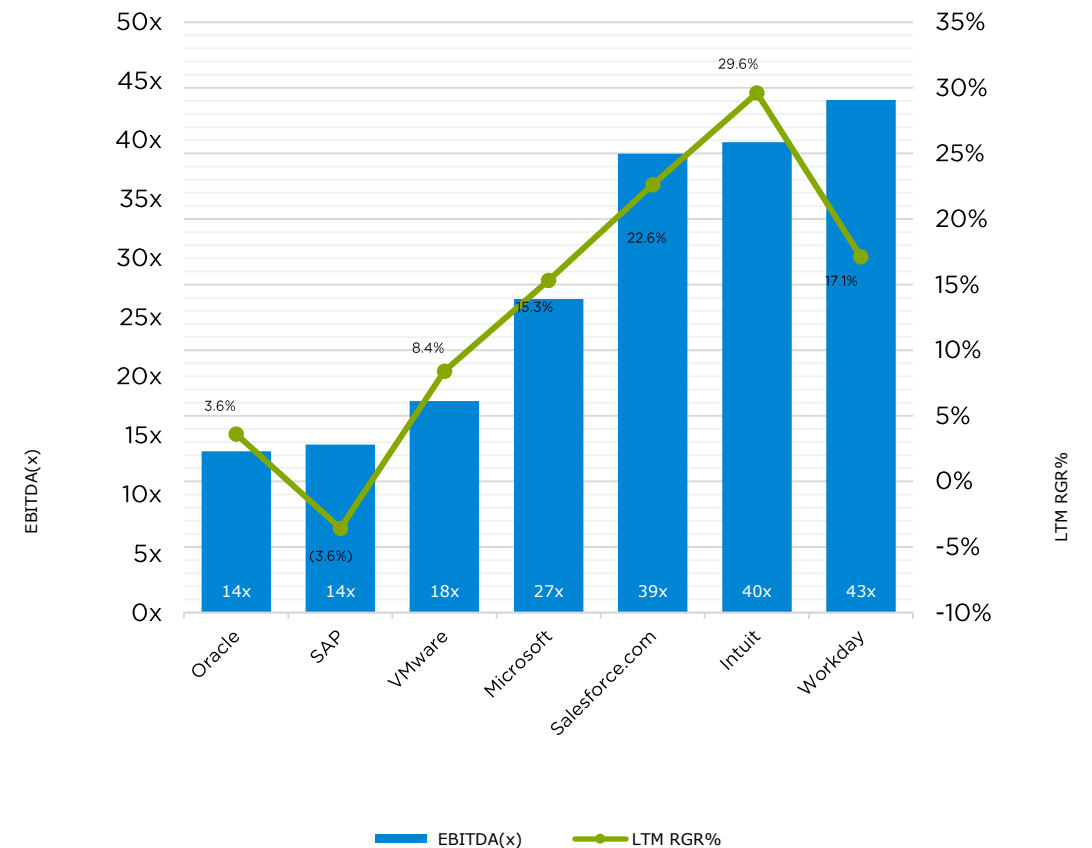


# Valuation

## 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
20-Jul-21	ScalePad	Integrity Growth Partners	-	-	-	-
09-Jul-21	OpsBase	Ideagen	-	-	-	-
29-Jun-21	Causeway Technologies	Five Arrows Principal Investments	-	-	-	-
22-Jun-21	Samya.AI	Apax Partners	-	-	-	-
17-Jun-21	Holded	Visma Group	-	-	-	-
10-Jun-21	Zenoti	TPG	-	-	-	-
31-May-21	Dataset Solutions	Advanced Manufacturing Control Systems	-	-	-	-
28-May-21	ForceClouds	Tencent Industry Win-Win Fund	-	-	-	-
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)	600.0	-	172.6	-
19-Apr-21	rfXcel	Antares Vision	-	-	7.1	-
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	-	-	-	-

# Appendix

*Public Basket  
Contact Information*



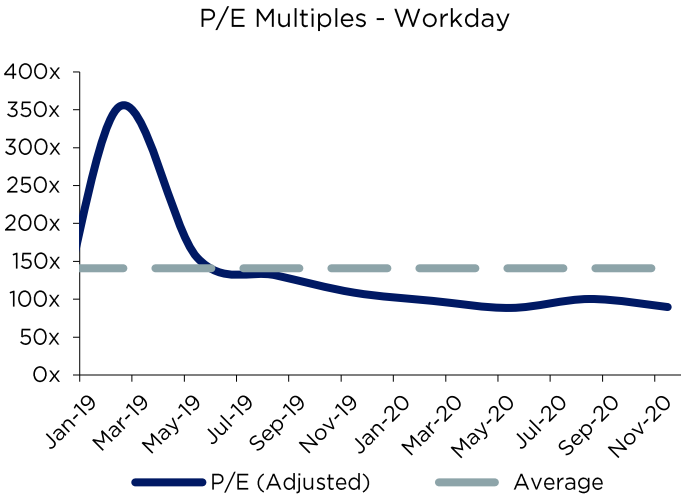
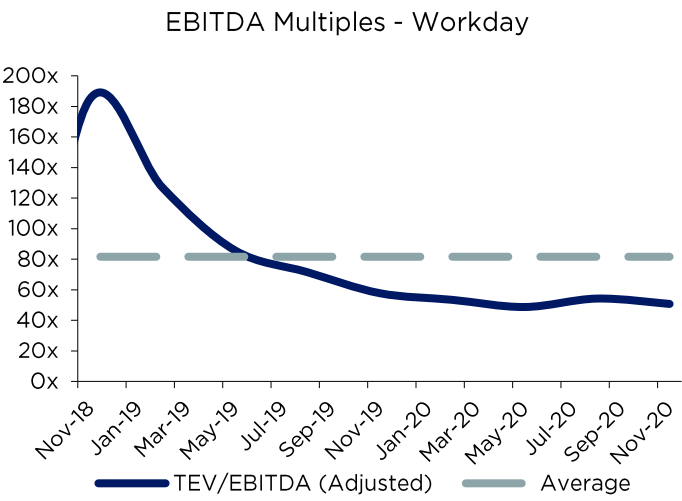
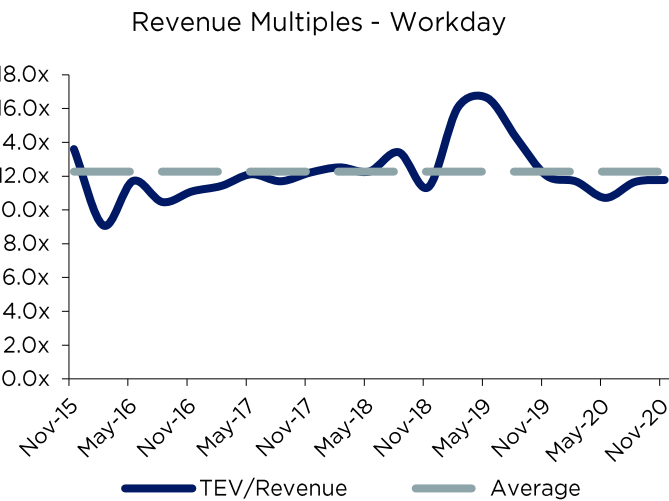
## Workday

**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



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

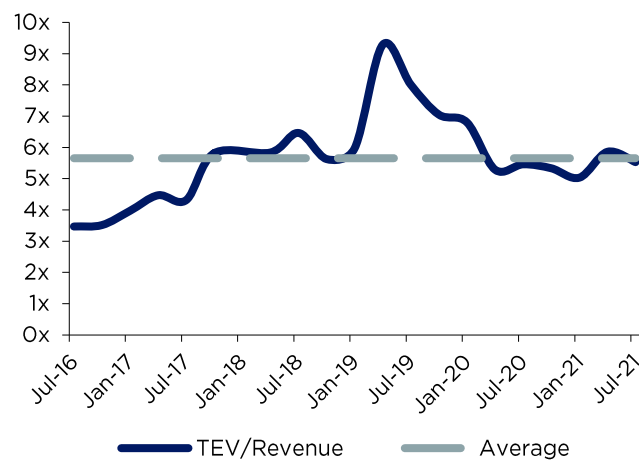
**VMware, a majority-owned subsidiary of Dell, is an industry leader in virtual machines for data center servers and computer desktops.**

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.

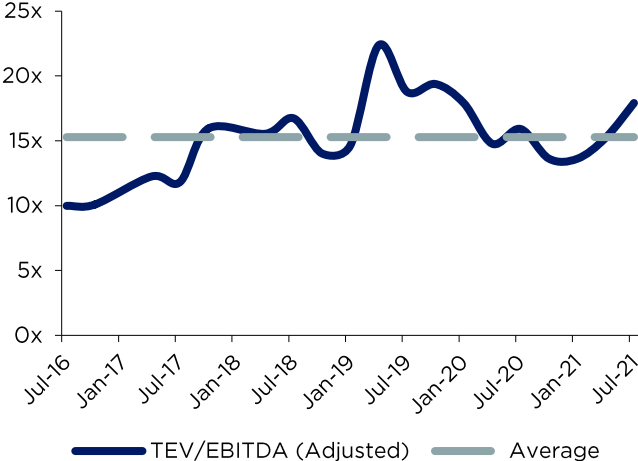
# Public Basket

VMware

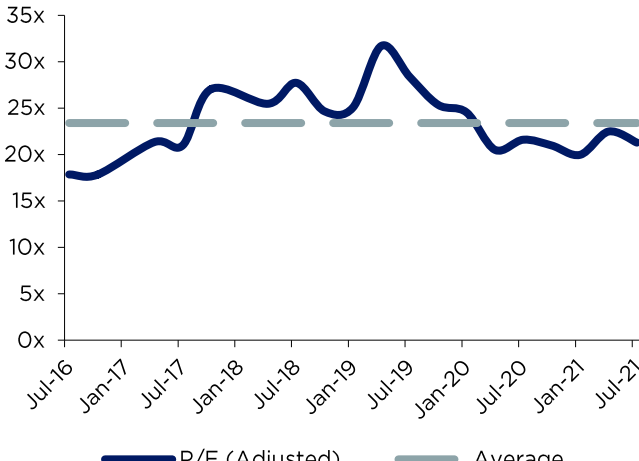
Revenue Multiples - VMware



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.

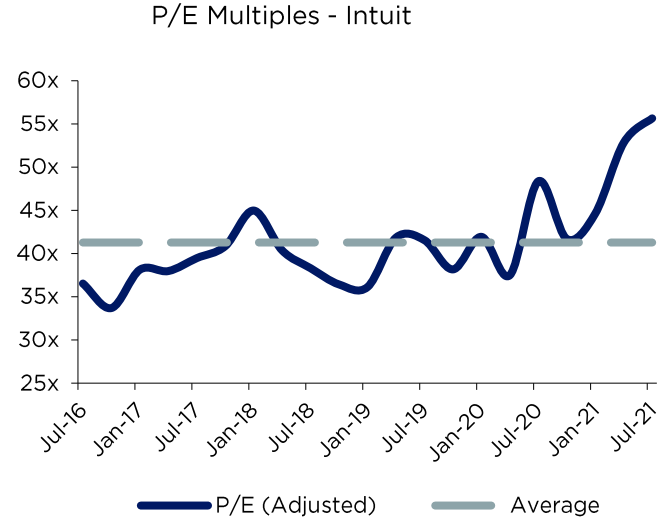
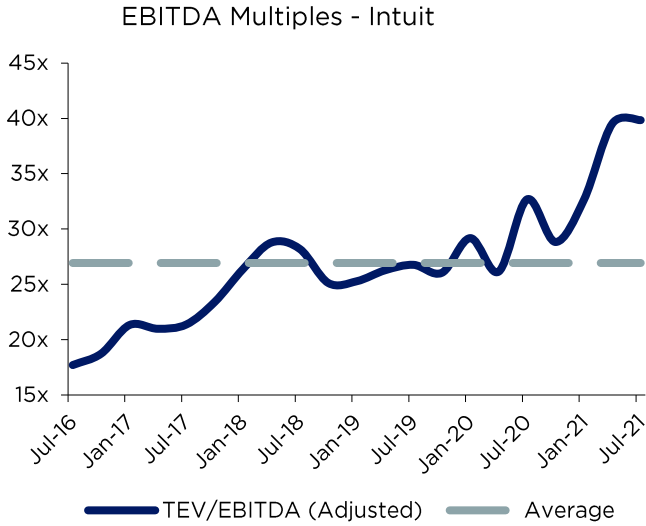
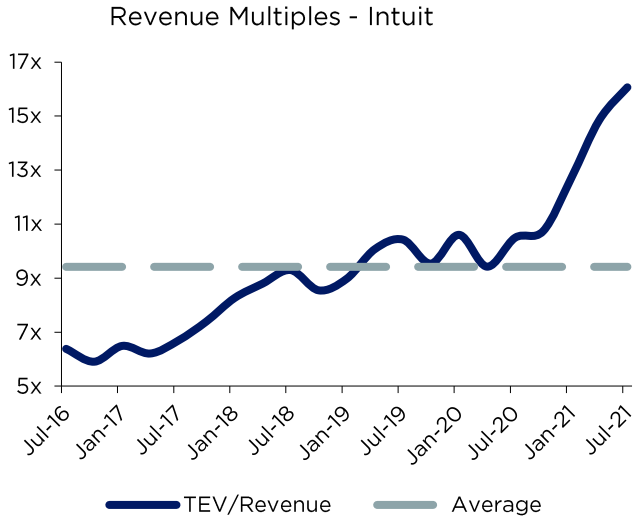
## Intuit

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



Company Name	Date	Deal Synopsis
OneSaas	1/6/20	The company was acquired by Intuit (NAS: INTU) for an undisclosed amount on February 2, 2021. The acquisition allows Intuit to help it integrate third-party eCommerce solutions into its QuickBooks platform.

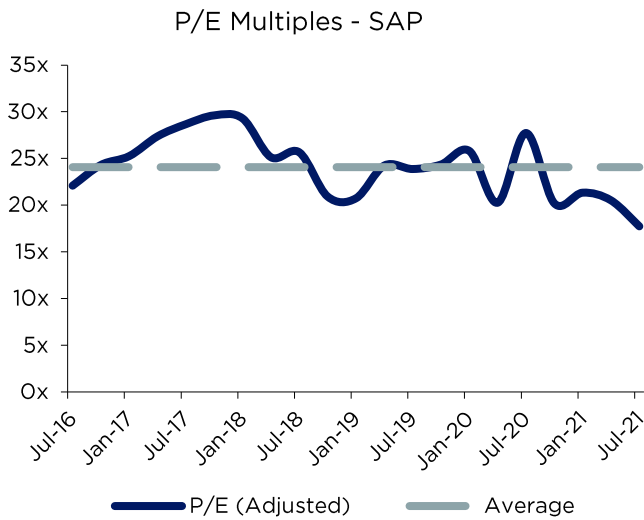
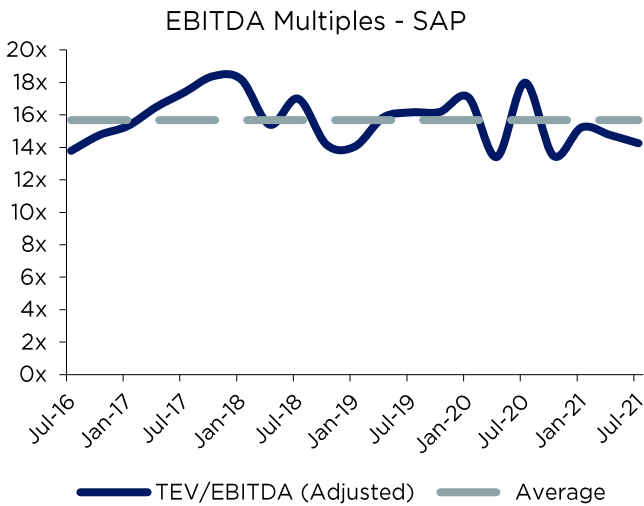
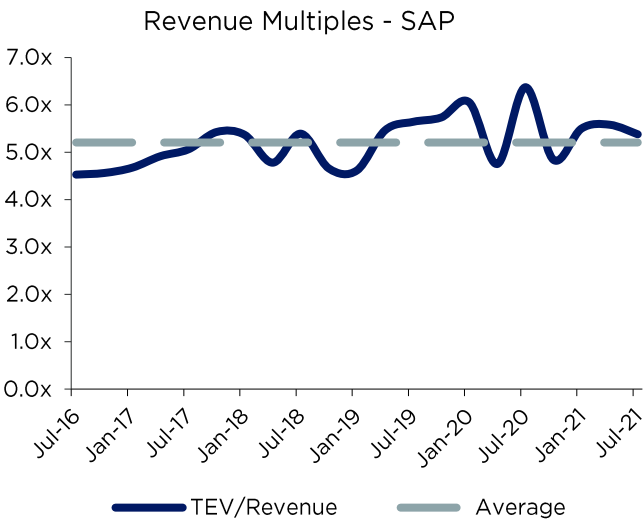
## SAP

**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

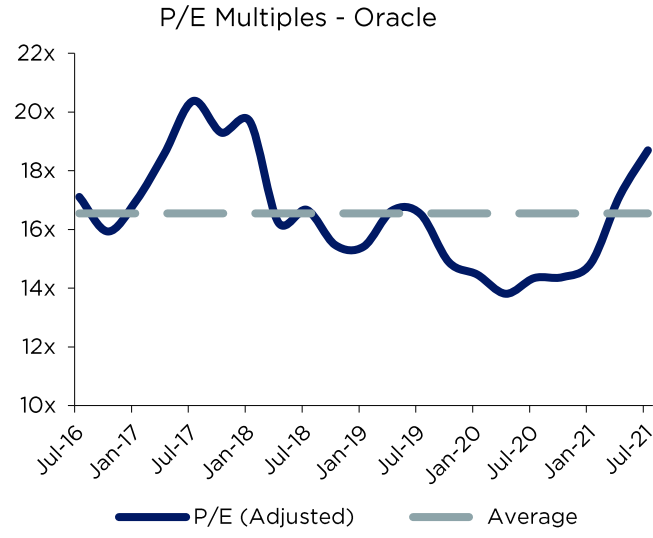
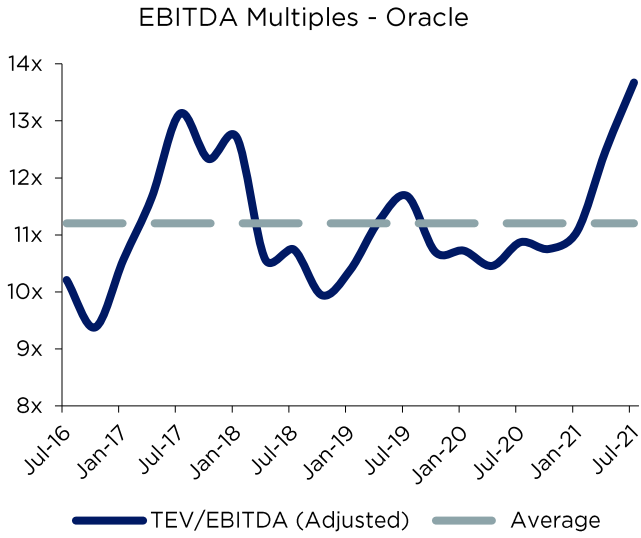
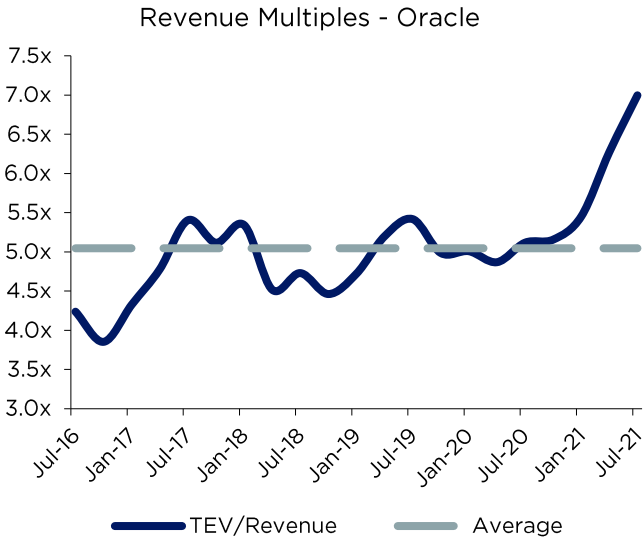
## Oracle

**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
FarApp	06-Apr-21	The company was acquired by Oracle (NYS: ORCL) for an undisclosed amount on April 6, 2021. The acquisition enable Oracle a more seamless and unified experience for NetSuite customers. The FarApp team will join the Oracle NetSuite Global Business Unit organization.

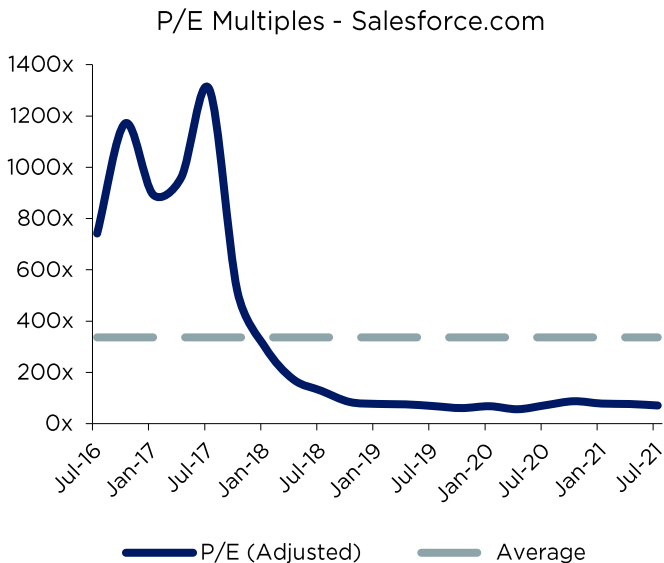
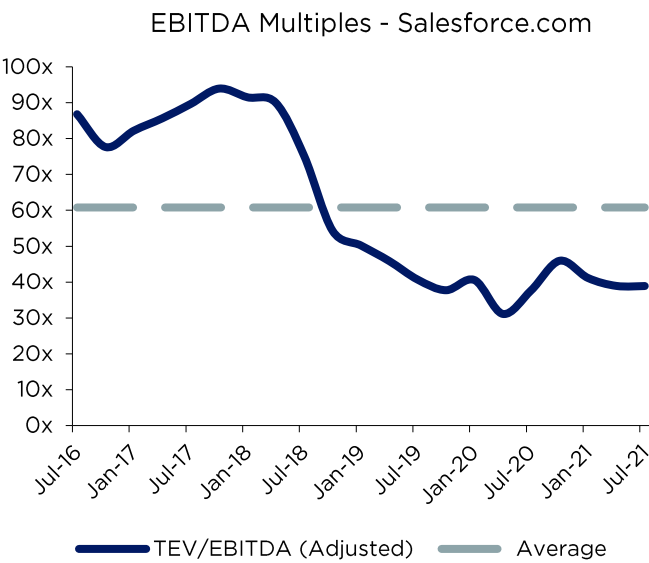
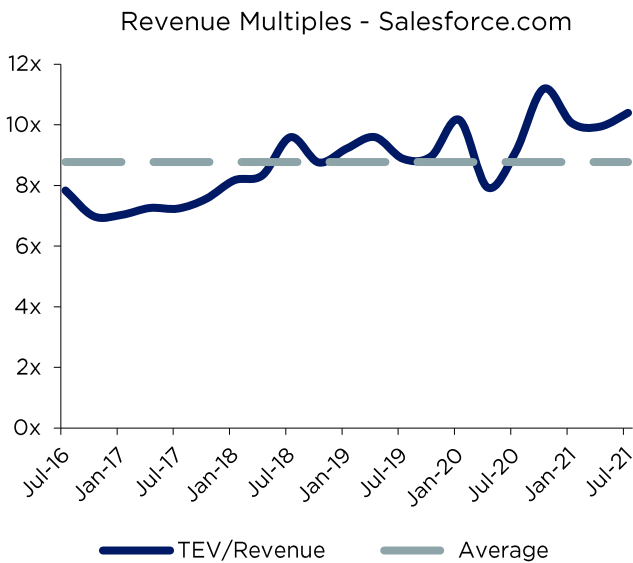
Salesforce.com

**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



Company Name	Date	Deal Synopsis
Acumen Solutions	01-Feb-21	The company was acquired by Salesforce (NYS: CRM) for \$433 million in February 2021. The acquisition will enable Salesforce Professional Services to help industry customers get closer to their clients and constituents through the Customer 360 Platform.

## Adobe Systems

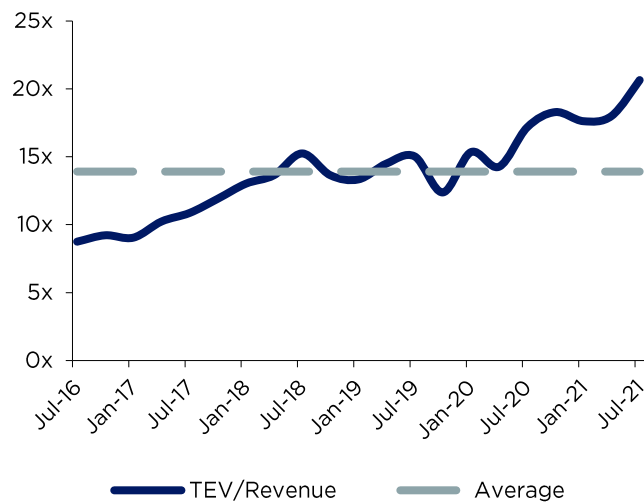
Adobe provides content creation, document management, and digital marketing and advertising software and services to creative professionals and marketers for creating, managing, delivering, measuring, optimizing and engaging with compelling content multiple operating systems, devices and media.

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).

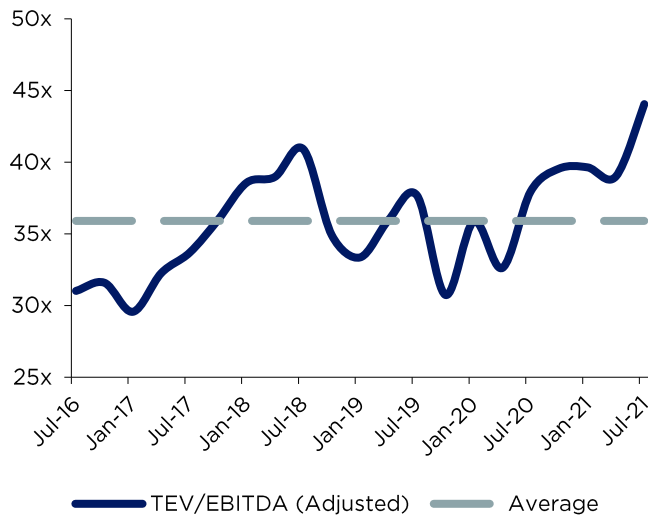
# Public Basket

## Adobe Systems

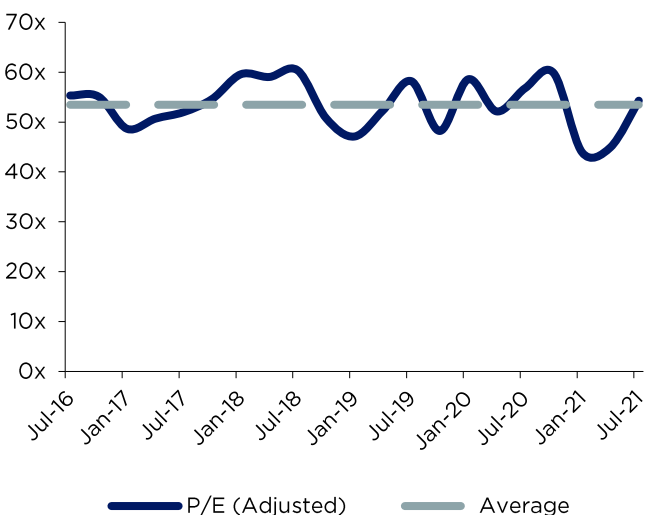
Revenue Multiples - Adobe Systems



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

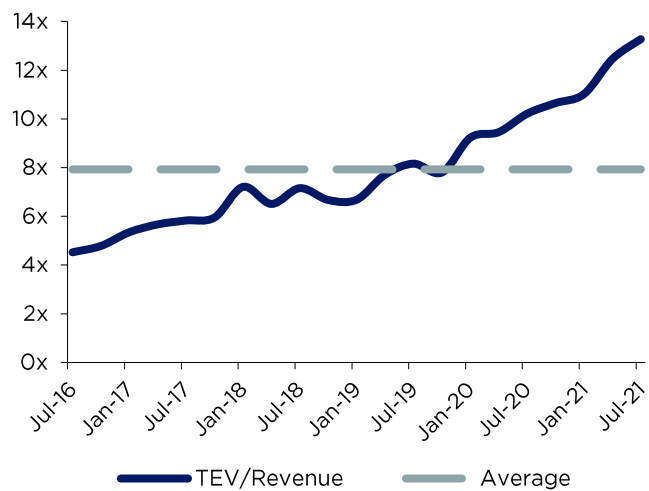
### **Microsoft develops and licenses consumer and enterprise software.**

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).

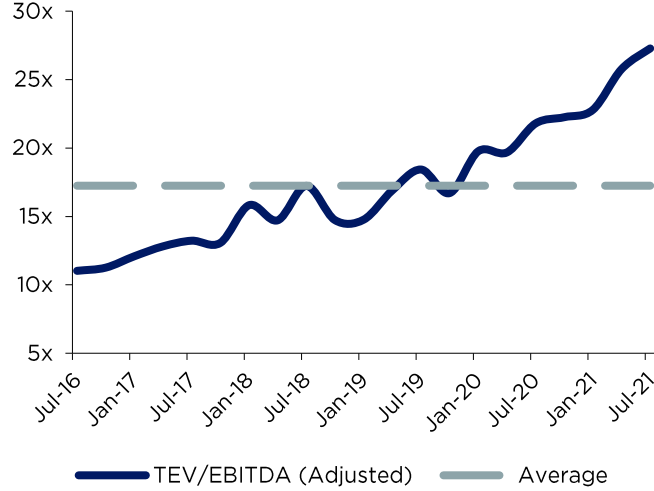
# Public Basket

Microsoft

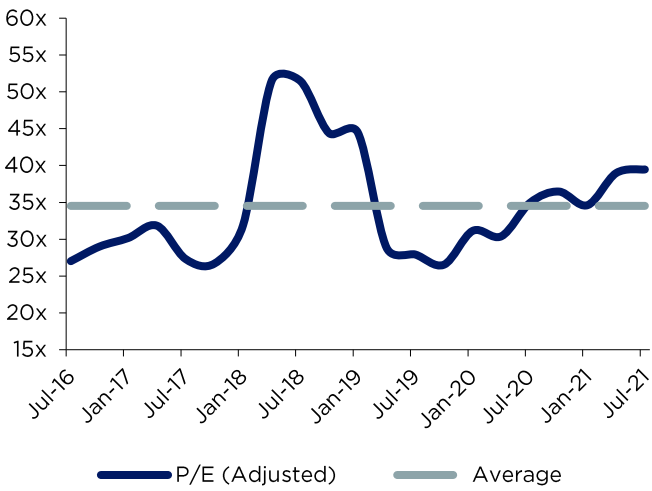
Revenue Multiples - Microsoft



EBITDA Multiples - Microsoft



P/E Multiples - Microsoft



Company Name	Date	Deal Synopsis
Louisiana Technology Park	29-Jun-21	The company received \$262,000 of grant funding from Microsoft on June 29, 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.



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