

7 Mile Advisors



# Sectorwatch: Enterprise Software

August 2021



# Enterprise Software

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- 4    [Sector Dashboard](#)
- 5    [Public Basket Overview](#)
- 6    [Public Basket Performance](#)
- 8    [Operational Metrics](#)
- 11   [Valuation 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.

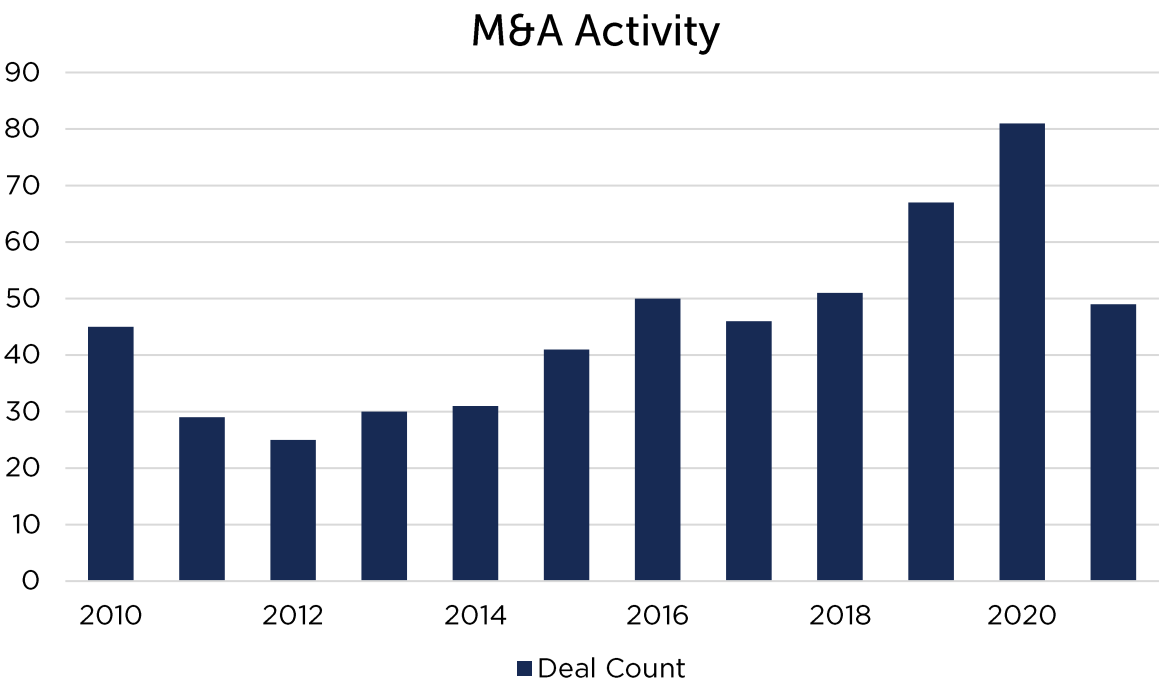
## RECENT DEALS

- The most recently announced deals in the sector

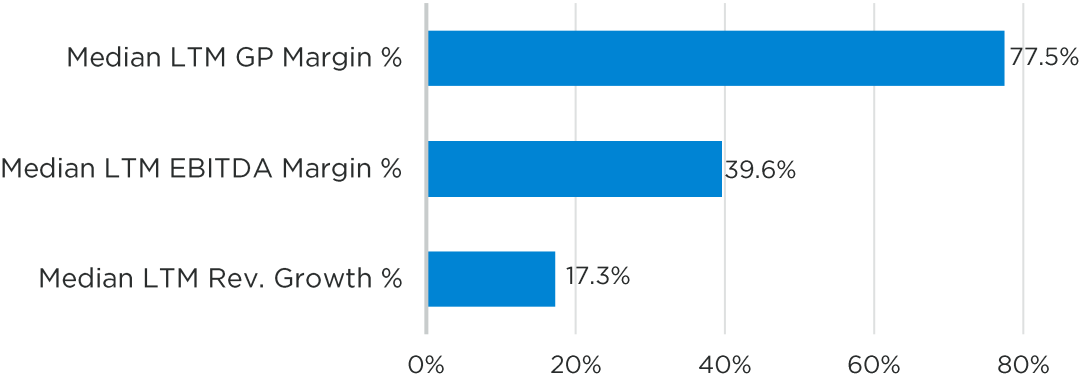
# Dashboard

## REVENUE GROWTH MOMENTUM ↑ 2.2%

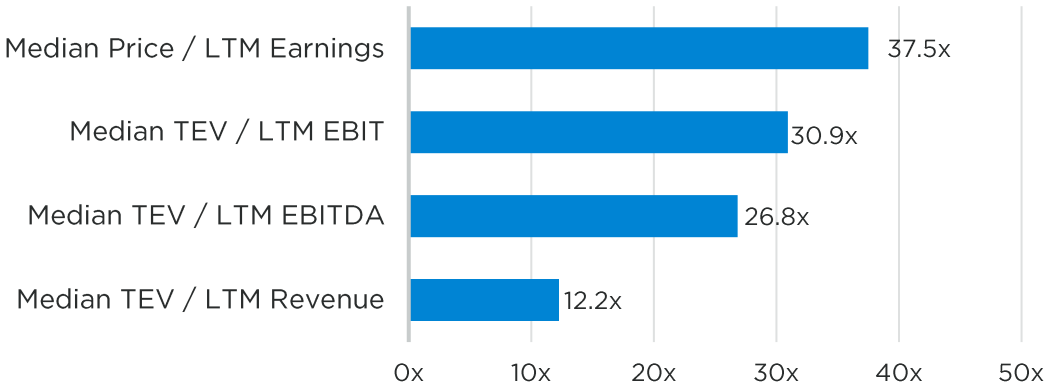
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing



## Operating Metrics

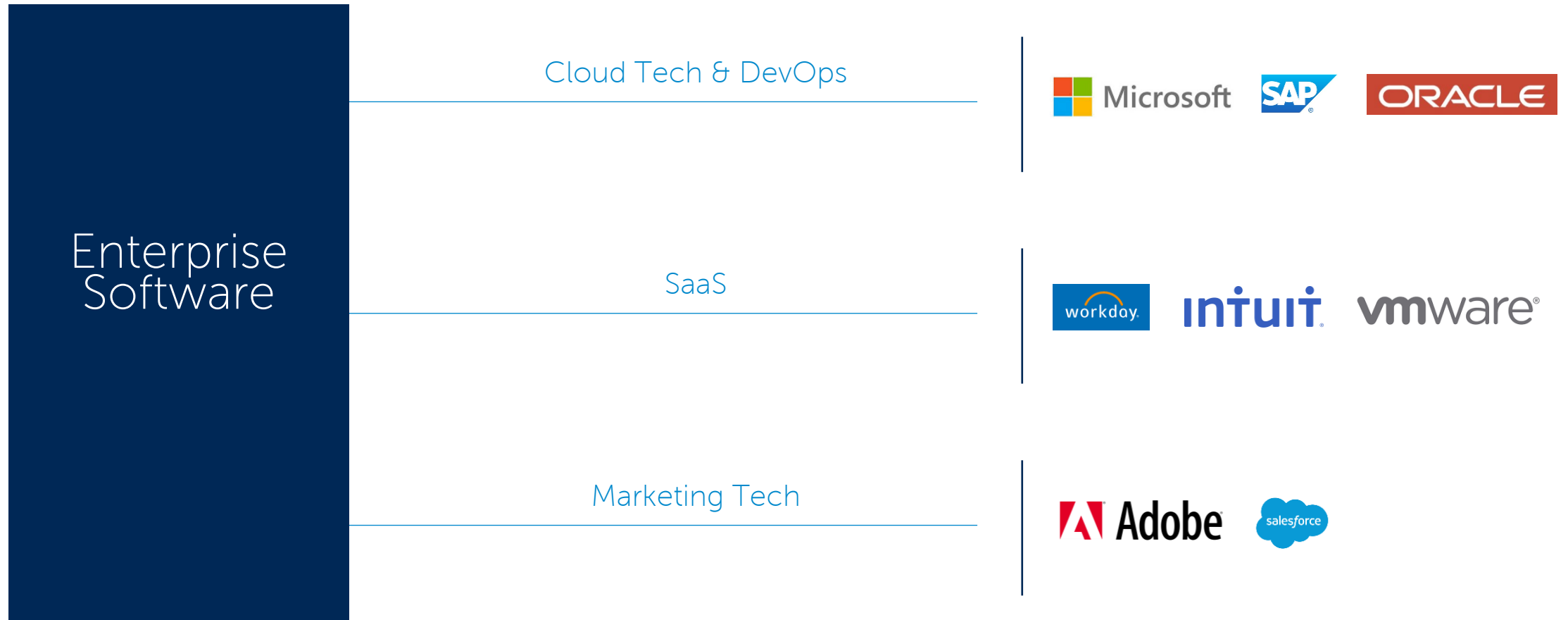


## Valuation



# Public Basket Overview

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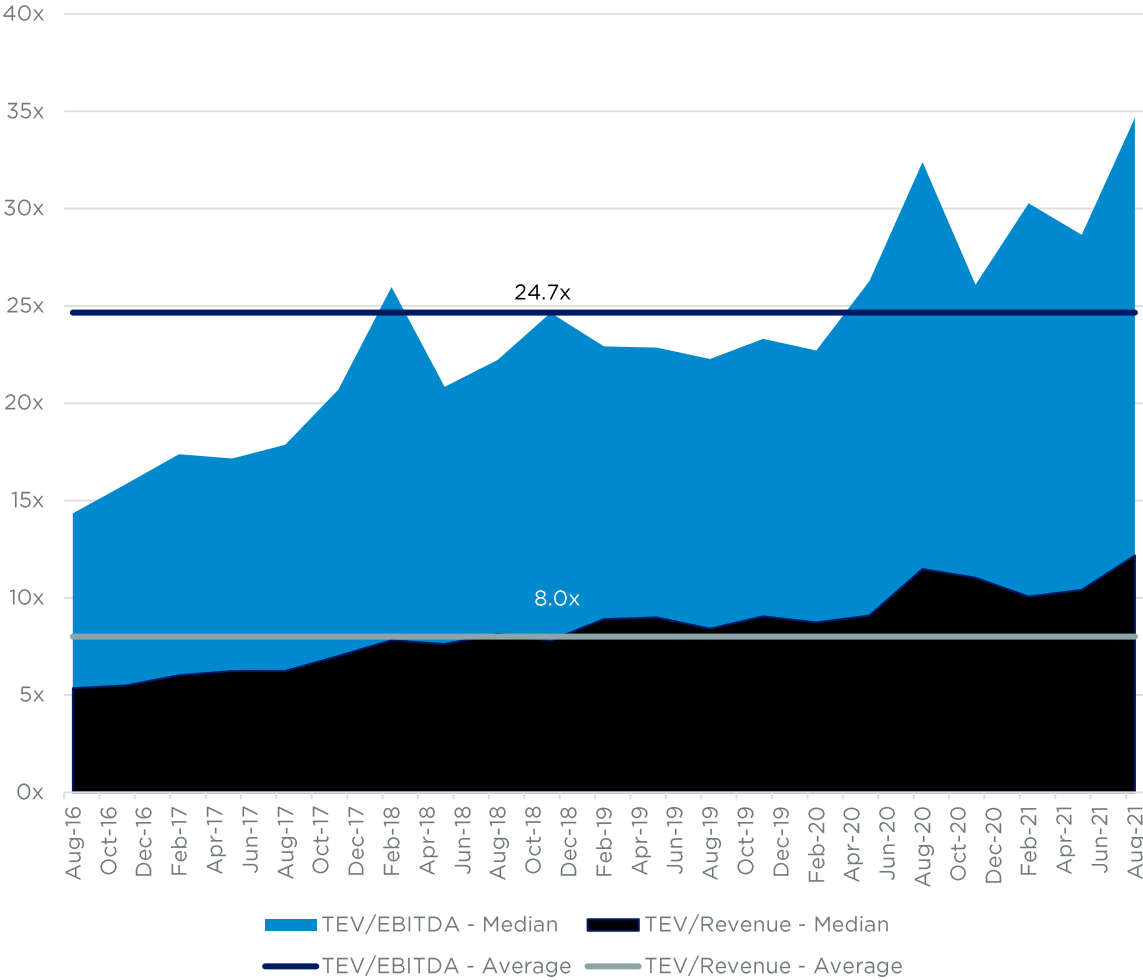


# Public Basket

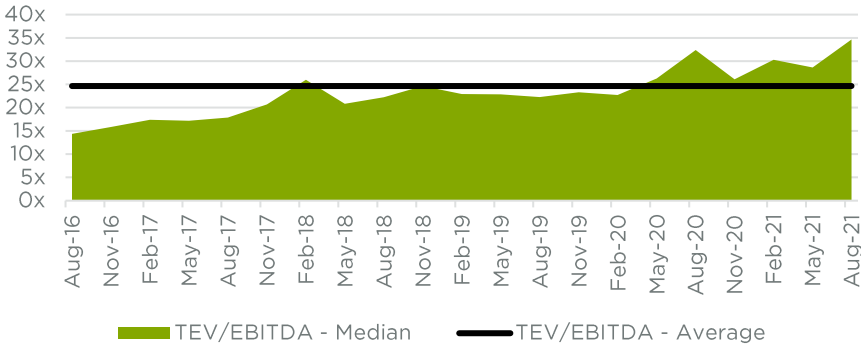
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Workday	66,584	1,497	4,673	17.0%	72.5%	32.0%	14.2x	44.5x	12,500	374
VMware	62,321	4,682	12,027	8.4%	82.6%	38.9%	5.2x	13.3x	34,000	354
Intuit	153,239	3,582	8,888	29.6%	82.7%	40.3%	17.2x	42.8x	12,196	729
SAP	187,450	11,539	32,295	-3.6%	71.9%	35.7%	5.8x	16.2x	103,876	311
Oracle	287,256	20,715	40,479	3.6%	80.6%	51.2%	7.1x	13.9x	132,000	307
Salesforce.com	265,568	6,250	23,539	21.5%	74.3%	26.6%	11.3x	42.5x	56,606	416
Adobe Systems	315,112	6,744	14,389	19.5%	87.9%	46.9%	21.9x	46.7x	22,516	639
Microsoft	2,206,036	82,217	168,088	17.5%	68.9%	48.9%	13.1x	26.8x	181,000	929
<b>Average</b>	442,946	17,153	38,047	14.2%	77.7%	40.1%	12.0x	30.8x	69,337	507
<b>Median</b>	226,509	6,497	18,964	17.3%	77.5%	39.6%	12.2x	34.7x	45,303	395

share price as of 31Aug21

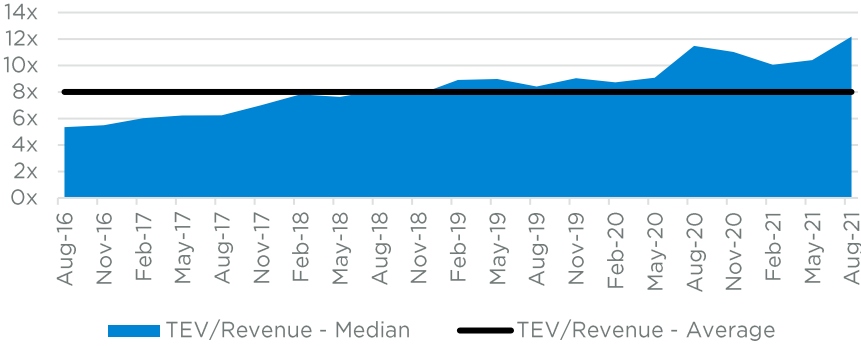
# Public Basket



Public EBITDA Multiples over Time

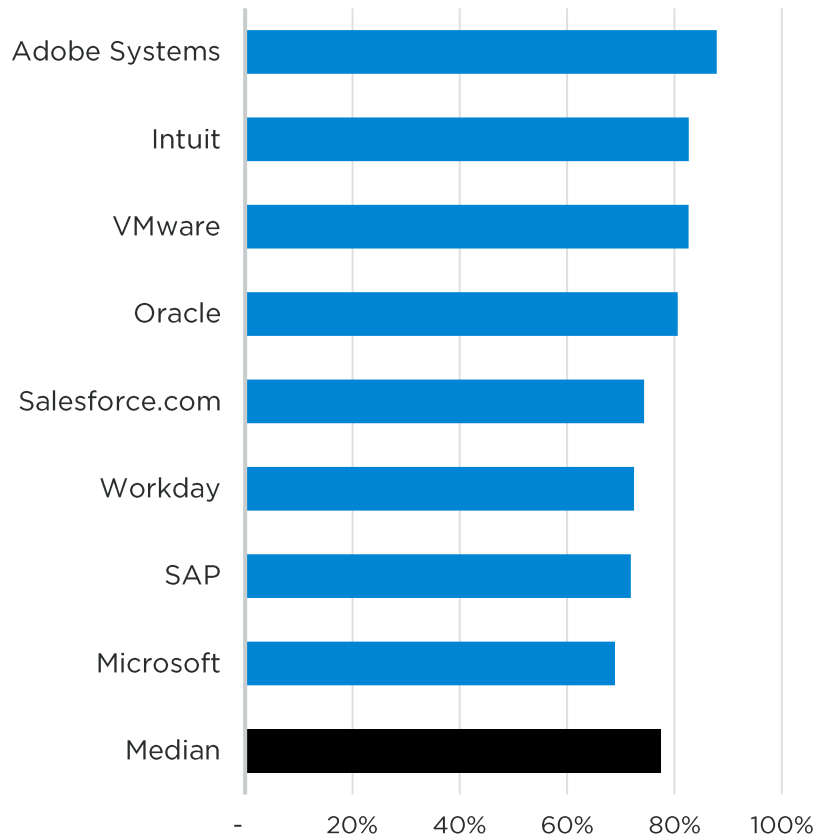


Public Revenue Multiples over Time

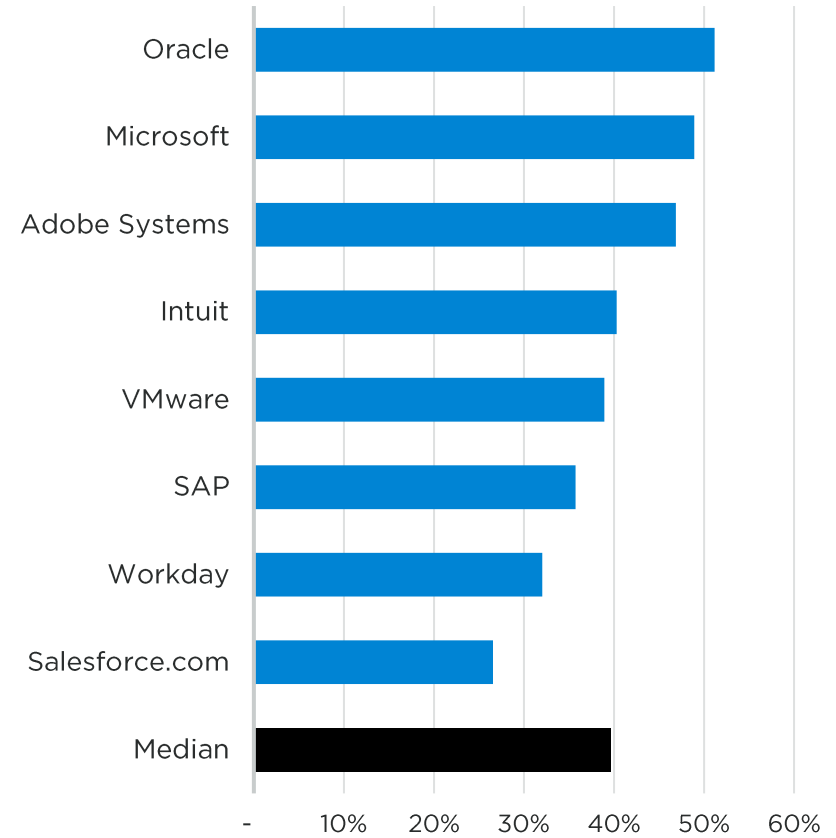


# Operational Metrics

LTM Gross Profit Margin %



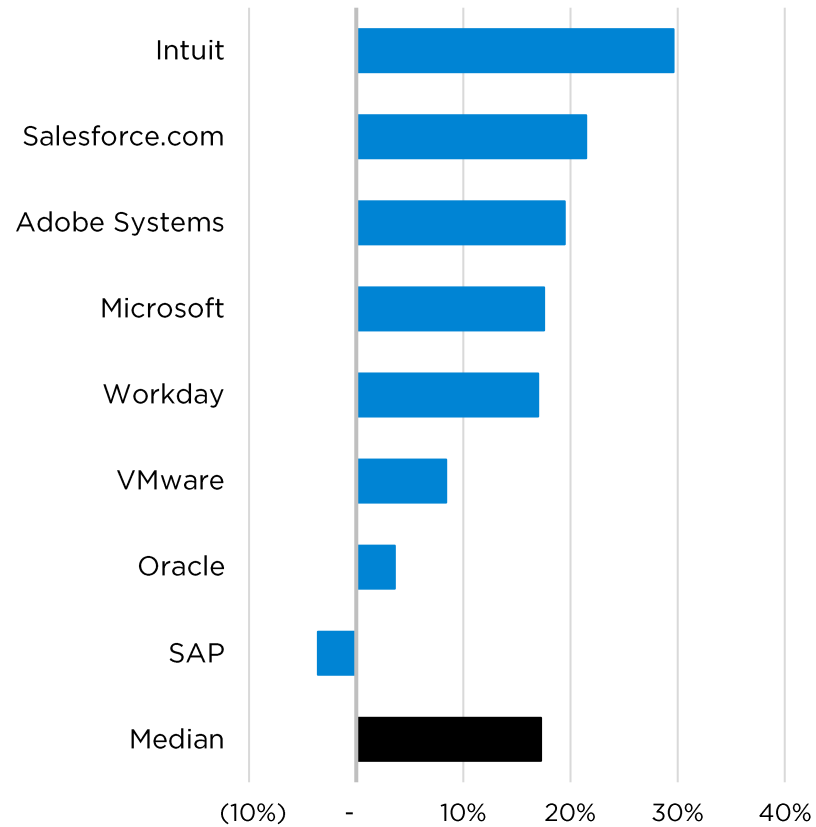
LTM EBITDA %



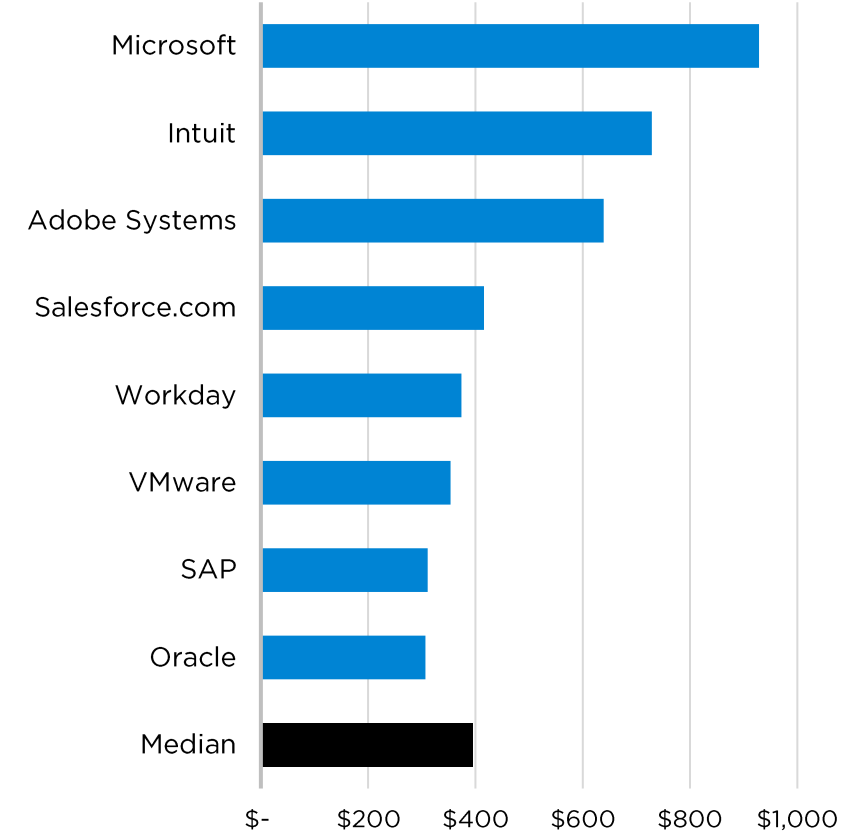


# Operational Metrics

LTM Revenue Growth %

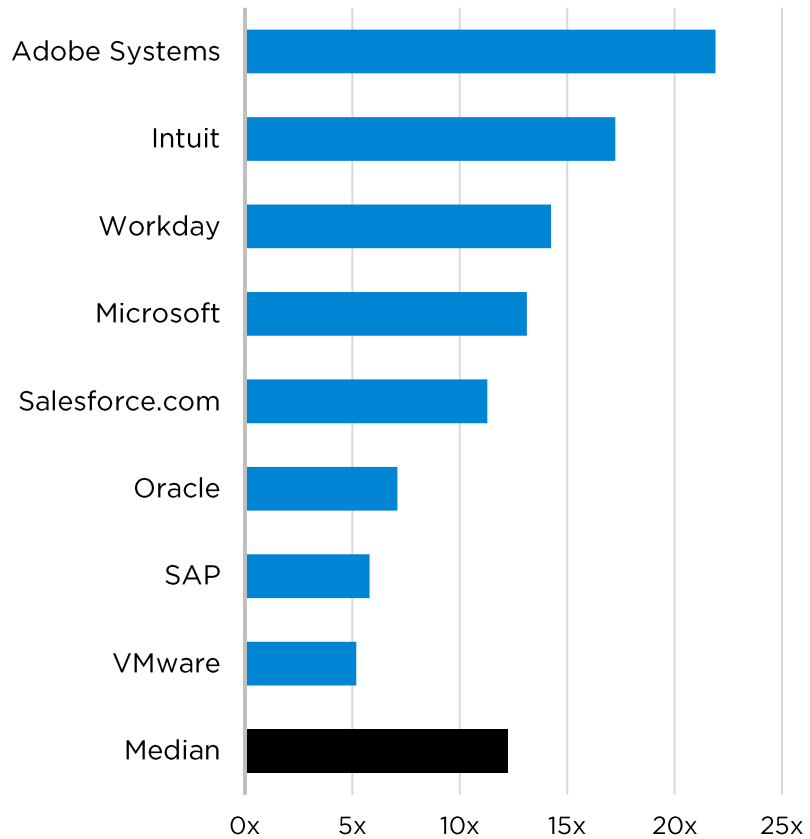


LTM Revenue per Full Time Employee x 000's

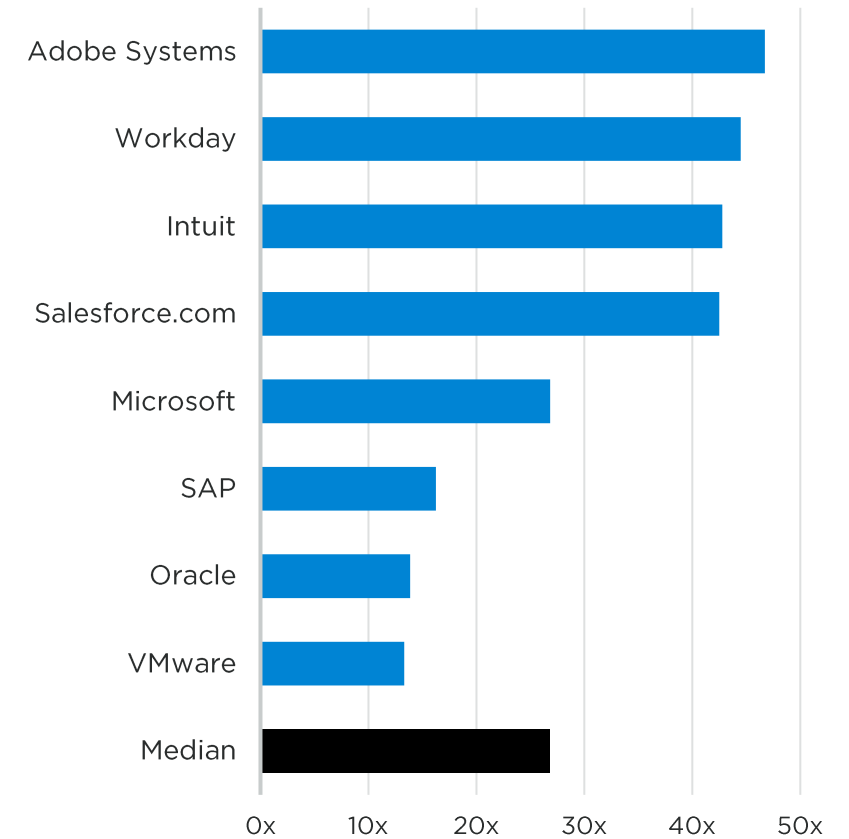


# Valuation

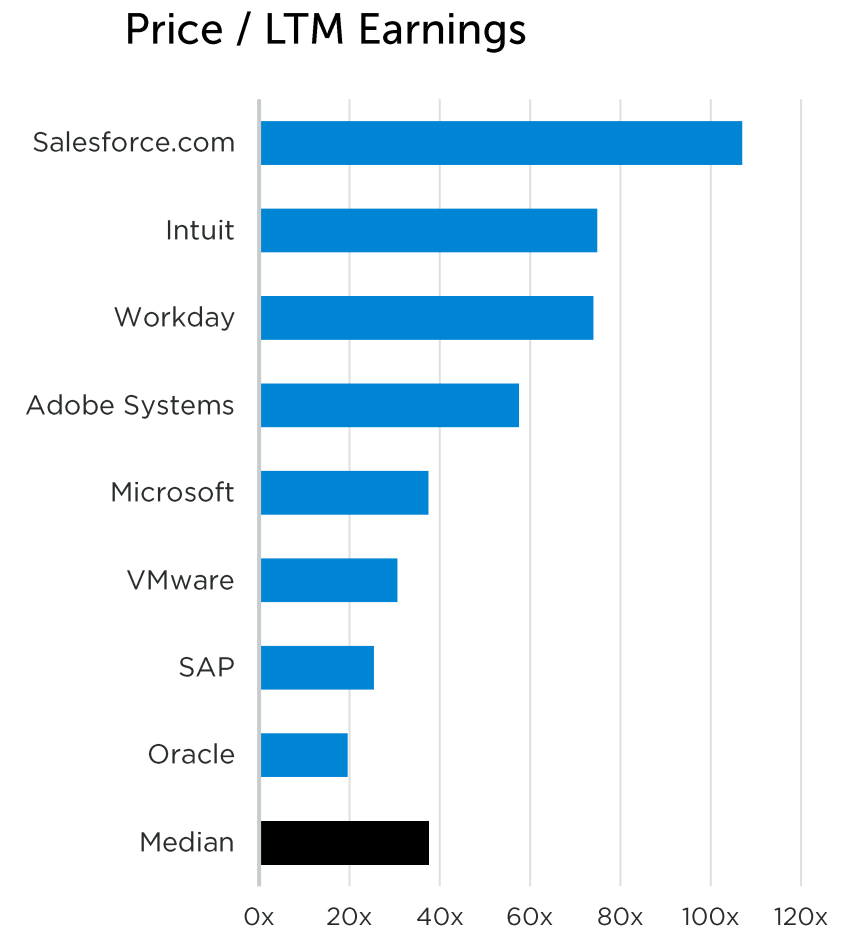
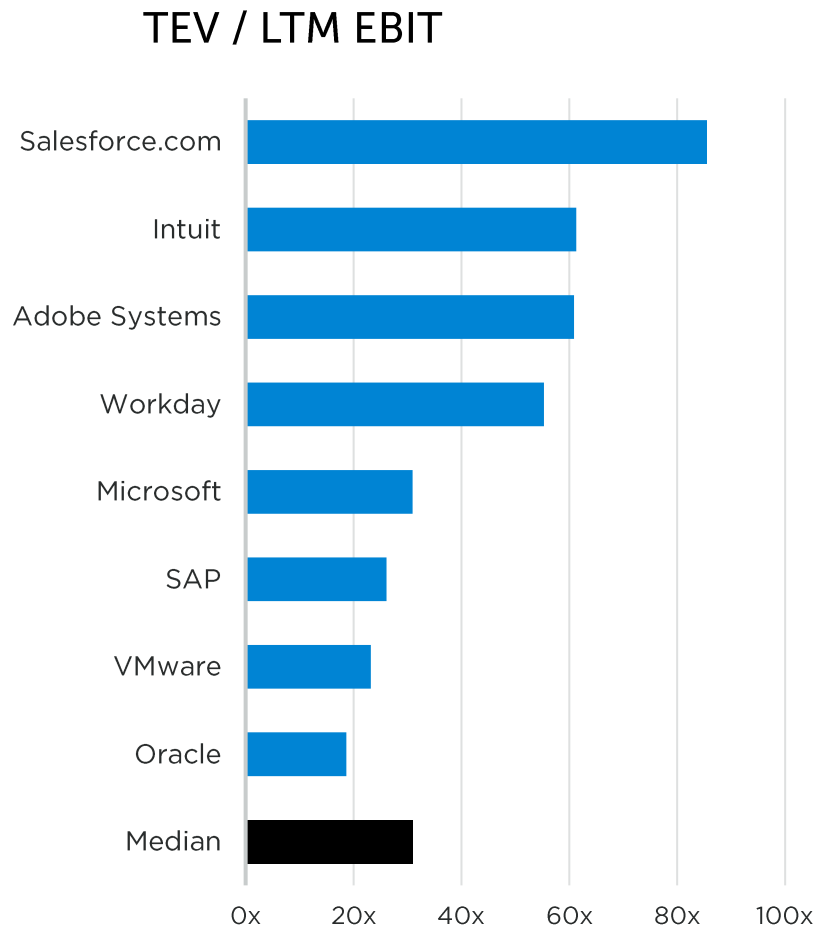
TEV / LTM Revenue



TEV / LTM EBITDA

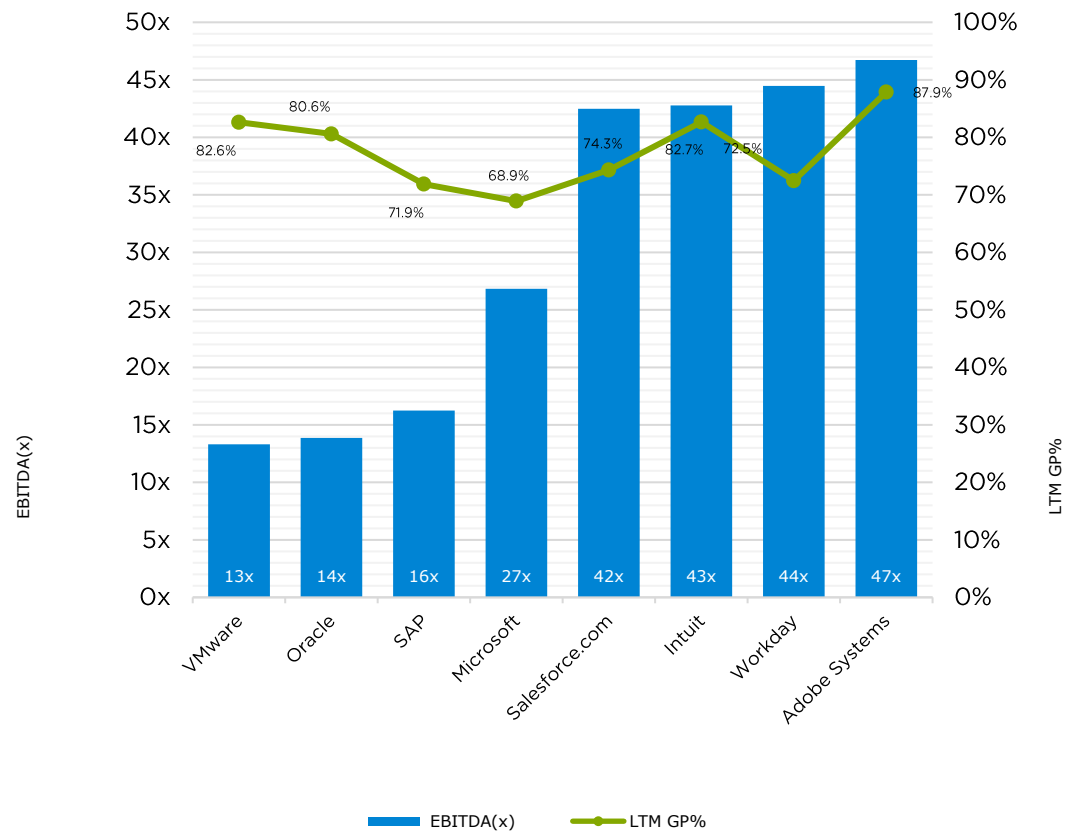


# Valuation

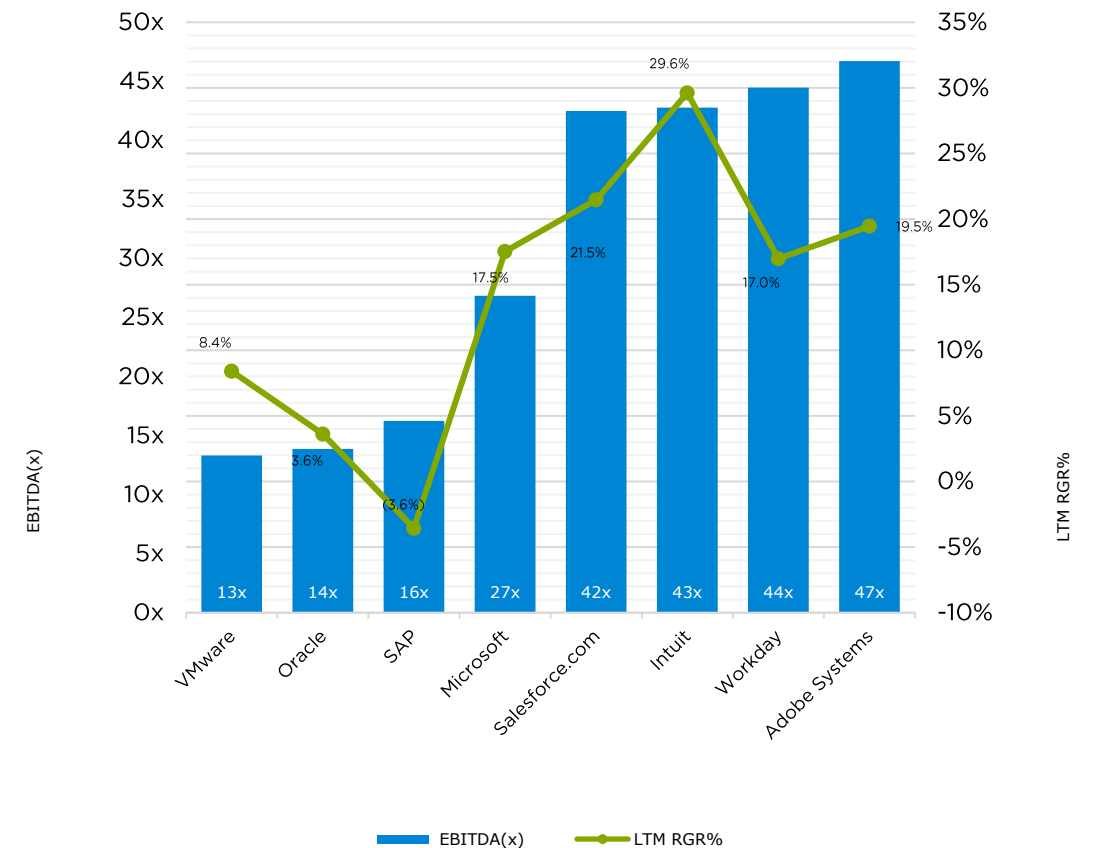


# Valuation

## 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
16-Aug-21	Absence.io	Investcorp Strategic Capital Group	-	-	-	-
03-Aug-21	Alio	APES Ventures	-	-	-	-
03-Aug-21	Greenback	Dext	-	-	-	-
30-Jul-21	Ingentis	EMZ Partners	-	-	-	-
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	-	-	-	-

# Appendix

*Public Basket  
Contact Information*



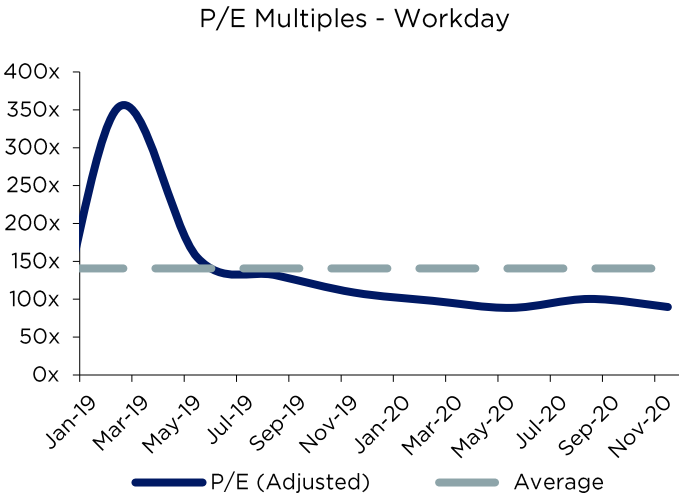
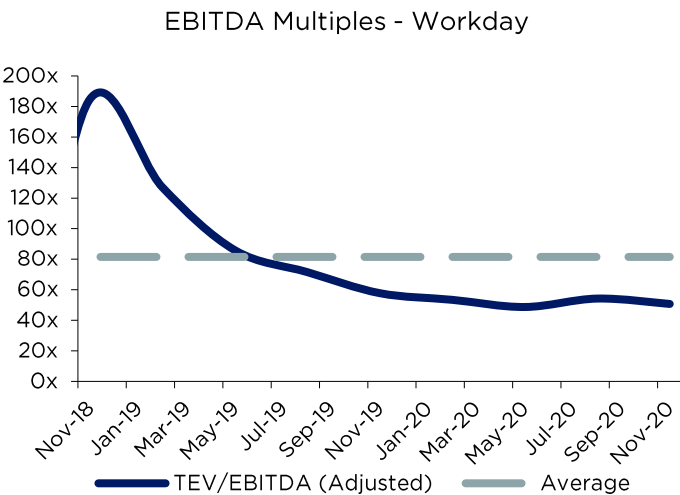
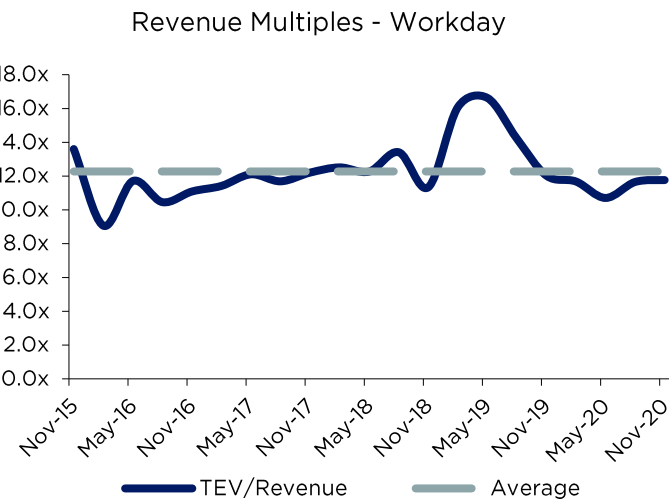
## Workday

**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

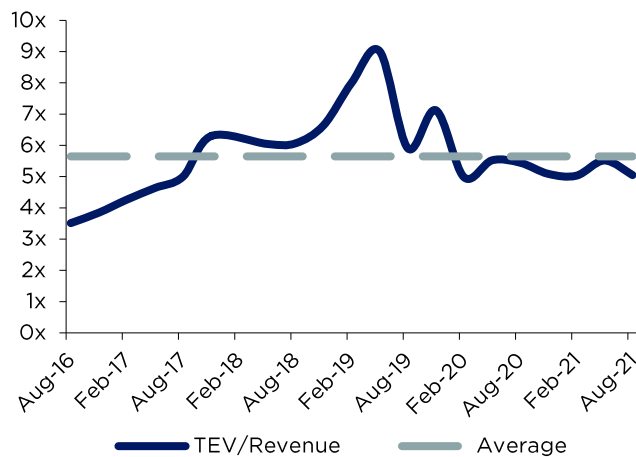
**VMware, a majority-owned subsidiary of Dell, is an industry leader in virtual machines for data center servers and computer desktops.**

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.

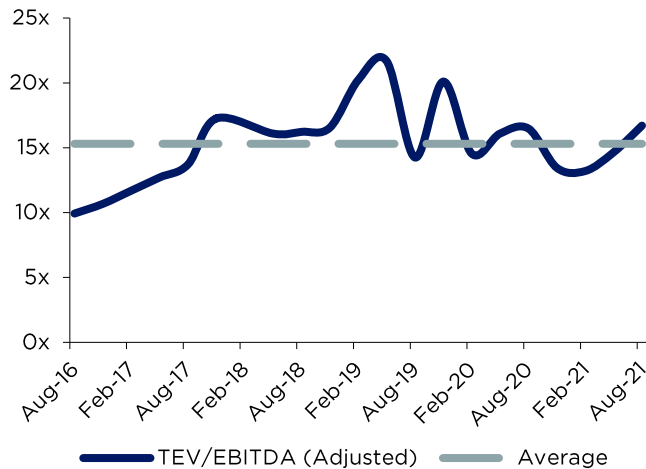
# Public Basket

VMware

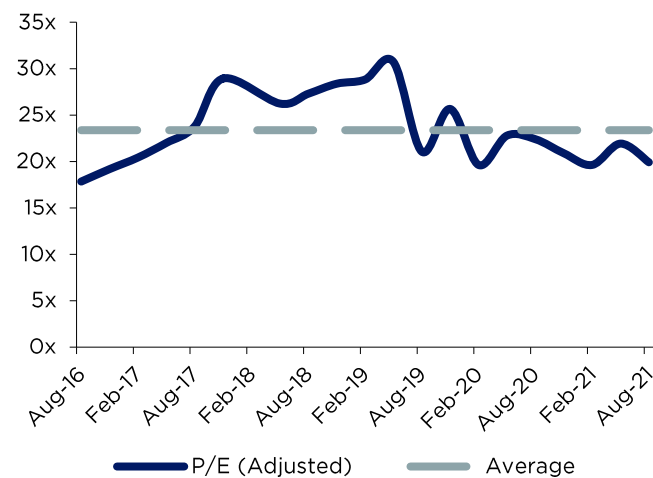
Revenue Multiples - VMware



EBITDA Multiples - VMware



P/E Multiples - VMware



Company Name	Date	Deal Synopsis
Mesh7	31-Mar-21	The company was acquired by VMware (NYS: VMW), a subsidiary of Dell Technologies (NYS: DELL), for an undisclosed amount on March 18, 2021.

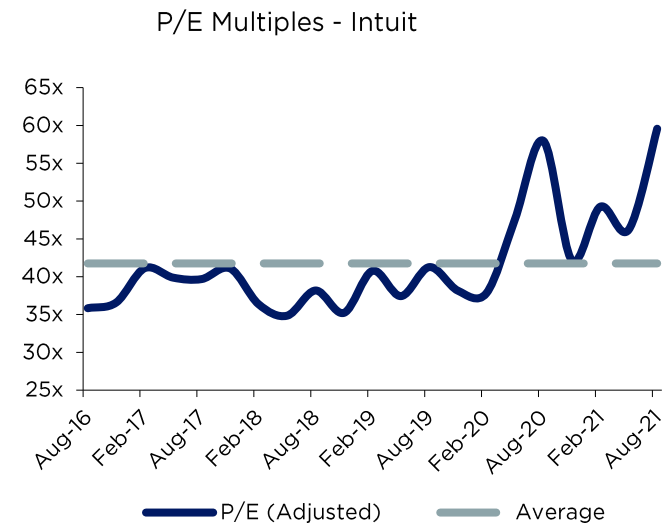
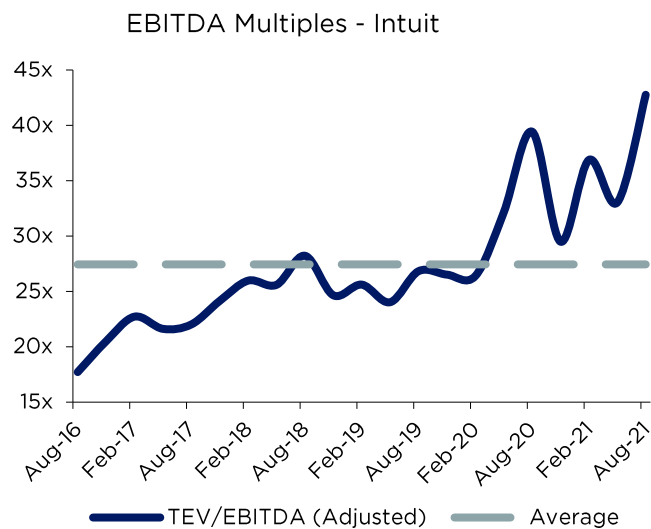
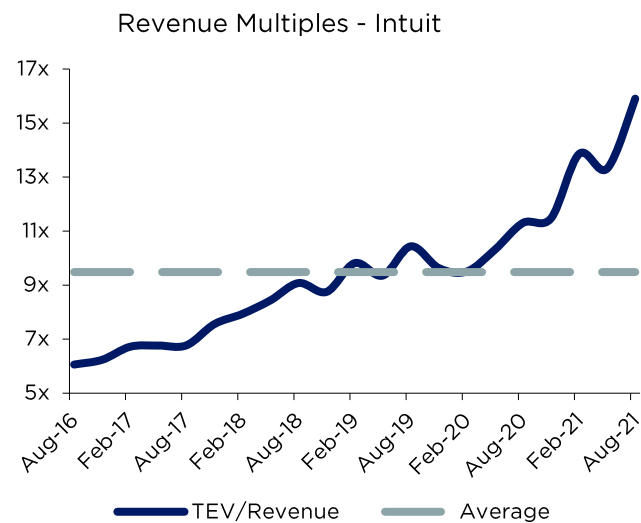
## Intuit

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.

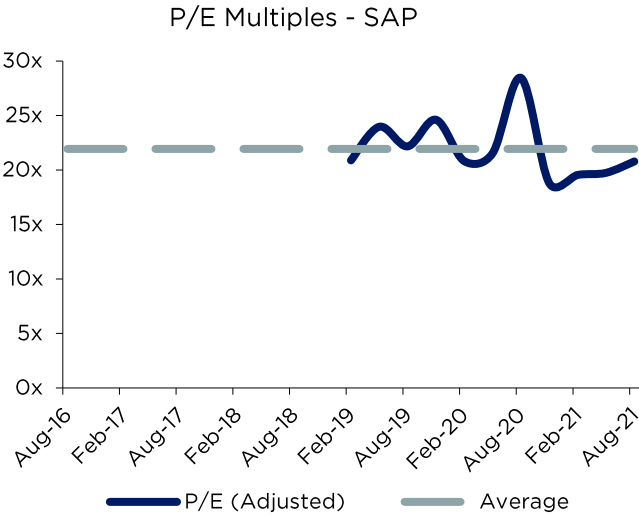
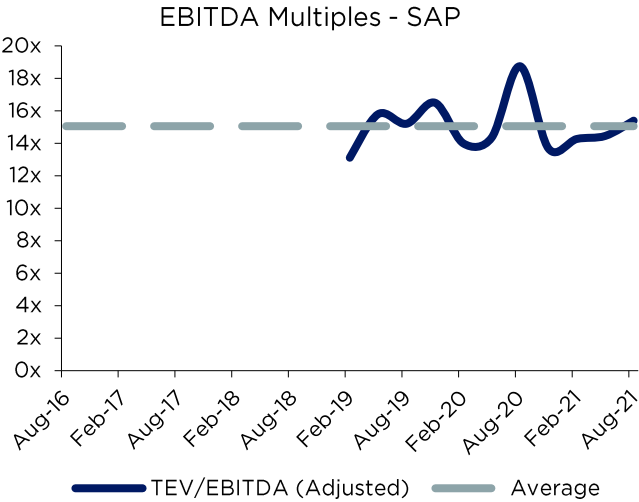
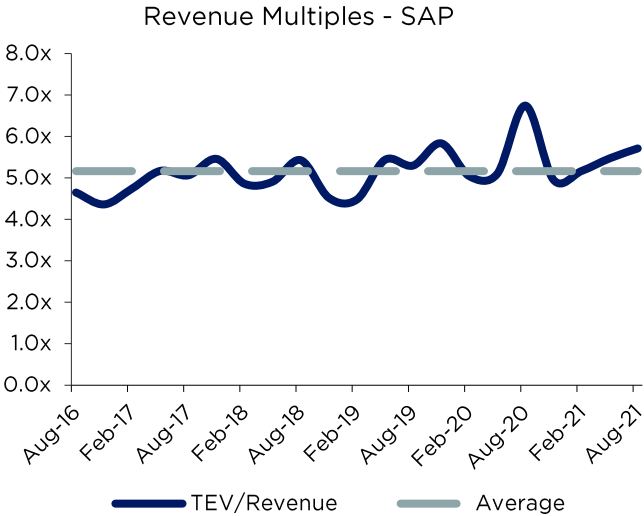
## SAP

**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
SAP Pioneer	13-Apr-21	Dediq 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.

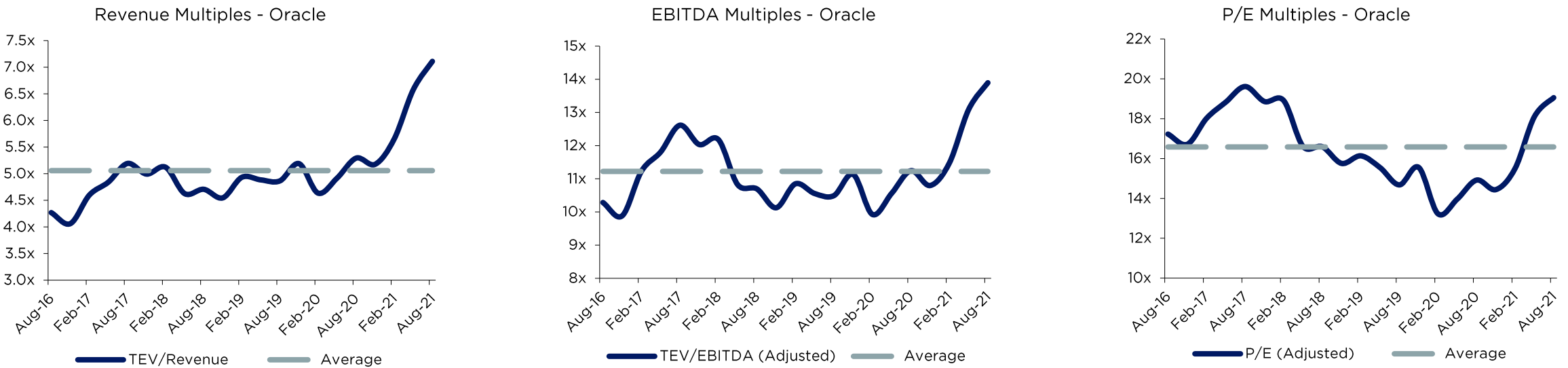
## Oracle

**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.



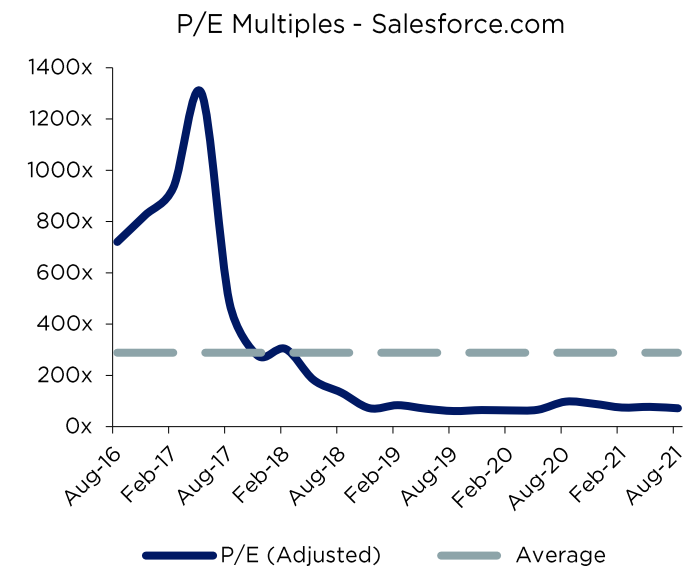
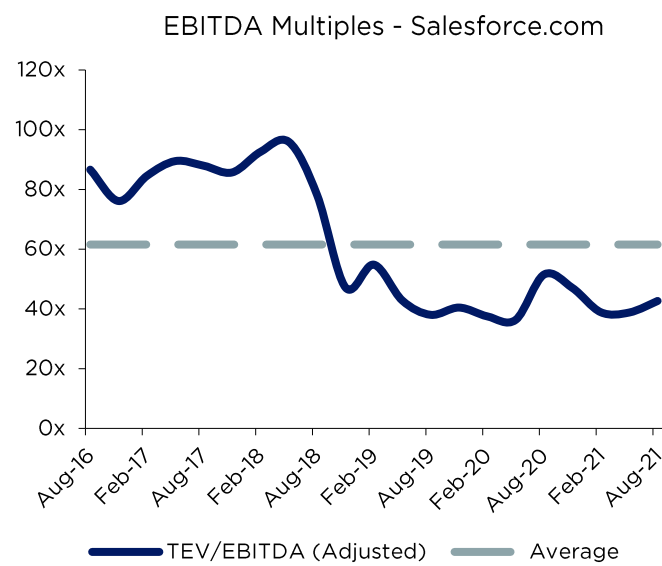
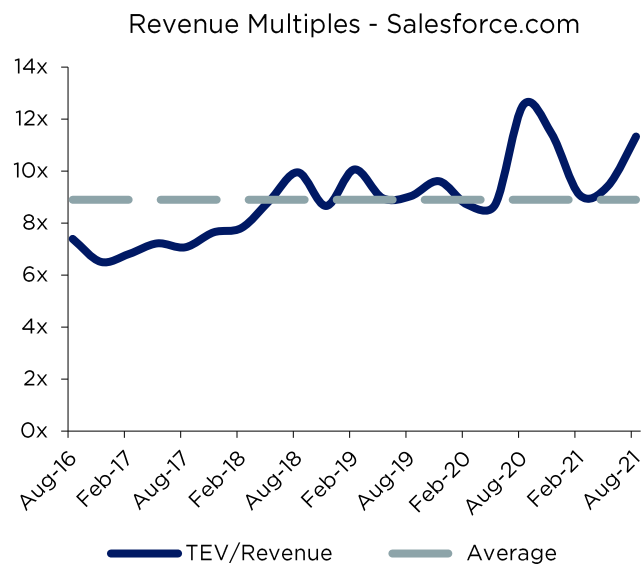
Salesforce.com

**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
Slack	21-Jul-21	The company was acquired by Salesforce.com (NYS: CRM) for \$27.7 billion on July 21, 2021. 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. The acquisition will help Salesforce.com create a modern workspace that enables collaboration, communities, communications, CRM functionality, customer experience and AI in an ecosystem that will welcome other integrations to extend enterprise functionality.

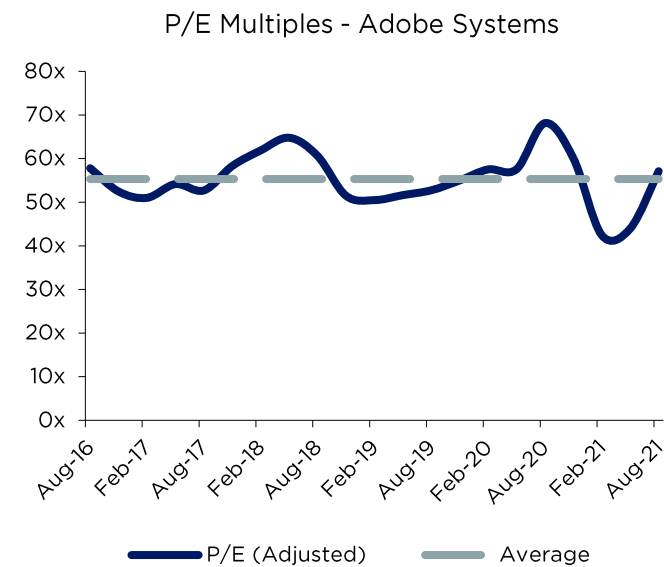
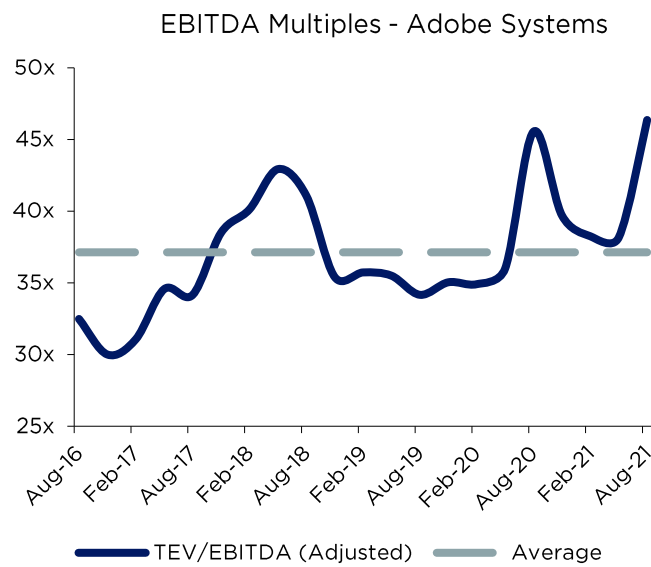
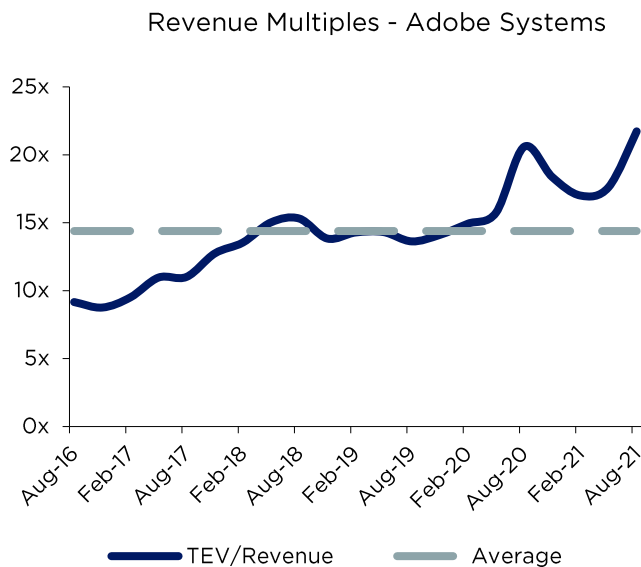
## Adobe Systems

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



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.

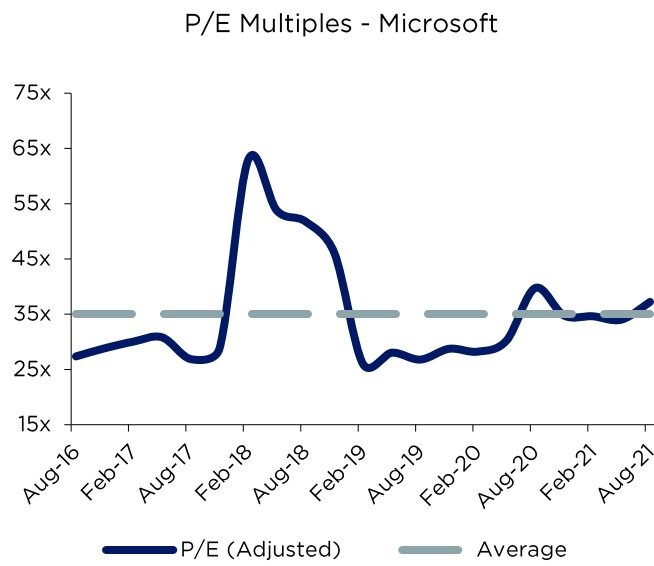
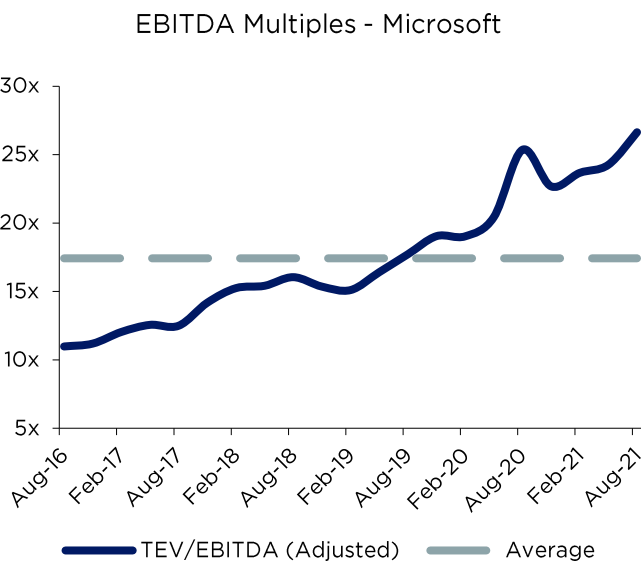
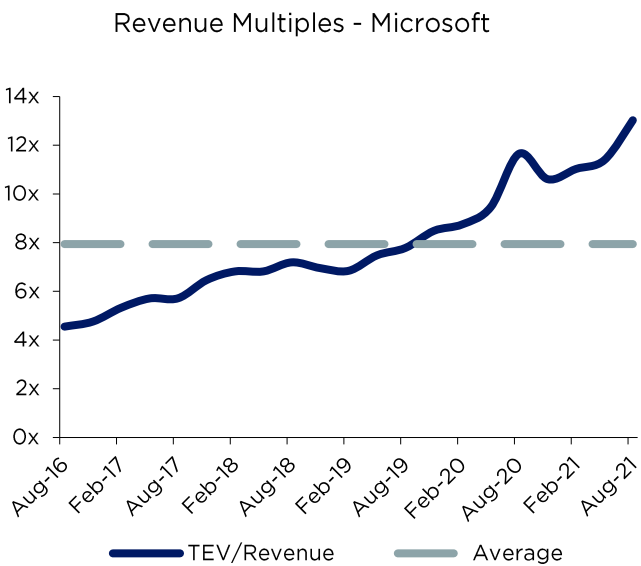
## Microsoft

### **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



Company Name	Date	Deal Synopsis
Rubrik	17-Aug-21	The company raised an undisclosed amount of venture funding from Microsoft and Dragon Capital (California) on August 17, 2021.

# Contact Info

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