

7 Mile Advisors



# Sectorwatch: Enterprise Software

October 2021



# Enterprise Software

---

- 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

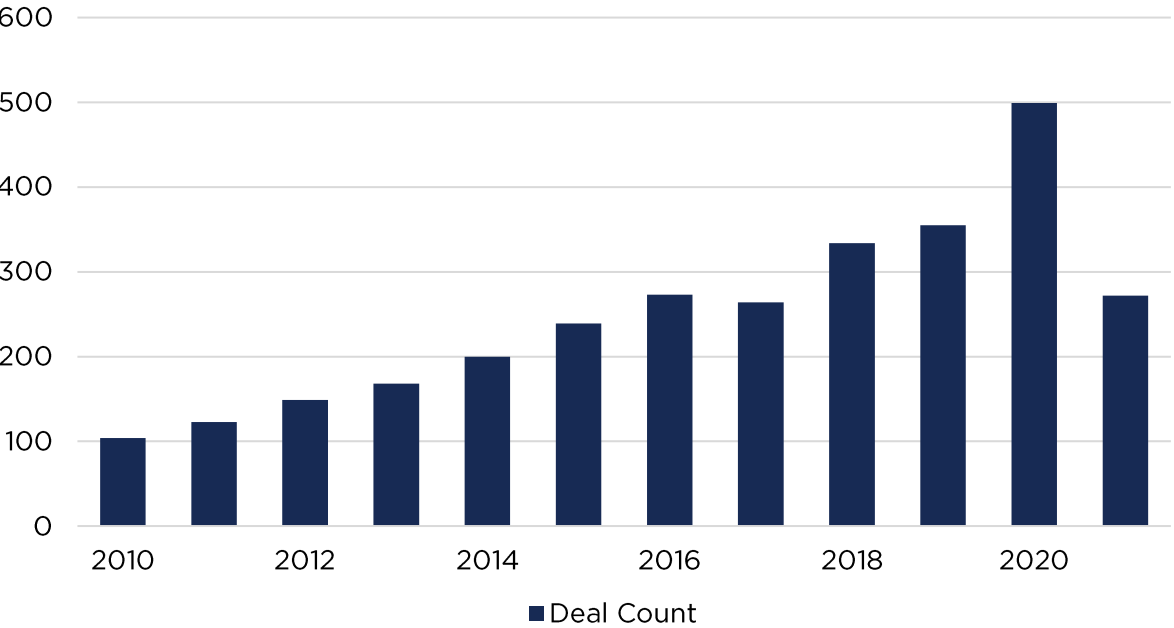
- The most recently announced deals in the sector

# Dashboard

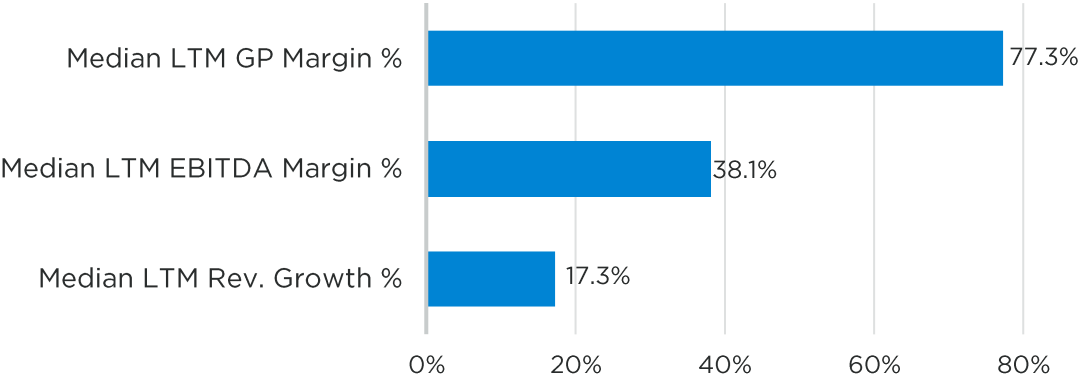
## REVENUE GROWTH MOMENTUM ↑ 2.2%

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

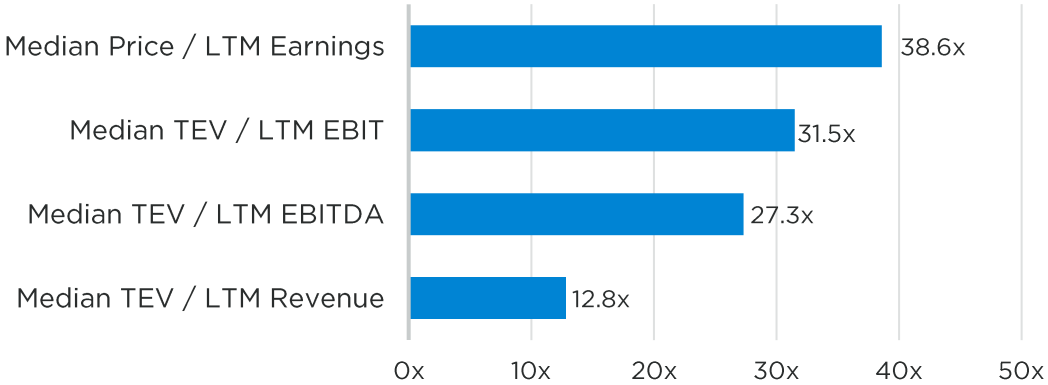
### M&A Activity



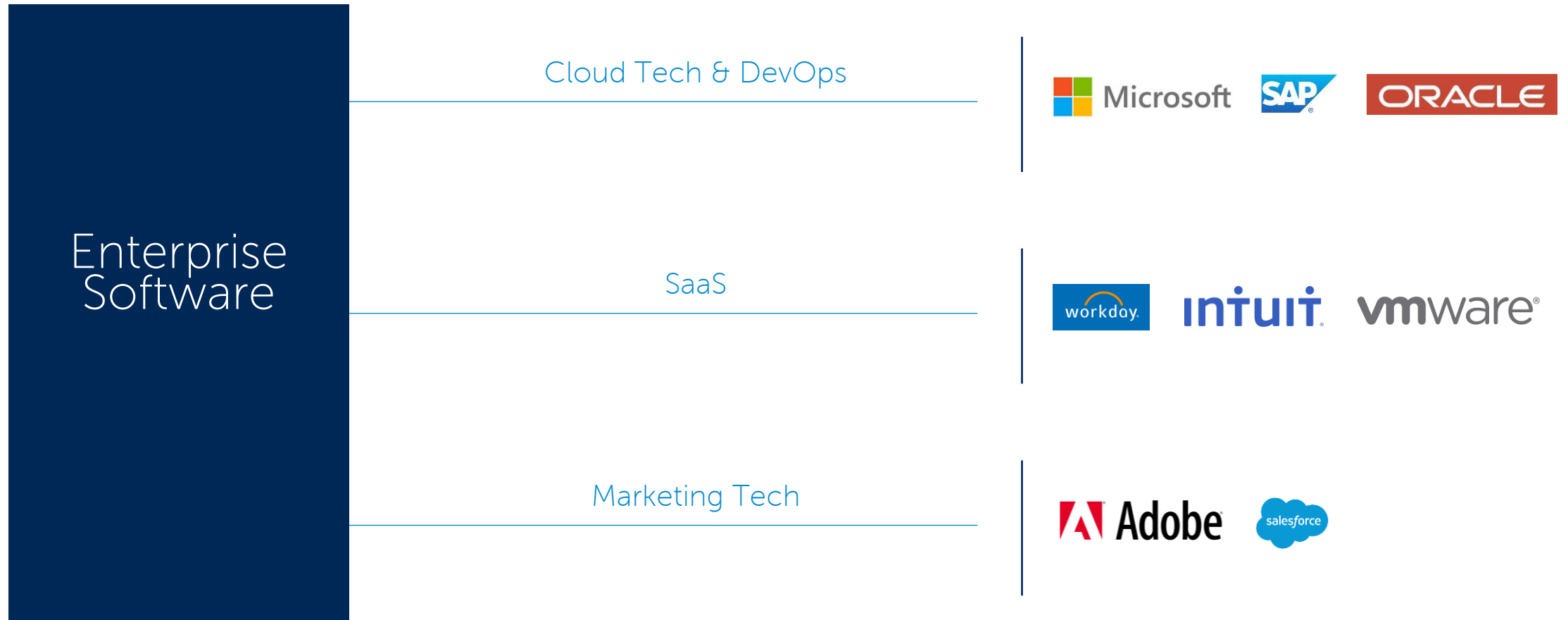
## Operating Metrics



## Valuation



# Public Basket Overview

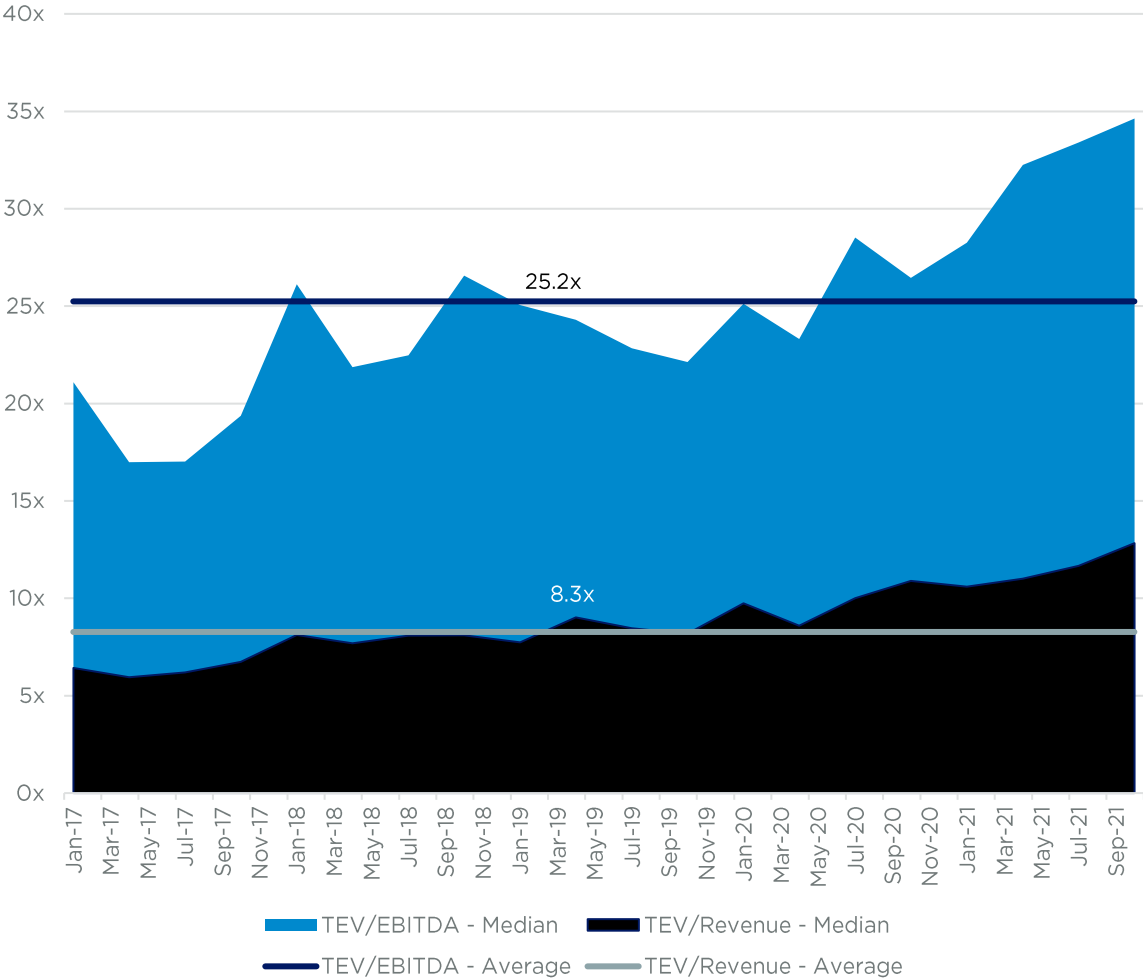


# Public Basket

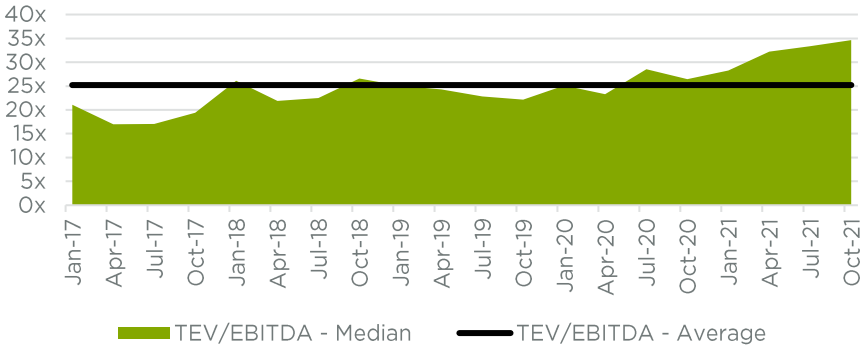
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Workday	67,600	1,497	4,673	17.0%	72.5%	32.0%	14.5x	45.2x	12,500	374
VMware	68,323	4,672	12,290	8.4%	82.4%	38.0%	5.6x	14.6x	34,000	361
Intuit	154,417	3,681	9,633	25.4%	82.5%	38.2%	16.0x	41.9x	13,500	714
SAP	179,984	11,539	32,295	-3.6%	71.9%	35.7%	5.6x	15.6x	103,876	311
Oracle	308,002	20,941	40,840	4.1%	80.2%	51.3%	7.5x	14.7x	132,000	309
Salesforce.com	289,867	6,250	23,539	21.5%	74.3%	26.6%	12.3x	46.4x	56,606	416
Adobe Systems	299,403	6,062	15,099	21.4%	88.2%	40.1%	19.8x	49.4x	22,516	671
Microsoft	2,245,444	82,217	168,088	17.5%	68.9%	48.9%	13.4x	27.3x	181,000	929
<b>Average</b>	451,630	17,107	38,307	14.0%	77.6%	38.9%	11.8x	31.9x	69,500	511
<b>Median</b>	234,926	6,156	19,319	17.3%	77.3%	38.1%	12.8x	34.6x	45,303	395

share price as of 22Oct21

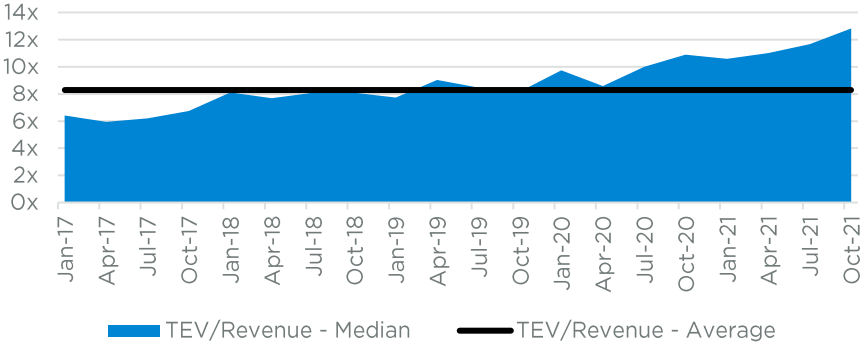
# Public Basket



## Public EBITDA Multiples over Time

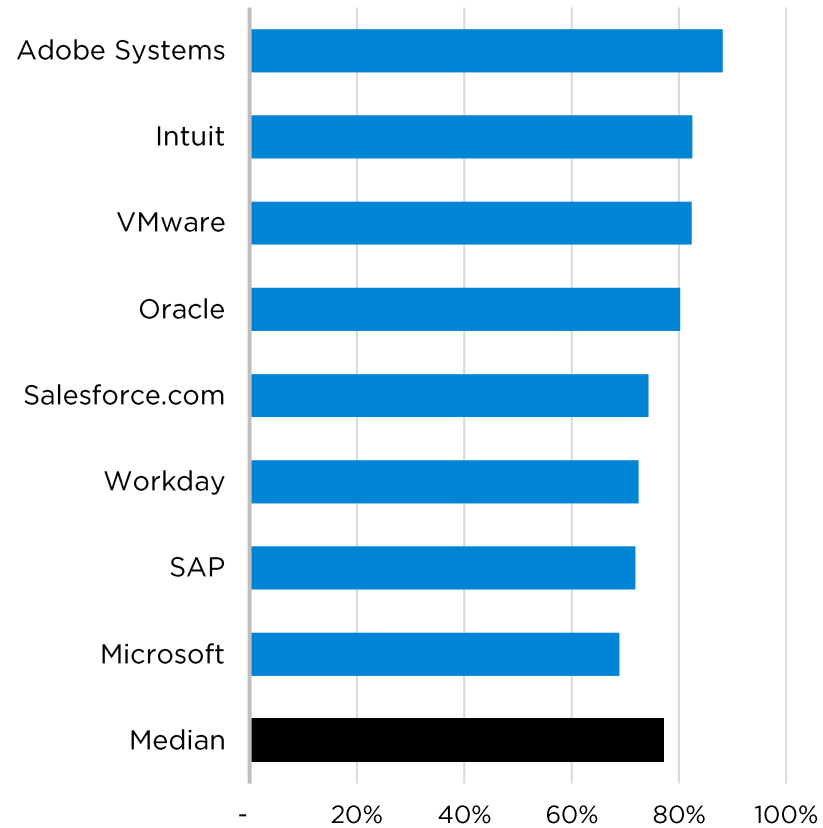


## Public Revenue Multiples over Time

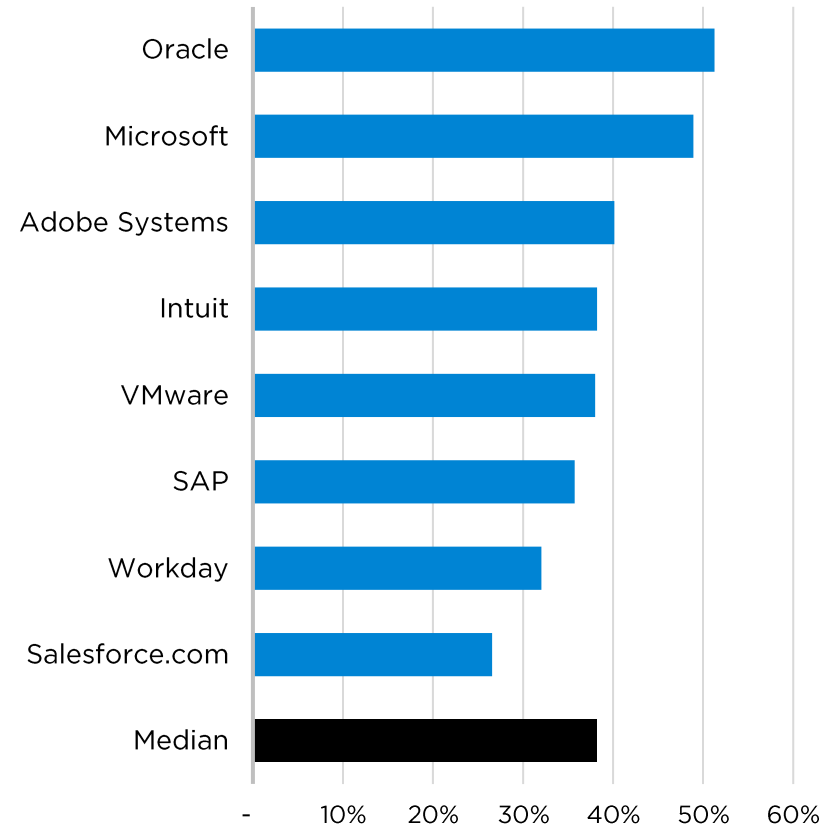


# Operational Metrics

LTM Gross Profit Margin %



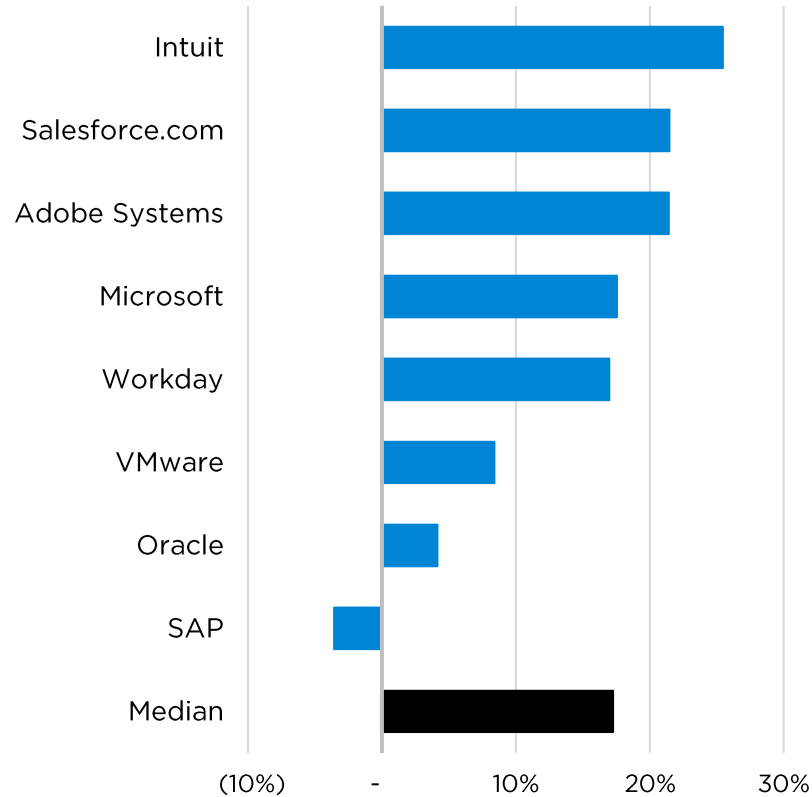
LTM EBITDA %



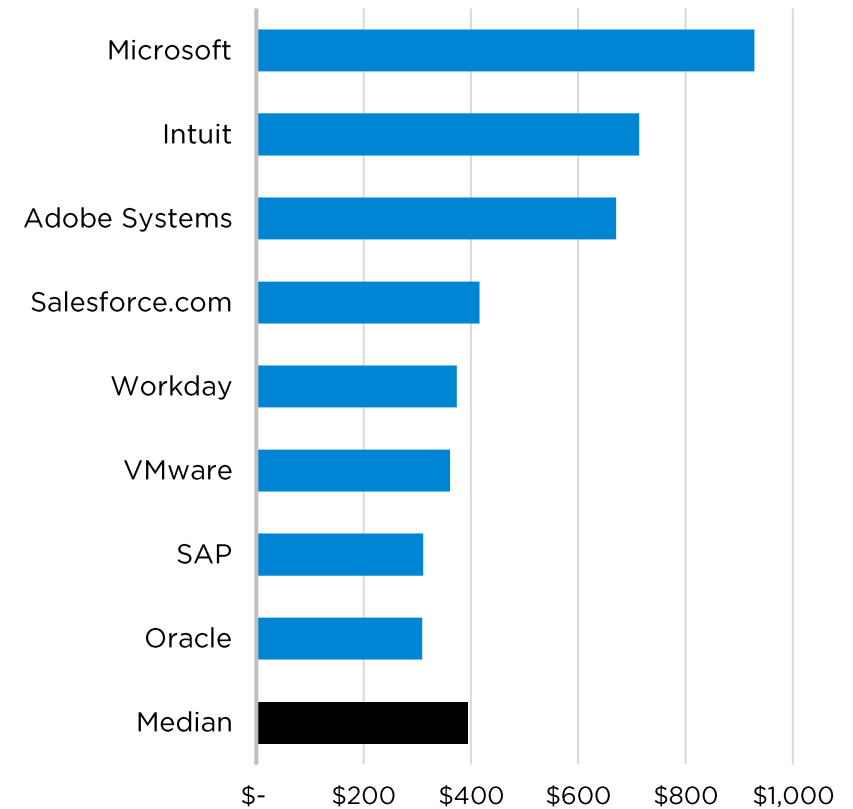


# Operational Metrics

LTM Revenue Growth %

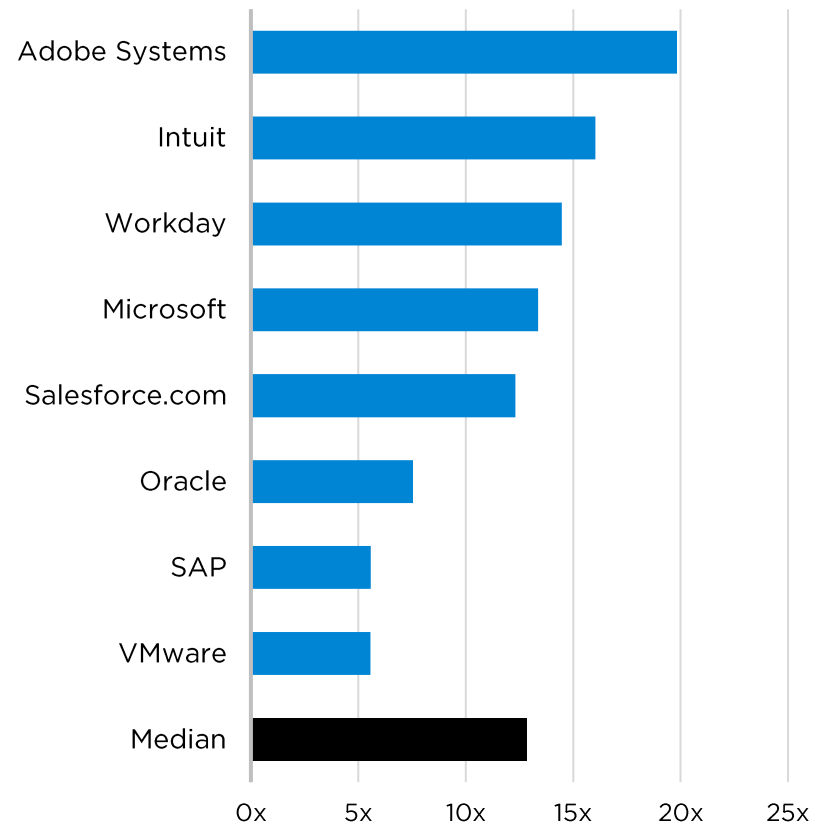


LTM Revenue per Full Time Employee x 000's

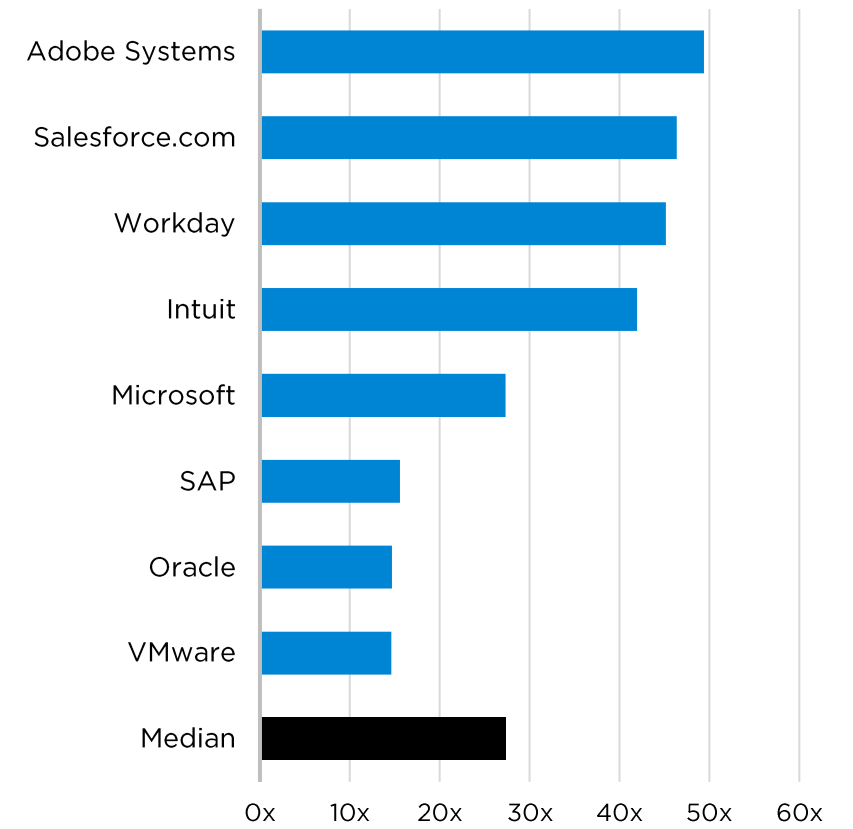


# Valuation

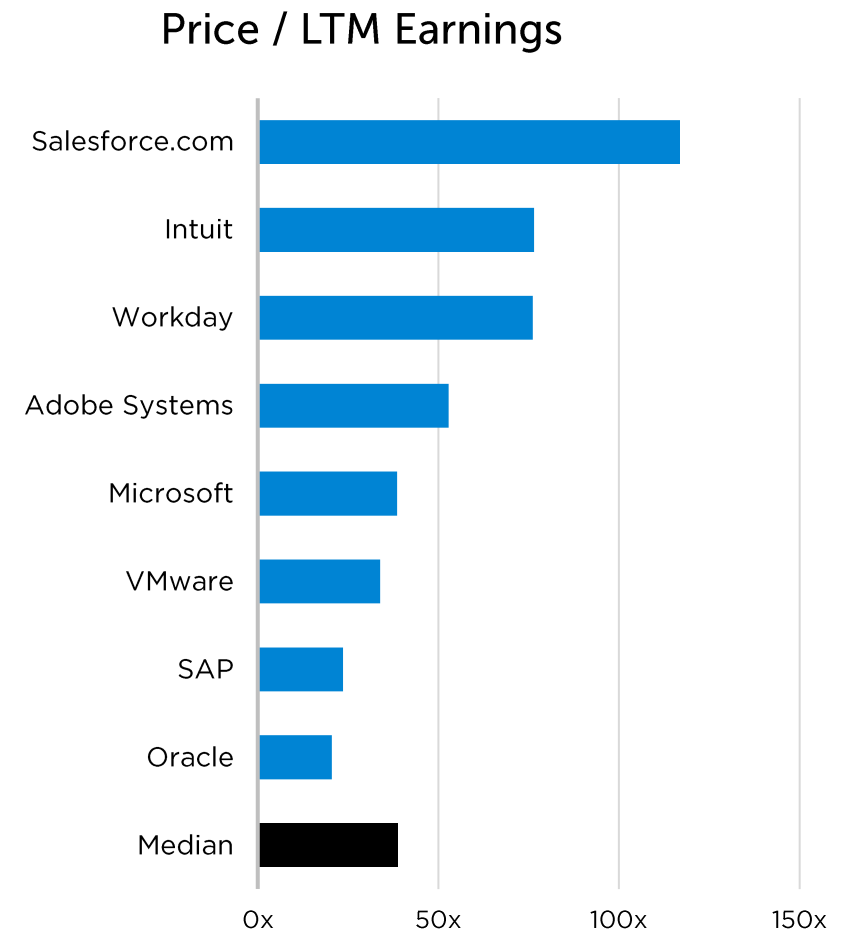
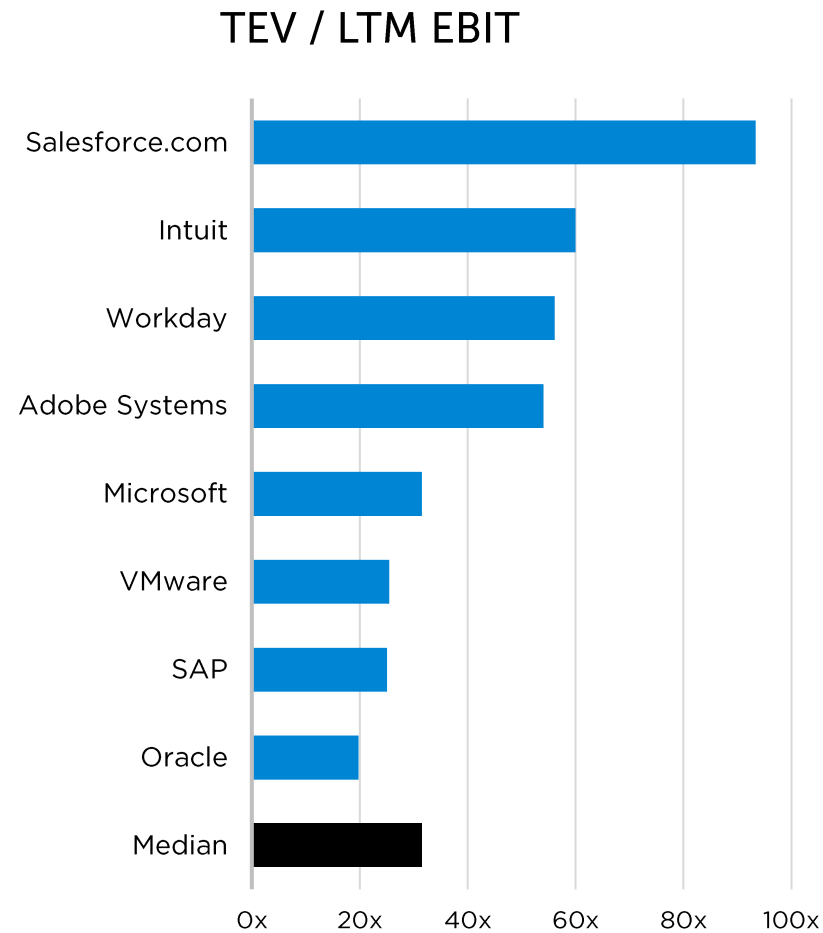
TEV / LTM Revenue



TEV / LTM EBITDA

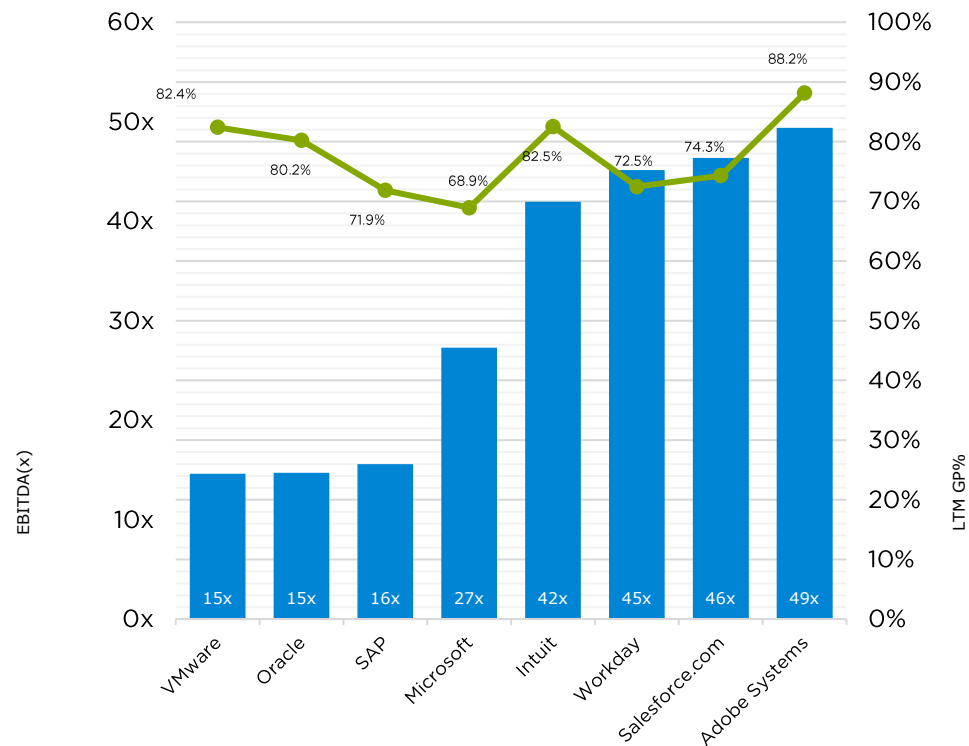


# Valuation

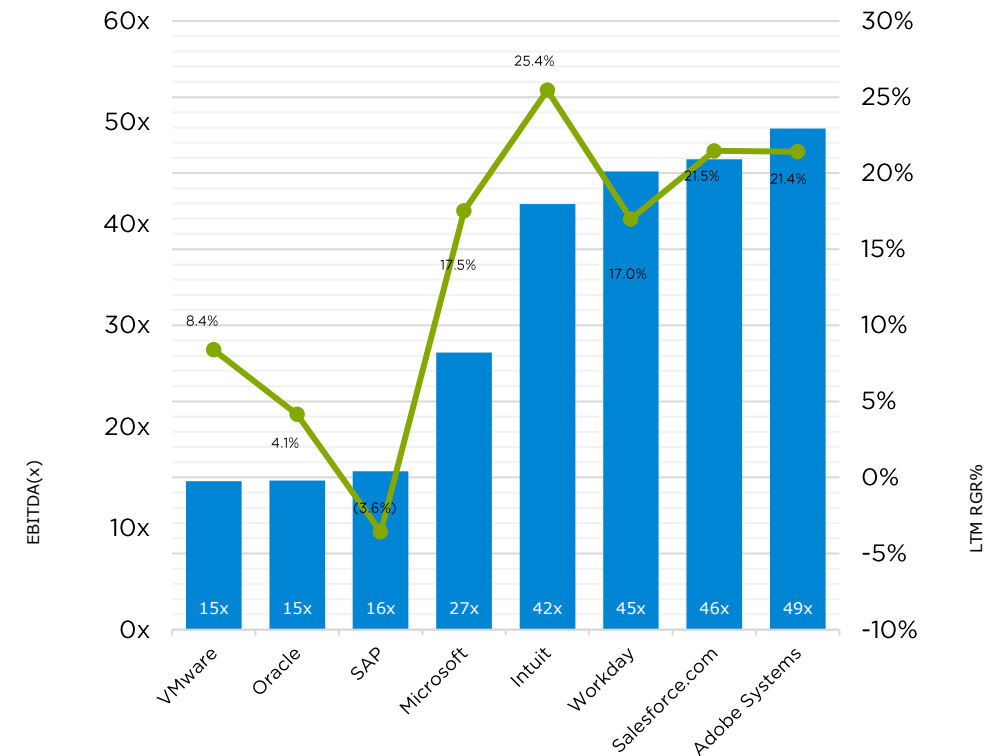


# Valuation

## 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
20-Oct-21	Beezy	Appspace	-	-	-	-
04-Oct-21	Pinnacle 21	Certara	-	-	-	-
01-Oct-21	Infor Global Solutions (EAM Business Unit)	Hexagon	-	-	-	-
01-Oct-21	LevelJump	Salesforce.com	-	-	-	-
28-Sep-21	Decision AI	DataRobot	-	-	-	-
19-Sep-21	Notiv	Dubber Corp	-	-	-	-
16-Sep-21	Appetize	SpotOn	415.00	-	-	-
14-Sep-21	Huayan Kun Tai Technology Company	Peak Positioning Technologies	-	-	-	-
10-Sep-21	Blue Horseshoe	Accenture	-	-	-	-
02-Sep-21	Deacom	ECi Software Solutions	-	-	-	-
02-Sep-21	Profisee	Pamlico Capital	-	-	-	-
22-Aug-21	Smarter Grid Solutions	Mitsubishi Electric Power Products	-	-	-	-
16-Aug-21	Liberty Technology Advisors	RubinBrown	-	-	-	-
03-Aug-21	Greenback	Dext	-	-	-	-
27-Jul-21	Solv Solutions	Apollo Investment Corporation BDC	-	-	-	-
26-Jul-21	Medallia	Thoma Bravo	-	-	-	-
23-Jul-21	Sell.do	Majesco (India)	-	-	-	-
06-Jul-21	Daitan	Encora	-	-	-	-
02-Jul-21	Navis Holdings	Accel-KKR	-	-	-	-
01-Jul-21	Skyvera	TelcoDR	-	-	-	-
01-Jul-21	Stylyze	Neiman Marcus Group	-	-	-	-
30-Jun-21	Mercury (Idaho)	OBITX	-	-	-	-
28-Jun-21	Qad	Thoma Bravo	2000.00	-	-	-
22-Jun-21	Samya.AI	Apax Partners	-	-	-	-
17-Jun-21	Holded	Visma Group	-	-	-	-
17-Jun-21	Holded	Visma Group	146.05	-	-	-

# Appendix

*Public Basket  
Contact Information*



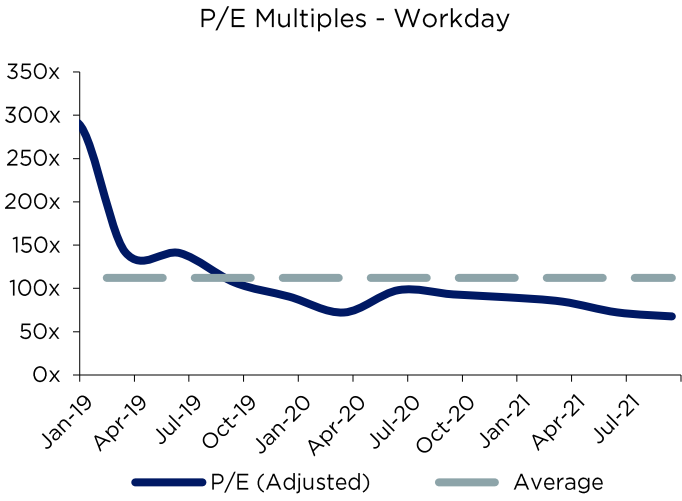
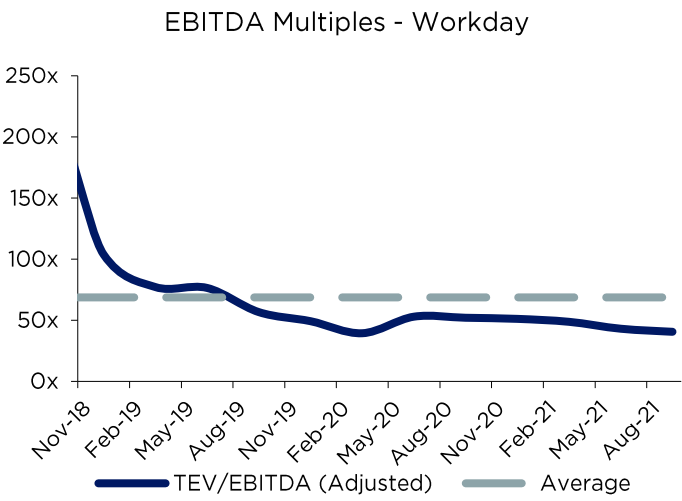
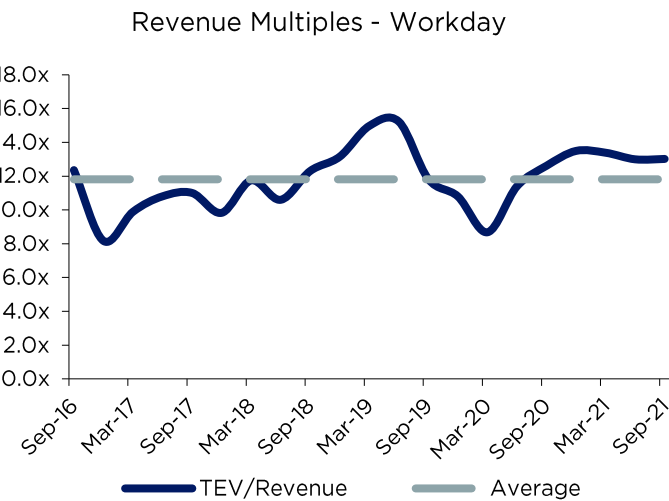
## Workday

**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
Peakon	09-Mar-21	The company was acquired by Workday (NAS: WDAY) for \$701.74 million on March 9, 2021.



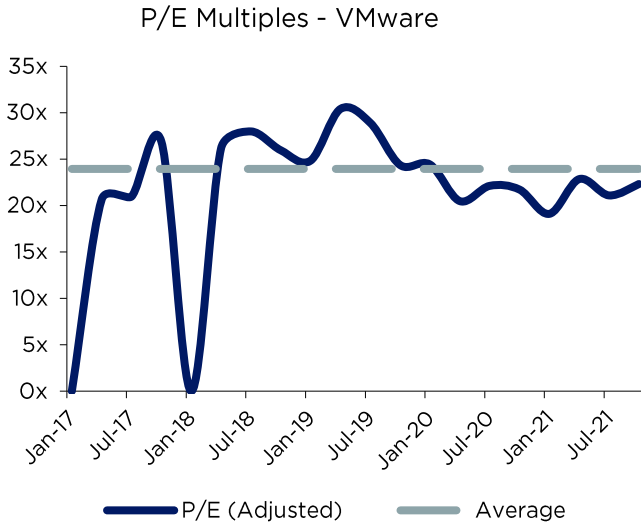
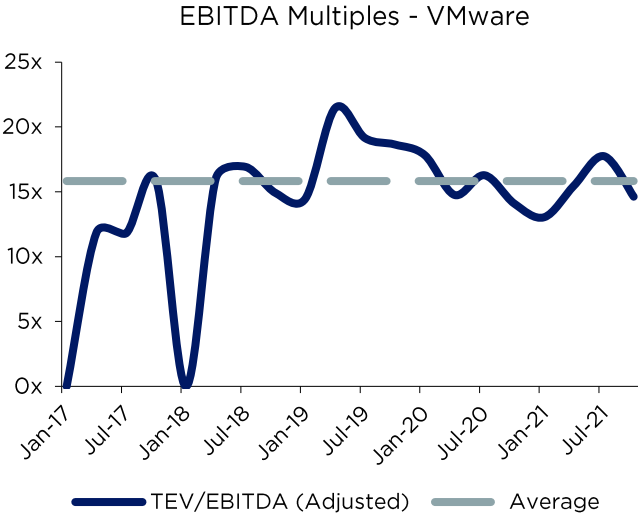
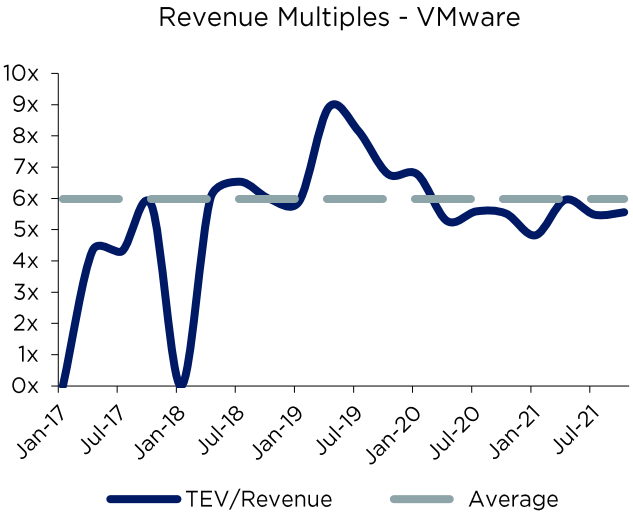
## VMware

**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, subscriptions and SaaS, and 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



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.

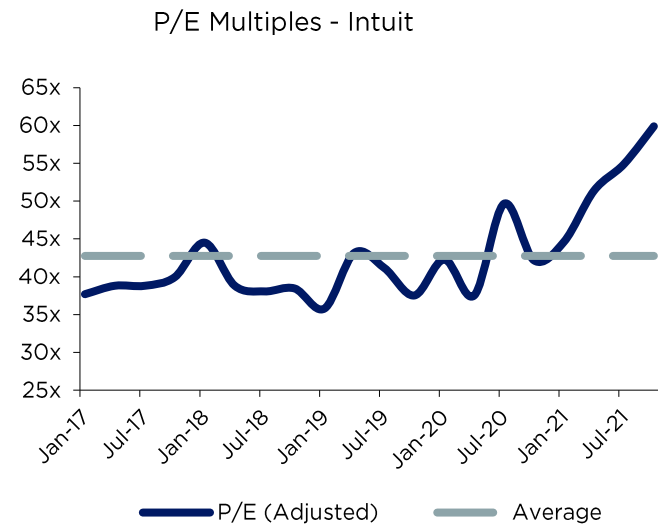
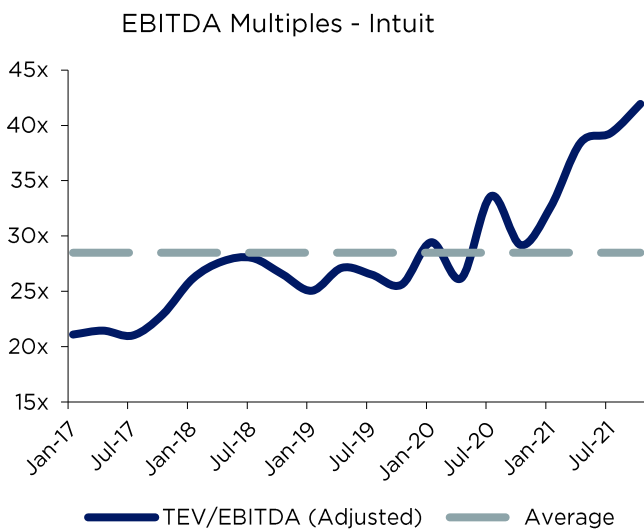
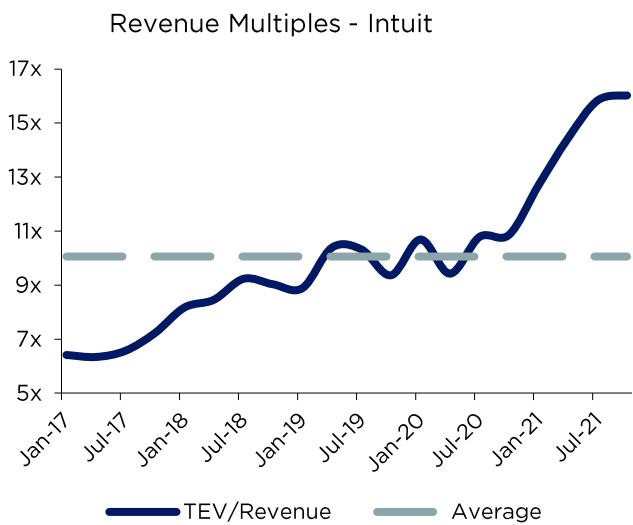
## Intuit

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
Clearco	1/6/20	The company raised \$215 million of venture funding in a deal led by SoftBank Investment Advisers on July 8, 2021. Intuit, Bedrock , Park West Asset Management, Brookfield Technology Partners, Zag Capital and Bow Capital also participated in the round. The funds will be used to accelerate the company's international expansion.

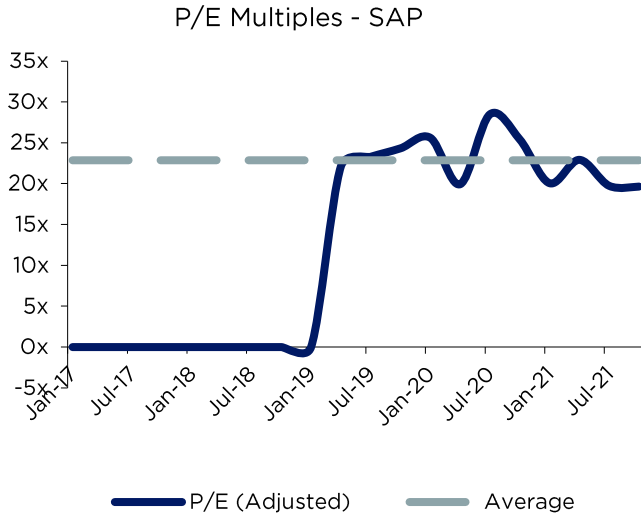
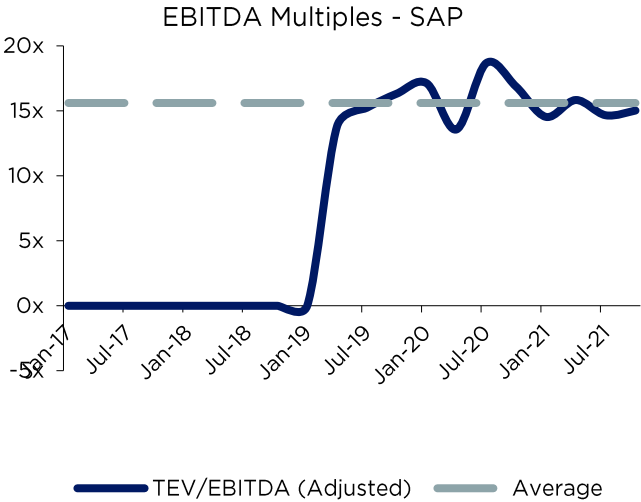
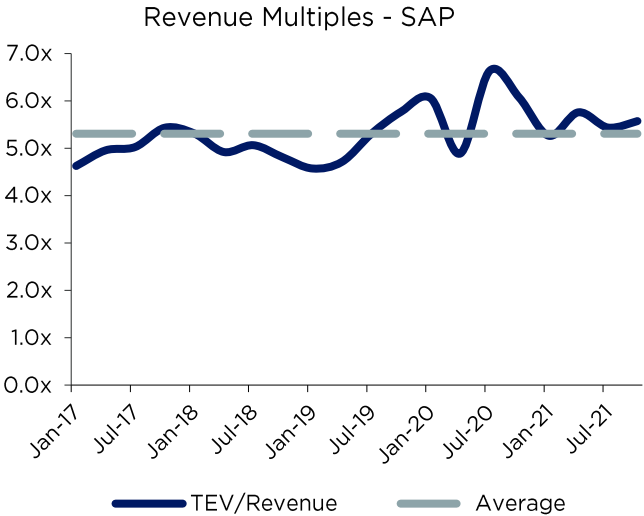
## SAP

**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
ScaleMP	04-Jun-21	The company was acquired by SAP (ETR: SAP) for an undisclosed amount on June 4, 2021.

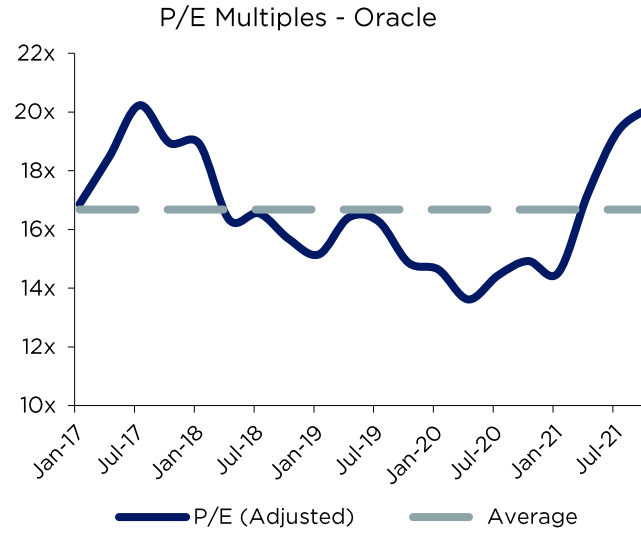
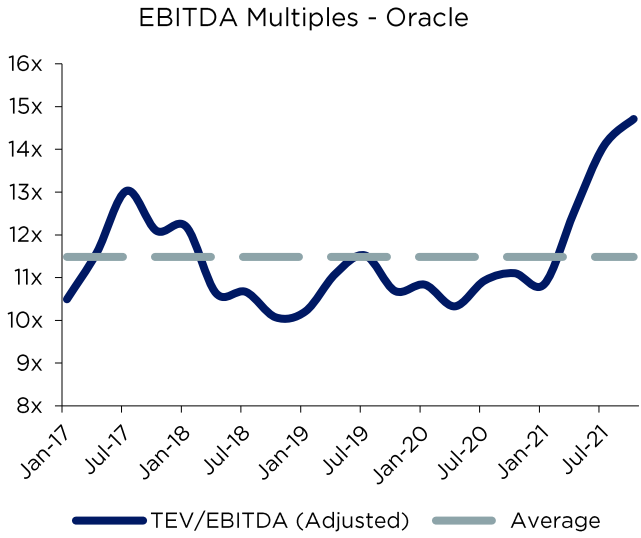
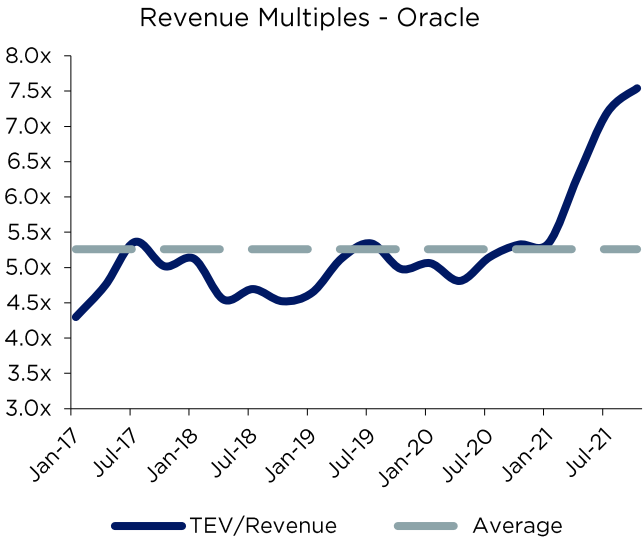
## Oracle

**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.



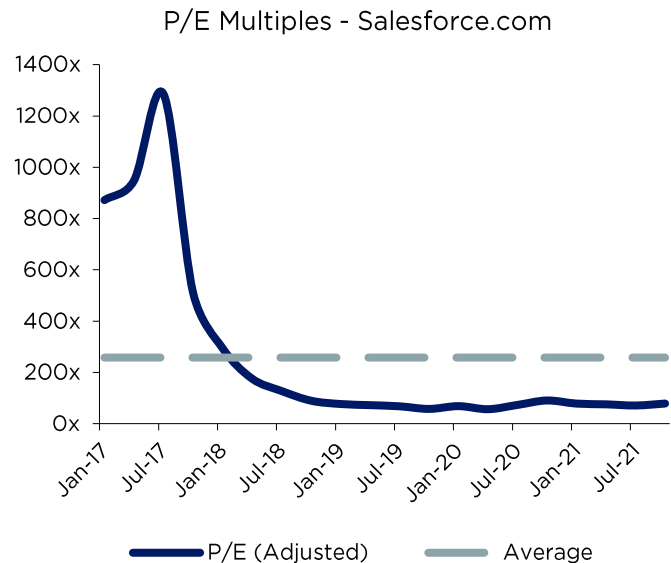
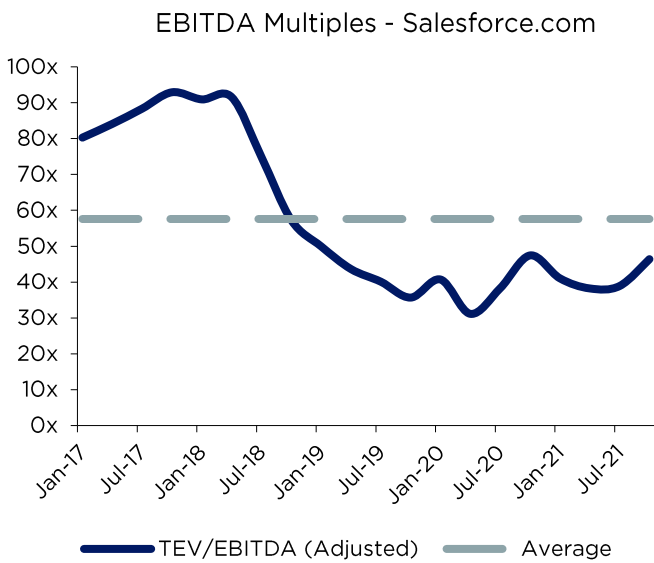
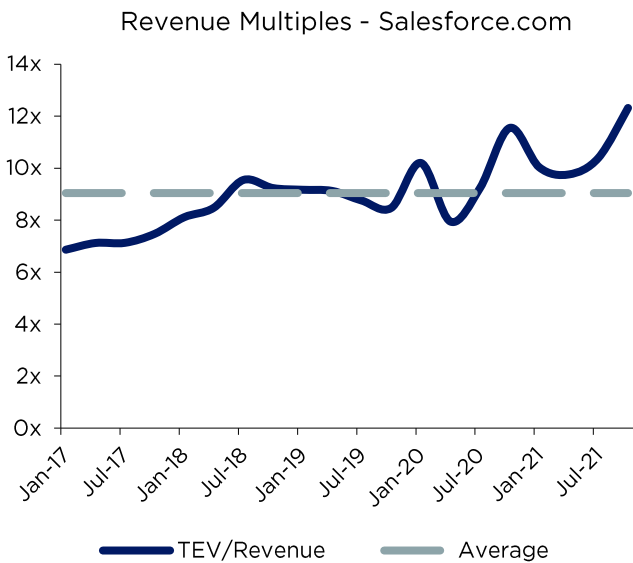
[Salesforce.com](#)

**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
Servicetrace	02-Sep-21	The company was acquired by Salesforce.com (NYS: CRM) for an undisclosed amount on September 2, 2021. The acquisition will help Salesforce.com clients streamline their sales operations and customer case resolution. i5invest also participated in the round

## Adobe Systems

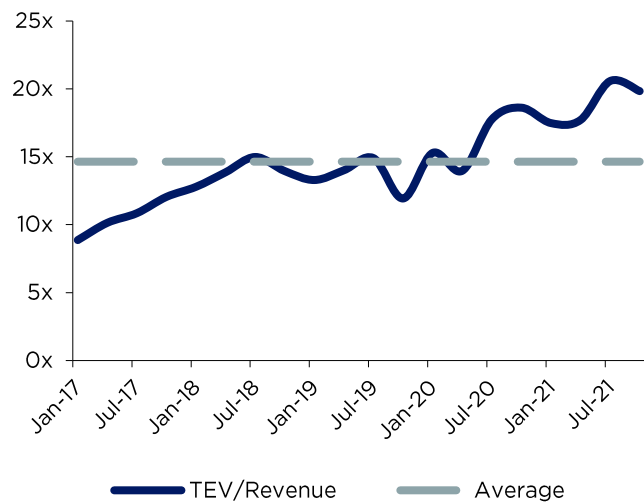
Adobe provides content creation, document management, and digital marketing and advertising software and services to creative professionals and marketers for creating, managing, delivering, measuring, optimizing and engaging with compelling content multiple operating systems, devices and media.

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).

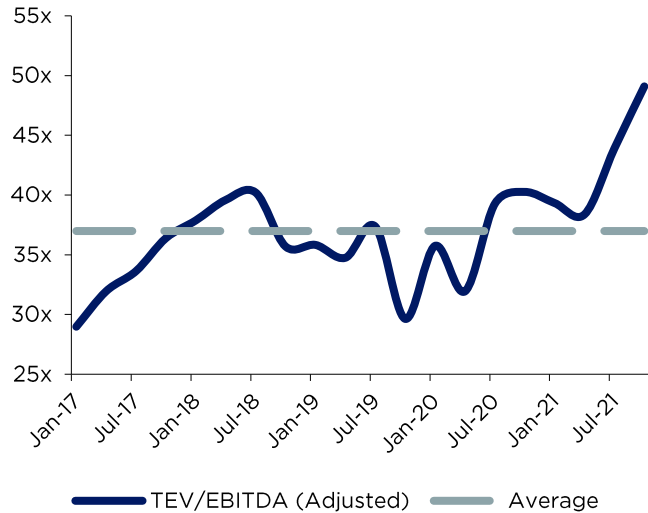
# Public Basket

## Adobe Systems

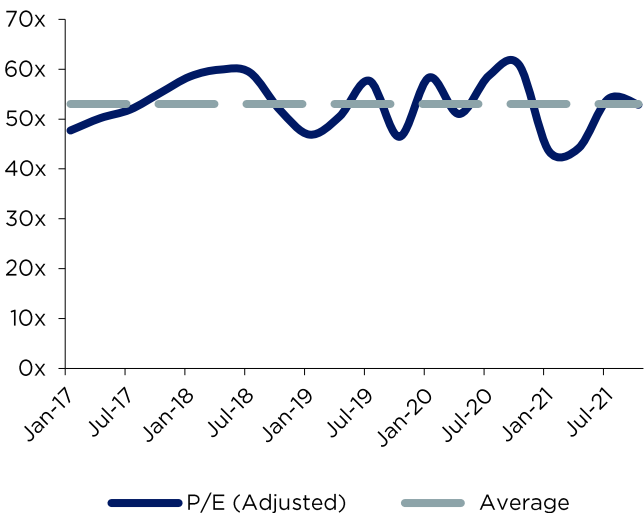
Revenue Multiples - Adobe Systems



EBITDA Multiples - Adobe Systems



P/E Multiples - Adobe Systems



Company Name	Date	Deal Synopsis
Frame.io	19-Aug-21	The company reached a definitive agreement to be acquired by Adobe Systems (NAS: ADBE) for \$1.275 billion on August 19, 2021. It plans to close the round by the fourth quarter of 2021.

## Microsoft

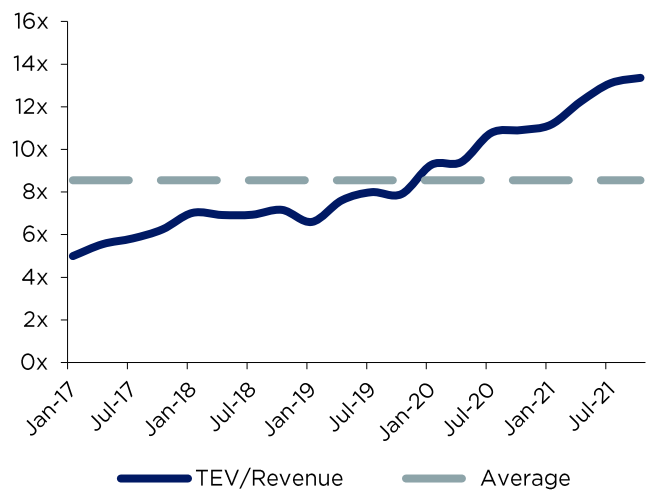
### **Microsoft develops and licenses consumer and enterprise software.**

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).

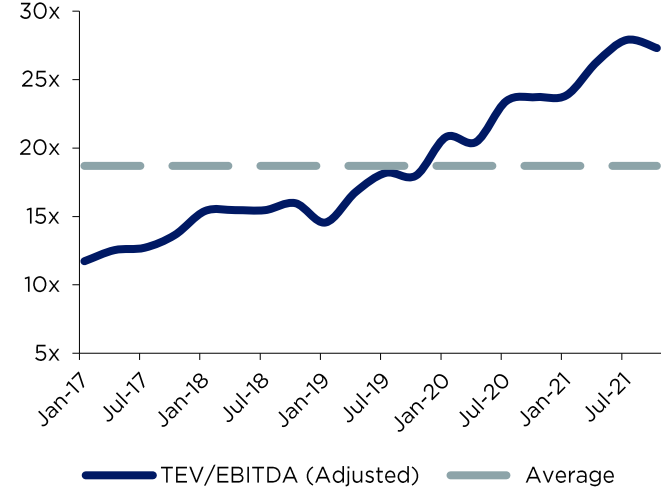
# Public Basket

Microsoft

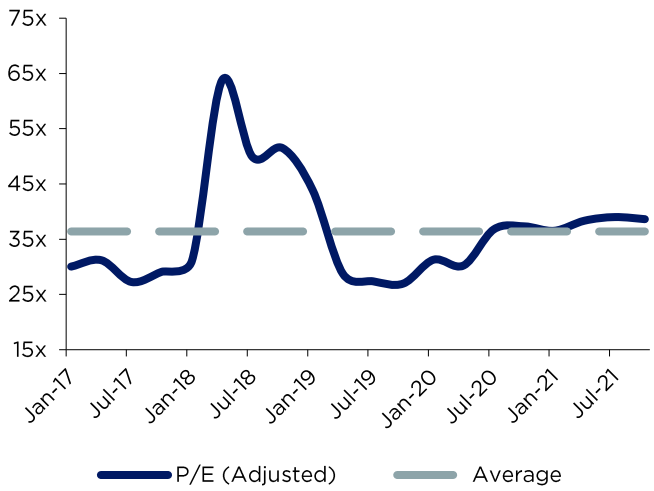
Revenue Multiples - Microsoft



EBITDA Multiples - Microsoft



P/E Multiples - Microsoft



Company Name	Date	Deal Synopsis
TakeLessons	10-Sep-21	The company was acquired by Microsoft (NAS: MSFT) for an undisclosed amount on September 10, 2021.

# 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.

John Cooper, Partner	704.973.3996	john@7mileadvisors.com
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
Mark Landry, Partner	561.972.0609	mark@7mileadvisors.com
Simon Baitler, Executive Managing Director	310.829.1635	simon.baitler@7mileadvisors.com
Tim Frye, Managing Director	704.973.3994	tim@7mileadvisors.com
Kristina Sergueeva, Managing Director	704.899.5149	kristina@7mileadvisors.com
Horacio Yenaropulos, Managing Director	(+) 54.261.4617300	horacio@7mileadvisors.com
Steve Buffington, Vice President	704.960.1828	steve@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
Sydney Scadden, Vice President	704.973.3998	sydney@7mileadvisors.com
Ilia Ulianchuk, Vice President	704.414.8743	ilia@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
Nic Anderko, Analyst, Business Development	704.398.3991	nic.anderko@7mileadvisors.com
Kevin Postigo, Associate	704.912.4903	Kevin.postigo@7mileadvisors.com
Conor Smith, Associate	704.855.2134	conor.smith@7mileadvisors.com
Nic Anderle, Senior Analyst	704.826.7492	nic.anderle@7mileadvisors.com
Adam Alderfer, Analyst	704.644.1917	adam@7mileadvisors.com
Lucas Cerbelli, Analyst	704.336.0118	lucas@7mileadvisors.com
Tanner Lange, Analyst	704.672.0611	tanner.lange@7mileadvisors.com
Trent McCauley, Analyst	704.644.1916	trent.mccauley@7mileadvisors.com
Tyler Ratterree, Analyst	864.561.0785	tyler@7mileadvisors.com