

7 Mile Advisors



# Sectorwatch: Advanced Analytics

December 2021



# Advanced Analytics

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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.

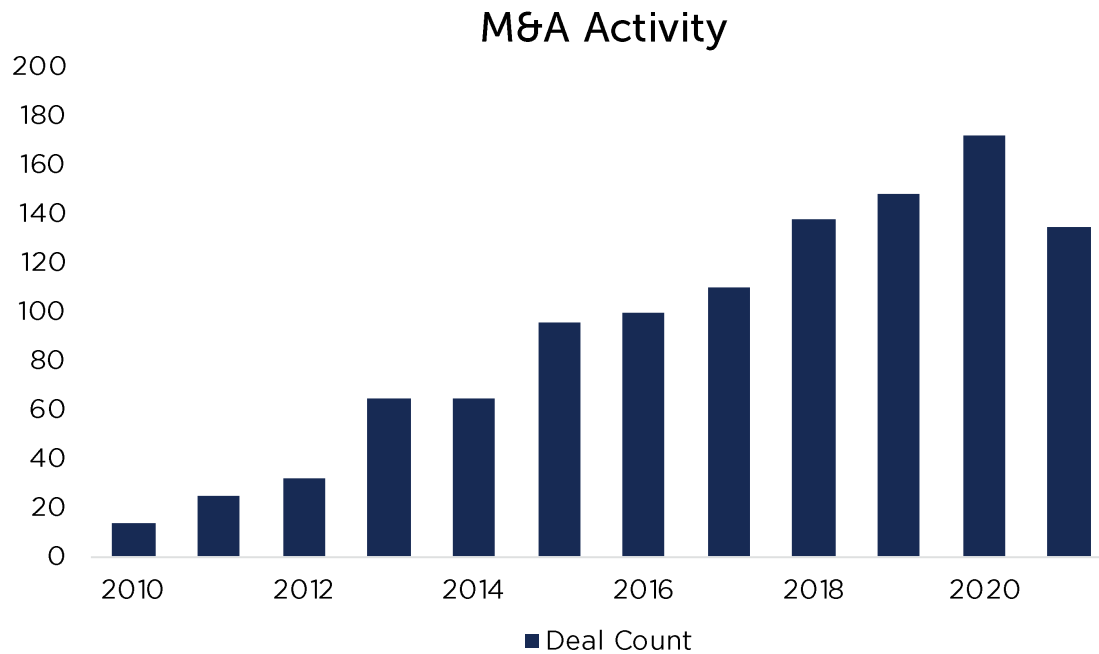
## RECENT DEALS

- The most recently announced deals in the sector

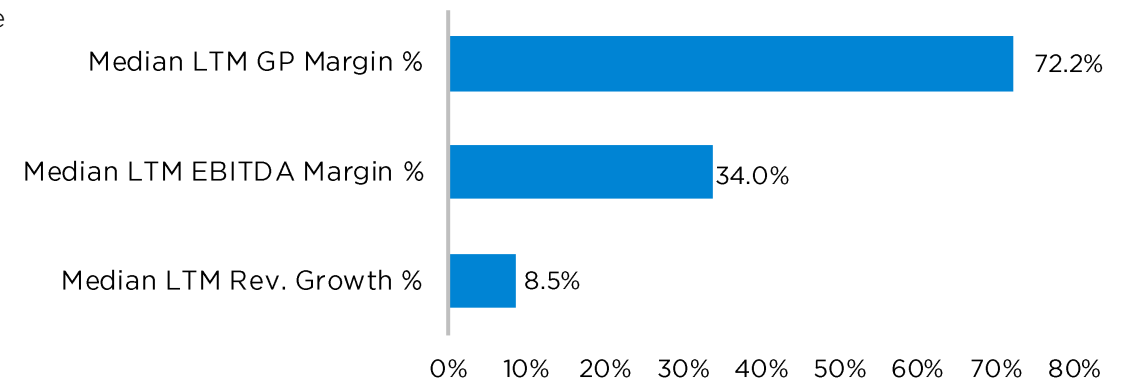
# Dashboard

## REVENUE GROWTH MOMENTUM ↓ -6.8%

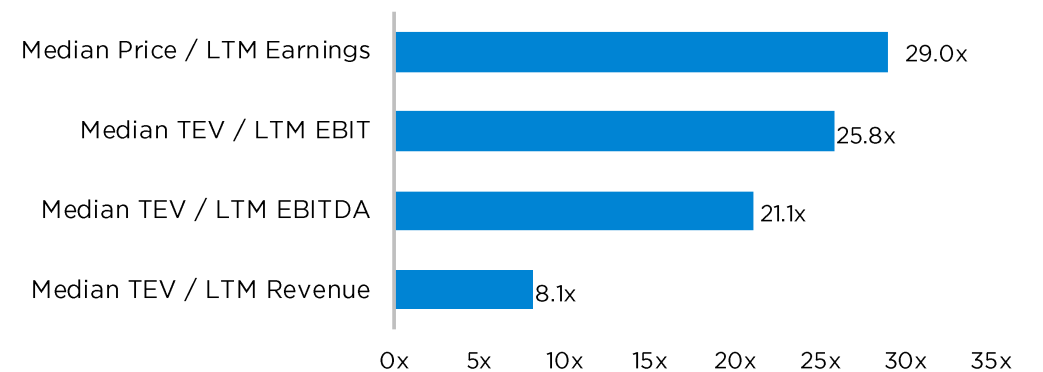
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



## Operating Metrics



## Valuation



# Public Basket Overview

Advanced Analytics

TMT

FICO | alteryx | The Thrill of Solving

Alphabet | IBM

Big Data

SAP | splunk

CloudTech & DevOps

Microsoft

Marketing Tech

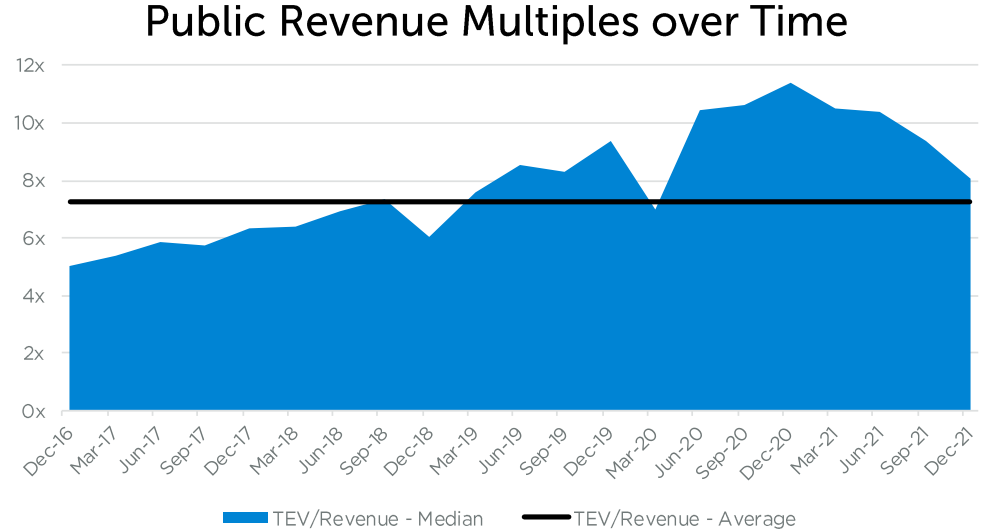
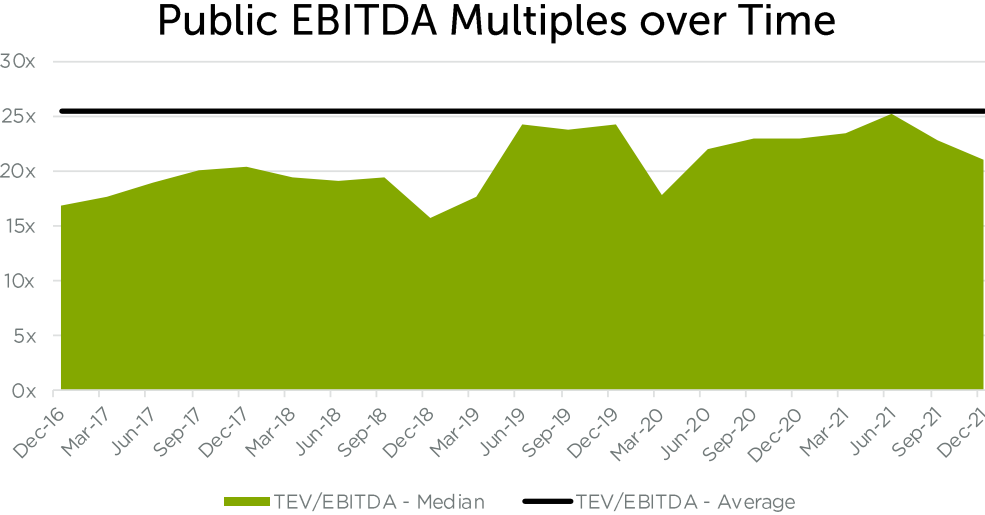
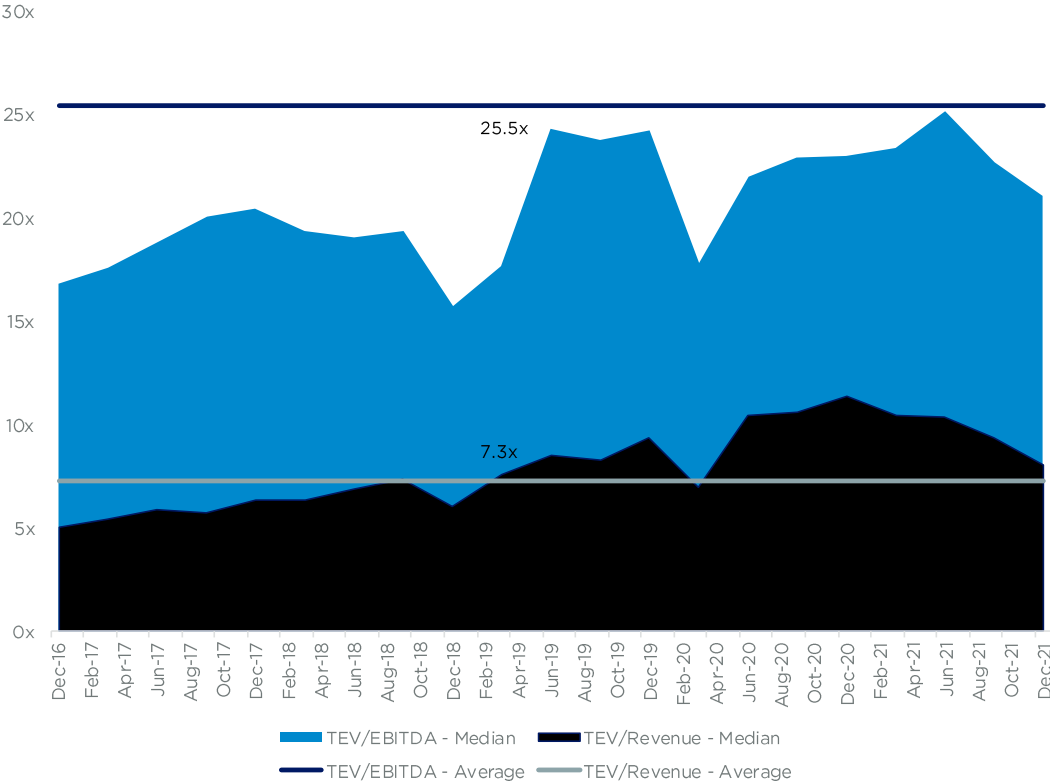
Adobe

# 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
Alteryx	4,422	-64	523	6.4%	90.4%	-12.3%	8.5x	#N/A	1,786	293
Fair Isaac	12,396	539	1,317	1.7%	74.7%	40.9%	9.4x	23.0x	3,662	360
Splunk	19,373	-1,070	2,518	10.6%	72.5%	-42.5%	7.7x	#N/A	7,573	332
International Business Machines	165,304	12,915	74,460	-0.8%	48.2%	17.3%	2.2x	12.8x	375,300	198
SAP	174,016	9,091	32,743	-1.6%	71.9%	27.8%	5.3x	19.1x	105,015	312
Adobe Systems	263,724	6,062	15,099	21.4%	88.2%	40.1%	16.7x	39.9x	22,516	671
Alphabet	1,774,146	96,523	239,210	39.3%	56.5%	40.4%	7.4x	18.4x	150,028	1,594
Microsoft	2,363,838	86,617	176,251	19.8%	68.9%	49.1%	13.4x	27.3x	181,000	974
<b>Average</b>	597,152	26,327	67,765	12.1%	71.4%	20.1%	8.8x	23.4x	105,860	592
<b>Median</b>	169,660	7,577	23,921	8.5%	72.2%	34.0%	8.1x	21.1x	63,766	346

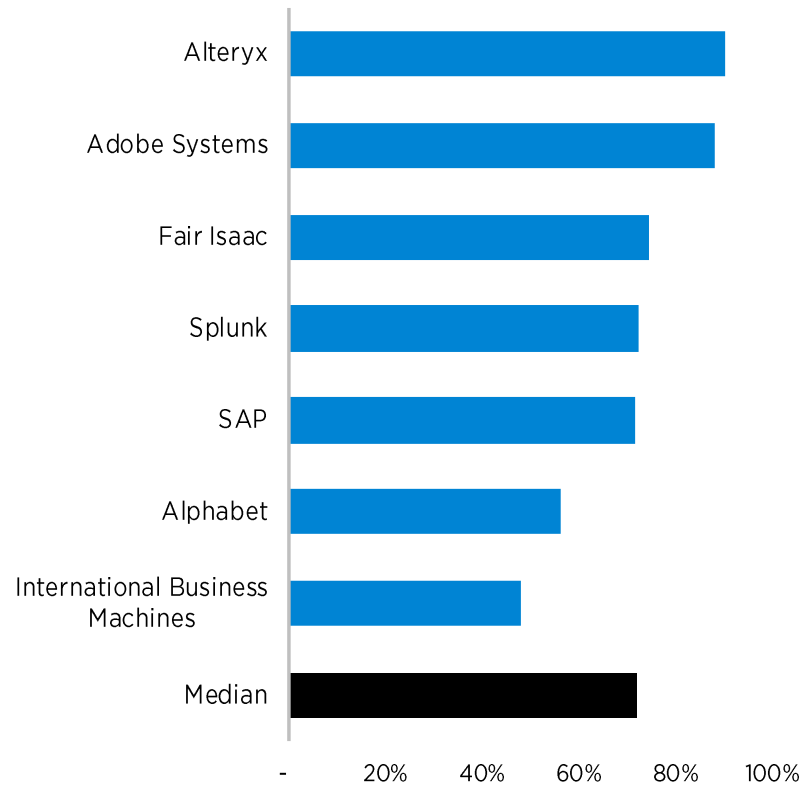
share price as of 20Dec21

# Public Basket

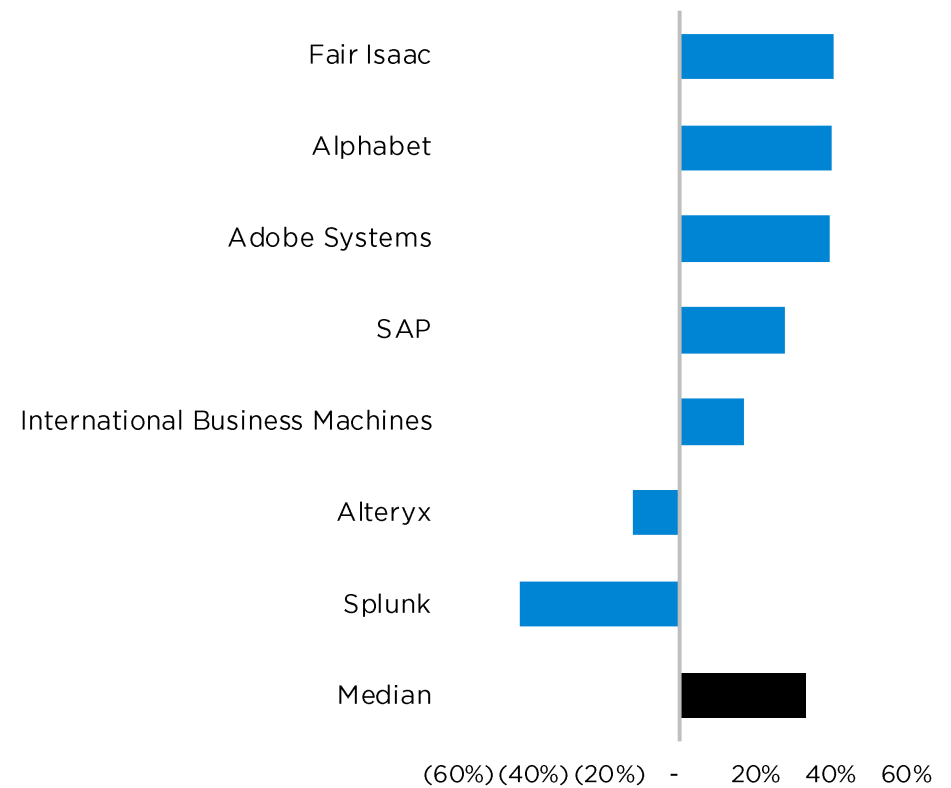


# Operational Metrics

### LTM Gross Profit Margin %



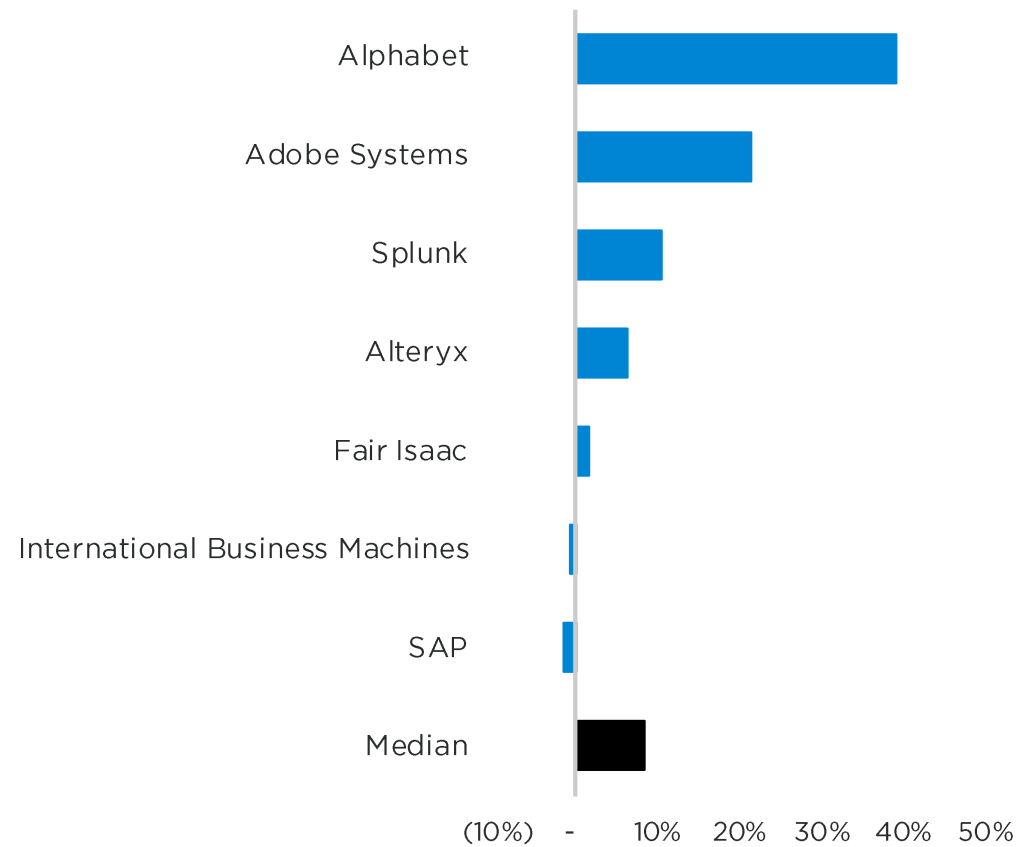
### LTM EBITDA %



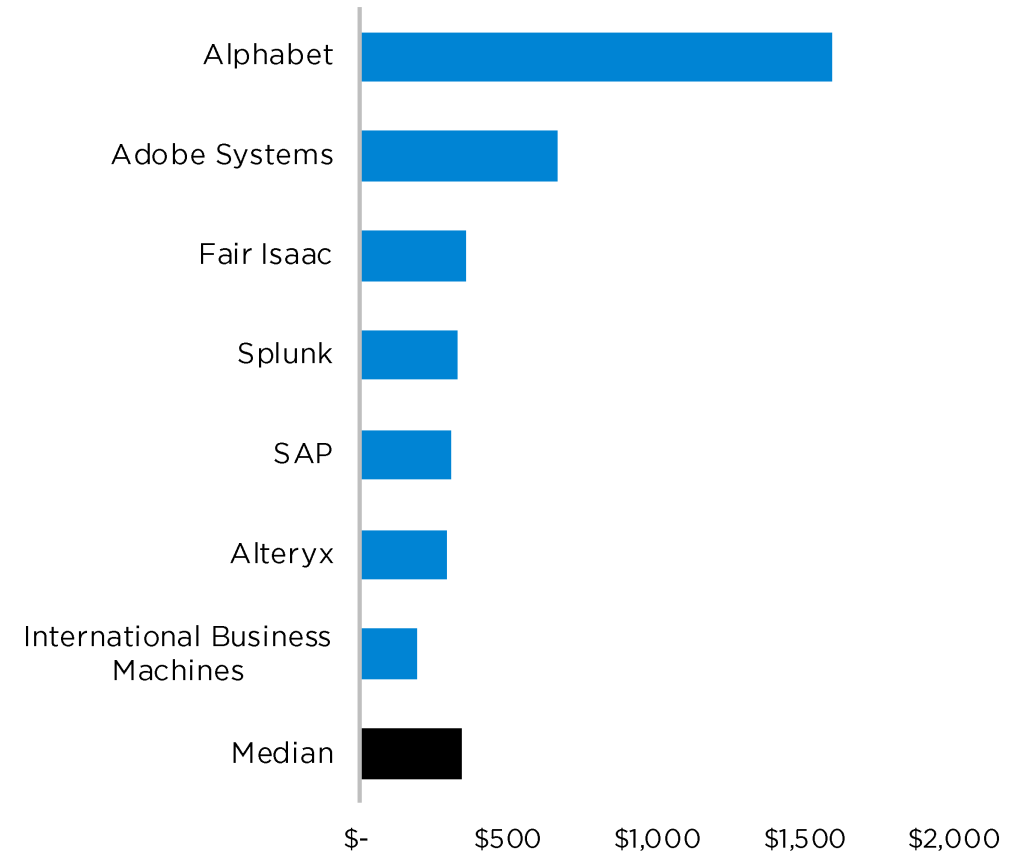


# Operational Metrics

### LTM Revenue Growth %

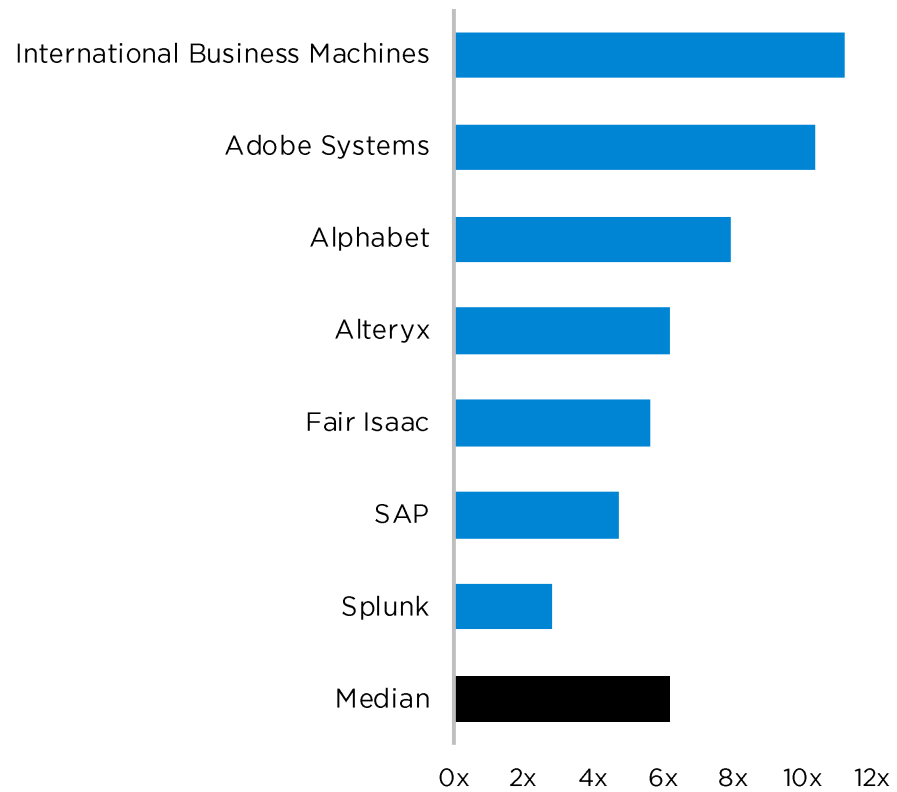


### LTM Revenue per Full Time Employee x 000's

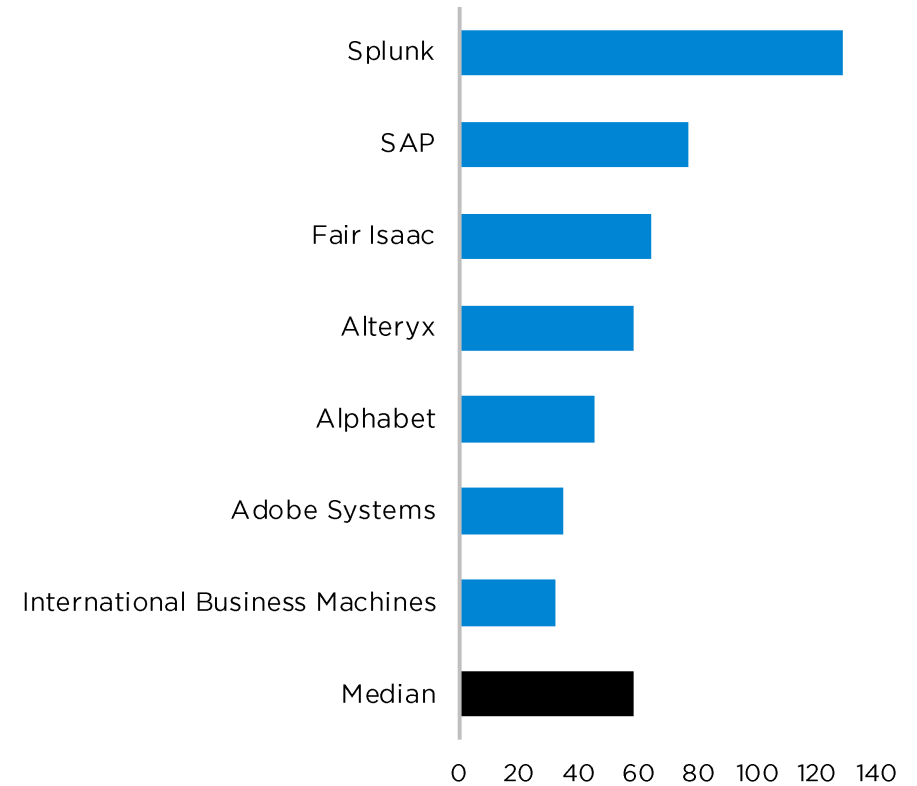


# Operational Metrics

## Accounts Receivable Turnover

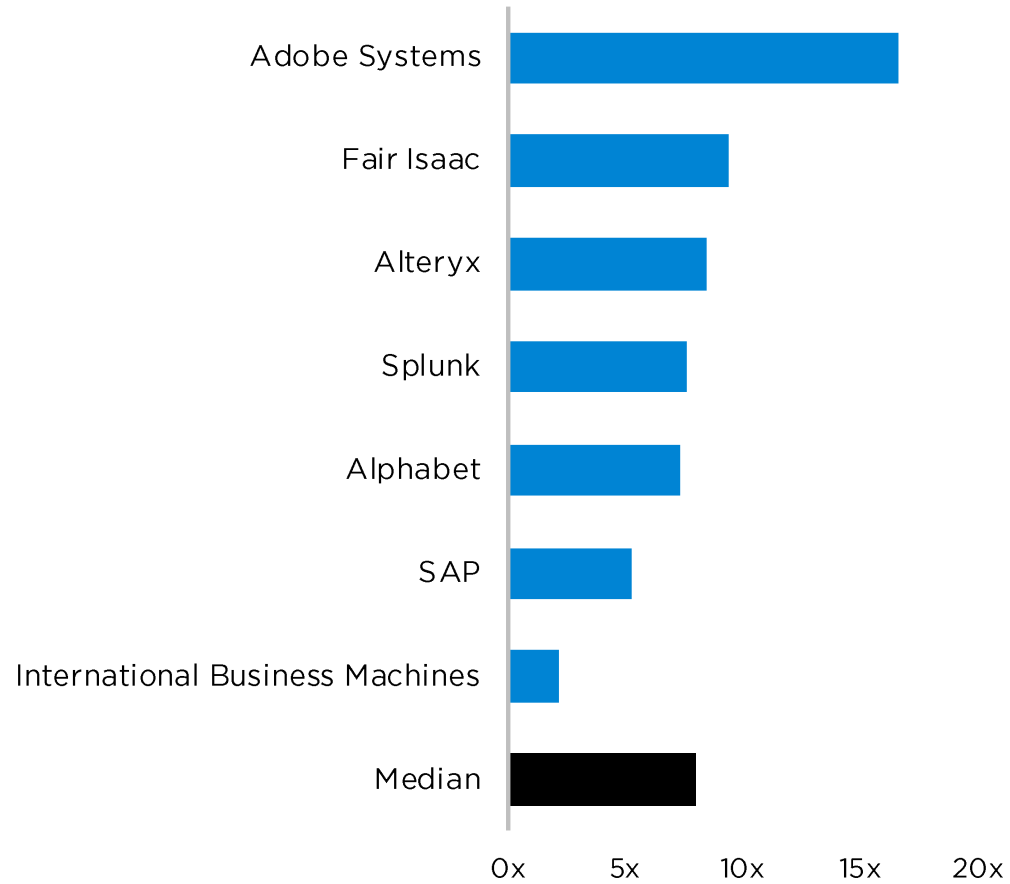


## Average Days Sales Outstanding

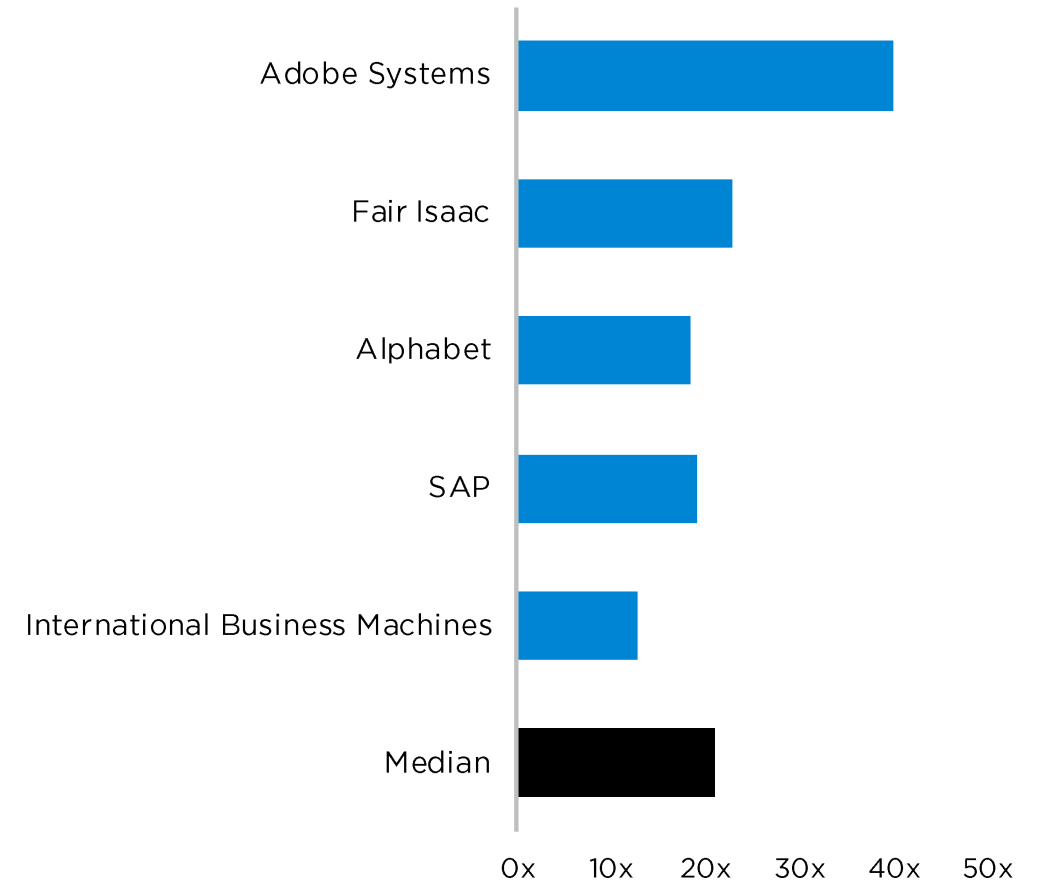


# Valuation

### TEV / LTM Revenue

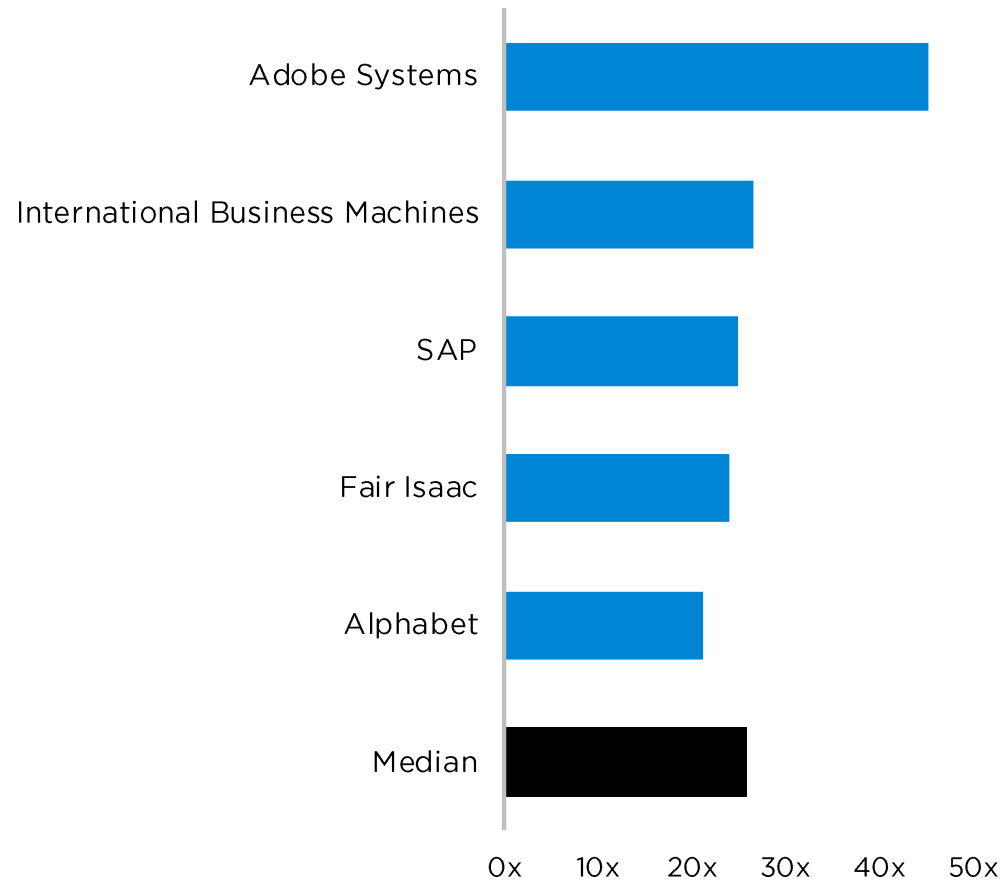


### TEV / LTM EBITDA

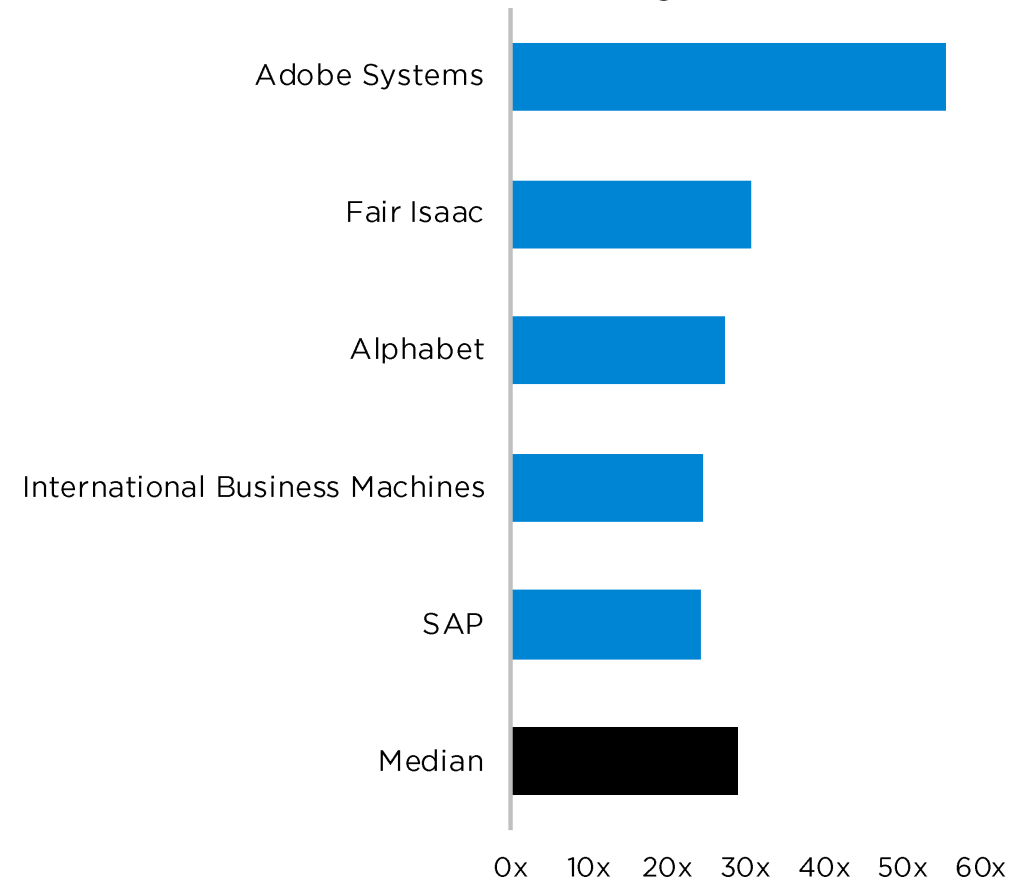


# Valuation

TEV / LTM EBIT

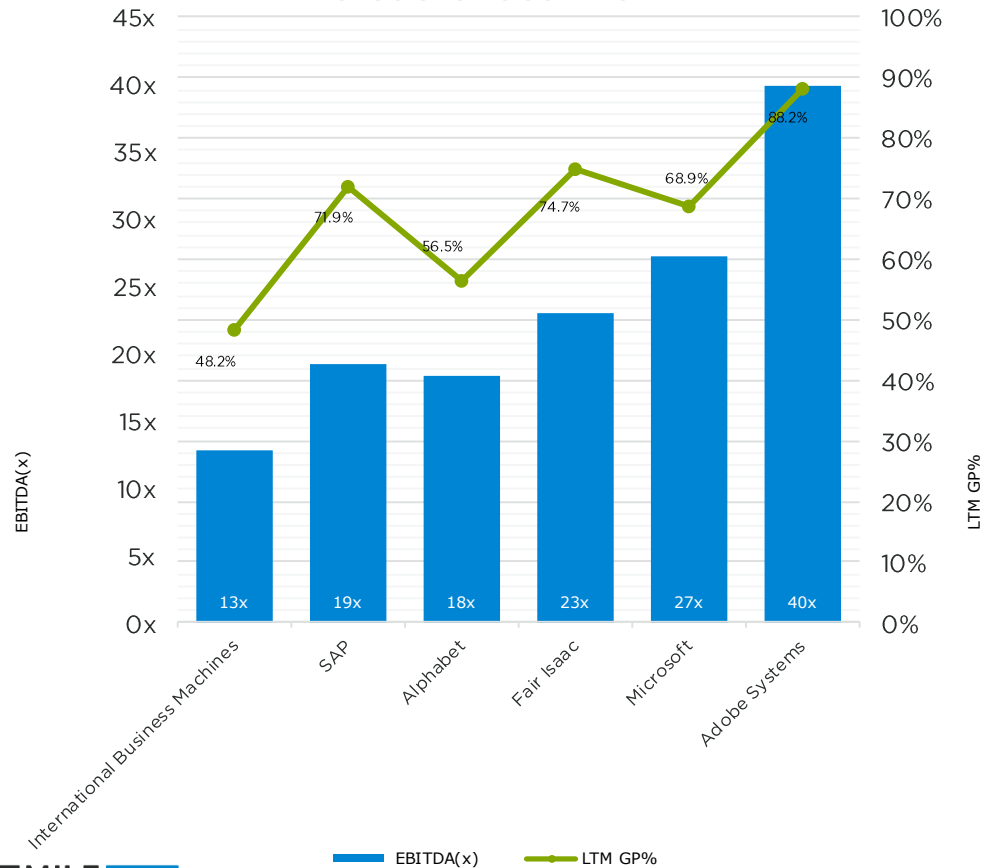


Price / LTM Earnings

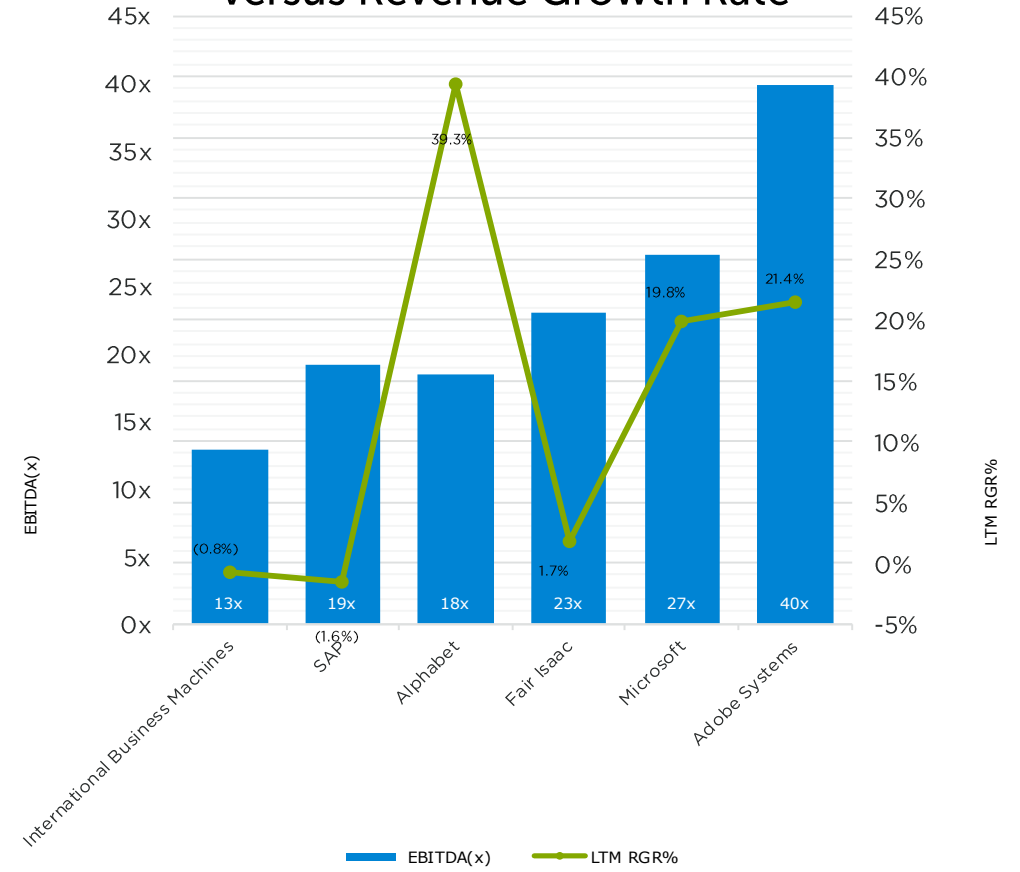


# Valuation

## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions

Date	Target	Buyer / Investor	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
16-Dec-21	Workfellow	Icebreaker.vc	3.30	-	-	-
15-Dec-21	AgileAssets	Trimble	-	-	-	-
14-Dec-21	initions	Genui Partners	-	-	-	-
14-Dec-21	R.R. Donnelley & Sons	Chatham Asset Management	1,955.23	4,935.10	0.00	5.99
02-Dec-21	Kio Networks	I Squared Capital	-	-	-	-
02-Dec-21	Kueski	Altos Ventures	202.00	-	-	-
01-Dec-21	Mint Measure	-	0.20	-	-	-
01-Dec-21	Proluent Health	Health Velocity Capital	12.70	-	-	-
24-Nov-21	Inovalon Holdings	22C Capital	7,300.00	749.59	0.00	33.83
22-Nov-21	Cognitive Credit	Fitch Ventures	8.14	-	-	-
22-Nov-21	Zasti	-	1.05	-	-	-
15-Nov-21	PetPooja	Aroa Ventures	4.50	-	-	-
10-Nov-21	Standav	Bain Capital	-	-	-	-
10-Nov-21	UncommonX	-	8.08	-	-	-
26-Oct-21	Geocent	DFW Capital Partners	-	-	-	-
25-Oct-21	Stellapps	ABB Technology Ventures	18.00	-	-	-
19-Oct-21	RevOps Health	Magic Fund	0.26	-	-	-
13-Oct-21	Laviana	Yingke Capital	77.43	-	-	-
07-Oct-21	HealthReveal	Accolade	-	-	-	-
06-Oct-21	RxDataScience	Syneos Health	-	-	-	-
06-Oct-21	Systems Planning and Analysis	Arlington Capital Partners	-	-	-	-
01-Oct-21	BrilliantMD	Lontra Ventures	-	-	-	-
01-Oct-21	Talus Bio	National Science Foundation	-	-	-	-
30-Sep-21	Biware Consulting	CDC Industrie Gestion	1.20	-	-	-
28-Sep-21	Lone Star Analysis	HCAP Partners	-	-	-	-

# Appendix

*Public Basket  
Contact Information*



## Alteryx

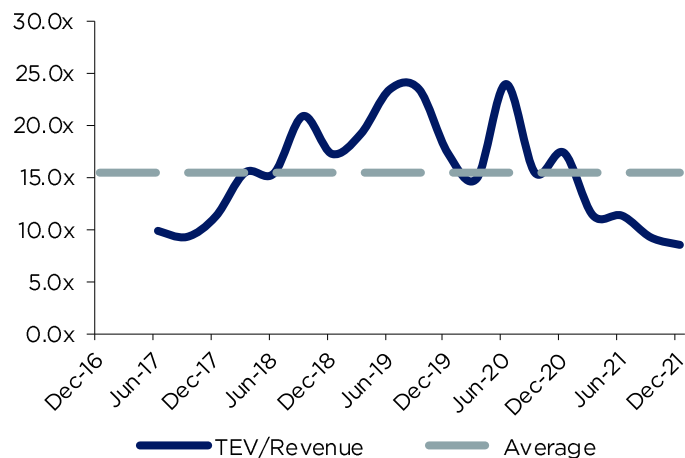
### **Alteryx Inc is a software company that provides self-service data analytics software.**

Its software platform enables organizations to dramatically improve business outcomes and the productivity of business analysts. The firm offers solutions such as advanced analytics, location intelligence, data preparation, technology integrations, and others. It serves Financial Services; Healthcare; Retail; Transportation and Logistics; Oil and Gas; Pharmaceuticals and Biotechnology and other industries. The company generates its revenue from the sale of a subscription-based software platform.

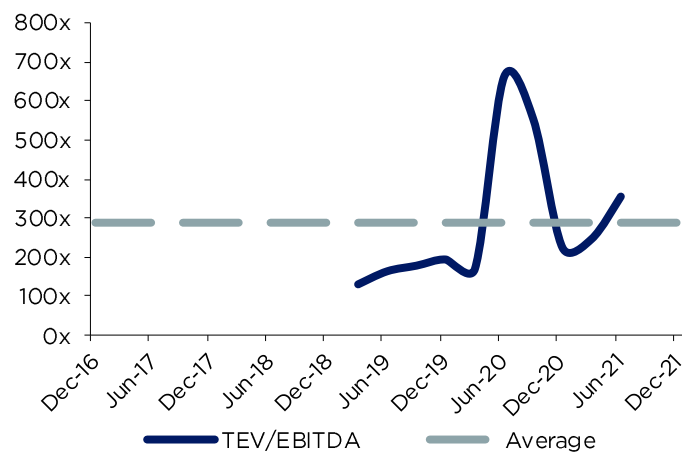


# Public Basket

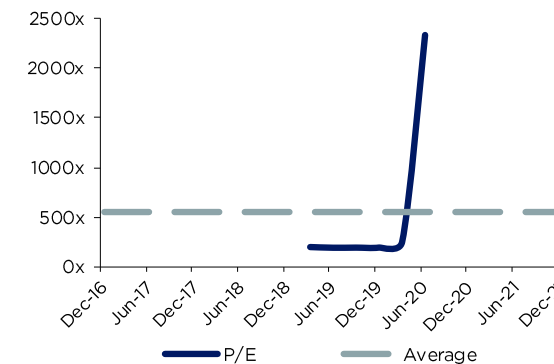
Revenue Multiples - Alteryx



EBITDA Multiples - Alteryx



P/E Multiples - Alteryx



Company Name	Date	Deal Synopsis
Lore IO	22-Oct-21	The company was acquired by Alteryx (NYS: AYX) for an undisclosed amount on October 22, 2021.
Hyper Anna	07-Oct-21	The company was acquired by Alteryx (NYS: AYX) for an undisclosed amount on October 7, 2021.

## Fair Isaac

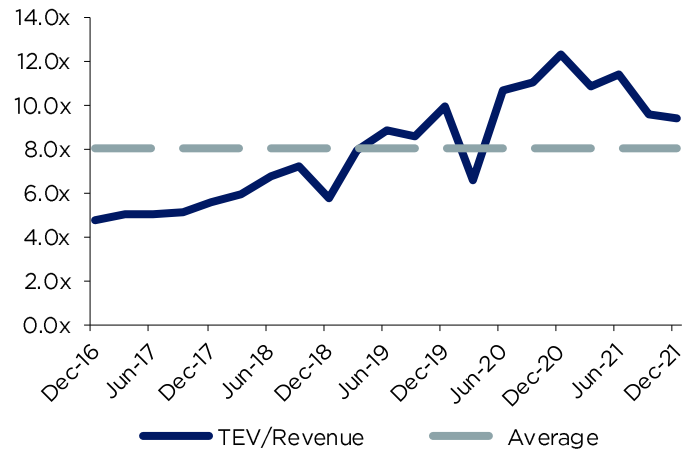
# Fair Isaac Corp is an applied analytics company.

The firm operates in two segments: Software segment that includes pre-configured analytic and decision management solutions designed for a specific type of business need or process - such as account origination, customer management, customer engagement, fraud detection, financial crimes compliance, and marketing - as well as associated professional services. Scores segment includes business-to-business scoring solutions and services which give clients access to predictive credit and other scores.

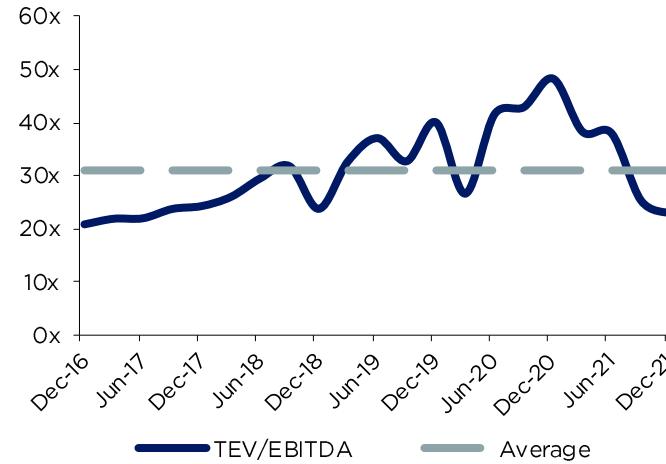
# Public Basket

Fair Isaac

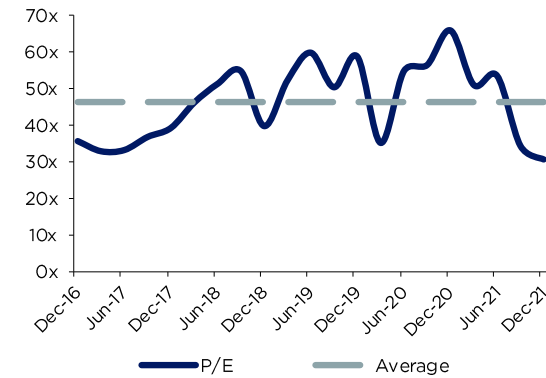
Revenue Multiples - Fair Isaac



EBITDA Multiples - Fair Isaac



P/E Multiples - Fair Isaac



Company Name	Date	Deal Synopsis
GoOn	12-Dec-18	The company was acquired by Fair Isaac (NYS: FICO) for an undisclosed amount on December 12, 2018. The acquisition will enable the acquirer to grow in areas of Brazil and Latin America.
QuadMetrics	19-May-16	The company was acquired by FICO for \$5.7 million amount on May 19, 2016. In acquiring QuadMetrics, FICO becomes the exclusive licensee of QuadMetrics' intellectual property and pending patents, and gains access to a rich historical pool of development data for additional analytics research.

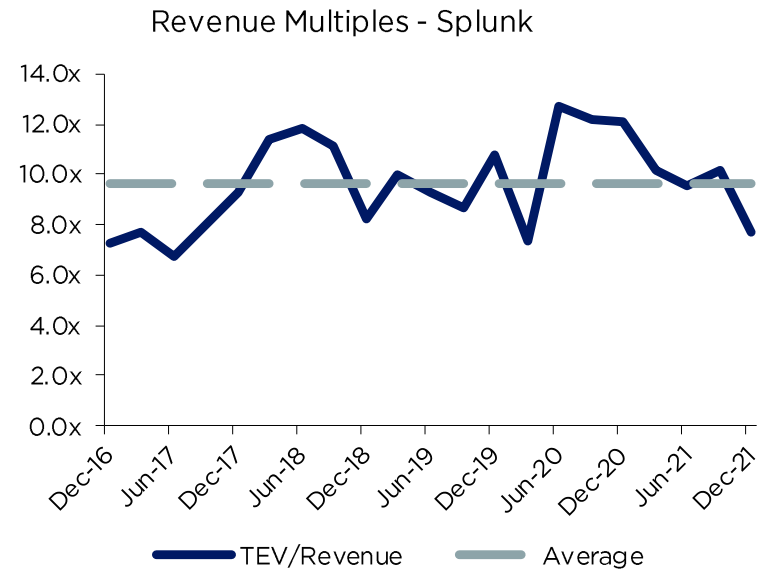
## Splunk

# Splunk provides software for machine log analysis.

Its flagship solution, Splunk Enterprise, is employed across a multitude of use cases, including application management, IT operations, and security. The company has historically deployed its solutions on-premises, but the software-as-a-service delivery model is growing in popularity with Splunk Cloud. The company derives revenue from software licenses, as well as cloud subscriptions, maintenance, and support.

# Public Basket

Splunk



Company Name	Date	Deal Synopsis
Orca Security	05-Oct-21	The company raised \$550 million of Series C venture funding from Science Applications International, Splunk, and CapitalG on October 5, 2021, putting the company's pre-money valuation at \$1.25 billion. Stripes, Adams Street Partners, Redpoint Ventures, Harmony Partners, GGV Capital, Silicon Valley CISO Investments, ICONIQ Capital, Lone Pine Capital, Temasek Holdings, and Willoughby Capital also participated in the round. The funding will be used by the company to continue to deliver more functionality, extend its global reach, and be on the go-to market.
Fletch (Database Software)	01-Jul-21	The company raised an undisclosed amount of venture funding from GV, Splunk and Real Ventures on July 1, 2021. DCVC and August Capital also participated in the round.

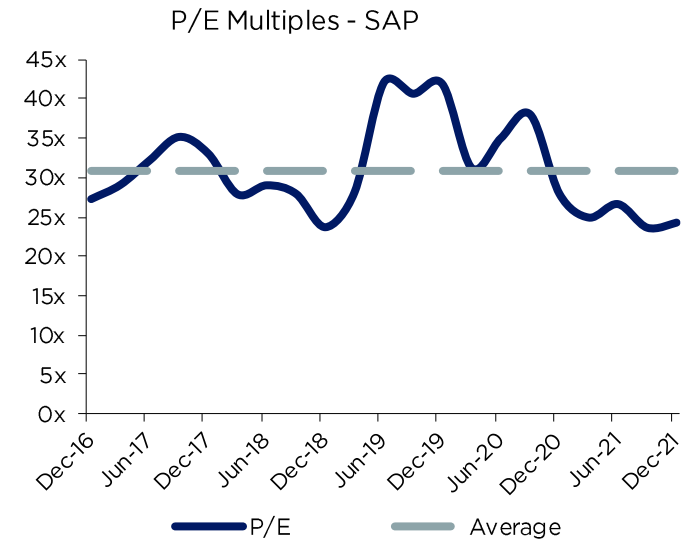
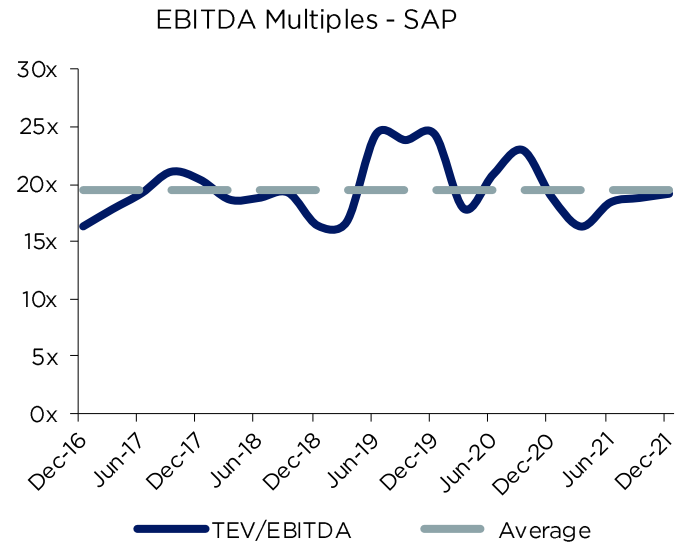
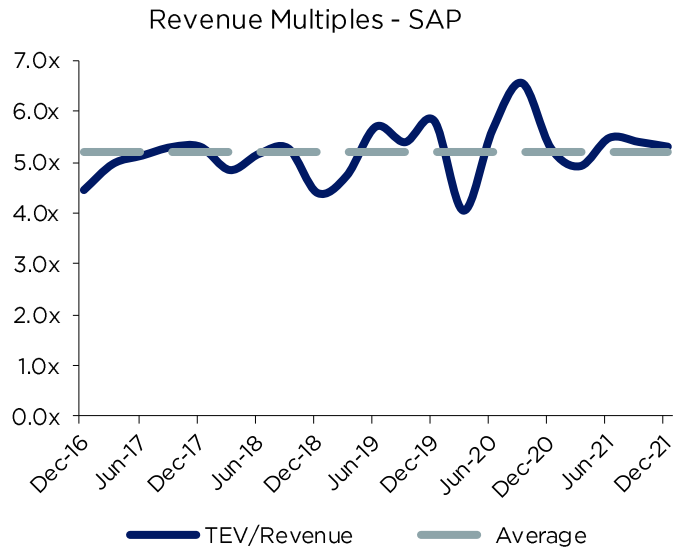
## SAP

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
SwoopTalent	16-Aug-21	The company was acquired by SAP (NYSE: SAP) for an undisclosed amount on August 16, 2021. The acquisition of SwoopTalent will accelerate SAP's HXM vision with a powerful trained artificial intelligence (AI) model that will allow its customers to access reliable data to transform the employee experience and empower a future-ready workforce.
ScaleMP	04-Jun-21	The company was acquired by SAP (ETR: SAP) for an undisclosed amount on June 4, 2021.

### International Business Machines

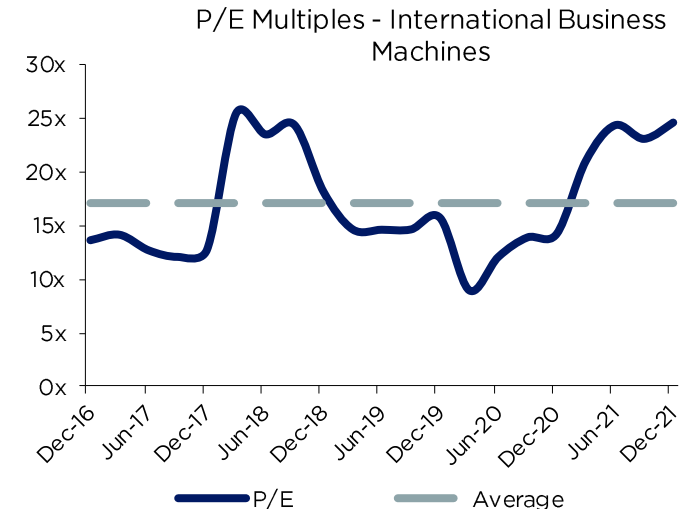
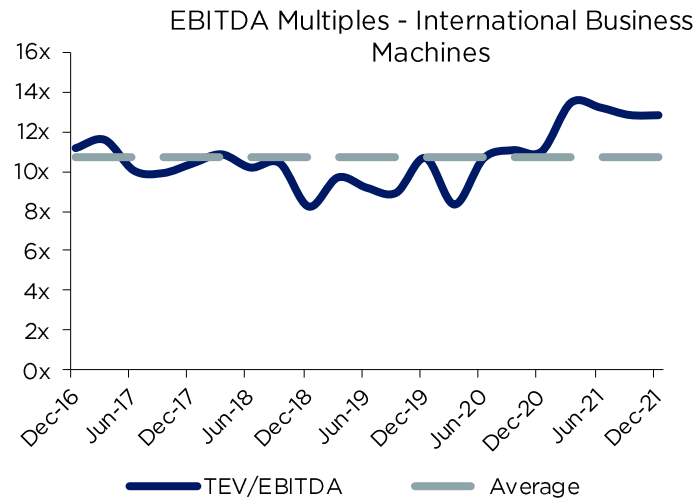
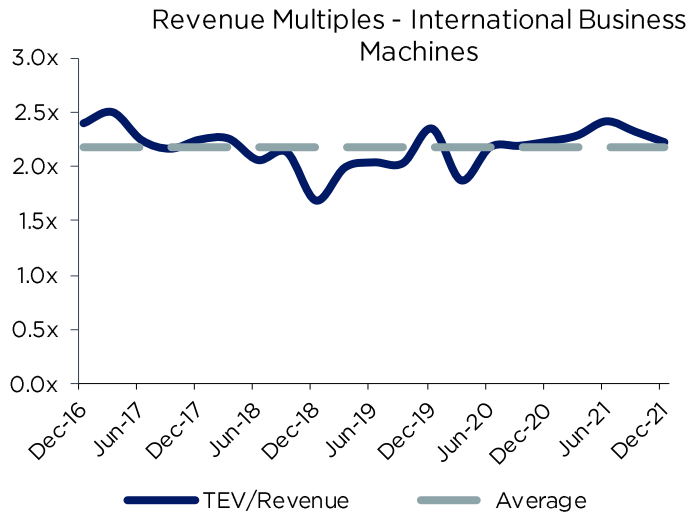
## IBM looks to be a part of every aspect of an enterprise's IT needs.

The company primarily sells software, IT services, consulting, and hardware. IBM operates in 175 countries and employs approximately 350,000 people. The company has a robust roster of 80,000 business partners to service 5,200 clients--which includes 95% of all Fortune 500. While IBM is a B2B company, IBM's outward impact is substantial. For example, IBM manages 90% of all credit card transactions globally and is responsible for 50% of all wireless connections in the world.



# Public Basket

## International Business Machines



Company Name	Date	Deal Synopsis
SXiQ	30-Nov-21	The company was acquired by International Business Machines (NYS: IBM) for an undisclosed amount on November 30, 2021.
ReaQta	02-Nov-21	The company reached a definitive agreement to be acquired by International Business Machines (NYS: IBM) for an undisclosed amount on November 2, 2021.

## Adobe Systems

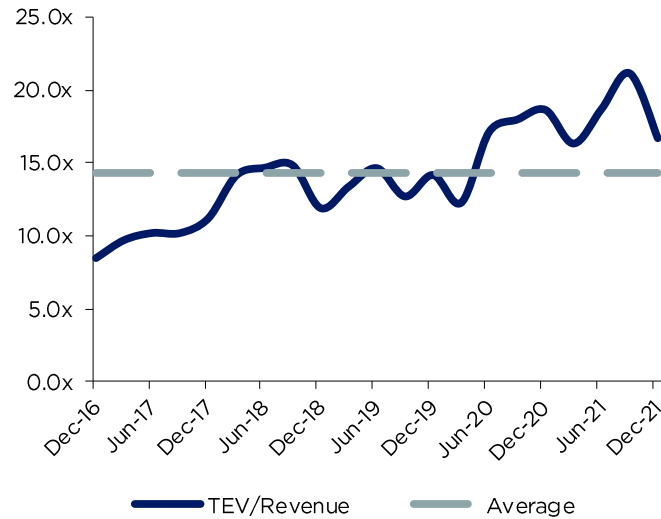
**Adobe provides content creation, document management, and digital marketing and advertising software and services to creative professionals and marketers for creating, managing, delivering, measuring, optimizing and engaging with compelling content multiple operating systems, devices and media.**

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).

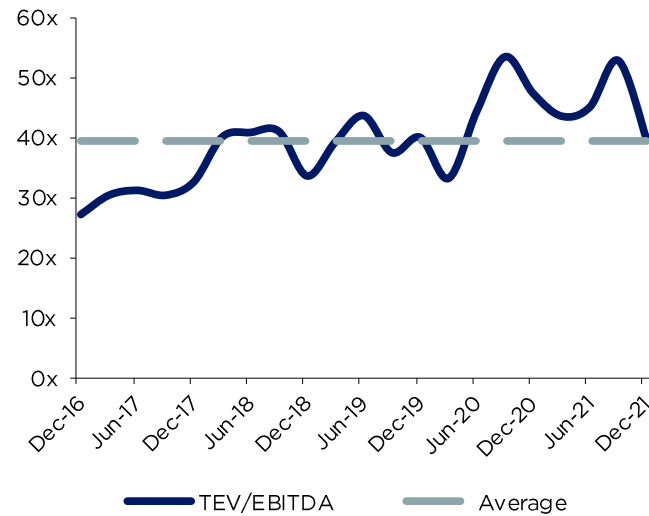
# Public Basket

## Adobe Systems

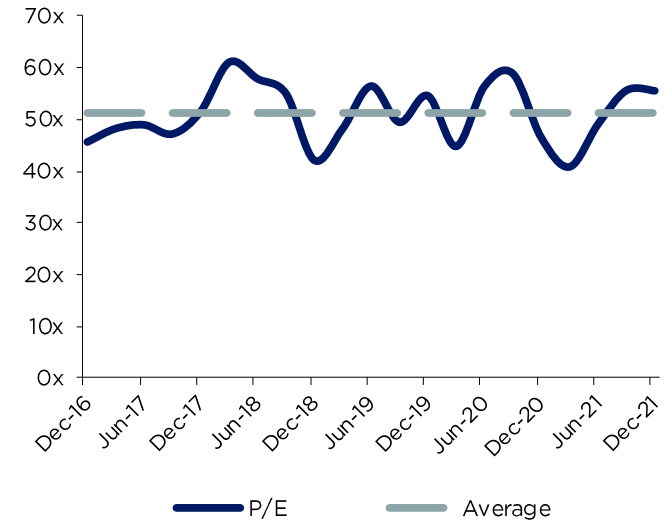
Revenue Multiples - Adobe Systems



EBITDA Multiples - Adobe Systems



P/E Multiples - Adobe Systems



Company Name	Date	Deal Synopsis
ContentCal	08-Dec-21	The company reached a definitive agreement to be acquired by Adobe Systems (NAS: ADBE) for an undisclosed amount on December 8, 2021.
Frame.io	07-Oct-21	The company was acquired by Adobe Systems (NAS: ADBE) for \$1.275 billion on October 7, 2021.

## Alphabet

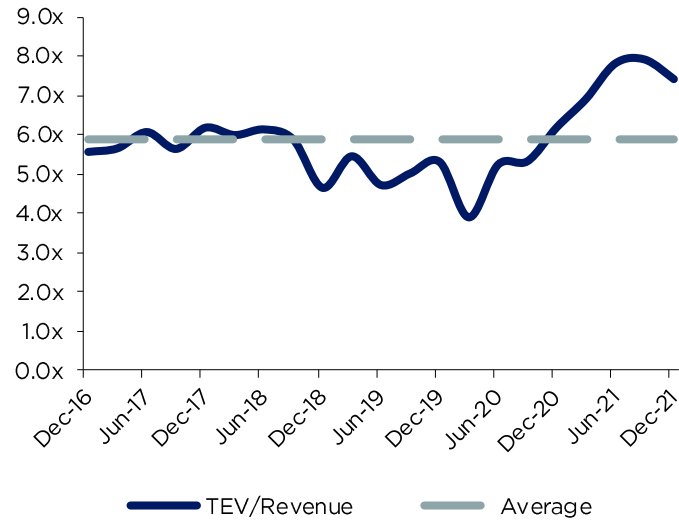
**Alphabet is a holding company, with Google, the Internet media giant, as a wholly owned subsidiary.**

Google generates 99% of Alphabet revenue, of which more than 85% is from online ads. Google's other revenue is from sales of apps and content on Google Play and YouTube, as well as cloud service fees and other licensing revenue. Sales of hardware such as Chromebooks, the Pixel smartphone, and smart homes products, which include Nest and Google Home, also contribute to other revenue. Alphabet's moonshot investments are in its other bets segment, where it bets on technology to enhance health (Verily), faster Internet access to homes (Google Fiber), self-driving cars (Waymo), and more. Alphabet's operating margin has been 25%-30%, with Google at 30% and other bets operating at a loss.

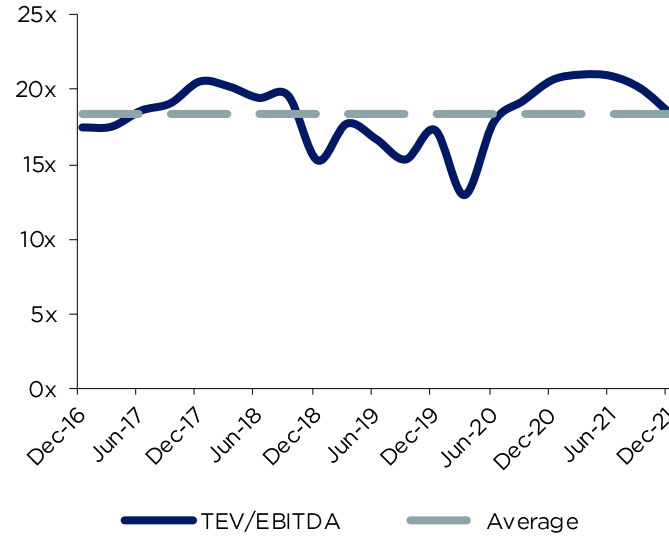
# Public Basket

Alphabet

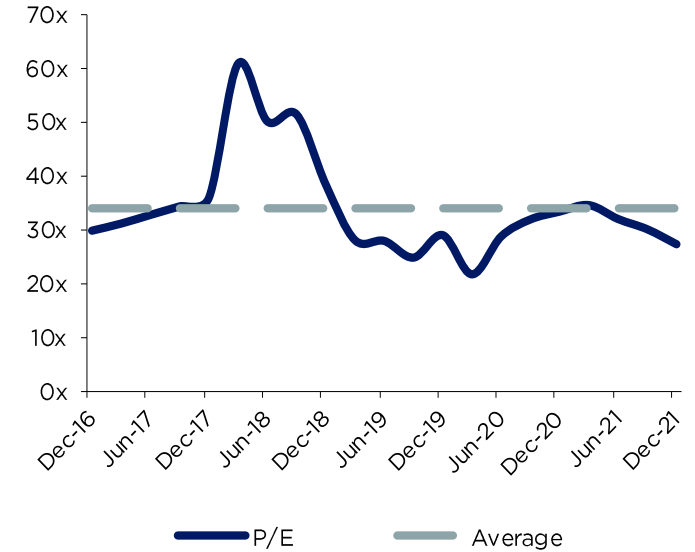
Revenue Multiples - Alphabet



EBITDA Multiples - Alphabet



P/E Multiples - Alphabet



Company Name	Date	Deal Synopsis
Planet Labs	08-Dec-21	The company received \$200 million of development capital from Koch Strategic Platforms, TIME Ventures, BlackRock, and Alphabet on December 8, 2021, through a private placement. The funds will be used to accelerate its growth by further expanding into existing and new markets, as well as building additional software and machine-learning-enabled data products and solutions.
Commonwealth Fusion Systems	01-Dec-21	The company raised \$1.8 billion of Series B venture funding in a deal led by Tiger Global Management on December 1, 2021. Equinor Ventures, Eni, Happiness Capital, Coatue Management, Schooner Capital, Starlight Ventures, Gray's Creek Capital, Sand Hill Angels, Khosla Ventures, Future Ventures (San Francisco), Moore Strategic Ventures, Safar Partners, and other undisclosed investors also participated in the round. The funds will be used to commercialize fusion energy, capital to construct, commission, and operate SPARC, the world's first commercially relevant net energy fusion machine and enable the company to begin work on ARC.

## Microsoft

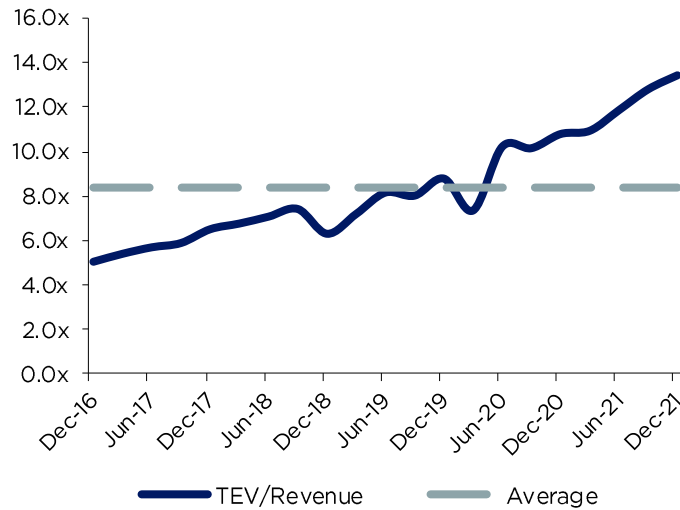
# Microsoft develops and licenses consumer and enterprise software.

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).

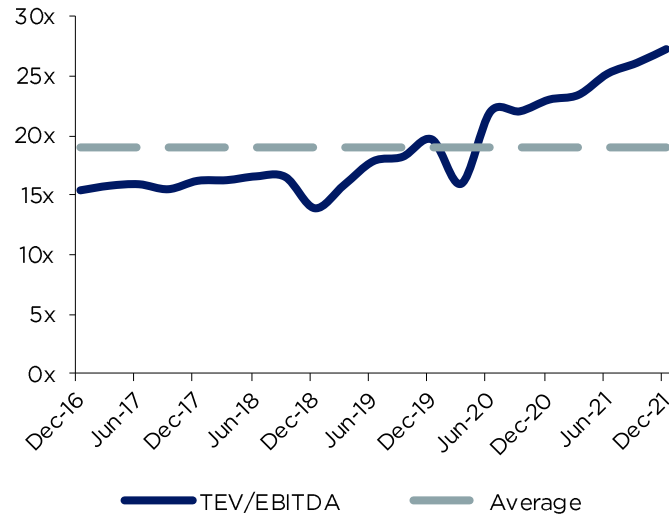
# Public Basket

Microsoft

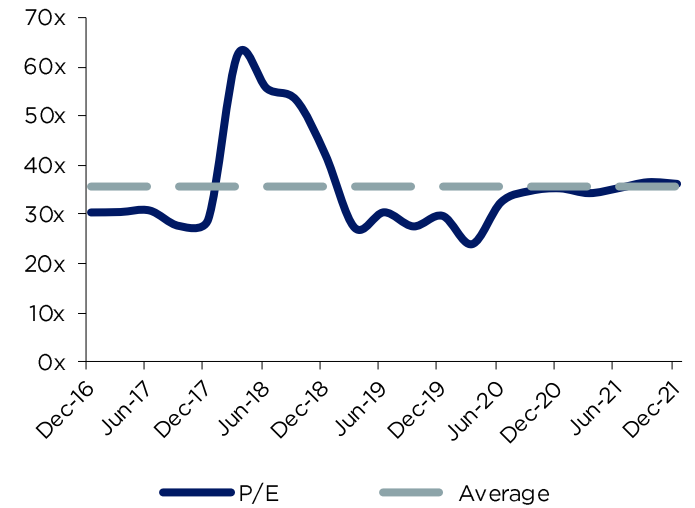
Revenue Multiples - Microsoft



EBITDA Multiples - Microsoft



P/E Multiples - Microsoft



Company Name	Date	Deal Synopsis
Cordelio Power (Renewable Energy)	07-Dec-21	Cordelio Power reached a definitive agreement to sell its renewable energy assets to Microsoft (NASDAQ: MSFT) for an undisclosed amount on December 7, 2021.
Omnicor	24-Nov-21	The company raised \$36.37 million of Series B venture funding in a deal led by Activate Capital Partners on November 24, 2021, putting the company's pre-money valuation at \$100 million. Evergy Ventures, Avista (US), Centrica Innovations, National Grid Partners, Microsoft, Wind Ventures, Energy Foundry, Blue Bear Capital, City Light Capital, Congruent Ventures, IA Capital Group and Liberty Mutual Investments also participated in the round. The company intends to use the fund to further enhance its existing solar platform, continue growth into new market segments and facilitate international expansion.

# 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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