

7 Mile Advisors



Sectorwatch: Enterprise Software

April 2022



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.

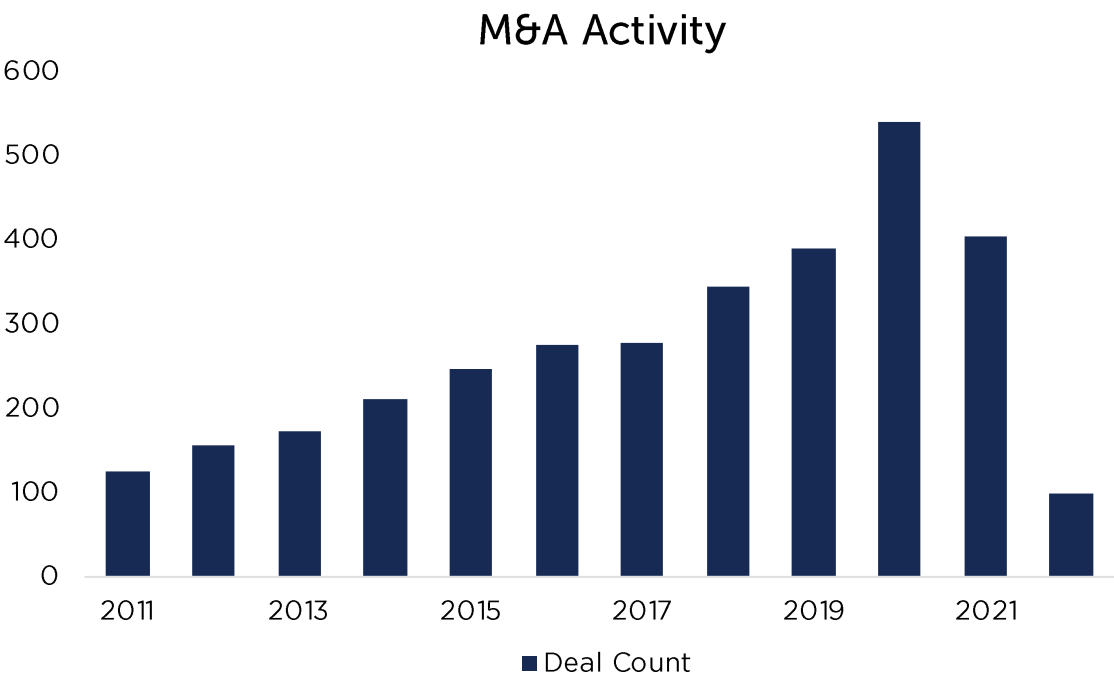
RECENT DEALS

- The most recently announced deals in the sector

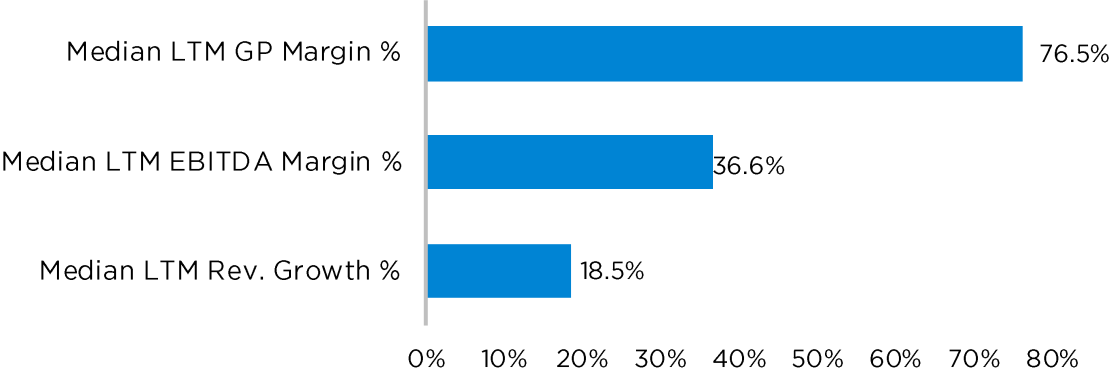
Dashboard

REVENUE GROWTH MOMENTUM ↑0.9%

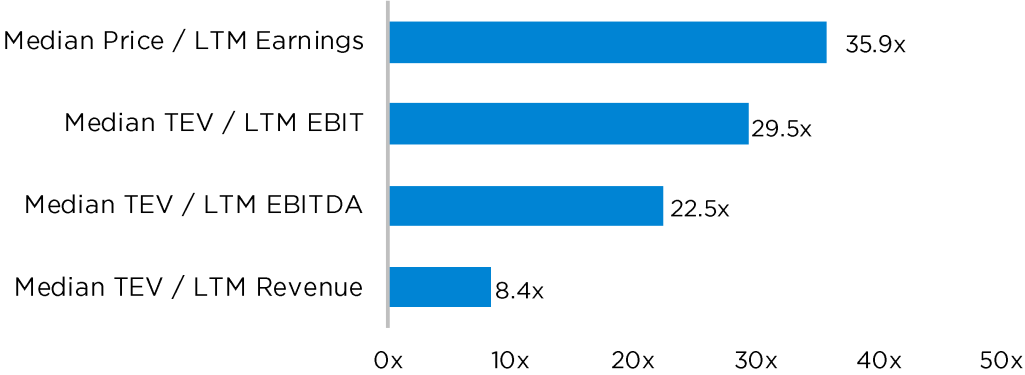
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing



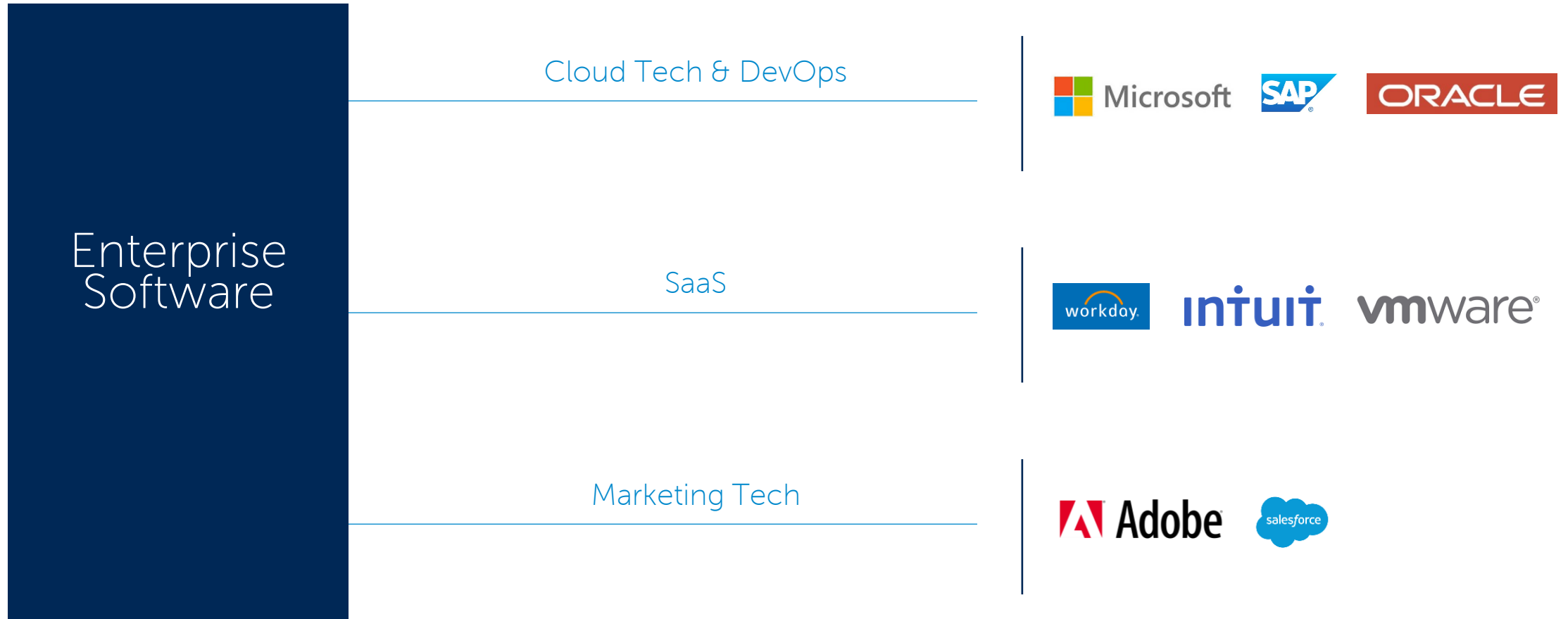
Operating Metrics



Valuation



Public Basket Overview

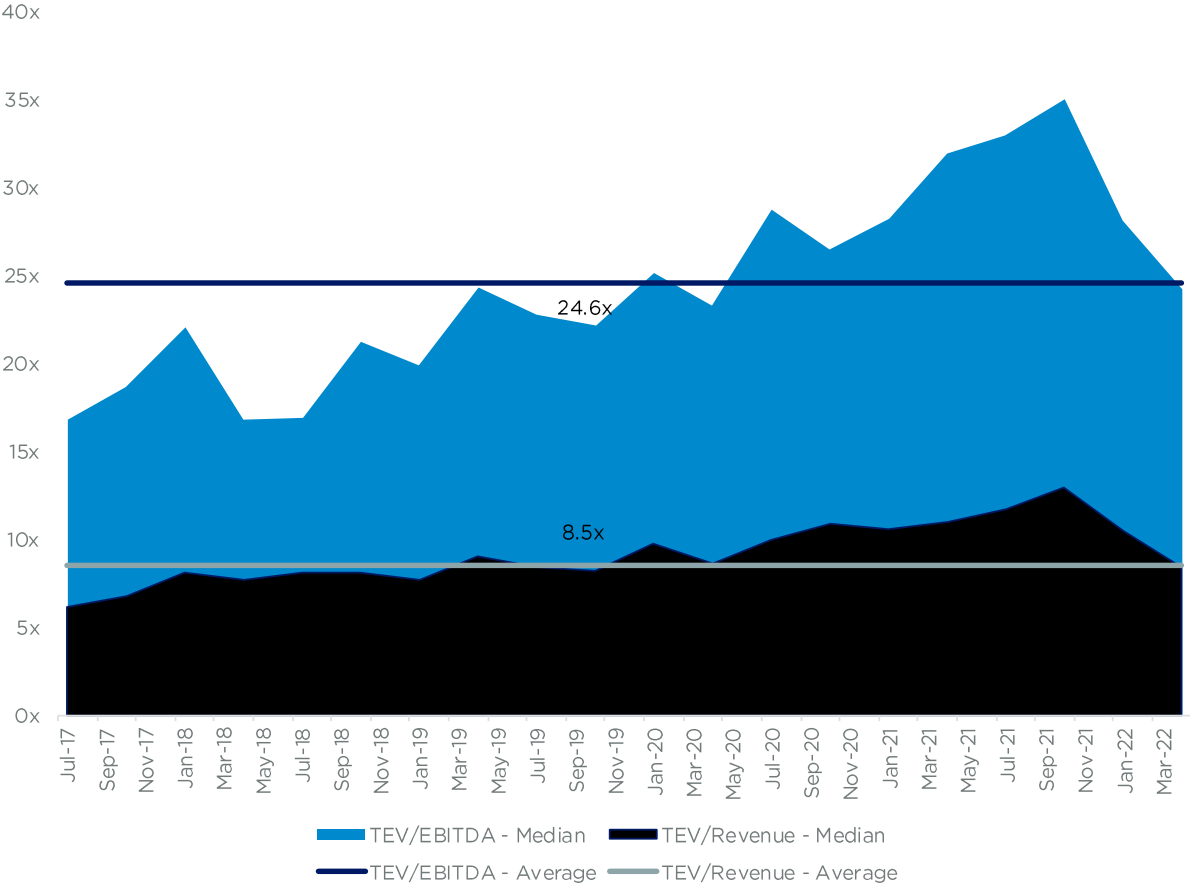


Public Basket

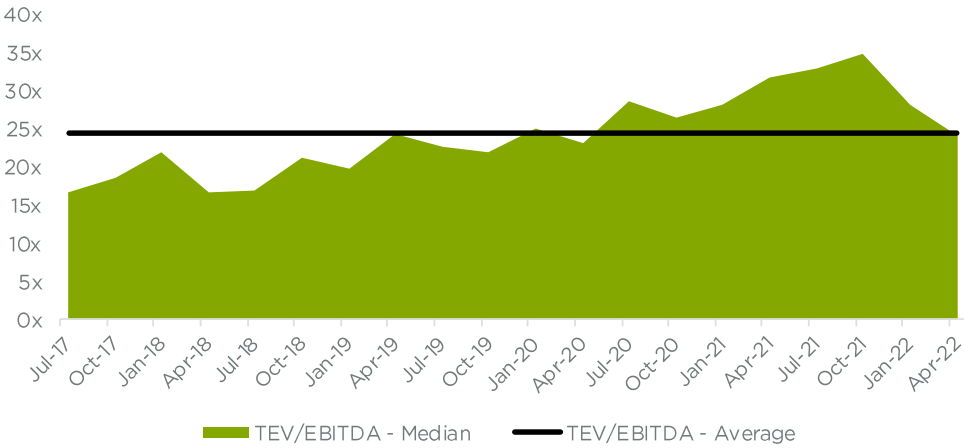
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Workday	51,784	1,637	5,139	19.0%	72.2%	31.9%	10.1x	31.6x	15,200	338
VMware	56,566	4,708	12,851	9.2%	82.3%	36.6%	4.4x	12.0x	37,500	343
SAP	133,006	11,844	32,918	1.8%	71.5%	36.0%	4.0x	11.2x	107,415	306
Intuit	137,515	4,256	11,414	47.9%	82.1%	37.3%	12.0x	32.3x	13,500	845
Salesforce.com	178,902	6,398	26,492	24.7%	73.5%	24.2%	6.8x	28.0x	73,541	360
Adobe Systems	197,223	7,601	16,142	18.0%	88.0%	47.1%	12.2x	25.9x	25,988	621
Oracle	267,574	21,158	41,827	5.4%	79.4%	50.6%	6.4x	12.6x	132,000	317
Microsoft	2,043,879	90,791	184,903	20.6%	68.8%	49.1%	11.1x	22.5x	181,000	1,022
Average	383,306	18,549	41,461	18.3%	77.2%	39.1%	8.4x	22.0x	73,268	519
Median	158,208	7,000	21,317	18.5%	76.5%	37.0%	8.4x	24.2x	55,521	351

share price as of 22Apr22

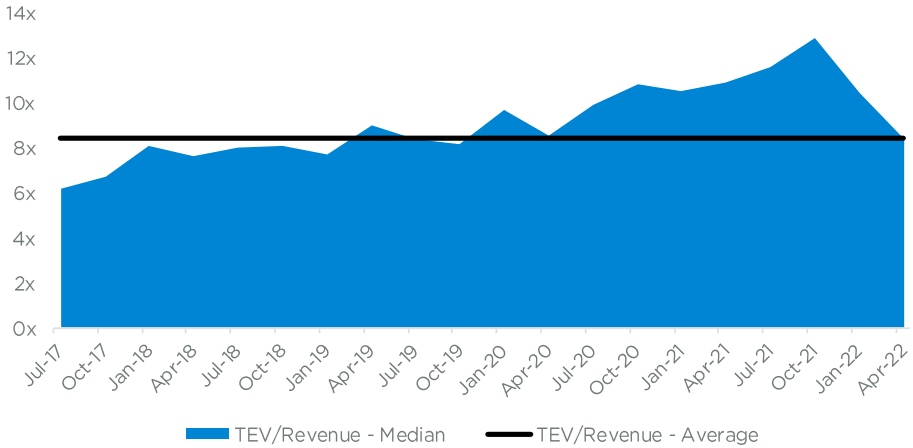
Public Basket



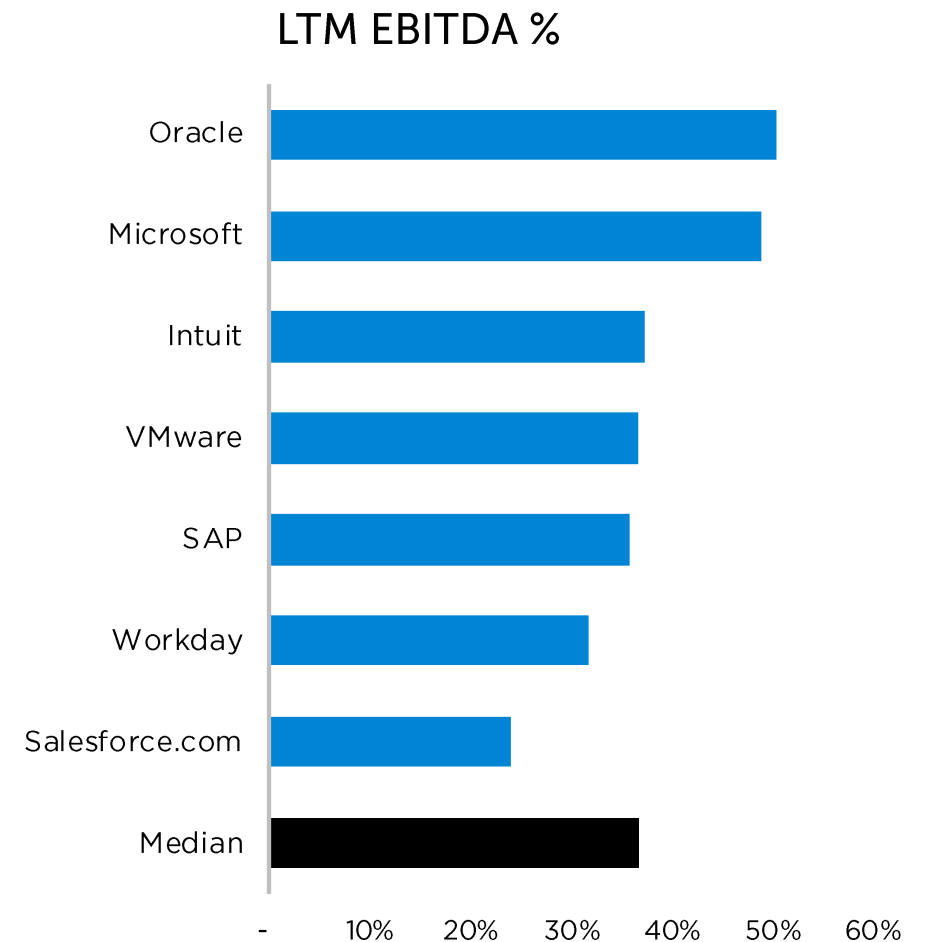
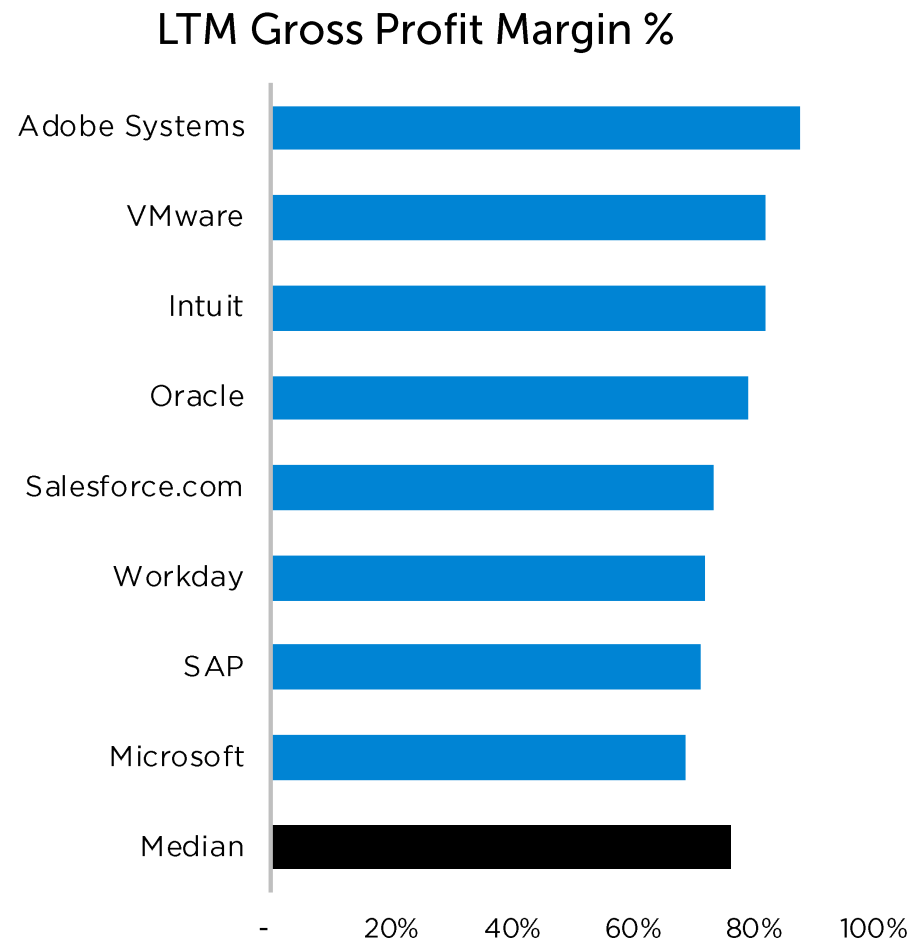
Public EBITDA Multiples over Time



Public Revenue Multiples over Time

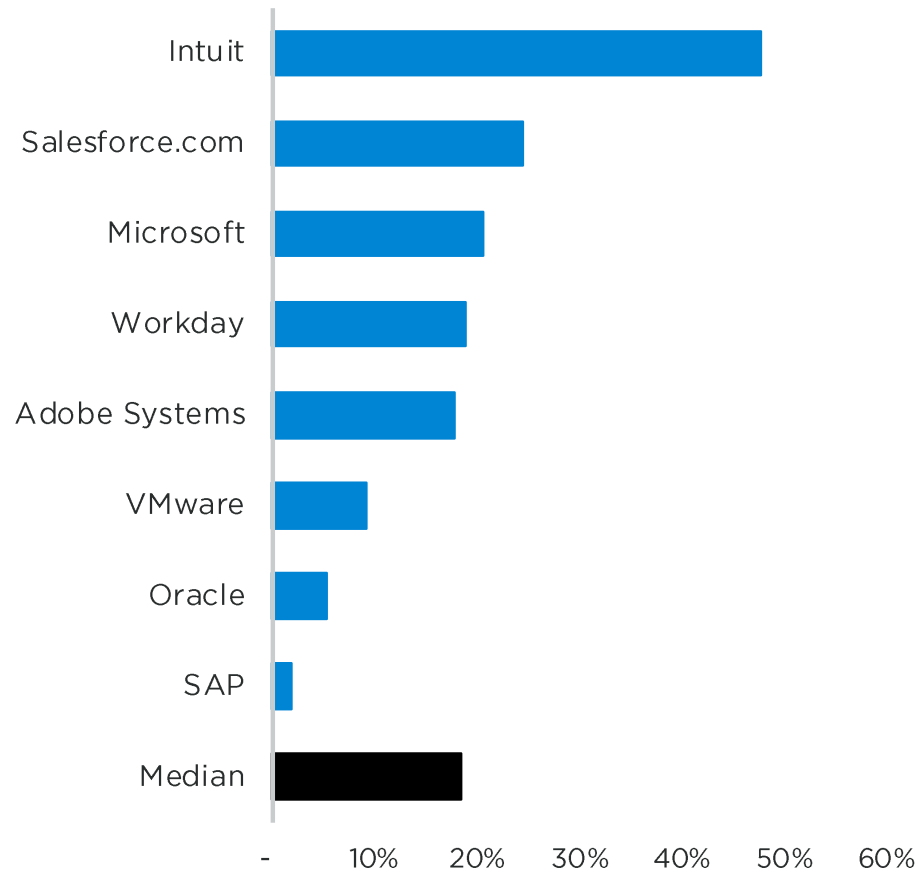


Operational Metrics

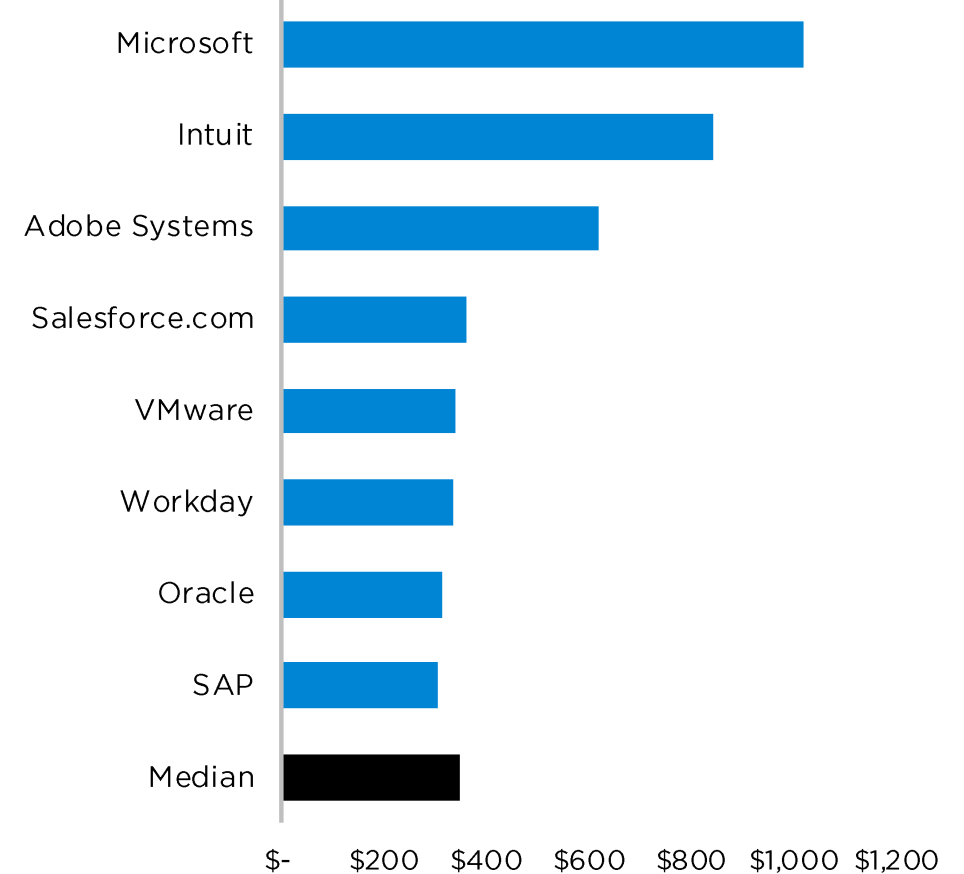


Operational Metrics

LTM Revenue Growth %

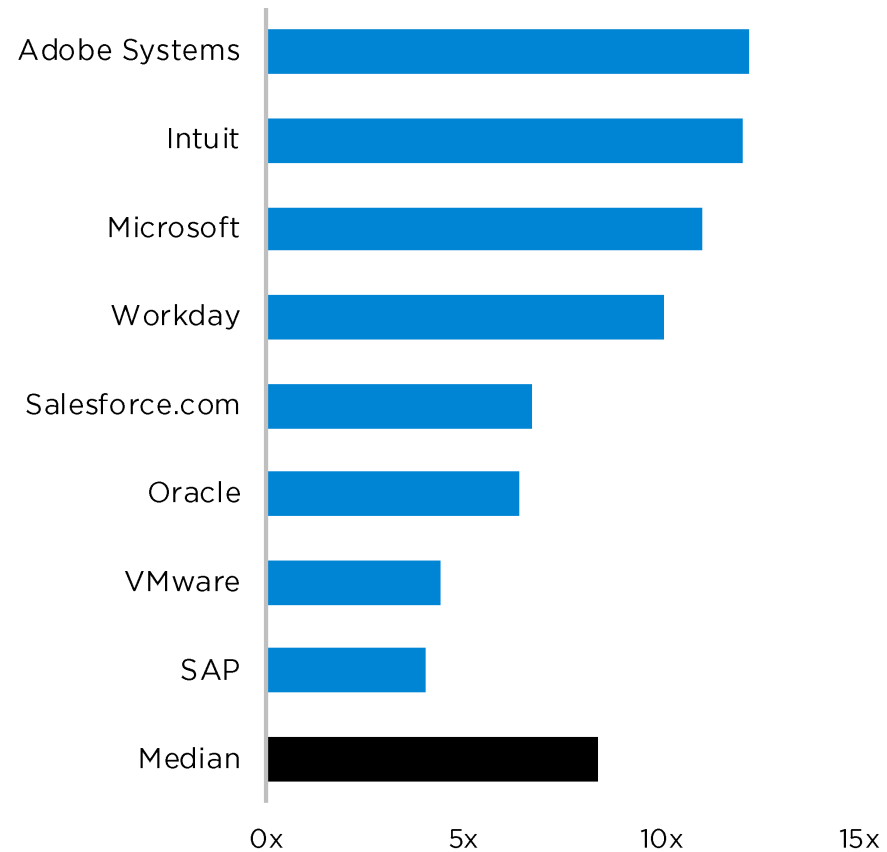


LTM Revenue per Full Time Employee x 000's

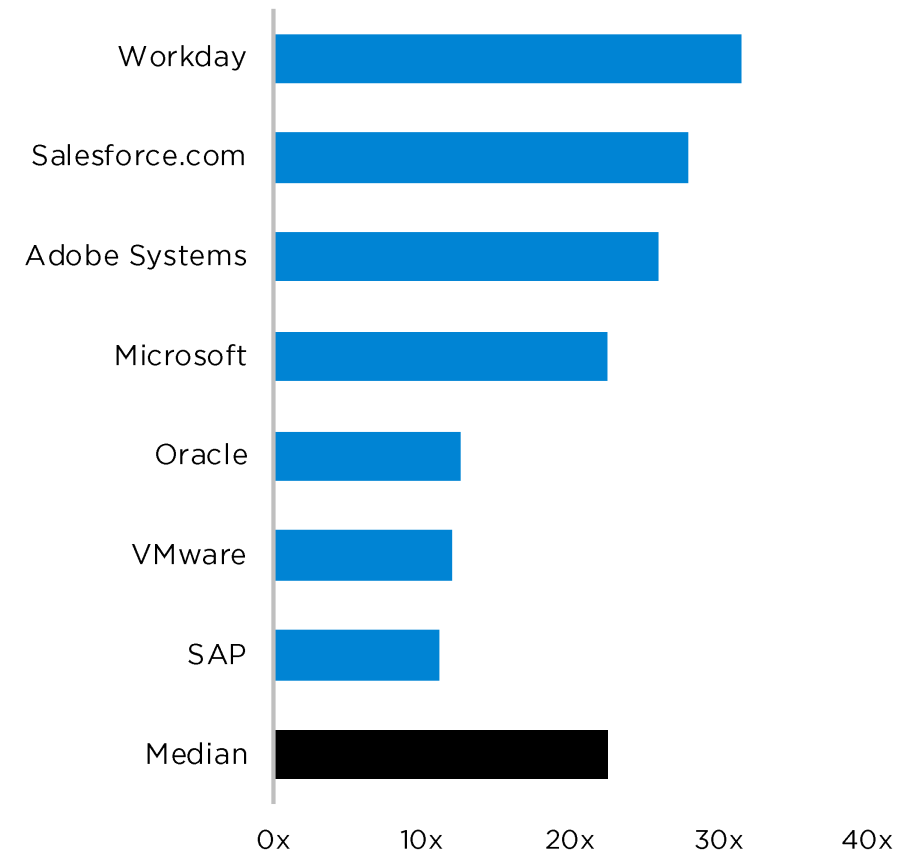


Valuation

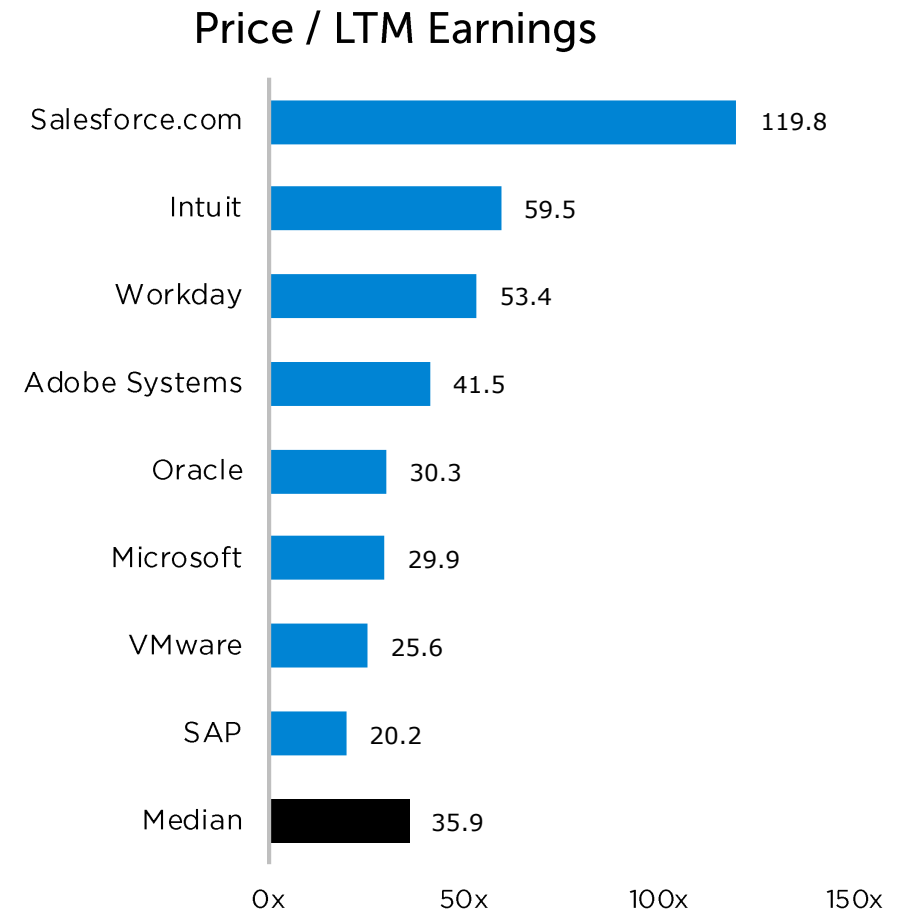
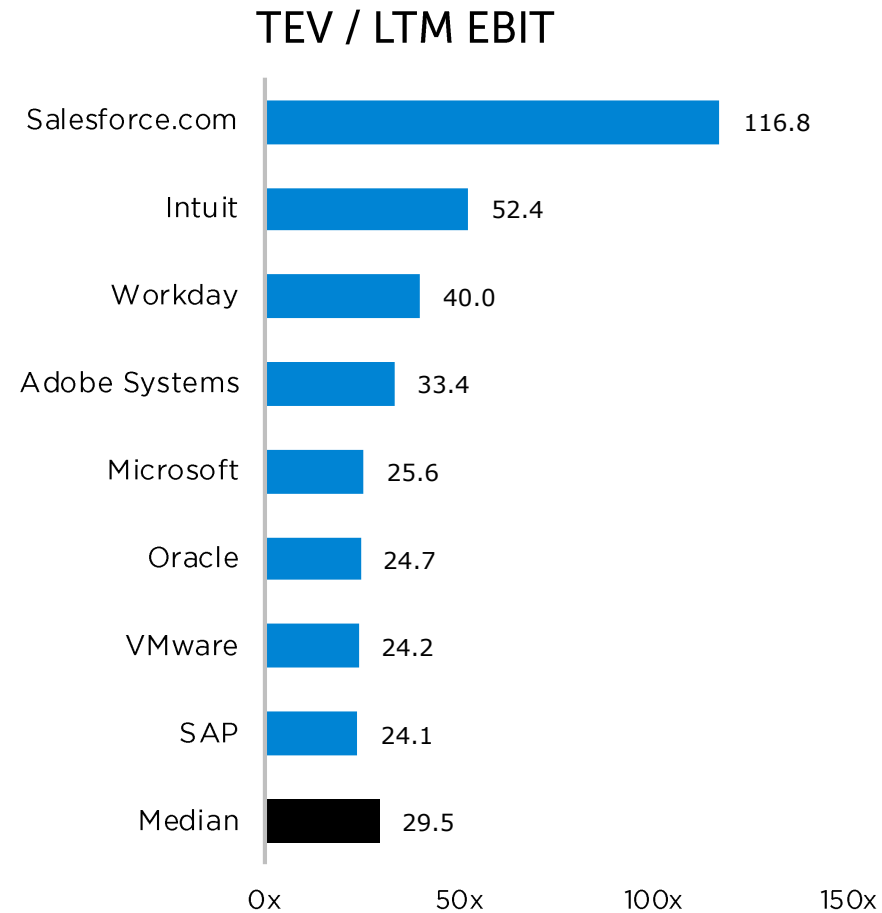
TEV / LTM Revenue



TEV / LTM EBITDA

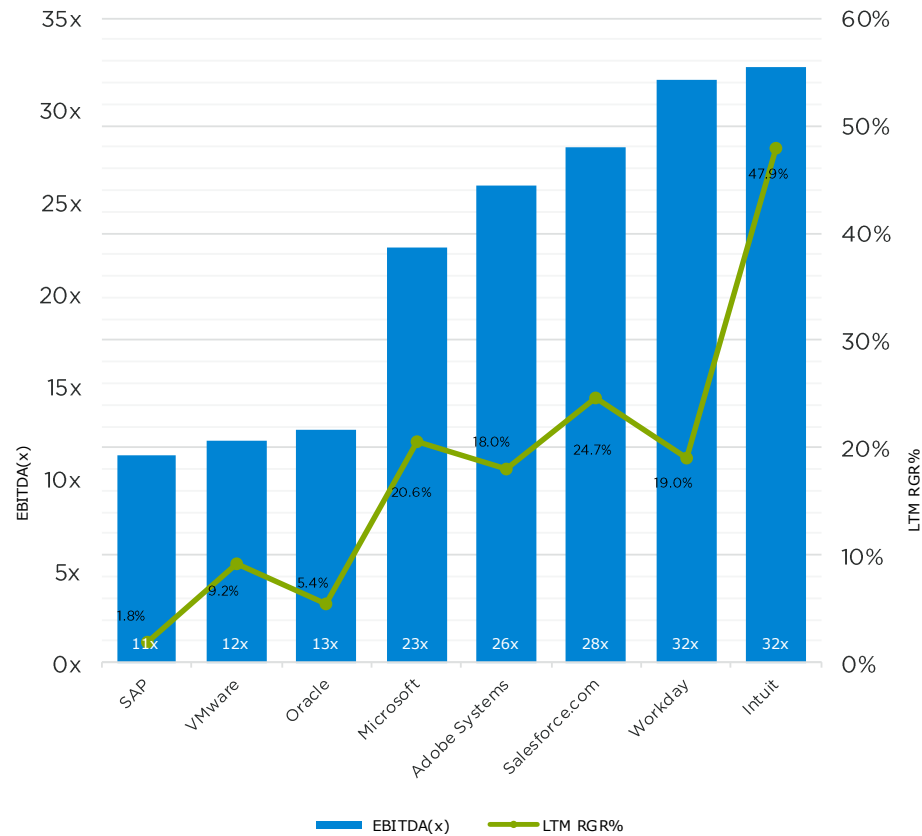


Valuation

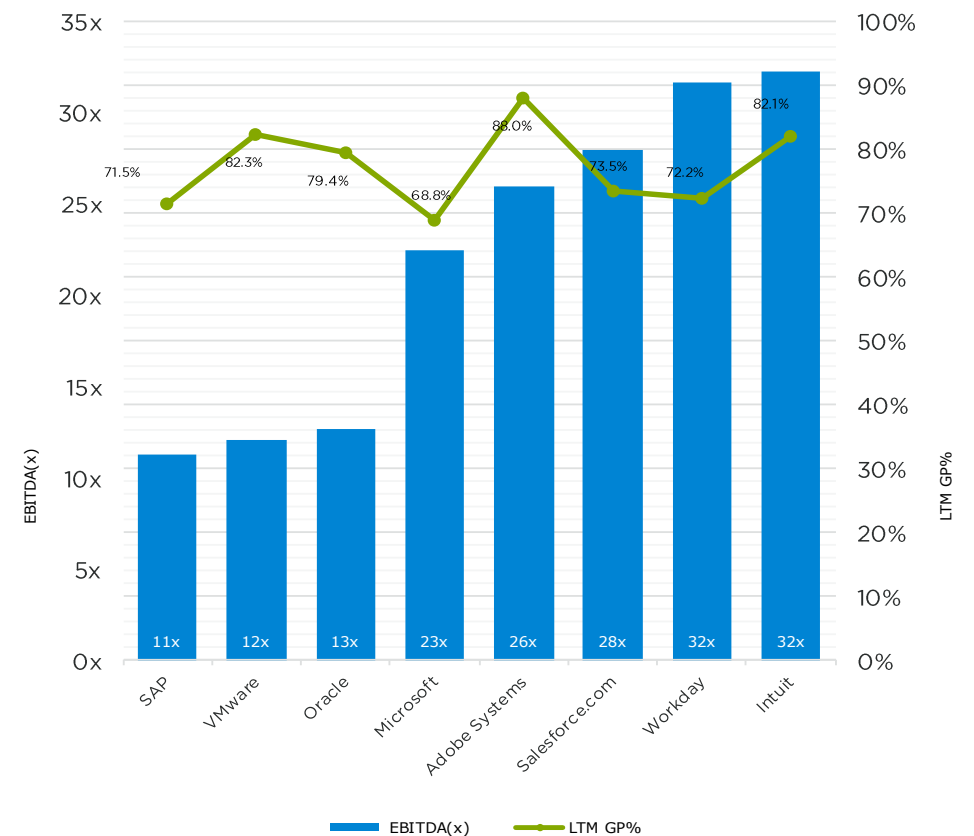


Valuation

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
21-Apr-22	LearningPal	Ripcord	-	-	-	-
19-Apr-22	Tookitaki	Thunes	14.72	-	-	-
18-Apr-22	Versapay	Great Hill Partners	-	-	-	-
14-Apr-22	Sembly AI	-	1.15	-	-	-
11-Apr-22	Metageek	Auvik Networks	-	-	-	-
11-Apr-22	Superlist	Cherry Ventures	10.99	-	-	-
11-Apr-22	Zirity	-	-	-	-	-
08-Apr-22	Truora	Accel	15.00	-	-	-
06-Apr-22	Olive (Business/Productivity Software)	Active Capital	3.00	-	-	-
04-Apr-22	CoreIP Solutions	ntersol	-	-	-	-
01-Apr-22	Chaser	-	1.39	-	-	-
01-Apr-22	Sagetap	Uncorrelated Ventures	-	-	-	-
31-Mar-22	Aragorn.ai	-	0.10	-	-	-
30-Mar-22	TradeLanes	Elemental Excelerator	5.05	-	-	-
29-Mar-22	Peerless Solutions	-	0.05	-	-	-
29-Mar-22	Process Analytics Factory	Celonis	110.08	-	-	-
24-Mar-22	Botcopy	Little Bug Ventures	1.50	-	-	-
23-Mar-22	Island (Business/Productivity Software)	Insight Partners	115.00	-	-	-
23-Mar-22	PledgX	-	0.57	-	-	-
22-Mar-22	Brew	Aleph	12.00	-	-	-
22-Mar-22	Decentriq	Atlantic Labs	15.00	-	-	-
18-Mar-22	Spacesys	-	-	-	-	-
16-Mar-22	Rubicon Red	KPMG Australia	-	-	-	-
15-Mar-22	Hashtaag	Reshamandi	-	-	-	-
14-Mar-22	Ekobit	Span (Croatia)	5.43	-	-	-

Appendix

*Public Basket
Contact Information*



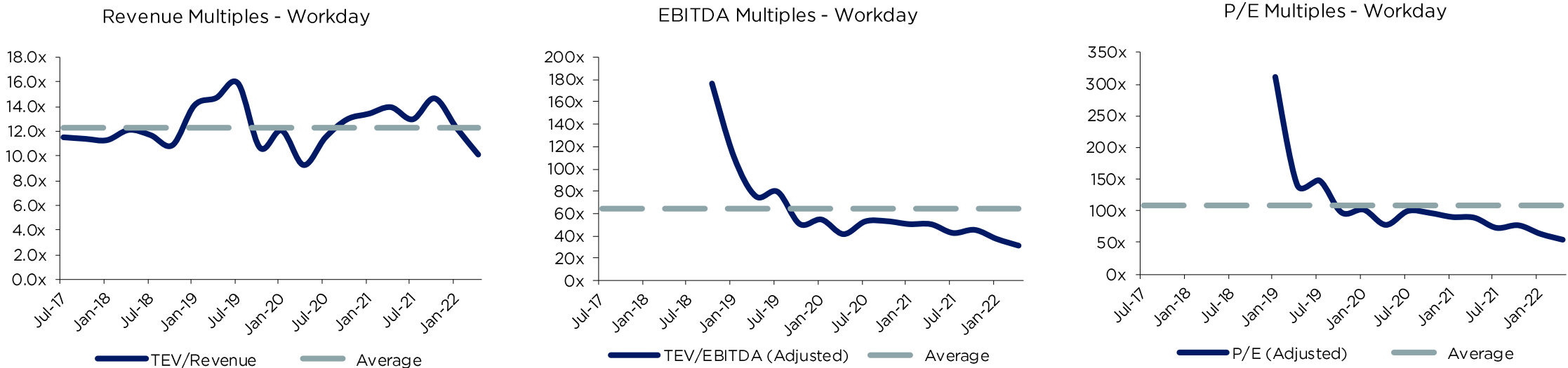
Workday

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
Zimit	28-Sep-21	The company was acquired by Workday (NAS: WDAY) for \$76 million on September 28, 2021. The acquisition of the company will accelerate Workday's ability to deliver a comprehensive quote-to-cash process automation offering that will provide services organizations increased visibility across the entire revenue cycle.
Peakon	09-Mar-21	The company was acquired by Workday (NAS: WDAY) for \$701.74 million on March 9, 2021.

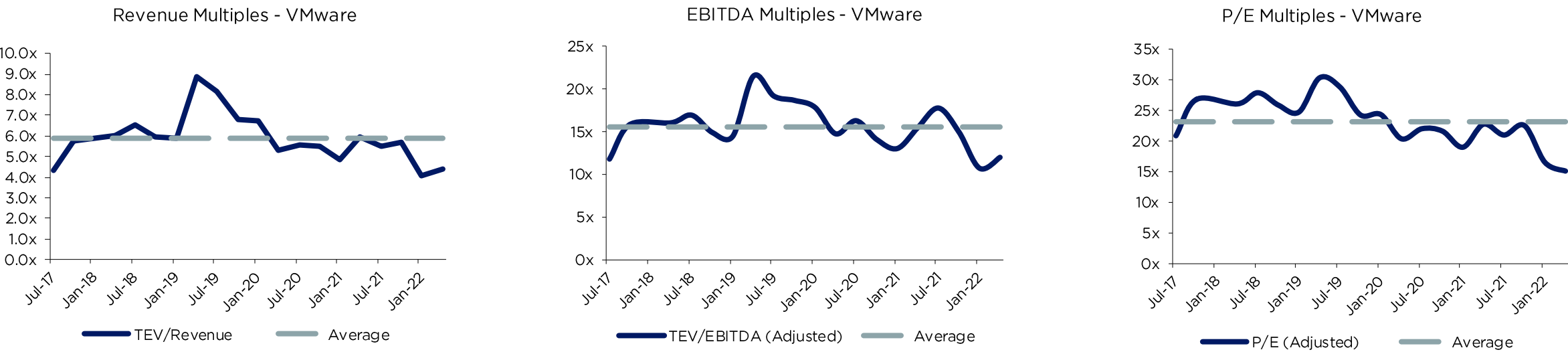
VMware

VMware is an industry leader in virtualizing IT infrastructure and became a stand-alone entity after spinning off from Dell Technologies in November 2021

The software provider operates in the three segments: licenses; subscriptions and software as a service; and services. VMware's solutions are used across IT infrastructure, application development, and cybersecurity teams, and the company takes a neutral approach to being the cohesion between cloud environments. 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	22-Mar-21	The company was acquired by VMware (NYS: VMW), a subsidiary of Dell Technologies (NYS: DELL), for an undisclosed amount on March 22, 2021.
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.

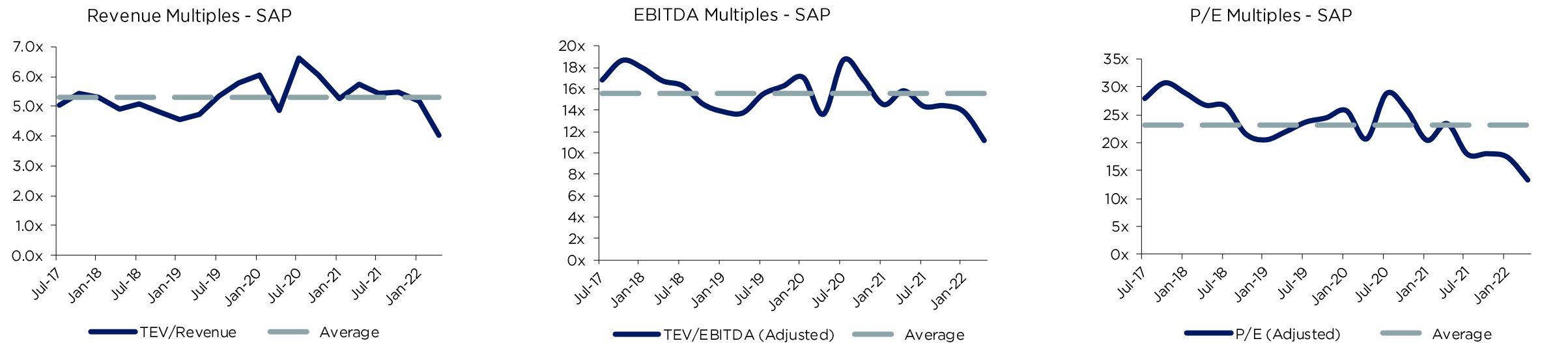
SAP

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
Icertis	1/6/20	The company raised \$80 million of venture funding from SAP and other undisclosed investors on February 4, 2022.
Joint Venture (SAP / Icertis)	5/22/19	SAP(ETR: SAP) and Iceris have entered into an agreement to form a joint venture as of January 25, 2022. The joint venture aims at developing a joint product roadmap and a deep technological integration to deliver enterprise-wide value, including faster negotiations, greater compliance, and AI-powered business insights and automation. Through joint venture, SAP and Icertis customers will have the capability to gain end-to-end recognition across the business.



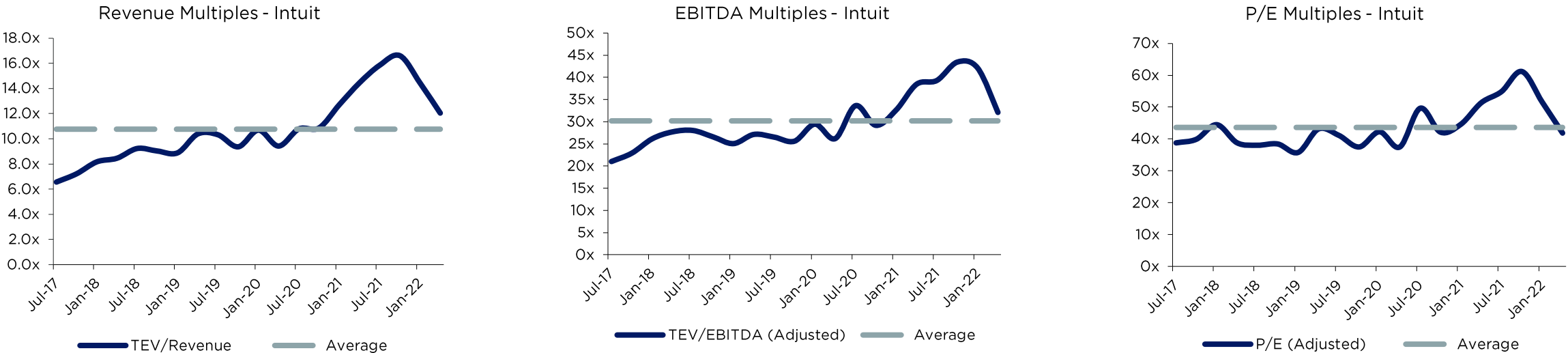
Intuit

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
Invision	21-Dec-21	The company was acquired by Intuit (NAS: INTU) for \$50 million on December 21, 2021.
MailChimp	01-Nov-21	The company was acquired by Intuit (NAS: INTU) for \$12 billion on November 1, 2021. The integration of the company into the QuickBooks platform will help address these issues, providing small and mid-market businesses with tools to power their success.

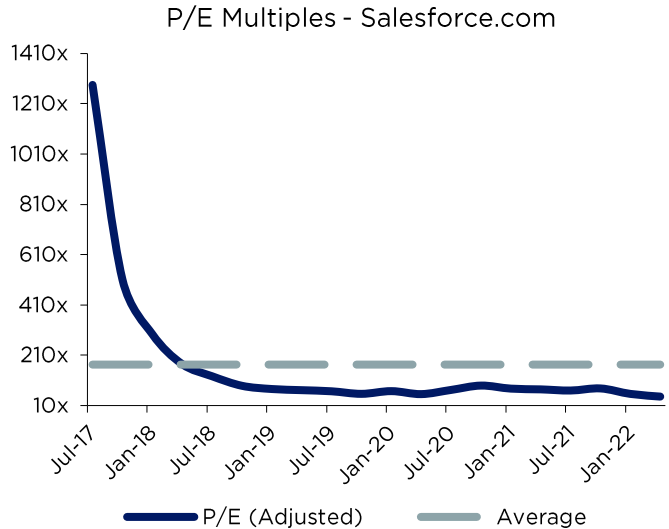
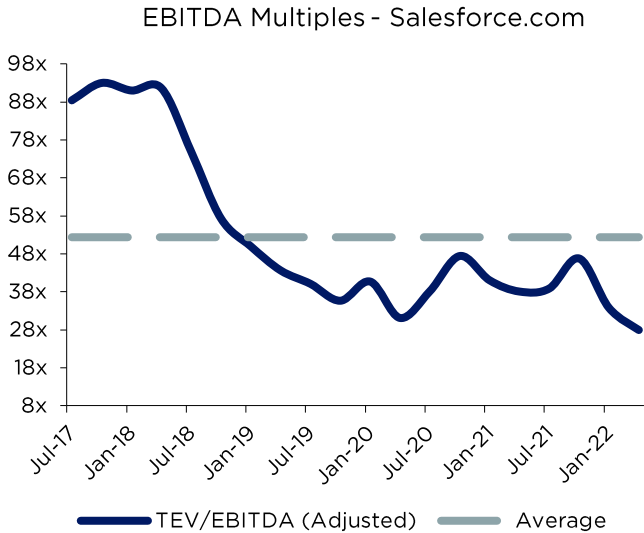
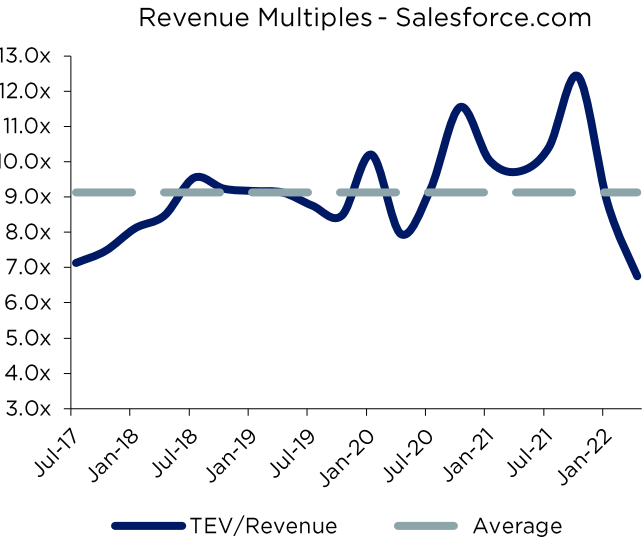
Salesforce.com

Salesforce Inc provides enterprise cloud computing solutions, including Sales Cloud, the company's main customer relationship management software-as-a-service product.

It 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
Theta Lake	23-Mar-22	The company raised \$50 million through a combination of Series B and Series B-1 venture funding in a deal led by Battery Ventures on March 23, 2022, putting the company's pre-money valuation at \$200 million. Cisco Investments, Zoom Video Communications, Salesforce.com, RingCentral, Neotribe Ventures and Lightspeed Venture Partners also participated in the round. The raised fund will be used to fuel the expansion of security and compliance solutions for modern communications and the future of work.
Traction on Demand	25-Feb-22	The company reached a definitive agreement to be acquired by Salesforce.com (NYS: CRM) for an undisclosed amount on February 25, 2022.

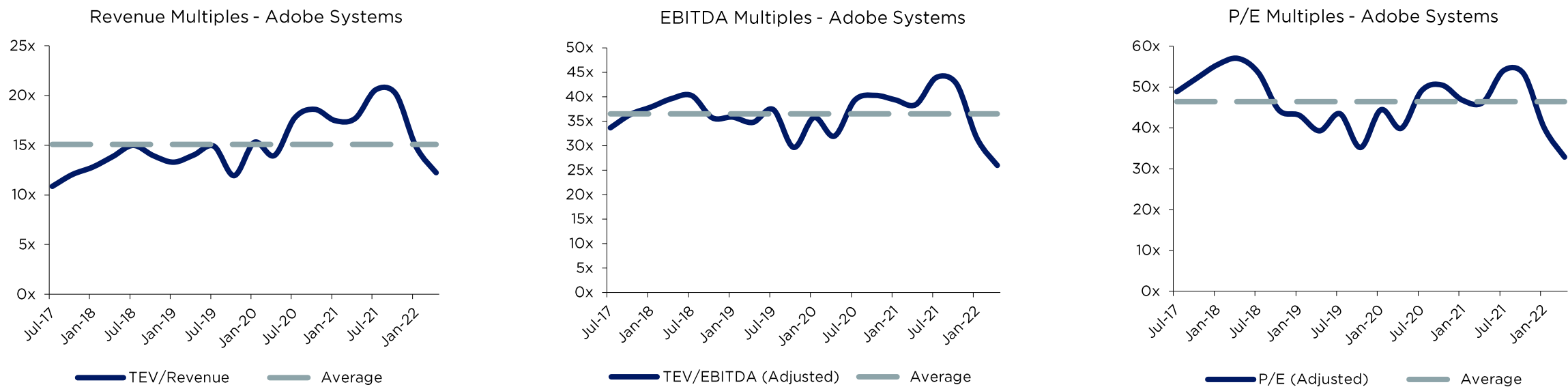
Adobe Systems

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
Abstract	07-Jan-22	The company was acquired by Adobe Systems (NAS: ADBE) for an undisclosed amount on January 7, 2022.
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.

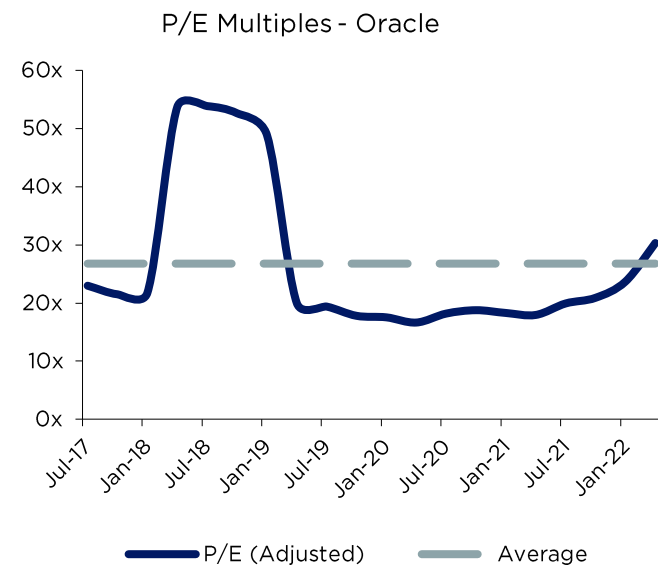
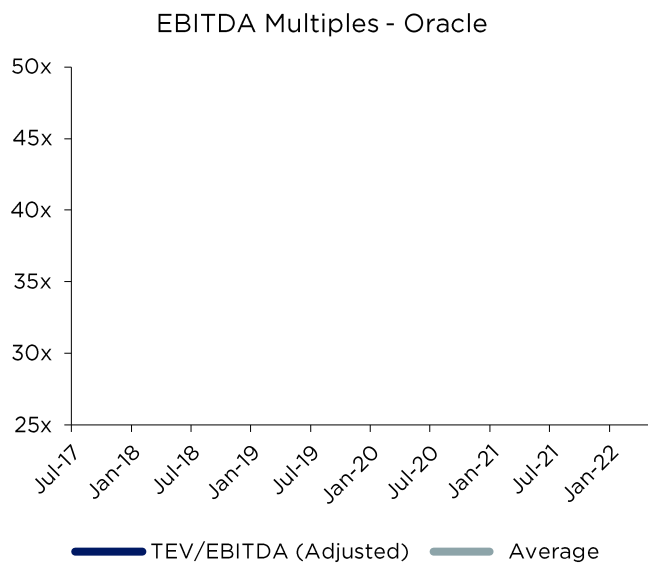
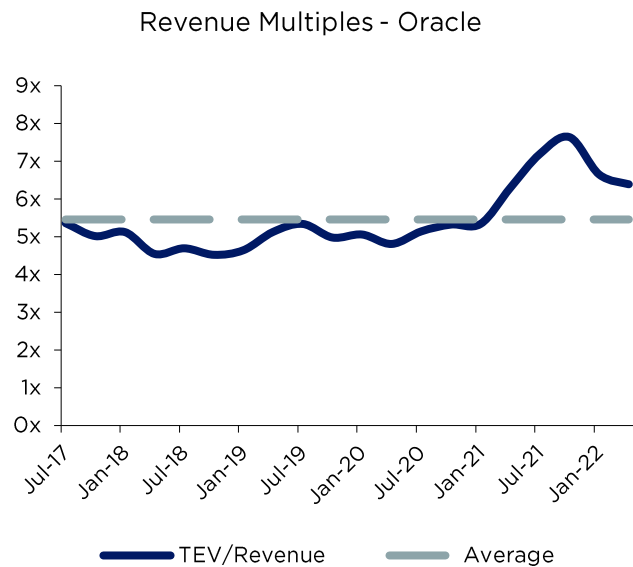
Oracle

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
Federos	23-Dec-21	The company was acquired by Oracle (NYS: ORCL) for an undisclosed amount on December 23, 2021.
Cerner	20-Dec-21	The company reached a definitive agreement to be acquired by Oracle (NYS: ORCL) for \$28.3 billion on December 20, 2021. The acquisition offers additional revenue growth for Oracle and accelerates the pace of its product and technology development.

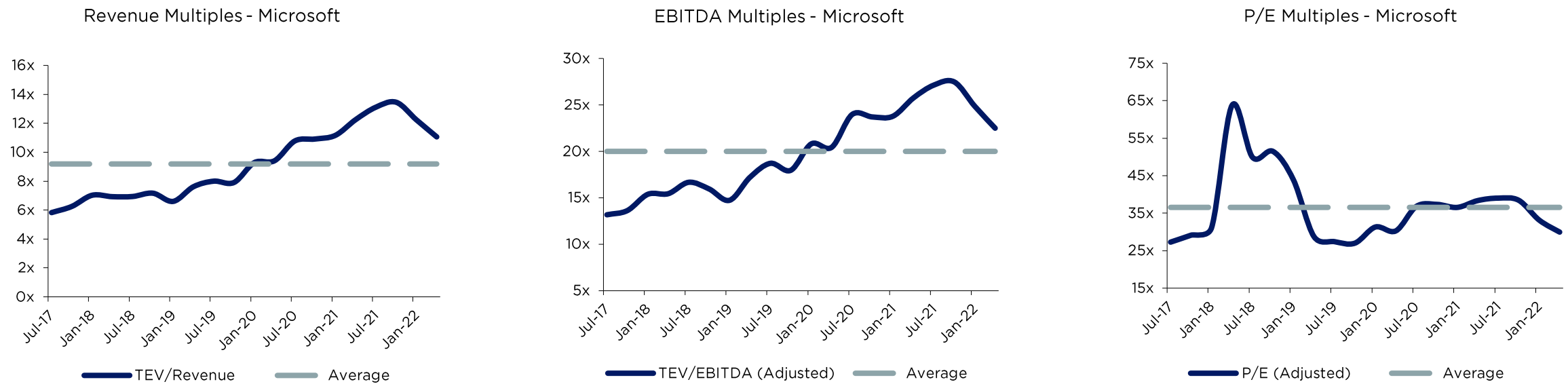
Microsoft

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
Minit	31-Mar-22	The company was acquired by Microsoft for an undisclosed amount on March 31, 2022. The acquisition will further empower Microsoft to help customers digitally transform and drive operational excellence by creating a complete picture of their business processes, enabling every process to be easily and automatically analyzed and improved.
Nuance Communications	04-Mar-22	The company was acquired by Microsoft (NAS: MSFT) for \$20 billion on March 4, 2022. 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 and help providers offer more affordable, effective and accessible healthcare.

7MILE ADVISORS

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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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