



Software & Services M&A Report - Q2'17

Q2'17 Experiences Significant Slump in Technology M&A

intrepidib.com | Mergers & Acquisitions | Capital Markets | Strategic Advisory

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Q2'17 Experiences Significant Slump in Technology M&A

In Q2'17, we experienced a significant slump in technology M&A transactions. Much of this slowdown can be attributed to the major enterprise software vendors taking a hiatus from their historical high dollar strategic shopping sprees. Conversely, private equity firms continued to play an aggressive role in deal-making in Q2. Looking back on the quarter, we saw an unparalleled event in which private equity firms announced more technology acquisitions than their publicly traded strategic counterparts on U.S. stock exchanges. Private equity continues to invest heavily in technology and raise mega-funds with a technology focus.

The second quarter did see a number of hallmark transactions. Multiple \$1 billion-plus deals pushed cumulative disclosed M&A transaction value above \$9 billion for the quarter in the Tech-Enabled Services sector, which was significantly higher than the \$5.3 billion in Q1'17. Furthermore, there were more than 260 SaaS acquisitions announced globally in Q2, which was approximately 100 more than in Q1.

We hope that this report serves as a useful tool for you. As you evaluate opportunities, please feel free to call us at 310.478.9000 for additional insight.

Thank you,

A handwritten signature in black ink, appearing to read "Chris Park", written in a cursive style.

Christopher Park

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Tristan Snyder

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Software & Services Q2'17 Market Highlights

TIBCO Expands Its Data Analytics Offering with Statistica Purchase

In May, TIBCO Software, a portfolio company of Vista Equity Partners that provides software for data integration and analytics, acquired Tulsa-based analytics platform Statistica. The acquisition deepens TIBCO's existing data analytics capabilities and positions the company well in the current flurry of machine-learning M&A activity (which Intrepid covered in its Q1'17 newsletter). Statistica will allow TIBCO's customers to quickly gain insights from source data and fits well into the data-driven IoT ecosystem. The company, previously part of Dell's product offering and acquired by Francisco Partners last year, will now exist as part of the TIBCO Insight Platform, already a reputable player in the visual data market.



Active Dealmaking in the Sales Enablement Sector

The relatively nascent Sales Enablement sector experienced a breakout quarter in Q2'17, with the announcement of four hallmark deals. The frenzy kicked off with Marketo's acquisition of ToutApp, a SaaS provider of sales productivity and email marketing tools that had previously raised \$20 million in venture capital from Andreessen Horowitz and other investors. Other notable acquisitions included LinkedIn/Heighten and SAVO/KnowledgeTree, but the star of the quarter was Vista Equity Partners' \$564 million take-private of Xactly, a provider of cloud-based sales performance management and incentive compensation solutions. A notable aspect to point out in the face of Q2's consolidation is the absence of M&A interest from CRM vendors. As businesses like ToutApp and KnowledgeTree become increasingly integral to global sales teams, it is expected major CRM players and other diversified software companies will join in the hunt.



Jive Software Taken Private by ESW Capital

Enterprise collaboration software vendor Jive Software was taken private by ESW Capital (ESW) in a deal announced in May. ESW expressed its intentions to integrate Jive into the Aurea family of companies, creating a software network with the ability to unite customer experience capabilities with employee and customer engagement functions. The \$350 million acquisition, which closed in June, ends Jive's somewhat disappointing run as a public company. Competition from major collaboration software providers played a contributing factor by causing Jive to focus on overly extensive product development, which clouded the company's true identity in the marketplace. Though the exact plan for Jive's product development strategy going forward remains unclear, private capital could allow for the risk-taking and long-term strategy that might propel Jive back to a top performer in its category.



First Data Acquires Fellow Payment Processor CardConnect

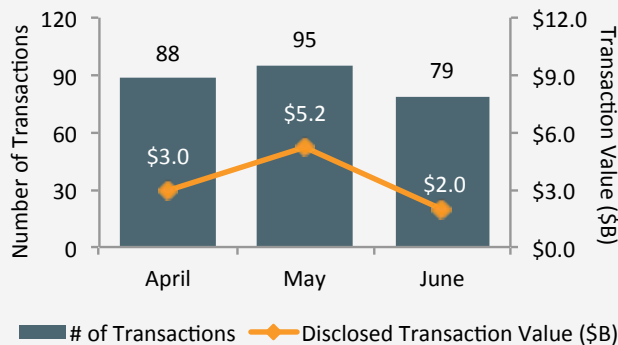
Announced in May, the acquisition of CardConnect by First Data appears to be a bit of a no-brainer. It is one of the largest payment processors in the world wrapping up a smaller and more rapidly growing competitor (with double-digit annual revenue growth rates since 2013). The CardConnect purchase not only provides First Data with increased volume and scale, but it also gives First Data an entry into the invoice-to-cash processing software market and helps the company speed up its integrated solutions strategy. Last year, CardConnect was acquired for \$350 million by a SPAC, FinTech Acquisition Corp. First Data valued the business at over twice that amount.



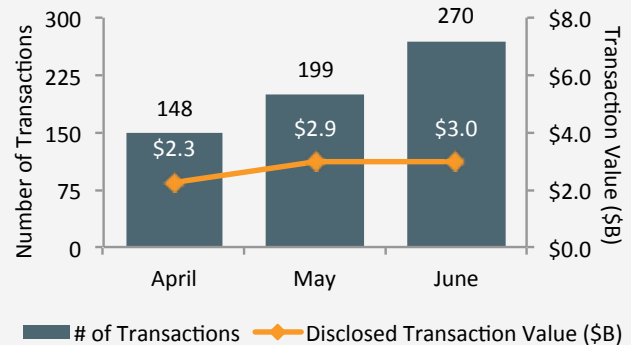
Software & Services Q2'17 Activity

SaaS

Mergers & Acquisitions

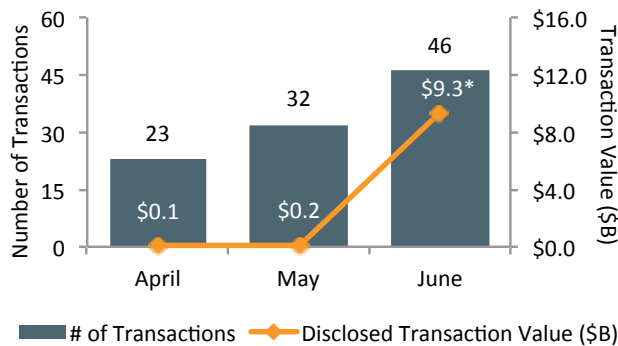


Financings

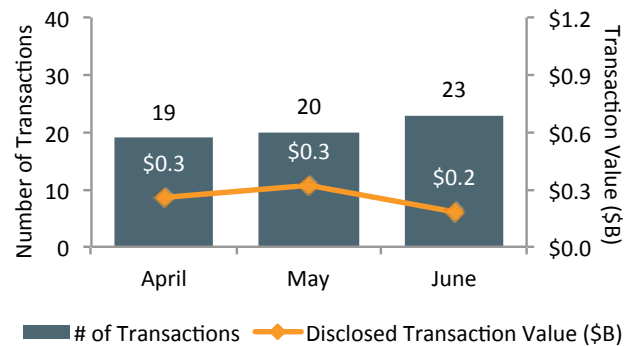


Tech-Enabled Services

Mergers & Acquisitions

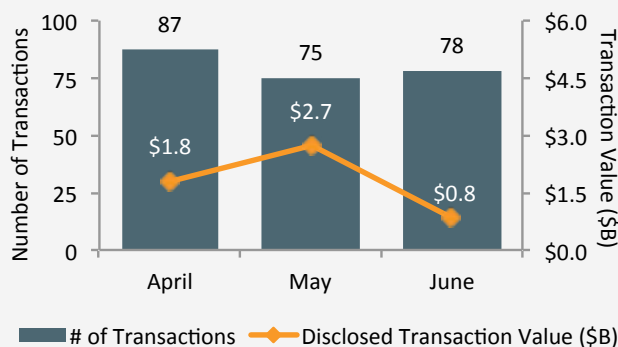


Financings

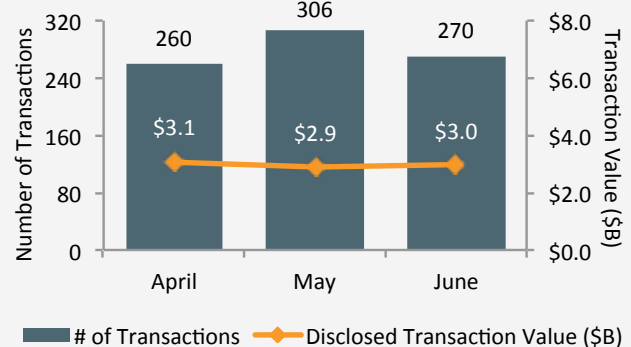


Enterprise Software

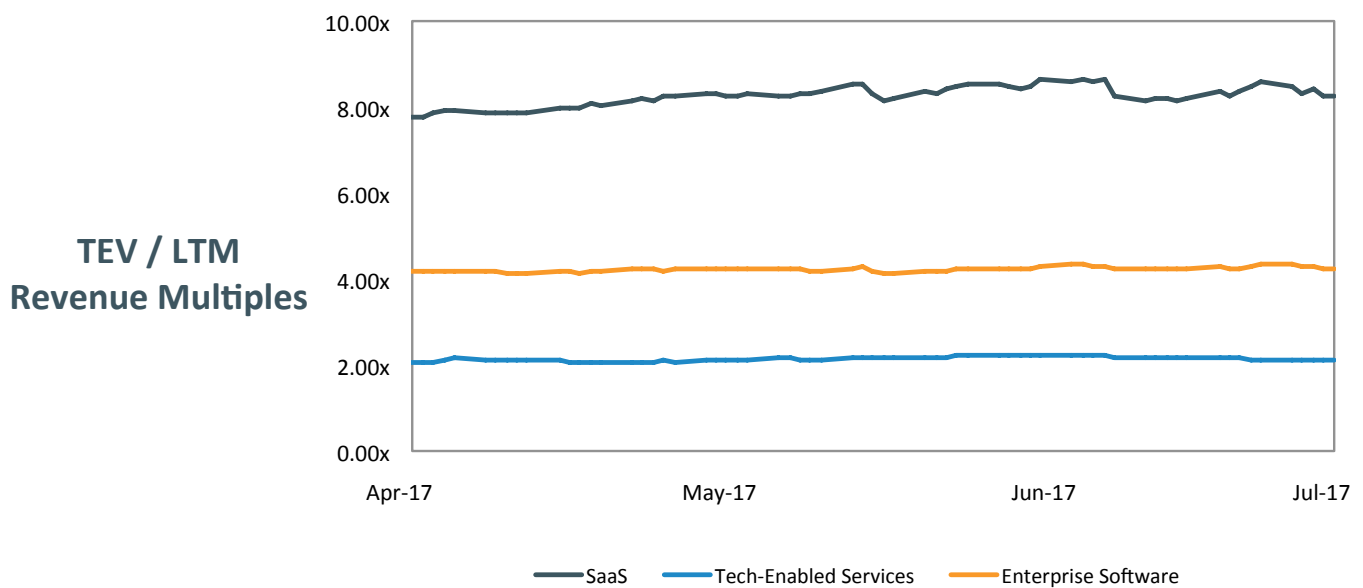
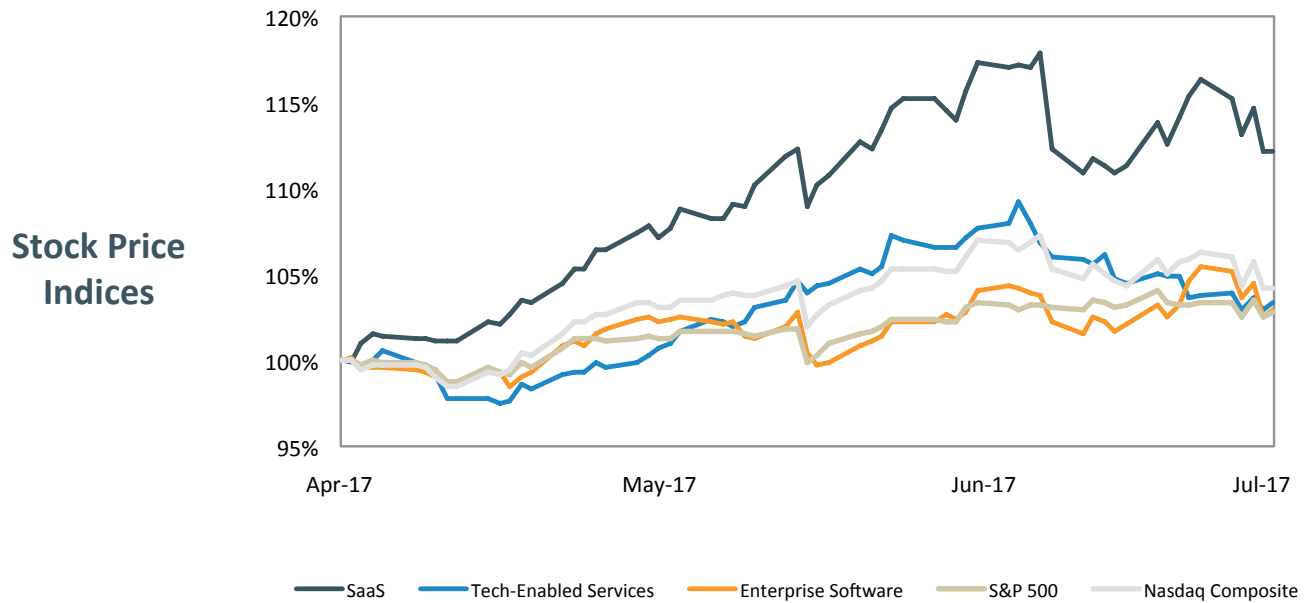
Mergers & Acquisitions



























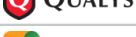
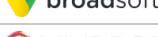

Financings



Publicly Traded Companies – Stock Valuation Trends







































Publicly Traded Comparables – SaaS

Company	Share Price	% of 52-Wk Enterprise Value		Market Cap	Last Twelve Months			1-Yr Rev. Growth	EV / LTM Revenue
		High	Value		Revenue	EBITDA	GM %		
 salesforce	\$86.60	94.1%	\$60,918	\$61,602	\$8,863	\$449	73.1%	25.3%	6.9x
 workday	97.00	92.6%	18,505	20,079	1,702	(242)	69.9%	35.1%	10.9x
 servicenow	106.00	95.8%	17,548	18,007	1,501	(49)	72.0%	36.6%	11.7x
 Veeva	61.31	90.1%	7,904	8,568	582	141	68.8%	32.6%	13.6x
 shopify	86.90	86.2%	8,097	8,492	444	(30)	54.4%	84.5%	18.2x
 Atlassian	35.18	92.8%	7,429	7,932	573	(9)	81.9%	36.1%	13.0x
 Ultimate SOFTWARE	210.06	93.1%	6,168	6,243	823	63	61.4%	24.6%	7.5x
 athenahealth	140.55	94.0%	5,784	5,599	1,112	112	51.0%	14.1%	5.2x
 LogMeIn	104.50	84.3%	5,233	5,499	444	71	83.5%	52.9%	11.8x
 medidata	78.20	95.8%	4,457	4,555	486	72	75.6%	20.2%	9.2x
 proofpoint	86.83	92.0%	3,755	3,796	410	(33)	71.7%	42.9%	9.2x
 Wix.com	69.60	80.8%	3,001	3,164	321	(40)	84.5%	45.6%	9.3x
 REALPAGE <small>Outperform</small>	35.95	94.0%	3,034	2,972	593	89	57.7%	21.8%	5.1x
 zendesk	27.78	87.2%	2,501	2,749	337	(84)	70.1%	43.2%	7.4x
 RingCentral	36.55	93.7%	2,598	2,747	405	(12)	75.9%	27.6%	6.4x
 twilio	29.11	41.0%	2,345	2,634	305	(41)	57.1%	58.3%	7.7x
 xero	18.29	95.6%	2,417	2,500	214	(47)	76.5%	42.7%	11.3x
 box	18.24	87.2%	2,362	2,465	426	(117)	72.5%	30.1%	5.5x
 HubSpot	65.75	83.8%	2,282	2,404	294	(36)	77.9%	45.1%	7.8x
 New Relic	43.01	94.9%	2,095	2,301	263	(49)	81.0%	45.3%	8.0x
 2U	46.92	96.9%	2,102	2,231	223	(18)	81.0%	36.9%	9.4x
 cornerstone	35.75	74.9%	1,982	2,031	435	(42)	68.3%	19.3%	4.6x
 BLACKLINE	35.74	92.0%	1,735	1,836	135	(14)	76.0%	46.8%	12.8x
 coupa	28.98	69.6%	1,297	1,536	146	(32)	67.2%	52.4%	8.9x
 QUALYS	40.80	92.0%	1,266	1,511	205	49	77.9%	18.4%	6.2x
 broadsoft	43.05	88.9%	1,227	1,322	347	26	72.5%	17.3%	3.5x
 MINDBODY	27.20	91.4%	1,116	1,189	149	(11)	69.8%	34.3%	7.5x




































Top Quartile:	77.9%	45.3%	11.3x
Median:	72.5%	36.1%	8.0x
Mean:	71.5%	36.7%	8.8x
Bottom Quartile:	68.3%	24.6%	6.4x

Select M&A Transactions – SaaS






















Announced Date	Acquiror	Target	Enterprise Value (\$M)	EV / Revenue
06/29/17	 Microsoft	 CLOUDYN	\$55.0	11.0x
06/22/17	 enel	 ENERNOC	292.0	0.7x
06/22/17	 Enterprise Software Investors	 certify	100.0	-
06/21/17	 TRUE WIND	 ARI	140.0	2.7x
06/05/17	 Snapchat	 Placed.	200.0	-
06/02/17	 GTCR	 sage Payment Solutions	260.0	1.4x
05/31/17	 HGGC	 IDERA	1,125.0	-
05/30/17	 Vista Equity Partners	 Xactly Inspire Performance	562.3	5.9x
05/29/17	 First Data.	 cardconnect.	870.8	1.4x
05/24/17	 Microsoft	 HEXADITE	100.0	-
05/23/17	 EURONEXT	 FASTMATCH	153.0	7.7x
05/03/17	 EFP SAN FRANCISCO PARTNERS	 SMARTBEAR	490.0	6.1x
05/01/17	 CISCO	 viptela	610.0	24.4x
05/01/17	 ESW CAPITAL	 jive	353.4	1.7x
04/25/17	 bics	 TeleSign	230.0	2.3x
04/18/17	 ORACLE®	 MOAT	600.0	13.3x
04/12/17	 INSIGHT VENTURE PARTNERS	 zyme The New Smart Channel	120.0	-
04/03/17	 TBG AG	 dtn PROGRESSIVE FARMER	900.0	4.2x

Top Quartile:	7.7x
Median:	4.2x
Mean:	6.4x
Bottom Quartile:	1.7x

Select Financing Transactions – SaaS

























Announced Date	Lead Investor(s)	Target	Transaction Size (\$M)	Pre-Money Valuation (\$M)
06/27/17	SAPPHIRE VENTURES		\$75.0	\$575.0
06/21/17	 SoftBank Group	 cybereason	100.0	-
06/19/17	 bv investment partners		150.0	-
06/19/17	 PointGuard VENTURES		15.1	73.0
06/08/17			-	-
06/08/17			300.0	1,100.0
06/08/17	VALOR 8VC  Harald McPike		140.0	420.0
05/10/17	WARBURG PINCUS		231.0	-
05/04/17	WELLINGTON MANAGEMENT®		134.0	631.0
04/27/17	 GPI CAPITAL		140.0	-
04/27/17			100.0	425.0
04/26/17	 RISE FUND  TPG GROWTH		190.0	360.0
04/21/17	 Greenoaks Capital		130.0	870.0
04/14/17	MENTORTECH VENTURES 		7.3	15.0
04/12/17	INSIGHT VENTURE PARTNERS 		180.0	2,320.0
04/07/17	 revolutiongrowth		90.0	2,000.0
04/05/17	ICONIQ		100.0	500.0
04/05/17	 STTelemedia		89.0	211.0
04/04/17			91.0	469.0

Publicly Traded Comparables – Tech-Enabled Services

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	Last Twelve Months				1-Yr Rev. Growth	EV / LTM Revenue	EV / LTM EBITDA
					Revenue	EBITDA	GM %	EBITDA %			
 accenture	\$123.68	96.3%	\$73,785	\$76,433	\$34,189	\$5,804	30.6%	17.0%	5.9%	2.2x	12.7x
 TATA	36.49	86.1%	64,947	71,906	18,223	4,994	30.0%	27.4%	8.6%	3.6x	13.0x
 Cognizant	66.40	97.4%	36,044	39,109	13,831	2,714	38.9%	19.6%	8.8%	2.6x	13.3x
 Infosys	14.45	78.0%	28,001	33,032	10,208	2,765	35.5%	27.1%	7.4%	2.7x	10.1x
 DXC.technology	76.72	94.9%	23,817	21,838	7,607	640	25.4%	8.4%	7.1%	3.1x	37.2x
 wipro	4.00	89.6%	16,254	19,341	8,502	1,686	29.1%	19.8%	7.4%	1.9x	9.6x
 HCL	13.14	93.5%	17,291	18,757	6,975	1,556	33.2%	22.3%	11.9%	2.5x	11.1x
 Capgemini	103.19	93.0%	18,715	16,910	14,301	1,804	26.8%	12.6%	5.2%	1.3x	10.4x
 NTT DATA	11.04	96.3%	19,048	15,478	15,296	2,398	24.3%	15.7%	7.3%	1.2x	7.9x
 Tech Mahindra	5.90	72.9%	4,732	5,756	4,502	646	33.3%	14.4%	10.0%	1.1x	7.3x
Booz Allen Hamilton	32.54	82.0%	6,273	4,828	5,804	548	22.6%	9.4%	7.4%	1.1x	11.5x
 sopra steria	159.39	92.9%	3,813	3,199	4,267	367	10.0%	8.6%	4.4%	0.9x	10.4x
 CACI EVER VIGILANT	125.05	92.4%	4,289	3,058	4,331	377	32.0%	8.7%	23.9%	1.0x	11.4x
 tieto	30.87	90.3%	2,326	2,276	1,732	204	28.9%	11.8%	3.9%	1.3x	11.4x
 Mindtree	8.16	77.6%	1,258	1,373	809	109	30.9%	13.5%	12.1%	1.6x	11.5x
 virtusa	29.40	84.2%	942	886	859	45	27.1%	5.2%	43.0%	1.1x	21.0x
 ICF	47.10	79.1%	1,153	885	1,198	113	36.7%	9.4%	4.9%	1.0x	10.2x
 PERSISTENT	10.48	95.6%	744	839	445	67	30.3%	15.0%	24.5%	1.7x	11.2x
 PERFICIENT	18.64	82.3%	695	667	457	47	33.1%	10.3%	(2.8%)	1.5x	14.8x
 The Hackett Group World Class Delivered and Enabled	15.50	74.9%	445	453	263	40	37.2%	15.3%	8.8%	1.7x	11.0x
 ISG INFORMATION SERVICES GROUP	4.11	95.1%	266	177	233	14	36.1%	6.0%	11.7%	1.1x	19.0x
 EDGEWATER	6.80	72.3%	79	91	117	8	39.4%	6.5%	2.0%	0.7x	10.3x

Top Quartile:	35.6%	17.6%	11.8%	2.2x	13.1x
Median:	30.7%	13.1%	7.4%	1.4x	11.3x
Mean:	30.5%	13.8%	10.2%	1.7x	13.0x
Bottom Quartile:	27.5%	8.9%	5.4%	1.1x	10.3x

Select M&A Transactions – Tech-Enabled Services




















Announced Date	Acquiror	Target	Enterprise Value (\$M)	EV / Revenue	EV / EBITDA
06/26/17	 gtt	 GLOBALCAPACITY™	\$160.2	0.8x	-
06/19/17	 Fondi Italiani per le infrastrutture	 infracom	64.6	0.6x	2.8x
06/14/17	 donuts	 Rightside™	212.9	3.6x	NM
06/14/17	 THOMA BRAVO	 continuum® IT management platform	200.0	2.0x	20.0x
06/14/17	 gtt	 PERSEUS	40.5	-	-
06/13/17	 peak 10	 viawest Hybrid IT Solutions	1,675.0	-	-
06/09/17	 DIGITAL REALTY	 DFT DATA CENTERS	7,593.0	14.0x	23.0x
06/05/17	 SYNNEX CORPORATION	 Westcon Comstor (Americas business)	715.0	0.3x	8.0x
05/24/17	 WOOD GROUP	 CEC CONTROLS Company, Inc.	59.0	~1.0x	6.1x
05/17/17	 HTC global services	 ciber tangoe	93.0	0.2x	-
04/28/17	 MARLIN EQUITY PARTNERS	 ciber tangoe	305.0	1.2x	37.6x
04/03/17	 cardconnect.	 MertzCo	39.0	-	-

Top Quartile:	2.0x	22.3x
Median:	1.0x	14.0x
Mean:	2.6x	16.3x
Bottom Quartile:	0.6x	6.6x

Select Financing Transactions – Tech-Enabled Services




Announced Date	Lead Investor(s)	Target	Transaction Size (\$M)	Pre-Money Valuation (\$M)
06/14/17	Data Collective	ELEMENT ^{AI}	\$102.0	\$-
05/31/17	 方廣資本 F&G VENTURE	 zenlayer	10.0	-
05/24/17	 dolma impactfund	 cloudfactory	7.3	-
05/08/17	 intel capital	 falcon COMPUTING	8.0	16.0
05/03/17	OROGEN TM	virtusa [®]	108.0	-
04/05/17	 DELL Technologies	 Pd Primary Data	17.0	31.6

Publicly Traded Comparables – Enterprise Software

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	Last Twelve Months				1-Yr Rev. Growth	EV / LTM Revenue	EV / LTM EBITDA
					Revenue	EBITDA	GM %	EBITDA %			
 Microsoft	\$68.93	94.6%	\$496,594	\$532,175	\$87,247	\$28,800	59.9%	33.0%	0.4%	5.7x	17.2x
 ORACLE	50.14	96.7%	199,630	207,413	37,728	14,669	57.8%	38.9%	1.8%	5.3x	13.6x
 CISCO	31.30	90.5%	120,998	156,502	48,510	15,048	63.6%	31.0%	(1.9%)	2.5x	8.0x
 IBM	153.83	84.2%	176,735	144,523	79,390	17,944	48.2%	22.6%	(1.8%)	2.2x	9.8x
 SAP	104.74	95.3%	126,433	125,545	25,797	6,712	68.4%	26.0%	7.6%	4.9x	18.8x
 Adobe	141.44	95.9%	66,744	69,787	6,526	2,141	77.1%	32.8%	23.0%	10.2x	31.2x
 intuit	132.81	92.4%	32,935	34,028	5,089	1,580	80.4%	31.0%	9.8%	6.5x	20.8x
 Symantec	28.25	85.0%	21,113	17,183	4,019	727	76.1%	18.1%	11.6%	5.3x	29.0x
 redhat	95.75	95.0%	16,110	16,998	2,521	433	78.7%	17.2%	17.8%	6.4x	37.2x
 ca technologies	34.47	94.3%	14,676	14,519	4,036	1,258	85.7%	31.2%	0.3%	3.6x	11.7x
 CITRIX	79.58	83.0%	12,072	12,028	3,422	1,011	85.3%	29.6%	7.8%	3.5x	11.9x
 SYNOPSYS	72.93	95.2%	10,248	10,962	2,582	497	78.6%	19.3%	11.4%	4.0x	20.6x
 sage	8.92	85.2%	10,073	9,635	2,236	641	89.2%	28.7%	23.0%	4.5x	15.7x
 OPENTEXT	31.54	89.6%	10,495	8,324	2,111	594	67.1%	28.1%	15.8%	5.0x	17.7x
 splunk	56.89	82.2%	6,869	7,872	1,006	(288)	75.4%	(28.7%)	38.1%	6.8x	NM
 SS&C	38.41	97.7%	10,172	7,836	1,565	556	43.5%	35.6%	39.9%	6.5x	18.3x
 Pega	58.35	90.0%	4,353	4,501	795	81	64.3%	10.2%	12.3%	5.5x	53.5x
 TERADATA	29.49	88.5%	3,257	3,860	2,268	337	52.7%	14.9%	(9.0%)	1.4x	9.7x
 Progress	30.89	95.1%	1,373	1,491	404	129	87.9%	31.8%	2.8%	3.4x	10.7x





Top Quartile:	80.4%	31.8%	17.8%	6.4x	22.9x
Median:	75.4%	28.7%	9.8%	5.0x	17.5x
Mean:	70.5%	23.7%	11.1%	4.9x	19.8x
Bottom Quartile:	61.7%	18.7%	1.1%	3.6x	11.7x

Select M&A Transactions – Enterprise Software

Announced Date	Acquiror	Target	Enterprise Value (\$M)	EV / Revenue	EV / EBITDA
06/29/17	 SimCorp	 apil italiana	\$39.4	2.3x	-
05/26/17	 ASURE SOFTWARE	 Evolution HCM Technology	55.0	3.9x	32.4x
05/23/17	 TA ASSOCIATES	 mri REAL ESTATE SOFTWARE	800.0	-	-
05/15/17	 BV Battery Ventures	 CONCURRENT (Real-Time business)	35.0	1.1x	-
05/08/17	 Itron	 comverge energy made better	100.0	1.7x	-
05/04/17	 WiLAN	 VIZIYA	29.6	2.4x	9.4x
05/02/17	 Quotient	 crisp	33.0	1.5x	-
05/01/17	 FLEETCOR	 Cambridge Global Payments	675.0	-	11.9x
04/03/17	 VECTOR CAPITAL	 experian (cross-channel marketing business)	300.0	-	-
04/03/17	 COWEN	 CONVERGEX	116.0	0.6x	-

Top Quartile:	2.4x
Median:	1.7x
Mean:	1.9x
Bottom Quartile:	1.3x

Select Financing Transactions – Enterprise Software

Announced Date	Lead Investor(s)	Target	Transaction Size (\$M)	Pre-Money Valuation (\$M)
06/30/17	 Canvas VENTURES  MERITECH CAPITAL PARTNERS	 kinetica	\$50.1	\$-
05/23/17	 SILVERLAKE	 unity	400.0	2,200.0
05/04/17	 BainCapital VENTURES	 SIGNIFYD	56.0	190.0
05/01/17	 TEMASEK  YF CAPITAL	 WuXiNextCODE	75.0	-
04/28/17	 IVP	 rubrik	180.0	825.0
04/26/17	 BLACKROCK	 DOMO	106.8	2,100.0
04/15/17	 St. Cloud CAPITAL LLC	 genE	250.0	-

Select Software & Services Transactions

 adexchange has completed a growth financing with  Advisor to Ad Exchange Group *	 has raised growth capital from  and  Advisor to Solid Commerce	 has completed a growth recapitalization with  Advisor to Avaap	 has been acquired by NINTEX a portfolio company of  and  Advisor to Drawloop	 has been acquired by  Advisor to Make Technologies*
 has been acquired by  Advisor to Language Weaver *	 has been acquired by  Advisor to Pilot Software *	 has been acquired by  Advisor to PhoneFactor *	 has been acquired by  Advisor to Cengea*	 has been acquired by  Advisor to Beeline Technologies*
 has been acquired by  Advisor to Digital Harbor *	 has been acquired by  Advisor to Aegis *	 has been acquired by  Advisor to Premise *	 has been acquired by  Advisor to Payerpath *	 has been acquired by  Advisor to RelayHealth *
 has been acquired by  Advisor to DecisionView *	Wiredset LLC dba Trendrr has been acquired by  Advisor to Trendrr *	 has been recapitalized by  Advisor to Higher Gear *	   	

*Includes transactions completed by Intrepid senior bankers while at prior firms.



Software & Services Team

SaaS | Cloud Computing | Big Data & Analytics | Tech-Enabled Business Services | eCommerce | Digital Media Technologies



Christopher Park

Managing Director
Head of Software & Services



Tristan Snyder

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Co-Head of Software & Services



Grady McConnell

Vice President
Software & Services

Accessing capital and achieving a premium valuation requires a unique and disruptive idea, a scalable business model, vision for sustained growth, and strong execution. Intrepid's Software & Services practice is an innovative and focused strategic advisory unit that has deep industry expertise assisting entrepreneurs, middle-market business owners and investors across key subsectors, including: SaaS, cloud computing, big data and analytics, tech-enabled business services, eCommerce, and digital media technologies. Our bankers take the time to understand a company's business model and advise it in clearly defining and articulating its vision to the market.

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