



Software & Services M&A Report - Q1'18

Software & Services M&A Activity Starts the Year Strong in Q1'18

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

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Software & Services M&A Activity Starts the Year Strong in Q1'18

After a relatively slower technology M&A market in 2017, 2018 started off strong, lodging the highest cumulative deal value of any first quarter in years. In our Q4'17 industry report, we discussed the recent tax reform measures and mentioned that we thought they might lead to an expansion in acquisition activity. While macroeconomic factors have made the public markets more volatile than they had been in some time, it appears that acquirers are reaping the benefits of the new policies and in a major way—there were nearly two dozen \$1-plus billion technology acquisitions in Q1'18.

Cybersecurity and healthcare IT (HCIT) have been two of the hottest sectors for acquisition activity in recent years, and this quarter was no exception. Deals like Inovalon's purchase of ABILITY Network (\$1.2 billion, 8.9x revenue) and Roche's acquisition of Flatiron Health (\$1.9 billion) are headline deals. Leading industry research reported a total HCIT deal value of \$6.1 billion for the quarter, demonstrating strength in the sector. For a deeper dive into two of the most notable cybersecurity deals of the quarter, please refer to the details enclosed within this report.

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.

A handwritten signature in black ink, appearing to read "Christopher Park".

Christopher Park

Managing Director
Head of Software & Services
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Market Highlights

SAP Takes CallidusCloud Private in \$2.4 Billion Deal

In January, SAP announced the acquisition of CallidusCloud, the leading Quote-to-Cash SaaS business, for \$2.4 billion. The transaction, which is expected to close in Q2, gives SAP leadership in the sales performance management and configure-price-quote software markets by gaining access to CallidusCloud's suite of solutions that include sales enablement, sales analytics and customer engagement. This transaction formalizes a joint-selling relationship that has been ongoing for years and creates the most complete cloud-based offering in the Quote-to-Cash market, uniting front office and back office solutions. After completion of the transaction, CallidusCloud's product assets are expected to be included within the SAP Hybris suite.



Proofpoint Builds Security Training Capabilities With Wombat Security Purchase

One of the year's first major cybersecurity deals, Proofpoint's acquisition of Wombat Security Technologies for \$225 million, was announced in early February and closed a few weeks later. Wombat provides cloud-based software solutions for security awareness training. The software includes interactive training modules, knowledge assessments, phishing simulations and other education materials, coming at a time when enterprises are increasingly taking proactive employee engagement measures with ongoing software-enabled training. Wombat fits into Proofpoint's offering by augmenting its ability to protect enterprises from people-centric cyberattacks and allowing Proofpoint's customers to harness data from phishing campaigns for educational simulations. As cybersecurity continues to become more prevalent in the global IT landscape, Intrepid expects to see an increasingly active deal market.



Palo Alto Networks Buys Evident.io to Expand Cloud Infrastructure Security Capabilities

In another M&A move by a leading cybersecurity firm, Palo Alto Networks acquired public cloud services infrastructure protection provider Evident.io for \$300 million. The transaction, which was announced in mid-March and closed later in the month, makes Palo Alto the only holistic cloud offering for enterprise customers migrating their infrastructures to the cloud. Evident.io contributes to Palo Alto's API-based security capabilities and add functionality for continuous monitoring, storage security and compliance validation and reporting. As cloud infrastructure adoption continues to forge onward, the Palo Alto - Evident.io combination will aid security, DevOps and compliance teams in more quickly developing and deploying new cloud applications while maintaining higher security.



Capgemini Acquires LiquidHub, Gains Digital Capabilities

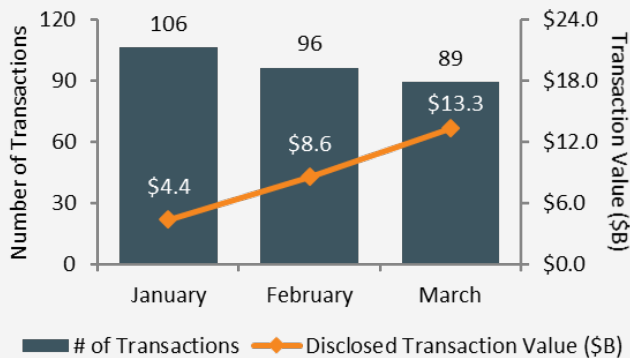
Capgemini bolstered its digital capabilities in North America with the acquisition of LiquidHub, a systems integrator for digital customer engagement services. Announced in February, the transaction augments Capgemini's exposure to the Salesforce ecosystem with additional data analytics, market research, enterprise architecture and other digital capabilities. As Capgemini seeks to expand its end-to-end digital transformation services offering, joining forces with the LiquidHub team allows it to strengthen its technology execution capabilities and gain a foothold in the Mid-Atlantic region. LiquidHub, based in Wayne, Penn., currently generates approximately \$240 million in revenue and was acquired for nearly \$500 million.



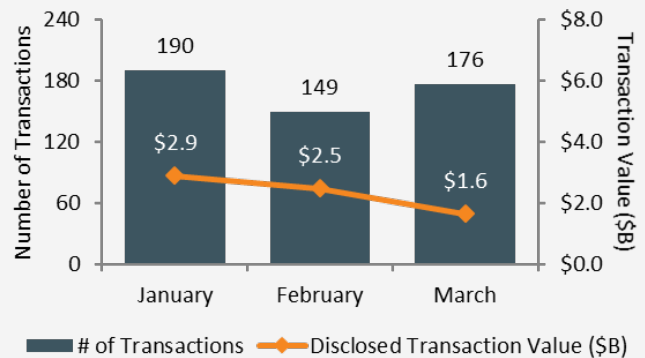
Software & Services Q1'18 Activity

SaaS

Mergers & Acquisitions

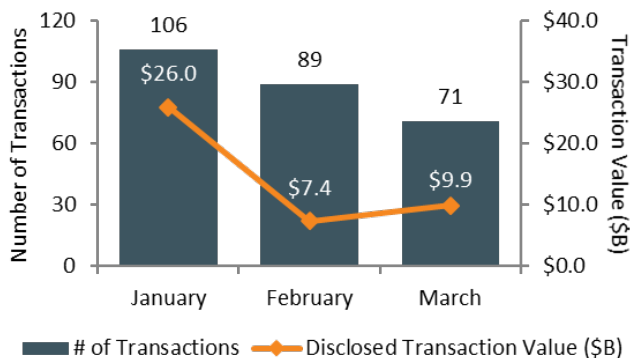


Financings

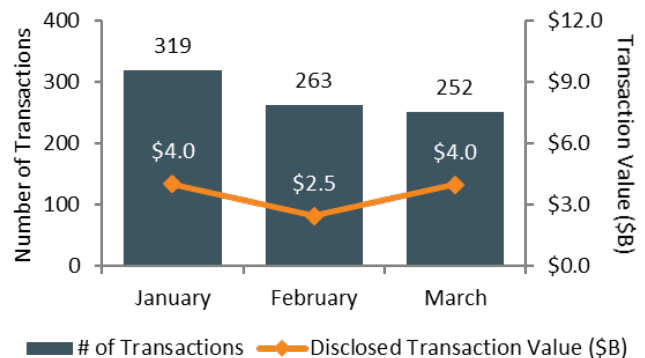


Enterprise Software

Mergers & Acquisitions

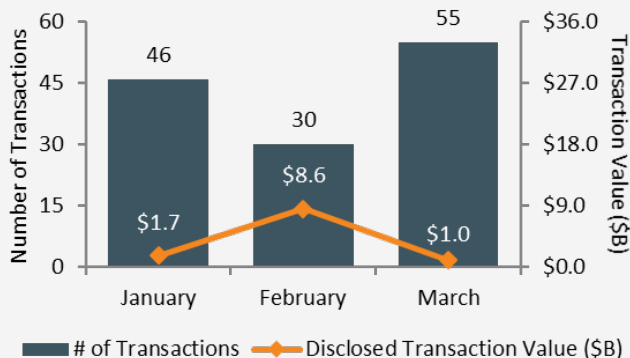


Financings

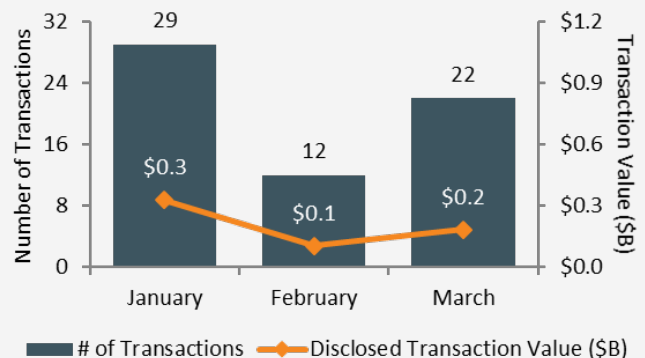


Tech-Enabled Services

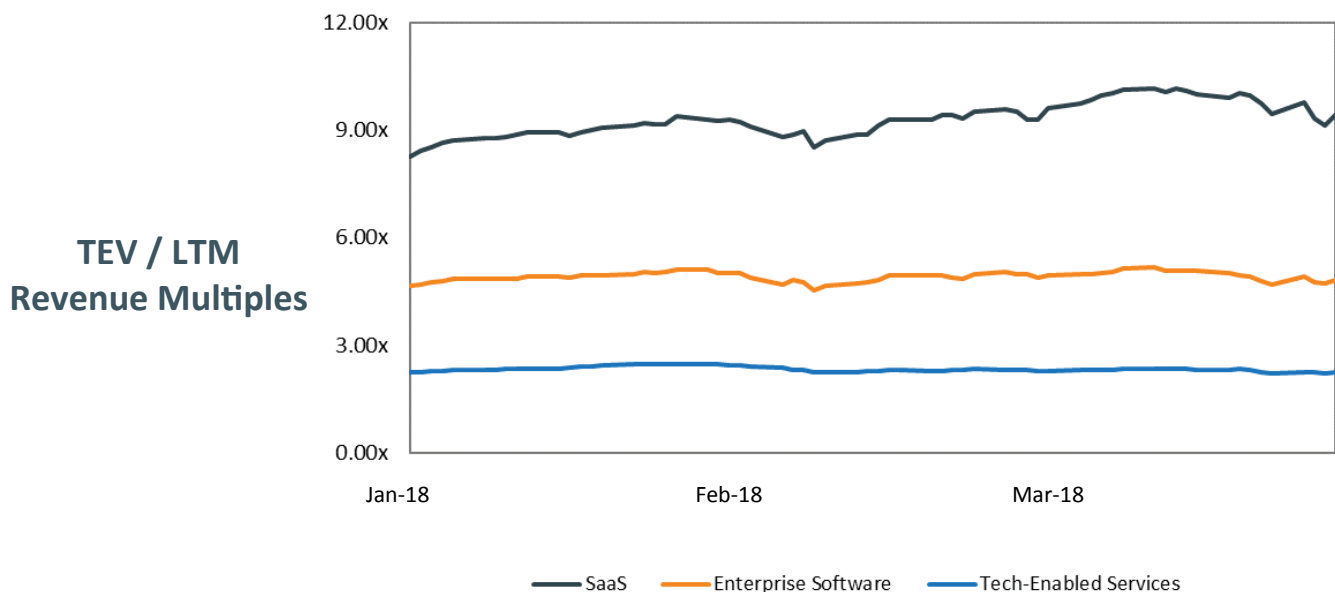
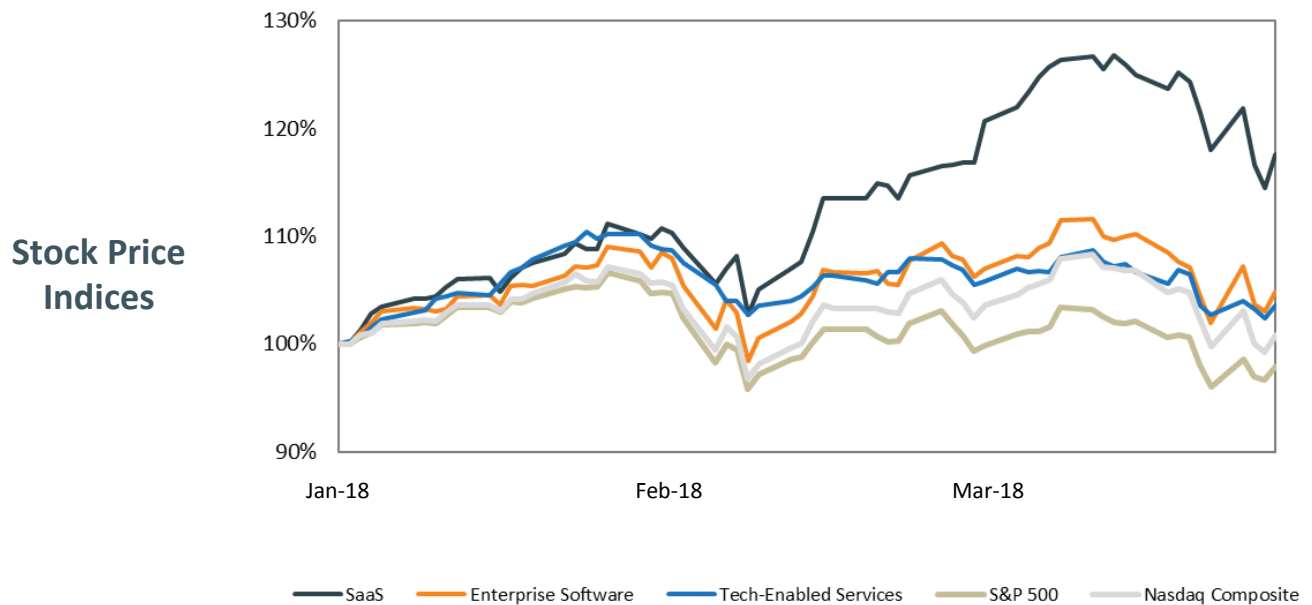
Mergers & Acquisitions






























Financings



Publicly Traded Companies – Stock Valuation Trends






































Publicly Traded Comparables – SaaS

Company	Share Price	% of 52-Wk Enterprise		Market Cap	2018E		17-18E Rev.EV / 2018E	
		High	Value		Revenue	EBITDA	Growth	Revenue
 salesforce	\$116.30	90.2%	\$82,887	\$85,176	\$12,741	\$2,845	21.6%	6.5x
 servicenow	165.45	93.7%	28,298	28,904	2,554	652	32.1%	11.1x
 workday	127.11	90.8%	25,171	26,947	2,688	499	25.4%	9.4x
 shopify	124.59	80.5%	12,182	13,126	998	35	48.3%	12.2x
 ATlassian	53.92	86.6%	11,843	12,522	972	277	31.3%	12.2x
 Veeva	73.02	93.3%	9,559	10,321	819	266	19.4%	11.7x
 Ultimate SOFTWARE	243.70	94.5%	7,296	7,451	1,114	278	18.4%	6.6x
 paycom	107.39	93.0%	6,333	6,343	544	218	25.6%	11.6x
 LogMeIn	115.55	85.7%	5,806	6,058	1,151	450	16.2% *	5.0x
 proofpoint	113.65	91.8%	5,611	5,745	694	84	34.7%	8.1x
 athenahealth	143.03	90.1%	5,843	5,735	1,350	353	10.6%	4.3x
 RingCentral	63.50	91.2%	4,814	4,996	634	73	26.3%	7.6x
 zendesk	47.87	95.5%	4,702	4,949	563	35	30.7%	8.4x
 2U	84.03	92.3%	4,229	4,430	401	16	40.0%	10.5x
 REALPAGE Outperform	51.50	93.7%	4,859	4,279	841	219	24.8%	5.8x
 okta	39.85	92.9%	3,941	4,171	347	(59)	33.5%	11.4x
 New Relic	74.12	93.7%	3,876	4,109	424	36	28.5%	9.1x
 HubSpot	108.30	87.0%	3,894	4,100	484	42	28.8%	8.0x
 Wix.com	79.55	90.8%	3,498	3,730	594	106	39.6%	5.9x
 medidata	62.81	73.1%	3,573	3,681	637	164	16.7%	5.6x
 twilio	38.18	89.8%	3,307	3,598	512	10	28.3%	6.5x
 xero	25.99	92.9%	3,511	3,569	375	45	34.0%	9.4x
 cloudera	21.58	92.4%	2,658	3,048	441	(86)	19.9%	6.0x
 box	20.55	83.9%	2,704	2,826	607	15	19.9%	4.5x
 Qualys	72.75	91.6%	2,522	2,810	277	98	20.0%	9.1x
 cornerstone	39.11	84.7%	2,212	2,242	504	90	4.6%	4.4x
 WageWorks	45.20	59.0%	1,144	1,792	521	167	8.4%	2.2x

Top Quartile:	32.1%	10.5x
Median:	25.6%	8.0x
Mean:	25.5%	7.9x
Bottom Quartile:	19.4%	5.8x


























Note: All amounts in millions of USD, except share price information. All data sourced from S&P Capital IQ. Information as of 3/31/18. Sorted by market cap.
 *Depicts one year forward revenue growth rate, due to LogMeIn's recent merger with Citrix's GoTo family of products.

Select M&A Transactions – SaaS




















Announced Date	Acquiror	Target	Enterprise Value (\$M)	EV / Revenue
03/20/18	 salesforce	 MuleSoft	\$6,500.0	21.9x
03/14/18	 paloalto networks	 evident.io	300.0	-
03/13/18	 SILVERLAKE BV Battery Ventures	 EDR®	205.0	2.8x
03/12/18	 MINDBODY®	 booker	150.0	6.0x
03/07/18	 inovalon® healthcare empowered	 ABILITY®	1,200.0	8.6x
03/06/18	 GTCR SYCAMORE PARTNERS	 CommerceHub®	1,100.0	9.9x
03/06/18	 S&P Global	 KENSHO	550.0	27.5x
02/26/18	 HGGC	 helpsystems	1,200.0	7.5x
02/21/18	 TEMENOS The software specialist for banking and finance	 Fidessa	1,961.7	4.0x
02/15/18	 Roche	 flatiron	1,900.0	-
02/13/18	 CARBONITE™	 mozy	145.8	-
02/09/18	 THOMA BRAVO	 NINTEX®	540.0	4.9x
02/09/18	 VISA	 Frædom®	197.3	4.3x
02/06/18	 proofpoint.	 wombat® security technologies	225.0	~7.3x
02/02/18	 Trimble®	 e-Builder®	500.0	9.4x
01/31/18	 PEOPLEADMIN	 performance matters	125.0	4.2x
01/30/18	 SAP®	 CallidusCloud	2,400.0	10.0x
01/29/18	 RELX Group	 ThreatMetrix.	821.1	11.7x

Top Quartile:	10.0x
Median:	7.5x
Mean:	9.3x
Bottom Quartile:	4.6x

Select Financing Transactions – SaaS

Announced Date	Lead Investor(s)	Target	Transaction Size (\$M)	Pre-Money Valuation (\$M)
03/27/18	KPCB	 INTERCOM	\$125.0	\$1,150.0
03/23/18	 BV Battery Ventures	 ServiceTitan	62.0	775.0
03/21/18	 STRIPE GROUP	 sift science	53.0	275.0
02/28/18	 DRAGONAIR INVESTMENT GROUP	PointClickCare	146.0	-
02/27/18	 FOUNDERS FUND	 Collective Health	110.0	-
02/15/18	 TPG GROWTH	 Reflektive	60.0	120.0
02/14/18	WARBURG PINCUS	 duetto	80.0	170.0
01/31/18	generation_	 asana	75.0	825.0
01/30/18	 salesforce ventures	 ncino	51.5	-
01/25/18	ICONIQ  SEQUOIA 	 snowflake	263.5	1,500.0
01/24/18	SEQUOIA 	 FRONT	66.0	134.0
01/22/18	Great Hill PARTNERS	PAYTRONIX	65.0	-
01/17/18	 TPG  SHV  breyercapital	 IoT	100.0	1,400.0
01/08/18	ICONIQ  BV Battery Ventures	 collibra	58.0	-

Publicly Traded Comparables – Enterprise Software









Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	2018E			17-18E Rev. EV / 2018E EV / 2018E		
					Revenue	EBITDA	EBITDA %	Growth	Revenue	EBITDA
 Microsoft	\$91.27	93.9%	\$664,396	\$702,760	\$111,733	\$45,301	40.5%	9.9%	5.9x	14.7x
 CISCO	42.89	92.9%	172,332	206,623	49,981	17,258	34.5%	3.9%	3.4x	10.0x
 ORACLE	45.75	85.5%	177,593	186,766	40,458	18,931	46.8%	3.6%	4.4x	9.4x
 IBM	153.43	87.0%	175,742	141,335	80,170	19,460	24.3%	1.3%	2.2x	9.0x
 SAP	105.24	84.6%	128,422	125,599	30,085	10,061	33.4%	3.7%	4.3x	12.8x
 Adobe	216.08	93.4%	102,148	106,413	8,847	4,026	45.5%	21.2%	11.5x	25.4x
 intuit	173.35	96.7%	44,774	44,397	5,964	2,193	36.8%	9.8%	7.5x	20.4x
 redhat	149.51	89.3%	25,189	26,464	3,316	891	26.9%	19.4%	7.6x	28.3x
 Symantec	25.85	75.6%	19,122	16,067	4,866	2,295	47.2%	(1.0%)	3.9x	8.3x
 ca technologies	33.90	91.0%	14,089	14,134	4,287	1,648	38.4%	3.0%	3.3x	8.5x
 splunk	98.39	87.3%	12,828	13,918	1,629	236	14.5%	28.2%	7.9x	NM
 CITRIX	92.80	95.7%	13,015	12,635	2,877	948	32.9%	1.9%	4.5x	13.7x
 SYNOPSYS	83.24	87.8%	12,350	12,380	2,938	763	26.0%	3.4%	4.2x	16.2x
 SSC	53.64	99.4%	13,065	11,084	1,777	755	42.5%	5.6%	7.4x	17.3x
 sage	9.15	77.5%	10,967	9,910	2,680	794	29.6%	9.1%	4.1x	13.8x
 opentext	34.80	86.3%	11,543	9,250	2,851	1,057	37.1%	8.3%	4.0x	10.9x
 TERADATA	39.67	92.6%	4,486	4,797	2,182	383	17.6%	1.2%	2.1x	11.7x
 PEGA	60.65	93.5%	4,513	4,737	952	140	14.7%	13.3%	4.7x	32.3x
 Progress	38.45	71.7%	1,737	1,784	404	197	48.7%	1.3%	4.3x	8.8x
					Top Quartile:		42.5%	9.9%	7.4x	18.1x
					Median:		34.5%	3.9%	4.3x	13.2x
					Mean:		33.6%	7.7%	5.1x	15.1x
					Bottom Quartile:		26.4%	2.4%	4.0x	9.5x

Note: All amounts in millions of USD, except share price information. All data sourced from S&P Capital IQ. Information as of 3/31/18. Sorted by market cap.
 "NM" shown for negative multiples.











Selected M&A Transactions – Enterprise Software

Announced Date	Acquiror	Target	Enterprise Value (\$M)	EV / Revenue	EV / EBITDA
03/21/18	 Cantel Medical		\$21.1	5.0x	-
01/11/18	 CLEARVAK CAPITAL		188.0	-	-

Selected Financing Transactions – Enterprise Software

Announced Date	Lead Investor(s)	Target	Transaction Size (\$M)	Pre-Money Valuation (\$M)
03/23/18	T.RowePrice 	"TEMPUS	\$80.0	\$950.0
03/08/18	  	 RED BALLOON SECURITY	15.7	55.0
03/02/18	Accel		153.0	950.0
02/20/18		 trueEX	53.3	-

Publicly Traded Comparables – Tech-Enabled Services

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	2018E			17-18E Rev.EV / 2018E EV / 2018E		
					Revenue	EBITDA	EBITDA %	Growth	Revenue	EBITDA
 accenture	\$153.50	92.7%	\$95,900	\$98,714	\$39,819	\$6,812	17.1%	11.0%	2.4x	14.1x
 TATA	43.40	87.4%	77,570	83,072	19,786	5,213	26.3%	7.6%	3.9x	14.9x
 Cognizant	80.50	94.6%	43,155	47,338	16,226	3,457	21.3%	9.6%	2.7x	12.5x
 Infosys	17.24	92.7%	33,951	37,465	11,175	2,950	26.4%	5.5%	3.0x	11.5x
 DXC technology	100.53	93.2%	34,699	28,720	24,186	5,080	21.0%	20.0% *	1.4x	6.8x
 Capgemini	124.92	93.0%	22,654	20,932	15,939	2,227	14.0%	0.9%	1.4x	10.2x
 HCL	14.75	93.1%	19,810	20,540	8,159	1,841	22.6%	6.0%	2.4x	10.8x
 wipro	4.29	84.1%	16,929	19,289	8,617	1,767	20.5%	3.4%	2.0x	9.6x
 NTT DATA	10.57	79.5%	18,682	14,819	20,123	2,951	14.7%	3.3%	0.9x	6.3x
 Tech Mahindra	9.73	98.0%	8,481	9,531	4,932	793	16.1%	7.2%	1.7x	10.7x
Booz Allen Hamilton	38.72	96.2%	7,160	5,617	6,462	596	9.2%	5.6%	1.1x	12.0x
 sopra steria	204.54	96.8%	4,700	4,070	4,991	496	9.9%	5.2%	0.9x	9.5x
 CACI <small>EVER VIGILANT</small>	151.35	94.9%	4,824	3,727	4,530	398	8.8%	3.0%	1.1x	12.1x
 tieto	33.43	88.9%	2,665	2,468	2,006	266	13.3%	5.3%	1.3x	10.0x
 Mindtree	11.79	88.7%	1,838	1,933	908	133	14.6%	12.1%	2.0x	13.8x
 virtusa	48.46	91.6%	1,466	1,426	1,205	94	7.8%	24.8%	1.2x	15.5x
 ICF	58.45	94.3%	1,283	1,088	1,267	123	9.7%	3.1%	1.0x	10.5x
 PERSISTENT	10.52	78.7%	712	842	516	86	16.7%	12.6%	1.4x	8.3x
 PERFICIENT	22.92	94.3%	847	798	482	77	15.9%	(0.7%)	1.8x	11.0x
 The Hackett Group <small>World Class Defined and Sustained</small>	16.06	78.9%	471	470	295	51	17.2%	3.1%	1.6x	9.3x
 * ISG	4.18	90.3%	269	183	287	36	12.4%	6.5%	0.9x	7.5x
					Top Quartile:		20.8%	10.3%	2.2x	12.3x
					Median:		15.9%	5.6%	1.4x	10.7x
					Mean:		16.0%	7.4%	1.7x	10.8x
					Bottom Quartile:		12.4%	3.3%	1.1x	9.5x

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*Pro forma growth rate from L9M December 2016 to L9M December 2017, due to CSC's merger with HPE's Enterprise Service segment.

Selected M&A Transactions – Tech-Enabled Services

Announced Date	Acquiror	Target	Enterprise Value (\$M)	EV / Revenue	EV / EBITDA
03/28/18	windstream 	 MC	\$37.5	-	-
03/14/18	ensonio™ 	wipro (hosting services business) 	405.0	-	-
02/28/18	 SECURITAS	KRATOS (Public Safety and Security division) 	67.5	0.5x	-
02/23/18	KBR 	STINGER GHAFARIAN TECHNOLOGIES 	355.0	0.7x	-
02/15/18	ctg 	SOFTCOMPANY 	16.8	0.6x	-
02/12/18	GENERAL DYNAMICS 	CSRA 	9,700.0	1.9x	10.8x
02/05/18	Capgemini 	liquidhub 	477.0	2.0x	-
01/29/18	INAP™ 	SINGLEHOP 	132.0	2.8x	7.0x
01/16/18	HARRIS 	acceo 	200.5	2.2x	-
01/09/18	NEC 	northgate PUBLIC SERVICES 	644.2	0.7x	13.0x
01/04/18	SILVERLAKE 	WPengine 	250.0	~2.5x	-

Top Quartile:	2.2x	11.9x
Median:	1.9x	10.8x
Mean:	1.5x	10.3x
Bottom Quartile:	0.7x	8.9x

Selected Financing Transactions – Tech-Enabled Services

Announced Date	Lead Investor(s)	Target	Transaction Size (\$M)	Pre-Money Valuation (\$M)
03/26/18	Apax PARTNERS	WIZELINE	\$43.0	\$100.0
03/20/18	Kayne Anderson Capital Advisors, L.P.	 CAREWORX	17.0	-
03/14/18	 wipro	ensono	55.0	-
01/26/18	LAYER 7 CAPITAL	TotalServer Solutions	23.0	-

Select Transactions

 <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>Advisor to Bunchball</p>	 <p>has completed a majority recapitalization with</p>  <p>Advisor to GraphPad</p>	 <p>has completed a growth financing with</p>  <p>Advisor to Ad Exchange Group</p>	 <p>has completed a growth recapitalization with</p>  <p>Advisor to Avaap</p>	 <p>has raised growth capital from</p>  <p>and</p>  <p>Advisor to Solid Commerce</p>
 <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>and</p>  <p>Advisor to Drawloop</p>	 <p>has been acquired by</p>  <p>Advisor to Pitch, Inc.</p>	 <p>has been acquired by</p>  <p>Advisor to Threshold Interactive</p>	 <p>has been acquired by</p>  <p>Advisor to Make Technologies*</p>	 <p>has been acquired by</p>  <p>Advisor to Language Weaver*</p>
 <p>has been acquired by</p>  <p>Advisor to Pilot Software*</p>	 <p>has acquired</p>  <p>Buyside Advisor</p> <p>Advisor to Francisco Partners*</p>	 <p>has been acquired by</p>  <p>Advisor to Cengea*</p>	 <p>received a minority investment from</p>  <p>Advisor to BambooHR*</p>	 <p>has been acquired by</p>  <p>Advisor to Aegis*</p>
 <p>has been acquired by</p>  <p>Advisor to Premise*</p>	 <p>has been acquired by</p>  <p>Advisor to Payerpath*</p>	 <p>has been acquired by</p>  <p>Advisor to RelayHealth*</p>	 <p>has been acquired by</p>  <p>Advisor to DecisionView*</p>	 <p>has raised \$25,500,000 Series E Private Placement</p> <p>Advisor to Host Analytics*</p>

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



Software & Services Team

SaaS | Cloud Computing | Tech-Enabled Services | HR Tech | HCIT | Cyber Security | Big Data & Analytics



Christopher Park
Managing Director
Head of Software & Services



Grady McConnell
Vice President



Ryan Makis
Associate



Greg Passani
Associate



Austin Ho
Analyst



AJ Herrera
Analyst



Connor Denney
Analyst

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, tech-enabled services, HR tech, HCIT, cyber security and big data & analytics. 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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