



Software & Services M&A Report - Q3'18

Strong Quarter in Tech M&A Bolstered by Several Massive Deals

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Strong Quarter in Tech M&A Bolstered by Several Massive Deals

Q3'18 was a whirlwind quarter for M&A and financing activity in the technology sector. The quarter opened with a semiconductor company's surprising acquisition of a software vendor for more than \$18 billion in July and closed with five \$1 billion-plus software and tech-enabled services buyouts in September. The quarter featured a number of notable transactions as well as resurgence in M&A activity from some of the technology sector's most prominent players.

Q3 also saw buyouts of certain SaaS businesses that are no stranger to acquisition: Marketo, which was acquired by Vista Equity Partners in May 2016, was sold to Adobe in September, while Intralinks traded hands for the third time in less than two years during its September sale to SS&C Technologies. These announcements are evidence that technology corporations and sponsors have been interested in creating value where it can be found and are not timid when it comes to paying strategic multiples for strong, growing businesses.

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 "Christopher Park".

Christopher Park

Managing Director

Head of Software & Services

cpark@intrepidib.com

Software & Services Q3'18 Market Highlights

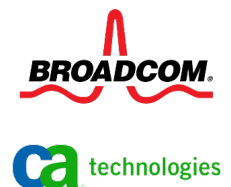
Adobe Pays \$4.75 Billion for Marketo

In September, Adobe announced the acquisition of Marketo, a leading cloud-based marketing platform with over 65,000 customers. The company was purchased for \$4.75 billion, more than twice the purchase price Vista Equity Partners paid in their \$1.8 billion buyout two years ago. Marketo provides B2B planning, engagement, and measurement capabilities to both enterprise and SMB marketing teams in order to drive customer engagement. Adobe plans to integrate Marketo with its Adobe Experience Cloud to create an industry-leading, comprehensive offering of both B2B and B2C customer engagement solutions.



Broadcom Acquires CA Technologies for \$18.9 Billion

Leading semiconductor device supplier Broadcom shocked the technology community when it announced its acquisition of CA Technologies, a global provider of IT management software. CA offers a wide variety of solutions, including data security and compliance, software planning and infrastructure management, as well as a variety of consulting and implementation services. The CA acquisition highlights Broadcom's strategy to build a leading global infrastructure technology business by acquiring companies with mission-critical technology. With robust recurring revenue streams and a highly sticky customer base, CA was acquired for 4.6x revenue and 14.3x EBITDA. The transaction is expected to close in Q4'18.



Orange Business Services Augments Growth With Acquisition of Basefarm

ABRY Partners has sold its stake in Basefarm to Orange Business Services, an operating subsidiary of Orange Group. Basefarm, a European provider of cloud-based infrastructure and data analysis, utilizes big data and artificial intelligence to create actionable business solutions for its customers. The company more than doubled its revenue from \$51 million when ABRY invested in 2012 to about \$120 million in 2017. Orange is one of the world's leading telecom operators, providing global IT services to multinational companies. The Basefarm acquisition strengthens Orange's global cloud offering as well as stretches its geographic reach with greater penetration of European markets.

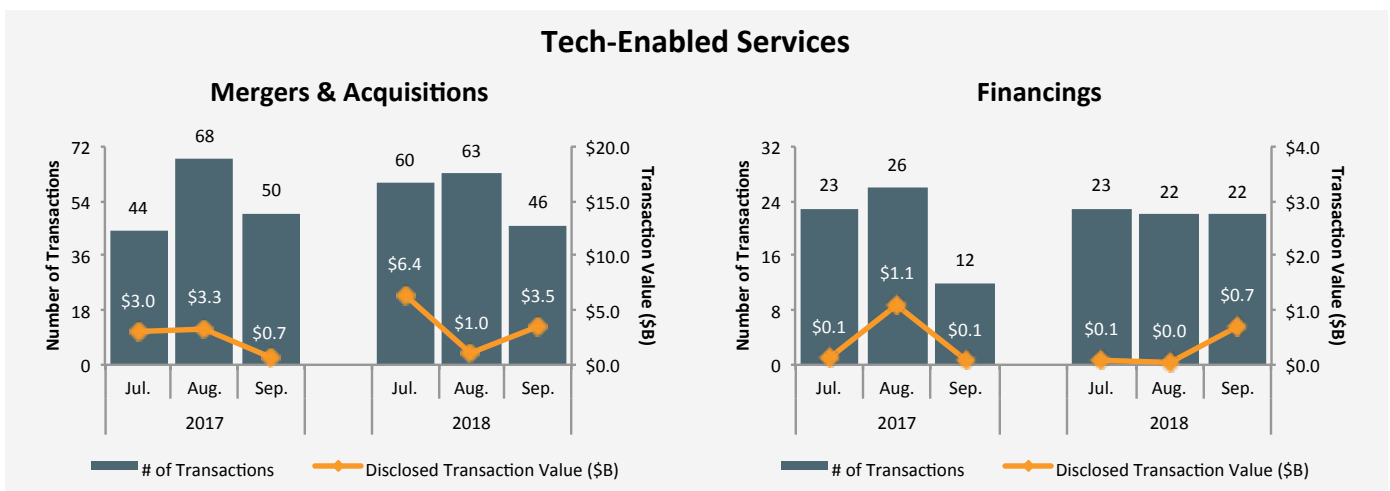
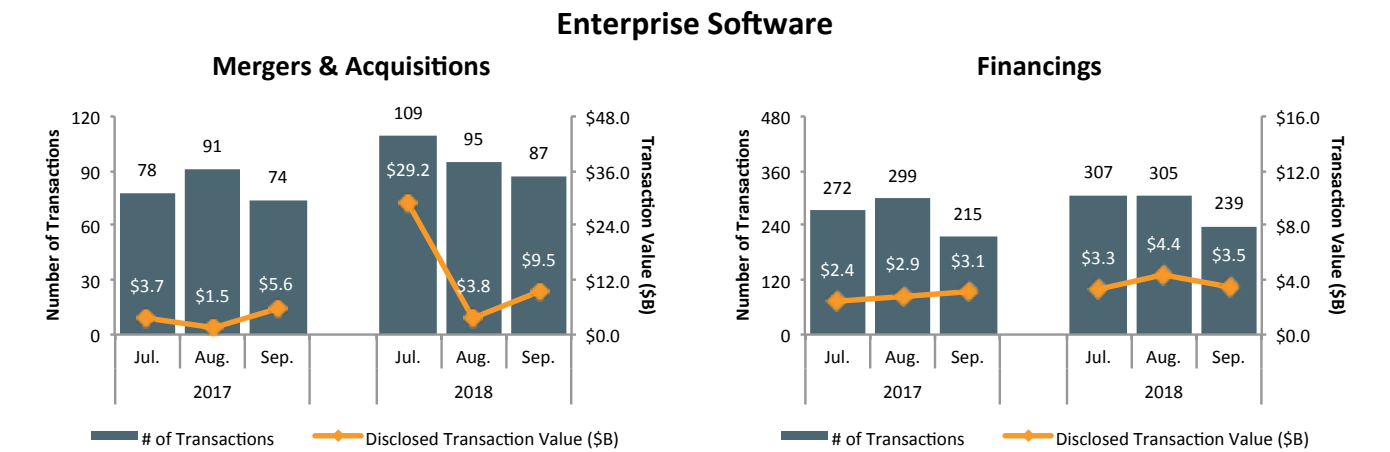
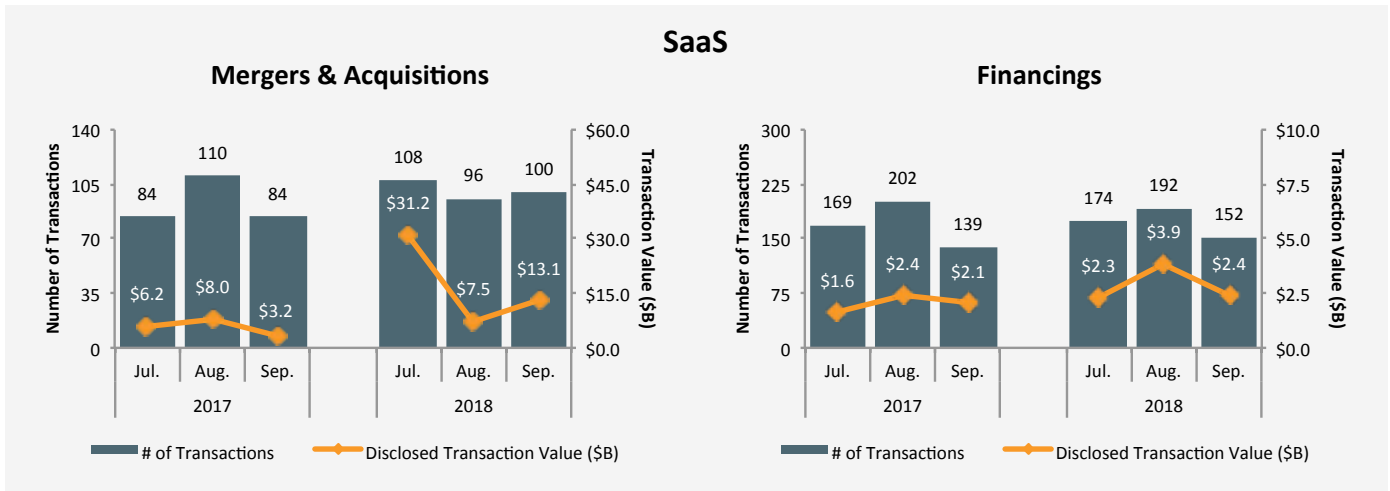


SS&C Acquires Fintech Provider Intralinks for \$1.5 Billion

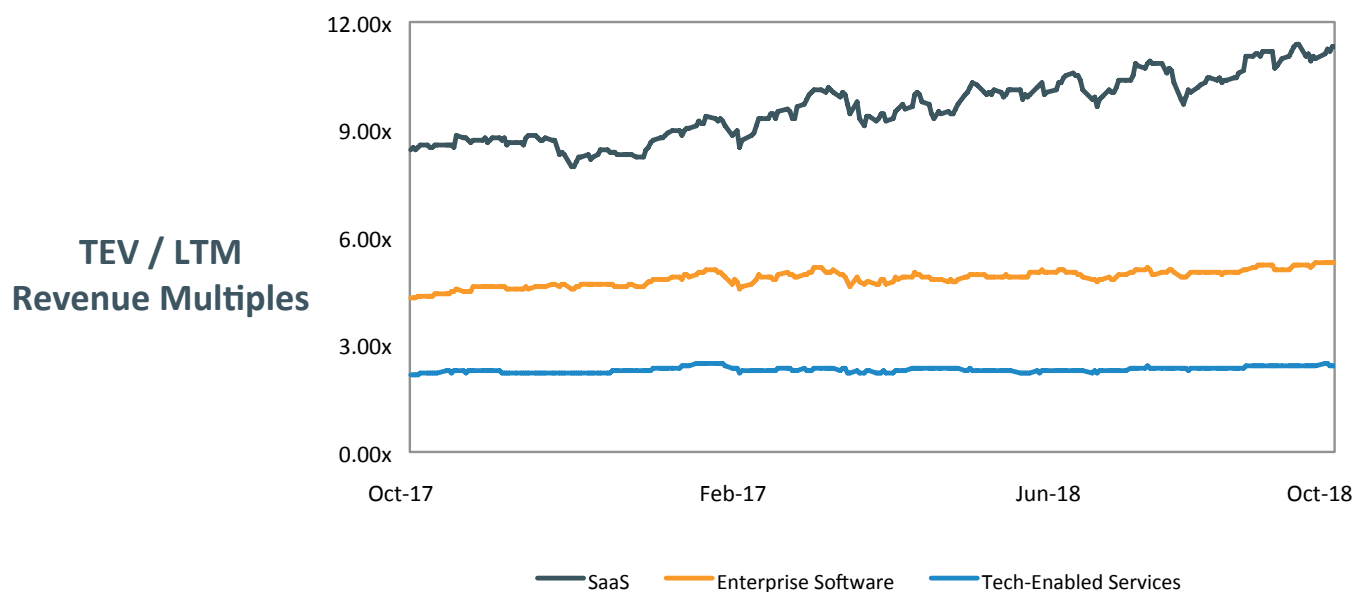
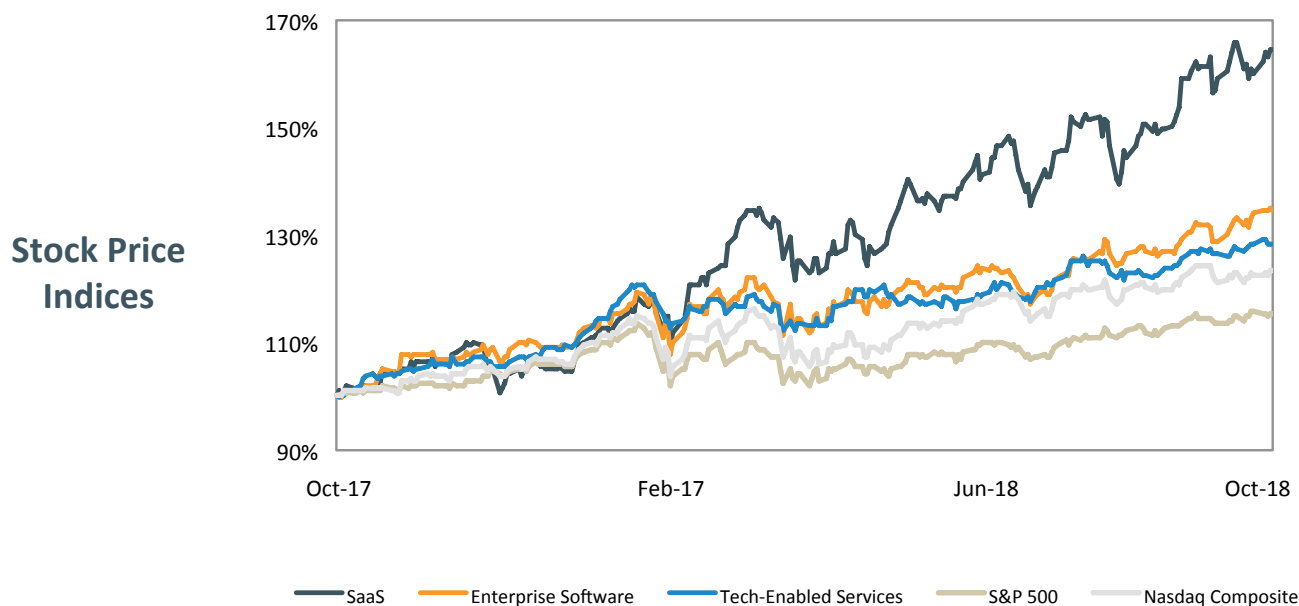
SS&C Technologies has entered into a definitive agreement to acquire Intralinks Holdings from Siris Capital for \$1.5 billion. Intralinks provides secure collaboration software and online document sharing solutions through virtual data rooms, facilitating strategic initiatives like mergers and acquisitions, capital raising and investor reporting for customers in the financial sector. Intralinks reported LTM revenue of \$325 million and adjusted EBITDA of \$132 million as of June. SS&C, a global provider of investment and financial SaaS solutions, will use the acquisition to strengthen its offering to mutual customers like major banks, investment funds, and large corporations. This announcement marks the third time Intralinks has been acquired in a little under two years.



Software & Services Q3'18 Activity






























Publicly Traded Companies – Stock Valuation Trends





Note: Indices calculated using a market cap-weighted basis. All data sourced from S&P Capital IQ.

Publicly Traded Comparables – SaaS

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	2018E		17-18E Rev.EV / 2018E	
					Revenue	EBITDA	Growth	Revenue
 salesforce	\$159.03	98.7%	\$121,309	\$120,338	\$13,190	\$3,142	25.9%	9.2x
 servicenow	195.63	94.8%	33,919	34,812	2,611	669	35.1%	13.0x
 workday	145.98	92.9%	29,870	31,678	2,770	438	29.3%	10.8x
 ATlassian	96.14	99.1%	21,789	22,703	1,018	273	37.5%	21.4x
 shopify	164.46	93.1%	15,997	17,571	1,057	35	57.0%	15.1x
 Veeva	108.87	99.8%	14,722	15,733	843	296	23.0%	17.5x
 Ultimate SOFTWARE	322.19	96.9%	9,867	10,043	1,136	274	20.8%	8.7x
 paycom	155.41	94.7%	9,092	9,111	560	232	29.3%	16.2x
 twilio	86.28	97.1%	8,036	8,408	590	23	47.7%	13.6x
 okta	70.36	93.2%	7,410	7,682	375	(49)	44.3%	19.8x
 zendesk	71.00	98.3%	7,285	7,523	592	40	37.5%	12.3x
 RingCentral	93.05	94.8%	7,202	7,408	654	79	30.3%	11.0x
 REALPAGE <small>Outperform</small>	65.90	99.7%	6,190	5,964	873	229	29.5%	7.1x
 HubSpot	150.95	93.1%	5,614	5,856	499	47	32.9%	11.2x
 Wix.com	119.70	98.8%	5,437	5,787	599	112	40.7%	9.1x
 proofpoint	106.33	81.6%	5,658	5,588	711	97	38.0%	8.0x
 athenahealth	133.60	81.5%	5,453	5,411	1,349	377	10.6%	4.0x
 New Relic	94.23	82.1%	4,995	5,325	437	56	32.4%	11.4x
 xero	35.28	93.2%	4,874	4,928	342	40	35.4%	14.3x
 LogMeIn	89.10	66.1%	4,623	4,622	1,203	437	21.6%	3.8x
 medidata	73.31	82.5%	4,346	4,372	637	151	16.7%	6.8x
 2U	75.19	76.3%	3,854	4,318	411	17	43.4%	9.4x
 Qualys	89.10	90.6%	3,152	3,475	279	105	20.8%	11.3x
 box	23.91	80.3%	3,275	3,386	608	23	20.0%	5.4x
 cornerstone	56.75	95.9%	3,233	3,335	524	84	8.7%	6.2x
 cloudera	17.65	78.7%	2,289	2,667	447	(67)	21.7%	5.1x
 WageWorks	42.75	65.0%	1,047	1,694	491	149	2.1%	2.1x




























Top Quartile:	37.5%	13.6x
Median:	29.5%	10.8x
Mean:	29.3%	10.5x
Bottom Quartile:	20.8%	6.8x

Selected M&A Transactions – SaaS


















Announced Date	Acquiror	Target	Enterprise Value (\$M)	EV / Revenue
09/27/18	 globalpayments	 SICOM	\$415.0	-
09/20/18	 Adobe	 Marketo	4,750.0	14.8x
09/06/18	 SS&C	 INTRA LINKS	1,500.0	4.6x
09/04/18	 THOMA BRAVO	 APTUS	1,600.0	7.1x
08/27/18	 vmware	 CloudHealth TECHNOLOGIES	550.0	-
08/27/18	 Allstate You're in good hands.	 InfoArmor	525.0	8.8x
08/10/18	 AMADEUS	 TravelClick™	1,520.0	4.1x
08/03/18	 Intertek	 alchemy	480.0	-
08/02/18	 Cisco	 DUO SECURITY	2,350.0	18.8x
08/02/18	 globalpayments	 AdvancedMD	700.0	-
07/31/18	 FORTIVE	 accruent	2,000.0	7.4x
07/31/18	 SS&C	 EZE SOFTWARE GROUP <small>RealTick EMS / Eze OMS / Trader PMS</small>	1,450.0	5.2x
07/20/18	 STATE STREET	 Charles River	2,600.0	8.7x
07/17/18	 BC Partners	 NAVEX GLOBAL	1,400.0	-
07/16/18	 salesforce	 datorama	726.0	14.5x
07/11/18	 BROADCOM	 ca technologies	18,400.0	4.3x
07/10/18	 at&t	 ALLEN VAULT	600.0	4.8x
07/10/18	 THOMA BRAVO	 Centrify	500.0	3.3x

Top Quartile:	11.7x
Median:	7.1x
Mean:	8.2x
Bottom Quartile:	4.5x

Selected Financing Transactions – SaaS

Announced Date	Lead Investor(s)	Target	Transaction Size (\$M)	Pre-Money Valuation (\$M)
09/18/18			\$95.0	\$325.0
09/05/18		 <small>Hotspot Shield, Security, Privacy, Access</small>	295.0	-
08/29/18			94.0	-
08/22/18	 <small>GROWTH EQUITY</small>		67.5	-
08/21/18	 <small>INVESTMENT GROUP</small>		427.0	6,700.0
08/21/18			93.0	550.0
08/17/18			152.9	500.0
08/07/18			100.0	1,200.0
08/06/18	WARBURG PINCUS	 <small>SOFTWARE®</small>	550.0	-
08/02/18			60.0	440.0
07/31/18	T.RowePrice®  		140.0	1,860.0
07/31/18	SEQUOIA 		100.0	1,445.0
07/30/18			75.0	475.0
07/10/18	T.RowePrice®		115.0	1,285.0

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	\$114.37	99.2%	\$830,853	\$877,014	\$117,066	\$48,583	41.5%	15.1%	7.1x	17.1x
 CISCO	48.65	99.2%	201,488	222,395	50,681	17,921	35.4%	5.4%	4.0x	11.2x
 ORACLE	51.56	96.4%	194,044	195,342	39,791	18,615	46.8%	1.9%	4.9x	10.4x
 SAP	122.30	97.8%	149,217	145,979	28,324	9,472	33.4%	4.7%	5.3x	15.8x
 IBM	151.21	88.4%	172,022	138,020	80,273	19,376	24.1%	1.4%	2.1x	8.9x
 Adobe	269.95	97.2%	128,712	131,772	8,994	4,010	44.6%	23.2%	14.3x	32.1x
 redhat	136.28	76.7%	22,921	24,173	3,261	867	26.6%	17.4%	7.0x	26.4x
 splunk >	120.91	93.0%	16,905	17,729	1,687	246	14.6%	32.8%	10.0x	68.6x
 CITRIX	111.16	95.2%	15,718	15,080	2,946	1,074	36.4%	4.3%	5.3x	14.6x
 SYNOPSYS	98.61	95.4%	14,538	14,652	3,150	776	24.6%	10.8%	4.6x	18.7x
 SS&C	56.83	93.2%	19,655	13,529	3,382	1,126	33.3%	101.0%	5.8x	17.5x
 Symantec	21.28	62.7%	15,933	13,226	4,729	2,037	43.1%	(3.8%)	3.4x	7.8x
 opentext™	38.04	94.4%	12,116	10,178	2,873	1,033	36.0%	9.1%	4.2x	11.7x
 sage	7.74	71.1%	9,260	8,394	2,434	704	28.9%	7.5%	3.8x	13.2x
 PEGA	62.60	92.1%	4,680	4,923	888	80	9.1%	5.7%	5.3x	58.2x
 TERADATA	37.71	85.2%	4,106	4,491	2,145	329	15.3%	(0.5%)	1.9x	12.5x
 Progress	35.29	65.8%	1,568	1,589	395	167	42.2%	(0.8%)	4.0x	9.4x

Top Quartile:	41.9%	16.3%	6.4x	22.6x
Median:	33.4%	5.7%	4.9x	14.6x
Mean:	31.5%	13.8%	5.5x	20.8x
Bottom Quartile:	24.6%	1.9%	4.0x	11.2x






Selected M&A Transactions – Enterprise Software

Announced Date	Acquiror	Target	Enterprise Value (\$M)	EV / Revenue	EV / EBITDA
08/14/18	 urthecast	 GEOSYS Growing agriculture	\$20.0	-	-
07/03/18	 Kerridge Commercial Systems	 edp	8.1	1.3x	12.6x

Selected Financing Transactions – Enterprise Software


Announced Date	Lead Investor(s)	Target	Transaction Size (\$M)	Pre-Money Valuation (\$M)
09/26/18			\$30.0	\$220.0
09/11/18			35.5	140.0
09/11/18			25.0	115.0
08/28/18			18.0	-
08/14/18			32.0	135.0
07/31/18			44.0	-

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
 TATA	\$163.59	98.8%	\$101,272	\$104,820	\$40,129	\$6,876	17.1%	11.9%	2.5x	14.7x
 accenture	26.87	98.0%	96,841	102,876	19,653	5,219	26.6%	12.0%	4.9x	18.6x
 Cognizant	78.99	92.8%	42,223	46,280	16,240	3,420	21.1%	9.7%	2.6x	12.3x
 Infosys	19.01	99.4%	37,507	41,314	11,062	2,919	26.4%	9.4%	3.4x	12.8x
 DXC technology	80.61	74.7%	28,970	22,889	22,484	4,891	21.8%	11.6%	1.3x	5.9x
 Capgemini	135.43	96.9%	24,235	22,595	15,274	2,156	14.1%	1.6%	1.6x	11.2x
 HCL	13.47	83.6%	17,399	18,755	8,084	1,896	23.5%	10.1%	2.2x	9.2x
 wipro	3.80	78.1%	14,886	17,109	8,154	1,572	19.3%	2.5%	1.8x	9.5x
 NTT DATA	11.56	89.6%	19,832	16,206	18,881	2,852	15.1%	(0.1%)	1.1x	7.0x
 Tech Mahindra	9.53	89.8%	8,298	9,344	4,911	865	17.6%	11.8%	1.7x	9.6x
Booz Allen Hamilton	43.73	95.4%	7,882	6,271	6,474	609	9.4%	5.8%	1.2x	12.9x
 CACI <small>EVER VIGILANT</small>	205.27	92.9%	4,854	4,217	4,764	469	9.9%	5.4%	1.0x	10.3x
 sopra steria	168.55	96.4%	5,190	4,163	4,566	415	9.1%	3.8%	1.1x	12.5x
 Mindtree	32.64	90.3%	2,531	2,409	1,894	257	13.6%	4.4%	1.3x	9.9x
 tieto	14.34	89.5%	2,245	2,354	901	137	15.2%	16.6%	2.5x	16.4x
 virtusa	48.68	89.8%	1,628	1,445	1,205	103	8.6%	24.9%	1.4x	15.7x
 ICF	71.05	93.3%	1,548	1,336	1,269	121	9.5%	3.2%	1.2x	12.8x
 PERFICIENT	11.80	92.5%	808	944	474	73	15.5%	8.4%	1.7x	11.0x
 PERSISTENT	26.37	95.9%	975	924	500	69	13.8%	3.1%	1.9x	14.1x
 The Hackett Group <small>World Class Defined and Led</small>	16.07	83.5%	468	473	295	50	17.0%	3.1%	1.6x	9.3x
 ISG	4.10	88.6%	263	182	285	35	12.4%	5.9%	0.9x	7.4x

Top Quartile:	20.2%	11.7%	2.3x	13.5x
Median:	15.2%	5.9%	1.6x	11.2x
Mean:	16.0%	7.9%	1.9x	11.6x
Bottom Quartile:	12.4%	3.2%	1.2x	9.5x

Selected M&A Transactions – Tech-Enabled Services

Announced Date	Acquiror	Target	Enterprise Value (\$M)	EV / Revenue	EV / EBITDA
09/24/18	 DIGITAL REALTY		\$1,826.1	-	-
09/14/18	 MTS		128.5	-	-
09/10/18		 Engineered to Make a Difference	2,423.7	1.3x	14.6x
08/17/18	 Shearwater Group	 Collaborative Solutions	38.5	1.3x	11.0x
08/07/18		 Secure Designs, Inc. Managed Internet Security Solutions	30.0	3.0x	-
08/01/18	 Insight		79.0	1.1x	-
07/22/18		 Consider IT Done®	3,570.0	3.8x	13.7x
07/16/18	 orange Business Services		408.9	3.5x	-
07/06/18		 UNDERSTAND. DELIVER. IMPROVE.	134.0	-	-
07/03/18	 GFT		22.8	1.3x	7.0x

Top Quartile:	3.5x	14.4x
Median:	1.3x	12.4x
Mean:	2.2x	11.6x
Bottom Quartile:	1.3x	8.0x

Selected Financing Transactions – Tech-Enabled Services

Announced Date	Lead Investor(s)	Target	Transaction Size (\$M)	Pre-Money Valuation (\$M)
09/11/18	 THIRD POINT VENTURES		\$25.0	\$75.0
09/05/18	Berkshire Partners		50.0	130.0
07/16/18	 revolution		30.0	-

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 been recapitalized by</p>  <p>Advisor to Beeline*</p>	 <p>has been acquired by</p>  <p>Advisor to Cengea*</p>	 <p>has been acquired by</p>  <p>Advisor to PhoneFactor*</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 been acquired by</p>  <p>Advisor to AtHand*</p>

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





Software & Services Team

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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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