



Software & Services M&A Report - Q1'19

Software & Services Experiences Healthy Start to 2019

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The Software & Services sector continues to see strong M&A activity and healthy valuation multiples as sponsors lead the way again in Q1'19. Private equity (PE) buyers have not slowed down since 2018 and remain bullish on value, putting up a median LTM revenue multiple of 5.5x for software acquisitions, compared to approximately 4.5x during the same quarter last year. Some notable transactions include K1's roll-up in the recruiting software space and Thoma Bravo's \$3.7 billion acquisition of mortgage automation SaaS provider Ellie Mae.

Healthcare Information Technology (HCIT) is a sector that we are closely monitoring as the momentum observed in 2018 extended through Q1'19. Ever since Amazon's stunning debut in the sector with its acquisition of PillPack, the market has been clouded with anticipation and uncertainty around how healthcare leaders will respond to the tech-giant's emergence in the space. Our market observations and industry research suggest that sub-verticals, such as data security, patient-provider communication and patient-oriented self-service technology, will be key areas of focus for future M&A activity. Hill-Rom's acquisition of Voalte, a hospital communication platform, for \$180 million (4.5x LTM revenue) is a recent example of this investment trend.

As software and technology play an increasing role across all industries, we expect verticalized application software to yield premium valuations from buyers who can leverage these solutions in their daily operations.

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", is positioned below the "Thank you," text.

Christopher Park

Managing Director
Head of Software & Services
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Software & Services Q1'19 Market Highlights

Atlassian Integrates AgileCraft Into Its Platform

Traditionally a designer of software development tools, enterprise software provider Atlassian seeks to increase its footprint in general workplace software with its acquisition of AgileCraft. The deal closed on March 18, with AgileCraft commanding an enterprise value of \$165 million. AgileCraft is a provider of B2B project management software for customers like AT&T, Fidelity, and Anthem. This acquisition is a classic depiction of the value unlocked in a “buy vs. build” strategy that countless enterprise software providers elect to pursue.



K1 Investment Management Announces Recruiting Software Roll-Up

On February 11, K1 Investment Management announced a recruiting software roll-up totaling \$200M in aggregate. The El Segundo, Calif.-based PE firm acquired Jobvite, a recruitment management solution leveraging Continuous Candidate Engagement (CCE), as a platform investment with three synergistic add-ons. Talemtry, RolePoint, and Canvas combine with Jobvite to create a comprehensive recruiting platform providing hiring teams a one-stop shop for sourcing, engaging, hiring, onboarding, and retaining top talent.



SurveyMonkey Acquires Amsterdam-Based Usabilla for \$80 Million

SurveyMonkey enhanced its foothold in European markets with its acquisition of Usabilla, a Web-based usability testing tool that enables marketers, analysts and designers to collect visual feedback from their Websites. The transaction grants SurveyMonkey access to Usabilla's 450 customers, as well as the addition of Usabilla's headquarters in Amsterdam, now SurveyMonkey's largest European office. This move comes just months after SAP's acquisition of online survey software provider, Qualtrics. While SurveyMonkey's leadership claims that its interest in Usabilla is in no way a response to the Qualtrics deal, it is clear that SurveyMonkey is seeking additional ways to compete relevant to enterprise clientele.



Thoma Bravo Acquires Leading Mortgage Financing Software for \$3.7 Billion

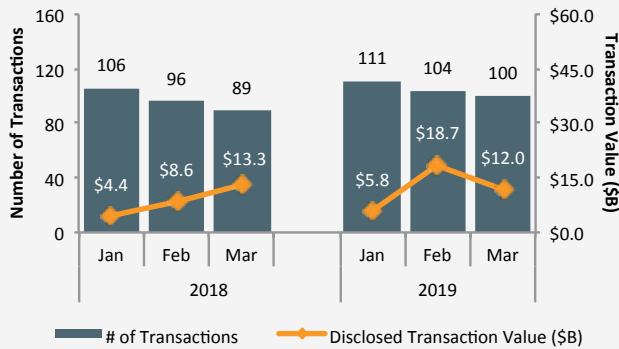
On February 12, Thoma Bravo announced its acquisition of leading cloud-based provider of mortgage financing software Ellie Mae. Ellie Mae enables lenders to originate more loans while minimizing expenses and driving efficiency, quality and compliance throughout the mortgage process. The company was acquired for approximately \$3.7 billion, representing an implied enterprise value/revenue multiple of 7.5x.



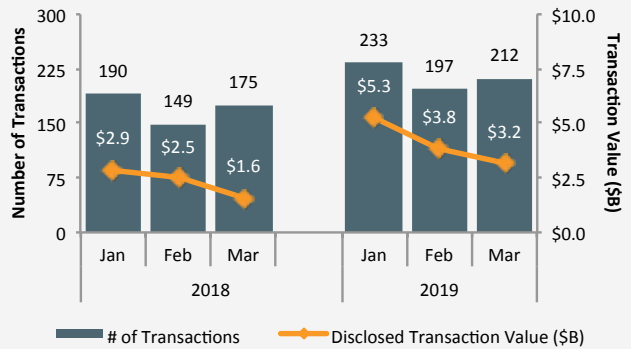
Software & Services Q1'19 Activity

SaaS

Mergers & Acquisitions

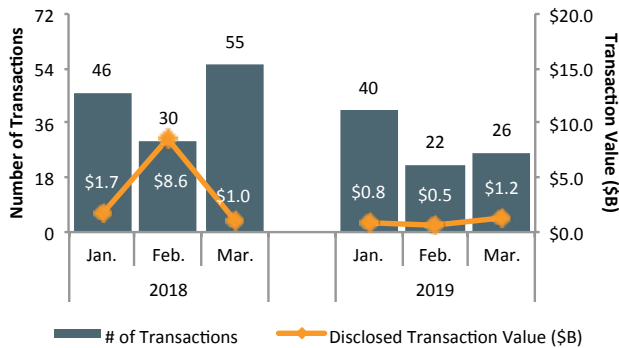


Financings

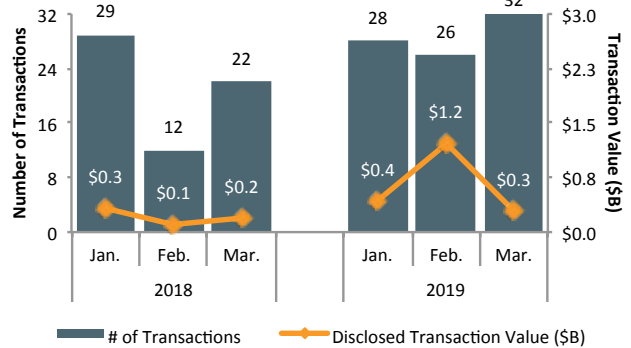


Tech-Enabled Services

Mergers & Acquisitions

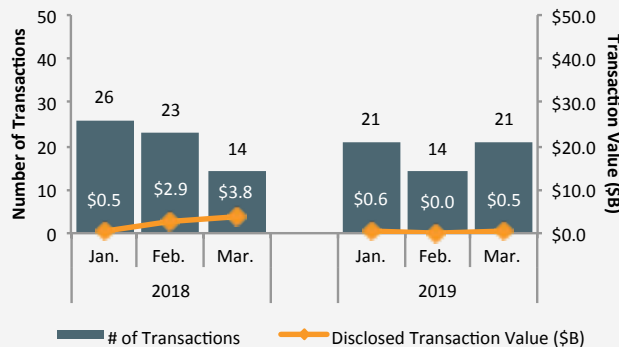


Financings

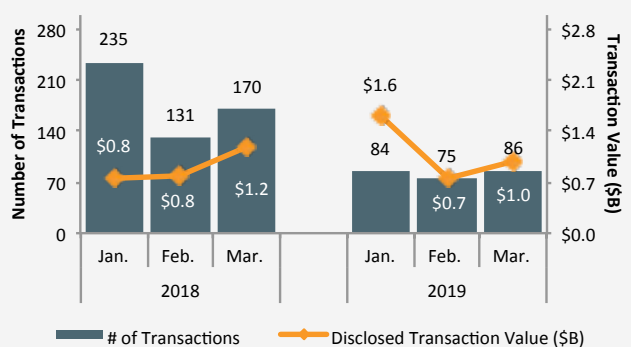


HCIT

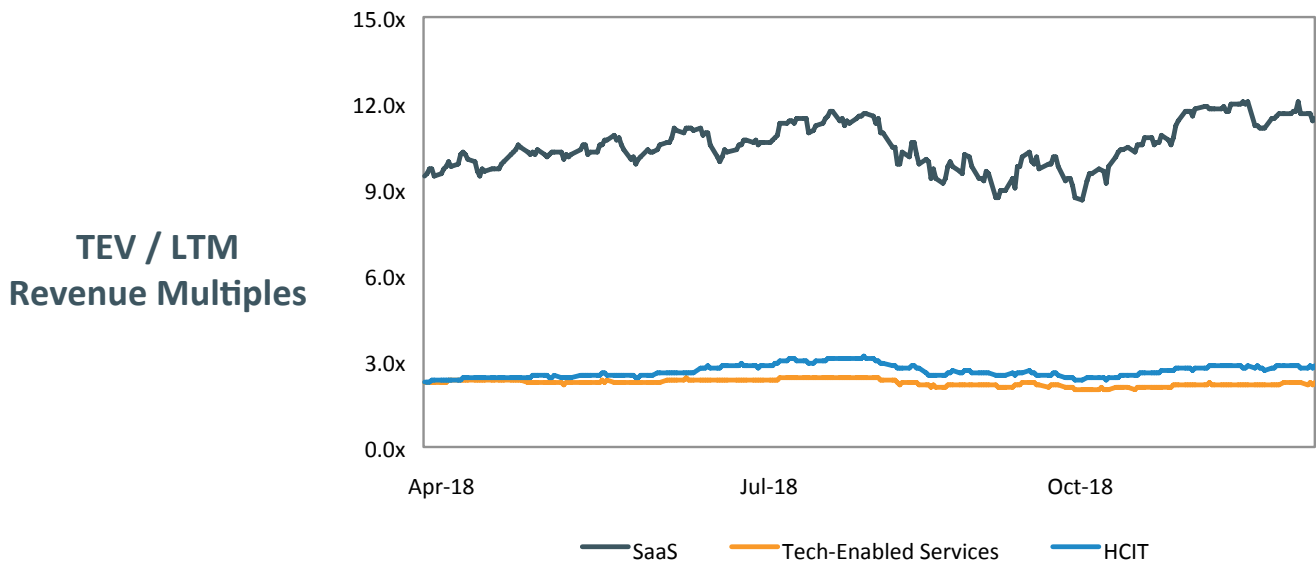
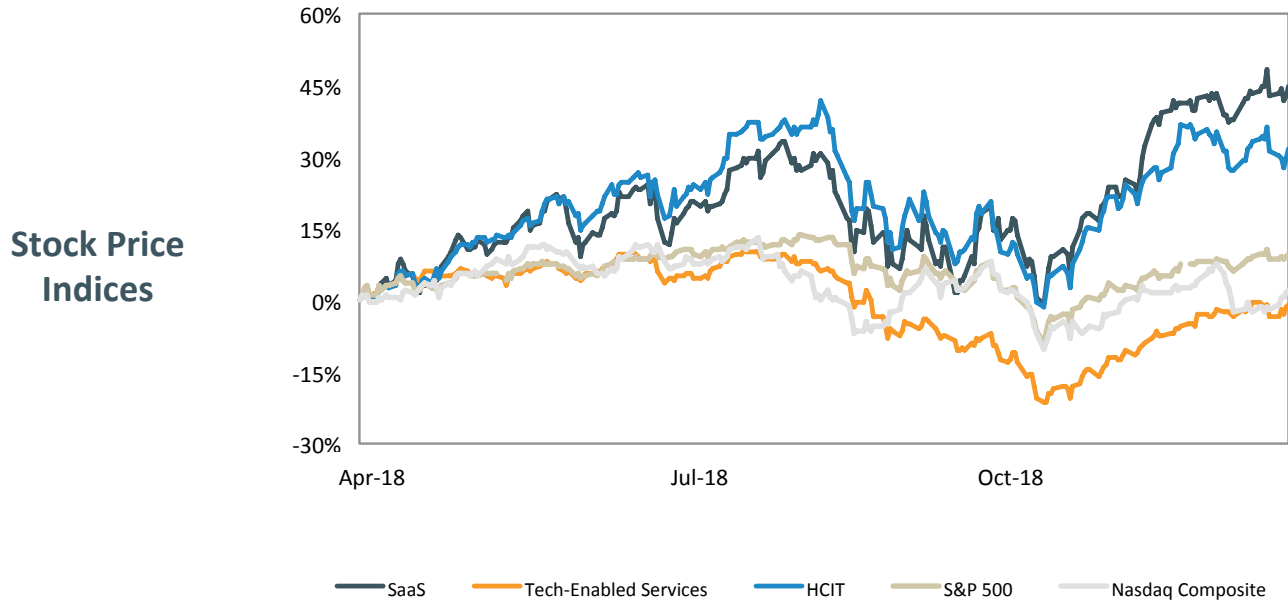
Mergers & Acquisitions









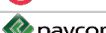



















Financings



Publicly Traded Companies – Stock Valuation Trends



Publicly Traded Comparables – SaaS

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	LTM as of Mar'19		LTM Growth	EV / LTM Revenue
					Revenue	EBITDA		
 salesforce	\$158.37	94.8%	\$121,128	\$122,103	\$13,282	\$1,524	6.4%	9.1x
 servicenow.	246.49	97.9%	43,655	44,491	2,609	108	6.2%	16.7x
 workday	192.85	96.4%	42,239	42,813	2,822	(240)	7.9%	15.0x
 ATlassian	112.39	97.0%	26,110	26,918	957	29	8.6%	27.3x
 shopify	206.62	98.6%	20,989	22,968	1,073	(69)	12.7%	19.6x
 Veeva	126.86	98.5%	17,485	18,576	862	237	6.3%	20.3x
 twilio	129.18	95.0%	15,653	15,964	650	(92)	15.9%	24.1x
 paycom	189.13	99.2%	11,048	11,059	566	191	6.9%	19.5x
 Ultimate SOFTWARE	330.13	90.2%	10,309	10,459	1,141	123	4.9%	9.0x
 okta	82.73	94.3%	8,992	9,284	399	(116)	9.6%	22.5x
 zendesk	85.00	98.7%	9,242	9,211	599	(104)	9.1%	15.4x
 RingCentral	107.80	96.5%	8,558	8,758	613	9	7.7%	14.0x
 HubSpot	166.21	92.3%	6,570	6,843	513	(35)	7.9%	12.8x
 proofpoint.	121.43	93.2%	6,489	6,721	717	(28)	8.5%	9.1x
 WIX.com	120.83	96.0%	5,477	5,842	604	(19)	8.2%	9.1x
 New Relic.	98.70	86.0%	5,342	5,661	446	(5)	7.8%	12.0x
 REALPAGE <small>Outperform</small>	60.69	91.6%	5,908	5,539	869	141	4.7%	6.8x
 xero	34.54	92.5%	5,072	4,833	464	(4)	58.9%	10.9x
 medidata	73.24	82.4%	4,272	4,419	636	86	4.0%	6.7x
 2U	70.85	71.9%	3,668	4,119	412	(14)	7.4%	8.9x
 LogMeIn	80.10	65.1%	4,124	4,072	1,204	354	2.9%	3.4x
 Qualys.	82.74	84.2%	2,971	3,258	279	79	4.2%	10.7x
 Cornerstone	54.78	91.0%	3,184	3,238	538	13	1.2%	5.9x
 cloudera	10.94	48.8%	2,462	2,942	480	(154)	10.4%	5.1x
 box	19.31	64.8%	2,682	2,787	608	(88)	4.7%	4.4x
 WageWorks	37.76	66.5%	726	1,505	460	98	(0.2%)	1.6x


















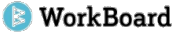
Top Quartile:	8.7%	17.4x
Median:	7.5%	10.8x
Mean:	8.9%	12.3x
Bottom Quartile:	4.7%	6.8x

Select M&A Transactions – SaaS





















Announced Date	Acquiror	Target	Enterprise Value (\$M)	EV / Revenue
03/27/19	 SimplyBiz Group	 defaqto	\$98.5	5.5x
03/18/19	 ATLASSIAN	 AgileCraft	166.0	-
03/05/19	 NTTSecurity	 WhiteHat SECURITY	315.0	5.3x
03/05/19	 SurveyMonkey	 usabilla	80.0	-
03/01/19	 verizon	 PROTECTWISE™	35.0	3.5x
02/28/19	 ACI UNIVERSAL PAYMENTS.	 speedpay <small>A Western Union Company</small>	750.0	2.1x
02/26/19	 WiseTech GLOBAL	 CONTAINERCHAIN	65.6	6.4x
02/19/19	 paloalto NETWORKS	 DEMISTO	560.0	46.7x
02/15/19	 MICRO FOCUS	 INTERSET	100.0	14.3x
02/12/19	 THOMABRAVO	 EllieMae	3,700.0	7.5x
02/11/19	 corcentric	 DETERMINE <small>Vision. Insight. Control.</small>	32.0	1.2x
02/11/19	 K1	 Jobvite	135.0	3.4x
02/11/19	Morgan Stanley	 Solium	828.2	7.0x
02/07/19	 CARBONITE	 WEBROOT <small>Smarter Cybersecurity</small>	618.5	2.9x
02/04/19	 HELLMAN & FRIEDMAN	 Ultimate SOFTWARE	11,000.0	9.9x
02/04/19	 KOFAX	 TIS <small>Top Image Systems</small>	16.0	0.8x
02/04/19	 ribbon	 anova DATA	18.5	-
02/01/19	 Tech Mahindra	 DYNACOMMERCE <small>END-TO-END OMNICHANNEL SOLUTIONS</small>	18.2	1.7x

Top Quartile:	8.1x
Median:	4.4x
Mean:	8.1x
Bottom Quartile:	2.0x

Select Financing Transactions – SaaS

Announced Date	Lead Investor(s)	Target	Transaction Size (\$M)	Pre-Money Valuation (\$M)
03/29/19	 Bessemer Venture Partners	 toast	\$250.0	\$2,450.0
03/28/19	ANDREESSEN HOROWITZ	 carta	300.0	1,500.0
03/28/19	 ELSEWHERE PARTNERS	 ACTIVTrak	20.0	19.0
03/26/19	accenture	 Vlocity	60.0	940.0
03/26/19	RIVERWOOD  CAPITAL	 SAUCE LABS	50.0	500.0
03/25/19	 tdm. GROWTH PARTNERS	entangled	20.5	79.5
03/21/19	 Kingfisher Investment	 Guesty	35.0	130.0
03/21/19	CANYON CREEK CAPITAL	HoneyBook	28.0	142.0
03/21/19	Horizons  ventures 维港投资	 EVOLV	10.0	5.0
03/20/19	BLUE CLOUD VENTURES	 iterable	50.0	225.0
03/20/19	 EPIC VENTURES	 AppDetex [®] Brand Protection	10.0	32.0
03/20/19	Accel	 Doctolib	174.8	1,141.8
03/20/19	ANSCHUTZ INVESTMENT COMPANY	movius	45.0	140.0
03/20/19	FLOODGATE	 WorkBoard	23.0	92.0

Publicly Traded Comparables – Tech-Enabled Services

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	LTM			LTM Growth	EV / LTM Revenue	EV / LTM EBITDA
					Revenue	EBITDA	EBITDA %			
 accenture	\$176.02	99.2%	\$108,219	\$112,271	\$40,840	\$6,676	16.3%	1.4%	2.6x	16.2x
 TATA	28.89	87.9%	101,942	108,407	20,191	5,474	27.1%	9.2%	5.0x	18.6x
 Infosys	10.74	96.3%	42,774	46,547	11,545	3,014	26.1%	2.1%	3.7x	14.2x
 Cognizant	72.45	86.9%	37,900	41,666	16,125	3,320	20.6%	1.9%	2.4x	11.4x
 wipro	3.68	85.8%	18,476	22,082	8,239	1,501	18.2%	6.8%	2.2x	12.3x
 HCL	15.70	96.7%	21,010	21,287	8,393	1,949	23.2%	2.6%	2.5x	10.8x
 Capgemini	121.32	90.2%	21,017	19,502	15,110	1,930	12.8%	0.4%	1.4x	10.9x
 DXC technology	64.31	61.2%	22,672	17,253	23,880	5,507	23.1%	(1.2%)	0.9x	4.1x
 NTT DATA	11.02	76.0%	19,276	15,454	19,428	2,956	15.2%	4.1%	1.0x	6.5x
 Tech Mahindra	11.20	92.4%	8,878	9,933	4,871	866	17.8%	7.9%	1.8x	10.3x
Booz Allen Hamilton	58.14	99.5%	9,707	8,144	6,559	667	10.2%	3.0%	1.5x	14.6x
 CACI <small>EVER VIGILANT</small>	182.02	90.6%	5,510	4,525	4,642	457	9.8%	2.1%	1.2x	12.1x
 sopra steria	116.16	55.1%	3,040	2,344	4,689	386	8.2%	(0.0%)	0.6x	7.9x
 tieto	30.53	88.5%	2,414	2,257	1,831	216	11.8%	(0.7%)	1.3x	11.2x
 Mindtree	13.62	79.9%	2,098	2,239	955	146	15.3%	11.1%	2.2x	14.4x
 virtusa	53.45	91.2%	1,804	1,599	1,202	92	7.7%	4.4%	1.5x	19.6x
 ICF	76.08	92.5%	1,620	1,431	1,338	121	9.0%	4.4%	1.2x	13.4x
 PERFICIENT	27.39	88.1%	984	909	498	60	12.1%	2.2%	2.0x	16.4x
 PERSISTENT	9.14	69.2%	560	723	472	78	16.5%	6.6%	1.2x	7.2x
 The Hackett Group <small>World Class. Shipped and Installed.</small>	15.80	69.2%	464	472	265	42	15.8%	(2.0%)	1.8x	11.1x
 ISG	3.73	68.4%	250	171	276	22	7.9%	0.5%	0.9x	11.4x
















Top Quartile:	19.4%	5.5%	2.3x	14.5x
Median:	15.3%	2.2%	1.5x	11.4x
Mean:	15.5%	3.2%	1.9x	12.1x
Bottom Quartile:	10.2%	0.5%	1.2x	10.8x

Select M&A Transactions – Tech-Enabled Services












Announced Date	Acquiror	Target	Enterprise Value (\$M)	EV / Revenue	EV / EBITDA
03/19/19	BLUCORA	Ist Global. RESEARCH & CONSULTING	\$180.0	1.0x	-
03/18/19	FIS	worldpay	35,500.0	10.9x	16.9x
03/11/19	CGI	ACANDO	451.4	1.5x	14.4x
02/28/19	ACI UNIVERSAL PAYMENTS	speedpay A Western Union Company	750.0	2.1x	-
02/08/19	VISA	earthport	298.7	6.7x	-
02/01/19	tyler technologies	MICROPACT	185.0	2.6x	-
01/22/19	PERFORCE	RogueWave SOFTWARE	480.0	4.0x	9.6x
01/16/19	fiserv.	First Data.	22,000.0	4.0x	13.3x

Top Quartile:	6.0x	16.3x
Median:	3.3x	13.9x
Mean:	4.1x	13.6x
Bottom Quartile:	1.7x	10.5x

Select Financing Transactions – Tech-Enabled Services

Announced Date	Lead Investor(s)	Target	Transaction Size (\$M)	Pre-Money Valuation (\$M)
03/20/19	 investments	 portworx	27.0	110.0
03/18/19	 DIGITAL ALPHA CAPITAL	 ukcloud	32.6	-
03/13/19	 8VC	 Tetrate	12.5	-
03/13/19	 MADRONA VENTURE GROUP	 igneous	25.9	75.0
03/12/19	 KB Financial Group	 Cloud Innovator MEGAZONE	45.0	-
02/26/19	 LEVEL EQUITY	 HVR	51.0	-
02/15/19	CENTERVIEW CAPITAL	 affirmed®	38.0	-
02/08/19	 NEA	 Metabase	13.1	16.0

Select Publicly Traded Comparables – HCIT

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	LTM			LTM Growth	EV / LTM Revenue	EV / LTM EBITDA
					Revenue	EBITDA	EBITDA %			
 PHILIPS	\$40.76	90.8%	\$40,191	\$37,132	\$20,748	\$2,939	14.2%	0.1%	1.9x	13.7x
 Veeva	126.86	98.5%	17,485	18,576	862	237	27.5%	6.3%	20.3x	73.8x
 TELADOC	55.60	62.4%	3,871	3,935	418	(28)	(6.7%)	12.2%	9.3x	NM
 inovalon	12.43	79.8%	2,751	1,897	528	117	22.3%	4.3%	5.2x	23.4x
 HealthStream	28.06	88.1%	738	907	232	30	13.0%	(10.9%)	3.2x	24.5x
 cpsi	29.69	85.7%	537	412	280	34	12.2%	(2.0%)	1.9x	15.7x
 OptimizeRx	12.72	69.2%	145	154	21	1	5.8%	13.8%	6.8x	NM
 ONANTHEALTH	0.92	24.9%	283	101	89	(42)	(47.5%)	0.6%	3.2x	NM
 MIT BC Digital Health Company	4.41	78.1%	39	53	51	1	1.4%	19.4%	0.8x	56.3x
 VOLUNTIS	5.95	37.9%	27	45	5	(17)	(336.4%)	NA	5.2x	NM
 Streamline Health	1.05	56.8%	32	20	23	0	2.2%	(4.3%)	1.4x	64.0x












Top Quartile:	14.2%	12.6%	6.8x	64.0x
Median:	5.8%	2.5%	3.2x	24.5x
Mean:	(26.6%)	4.0%	5.4x	38.8x
Bottom Quartile:	(2.7%)	(1.5%)	1.9x	19.6x

Select M&A Transactions – HCIT

Announced Date	Acquiror	Target	Enterprise Value (\$M)	EV / Revenue	EV / EBITDA
03/25/19			\$10.0	-	-
03/21/19			77.4	5.1x	-
03/11/19			180.0	4.5x	15.9x
03/05/19			150.0	5.2x	NM
03/02/19			3.1	2.0x	53.4x
02/26/19			1.6	1.9x	-
01/28/19			45.0	7.5x	-
01/10/19			18.0	-	-

Top Quartile:	5.8x	-
Median:	4.8x	34.7x
Mean:	4.4x	34.7x
Bottom Quartile:	2.0x	-

Select M&A Transactions – HCIT

Announced Date	Lead Investor(s)	Target	Transaction Size (\$M)	Pre-Money Valuation (\$M)
03/28/19	 Aphelion Capital	 biolinq	\$15.0	\$12.4
03/28/19	 MERCK	 NavigatingCancer	12.0	58.0
03/27/19	 Froedtert & MEDICAL COLLEGE of WISCONSIN	 xealth	11.0	25.0
02/15/19	 Blue Cross of Idaho	 NextHealth TECHNOLOGIES	16.8	30.5
02/11/19	 BLUERUN VENTURES	 HUMAN API	10.0	35.0
02/06/19	 CORMORANT ASSET MANAGEMENT	 NUVERA MEDICAL	15.0	50.0
01/22/19	 Base 10	 PII	51.0	200.0
01/17/19	 Boston Scientific Advancing science for life™	 PARAPULSE	39.0	70.0
01/16/19	 ANDREESSEN HOROWITZ	 ciitizen ii	17.0	49.0
01/09/19	 ARROWMARK PARTNERS	 beta bionics	63.0	150.2

Select Transactions

 <p>has completed a majority recapitalization with</p>  <p>Advisor to Experlogix</p>	 <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>Pitch, Inc.</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 Cengage*</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>

* 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



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About Intrepid's Software & Services Practice

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 defining and articulating its vision to the market.

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