



Software & Services M&A Report - 2H'20

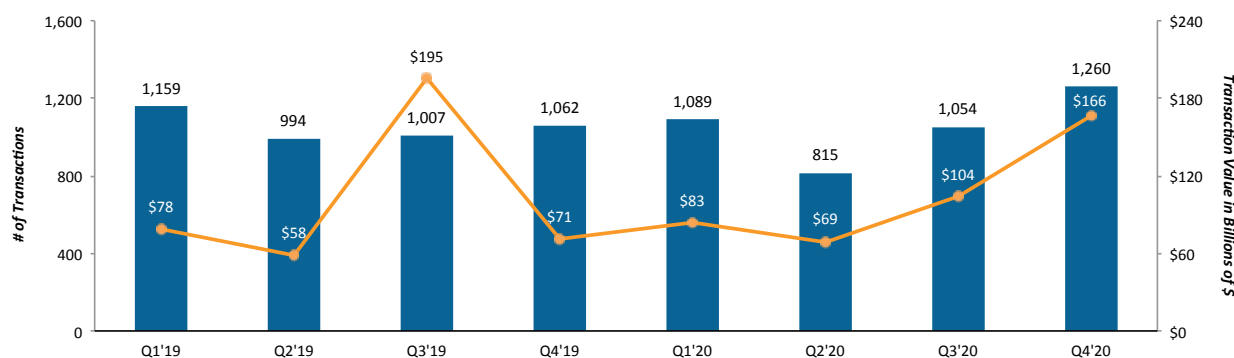
Software M&A Amidst a Pandemic— Thriving, Not Just Surviving

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In a year marred with uncertainty amidst a global pandemic, 1H'20 M&A activity suffered heavy declines as hundreds of deals in the market came to a screeching halt. Bankers and buyers were forced to re-evaluate process timelines and strategy while CEOs adapted new sales and marketing tactics and recast budgets and projections. Yet in a stunning V-shaped recovery, M&A spending in the technology sector soared to new record heights in the second half of 2020, reaching an all-time high of over \$400 billion in 2020 transaction value. This surge in M&A is attributable to several factors including a high availability of financing, pent-up demand after a slow second quarter, and dealmakers embracing a virtual close amidst travel restrictions.

Transactions in payment software (Upserve's sale to Lightspeed at 10.8x revenue) and workforce/collaboration software (SocialChorus's sale to Sumeru Equity at 5.0x revenue) illustrates the market's use of M&A as a vehicle to adapt to the unique landscape created by COVID-19. Non-tech companies like Sandvik and Moody's used software acquisitions in 2020 to streamline operational workstreams and prioritize governance/compliance efforts. Intrepid's Software and Services team has witnessed robust interest from the market for innovative software solutions seeking M&A as a catalyst for augmented growth. Non-tech companies like Sandvik and Moody's used software acquisitions in 2020 to streamline operational workstreams and prioritize governance/compliance efforts. Intrepid's Software & Services team witnessed robust interest from the market for innovative software solutions seeking M&A as a catalyst for augmented growth.

Software M&A Deal Values and Volume

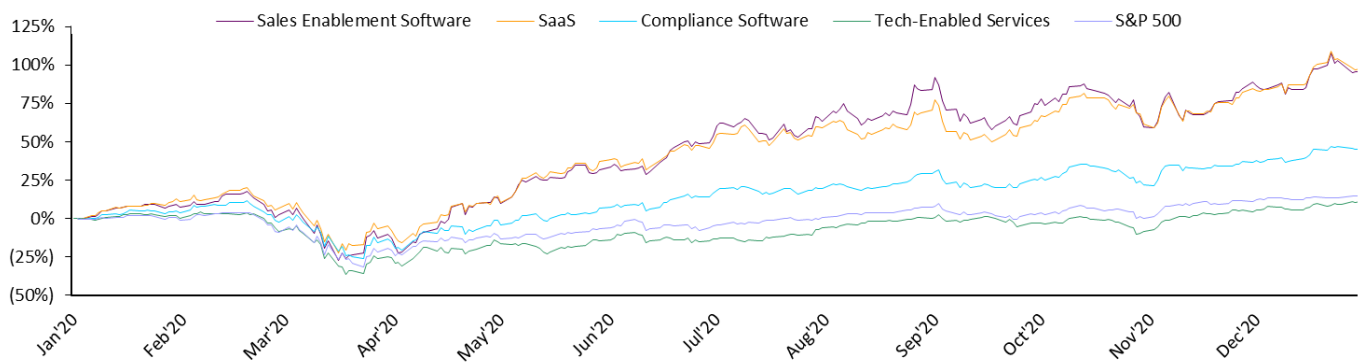



Christopher Park

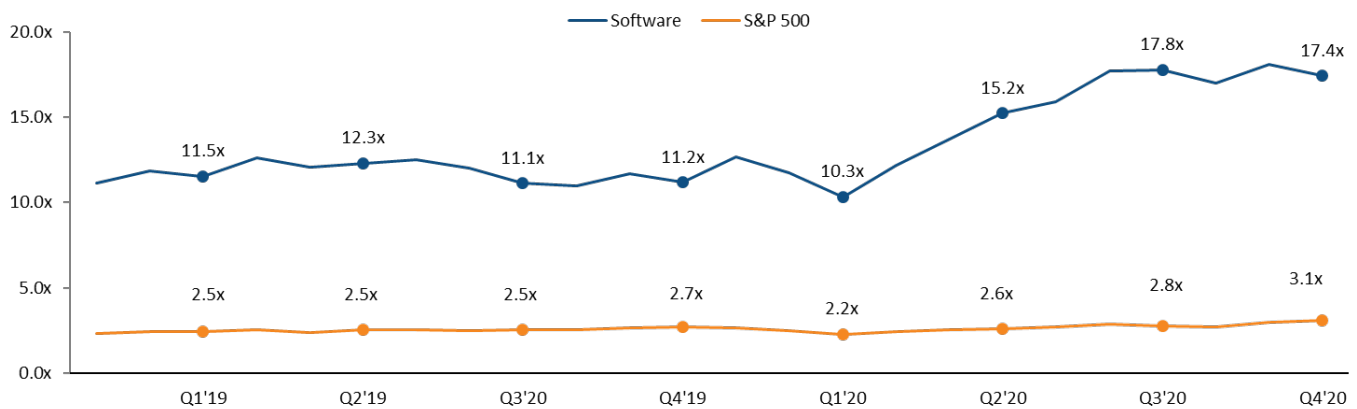
Managing Director, Head of Software & Services
cpark@intrepidib.com

Publicly Traded Companies – Software Valuation Trends

Public Stock Price Indices



Public Software Enterprise Value / LTM Revenue Multiples



Deal Spotlight

Divestiture of Legal Software Platform to Private Equity



Apax Partners Acquires MyCase From AppFolio

Target Overview

MyCase provides legal practice and case management software to law firms across the U.S. MyCase offers solutions across the entire client lifecycle, including lead management, case management, billing and invoicing, and data-driven reporting. MyCase serves more than 11,000 unique customers and is headquartered in San Diego, California.

Buyer Overview

Apax Partners is a London-based private equity firm with more than \$50 billion in assets under management. Apax has extensive experience in software with over \$3 billion invested in the sector.

Transaction Overview

- Announced September 8, 2020
- Transaction value of \$193 million (6.7x TTM revenue)
- Consideration: Cash

Rationale

Legal technology is one of the fastest growing sub-sectors within software, with a record 32 transactions in Q3'20 alone. Law firms are increasingly adopting best-in-class cloud technology to streamline operations and displace inefficient legacy systems. AppFolio's decision to divest MyCase will allow it to focus on its core competency in cloud-based property and investment management software.



Deal Spotlight

Private Equity Pays Up for AI Compliance Software



Technology Crossover Ventures Acquires Oversight Systems

Target Overview

Oversight's platform digitally transforms audit and risk mitigation processes for enterprise organizations. Using AI, Oversight continuously monitors and analyzes corporate card and vendor transactions to identify fraud, errors, and wasteful spend.

Buyer Overview

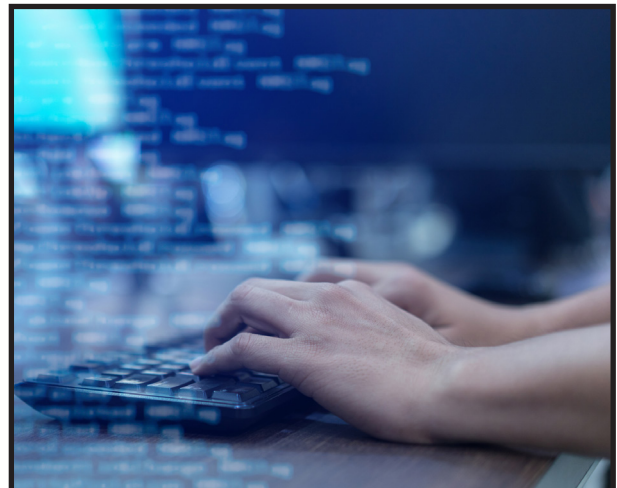
Technology Crossover Ventures (TCV) is based in Menlo Park, Calif. and has invested more than \$13 billion in leading technology companies. TCV has successfully guided CEOs through more than 120 IPOs and strategic acquisitions.

Transaction Overview

- Announced September 2, 2020
- Transaction value of \$185 million (7.4x TTM revenue)
- Consideration: Cash

Rationale

Oversight Systems was acquired by Luminate Capital in July 2016. Luminate grew the company from around \$11 million in revenue to over \$25 million in revenue before selling its majority position to TCV. Oversight's extensive portfolio of enterprise customers and robust sales growth made it an attractive target for TCV. Oversight represents one of 12 investments TCV made in 2020.



Recent M&A Activity

Date	Acquirer	Target	Target Business Description	Implied EV	Enterprise Value / Revenue
Dec-20	ELMO Software	Signifo Limited (dba Webexpenses)	Provider of financial and expense management software.	\$27	4.5x
Dec-20	Alianza	CounterPath Corporation	Provider of VoIP messaging, video conferencing and collaboration software.	\$26	1.8x
Dec-20	Lightspeed POS	Upserve	Provider of point of sale / workforce management software for the food service industry.	\$430	10.8x
Nov-20	Mercell	Visma Commerce	Provider of eProcurement software for the commercial and government sectors.	\$232	10.6x
Nov-20	ZoomInfo Technologies	EverString Technology	Provider of AI-enabled CRM and database management software.	\$65	5.4x
Nov-20	Lightspeed POS	ShopKeep	Provider of web and mobile-based POS and payment management software.	\$440	8.8x
Oct-20	Teleperformance	Health Advocate	Provider of HR benefits and workforce management software to the healthcare industry.	\$690	4.9x
Oct-20	SolarWinds Worldwide	SQL Sentry	Provider of Microsoft SQL database performance management software.	\$142	4.1x
Oct-20	TIBCO Software (Vista Equity Partners)	Information Builders	Provider of business intelligence and data analytics software.	\$550	2.3x
Oct-20	Vector Capital	MarkLogic Corp.	Provider of data integration and analytics software for government agencies.	\$250	1.7x
Sep-20	Ivanti (Clearlake Capital/TA Associates)	Pulse Secure	Provider of mobile network access and collaboration software.	\$530	2.7x
Sep-20	Progress Software Corporation	Chef Software	Provider of enterprise IT infrastructure configuration software.	\$220	3.1x
Sep-20	Apax Partners	MyCase	Provider of case management software for the legal sector.	\$193	6.7x
Sep-20	Technology Crossover Ventures	Oversight Systems	Provider of AI-based audit and risk management software.	\$185	7.4x
Aug-20	Cambium Learning Group (Veritas Capital)	Rosetta Stone	Provider of foreign language instructional and tutoring software.	\$792	4.0x
Aug-20	Smartsheet	Brandfolder	Provider of digital asset management software.	\$150	12.5x
Aug-20	FINEOS Corporation	Limelight Health	Provider of quoting and underwriting software for human resource departments.	\$75	5.2x
Aug-20	Megalith Financial Acquisition Corp.	BankMobile Technologies	Provider of online banking software.	\$127	2.3x
Aug-20	Frontier Growth	ServiceTrade	Provider of project management tools for fire protection and service maintenance users.	\$45	4.5x
Jul-20	PropTech Acquisition Corp.	Porch.com	Provider of an online directory connecting consumers with real estate service providers.	\$728	9.2x
Jul-20	Thoma Bravo	Majesco	Provider of insurance management software.	\$729	4.7x
Jul-20	Sumeru Equity Partners	SocialChorus	Provider of employee engagement and business communication software.	\$100	5.0x
Jul-20	Mediaocean (Vista Equity Partners)	4C Insights	Provider of marketing performance management software.	\$180	4.0x
				Mean	5.5x
				Median	4.7x



Software & Services Team

Vertical SaaS | Compliance Tech | Cyber Security | Data & Analytics | HCIT | Sales Enablement | Tech-Enabled Services



Christopher Park
Managing Director
Head of Software & Services
cpark@intrepidib.com



Ryan Makis
Vice President
rmakis@intrepidib.com



Mike McMahon
Associate
mmcmahon@intrepidib.com



George Nowotny
Associate
gnowotny@intrepidib.com



Josh Albert
Associate
jalbert@intrepidib.com



Shawnt Bazikian
Analyst



Dhavan Khatri
Analyst

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: vertical SaaS, compliance technology, cyber security, data and analytics, HCIT, sales & enablement, and tech-enabled services. Our bankers take the time to understand a company's business model and advise it in defining and articulating its vision to the market.