



Software & Services M&A Report - H2'21

Digital Transformation Continues to be the Driving Force in Software M&A

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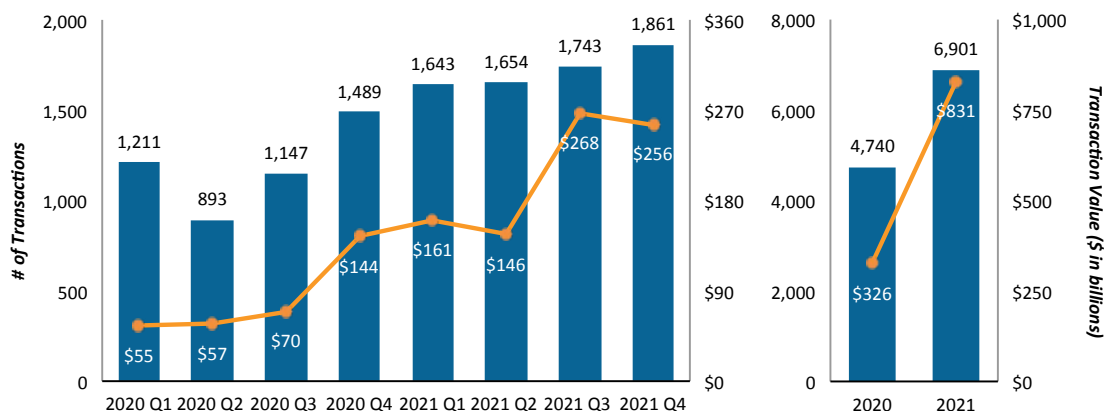
2021 outpaced the prior year in annual technology M&A spend and smashed through a record number of transaction values and volume reaching nearly \$1 trillion. As a result, dealmakers were inundated with potential investment and acquisition opportunities that surged to levels unseen in prior years.

Across all software verticals, companies battled to meet consumer demand as many industries continued to experience transformations through digital efficiencies. On one end, adtech experienced record engagement as countries reopened their economies following extensive lockdown restrictions. As a result, companies looked to recapture consumer attention more than ever before to recover revenues and capitalize on strong rebounding consumer sentiment. On the other hand, enterprise software increased organizational efficiency and overall productivity, fueling greater adoption and investment in software-based solutions across verticals.

Even in the second half of 2021, the pandemic continued to force businesses to rethink business operations and placed a significant advantage on businesses that embraced digitization and software-based efficiencies. Many large corporations were aware of the digitization trend and have been actively adapting procedures while smaller businesses were left playing catch up. Software players across all ecosystems identified this end market potential and actively moved down the customer chain, educating small businesses on how their products and services can optimize growth.

Overall, valuations were healthy for tech M&A in 2021, however, the looming threats of tax legislation and rising interest rates led to a flooded supply of entrepreneurs seeking transactions. This phenomenon forced investors to raise the bar in their criteria for evaluating prospective deals – sticking to their strengths and spending time on companies that “check all the boxes.”

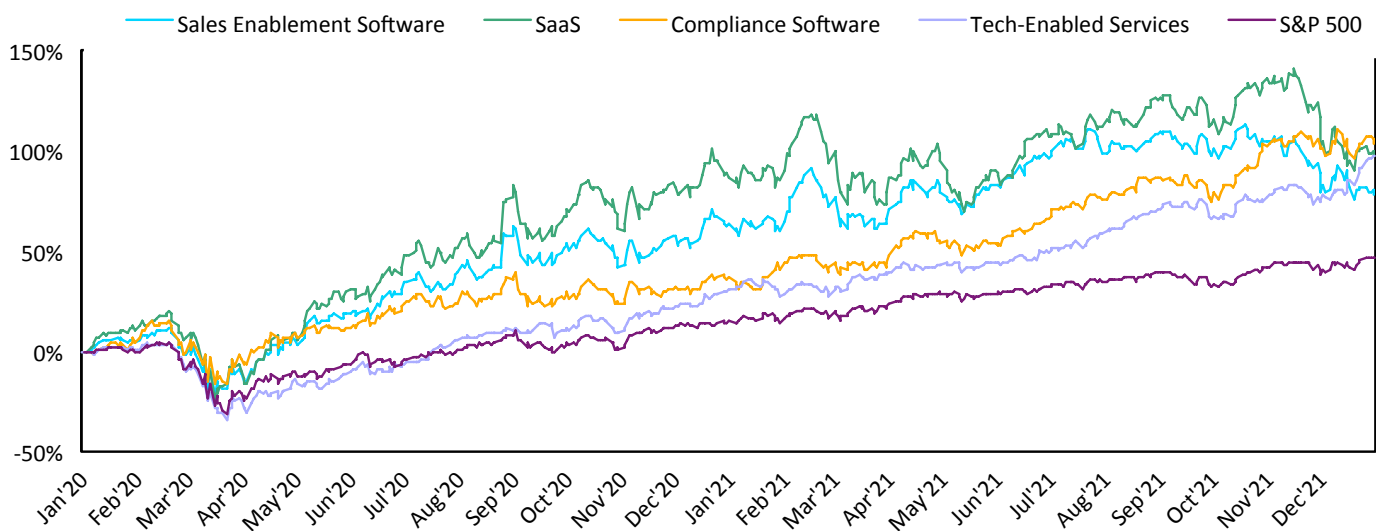
Software M&A Deal Values and Volume



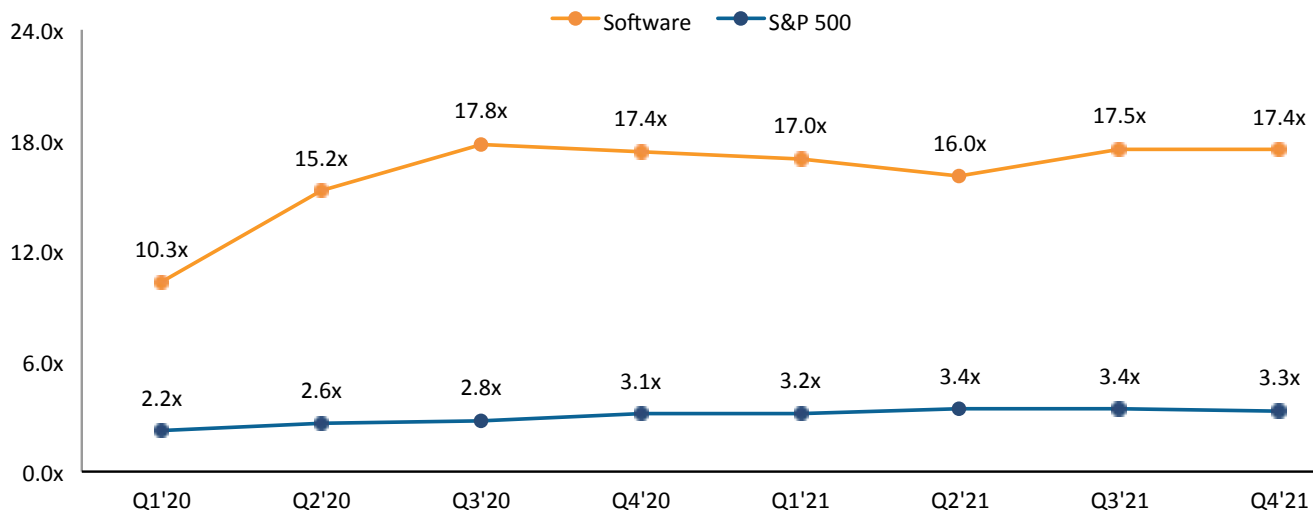

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Publicly Traded Companies – Software Valuation Trends

Public Stock Price Index Growth



Public Software Enterprise Value / LTM Revenue Multiples



Deal Spotlight



Moody's Acquires RMS to Accelerate Global Integrated Risk Strategy

Target Overview

Risk Management Solutions ("RMS") is a pioneer and leading developer of risk management modeling solutions focused on protecting against catastrophe risk. The company offers specialized software, analytics, and services to manage risks of disasters such as hurricanes, earthquakes, floods, terrorism, cybersecurity, climate change and pandemics. RMS's solutions are foundational to the nearly \$2 trillion Property & Casualty industry. Many insurers, reinsurers, and brokers worldwide rely on RMS's deep library of risk models, rich data layers, intuitive applications and APIs.

Buyer Overview

Moody's (NYSE: MCO) is a market leader in integrated risk assessment worldwide. The company's Analytics division develops a wide range of subscription-based research, data, analytics products that support decision makers in managing ongoing operational risk. Moody's has over a century of experience and serves a broad customer base of global Fortune 500 corporations.

Transaction Overview

- Announced: August 5, 2022
- Transaction Value: \$2.0 billion (\$338 million revenue at 5.9x EV/LTM Revenue)
- Consideration: Cash

Rationale

Moody's significant industry move accelerates its integrated risk assessment analytics strategy and expands platform capabilities into fast-evolving climate, cyber and supply chain risk. Moody's plans to fold RMS into its Insurance Data and Analytics division, resulting in immediate expansion of the business to nearly \$500 million in revenue. This acquisition builds upon Moody's and RMS's complementary customer bases and capabilities in the life and P&C insurance and reinsurance segments.



Deal Spotlight



Intuit Acquires Mailchimp to Accelerate Small Business Disruption

Target Overview

MailChimp is a provider of a marketing and commerce platform for small businesses, brands and entrepreneurs. The company offers digital marketing services, audience management tools, creative tools, marketing automation, insights and analytics as well as develops email marketing software to send marketing emails, automated messages and targeted campaigns, thereby enabling clients to access the right technology, reach the target audience, boost sales and grow business on their terms.

Buyer Overview

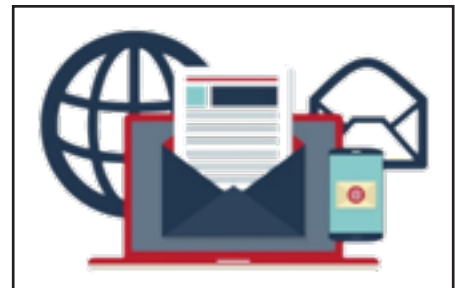
Intuit is a provider of business and financial management solutions for small businesses, consumers and accounting professionals. The company's flagship products and services help customers solve business and financial management problems, such as running a small business, paying bills, filing income taxes, or managing personal finances.

Transaction Overview

- Announced: September 13, 2021
- Transaction Value: \$12 billion (\$816 million revenue at 14.7x EV/LTM Revenue)
- Consideration: Cash and Stock

Rationale

Intuit is now one step closer to achieving its strategic goal of becoming an AI-driven expert platform. This acquisition comes after their recent purchase of Credit Karma and its more dated acquisition of Mint, both of which are testing AI-powered services. Mailchimp will allow Intuit also to accelerate its pursuit of disrupting the small business consumer cycle. In addition, Intuit plans to couple their flagship QuickBooks service to integrate their recent acquisitions to provide a complete business management solution.



Deal Spotlight



Marlin Equity Acquires ProcessUnity to Build GRC Platform

Target Overview

ProcessUnity is a developer of cloud-based governance, risk and compliance (GRC) management software designed to help automate risk and compliance programs. The company's platform offers third-party risk management, policy and procedure management, compliance management as well as product and service offer management, giving organizations the control to assess, measure and mitigate risk and to ensure the optimal performance of key business processes.

Buyer Overview

Marlin Equity Partners is a private equity investment firm based in Hermosa Beach, California. The firm seeks to invest through growth equity, management buyouts, corporate divestiture, and in special situations. The firm focuses on companies operating in the software, technologies, healthcare, services, and industrial technology sectors.

Transaction Overview

- Announced: September 28, 2021
- Transaction Value: \$280 million (\$23 million revenue at 12.2x EV/LTM Revenue)
- Consideration: Cash

Rationale

Marlin Equity Partners' acquisition of ProcessUnity marks the start of the private equity firm's goal to construct a platform within the GRC ecosystem. Marlin Equity has proven in the past to acquire and build platform companies through add-on acquisitions and investment in the portfolio companies' people and processes. ProcessUnity states that the investment from Marlin Equity will bolster their ability to move upmarket and target larger customers.



Deal Spotlight



Owned by Altus Group (TSX:AIF)



ARGUS Software Absorbs AI-Powered RE Data Platform Reonomy

Target Overview

Reonomy is a developer of a commercial real estate data and analytics platform designed to aid professionals to source their future deals. The company's platform connects disparate property information and provides commercial real estate intelligence and data on properties, companies, and people together, enabling lenders, brokers, and investors to connect with real estate owners and reach property-centric decisions.

Buyer Overview

ARGUS Software is a provider of software solutions for commercial real estate companies, owners, managers, financial institutions, brokerages, and REITs. The company was acquired by Altus Group (TSX: AIF) for \$130 million on June 2, 2011.

Transaction Overview

- Announced: November 11, 2021
- Transaction Value: \$202 million (\$21 million revenue at 9.5x EV/LTM Revenue)
- Consideration: Cash and Stock

Rationale

This acquisition provides Altus Group access to a treasure trove of commercial real estate data with specifications on over 50 million buildings nationwide. Altus plans on leveraging Reonomy's AI-powered software and its database to generate actionable historical and future insights for its clients, who include real estate investors and developers. Altus believes that this acquisition creates a very compelling client offering that will enable their clients to better manage performance and risk within their real estate portfolios.



Select M&A Transactions – Software and Services (<\$1 billion EV)

Announced Date	Acquirer	Target	Target Business Description	Enterprise Value (\$M)	Enterprise Value / Revenue
Nov-21	Inform Information Systems	Universe Group	PoS systems & software	\$44	1.7x
Nov-21	Altus Group Limited	Scryer, Inc. (dba Reonomy)	AI-powered proptech platform	\$202	9.5x
Nov-21	Open Text Corp.	Zix Corporation	Email encryption SaaS	\$860	3.5x
Nov-21	Smarsh Inc.	Micro Focus International	Archiving & risk management SaaS	\$860	3.4x
Oct-21	Idera Inc.	BitTitan Inc.	IT service management SaaS	\$200	4.0x
Oct-21	Summit Partners LP	Invicti Security Corp.	Application security SaaS	\$625	16.7x
Oct-21	Aptitude Software Group plc	MPP Global Solutions Limited	Subscription management SaaS	\$53	3.5x
Sep-21	Marlin Equity Partners	ProcessUnity	Third-party risk and cybersecurity management software	\$280	12.2x
Sep-21	Progress Software Corp	Kemp Technologies	Infrastructure management & systems management	\$258	3.7x
Sep-21	Fivetran	HVR Software	Database integration software	\$700	20.0x
Sep-21	Tenable Holdings	Accurics	Security infrastructure software	\$160	nm
Aug-21	mdf commerce	Periscope Holdings	Public sector procurement SaaS	\$207	6.3x
Aug-21	Siemens Mobility	Sqills Products	Public transportation management SaaS	\$653	13.7x
Jul-21	MCAP Acq. Corp	AdTheorent	Machine learning-powered predictive ad platform	\$775	4.9x
Jul-21	Omnicell	FDS Ampicare	Pharmacy BI & ERP SaaS	\$177	6.1x
Jul-21	Audax Management	EJ2 Communications	Threat intelligence software, SaaS & services	\$325	8.1x
Jul-21	Microsoft	CloudKnox Security	Cloud infrastructure entitlement management SaaS	\$200	nm
Jul-21	BrandMaker	Allocadia Software	Marketing performance management SaaS	\$180	10.0x
Jul-21	ECP Corp	Fast Radius	Digital cloud manufacturing platform	\$995	nm
Jul-21	Mediaocean	Simplicity Marketing	UK advertising serving SaaS	\$500	6.3x
Jul-21	Microsoft	RiskIQ	Threat intelligence SaaS	\$650	10.8x
Jul-21	Barracuda Networks	SKOUT Secure Intelligence	Cybersecurity & XDR SaaS	\$150	10.0x
				Median:	6.3x
				Mean:	8.1x

Select M&A Transactions – Software and Services (>\$1 billion EV)

Announced Date	Acquirer	Target	Target Business Description	Enterprise Value (\$M)	Enterprise Value / Revenue
Dec-21	Oracle Corporation	Cerner Corp.	Healthcare practice management software & SaaS	\$28,300	5.2x
Dec-21	Permira Holdings	Mimecast Ltd.	Email management & security SaaS	\$5,800	10.0x
Nov-21	Permira Holdings	McAfee Corp.	Security software	\$12,000	4.6x
Sep-21	Vista Equity Partners	Blue Prism Group	Enterprise services automation	\$1,320	6.4x
Sep-21	G Squared Ascend	Transfix	Transportation solutions platform	\$1,054	3.8x
Sep-21	EJF Acq. Corp	Pagaya Technologies	AI-powered fintech platform	\$8,500	20.9x
Sep-21	Intuit	The Rocket Science Group	Marketing automation & analytics SaaS	\$12,000	14.7x
Sep-21	Highland Transcend Partners I Corp	Packable Holdings	eCommerce marketplace enhancement platform	\$1,550	3.4x
Aug-21	Nordic Capital	Inovalon Holdings	Healthcare analytics SaaS	\$7,321	10.2x
Aug-21	NortonLifeLock	Avast Software	Cybersecurity & antivirus software	\$8,627	8.2x
Aug-21	Equifax	Appriss Insights	Tracking, fraud detection & analytics SaaS	\$1,825	12.2x
Aug-21	Clearlake Capital	Cornerstone OnDemand	Workforce management SaaS	\$5,200	nm
Aug-21	Moody's Corp	Risk Management Solutions	Risk management software	\$2,000	5.9x
Aug-21	Square	Afterpay	Payment processing & installments payments SaaS	\$28,655	nm
Jul-21	Qualtrics International	Clarabridge	VOC text analysis software & SaaS	\$1,125	11.3x
Jul-21	Thoma Bravo	Medallia	Customer experience management SaaS	\$6,116	13.2x
Jul-21	Uber Freight	Transplace	Logistics management SaaS & BPO	\$2,250	22.5x
Jul-21	Pathfinder Acq. Corp	ServiceMax	Field service management software	\$1,431	13.1x
Jul-21	Fortive Corp	ServiceChannel.com	Facilities service management SaaS	\$1,200	9.6x
Jul-21	Hexagon	Infor	Asset management software & SaaS	\$2,750	16.5x
				Median:	10.1x
				Mean:	10.7x



Software & Services Team

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



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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: 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.

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