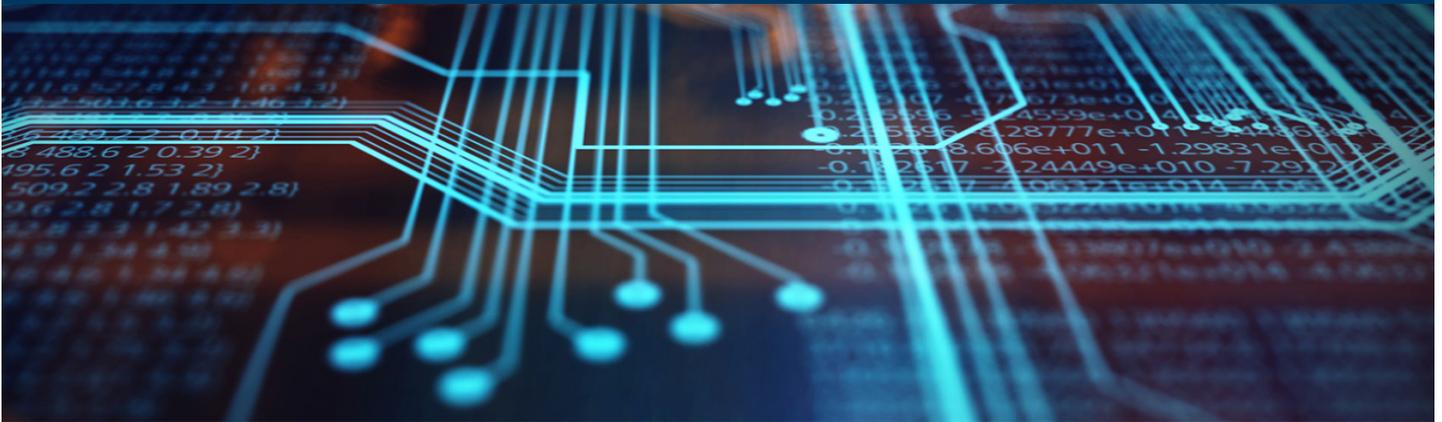


# SOFTWARE & TECHNOLOGY M&A PULSE

FIRST QUARTER 2022



# Q1'22

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# PMCF Technology Coverage Team

## ABOUT PMCF

P&M Corporate Finance ("PMCF"), a U.S. registered broker/dealer, is an investment bank focused exclusively on middle market transactions with professionals in Chicago, Detroit, Denver, and across the globe through Corporate Finance International partners. Offering a depth of advisory services, PMCF helps clients worldwide meet their sale, acquisition, financing, and strategic growth objectives. Additional information on PMCF can be found by visiting our website, [pmcf.com](http://pmcf.com).

## INVESTMENT BANKING SERVICES:

- Mergers & Acquisitions
- Carve-outs & Divestitures
- Strategic Assessments
- Transaction Readiness Planning
- Capital Raising



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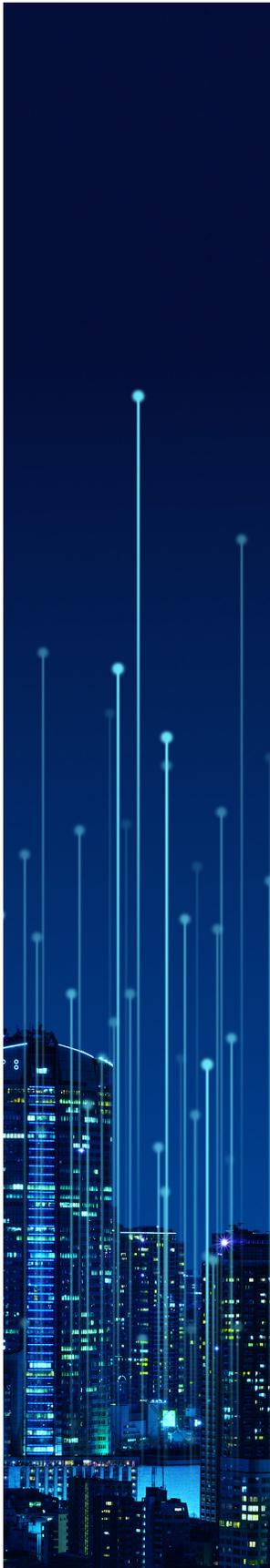
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## SELECT PMCF TECHNOLOGY TRANSACTIONS





## IMPACT OF RISING INTEREST RATES

In an effort to curb inflation that is at a 40-year high, the Federal Reserve raised the federal funds interest rate 25 basis points (0.25%) in March, and continued aggressive moves are anticipated to stave off inflation. Raising rates has numerous implications, including the potential to reduce company valuations. High-growth companies, particularly in the tech sector, are susceptible to interest rate changes, as much of their valuation hinges on expected future cash flows. A higher discount rate reduces present value, and growth companies need to adequately explain away risk to their cash flows to generate a favorable valuation.

## LONGER HOLD PERIODS FOR PRIVATE EQUITY FIRMS

Compared to the frenetic market in 2021, the first quarter of 2022 has seen a noticeable slowdown in private equity exit activity<sup>(1)</sup>. Persistent inflation, serious geopolitical concerns, and tumbling public markets combined to create a less favorable exit market. Private equity firms will likely hold onto strong performing holdings until macro headwinds subside. There remains a substantial amount of private equity dry powder and cash on corporate balance sheets, so opportunistic buyers may look to take advantage of current disruptions and acquire attractive companies at lower valuations.

## RETAINING TALENT IN AN ACQUISITION

The current work force continues to see a sizeable shortage and a large percentage of those still employed are consistently evaluating other opportunities. This, coupled with the fact that acquisitions routinely prompt concern from employees about their future in the new organization, means retaining talent is a top priority for buyers. Companies with the best integration and performance post-acquisition devote an appropriate amount of resources during diligence to ensure key talent is informed, incentivized, and aligned on their future and how it fits with the overall vision for the new company.

## DENOMINATOR EFFECT ON CAPITAL ALLOCATION

The recent steep decline in public equity markets could lead to a “denominator effect” taking place, which is when the value of a certain asset class in an LP’s portfolio becomes overweighted due to other classes decreasing in value. LPs generally have a target allocation for how much of their capital should be deployed in private equity compared to other classes. LPs may seek to rebalance their portfolios if the current trend in the public markets persists, potentially resulting in less allocation to PE in the near future and placing downward pressure on future transaction demand.

(1) Pitchbook, Q1 2022 US PE Breakdown

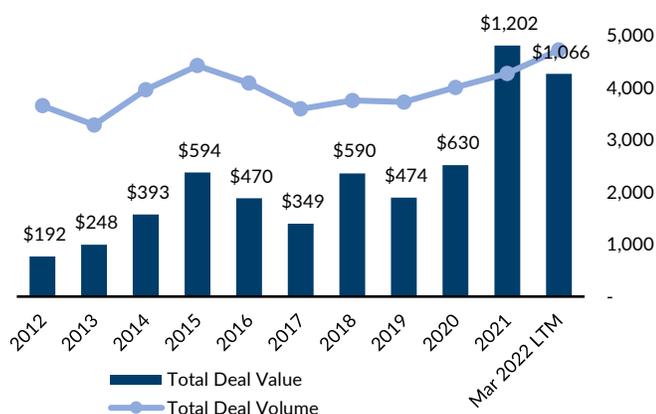
# Q1 2022 Market Summary & Outlook

## M&A MARKET DYNAMICS – SOFTWARE & TECHNOLOGY

- The first quarter of 2022 saw a record number of transactions even as total deal value decreased, with 1,412 transactions in the quarter only combining for \$217B in value.
- The sharp uptick in total deal volume, coupled with the lowest total deal value since the third quarter of 2020, indicates that many opportunistic buyers are pursuing smaller transactions, which typically feature lower multiples due to a size discount.
- Q1 2022 contrasted sharply with Q1 2021, with total deal value down 39% but volume up 47%. This trend is observed over the March 2022 LTM period and may become more pronounced as 2022 unfolds, with a flurry of smaller deals driving M&A volumes up as buyers chase favorable valuations.

### GLOBAL SOFTWARE & TECHNOLOGY M&A VOLUME

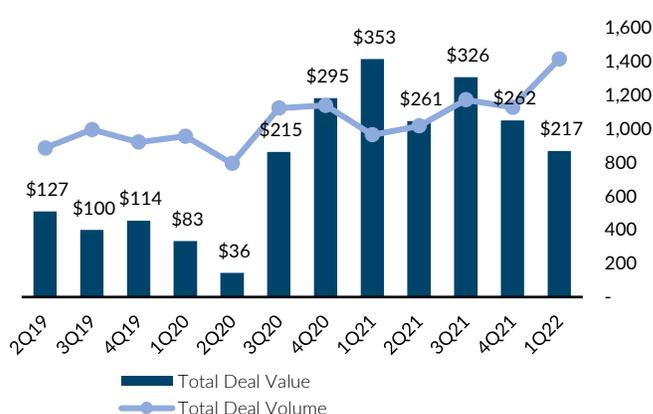
(\$ in Billions)



Source: 451 Research

### GLOBAL SOFTWARE & TECHNOLOGY M&A VOLUME

(\$ in Billions)



Source: 451 Research

## SECTOR SPOTLIGHT: Industrial IoT

Industrial IoT technologies, also known as Industry 4.0, are creating a digital transformation for industries such as manufacturing, transportation, oil & gas, and logistics. A critical application of this technology is the monitoring and diagnosing of industrial machinery, which allows for increased productivity and predictive maintenance. Most industrial machines are not connected to the internet, but adoption of smart manufacturing is positioned to grow significantly due to the advanced analytics capabilities and improved machine throughput derived from these technologies<sup>(1)</sup>.

One of the focus areas for emerging Industrial IoT technologies will be improved visibility along the global supply chain. Companies are facing increased pressure to provide transparency across all stages of the value chain, and both manufacturers and distributors are adopting new technologies to accurately track inventory to avoid retail shrinkage caused by theft or system errors.

1.) PitchBook, 2021 Annual Internet of Things (IoT) Report

## TECHNOLOGY COMPANY SPOTLIGHT: Seegrid



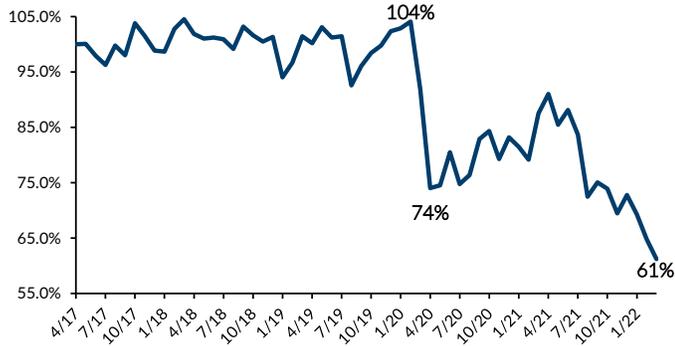
Ownership: Privately Held (PE-backed)  
 Headquarters: Pittsburgh, PA  
 Operations: Global

### Business Description:

- Developer of autonomous mobile robots (AMRs) for the manufacturing, warehousing, and logistics industries to increase throughput, improve safety, and reduce labor costs
- Seegrid's AMRs use an AI-based algorithm to collect and analyze data to generate a three-dimensional world capable of seeing, understanding, and learning.
- The company's vision is to fortify global supply chains and create profitable economies with safe, seamless, and smart mobile robotics solutions.

# Macroeconomic Trends & Signals

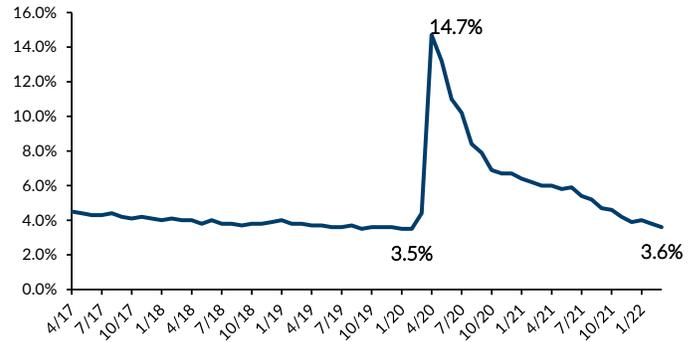
## CONSUMER CONFIDENCE INDEX (CCI)



Source: Federal Reserve of St. Louis

The CCI experienced an accelerated decline in the first quarter, dropping to 61% in March, as inflation worsened and the Ukraine conflict generated uncertainty.

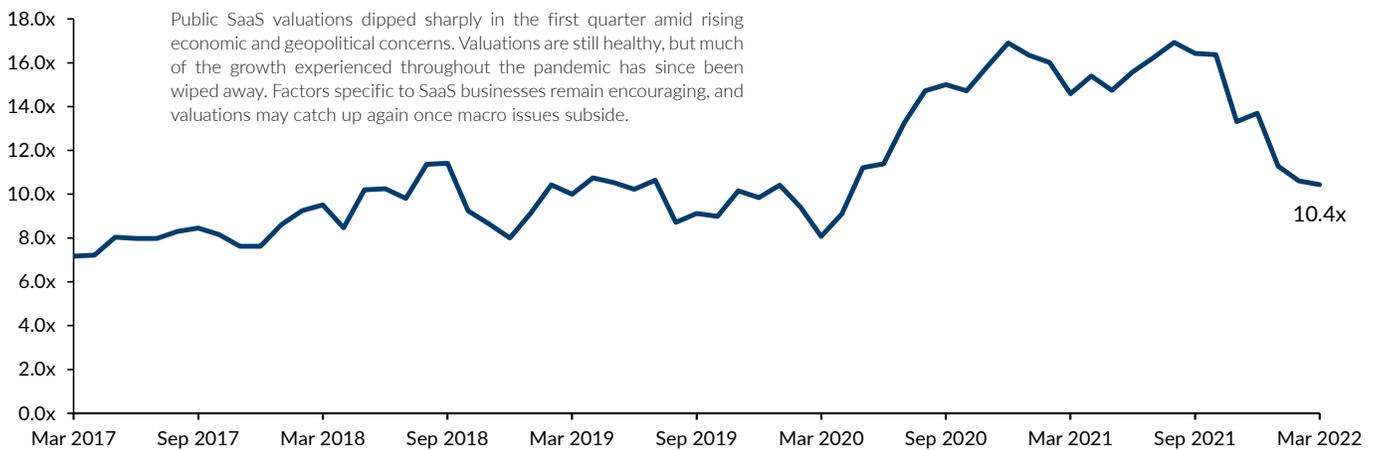
## U.S. UNEMPLOYMENT RATE



Source: Federal Reserve Bank of St. Louis

The U.S. unemployment rate improved throughout the first quarter and ended near pre-pandemic levels of 3.6%, although many job openings remain unfilled.

## PUBLIC SaaS MEDIAN ANNUAL RUN-RATE REVENUE (ARR) MULTIPLE



Source: SaaS Capital index of 69 B2B publically traded SaaS companies

## PMCF SOFTWARE & TECHNOLOGY INDEX - MARKET VALUATION



Source: Capital IQ - PMCF Technology Index of 31 publically traded SaaS companies

# Software & Technology M&A Activity

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## Strategic Acquisition

HostPapa acquires  
Osiris Communications

HostPapa, a global web hosting and cloud services provider, acquired Scottsdale-based Osiris Communications, a web hosting provider. For over 20 years, Osiris has provided a range of digital services, including high-quality web hosting, domain registration, Dedicated Servers, and eCommerce solutions. The combination is set to provide affordable enterprise-level performance for small and medium businesses. Terms of the transaction were not disclosed.

## Bolt-On Acquisition

Buildout acquires Apto

Buildout, a premier developer of commercial real estate (CRE) property marketing automation software backed by The Riverside Company, acquired Denver-based Apto, a leading provider of CRM and deal management software for CRE brokers. The transaction, along with Buildout's prior acquisition of Rethink, furthers Buildout's mission of providing full-lifecycle CRE broker solutions. Terms of the transaction were not disclosed.

## Platform Acquisition

PSP Capital acquires Ntiva

PSP Capital, a global private investment firm, acquired Washington, DC-based Ntiva, a leading provider of managed IT and security services, strategic consulting, cloud solutions, and other technology services. Ntiva is one of the nation's largest IT managed service providers and partners with thousands of organizations across a variety of sectors including government contractors, nonprofits, manufacturing, healthcare, and professional services. Terms of the transaction were not disclosed.

## Platform Acquisition

Alpine Investors acquires AirDNA

Alpine Investors, a people-driven private equity firm, acquired Denver-based AirDNA, a leading provider of global short-term rental (STR) data and predictive analytics software. AirDNA's software and reports have served over 85,000 customers across 65 countries since the company's inception in 2014. AirDNA's reports provide solutions for analyzing trends, pricing rentals, identifying new investment opportunities, and benchmarking performance. Terms of the transaction were not disclosed.

Sources: Company Press Releases, CapIQ, Pitchbook

# Software & Technology M&A Activity (Cont.)

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## Strategic Acquisition

Ellucian acquires CampusLogic

Ellucian, a leading provider of higher education technology solutions, acquired Phoenix-based CampusLogic, a leading Ed-Tech provider of Student Financial Success solutions. CampusLogic serves nearly 800 higher education institutions through its SaaS technology that facilitates the financial aid process with functions such as net price calculation, scholarship management, and data visualization. Terms of the transaction were not disclosed.

## Platform Acquisition

Nautic Partners acquires Security On-Demand

Nautic Partners, a middle-market private equity firm, acquired San Diego-based Security On-Demand and in the process announced the formation of Advanced Threat Response Holdings. Security On-Demand is a leading provider of cyber threat detection and data analytics services. Security On-Demand leverages big data analytics, machine learning, and behavioral analytics engines to pinpoint cyber threats. Terms of the transaction were not disclosed.

## Strategic Acquisition

Bitwise Industries acquires Tectonic

Bitwise Industries, a registered and accredited provider of tech industry apprenticeships, acquired Denver-based Tectonic, a software developer featuring a Department of Labor-Registered apprenticeship program. The acquisition strengthens Bitwise's ability to recruit, train, and develop talent in the tech industry, particularly in underserved communities in Colorado. Terms of the transaction were not disclosed.

## Platform Acquisition

Vista Equity & Evergreen Coast Capital to acquire Citrix

In one of the quarter's largest transactions, Vista Equity, a leading global investment firm focused exclusively on tech-enabled businesses, and Evergreen Coast Capital, a tech-focused affiliate of Elliott Investment Management, entered an agreement to acquire Citrix Systems. Citrix is a leading provider of virtualization software serving over 400,000 customers across 100 countries. Citrix is expected to be combined with TIBCO Software and accelerate its SaaS transformation. The all-cash deal for \$16.5B represents an EV of 5.3x Revenue.

# Software & Technology M&A Activity (Cont.)

## SELECT SOFTWARE & TECHNOLOGY TRANSACTIONS

\$ in Millions

Announced Date	Target	Buyer	Implied EV	EV/TTM Revenue
Mar-22	Swift Labs Inc.	Blackline Safety Corp.	\$4	1.2x
Mar-22	RailComm LLC	Tracsis plc	14	2.4x
Mar-22	MediaAgility Inc.	Persistent Systems Limited	72	2.8x
Mar-22	Fintech Meetup, LLC	Hyve Group Plc	55	42.3x
Mar-22	EdgeCast, Inc.	Limelight Networks, Inc.	406	1.4x
Mar-22	SOC Telemed, Inc.	Patient Square Capital, LP	360	3.8x
Mar-22	Logistyx Technologies, LLC	E2open, LLC	185	4.6x
Mar-22	Assets of Data Glove, Inc.	Persistent Systems Limited	86	1.7x
Feb-22	Sezzle Inc.	Zip Co Limited	159	1.4x
Feb-22	Tripwire, Inc.	HelpSystems, LLC	350	3.3x
Feb-22	Loop Integration LLC	Kin and Carta plc	11	1.2x
Feb-22	Pratum, Inc.	Infinite Group, Inc.	9	1.9x
Feb-22	Vitalyst, LLC	Alithya Group Inc.	50	1.9x
Jan-22	Credly, Inc.	Pearson plc	246	18.5x
Dec-21	Edgile, LLC	Wipro Limited	230	5.2x
Dec-21	Zix Corporation	Open Text Corporation	830	3.4x
Dec-21	StarTek, Inc.	Capital Square Partners Pte Ltd	469	0.7x
Dec-21	CompuGain LLC	Unisys Corporation	87	1.5x
Dec-21	ITRenew, Inc.	Iron Mountain Incorporated	906	2.2x
Dec-21	AgJunction Inc.	Kubota Corporation	66	5.4x
Dec-21	OPIN Inc.	Portage CyberTech Inc.	5	1.7x
Dec-21	CognisantMD	WELL Health Technologies Corp.	19	6.1x
Nov-21	Catapult Systems, LLC	Qusitive, LLC	52	1.0x
Nov-21	MindBeacon Holdings Inc.	CloudMD Software & Services Inc.	24	1.5x
Nov-21	Codifyd, Inc.	Pivotree Inc.	16	1.2x
Oct-21	BioDiscovery, Inc.	Bionano Genomics, Inc.	100	27.8x
Oct-21	Resetera, LLC	M.O.B.A. Network AB (publ)	5	6.5x
Oct-21	LPA Software Solutions, LLC	Converge Technology Solutions Corp.	12	0.9x
Sep-21	PIPEDO HD, Inc.	Advantage Partners, Inc.	158	2.4x
Sep-21	Software Corporation International	Persistent Systems, Inc.	46	2.7x
Sep-21	KEMP Technologies, Inc.	Progress Software Corporation	258	3.7x
Sep-21	SQLI SA	DBAY Advisors Limited	151	0.6x
Sep-21	Vario Secure Inc.	HEROZ, Inc.	59	2.9x
Sep-21	Elastic.io	Cogia	8	3.2x
Sep-21	Gradeup	BYJU'S	50	6.2x
Sep-21	Agent Vi	Irisity	68	9.6x
Sep-21	HVR Software	Fivetran	700	20.0x
Sep-21	Zerto	Hewlett Packard Enterprise	374	2.9x
Aug-21	Ticknovate	Turret	4	15.2x
Aug-21	Cortex Group	Gix Media Ltd.	16	0.6x
Aug-21	DSP Group, Inc.	Synaptics Incorporated	441	3.2x
Aug-21	Bridge Solutions Group Corp	Pivotree Inc.	16	1.9x
Aug-21	Document Management Business	Swiss Post Solutions AG	51	0.8x
Aug-21	Smoothwall	Family Zone Cyber Safety	104	3.5x
Aug-21	GetID	checkin.com	10	16.0x
Aug-21	Avelead Consulting	Streamline Health Solutions	35	3.4x
<b>Median</b>			<b>\$62.4</b>	<b>2.8x</b>
<b>Mean</b>			<b>\$160.3</b>	<b>5.5x</b>

Source: Capital IQ, company websites and PMCF proprietary research

# Public Equity Market Valuations

## PUBLIC COMPARABLES

\$ in Millions

Company Name	Primary Industry	Market Cap.	Enterprise Value	TTM Revenue	TTM Gross Margin	TTM EBITDA Margin	Net Debt/ EBITDA	EV / TTM Revenue
Fastly, Inc.	Internet Services and Infrastructure	\$2,091	\$2,086	354	52.9%	(48.3%)	0.0x	5.9x
Nutanix, Inc.	Application Software	5,916	6,016	1,527	79.4%	(31.2%)	(0.2x)	3.9x
Qualys, Inc.	Systems Software	5,558	5,090	411	78.2%	36.7%	(3.1x)	12.4x
Q2 Holdings, Inc.	Application Software	3,510	3,704	499	45.2%	(8.6%)	(4.5x)	7.4x
BlackLine, Inc.	Application Software	4,341	4,305	426	77.0%	(5.1%)	3.0x	10.1x
New Relic, Inc.	Application Software	4,426	4,228	752	66.8%	(23.7%)	1.2x	5.6x
Appian Corporation	Systems Software	4,393	4,294	369	71.8%	(21.2%)	1.3x	11.6x
Kinaxis Inc.	Application Software	3,601	3,421	251	65.4%	5.2%	(13.7x)	13.5x
ACI Worldwide, Inc.	Application Software	3,623	4,637	1,371	53.4%	20.5%	3.6x	3.4x
Box, Inc.	Application Software	4,168	4,712	874	71.5%	5.6%	1.1x	5.4x
Momentive Global Inc.	Application Software	2,447	2,430	444	83.4%	(15.5%)	0.3x	5.5x
Mimecast Limited	Application Software	5,326	5,119	575	76.8%	18.2%	(2.0x)	8.9x
Bandwidth Inc.	Alternative Carriers	816	989	491	44.6%	6.7%	5.2x	2.0x
LivePerson, Inc.	Application Software	1,772	1,837	470	66.6%	(9.2%)	(1.5x)	3.9x
SPS Commerce, Inc.	Application Software	4,724	4,487	385	65.8%	20.8%	(3.0x)	11.6x
Bottomline Technologies, Inc.	Application Software	2,549	2,629	495	57.7%	6.6%	2.4x	5.3x
2U, Inc.	Education Services	1,014	1,746	946	71.5%	(3.6%)	(21.8x)	1.8x
SecureWorks Corp.	Systems Software	1,119	921	535	59.4%	(2.2%)	16.7x	1.7x
Workiva Inc.	Application Software	6,131	5,938	443	76.6%	(5.1%)	8.6x	13.4x
Cardlytics, Inc.	Application Software	1,855	1,819	267	38.7%	(24.8%)	0.5x	6.8x
Yext, Inc.	Application Software	904	775	391	74.8%	(19.7%)	1.7x	2.0x
PROS Holdings, Inc.	Application Software	1,500	1,607	251	58.3%	(23.8%)	(1.8x)	6.4x
Zuora, Inc.	Systems Software	1,919	1,762	347	59.6%	(22.9%)	2.0x	5.1x
Upland Software, Inc.	Application Software	548	896	302	67.1%	13.1%	8.8x	3.0x
Domo, Inc.	Application Software	1,668	1,709	258	74.0%	(34.2%)	(0.5x)	6.6x
HealthStream, Inc.	Health Care Technology	609	586	259	65.1%	11.7%	(0.7x)	2.3x
Benefitfocus, Inc.	Application Software	423	625	263	53.4%	7.4%	6.3x	2.4x
ChannelAdvisor Corporation	Application Software	505	409	168	77.2%	13.6%	(4.2x)	2.4x
Brightcove Inc.	Internet Services and Infrastructure	322	302	211	65.4%	5.0%	(1.9x)	1.4x
Synchronoss Technologies, Inc.	Application Software	148	378	281	61.1%	2.4%	21.3x	1.3x
CareCloud, Inc.	Health Care Technology	77	85	140	37.7%	10.5%	0.5x	0.6x
Synchronoss Technologies, Inc.	Application Software	205	423	275	59.0%	0.2%	202.4x	1.5x
CareCloud, Inc.	Health Care Technology	111	118	128	39.4%	8.6%	0.6x	0.9x
Synchronoss Technologies, Inc.	Application Software	307	599	280	58.9%	(0.5%)	(24.2x)	2.1x
CareCloud, Inc.	Health Care Technology	121	110	113	38.7%	4.6%	(2.2x)	1.0x
<b>Median</b>					<b>65.8%</b>	<b>(2.2%)</b>	<b>0.5x</b>	<b>5.3x</b>
<b>Mean</b>					<b>64.4%</b>	<b>(3.7%)</b>	<b>0.8x</b>	<b>5.6x</b>

Market capitalizations and total enterprise values as of March 31, 2022; income statement and balance sheet data as of last period reported  
 Currency conversions assume historical rate  
 Source: Capital IQ



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# Recent PMCF Awards



2021 M&A ATLAS AWARD WINNER – USA MIDDLE MARKETS  
*ENERGY PRODUCTS & SERVICES DEAL OF THE YEAR*



2021 M&A ATLAS AWARD WINNER – USA MIDDLE MARKETS  
*PLASTICS & PACKAGING DEAL OF THE YEAR*



2020 M&A ATLAS AWARD WINNER – AMERICAS  
*PLASTICS & PACKAGING DEAL OF THE YEAR*



2020 M&A ATLAS AWARD WINNER – AMERICAS  
*INDUSTRIALS BOUTIQUE INVESTMENT BANK OF THE YEAR*



2019 MiBiz DEAL OF THE YEAR WINNER  
*MANUFACTURING DEAL OF THE YEAR*



2019 M&A ADVISORS AWARD FINALIST  
*BOUTIQUE INVESTMENT BANK OF THE YEAR*

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