

SOFTWARE & TECHNOLOGY M&A PULSE

SECOND QUARTER 2021



Q2'21

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PMCF Technology Coverage Team

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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.

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ADAMS PRICE
Managing Director
303.846.1342
Adams.Price@pmcf.com



MATT RUPPRECHT
Director
248.603.5210
Matt.Rupprecht@pmcf.com

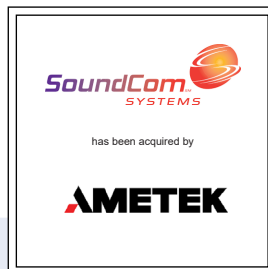


JAYSON GITT
Vice President
303.796.4349
Jayson.Gitt@pmcf.com

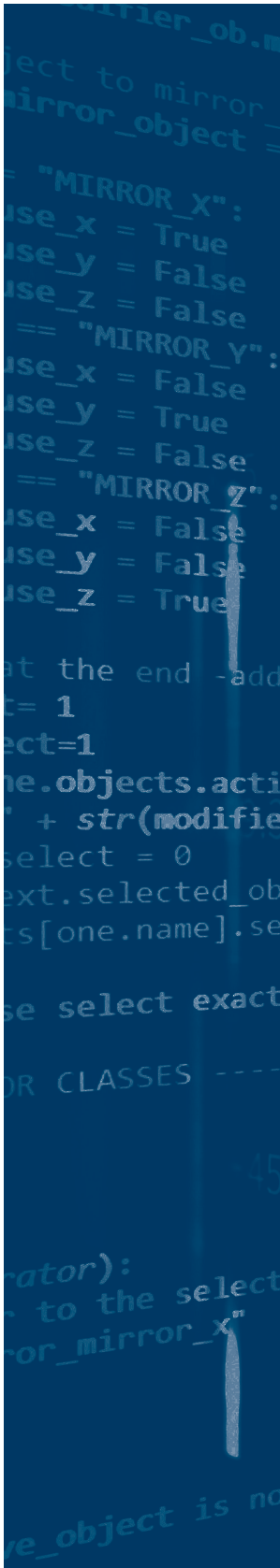


COREY SCHREIBER
Associate
303.846.3378
Corey.Schreiber@pmcf.com

SELECT PMCF TECHNOLOGY TRANSACTIONS



What We're Discussing with Clients



CYBERTECH REMAINS IN THE SPOTLIGHT

The shift to work-from-home COVID spurred in March 2020 brought a heightened demand for security services as operational technology attacks increased more than 2,000% compared to 2019. As new waves of cybersecurity threats appeared throughout the pandemic, cybersecurity startups popped up to fill the demand and raised \$9.9B during the first six months of 2021, 96% of the 2020 total. Additionally, the average valuation of cybertech startups grew by more than 220% in 2021⁽¹⁾. While significant acquisitions in the sector may have helped push valuations higher, PE and VC remain unfazed with a surplus of dry powder.

CLIMATE TECH HEATS UP

The rise of climate-sensitive politicians and lawmakers coupled with an increase in extreme natural disasters continues to create a push to fight climate change. Global investors answered the call in 2021 as VC-backed climate tech companies raised \$14.2B during the first half of the year, 88% of the total in 2020⁽²⁾. Under the Biden administration, the United States rejoined the Paris Climate Agreement and plans to invest \$2 trillion in clean energy solutions. With solar and other forms of renewable energy becoming cheaper and becoming a viable investment, climate tech will be an attractive sector for years to come.

NOW IS THE TIME TO GET ENGAGED

While not yet enacted, President Biden's proposed tax plan could raise the corporate tax rate from 21% to 28%. However, despite an unfavorable tax regime, the M&A market looks to remain favorable. Private equity firms are sitting on a record \$1.6 trillion of dry powder with pressure to deploy before the potential tax legislation passes. Additionally, Venture capital raised a record \$73.6 billion while already investing \$268.7 billion in 2021, surpassing 2020 totals. In conjunction with record low interest rates, M&A opportunities continue to grow, making it a great time to take advantage of promising market conditions.

OUTLOOK BEYOND COVID

Despite a sharp decline in economic activity for many sectors during the past eighteen months, tech experienced an extensive bolster in demand along with innovation and new markets. According to Grant Thornton, nearly 35% of tech firms reported export growth of more than 5%, while 21% of tech firms expanded into a new geographic region⁽³⁾. Now that the pandemic increasingly moves into the rearview mirror, investment in innovation is the key to survival. Across all subsectors of the tech industry, earlier stage start-ups are creating new, disruptive technology that is changing in the market. Firms need to remain diligent to keep pace with these startups as well as meeting the demand to adapt to hybrid work-from-home models.

Sources:

(1) Pitchbook, *Cybersecurity startups near record funding as hacks take spotlight*

(2) Pitchbook, *Why investors are raising climate tech funds at a torrid pace*

(3) Grant Thornton, *TMT industry: Fully charged or on standby?*

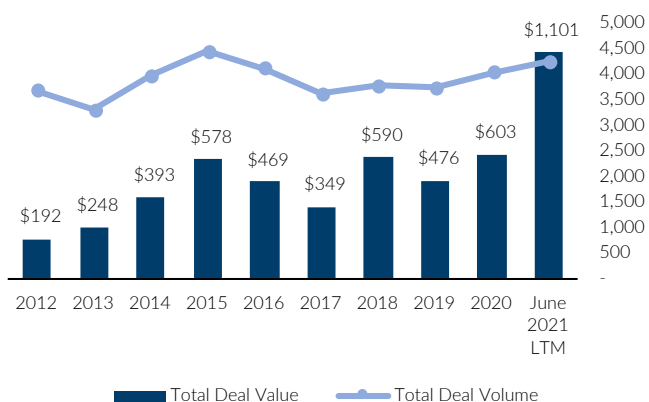
Q2 2021 Market Summary & Outlook

M&A MARKET DYNAMICS – SOFTWARE & TECHNOLOGY

- Deal volume increased 10% in the first six months of 2021 when compared to the first six months of 2020, with the number of transactions climbing to 1,921
- Real Estate, Education, and Healthcare were the most active verticals for Software M&A activity during the second quarter of 2021
- Software and Technology M&A expects to maintain increased activity as it remains a select sector benefiting from the COVID-19 pandemic. Improved balance sheets, low interest rates, and a surplus of dry powder will continue to boost activity during the second half of 2021, despite a spike in cases and hospitalizations due to new variants of the novel Coronavirus.

GLOBAL SOFTWARE & TECHNOLOGY M&A VOLUME

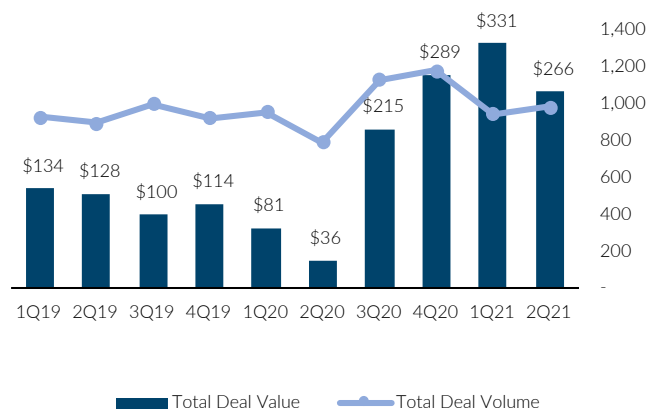
(\$ in Billions)



Source: 451 Research

GLOBAL SOFTWARE & TECHNOLOGY M&A VOLUME

(\$ in Billions)



Source: 451 Research

SECTOR SPOTLIGHT: E-COMMERCE AND RETAIL

During the pandemic, buying online became a norm for all consumers. As in-person activities start to resume and consumers return to shopping in person, retail and e-commerce will have to adapt once again.

Traditional stores with clerks and sales assistants may become nearly obsolete shortly. Emerging technology will likely result in a contactless sales model allowing retail companies to eliminate intermediaries, collect more information on customer bases, and raise profit margins. By implementing direct-to-customer models, tech companies will have ample opportunity for growth and expansion and strategic partnerships with large retail chains and e-commerce companies alike.

The expansion of tech into existing verticals including retail will allow tech companies to continue to grow at the impressive rates experienced over the past year while also streamlining operations for retail companies.

TECHNOLOGY COMPANY SPOTLIGHT: Epos Now



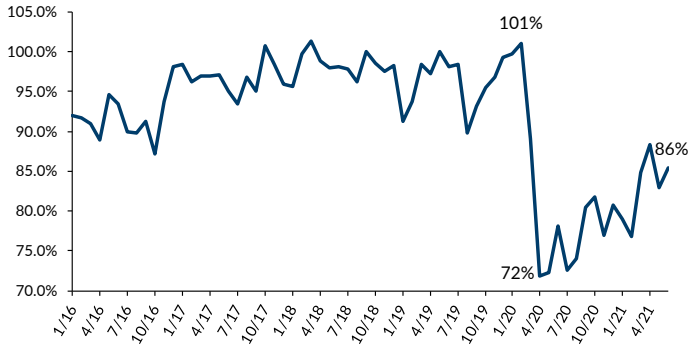
Ownership: Privately-owned
 Headquarters: England, UK
 Operations: Global

Business Description:

- Provider of a retail management platform intended to manage business in the cloud with point-of-sale based techniques. The Company's retail management platform specializes in the design and manufacture of electronic point of sale and offers integrated inventory management, customer management and retail accounting
- Currently services 30,000+ clients in 71 countries

Macroeconomic Trends & Signals

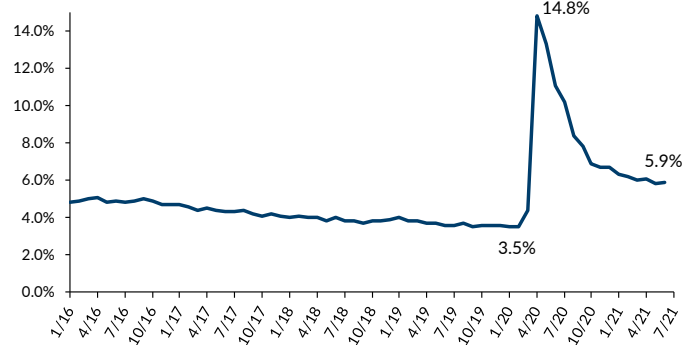
CONSUMER CONFIDENCE INDEX (CCI)



Source: Federal Reserve of St. Louis

The CCI plunged 2020 as the Coronavirus shut down economic activity but has showed signs of recover over the past 15 months

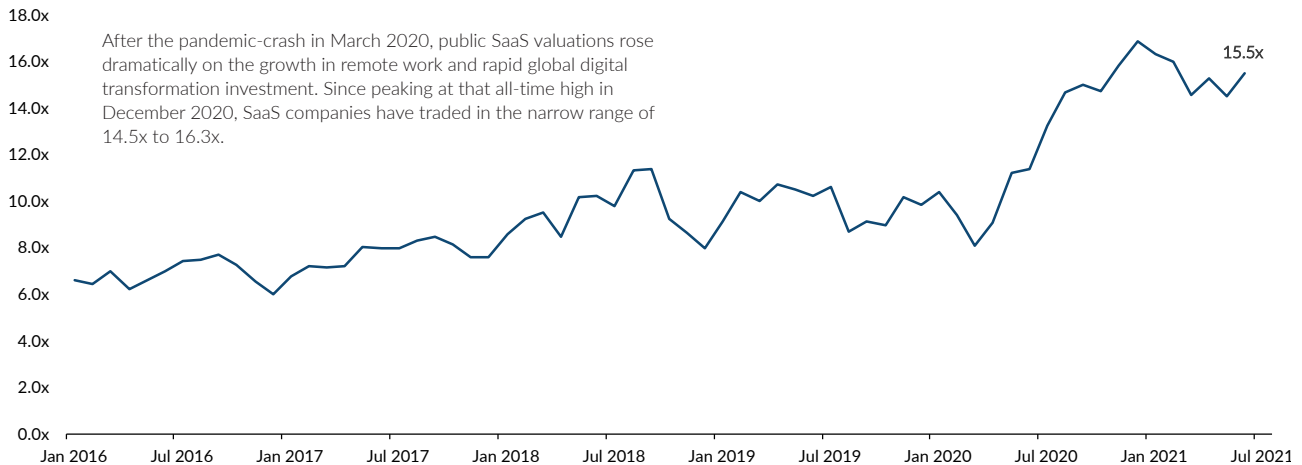
U.S. UNEMPLOYMENT RATE



Source: Federal Reserve Bank of St. Louis

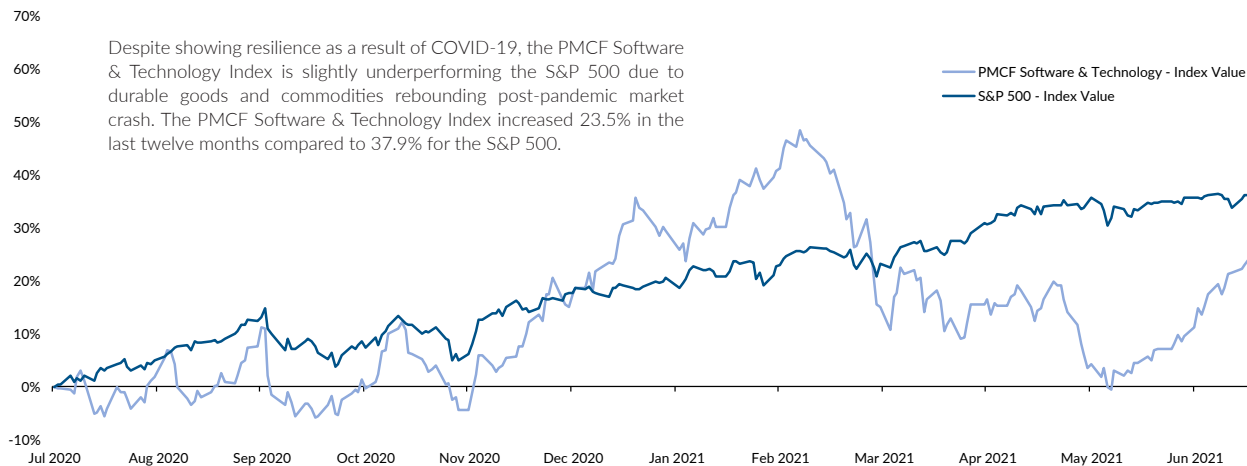
The U.S. unemployment rate peaked at 14.7% in April 2020 amid job loss driven by COVID-related shutdowns, but has declined to 5.9% over the last 15 months

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 34 publically traded SaaS companies

Software & Technology M&A Activity

Platform Acquisition

OneTrust acquires Convercent

OneTrust, a developer of a technology platform designed for tackling privacy management, acquired Denver-based Convercent, a developer of SaaS-based corporate compliance management tools intended to facilitate the design and implementation of compliance programs. OneTrust is backed by Insight Partners, a New York-based growth capital firm. This is OneTrust's sixth acquisition. Terms of the transaction were not disclosed.

Strategic Acquisition

Tech Mahindra acquires
Eventus Solutions

Tech Mahindra, a leading digital transformation and consulting services and solutions provider, acquired Eventus Solutions Group, an Englewood, Colorado-based provider of end-to-end customer engagement solutions. The acquisition will offer significant differentiation in the rapidly growing consulting business and enable Mahindra to drive cross-sell and downstream revenue. Total consideration for the transaction was \$44 million.

Platform Acquisition

Kovo HealthTech acquires MedWorxs

Kovo HealthTech, a healthcare technology and Revenue Cycle Management (RCM) services leader, acquired MedWorxs, an Evergreen, Colorado-based developer of a cloud-based, inpatient, and ambulatory software platform. Kovo grows by acquiring profitable US-based RCM businesses. MedWorxs marks the ninth successful transaction by Kovo. Total consideration for the transaction was \$31 million.

Strategic Acquisition

Magnite acquires SpotX

Magnite, an independent sell-side advertising platform, acquired SpotX, a Denver-based Developer of an online video advertising network designed to offer premium publishers holistic inventory management in order to maximize revenue for desktop, mobile and connected TV inventory. The acquisition will help Magnite provide publishers with an alternative to the closed-off ecosystem of the walled garden, allowing them to better monetize content. Total consideration for the transaction was \$1 billion.

Sources: Company Press Releases, CapIQ, Pitchbook

Software & Technology M&A Activity (Cont.)

Strategic Acquisition

Accenture acquires ThinkTank

Accenture, a global IT-services firm that provides consulting, strategy, and technology and operational services, acquired ThinkTank, a Denver-based provider of an electronic decision collective intelligence software designed to automate the process of selling deploying and managing cloud ERP software. The acquisition will strengthen Accenture's capabilities and resources to help clients quickly and effectively deploy and adopt enterprise software applications. Terms of the transaction were not disclosed.

Platform Acquisition

Sift acquires Chargeback

Sift, a developer of a machine-learning based fraud detection software, acquired Chargeback a Salt Lake City-based developer of a dispute management platform. Sift will continue to be the first line of defense against fraudulent activity with the added benefit of Chargeback's experience in the downstream effects of fraud. Sift is backed by Insight Partners, a New York-based growth capital firm. Terms of the transaction were not disclosed.

Strategic Acquisition

Reputation.com acquires Nuvi

Reputaiton.com, a provider of online reputation management to control privacy and reputation, acquired Nuvi, a Lehi, Utah-based developer of a social customer experience management software. Nuvi's award-winning social listening and data visualization capabilities are a strong complement to Reputation's innovative platform built for the next generation of experience management. Terms of the transaction were not disclosed.

Strategic Acquisition

Microsoft acquires
Nuance Communications

In one of the largest tech transactions of the second quarter, Microsoft, a global developer and licensor of consumer and enterprise software, entered into an agreement to acquire Nuance Communications, a leader in speech to text software, for \$19.7 billion (13.0x Revenues). Microsoft's acquisition of Nuance increases its presence in the healthcare vertical, a sector Nuance excelled at in recent years.

Software & Technology M&A Activity (Cont.)

SELECT SOFTWARE & TECHNOLOGY TRANSACTIONS

\$ in Millions

Announced Date	Target	Buyer	Implied EV	EV/TTM Revenue
Jun-21	SharpSpring, Inc.	Constant Contact, Inc.	\$221	7.3x
Jun-21	Oncidium Inc.	CloudMD Software & Services Inc.	75	1.5x
Jun-21	Affectiva, Inc.	Smart Eye	71	14.2x
Jun-21	Xyvid, Inc.	V-cube, Inc.	15	2.8x
Jun-21	Flagship Solutions Group	Data Storage	11	1.1x
May-21	BankCard USA Merchant Services Inc.	Qusitive Technology Solutions, Inc.	185	6.4x
May-21	Lineups.com, Inc.	Catena Media plc	40	5.3x
May-21	DigIn Technologies LLC	FINEOS Corporation Holdings plc	11	1.8x
May-21	Vanguard Software	Wolters Kluwer	110	15.3x
May-21	Spraoui	Fineos	14	2.3x
May-21	Relationship Science	Euromoney Institutional Investor	7	0.9x
May-21	Sureline Systems	Persistent Systems	3	0.9x
Apr-21	American Virtual Cloud Technologies, Inc.	UNDISCLOSED	557	5.6x
Apr-21	rfXcel	Antares Vision	120	7.1x
Apr-21	Measure Global	AgEagle Aerial Systems	45	27.5x
Apr-21	Eventus Solutions Group	Tech Mahindra	44	1.3x
Apr-21	Lightstream	Vitec Group	36	20.0x
Apr-21	Amalto	Sidetrade	16	3.7x
Apr-21	MazikGlobal Technologies	Qusitive Technology Solutions, Inc.	23	2.2x
Apr-21	Infiniscene, Inc.	Vitec Creative Solutions UK Limited	36	20.0x
Mar-21	Redwire	Genesis Park Acquisition Corp.	675	5.2x
Mar-21	Airspan Networks	New Beginnings Acquisition Corp.	896	4.7x
Mar-21	ScheduALL Software	Xytech Systems	13	1.8x
Mar-21	Municipal Accounting Systems, Inc.	Sylogist USA Inc.	30	5.1x
Mar-21	Optiva Inc.	EdgePoint Investment Group Inc.	236	3.1x
Mar-21	Dealer-FX	Snap-on Group	200	5.4x
Mar-21	2nd.MD	Accolade	460	13.1x
Mar-21	PersistIQ	Wishpond Technologies	3	2.7x
Mar-21	StarBlue Inc.	Sangoma Technologies Corporation	470	5.9x
Feb-21	Aegion	New Mountain Capital	796	2.3x
Feb-21	Future State	Accenture	45	2.3x
Feb-21	getBridge LLC	Learning Technologies Group plc	50	2.4x
Feb-21	Synacor, Inc.	Centre Lane Partners, LLC	91	1.1x
Feb-21	Reflektive	Learning Technologies Group plc	14	1.0x
Feb-21	BPLI Holdings Inc.	Name 3 Capital Inc.	18	0.9x
Feb-21	TSR, Inc.	Qar Industries, Inc.	14	0.2x
Feb-21	ShowingTime	Zillow Group	500	20.0x
Feb-21	Lingotek, Inc.	Straker Translations Limited	10	1.2x
Jan-21	PGS Inc.	Happiest Minds Technologies Limited	13	1.3x
Jan-21	Rx Infinity Inc./Rxi Pharmacy Inc./Rxi Health Solutions Inc.	CloudMD Software & Services Inc.	7	0.5x
Jan-21	Capsule Technologies, Inc.	Koninklijke Philips N.V.	635	6.4x
Jan-21	Mimic Technologies	Surgical Science Sweden	34	16.0x
Jan-21	Invigo Media	Wishpond Technologies	2	1.2x
Jan-21	1901 Group	Leidos	215	2.4x
Jan-21	3D Hubs, Inc.	Proto Labs, Inc.	344	13.7x
Jan-21	StreamYard, Inc.	Hopin Ltd.	250	8.3x
Median			\$44.5	3.0x
Mean			\$166.5	6.0x

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	\$6,894	\$6,789	313	58.4%	(31.0%)	1.1x	21.7x
Nutanix, Inc.	Application Software	8,086	8,008	1,332	79.0%	(46.0%)	0.1x	6.0x
Qualys, Inc.	Systems Software	3,941	3,538	373	77.9%	28.8%	(3.7x)	9.5x
Q2 Holdings, Inc.	Application Software	5,776	5,855	427	44.3%	(10.0%)	(1.9x)	13.7x
BlackLine, Inc.	Application Software	6,459	6,397	368	79.7%	(0.7%)	32.2x	17.4x
Medallia, Inc.	Application Software	5,352	5,438	496	63.9%	(21.5%)	(0.8x)	11.0x
New Relic, Inc.	Application Software	4,315	4,020	668	72.8%	(20.0%)	2.2x	6.0x
Appian Corporation	Systems Software	9,759	9,585	315	72.0%	(10.9%)	5.1x	30.5x
Kinaxis Inc.	Application Software	3,583	3,366	229	67.4%	9.7%	(9.6x)	14.5x
Cloudera, Inc.	Application Software	4,635	4,407	883	79.8%	(1.4%)	19.1x	5.0x
ACI Worldwide, Inc.	Application Software	4,388	5,401	1,288	52.5%	20.1%	3.9x	4.2x
Box, Inc.	Application Software	4,159	4,237	790	70.7%	5.2%	1.9x	5.4x
Momentive Global Inc.	Application Software	3,069	3,118	390	78.3%	(16.6%)	(0.8x)	8.0x
Mimecast Limited	Application Software	3,457	3,414	501	75.7%	14.6%	(0.6x)	6.8x
Bandwidth Inc.	Alternative Carriers	3,461	3,618	388	45.9%	5.9%	6.8x	9.3x
Cornerstone OnDemand, Inc.	Application Software	3,415	4,448	800	69.3%	18.9%	6.9x	5.6x
LivePerson, Inc.	Application Software	4,361	4,260	396	70.5%	(1.8%)	14.0x	10.7x
SPS Commerce, Inc.	Application Software	3,581	3,395	347	67.3%	21.9%	(2.8x)	10.3x
Bottomline Technologies (de), Inc.	Application Software	1,683	1,712	460	58.1%	8.9%	0.7x	3.7x
2U, Inc.	Education Services	3,100	2,985	886	70.4%	(4.7%)	2.7x	3.6x
SecureWorks Corp.	Systems Software	1,555	1,403	559	57.7%	2.0%	(13.7x)	2.5x
Workiva Inc.	Application Software	5,566	5,357	370	75.3%	(5.7%)	10.0x	14.5x
Cardlytics, Inc.	Application Software	4,173	3,750	195	34.7%	(24.2%)	9.0x	19.3x
Yext, Inc.	Application Software	1,804	1,667	361	75.9%	(20.1%)	1.9x	4.6x
PROS Holdings, Inc.	Application Software	2,017	2,028	247	58.6%	(23.7%)	(0.2x)	8.2x
Zuora, Inc.	Systems Software	2,110	1,982	312	57.9%	(17.2%)	2.4x	6.4x
Upland Software, Inc.	Application Software	1,239	1,600	298	66.2%	14.6%	8.3x	5.4x
Domo, Inc.	Application Software	2,561	2,581	222	73.9%	(29.0%)	(0.3x)	11.6x
HealthStream, Inc.	Health Care Technology	881	853	251	64.9%	14.9%	(0.8x)	3.5x
Benefitfocus, Inc.	Application Software	468	630	267	53.8%	11.7%	2.7x	2.4x
ChannelAdvisor Corporation	Application Software	729	656	152	79.2%	17.5%	(2.7x)	4.3x
Zix Corporation	Application Software	391	712	226	47.0%	17.2%	5.2x	3.1x
Brightcove Inc.	Internet Services and Infrastructure	579	552	209	64.7%	7.2%	(2.2x)	2.7x
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
Median					69.9%	(3.2%)	1.9x	8.1x
Mean					65.9%	(4.6%)	3.3x	9.9x

Market capitalizations and total enterprise values as of June 30, 2021; income statement and balance sheet data as of last period reported

(1) Multiple of EBITDA based on EBITDA inclusive of equity income from affiliates

Currency conversions assume historical rate

Source: Capital IQ



Contact Info



DETROIT

Two Towne Square
Suite 425
Southfield, MI 48076
Phone: 248.223.3300



CHICAGO

120 S. Riverside Plaza
Suite 2100
Chicago, Illinois 60606
Phone: 312.602.3600



DENVER

8181 E. Tufts Avenue
Suite 600
Denver, CO 80237
Phone: 720.370.8181

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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



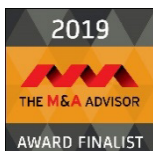
2020 M&A ATLAS AWARD WINNER – AMERICAS
PLASTICS & PACKAGING DEAL OF THE YEAR



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



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2 Towne Square
Suite 425
Southfield, MI 48076

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