

SOFTWARE & TECHNOLOGY M&A PULSE

FOURTH QUARTER 2021

Q4'21

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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.

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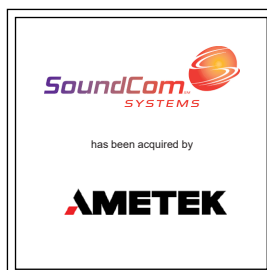
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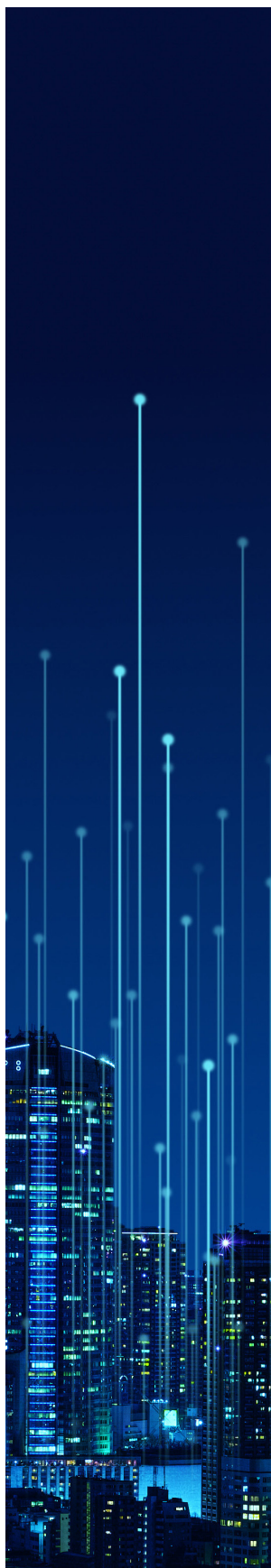
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SELECT PMCF TECHNOLOGY TRANSACTIONS



What We're Discussing with Clients



INCREASED FOCUS ON TECH-ENABLED ACQUISITION TARGETS

In a record year for M&A activity, the technology sector accounted for a disproportionately large share of transaction volume. Continued workforce disruptions and shortages coupled with record consumer demand put pressure on companies to adopt new technologies to increase productivity, streamline operations, and engage customers. Buyers have demonstrated a willingness to pay a premium to acquire nimbler, tech-enabled platforms that will allow businesses to meet customers' increasing needs. As the next year appears to continue to face disruptions, the technology sector is positioned to once again account for a large portion of deal activity.

ABUNDANT SUPPLY OF PRIVATE EQUITY FUNDING

2021 saw over \$1 trillion of private equity deal value, with many deals pushed back from 2020's initial COVID-19 impact and other deals accelerated due to unforeseen tax reform⁽¹⁾. Fueling this activity was a larger share of exits relative to new acquisitions. This strong market led to attractive exit opportunities, resulting in record-breaking fund distributions and excellent performance metrics. Much of this capital is poised to be recycled into new funds, and impressive returns will lead to even more fundraising. All of this points to a private equity market flush with deployable capital and seeking opportunistic investments.

PROPOSED INTEREST RATE HIKES

Government stimulus, widespread labor shortages, and supply chain disruptions, have coalesced to create the most inflationary period in the United States since 1982, with inflation hitting 7.0% in December⁽²⁾. In an effort to curb inflation, and as the economy shows signs of long-term stability, the Federal Reserve has signaled it will raise interest rates throughout the year, with some estimates suggesting up to seven raises. Public equity valuations may see slower growth curves or even declines as investors turn to safer fixed-income securities. This, coupled with increased borrowing costs, may affect enterprise value, reinforcing the need for defensible projections, proven traction, and backed by key operating metrics.

SUBSTANTIATING PERFORMANCE RELATIVE TO THE MARKET

Many technology companies exhibited tremendous growth and enjoyed the wave of consumer demand and strong valuations since the COVID disruption beginning in March 2020. As the market shows signs of normalizing, buyers will often look to distinguish if a target company not only benefited from the COVID disruption but continues to capture market share. It is essential that companies considering a transaction can clearly articulate what capabilities differentiate them from the competition and how they consistently outperform the market, both historically and on a go-forward basis when macroeconomic headwinds eventually arise.

1.) Pitchbook, 2021 Annual US PE Breakdown

2.) Pitchbook, 2021 Annual Global M&A Report

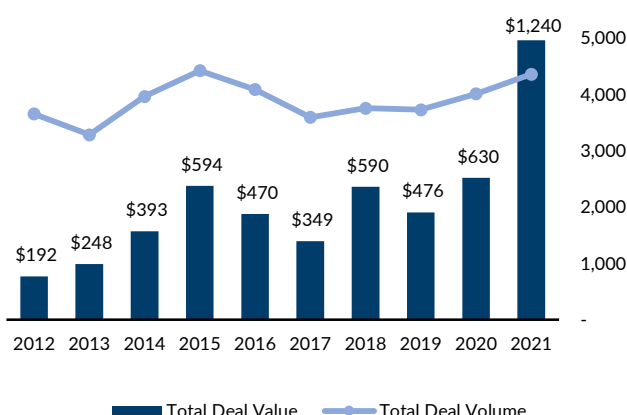
Q4 2021 Market Summary & Outlook

M&A MARKET DYNAMICS – SOFTWARE & TECHNOLOGY

- The fourth quarter of 2021 came to a strong finish in a record year, with global M&A volume of 1,126 deal announcements representing the second highest quarter of the year and combining for \$262B in deal value.
- The appreciable amount of deal volume, combined with the tapered total deal value, indicates that more smaller transactions occurred. One explanation is private equity firms looking to do more tuck-in deals with lower multiples as opposed to adding new platforms at higher valuations.
- Deal volume grew nearly 7% compared to 2020 and almost 15% compared to pre-pandemic 2019, with 4,273 total deal announcements. Deal value soared based on consistently strong valuations, with total deal value nearly doubling 2020's mark to reach \$1.2T, the first trillion-dollar year in history.

GLOBAL SOFTWARE & TECHNOLOGY M&A VOLUME

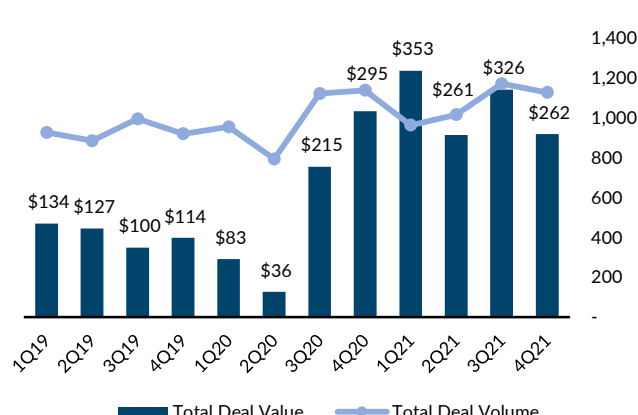
(\$ in Billions)



Source: 451 Research

GLOBAL SOFTWARE & TECHNOLOGY M&A VOLUME

(\$ in Billions)



Source: 451 Research

SECTOR SPOTLIGHT: CLIMATE TECH

The focus on building an environmentally sustainable future has never been higher for companies, governments, and investors. This is resulting in climate tech being an increasingly attractive market, especially as the segment penetrates and reinvents a wide range of industries. The technology behind decarbonizing existing systems is not only appealing from an environmental standpoint, but it is increasingly attractive from an economic viewpoint.

One component of the climate tech industry is mobility solutions, which accounts for 9% of climate tech venture capital deal value through the first three quarters of 2021⁽¹⁾. Key categories include shared mobility, autonomous cars, smart infrastructure, and micromobility. Success in these fields will be driven by how well companies can leverage machine learning and quantum computing to solve problems such as route planning, which often proves too complex for conventional computers. This industry is still in the early stages but is poised to draw increased institutional and corporate funding.

TECHNOLOGY COMPANY SPOTLIGHT: Arctic Wolf

Outrider

Ownership: Privately Held (VC-backed)
Headquarters: Golden, CO
Operations: Global

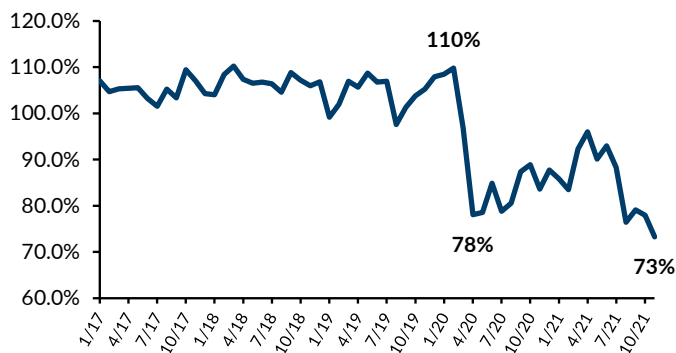
Business Description:

- Developer of autonomous and zero-emission yard operation vehicles designed to drive the adoption of sustainable freight transportation. Outrider automates all aspects of yard operations by eliminating manual tasks that are repetitive and hazardous, thereby enabling enterprises to improve efficiency and safety.
- Focuses on an integrated system comprised of management software, autonomous vehicles, and site infrastructure which combine to positively impact people, profit, and planet

1.) PitchBook, Introduction to Climate Tech: A Taxonomy Overview

Macroeconomic Trends & Signals

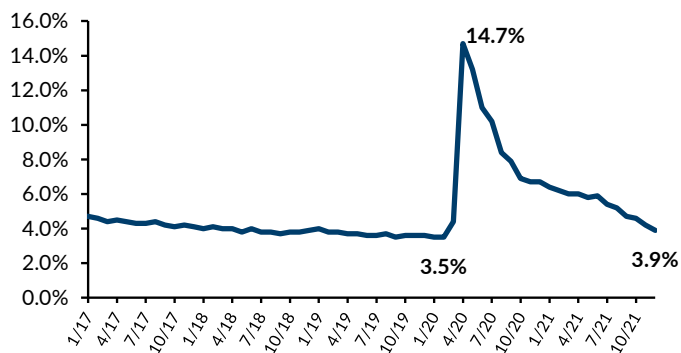
CONSUMER CONFIDENCE INDEX (CCI)



Source: Federal Reserve of St. Louis

The CCI continued its downward trajectory in the fourth quarter, reaching a low of 73% in December as inflation remains a key concern for consumers

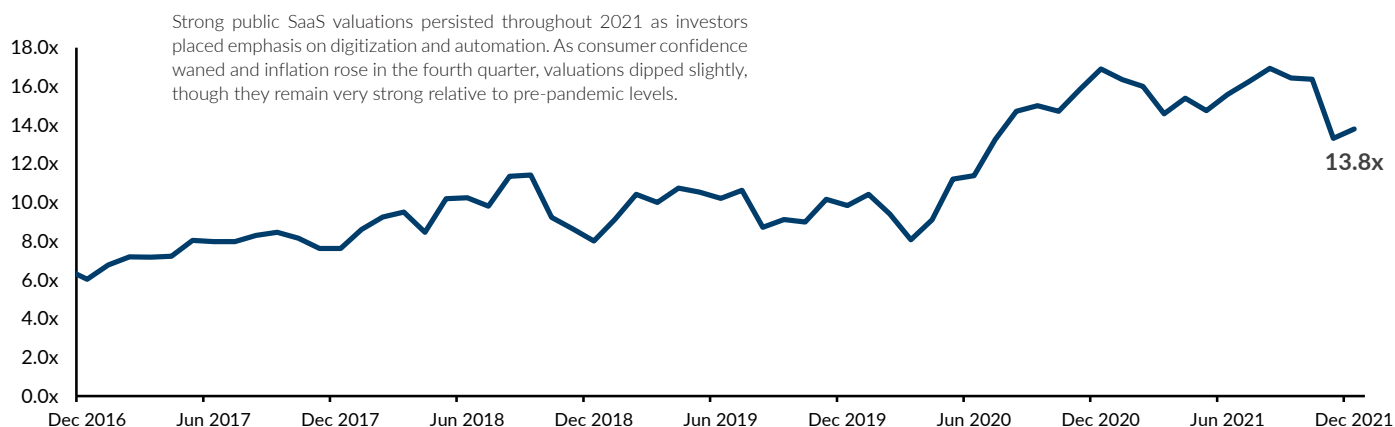
U.S. UNEMPLOYMENT RATE



Source: Federal Reserve Bank of St. Louis

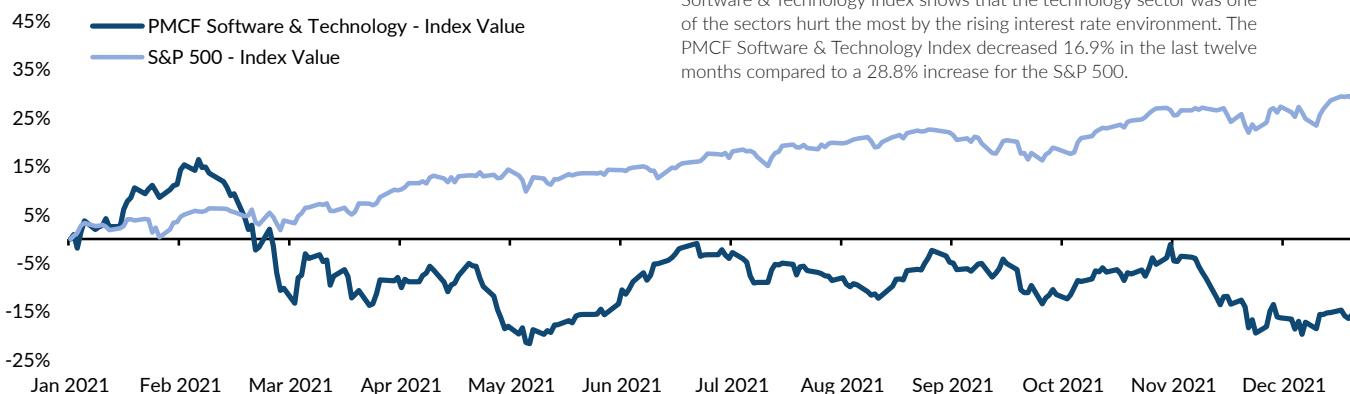
The U.S. unemployment rate rebounded nicely throughout 2021, ending the fourth quarter at a healthy 3.9%, yet widespread labor shortages persist

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



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

PMCF SOFTWARE & TECHNOLOGY INDEX - MARKET VALUATION



Source: Capital IQ - PMCF Technology Index of 34 publicly traded SaaS companies

Software & Technology M&A Activity

Strategic Acquisition

Kubota Corporation acquires
AgJunction

Kubota Corporation, a global manufacturer of agricultural construction equipment, acquired Scottsdale-based AgJunction Inc., a provider of advanced guidance, autosteering, and autonomy solutions for precision agriculture applications. The transaction allows Kubota to expand into the rapidly advancing agricultural automation segment, which continues to see increasing investment and consolidation. Total consideration was CAD \$91M (5.4x revenue).

Strategic Acquisition

Motorola Solutions acquires
Envysion

Motorola Solutions, a global leader in public safety and enterprise security, acquired Denver-based Envysion, a leading enterprise video security and business analytics solutions provider for the restaurant and retail industries. The acquisition expands Motorola Solutions' presence and solidifies its strategy to be the leader in end-to-end video security solutions. Terms of the transaction were not disclosed.

Platform Acquisition

ECI Software Solutions acquires
INSEARCH

ECI Software Solutions, a cloud-based business management solutions provider backed by Leonard Green & Partners, acquired Reno-based INSEARCH, a cloud-based construction management solution provider. INSEARCH's I.D.A. Pro Cloud software is a visualization tool that grants homebuyers an interactive way to customize homes and will complement ECI's flagship homebuilding software MarkSystems. Terms of the transaction were not disclosed.

Platform Acquisition

Hamilton Robinson acquires
WorkforceQA

Hamilton Robinson Capital Partners, a lower middle market private equity firm, acquired Salt Lake City-based WorkforceQA, a leading tech-enabled third-party administrator of employee compliance solutions. WorkforceQA assists trucking, airline, logistics, and rail companies throughout the entire screening process, including drug testing, physical examinations, background checks, and training. Terms of the transaction were not disclosed.

Sources: Company Press Releases, CapIQ, Pitchbook

Software & Technology M&A Activity (Cont.)

Strategic Acquisition

MoxiWorks acquires reeazily

MoxiWorks, a leading real estate technology platform, acquired Denver-based reeazily, an enterprise SaaS application provider that manages back-office functions for real estate transactions. Reeazily provides a complete brokerage solution, broker.ez, which integrates QuickBooks Online for accounting, and also integrates with several platforms that are existing partners in MoxiWorks' MoxiCloud Partner Program. Terms of the transaction were not disclosed.

Strategic Acquisition

Signiant Inc. acquires Levels Beyond

Signiant Inc., an enterprise software provider that utilizes its cloud-native Software Defined Content Exchange (SDCX) SaaS platform to optimize content flow between media companies, acquired Denver-based Levels Beyond, the company behind the media workflow software suite Reach Engine. The transaction is Signiant's second of the year and extends the functionality of Signiant's SaaS platform. Terms of the transaction were not disclosed.

Platform Acquisition

Diversis Capital Management
acquires Fishbowl

Diversis, a Los Angeles-based private equity firm specializing in software and tech-enabled services businesses, acquired Provo-based Fishbowl, the leading desktop inventory management software provider for QuickBooks users. Fishbowl's core products include Warehouse, Manufacturing, and Online, which help to facilitate order creation, inventory flow, and warehouse management. Terms of the transaction were not disclosed.

Strategic Acquisition

Oracle Corporation acquires
Cerner Corporation

In one of the largest tech transactions of the fourth quarter, Oracle Corporation, a global leader in cloud infrastructure, acquired Cerner Corporation, a leading provider of digital information systems used within hospitals and health systems. The acquisition expands Oracle's mission to provide medical professionals with a new generation of digital tools that enable access to information via a hands-free voice interface to secure cloud applications. The all-cash transaction represented \$28.3B (5.2x revenue).

Software & Technology M&A Activity (Cont.)

SELECT SOFTWARE & TECHNOLOGY TRANSACTIONS

\$ in Millions

Announced Date	Target	Buyer	Implied EV	EV/TTM Revenue
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	450	0.6x
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	Quisitive, LLC	52	1.0x
Nov-21	MindBeacon Holdings Inc.	CloudMD Software & Services Inc.	24	1.5x
Nov-21	Codifyd, Inc.	Pivotree Inc.	12	0.9x
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 Limited	46	2.7x
Sep-21	KEMP Technologies, Inc.	Progress Software Corporation	258	3.7x
Sep-21	SQLI SA	DBAY Advisors Limited	209	0.9x
Sep-21	Vario Secure Inc.	HEROZ, Inc.	66	3.0x
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	54	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
Aug-21	Avelead Consulting, LLC	Streamline Health Solutions, Inc.	31	3.0x
Aug-21	Engagement Labs Inc.	DGTL Holdings Inc.	1	0.5x
Aug-21	HealthCheck	Contakt World	8	6.5x
Aug-21	Sqills	Siemens	650	19.4x
Jul-21	Mivitec	MyLoc Managed IT	5	1.1x
Jul-21	Flashpoint	Audax Private Equity	325	8.1x
Jul-21	CJ Bioscience, Inc.	CJ Cheiljedang Corporation	139	29.3x
Jul-21	LiquidFrameworks, Inc.	ServiceMax, Inc.	148	6.7x
Jul-21	Chorus	ZoomInfo Technologies	575	5.8x
Jul-21	Timely	EverCommerce	70	17.2x
Jul-21	Top of Mind Networks	Black Knight	250	9.6x
Jul-21	GlobalX Information Services	Dye & Durham	130	1.8x
Jul-21	MightySignal	Airnow	5	24.5x
Jul-21	Tarsus Technology Group	Alviva Holdings	13	0.3x
Median			\$66.2	3.3x
Mean			\$168.8	6.5x

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	\$4,165	\$4,142	354	52.9%	(47.0%)	0.0x	12.2x
Nutanix, Inc.	Application Software	6,913	7,028	1,460	79.1%	(36.8%)	(0.2x)	4.8x
Qualys, Inc.	Systems Software	5,327	4,895	411	78.2%	30.1%	(3.8x)	12.4x
Q2 Holdings, Inc.	Application Software	4,514	4,739	499	45.2%	(8.6%)	(4.5x)	10.0x
BlackLine, Inc.	Application Software	6,073	6,024	426	77.0%	(3.0%)	5.1x	14.8x
New Relic, Inc.	Application Software	7,193	6,983	752	66.8%	(23.7%)	1.2x	9.8x
Appian Corporation	Systems Software	4,642	4,510	369	71.8%	(21.2%)	1.3x	13.0x
Kinaxis Inc.	Application Software	3,836	3,649	237	65.3%	3.5%	(22.3x)	15.4x
ACI Worldwide, Inc.	Application Software	4,080	5,084	1,291	51.5%	17.9%	4.3x	3.9x
Box, Inc.	Application Software	3,884	4,320	840	71.0%	6.0%	(1.1x)	5.1x
Momentive Global Inc.	Application Software	3,150	3,140	444	83.4%	(15.5%)	0.3x	7.3x
Mimecast Limited	Application Software	5,302	5,146	575	76.8%	18.2%	(2.0x)	9.3x
Bandwidth Inc.	Alternative Carriers	1,804	1,980	478	45.4%	7.3%	5.0x	4.1x
LivePerson, Inc.	Application Software	2,591	2,537	448	68.7%	(3.1%)	4.0x	5.7x
SPS Commerce, Inc.	Application Software	5,120	4,888	385	65.8%	20.8%	(3.0x)	13.4x
Bottomline Technologies, Inc.	Application Software	2,539	2,580	495	57.7%	6.6%	2.4x	5.3x
2U, Inc.	Education Services	1,513	1,442	946	71.5%	(6.2%)	(12.3x)	1.6x
SecureWorks Corp.	Systems Software	1,345	1,164	547	58.6%	(2.0%)	16.7x	2.1x
Workiva Inc.	Application Software	6,637	6,447	416	76.4%	(2.7%)	16.9x	15.5x
Cardlytics, Inc.	Application Software	2,199	2,157	244	38.0%	(23.7%)	0.7x	8.8x
Yext, Inc.	Application Software	1,287	1,190	382	75.0%	(19.4%)	1.3x	3.1x
PROS Holdings, Inc.	Application Software	1,531	1,556	251	58.3%	(23.8%)	(1.8x)	6.3x
Zuora, Inc.	Systems Software	2,363	2,221	335	59.3%	(18.7%)	2.3x	6.6x
Upland Software, Inc.	Application Software	548	914	305	66.8%	15.7%	7.7x	3.0x
Domo, Inc.	Application Software	1,617	1,657	245	74.2%	(30.1%)	(0.5x)	6.8x
HealthStream, Inc.	Health Care Technology	832	798	257	64.5%	17.5%	(0.6x)	3.1x
Benefitfocus, Inc.	Application Software	356	531	264	53.7%	8.7%	4.2x	2.0x
ChannelAdvisor Corporation	Application Software	742	652	168	77.2%	13.6%	(4.2x)	4.0x
Brightcove Inc.	Internet Services and Infrastructure	420	381	211	65.4%	5.0%	(1.9x)	1.8x
Synchronoss Technologies, Inc.	Application Software	210	434	276	59.6%	1.4%	36.6x	1.6x
CareCloud, Inc.	Health Care Technology	94	101	134	39.1%	11.0%	0.5x	0.8x
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
Median					65.8%	(2.0%)	0.5x	5.7x
Mean					64.3%	(3.3%)	1.7x	6.9x

Market capitalizations and total enterprise values as of December 31, 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



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Recent PMCF Awards



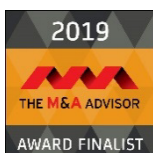
2021 M&A ATLAS AWARD WINNER – USA MIDDLE MARKETS
ENERGY PRODUCTS & SERVICES DEAL OF THE YEAR



2020 M&A ATLAS AWARD WINNER – AMERICAS
PLASTICS & PACKAGING DEAL 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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BANKING

Experienced Professionals. Trusted Advisors. Proven Results.

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