

SAAS

INDUSTRY UPDATE | May 2021



NOTABLE & QUOTABLE

"Founding a company is hard. Promising founders know a problem very intimately. While we should always be willing to listen and pivot, be confident that you have an answer to the problem you are seeking to solve. Don't let anyone—or any investor—talk you out of solving a problem that you know you know well." – **Hurdle Founder, Kevin Dedner**

"...First is to control the controllable. Of course, there are a lot of elements and outcomes that you cannot control. You can't fully control how the markets are going to react to your solutions, but what you can control is the amount of effort and energy you put into what matters. For example, you have control over how you prioritize your time and how you treat the teams that you construct and build." – **4Degrees Co-Founder & CEO, Ablorde Ashigbi**

"What we have witnessed over the past year is the dawn of a second wave of digital transformation sweeping every company and every industry...Building their own digital capability is the new currency driving every organization's resilience and growth." – **Microsoft CEO, Satya Nadella**

REPORTING

We saw massive SaaS growth in 2020 and investors have increased focus on companies whose growth is sustainable. Chloe Dormand at Paddle writes that net revenue retention (NRR) is [the new benchmark metric for SaaS](#), and a stronger indicator of a secure business than monthly recurring revenue. She explains how to report NRR, its nuances, and its value in the eyes of investors.

TECH + POLITICS

JP Morgan CEO Jamie Dimon shared thoughts on Fintech's disruption of the banking industry and identifies regulation as an accelerant. He lays out [the differences between bank and nonbank regulation requirements](#), with the point that regulation will eventually catch up, and JP Morgan will push for equal regulation requirements between banks and nonbanks. These differences serve as a checklist for Fintech companies and what they should prepare for going forward.

VALUATIONS

Media continues to follow the outperformance of the tech stocks in relation to other sectors since the onset of the COVID-19 crisis. Many speculate over the existence of a tech bubble, but Nick Maggiulli at Medium is steadfast in his call against it. We tracked his opinion about [whether we are in a bubble poised to pop](#) in our previous newsletter, and more recently he asks [why are we panicking again](#), pointing out the disconnect between what is happening in the real world and what is discussed on social media.

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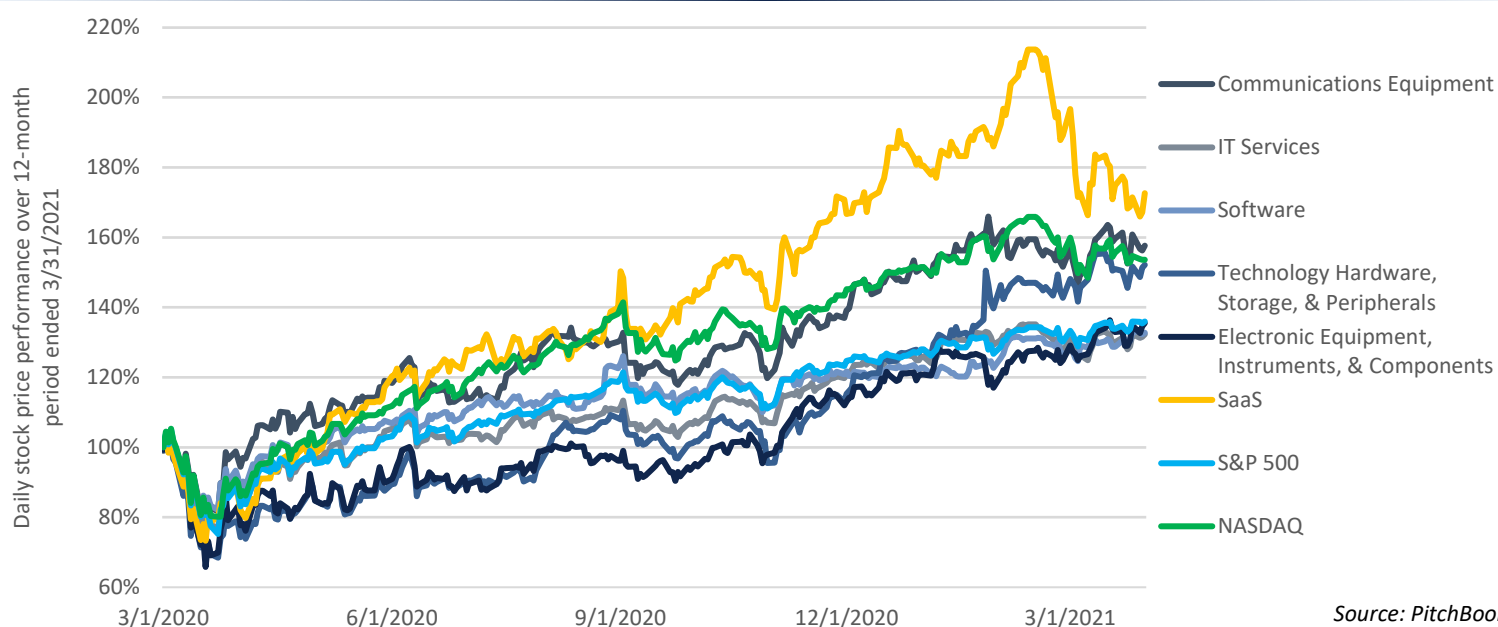
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SOFTWARE VALUATION TRENDS

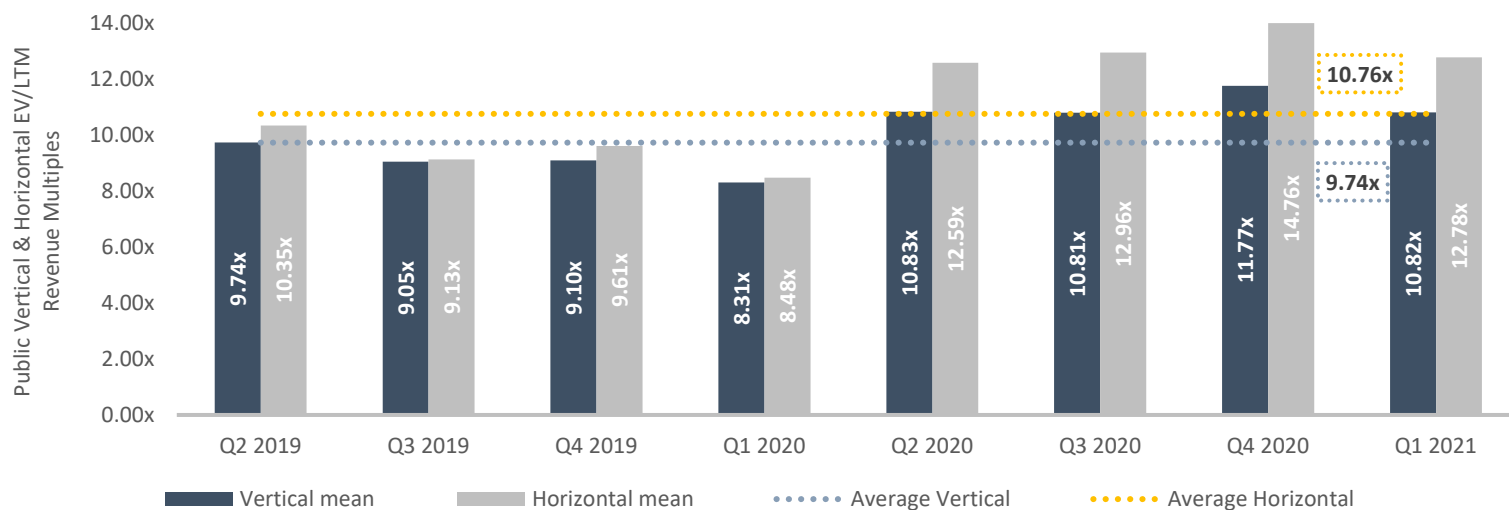
SaaS Valuations – A Light at the End of the Tunnel

Anniversaries are supposed to be joyful occasions, but as we cross the one year mark since COVID-19's arrival and impact on our lives, we have found ourselves reflecting back on what we've learned over the past year and the remarkable ways that technology companies have adapted, and in many instances thrived. When face-to-face interactions became impossible, technology was relied on to stay connected with co-workers, customers, and prospects. Businesses relied on software to operate effectively, and we saw just how "mission critical" many tools and platforms were, regardless of end-market, for success and survival. Everyone we have spoken to marks the anniversary bruised and battered in some way. However, in a time when most things seemed unpredictable, data-driven SaaS businesses, ones that acutely track retention, churn and customer acquisition driven metrics in particular, provided predictability resulting in healthy valuations and strong M&A activity.

Publicly Traded Software Company Performance

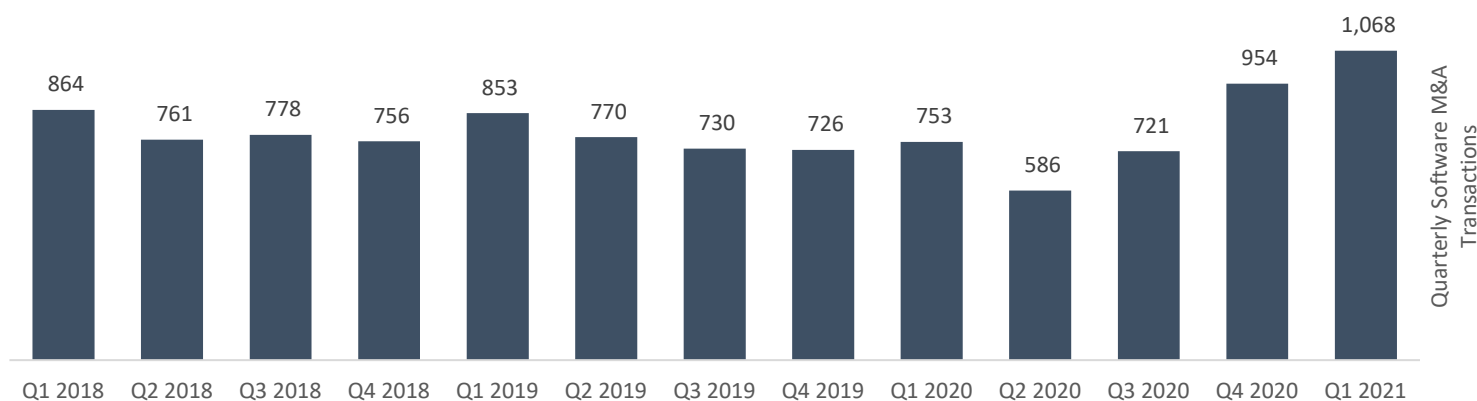


Publicly traded technology companies saw their valuation increases outpace the performance of broader indexes and saw that reflected in their average EV/LTM Revenue multiples. While privately held middle market companies often have a small discount to public multiples due to size and stock illiquidity, the private market generally mirrors the performance of the public sector.



SOFTWARE VALUATION TRENDS

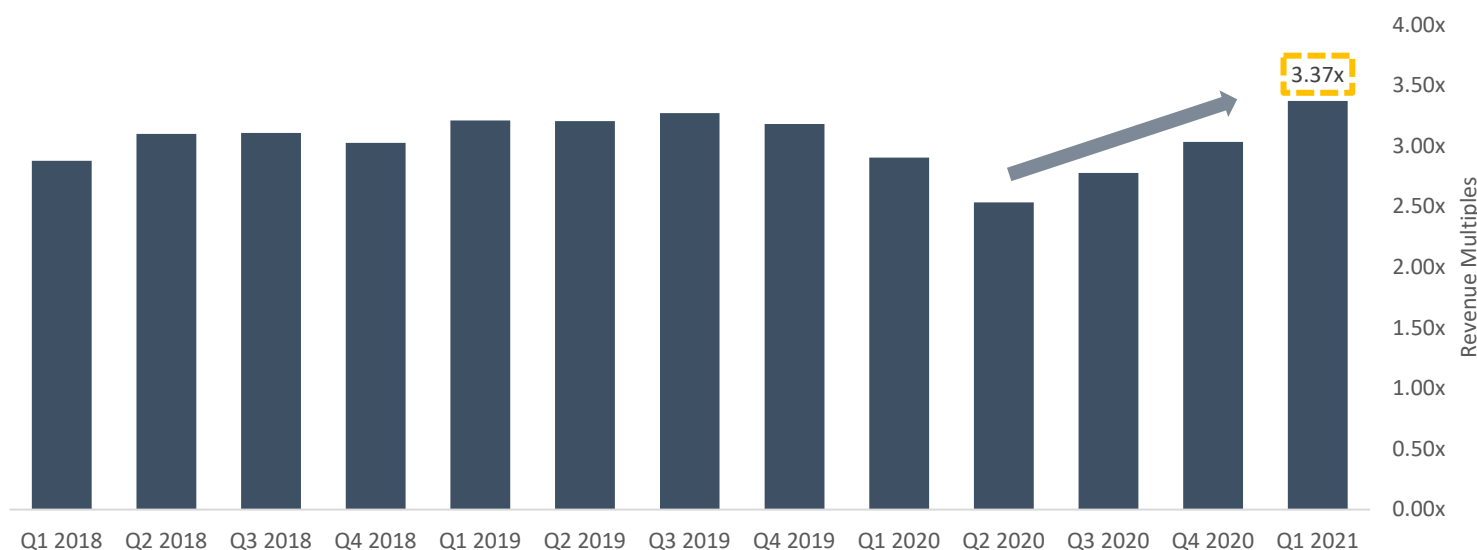
Software M&A Volume



Source: PitchBook; public and private software M&A activity

While deal flow felt like it grinded to a relative halt in Q2 as businesses shored up their internal operations and balance sheets, it was quick to rebound in Q3 and Q4 of 2020. We've seen an equally strong start to the year, and our conversations with both private equity and strategic buyers confirm that expectations for continued high levels of activity are expected. Business owners who weathered the storm are increasingly considering bringing on a partner to help weather any future unexpected storms, as well as motivated by potential changes in tax code impacting capital gains rates.

Software M&A Valuations



Source: PitchBook; public and private software M&A revenue multiples

Because of the data driven predictability of renewals and customer acquisition, private SaaS revenue multiples saw strong growth over the past year as other industries faltered due to a lack of recurring revenue and performance. The prevalence of dry powder with financial buyers and cash on the balance sheet of strategic operators has driven multiples to a median level not yet seen.

Takeaways

While the one year anniversary of COVID was somber and frustrating for many, we continue to see encouraging signs for software owners and operators. If you're considering raising capital for growth or looking to take chips off the table, we'd love to share more color around what we're seeing and hearing in our daily conversations with investors and buyers.

FOUNDERS ADVISORS OVERVIEW

ACTIVE SaaS VERTICALS EXPERIENCE AND COVERAGE



Fleet Management



EdTech



Supply Chain



GIS Mapping



FinTech



Non-Profits



PropTech



Payments



HCIT



GovTech

SILICON Y'ALL – SAAS & INTERNET SUMMIT 2021

From October 26th – 28th, Founders will host its 8th SaaS & Internet Summit – Silicon Y'all. For 2021, the event will take place at the scenic Renaissance Golf Resort and Spa at Ross Bridge, allowing us to show off the best of our home state. The summit is an exclusive gathering of select SaaS and Internet company leaders – registration is limited to 60 CEOs and 15 of the top tech private equity groups spanning the capital continuum. Attendees engage in meaningful discussions about growth, value, and current industry trends.

SY
SILICON Y'ALL

For more information, please visit SiliconYall.com and click here to join the [2021 waitlist](#).



Learn from top entrepreneurs in the tech world who have created substantial wealth for themselves and their shareholders.



Network with other executives and entrepreneurs amidst the scenic beauty, rich heritage, and friendly Southern Hospitality.



Enjoy southern cuisine and tradition at its finest during the SaaS & Internet Summit, while you socialize with industry peers.



Hear from keynote speakers as they provide first-hand accounts of their experiences, both missteps and successes.



Engage with private equity groups and strategic acquirers that are focused on SaaS and Internet businesses.

FOUNDERS' CAPABILITIES



Sell-side
Advisory



Strategic
Advisory



Capital
Raises



Targeted
Buyside



Divestitures/
Spin Offs



Debt
Recapitalizations

17 REASONS

For years, Zane has worked to educate entrepreneurs and help them understand steps they need to take in order to build a business that would attract buyers and investors. Those lessons are now available in his recently published book: **17 Reasons Your Company is NOT Investment Grade & What To Do About It.**

For more information or to order your own copy, visit www.17-reasons.com

RECENT TRANSACTIONS

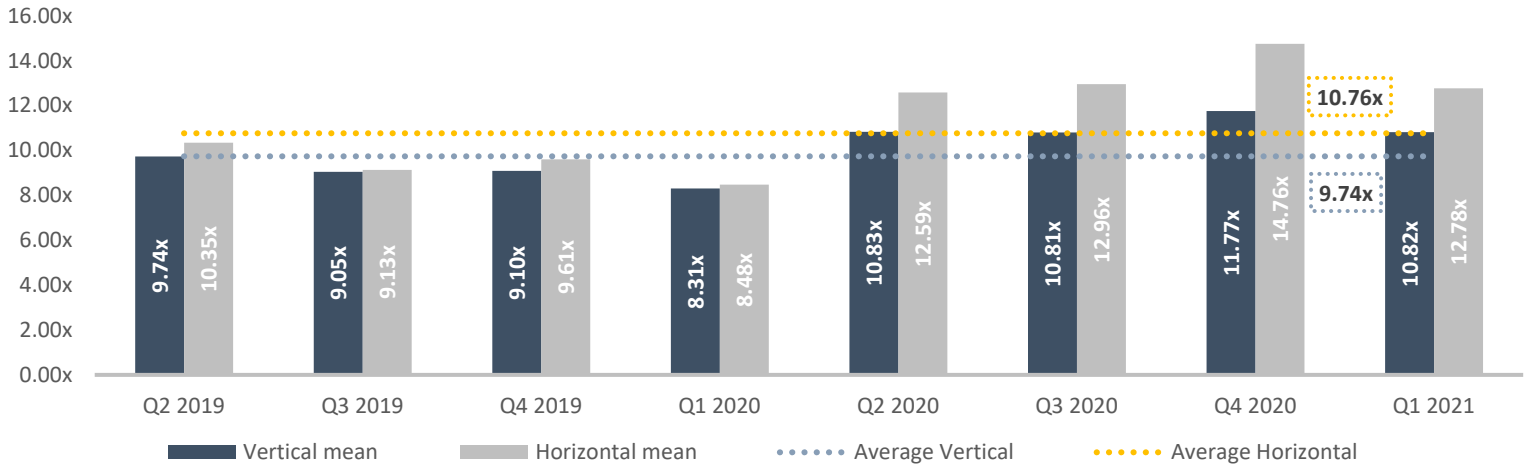
Date	Target	Buyer	Purchase Price	Revenue	EBITDA	Enterprise Value / Revenue	Enterprise Value / EBITDA
3/31/2021	 TOCK	 SQUARESPACE	\$400.0	N/A	N/A	N/A	N/A
3/30/2021	 applitools Automated Visual Testing	 THOMABRAVO	\$300.0	\$25.0	N/A	12.0x	N/A
3/29/2021	 ITIVITI	 Broadridge	\$2,556.1	\$200.0	N/A	12.8x	N/A
3/23/2021	 PATIENTPING	 APPRISS Knowledge for good.™	\$500.0	N/A	N/A	N/A	N/A
3/22/2021	 CALYPSO	 THOMABRAVO	\$3,750.0	\$250.0	\$100.0	15.0x	37.5x
3/12/2021	 SEEQUENT	 Bentley Advancing Infrastructure	\$1,050.0	N/A	N/A	N/A	N/A
3/11/2021	 vend	 lightspeed	\$350.0	\$34.0	N/A	10.3x	N/A
3/8/2021	 McAfee Together is power.	 STG SYMPHONY TECHNOLOGY GROUP	\$4,000.0	\$1,350.0	N/A	3.0x	11.9x ⁽¹⁾
3/3/2021	 Auth0	 okta	\$6,500.0	N/A	N/A	N/A	N/A
3/2/2021	 precisely	 CLEARLAKE CAPITAL	\$3,500.0	\$600.0	\$290.0	5.8x	12.1x
3/1/2021	 thycotic	 Centrify	\$1,400.0	\$120.0	N/A	11.7x	N/A
3/1/2021	 DO\$H	 cardlytics	\$275.0	N/A	N/A	N/A	N/A
2/26/2021	 ADCOLONY	 digital turbine	\$400.0	N/A	N/A	N/A	N/A
2/24/2021	 Galvanize	 Diligent	\$1,000.0	N/A	N/A	N/A	N/A
2/24/2021	 Innovyze Empowering water experts	 AUTODESK	\$1,000.0	N/A	N/A	10.0x ⁽¹⁾	25.0x ⁽¹⁾
2/18/2021	 Steele	 Diligent	\$325.0	N/A	N/A	N/A	N/A
2/10/2021	 ShowingTime	 Zillow GROUP	\$500.0	\$25.0	N/A	20.0x	N/A
2/10/2021	 Constant Contact	 SIRIS	\$400.0	N/A	N/A	N/A	N/A

RECENT TRANSACTIONS, CONT'D

Date	Target	Buyer	Purchase Price	Revenue	EBITDA	Enterprise Value / Revenue	Enterprise Value / EBITDA
2/9/2021	Hyperconnect	matchgroup	\$1,725.0	\$209.2	N/A	8.2x	N/A
2/8/2021	glu	EA	\$1,735.6	\$540.5	\$25.9	3.9x	81.0x
2/3/2021	adjust	APPROVIN	\$1,000.0	N/A	N/A	N/A	N/A
2/2/2021	investcloud®	accenture	\$1,000.0	\$285.0	N/A	3.5x	N/A
2/1/2021	Ascender	CERIDIAN	\$500.0	N/A	N/A	N/A	N/A
2/1/2021	nexter SYSTEMS	KISMET CAPITAL GROUP	N/A	\$400.0	N/A	5.8x	N/A
1/29/2021	Star2Star®	SANGOMA	\$560.0	\$79.4	\$14.7	7.1x	38.1x
1/28/2021	Peakon	workday	\$700.0	N/A	N/A	N/A	N/A
1/27/2021	SIGNAVIO	SAP®	\$1,208.8	N/A	N/A	N/A	N/A
1/19/2021	wrike	CITRIX	\$700.0	N/A	N/A	N/A	N/A
1/19/2021	capsule	PHILIPS	\$1,208.8	N/A	N/A	N/A	N/A
1/14/2021	greenhouse	TPG	\$820.0	N/A	N/A	N/A	N/A
1/10/2021	Resultados Digitais	TOTVS	\$363.1	N/A	N/A	N/A	N/A
1/8/2021	Kount®	EQUIFAX	\$640.0	N/A	N/A	N/A	N/A
1/7/2021	FocusVision	Confirmit.	\$365.0	\$153.3	N/A	2.4x	N/A
1/7/2021	Volterra	f5®	\$440.0	N/A	N/A	N/A	N/A

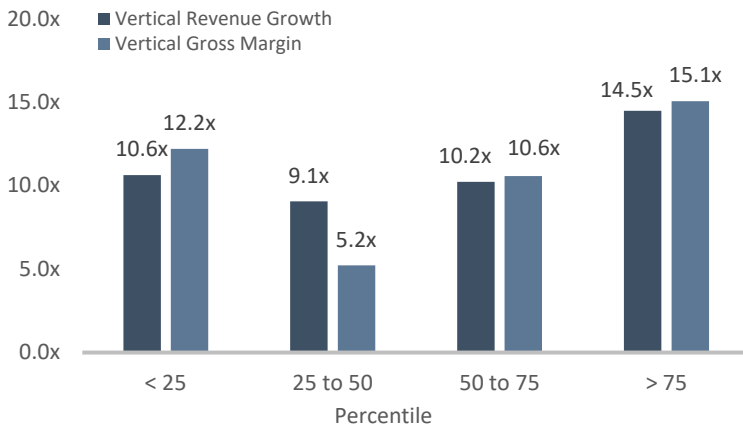
METRICS OVERVIEW

Public Vertical & Horizontal EV/LTM Revenue Multiples

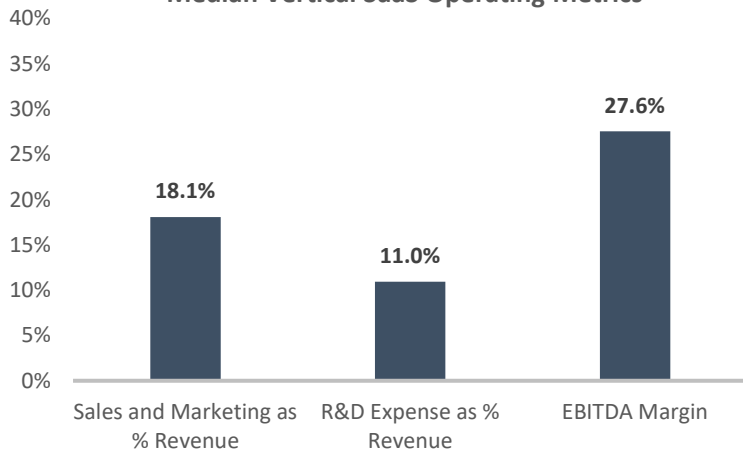


Public Vertical

Percentile Revenue Growth and Margin vs. EV/LTM Revenue

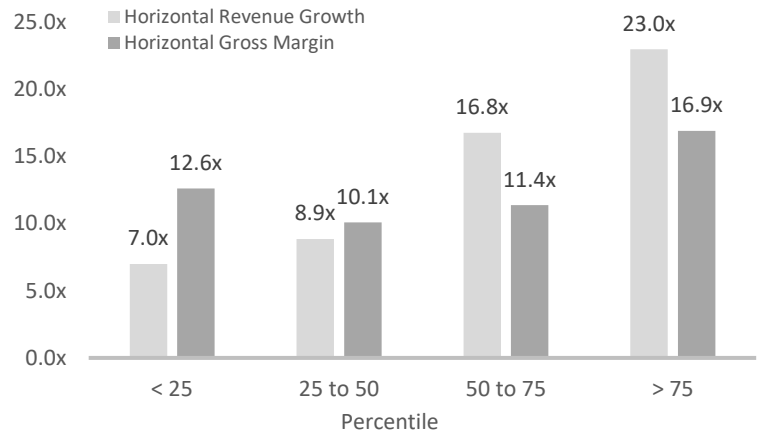


Median Vertical SaaS Operating Metrics

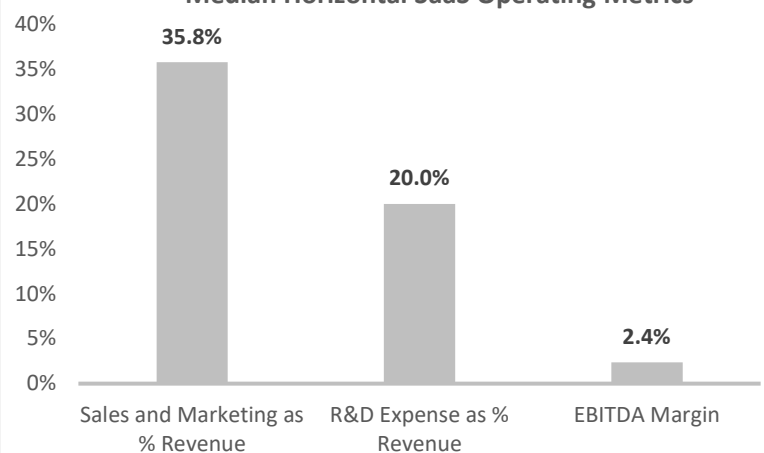


Public Horizontal

Percentile Revenue Growth and Margin vs. EV/LTM Revenue



Median Horizontal SaaS Operating Metrics



VALUATION & GROWTH METRICS

FA SaaS Index - Valuation & Growth - As of Q1 2021

(In millions)

		TTM	YoY	TTM	Enterprise Value /	
Ticker	Company Name	Revenue	Growth	EBITDA	LTM Revenue	LTM EBITDA
Vertical SaaS Companies						
TWOU	2U	\$ 774.5	7.2%	\$ (95.6)	3.5x	NM
APPF	AppFolio	\$ 310.1	1.7%	\$ 229.2	15.3x	20.7x
BKI	Black Knight (US)	\$ 1,238.5	3.5%	\$ 553.9	11.6x	25.9x
BLKB	Blackbaud	\$ 913.2	0.5%	\$ 130.0	4.3x	30.4x
EBIX	Ebix	\$ 549.7	1.3%	\$ 154.2	3.0x	10.8x
FDS	FactSet Research Systems	\$ 1,515.7	1.4%	\$ 548.0	7.8x	20.6x
INOV	Inovalon Holdings	\$ 667.5	2.5%	\$ 186.1	8.0x	28.5x
MCO	Moody's	\$ 5,371.0	1.1%	\$ 2,654.0	11.2x	22.7x
QTWO	Q2 Software	\$ 402.8	5.8%	\$ (56.9)	14.0x	NM
RP	RealPage	\$ 1,158.5	3.9%	\$ 256.1	8.3x	37.6x
SPSC	SPS Commerce	\$ 312.6	3.5%	\$ 70.2	10.8x	48.0x
TEMN	Temenos	\$ 887.4	(3.0%)	\$ 378.4	12.8x	29.9x
TYL	Tyler Technologies	\$ 1,116.7	(0.5%)	\$ 256.7	14.8x	64.6x
VEEV	Veeva Systems	\$ 1,465.1	6.2%	\$ 407.6	26.1x	93.6x
	Min	\$ 310.1	(3.0%)	\$ (95.6)	3.0x	10.8x
	Median	\$ 900.3	2.1%	\$ 242.6	11.0x	29.2x
	Mean	\$ 1,191.7	2.5%	\$ 405.1	10.8x	36.1x
	Max	\$ 5,371.0	7.2%	\$ 2,654.0	26.1x	93.6x

Horizontal SaaS Companies

EGHT	8X8	\$ 509.1	3.7%	\$ (110.9)	7.3x		NM
ADBE	Adobe Systems	\$ 13,682.0	6.3%	\$ 5,338.0	16.6x		42.5x
ALRM	Alarm.com Holdings	\$ 618.0	4.2%	\$ 110.3	6.8x		38.1x
TEAM	Atlassian	\$ 1,802.9	5.4%	\$ (1,116.4)	28.8x		NM
BNFT	Benefitfocus	\$ 268.1	(3.9%)	\$ 23.2	2.3x		26.4x
BL	BlackLine	\$ 351.7	4.6%	\$ 1.0	17.6x		6173.6x
BOX	Box	\$ 770.8	2.0%	\$ 40.3	4.8x		92.5x
BCOV	Brightcove	\$ 197.4	3.2%	\$ 3.5	3.9x		222.6x
CARB	Carbacid Investments Company	\$ 6.5	NM	\$ 2.8	3.0x		6.9x
CSLT	Castlight Health	\$ 146.7	0.4%	\$ (55.6)	1.4x		NM
ECOM	ChannelAdvisor	\$ 145.1	4.0%	\$ 25.6	4.4x		24.7x
CTXS	Citrix Systems	\$ 3,236.7	(0.0%)	\$ 766.9	5.7x		23.9x
CSOD	Cornerstone OnDemand	\$ 740.9	8.4%	\$ 93.3	5.3x		42.3x
COUP	Coupa	\$ 541.6	10.6%	\$ (94.4)	36.0x		NM
DOCU	DocuSign	\$ 1,453.0	12.0%	\$ (137.5)	27.0x		NM
EGAN	eGain	\$ 75.7	1.4%	\$ 10.6	3.2x		23.0x
EVBG	Everbridge	\$ 271.1	7.3%	\$ (42.8)	16.7x		NM
FIVN	Five9	\$ 434.9	8.9%	\$ 11.5	24.2x		914.9x
HUBS	HubSpot	\$ 883.0	8.1%	\$ (14.5)	23.3x		NM
INTU	Intuit	\$ 7,717.0	(1.5%)	\$ 2,369.0	13.6x		44.3x
KXS	Kinaxis	\$ 224.2	(0.6%)	\$ 36.1	13.2x		81.6x
LPSN	LivePerson	\$ 366.6	6.7%	\$ (64.4)	9.5x		NM

VALUATION & GROWTH METRICS, CONT'D

FA SaaS Index - Valuation & Growth - As of Q1 2021

(In millions)

Ticker	Company Name	TTM Revenue	YoY Growth	TTM EBITDA	Enterprise Value /	
					LTM Revenue	LTM EBITDA
Horizontal SaaS Companies						
LOGM	LogMeIn	\$ 1,312.7	3.0%	\$ 318.1	NM	NM
MIME	Mimecast	\$ 481.7	4.2%	\$ 99.1	5.3x	26.0x
MODN	Model N	\$ 165.4	2.7%	\$ (2.8)	7.4x	NM
NEWR	New Relic	\$ 654.6	2.1%	\$ (60.5)	5.5x	NM
PAYC	Paycom Software	\$ 841.4	3.4%	\$ 239.3	26.3x	92.6x
PCTY	Paylocity	\$ 584.4	2.4%	\$ 101.3	16.6x	96.0x
PEGA	Pegasystems	\$ 1,017.5	2.2%	\$ (85.4)	9.2x	NM
PFPT	Proofpoint	\$ 1,050.0	3.1%	\$ 1.3	7.0x	5542.9x
QLYS	Qualys	\$ 363.0	2.9%	\$ 129.5	10.5x	29.4x
RNG	RingCentral	\$ 1,183.7	7.4%	\$ 42.8	23.5x	648.6x
CRM	Salesforce.com	\$ 21,252.0	4.8%	\$ 5,407.0	8.9x	35.0x
SCWX	SecureWorks	\$ 561.0	(0.4%)	\$ 8.8	1.6x	104.0x
NOW	ServiceNow	\$ 4,519.5	7.1%	\$ 478.8	21.5x	202.8x
SHOP	Shopify	\$ 2,929.5	19.2%	\$ 296.1	44.2x	437.1x
SMAR	Smartsheet	\$ 385.5	8.9%	\$ (102.9)	18.8x	NM
UPLD	Upland Software	\$ 291.8	4.4%	\$ 23.2	5.8x	73.1x
VRNS	Varonis Systems	\$ 292.7	8.4%	\$ (74.4)	17.9x	NM
WIX	Wix.com	\$ 988.8	8.6%	\$ (119.4)	15.8x	NM
WDAY	Workday	\$ 4,318.0	3.7%	\$ 68.5	13.7x	861.5x
WK	Workiva	\$ 351.6	4.0%	\$ (33.7)	11.9x	NM
YEXT	Yext	\$ 354.7	3.1%	\$ (71.7)	4.8x	NM
ZEN	Zendesk	\$ 1,029.6	5.5%	\$ (136.8)	15.4x	NM
ZIXI	Zix	\$ 218.5	3.5%	\$ 37.0	3.4x	20.4x
ZUO	Zuora	\$ 305.4	3.0%	\$ (58.6)	5.5x	NM
Min		\$ 6.5	(3.9%)	\$ (1,116.4)	1.4x	6.9x
Median		\$ 551.3	4.0%	\$ 9.7	9.5x	73.1x
Mean		\$ 1,736.9	4.6%	\$ 297.8	12.8x	589.9x
Max		\$ 21,252.0	19.2%	\$ 5,407.0	44.2x	6173.6x

OPERATING STATISTICS

FA SaaS Index - Operating Statistics - As of Q1 2021

(In millions)

Ticker	Company Name	COGS As a % of Revenue	Gross Margin	SG&A As a % of Revenue	R&D Expense As a % of Revenue	Sales & Marketing As a % of Revenue	EBITDA Margin
Vertical SaaS Companies							
TWOU	2U	30.2%	69.8%	72.8%	20.1%	50.4%	(12.3%)
APPF	AppFolio	38.4%	61.6%	34.2%	15.7%	18.8%	73.9%
BLKB	Blackbaud	46.9%	53.1%	37.7%	11.0%	23.0%	14.2%
EBIX	Ebix	44.7%	55.3%	21.9%	6.9%	2.8%	28.0%
FDS	FactSet Research Systems	47.4%	52.6%	23.1%	NM	NM	36.2%
INOV	Inovalon Holdings	25.1%	74.9%	41.9%	5.0%	9.4%	27.9%
MCO	Moody's	27.5%	72.5%	22.9%	NM	NM	49.4%
QTWO	Q2 Software	56.6%	43.4%	36.1%	24.2%	18.0%	(14.1%)
RP	RealPage	43.3%	56.7%	31.3%	11.0%	18.2%	22.1%
SPSC	SPS Commerce	31.9%	68.1%	40.3%	9.9%	24.3%	22.5%
TEMN	Temenos	33.7%	66.3%	23.2%	NM	15.3%	42.6%
TYL	Tyler Technologies	51.4%	48.6%	23.2%	7.9%	NM	23.0%
VEEV	Veeva Systems	27.9%	72.1%	26.2%	20.1%	16.0%	27.8%
	Min	25.1%	43.4%	21.9%	5.0%	2.8%	(14.1%)
	Median	38.4%	61.6%	31.3%	11.0%	18.1%	28.0%
	Mean	38.9%	61.1%	33.4%	13.2%	19.6%	27.6%
	Max	56.6%	74.9%	72.8%	24.2%	50.4%	73.9%

Horizontal SaaS Companies

EGHT	8X8	44.5%	55.5%	68.3%	17.1%	49.3%	(21.8%)
ADBE	Adobe Systems	12.5%	87.5%	34.9%	16.6%	27.6%	39.0%
ALRM	Alarm.com Holdings	36.8%	63.2%	25.0%	24.6%	12.3%	17.8%
TEAM	Atlassian	16.3%	83.7%	33.5%	49.3%	17.2%	(61.9%)
BNFT	Benefitfocus	48.3%	51.7%	33.5%	17.2%	19.5%	8.6%
BL	BlackLine	19.6%	80.4%	70.0%	16.1%	49.6%	0.3%
BOX	Box	29.2%	70.8%	49.6%	26.1%	35.8%	5.2%
BCOV	Brightcove	38.6%	61.4%	44.0%	17.2%	30.3%	1.8%
CARB	Carbacid Investments Company	37.9%	62.1%	27.4%	NM	NM	43.2%
CSLT	Castlight Health	35.5%	64.5%	39.3%	33.7%	21.8%	(37.9%)
ECOM	ChannelAdvisor	20.9%	79.1%	52.8%	13.1%	36.5%	17.7%
CTXS	Citrix Systems	15.4%	84.6%	48.7%	16.6%	37.8%	23.7%
CSOD	Cornerstone OnDemand	30.6%	69.4%	50.8%	15.2%	35.8%	12.6%
COUP	Coupa	40.9%	59.1%	65.1%	24.7%	43.6%	(17.4%)
DOCU	DocuSign	25.1%	74.9%	68.2%	18.7%	55.0%	(9.5%)
EGAN	eGain	26.3%	73.8%	39.2%	23.3%	29.0%	13.9%
EVBG	Everbridge	30.6%	69.4%	73.0%	23.1%	45.5%	(15.8%)
FIVN	Five9	41.5%	58.5%	45.6%	15.8%	30.4%	2.6%
HUBS	HubSpot	18.9%	81.1%	63.6%	23.3%	51.2%	(1.6%)
INTU	Intuit	17.8%	82.2%	36.4%	18.4%	26.1%	30.7%
KXS	Kinaxis	31.3%	68.7%	38.3%	21.2%	23.5%	16.1%
LPSN	LivePerson	29.0%	71.0%	57.3%	29.6%	40.9%	(17.6%)
LOGM	LogMeIn	26.2%	73.8%	46.7%	11.9%	36.1%	24.2%
MIME	Mimecast	24.7%	75.3%	50.3%	19.1%	36.4%	20.6%

OPERATING STATISTICS, CONT'D

FA SaaS Index - Operating Statistics - As of Q1 2021

(In millions)

Ticker	Company Name	COGS <i>As a % of Revenue</i>	Gross Margin	SG&A <i>As a % of Revenue</i>	R&D Expense <i>As a % of Revenue</i>	Sales & Marketing <i>As a % of Revenue</i>	EBITDA Margin
Horizontal SaaS Companies							
MODN	Model N	40.1%	59.9%	42.4%	20.9%	0.0%	(1.7%)
NEWR	New Relic	23.3%	76.7%	72.4%	26.4%	0.0%	(9.2%)
PAYC	Paycom Software	14.7%	85.3%	49.2%	10.7%	NM	28.4%
PCTY	Paylocity	33.7%	66.3%	43.2%	12.1%	0.0%	17.3%
PEGA	Pegasystems	30.6%	69.4%	60.3%	23.3%	NM	(8.4%)
PFPT	Proofpoint	26.2%	73.8%	55.8%	27.0%	NM	0.1%
QLYS	Qualys	21.8%	78.2%	31.6%	20.0%	10.9%	35.7%
RNG	RingCentral	27.3%	72.7%	66.2%	16.0%	30.1%	3.6%
CRM	Salesforce.com	25.6%	74.4%	55.3%	16.9%	1.1%	25.4%
SCWX	SecureWorks	43.2%	56.8%	44.0%	18.7%	26.1%	1.6%
NOW	ServiceNow	21.8%	78.2%	51.1%	22.7%	12.1%	10.6%
SHOP	Shopify	47.4%	52.6%	30.7%	18.8%	16.7%	10.1%
SMAR	Smartsheet	22.2%	77.8%	78.3%	30.8%	17.6%	(26.7%)
UPLD	Upland Software	33.7%	66.3%	39.1%	13.4%	200.1%	8.0%
VRNS	Varonis Systems	15.1%	84.9%	77.7%	33.9%	3305.2%	(25.4%)
WIX	Wix.com	31.9%	68.1%	55.6%	32.4%	14.7%	(12.1%)
WDAY	Workday	27.7%	72.3%	38.1%	39.9%	43.0%	1.6%
WK	Workiva	25.6%	74.4%	58.1%	27.0%	171.2%	(9.6%)
YEXT	Yext	24.4%	75.6%	85.8%	16.4%	64.9%	(20.2%)
ZEN	Zendesk	24.4%	75.6%	65.9%	24.8%	4.5%	(13.3%)
ZIXI	Zix	51.6%	48.4%	35.9%	10.4%	82.3%	16.9%
ZUO	Zuora	42.8%	57.2%	56.2%	25.1%	143.5%	(19.2%)
Min		12.5%	48.4%	25.0%	10.4%	1.1%	(61.9%)
Median		27.5%	72.5%	49.9%	20.0%	35.8%	15.0%
Mean		29.4%	70.6%	51.2%	21.8%	117.5%	2.4%
Max		51.6%	87.5%	85.8%	49.3%	3305.2%	43.2%

BALANCE SHEET METRICS

FA SaaS Index - Balance Sheet Metrics - As of Q1 2021

(In millions)

Ticker	Company Name	Return on Assets	Return on Equity	Current Ratio	Days Sales Outstanding	Days Payable Outstanding	Liabilities/Assets	Debt/Equity
Vertical SaaS Companies								
TWOU	2U	(16.2%)	(27.5%)	2.5x	23.7	58.9	39.2%	38.6%
APPF	AppFolio	48.0%	81.5%	4.0x	11.6	21.5	25.0%	14.0%
BKI	Black Knight (US)	5.0%	10.7%	1.0x	40.5	NM	101.4%	84.0%
BLKB	Blackbaud	0.4%	1.9%	0.8x	40.6	380.0	123.7%	128.7%
EBIX	Ebix	6.0%	17.2%	1.7x	95.2	131.5	57.2%	115.8%
FDS	FactSet Research Systems	19.6%	46.9%	3.5x	37.4	56.2	28.3%	93.0%
INOV	Inovalon Holdings	1.2%	3.3%	2.0x	74.3	83.8	50.8%	136.0%
MCO	Moody's	15.6%	167.6%	2.0x	95.5	53.3	49.3%	393.8%
QTWO	Q2 Software	(11.5%)	(25.8%)	4.2x	29.2	17.3	23.7%	93.4%
RP	RealPage	1.4%	3.2%	1.2x	42.9	32.5	85.7%	81.8%
SPSC	SPS Commerce	9.6%	12.0%	3.4x	37.3	17.2	29.5%	5.3%
TEMN	Temenos	7.9%	39.1%	0.7x	131.4	255.3	135.3%	186.8%
TYL	Tyler Technologies	8.2%	10.8%	2.0x	120.5	7.8	50.7%	1.1%
VEEV	Veeva Systems	14.8%	19.4%	3.2x	79.4	31.0	31.0%	2.8%
	Min	(16.2%)	(27.5%)	0.7x	11.6	7.8	23.7%	1.1%
	Median	6.9%	11.4%	2.0x	41.7	53.3	50.0%	88.5%
	Mean	7.9%	25.7%	2.3x	61.4	88.2	59.4%	98.2%
	Max	48.0%	167.6%	4.2x	131.4	380.0	135.3%	393.8%

Horizontal SaaS Companies

EGHT	8X8	(24.4%)	(91.7%)	2.1x	30.0	82.0	46.6%	240.2%
ADBE	Adobe Systems	24.3%	46.5%	1.3x	37.3	114.6	78.6%	34.7%
ALRM	Alarm.com Holdings	11.7%	19.0%	4.4x	47.3	61.3	22.7%	33.7%
TEAM	Atlassian	(31.8%)	(188.5%)	0.7x	24.6	94.1	136.3%	585.6%
BNFT	Benefitfocus	(7.0%)	NM	3.7x	40.6	15.3	26.7%	-554.7%
BL	BlackLine	(3.8%)	(9.6%)	2.8x	102.4	51.6	35.9%	99.2%
BOX	Box	(4.2%)	(60.1%)	1.4x	73.4	14.4	69.7%	429.1%
BCOV	Brightcove	(3.2%)	(7.9%)	0.9x	54.3	57.1	115.7%	12.4%
CARB	Carbacid Investments Company	9.3%	10.4%	5.8x	77.8	101.3	17.4%	N/A
CSLT	Castlight Health	(33.4%)	(47.2%)	2.5x	82.0	79.6	40.5%	10.7%
ECOM	ChannelAdvisor	11.7%	16.6%	2.6x	57.3	6.7	39.1%	4.2%
CTXS	Citrix Systems	11.1%	357.2%	0.9x	78.0	130.0	108.1%	1719.6%
CSOD	Cornerstone OnDemand	(2.4%)	(18.3%)	0.8x	75.9	27.7	132.5%	469.7%
COUP	Coupa	(8.4%)	(32.3%)	0.8x	81.4	9.5	124.3%	148.9%
DOCU	DocuSign	(11.9%)	(52.4%)	1.1x	63.7	30.6	94.0%	281.1%
EGAN	eGain	8.8%	22.1%	1.6x	79.5	37.0	63.0%	6.0%
EVBG	Everbridge	(10.4%)	(39.4%)	2.5x	103.0	39.6	39.5%	175.0%
FIVN	Five9	(5.2%)	(17.6%)	6.7x	31.5	28.0	15.0%	234.0%
HUBS	HubSpot	(4.8%)	(12.0%)	3.3x	39.7	27.1	30.6%	103.4%
INTU	Intuit	17.6%	31.6%	1.5x	14.5	120.2	65.4%	31.8%
KXS	Kinaxis	3.6%	5.3%	2.3x	76.4	58.4	43.0%	5.9%
LPSN	LivePerson	(17.6%)	(66.8%)	3.6x	73.8	46.9	27.9%	226.0%
LOGM	LogMeIn	0.2%	0.3%	0.7x	27.5	52.9	143.6%	11.0%
MIME	Mimecast	3.4%	9.8%	1.3x	67.1	40.7	79.9%	74.6%

BALANCE SHEET METRICS, CONT'D

FA SaaS Index - Balance Sheet Metrics - As of Q1 2021

(In millions)

Ticker	Company Name	Return on Assets	Return on Equity	Current Ratio	Days Sales Outstanding	Days Payable Outstanding	Liabilities/Assets	Debt/Equity
Horizontal SaaS Companies								
MODN	Model N	(6.0%)	(16.1%)	2.4x	71.7	19.8	41.2%	106.0%
NEWR	New Relic	(12.9%)	(40.6%)	2.5x	68.5	41.7	39.3%	118.6%
PAYC	Paycom Software	6.1%	23.9%	1.1x	4.2	27.4	92.1%	4.7%
PCTY	Paylocity	2.9%	17.7%	1.1x	3.2	5.6	91.0%	43.5%
PEGA	Pegasystems	(4.4%)	(11.2%)	2.1x	66.5	25.4	47.1%	106.5%
PFPT	Proofpoint	(6.9%)	(29.8%)	1.5x	72.8	11.6	68.7%	224.3%
QLYS	Qualys	13.0%	23.1%	1.9x	78.7	5.4	53.8%	14.2%
RNG	RingCentral	(4.3%)	(17.4%)	2.1x	39.7	77.8	47.3%	473.8%
CRM	Salesforce.com	7.0%	10.8%	1.2x	81.7	238.5	81.0%	15.1%
SCWX	SecureWorks	(2.1%)	(3.3%)	1.2x	71.9	36.1	85.0%	3.4%
NOW	ServiceNow	1.7%	4.8%	1.2x	60.1	29.2	82.6%	75.3%
SHOP	Shopify	5.9%	6.9%	15.7x	22.3	63.0	6.4%	14.3%
SMAR	Smartsheet	(14.0%)	(22.2%)	1.8x	62.4	20.1	55.1%	16.9%
UPLD	Upland Software	(5.5%)	(22.9%)	2.6x	60.2	46.8	38.2%	173.9%
VRNS	Varonis Systems	(21.7%)	(109.5%)	2.3x	78.9	6.8	43.5%	290.2%
WIX	Wix.com	(11.5%)	(69.2%)	1.8x	7.4	72.0	56.0%	308.6%
WDAY	Workday	(3.7%)	(9.9%)	1.1x	66.5	17.1	89.2%	68.3%
WK	Workiva	(7.3%)	(71.4%)	2.2x	56.4	20.9	44.5%	512.8%
YEXT	Yext	(17.3%)	(47.5%)	1.4x	67.3	64.6	69.2%	66.5%
ZEN	Zendesk	(11.8%)	(50.0%)	1.8x	51.2	30.2	54.3%	272.5%
ZIXI	Zix	(1.5%)	(17.3%)	0.6x	22.8	52.8	180.6%	151.9%
ZUO	Zuora	(18.3%)	(43.8%)	1.6x	75.2	18.2	64.0%	40.3%
Min		(33.4%)	(188.5%)	0.6x	3.2	5.4	6.4%	(554.7%)
Median		(4.3%)	(16.1%)	1.8x	65.1	38.3	55.6%	99.2%
Mean		(3.9%)	(13.8%)	2.3x	57.1	49.1	65.8%	166.3%
Max		24.3%	357.2%	15.7x	103.0	238.5	180.6%	1719.6%

FOUNDERS TECHNOLOGY TRANSACTIONS

Workflow Automation Platform Has been recapitalized by An undisclosed financial buyer Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	Data Masons Has been acquired by  Sell-Side Advisor	 Has been recapitalized by  Financial Advisor	VINCARI Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	Predikto Has been acquired by  Sell-Side Advisor
NXGEN Has been recapitalized by  Financial Advisor	Vertical Software Provider Has been recapitalized by  Financial Advisor	 Has been recapitalized by  Financial Advisor	 Has been acquired by  Sell-Side Advisor	COCONSTRUCT BUILD TOGETHER Has been recapitalized by  Financial Advisor	Vertical SaaS Company Has been acquired by  Sell-Side Advisor	PREsenso. Has been acquired by  Sell-Side Advisor
 Has been acquired by  Sell-Side Advisor	 Has been recapitalized by  Financial Advisor	 Have been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	Software Application Provider Has been acquired by  Financial Advisor	LIVETEXT Learn what's possible. Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor
K-12 Content & Messaging Platform Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	 Has been recapitalized by  Financial Advisor	 Has been acquired by  Sell-Side Advisor	 Has been recapitalized by  Financial Advisor	 Has been recapitalized by  Financial Advisor	 Has been acquired by  Sell-Side Advisor
 Has been acquired by  A subsidiary of  Sell-Side Advisor	 Has been recapitalized by  Financial Advisor	 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor
 Has been recapitalized by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	 Has secured growth funding from  Financial Advisor	 Has been acquired by  Sell-Side Advisor	 Has secured growth capital from  Strategic Advisor	 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor
 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	Top Insurance Lead-Gen Company Has been acquired by  Financial Advisor
 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor	 Has been acquired by An Undisclosed Strategic Buyer Sell-Side Advisor	PORTFOLIO OF TRUCKING EMPLOYMENT WEBSITES OWNED BY VERTICAL ALLIANCE GROUP, LLC Has been acquired by  Sell-Side Advisor	 Has been acquired by  Sell-Side Advisor

FOUNDERS NEW OFFICE

The firm is excited to announce its recent move to the corner of Fifth Avenue and 24th Street South in downtown Birmingham. "This new office will provide us with the office space we need to continue to grow our firm...It will also be a great space and environment for hosting clients and friends creating more opportunity to express our love for people through the gift of hospitality," Duane Donner, Founder and CEO. Our recent crawfish boil marks the first of many wonderful events in this new space.



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