

SAAS INDUSTRY UPDATE | Q2 2019



NOTABLE & QUOTABLE

“In 2019, we will see more companies investing in their brand (as opposed to just direct lead generation) to break through the noise and create a groundswell among their user base. Companies recognize they will not win by just having the first spot in the search results or by creating a feature war with competition.”

– **Ashley Minogue, OpenView Director of Growth**

“People do their best work when they embrace what the company is setting out to achieve and when the mission and values of the company resonates with them. Adobe’s values are to be genuine, exceptional, innovative and involved. When our mission and these values align with our employees’ personal values and aspirations, then they can do their best work and the company is better for it.” – **Shantanu Narayen, Adobe CEO**

“You want no more than five or 10 or 15 people on a team—that is, a fully vertically integrated team that can iterate rapidly. And then the question is, how do you scale dozens—and then hundreds—of those teams, and how do you interconnect them all throughout your organization so you can actually go and deliver on an aligned mission? That’s what I’ve been working on for 13 years.” – **Aaron Levie, Box CEO**

GROWTH

Revenue growth is one of the most meaningful SaaS metrics, and, despite the ease of calculating revenue growth using a straightforward formula, understanding the drivers of revenue growth is far less intuitive. Patrick Campbell details the importance of understanding what [revenue growth](#) says about not only your SaaS business’ accounting but also how your SaaS business’ structures and processes contribute to revenue growth.

SALES

Although software solutions have never been easier for customers to buy, they have also never been more difficult for companies to sell. The abundance and competitiveness within the SaaS landscape is challenging SaaS businesses to capture the attention of overwhelmed software buyers. Sage Duvall examines [10 proven strategies](#) to successfully sell SaaS products despite the current market saturation.

MARKET

Startup success has traditionally been synonymous with Silicon Valley, and the flow of capital, resources and talent to the region over the past three decades has been unflinching. However, this will possibly change during the 2020s as new technology hubs are already emerging in Middle America. Bijan Khosravi discusses Middle America’s immense role in the [startup growth](#) of the next decade.

Technology Team Contacts

Zane Tarence | *Managing Director*
 ztarence@foundersib.com

Chris Weingartner | *Director*
 cweingartner@foundersib.com

Brad Johnson | *Vice President*
 bjohnson@foundersib.com

Billy Pritchard | *Vice President*
 bpritchard@foundersib.com

William Short | *Associate*
 wshort@foundersib.com

Matt Stanford | *Analyst*
 mstanford@foundersib.com

Rebecca Askew | *Practice Group Manager*
 raskew@foundersib.com

Upcoming Events

Silicon Y’all

October 7th – 9th

Ross Bridge Resort

www.siliconyall.com

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Quarterly Tip: AI/ML Considerations for SaaS Businesses

A topic that we're discussing more often with software investors is artificial intelligence (AI) and machine learning (ML) within SaaS applications. While most of the capital directed at AI/ML is still venture-based, growth equity firms are seeing an increased number of businesses leveraging these algorithms. We've attempted to summarize the perspective of thought leaders in the space in order to give a high-level overview on AI/ML as well as some ideas for implementing these concepts.

Definitions:

- **Artificial Intelligence (AI):** AI is a branch of computer science dealing with the capability of a machine to imitate human intelligence. This broad term can be used to characterize something as simple as recognizing an object in an image, to the ability to apply vision and decision-making in real time to guide vehicles and drones.
- **Machine Learning (ML):** As the name suggests, machine learning can be loosely interpreted to mean empowering computer systems with the ability to "learn". As a subset of AI, the intention of ML is to enable machines to learn by themselves using the provided data and make accurate predictions.

Areas to Explore:

- **Personalization:** Leverage AI to learn from users' previous interactions to configure interfaces that better cater to individual users. This might direct the feature/function roadmap and make the adoption cycle for new offerings shorter.
- **Automation:** Consider leveraging bots to reply to basic customer support requests (e.g. login reset) with an automated response, freeing up support reps to focus on more challenging tasks.
- **Predictive Analytics:** AI/ML can analyze user behaviors and general preferences, and over time, trigger alerts when it appears a user is disengaging. Using AI/ML to track leading indicators of churn could radically alter future performance.
- **Release Management:** These algorithms can augment developer coding abilities by providing the necessary checks to ensure accuracy, quality, and scalability.
- **Enhanced Security:** AI/ML give security devices and services the ability to replicate and learn from new security threats automatically, where historical measures have been static or highly human-dependent.

Thoughts & Recommendations:

- Start small, perhaps by extending existing functionality with ML techniques. Tap into leading customers for direct "voice of the customer" input on what they would find to be of value.
- Gartner expects AI to change the SaaS pricing model, as customers start to use their own AI. As much as 40% of SaaS companies with per-named-user pricing are expected to change their pricing models by 2025 with companies requiring fewer seats to complete the same work. One potential solution here is to move to a usage-based pricing model, where the customer's fees are commensurate with the value received.
- What makes the promise of ML so great is the capability to generalize and learn. Getting the technology to do that requires leveraging your data and some highly trained data scientists. Many leaders expect a continued evolution in talent from software developers to data engineers to data scientists.

Information sourced from these resources & thought leaders: [Chief Executive](#), [JAXenter](#), [Medium](#), [Moor Insights & Strategy](#), [Towards Data Science](#)

Silicon Y'all – SaaS & Internet Summit 2019

From October 7th – 9th, Founders will host its 7th annual SaaS & Internet Summit – Silicon Y'all. For 2019, we're bringing the event back to Alabama to show off the best of our home state! The [2018 event](#) continued to build on previous years, and we look forward to an even better event in 2019. The summit continues as a unique 2-day gathering, limited to 60 operating company CEOs and 15 professionals from leading private equity firms and acquisitive strategic organizations. Attendees will engage in targeted discussions about growth, value, and current trends in the SaaS, Internet and Payment sectors, while also participating in a variety of activities and networking opportunities. For more information, please visit [SiliconYall.com](#) and click here to join the [2019 waitlist](#).

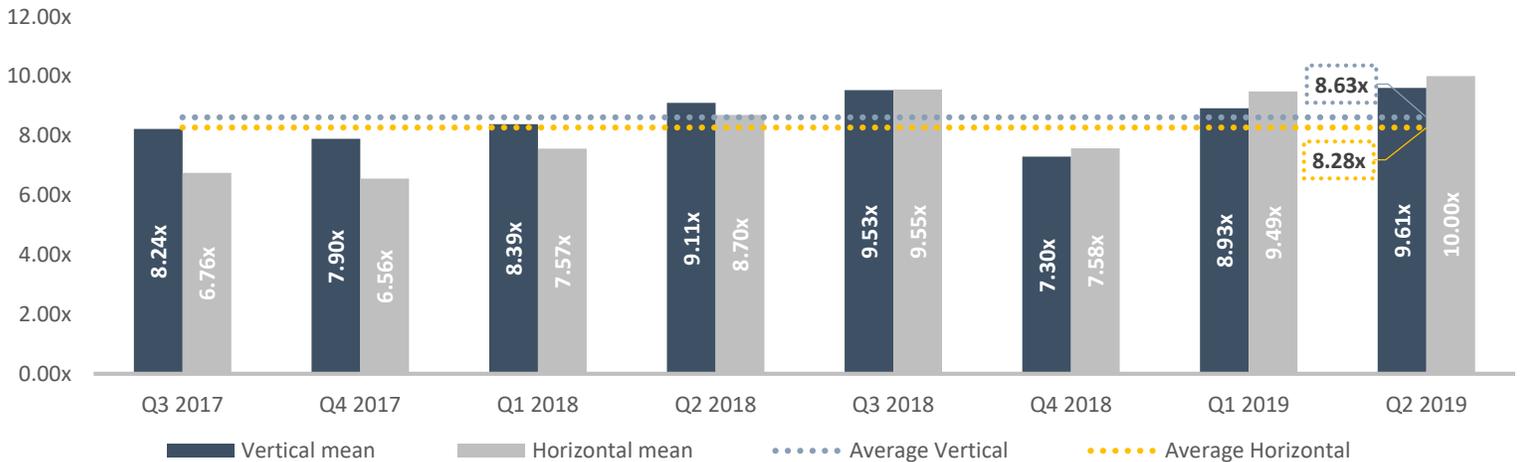


Recent Transactions

Announced Date	Target	Buyer	Purchase Price	LTM Revenue	LTM EBITDA	Enterprise Value / LTM Revenue	Enterprise Value / LTM EBITDA
4/2/2019			\$320	-	N/A	N/A	N/A
4/9/2019	 Flexible is better.®		\$850	\$100	N/A	8.5x	N/A
4/11/2019			\$329	-	N/A	N/A	N/A
4/14/2019			\$4,400	\$1,900	N/A	2.3x	N/A
4/16/2019			\$215	-	N/A	N/A	N/A
4/17/2019			\$262	-	N/A	N/A	N/A
5/1/2019			\$335	-	N/A	N/A	N/A
5/17/2019		JPMORGAN CHASE & CO.	\$500	-	N/A	N/A	N/A
5/28/2019			\$264	-	N/A	N/A	N/A
5/30/2019			\$1,000	-	N/A	N/A	N/A
5/30/2019			N/A	-	N/A	N/A	N/A
6/5/2019			\$234	\$20	N/A	11.8x	N/A
6/6/2019			\$2,600	-	N/A	N/A	N/A
6/6/2019			\$570	-	N/A	N/A	N/A
6/10/2019			\$16,322	\$1,192	(\$92)	13.7x	N/A
6/12/2019			\$5,822	\$660	\$81	8.8x	72.2x

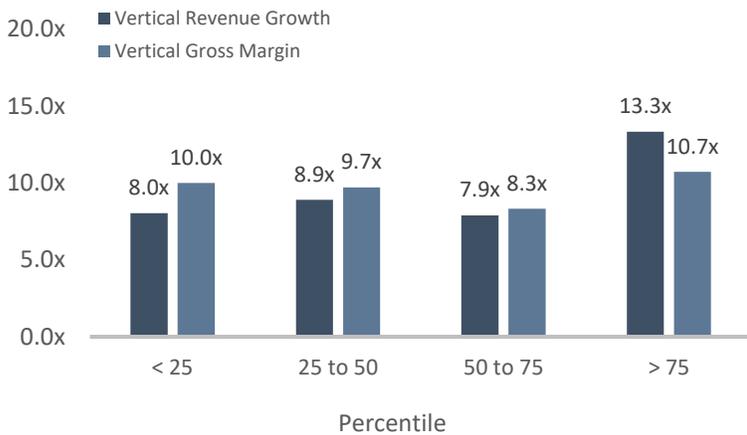
METRICS OVERVIEW

Public Vertical & Horizontal EV/LTM Revenue Multiples

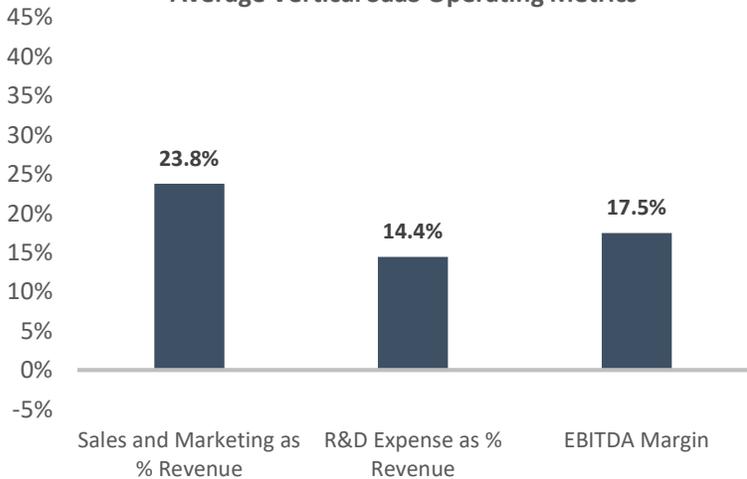


Public Vertical

Percentile Revenue Growth and Margin vs. EV/LTM Revenue

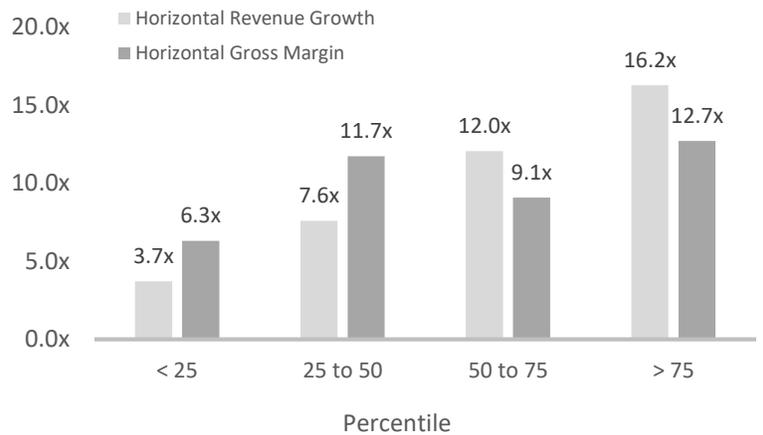


Average Vertical SaaS Operating Metrics

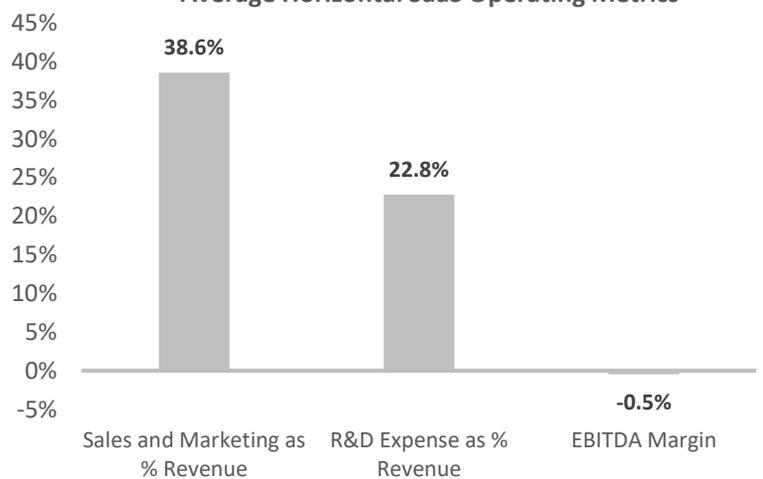


Public Horizontal

Percentile Revenue Growth and Margin vs. EV/LTM Revenue



Average Horizontal SaaS Operating Metrics



VALUATION & GROWTH METRICS

FA SaaS Index - Valuation & Growth - As of Q2 2019

(In millions)

Ticker	Company Name	LTM Revenue	YoY Growth	LTM EBITDA	Enterprise Value / LTM Revenue	LTM EBITDA
Vertical SaaS Companies						
TWOU	2U, Inc.	\$ 479.8	38.4%	\$ (31.6)	4.6x	NM
APPF	AppFolio, Inc.	\$ 221.2	33.8%	\$ 17.9	17.2x	161.2x
BKI	Black Knight, Inc.	\$ 1,126.8	4.5%	\$ 361.0	9.4x	29.3x
BLKB	Blackbaud, Inc.	\$ 872.2	5.1%	\$ 121.6	5.4x	38.5x
EBIX	Ebix, Inc.	\$ 532.5	23.7%	\$ 169.0	4.3x	13.4x
FDS	FactSet Research Systems Inc.	\$ 1,416.9	6.5%	\$ 495.5	7.9x	22.6x
INOV	Inovalon Holdings, Inc.	\$ 580.4	21.9%	\$ 155.0	5.4x	20.2x
INST	Instructure, Inc.	\$ 232.4	25.0%	\$ (52.1)	6.9x	NM
MDSO	Medidata Solutions, Inc.	\$ 684.6	16.6%	\$ 71.6	8.2x	67.4x
MCO	Moody's Corporation	\$ 4,496.6	(0.7%)	\$ 2,100.2	9.4x	20.0x
QTwo	Q2 Holdings, Inc.	\$ 257.6	19.7%	\$ (24.4)	14.1x	NM
RP	RealPage, Inc.	\$ 902.5	16.6%	\$ 146.6	6.5x	40.2x
SPSC	SPS Commerce, Inc.	\$ 263.5	12.5%	\$ 47.4	6.5x	38.6x
TEMN	Temenos AG	\$ 901.7	13.1%	\$ 275.8	14.6x	49.6x
TYL	Tyler Technologies, Inc.	\$ 961.2	8.1%	\$ 190.1	8.7x	43.7x
VEEV	Veeva Systems Inc.	\$ 911.4	25.5%	\$ 266.0	24.8x	84.8x
Min		\$ 221.2	(0.7%)	\$ (52.1)	4.3x	13.4x
Median		\$ 778.4	16.6%	\$ 150.8	8.1x	38.6x
Mean		\$ 927.6	16.9%	\$ 269.4	9.6x	48.4x
Max		\$ 4,496.6	38.4%	\$ 2,100.2	24.8x	161.2x

Horizontal SaaS Companies

EGHT	8x8, Inc.	\$ 366.0	17.8%	\$ (91.8)	6.2x	NM
ADBE	Adobe Inc.	\$ 10,100.9	24.4%	\$ 3,367.6	14.2x	42.7x
ALRM	Alarm.com Holdings, Inc.	\$ 440.1	17.0%	\$ 75.2	5.8x	34.2x
AMBR	Amber Road, Inc.	\$ 86.2	5.2%	\$ (6.6)	4.5x	NM
TEAM	Atlassian Corporation Plc	\$ 1,210.1	38.5%	\$ (21.1)	27.5x	NM
BNFT	Benefitfocus, Inc.	\$ 264.7	(0.9%)	\$ (24.9)	3.8x	NM
BL	BlackLine, Inc.	\$ 240.6	18.2%	\$ (12.4)	11.8x	NM
BOX	Box, Inc.	\$ 630.9	19.2%	\$ (86.2)	4.3x	NM
BCOV	Brightcove Inc.	\$ 171.4	5.5%	\$ (6.9)	2.3x	NM
CARB	Carbonite, Inc.	\$ 357.4	34.8%	\$ 41.4	4.3x	40.1x
CSLT	Castlight Health, Inc.	\$ 153.5	5.2%	\$ (24.7)	2.7x	NM
ECOM	ChannelAdvisor Corporation	\$ 131.3	2.4%	\$ 0.1	1.6x	NM
CTXS	Citrix Systems, Inc.	\$ 3,002.2	3.2%	\$ 791.6	4.4x	16.6x
CSOD	Cornerstone OnDemand, Inc.	\$ 544.9	4.9%	\$ 16.1	6.3x	214.5x
COUP	Coupa Software Incorporated	\$ 285.4	41.3%	\$ (41.7)	26.9x	NM
DOCU	DocuSign, Inc.	\$ 759.1	35.4%	\$ (162.5)	11.2x	NM
EGAN	eGain Corporation	\$ 66.0	7.7%	\$ 5.2	3.3x	41.5x
EVBG	Everbridge, Inc.	\$ 159.4	29.8%	\$ (36.6)	17.6x	NM
FIVN	Five9, Inc.	\$ 273.3	21.2%	\$ 18.7	10.9x	159.4x
HUBS	HubSpot, Inc.	\$ 550.2	24.7%	\$ (32.6)	12.2x	NM
INTU	Intuit Inc.	\$ 6,593.0	9.8%	\$ 1,952.0	9.8x	33.2x
KXS	Kinaxis Inc.	\$ 159.6	11.0%	\$ 30.1	8.8x	46.9x
LPSN	LivePerson, Inc.	\$ 258.0	10.4%	\$ (11.6)	6.5x	NM

VALUATION & GROWTH METRICS, CONT'D

Ticker	Company Name	LTM Revenue	YoY Growth	LTM EBITDA	Enterprise Value /	
					LTM Revenue	LTM EBITDA
Horizontal SaaS Companies						
LOGM	LogMeIn, Inc.	\$ 1,239.9	9.7%	\$ 329.5	3.1x	11.1x
MIME	Mimecast Limited	\$ 340.4	20.6%	\$ 30.7	8.3x	92.3x
MOBL	MobileIron, Inc.	\$ 197.6	9.1%	\$ (38.6)	3.0x	NM
MODN	Model N, Inc.	\$ 146.3	(4.7%)	\$ (14.8)	4.3x	NM
NEWR	New Relic, Inc.	\$ 479.2	25.1%	\$ (9.3)	9.8x	NM
PAYC	Paycom Software, Inc.	\$ 652.9	31.1%	\$ 219.1	21.2x	63.3x
PCTY	Paylocity Holding Corporation	\$ 443.9	17.6%	\$ 60.0	10.9x	80.5x
PEGA	Pegasystems Inc.	\$ 868.9	4.7%	\$ (25.2)	6.3x	NM
PFPT	Proofpoint, Inc.	\$ 800.0	29.9%	\$ (27.6)	8.6x	NM
QLYS	Qualys, Inc.	\$ 289.4	13.3%	\$ 85.8	10.9x	36.8x
RNG	RingCentral, Inc.	\$ 779.1	34.2%	\$ 8.6	12.8x	NM
CRM	salesforce.com, inc.	\$ 14,013.0	25.7%	\$ 1,761.0	8.4x	67.1x
SCWX	SecureWorks Corp.	\$ 525.4	9.4%	\$ (4.3)	1.9x	NM
NOW	ServiceNow, Inc.	\$ 3,011.4	32.3%	\$ 164.4	17.9x	NM
SHOP	Shopify Inc.	\$ 1,179.4	38.2%	\$ (84.9)	27.0x	NM
SMAR	Smartsheet Inc.	\$ 197.6	57.7%	\$ (54.0)	27.7x	NM
DATA	Tableau Software, Inc.	\$ 1,191.6	20.0%	\$ (91.5)	11.5x	NM
ULTI	The Ultimate Software Group, Inc.	\$ 1,198.8	15.8%	\$ 117.0	-	-
UPLD	Upland Software, Inc.	\$ 166.8	37.3%	\$ 40.2	8.5x	35.3x
VRNS	Varonis Systems, Inc.	\$ 270.6	11.8%	\$ (43.0)	6.5x	NM
WIX	Wix.com Ltd.	\$ 679.5	32.3%	\$ (34.5)	10.5x	NM
WDAY	Workday, Inc.	\$ 3,028.6	32.7%	\$ (269.8)	15.2x	NM
WK	Workiva Inc.	\$ 254.4	12.8%	\$ (34.3)	10.0x	NM
YEXT	Yext, Inc.	\$ 246.0	33.6%	\$ (70.8)	8.1x	NM
ZEN	Zendesk, Inc.	\$ 703.1	39.0%	\$ (131.0)	15.2x	NM
ZIXI	Zix Corporation	\$ 83.1	23.1%	\$ 7.2	9.1x	104.1x
ZUO	Zuora, Inc.	\$ 246.9	31.3%	\$ (71.9)	6.2x	NM
Min		\$ 66.0	(4.7%)	\$ (269.8)	-	11.1x
Median		\$ 403.1	19.6%	\$ (10.4)	8.5x	42.7x
Mean		\$ 1,200.8	20.6%	\$ 151.1	9.8x	65.9x
Max		\$ 14,013.0	57.7%	\$ 3,367.6	27.7x	214.5x

OPERATING STATISTICS

FA SaaS Index - Operating Statistics - As of Q2 2019

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
Vertical SaaS Companies							
TWOU	2U, Inc.	23.3%	76.7%	75.3%	16.8%	57.6%	(6.6%)
APPF	AppFolio, Inc.	39.5%	60.5%	33.0%	19.4%	19.3%	8.1%
BKI	Black Knight, Inc.	55.5%	44.5%	1.0%	0.2%	N/A	32.0%
BLKB	Blackbaud, Inc.	45.7%	54.3%	35.7%	13.6%	24.0%	13.9%
EBIX	Ebix, Inc.	32.8%	67.2%	27.6%	8.3%	3.7%	31.7%
FDS	FactSet Research Systems Inc.	46.3%	53.7%	22.8%	15.3%	N/A	35.0%
INOV	Inovalon Holdings, Inc.	25.6%	74.4%	42.5%	5.2%	8.8%	26.7%
INST	Instructure, Inc.	30.9%	69.1%	66.4%	32.0%	47.0%	(22.4%)
MDSO	Medidata Solutions, Inc.	26.4%	73.6%	42.7%	26.2%	24.2%	10.5%
MCO	Moody's Corporation	28.7%	71.3%	24.5%	1.1%	N/A	46.7%
QTWO	Q2 Holdings, Inc.	51.3%	48.7%	39.7%	24.8%	20.6%	(9.5%)
RP	RealPage, Inc.	38.3%	61.7%	31.4%	18.7%	19.0%	16.2%
SPSC	SPS Commerce, Inc.	32.9%	67.1%	43.6%	9.2%	26.6%	18.0%
TEMN	Temenos AG	28.7%	71.3%	27.0%	N/A	17.6%	30.6%
TYL	Tyler Technologies, Inc.	52.9%	47.1%	22.5%	7.2%	N/A	19.8%
VEEV	Veeva Systems Inc.	27.5%	72.5%	26.8%	18.4%	16.9%	29.2%
Min		23.3%	44.5%	1.0%	0.2%	3.7%	(22.4%)
Median		32.9%	67.2%	32.2%	15.3%	19.9%	18.9%
Mean		36.6%	63.4%	35.2%	14.4%	23.8%	17.5%
Max		55.5%	76.7%	75.3%	32.0%	57.6%	46.7%

Horizontal SaaS Companies

EGHT	8x8, Inc.	37.4%	62.6%	73.5%	18.4%	52.2%	(25.1%)
ADBE	Adobe Inc.	14.4%	85.6%	38.2%	17.4%	29.9%	33.3%
ALRM	Alarm.com Holdings, Inc.	35.5%	64.5%	24.8%	22.6%	13.2%	17.1%
AMBR	Amber Road, Inc.	43.6%	56.4%	50.9%	18.8%	26.2%	(7.6%)
TEAM	Atlassian Corporation Plc	17.4%	82.6%	40.0%	47.9%	22.2%	(1.7%)
BNFT	Benefitfocus, Inc.	49.4%	50.6%	46.4%	20.1%	29.4%	(9.4%)
BL	BlackLine, Inc.	22.0%	78.0%	76.8%	18.7%	56.3%	(5.2%)
BOX	Box, Inc.	29.0%	71.0%	64.9%	27.2%	49.8%	(13.7%)
BCOV	Brightcove Inc.	41.5%	58.5%	46.8%	19.9%	34.0%	(4.0%)
CARB	Carbonite, Inc.	21.6%	78.4%	44.4%	20.7%	28.6%	11.6%
CSLT	Castlight Health, Inc.	37.6%	62.4%	43.5%	39.4%	26.1%	(16.1%)
ECOM	ChannelAdvisor Corporation	22.6%	77.4%	65.4%	16.6%	45.3%	0.1%
CTXS	Citrix Systems, Inc.	13.0%	87.0%	48.0%	17.8%	37.0%	26.4%
CSOD	Cornerstone OnDemand, Inc.	25.9%	74.1%	57.0%	21.0%	40.4%	2.9%
COUP	Coupa Software Incorporated	32.5%	67.5%	61.2%	25.4%	40.2%	(14.6%)
DOCU	DocuSign, Inc.	24.2%	75.8%	81.9%	20.4%	63.0%	(21.4%)
EGAN	eGain Corporation	33.3%	66.7%	38.5%	22.3%	26.0%	7.9%
EVBG	Everbridge, Inc.	32.1%	67.9%	67.6%	32.6%	46.4%	(23.0%)
FIVN	Five9, Inc.	40.3%	59.7%	43.5%	13.5%	27.9%	6.8%
HUBS	HubSpot, Inc.	19.5%	80.5%	65.8%	24.7%	51.3%	(5.9%)
INTU	Intuit Inc.	16.6%	83.4%	38.2%	18.7%	28.1%	29.6%
KXS	Kinaxis Inc.	30.8%	69.2%	36.3%	18.1%	23.2%	18.8%
LPSN	LivePerson, Inc.	26.0%	74.0%	61.1%	23.5%	43.5%	(4.5%)
LOGM	LogMeIn, Inc.	24.5%	75.5%	46.2%	15.6%	33.3%	26.6%
MIME	Mimecast Limited	26.7%	73.3%	56.1%	17.0%	40.9%	9.0%

OPERATING STATISTICS, CONT'D

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							
MOBL	MobileIron, Inc.	18.8%	81.2%	62.9%	39.8%	48.1%	(19.6%)
MODN	Model N, Inc.	44.2%	55.8%	50.4%	20.6%	23.7%	(10.1%)
NEWR	New Relic, Inc.	16.2%	83.8%	68.6%	22.7%	53.6%	(1.9%)
PAYC	Paycom Software, Inc.	12.7%	87.3%	42.7%	9.1%	24.7%	33.6%
PCTY	Paylocity Holding Corporation	34.4%	65.6%	45.5%	13.9%	24.2%	13.5%
PEGA	Pegasystems Inc.	34.6%	65.4%	50.8%	21.4%	45.3%	(2.9%)
PFPT	Proofpoint, Inc.	27.1%	72.9%	60.6%	25.3%	47.8%	(3.4%)
QLYS	Qualys, Inc.	23.5%	76.5%	37.6%	19.5%	24.6%	29.7%
RNG	RingCentral, Inc.	24.1%	75.9%	63.6%	14.9%	48.7%	1.1%
CRM	salesforce.com, inc.	25.7%	74.3%	55.8%	14.4%	45.9%	12.6%
SCWX	SecureWorks Corp.	47.3%	52.7%	44.7%	16.7%	27.5%	(0.8%)
NOW	ServiceNow, Inc.	23.6%	76.4%	56.2%	21.3%	45.3%	5.5%
SHOP	Shopify Inc.	44.7%	55.3%	42.1%	22.3%	32.0%	(7.2%)
SMAR	Smartsheet Inc.	18.7%	81.3%	79.6%	34.1%	60.3%	(27.3%)
DATA	Tableau Software, Inc.	12.6%	87.4%	64.9%	33.7%	51.8%	(7.7%)
ULTI	The Ultimate Software Group, Inc.	38.1%	61.9%	37.5%	19.4%	25.0%	9.8%
UPLD	Upland Software, Inc.	31.6%	68.4%	35.1%	13.7%	14.1%	24.1%
VRNS	Varonis Systems, Inc.	11.5%	88.5%	77.2%	27.8%	61.9%	(15.9%)
WIX	Wix.com Ltd.	22.6%	77.4%	51.5%	32.9%	41.3%	(5.1%)
WDAY	Workday, Inc.	29.7%	70.3%	43.7%	42.8%	32.1%	(8.9%)
WK	Workiva Inc.	27.1%	72.9%	55.1%	32.8%	37.2%	(13.5%)
YEXT	Yext, Inc.	24.8%	75.2%	91.3%	15.6%	68.9%	(28.8%)
ZEN	Zendesk, Inc.	30.0%	70.0%	67.1%	26.0%	48.8%	(18.6%)
ZIXI	Zix Corporation	27.4%	72.6%	55.6%	15.0%	N/A	8.7%
ZUO	Zuora, Inc.	49.7%	50.3%	58.6%	24.6%	42.3%	(29.1%)
Min		11.5%	50.3%	24.8%	9.1%	13.2%	(29.1%)
Median		26.9%	73.1%	53.3%	20.7%	40.2%	(3.2%)
Mean		28.4%	71.6%	54.3%	22.8%	38.6%	(0.5%)
Max		49.7%	88.5%	91.3%	47.9%	68.9%	33.6%

BALANCE SHEET METRICS

FA SaaS Index - Balance Sheet Metrics - As of Q2 2019

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, Inc.	(4.3%)	(7.0%)	2.2x	46.3	98.8	35.3%	35.7%
APPF	AppFolio, Inc.	4.3%	32.0%	1.5x	11.3	7.1	47.7%	60.6%
BKI	Black Knight, Inc.	4.4%	9.6%	1.2x	63.4	35.1	54.7%	93.6%
BLKB	Blackbaud, Inc.	2.0%	7.4%	0.8x	54.8	30.6	80.1%	177.5%
EBIX	Ebix, Inc.	7.1%	16.5%	1.5x	95.8	207.2	64.0%	134.4%
FDS	FactSet Research Systems Inc.	18.7%	55.5%	2.9x	38.5	35.5	56.7%	87.7%
INOV	Inovalon Holdings, Inc.	2.0%	(4.7%)	1.9x	61.6	76.4	65.3%	152.7%
INST	Instructure, Inc.	(11.4%)	(39.0%)	1.1x	159.4	42.2	60.0%	32.4%
MDSO	Medidata Solutions, Inc.	1.9%	7.2%	2.6x	89.4	17.3	35.5%	29.2%
MCO	Moody's Corporation	13.0%	241.7%	N/A	N/A	N/A	94.0%	1041.8%
QTWO	Q2 Holdings, Inc.	(5.1%)	(31.7%)	2.1x	26.5	23.0	68.9%	144.3%
RP	RealPage, Inc.	2.7%	4.4%	0.8x	45.7	31.0	49.4%	66.0%
SPSC	SPS Commerce, Inc.	5.4%	9.7%	4.7x	40.8	15.6	19.2%	6.0%
TEMN	Temenos AG	11.2%	69.5%	0.8x	110.1	224.2	78.8%	207.4%
TYL	Tyler Technologies, Inc.	5.3%	10.5%	1.0x	97.9	4.5	28.8%	8.1%
VEEV	Veeva Systems Inc.	10.1%	22.4%	3.7x	72.1	12.7	24.8%	1.4%
Min		(11.4%)	(39.0%)	0.8x	11.3	4.5	19.2%	1.4%
Median		4.4%	9.7%	1.5x	61.6	31.0	55.7%	76.9%
Mean		4.2%	25.2%	1.9x	67.6	57.4	54.0%	142.4%
Max		18.7%	241.7%	4.7x	159.4	224.2	94.0%	1041.8%

Horizontal SaaS Companies

EGHT	8x8, Inc.	(15.3%)	(44.7%)	4.0x	21.3	79.5	58.8%	103.5%
ADBE	Adobe Inc.	10.3%	28.5%	0.7x	42.3	35.7	49.5%	41.7%
ALRM	Alarm.com Holdings, Inc.	8.3%	7.4%	3.2x	41.4	39.7	39.1%	37.1%
AMBR	Amber Road, Inc.	(5.9%)	(39.7%)	0.6x	63.2	24.4	72.7%	101.3%
TEAM	Atlassian Corporation Plc	(1.5%)	(87.5%)	0.9x	20.9	153.3	81.0%	151.0%
BNFT	Benefitfocus, Inc.	(9.0%)	N/A	2.7x	58.9	14.4	103.0%	-2649.7%
BL	BlackLine, Inc.	(4.0%)	(9.2%)	1.3x	98.1	37.1	35.7%	5.2%
BOX	Box, Inc.	(12.3%)	(349.4%)	0.8x	53.4	27.1	96.3%	1293.4%
BCOV	Brightcove Inc.	(4.6%)	(25.4%)	0.8x	63.3	36.9	57.5%	25.3%
CARB	Carbonite, Inc.	0.4%	(4.9%)	0.6x	40.4	32.2	79.0%	248.9%
CSLT	Castlight Health, Inc.	(7.2%)	(15.8%)	1.9x	72.3	50.4	27.4%	10.9%
ECOM	ChannelAdvisor Corporation	(2.6%)	(7.7%)	1.9x	59.7	31.3	39.0%	22.7%
CTXS	Citrix Systems, Inc.	8.3%	92.4%	0.8x	64.3	85.2	87.1%	185.5%
CSOD	Cornerstone OnDemand, Inc.	0.3%	(39.1%)	1.5x	69.2	24.9	90.8%	500.5%
COUP	Coupa Software Incorporated	(4.8%)	(21.3%)	1.1x	72.2	13.3	58.3%	64.6%
DOCU	DocuSign, Inc.	N/A	N/A	1.8x	59.3	34.5	65.6%	103.2%
EGAN	eGain Corporation	4.6%	N/A	1.3x	60.5	47.8	68.3%	0.0%
EVBG	Everbridge, Inc.	(8.2%)	(40.3%)	2.4x	66.2	32.0	56.8%	60.7%
FIVN	Five9, Inc.	1.6%	(1.3%)	6.1x	30.4	21.1	63.7%	143.8%
HUBS	HubSpot, Inc.	(2.7%)	(14.5%)	4.0x	40.9	34.0	56.3%	85.4%
INTU	Intuit Inc.	17.2%	44.9%	1.9x	15.8	118.1	41.2%	11.0%
KXS	Kinaxis Inc.	5.3%	9.5%	2.7x	92.9	38.1	34.8%	6.0%
LPSN	LivePerson, Inc.	(4.9%)	(24.2%)	2.8x	68.7	35.1	61.2%	99.5%
LOGM	LogMeIn, Inc.	0.8%	0.8%	0.5x	25.7	51.7	28.1%	11.1%
MIME	Mimecast Limited	0.1%	(5.1%)	1.3x	78.5	31.1	68.7%	79.7%

BALANCE SHEET METRICS, CONT'D

Ticker	Company Name	Return on Assets	Return on Equity	Current Ratio	Days Sales Outstanding	Days Payable Outstanding	Liabilities/Assets	Debt/Equity
Horizontal SaaS Companies								
MOBL	MobileIron, Inc.	(13.9%)	(81.8%)	1.4x	68.1	18.1	76.5%	37.0%
MODN	Model N, Inc.	(8.5%)	(63.6%)	1.3x	63.6	13.4	66.7%	95.7%
NEWR	New Relic, Inc.	(2.6%)	(14.7%)	2.9x	83.8	31.2	67.7%	115.2%
PAYC	Paycom Software, Inc.	7.5%	40.9%	1.1x	1.5	18.9	76.2%	7.7%
PCTY	Paylocity Holding Corporation	1.4%	17.1%	1.1x	3.6	9.2	86.3%	N/A
PEGA	Pegasystems Inc.	(3.8%)	(4.8%)	1.9x	130.1	14.4	38.5%	9.8%
PFPT	Proofpoint, Inc.	(5.5%)	(27.8%)	0.7x	71.1	30.1	59.9%	10.8%
QLYS	Qualys, Inc.	5.8%	16.6%	1.8x	74.3	5.0	41.3%	11.2%
RNG	RingCentral, Inc.	(1.4%)	(9.5%)	3.0x	44.5	N/A	64.9%	112.9%
CRM	salesforce.com, inc.	1.3%	8.4%	1.0x	51.0	110.8	50.4%	41.2%
SCWX	SecureWorks Corp.	(2.8%)	(4.8%)	1.1x	97.7	32.7	34.5%	4.5%
NOW	ServiceNow, Inc.	(0.5%)	0.3%	1.1x	52.8	24.8	72.6%	87.8%
SHOP	Shopify Inc.	(3.2%)	(3.9%)	12.6x	6.0	70.7	11.4%	4.9%
SMAR	Smartsheet Inc.	(16.4%)	(63.6%)	1.6x	47.5	37.7	55.2%	36.5%
DATA	Tableau Software, Inc.	(5.1%)	(12.4%)	2.6x	75.4	18.3	44.6%	26.4%
ULTI	The Ultimate Software Group, Inc.	1.9%	8.4%	1.0x	67.0	13.1	69.6%	11.5%
UPLD	Upland Software, Inc.	2.4%	(17.1%)	0.6x	72.2	23.3	82.1%	333.4%
VRNS	Varonis Systems, Inc.	(11.2%)	(47.0%)	1.5x	58.7	24.6	67.0%	65.5%
WIX	Wix.com Ltd.	(3.4%)	(42.8%)	1.9x	7.2	100.3	82.7%	236.0%
WDAY	Workday, Inc.	(5.7%)	(24.9%)	1.1x	54.1	13.3	64.9%	74.8%
WK	Workiva Inc.	(11.0%)	N/A	1.0x	64.4	24.1	98.5%	1082.0%
YEXT	Yext, Inc.	(15.7%)	(48.8%)	2.1x	42.3	38.9	46.0%	15.6%
ZEN	Zendesk, Inc.	(7.8%)	(40.1%)	0.7x	45.5	45.9	70.3%	138.5%
ZIXI	Zix Corporation	0.4%	7.4%	0.4x	23.9	119.0	62.3%	118.3%
ZUO	Zuora, Inc.	N/A	N/A	1.9x	75.5	7.6	46.1%	7.7%
Min		(16.4%)	(349.4%)	0.4x	1.5	5.0	11.4%	(2649.7%)
Median		(2.7%)	(12.4%)	1.4x	59.5	32.0	63.0%	60.7%
Mean		(2.6%)	(21.2%)	1.9x	55.2	40.3	61.1%	69.9%
Max		17.2%	92.4%	12.6x	130.1	153.3	103.0%	1293.4%

FOUNDERS SAAS INDEX KEY

Ticker	Company Name	Vertical/Business Description	Website
Vertical SaaS Companies			
TWOJ	2U, Inc.	Higher Education: Learning management system for colleges and universities	https://www.2u.com
APPF	AppFolio, Inc.	Real Estate and Legal: Property management solution for real estate industry; practice and case management solution for the legal industry	https://www.appfolioinc.com
BKI	Black Knight, Inc.	Integrated technology, services, data and analytics to the mortgage and real estate industries	https://www.blackknightinc.com/
BLKB	Blackbaud, Inc.	Cloud software solutions for nonprofits and other charitable giving entities in the United States, Canada, Europe, and Australia	https://www.blackbaud.com/
EBIX	Ebix, Inc.	Insurance: End-to-end solutions ranging from infrastructure exchanges, carrier systems, agency systems and risk compliance solutions to custom software development	https://www.ebix.com
FDS	FactSet Research Systems Inc.	Financial information and analytic software for investment professionals	https://www.factset.com/
INOV	Inovalon Holdings, Inc.	Cloud-based healthcare software and services platform	https://www.inovalon.com/
INST	Instructure, Inc.	Higher Education: Learning management platform for academic institutions and corporations	https://www.instructure.com
MDSO	Medidata Solutions, Inc.	Life Sciences: Data analytics platform for clinical research	https://www.mdsol.com
MCO	Moody's Corporation	Financial analysis software and services	https://www.moody.com/
QTWO	Q2 Holdings, Inc.	Financial: Virtual banking solutions for regional and community banks and credit unions	https://www.q2ebanking.com
RP	RealPage, Inc.	Rental Housing: Property management solutions	https://www.realpage.com
SPSC	SPS Commerce, Inc.	Consumer Packaged Goods/Retail/Distribution: Supply chain management solutions	https://www.spscommerce.com
TEMN	Temenos AG	Enterprise software for banks and financial services	https://www.temenos.com/en/
TYL	Tyler Technologies, Inc.	Integrated software and technology services for the public sector	https://www.tylertech.com/
VEEV	Veeva Systems Inc.	Life Sciences: Content management, CRM, customer master and customer data platforms	https://www.veeva.com
Horizontal SaaS Companies			
EGHT	8x8, Inc.	Communications suite that provides call center solutions, business phone services, collaboration and virtual meetings	https://www.8x8.com
ADBE	Adobe Inc.	Multimedia, creativity and digital marketing software	https://www.adobe.com/
ALRM	Alarm.com Holdings, Inc.	Security, video monitoring, home automation, and energy management solutions for consumers and businesses	https://www.alarm.com
AMBR	Amber Road, Inc.	Global trade management (GTM) solutions	https://www.amberroad.com
TEAM	Atlassian Corporation Plc	Offer project tracking, content creation and sharing, real-time communication, and service management products to large and small organizations	https://www.atlassian.com/
BNFT	Benefitfocus, Inc.	Benefits management platform for employers and carriers	https://www.benefitfocus.com
BL	BlackLine, Inc.	Provides financial accounting close solutions to address various aspects of the financial closing process	https://www.blackline.com/
BOX	Box, Inc.	Application that allows for the storage, management and sharing of content online	https://www.box.com
BCOV	Brightcove Inc.	Media, Marketing & Enterprise: Video marketing suite and video delivery	https://www.brightcove.com
CARB	Carbonite, Inc.	Automatic cloud backup for businesses and consumers	https://www.carbonite.com
CSLT	Castlight Health, Inc.	Health benefits platform that engages employees to make better healthcare decisions and enables employers to communicate and evaluate their benefit programs	https://www.castlighthealth.com
ECOM	ChannelAdvisor Corporation	E-commerce: Platform that enables retailers and brands to manage their e-commerce operations	https://www.channeladvisor.com

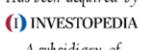
FOUNDERS SAAS INDEX KEY, CONT'D

Ticker	Company Name	Business Description	Website
Horizontal SaaS Companies			
CTXS	Citrix Systems, Inc.	Solutions that power business mobility through secure, mobile workspaces that provide instant access to apps, desktops, data and communications	https://www.citrix.com
CSOD	Cornerstone OnDemand, Inc.	Applications to recruit, train, manage and connect people across an organization	https://www.cornerstoneondemand.com
COUP	Coupa Software Incorporated	Provides a cloud-based spend management platform	http://www.coupa.com/
DOCU	DocuSign, Inc.	Electronic signature technology and digital transaction management services	https://www.docusign.com/
EGAN	eGain Corporation	Customer engagement cloud solutions and knowledge-powered software applications	http://www.egain.com/
EVBG	Everbridge, Inc.	Communications and enterprise safety applications that enable customers to automate and accelerate the process of keeping people safe and businesses running during critical events	https://www.everbridge.com/
FIVN	Five9, Inc.	Contact Centers: Virtual contact center platform	https://www.five9.com
HUBS	HubSpot, Inc.	Customer relationship management, marketing, and sales solutions	https://www.hubspot.com
INTU	Intuit Inc.	Business, financial, accounting and tax preparation software and related services for small businesses, accountants and individuals	https://www.intuit.com/
KXS	Kinaxis Inc.	Manufacturing: Supply chain management solutions	https://www.kinaxis.com
LPSN	LivePerson, Inc.	Enables mobile and online messaging between brands and consumers	https://www.liveperson.com
LOGM	LogMeIn, Inc.	Suite of products that enable individuals and business to securely connect with their workplace, colleagues and customers	https://www.logmeininc.com
MIME	Mimecast Limited	Cloud security and risk management	https://www.mimecast.com
MOBL	MobileIron, Inc.	Enterprise mobility management tools including traditional mobile device management, mobile application management, and mobile content management capabilities	https://www.mobileiron.com
MODN	Model N, Inc.	Life Sciences and Technology: Revenue management solutions	https://www.modeln.com
NEWR	New Relic, Inc.	Software: Analytics platform to monitor software performance	https://www.newrelic.com
PAYC	Paycom Software, Inc.	Human capital management software	https://www.paycom.com
PCTY	Paylocity Holding Corporation	Payroll and human capital management solutions for medium sized organizations	https://www.paylocity.com
PEGA	Pegasystems Inc.	Customer relationship management applications, application development platform, and operations applications	https://www.pega.com
PFPT	Proofpoint, Inc.	Enables large and mid-sized organizations to defend, protect, archive, and govern their sensitive data worldwide	https://www.proofpoint.com/us
QLYS	Qualys, Inc.	Information security and compliance solutions	https://www.qualys.com
RNG	RingCentral, Inc.	Cloud-based business communications	https://www.ringcentral.com
CRM	salesforce.com, inc.	Customer relationship management	https://www.salesforce.com
SCWX	SecureWorks Corp.	Provides information security services, protecting its customers' computers, networks and information assets from malicious activity such as cybercrime	https://www.secureworks.com
NOW	ServiceNow, Inc.	Suite of products including service management, IT service management, IT operations management and business management solutions	https://www.servicenow.com
SHOP	Shopify Inc.	E-commerce/Retail: E-commerce platform for small and medium-sized businesses	https://www.shopify.ca
SMAR	Smartsheet Inc.	Collaboration and work management software application	https://www.smartsheet.com/
DATA	Tableau Software, Inc.	Interactive data visualization and business intelligence software products	https://www.tableau.com/
ULTI	The Ultimate Software Group, Inc.	Human resources and payroll solutions	https://www.ultimatesoftware.com

FOUNDERS SAAS INDEX KEY, CONT'D

Ticker	Company Name	Business Description	Website
Horizontal SaaS Companies			
UPLD	Upland Software, Inc.	Enterprise document and workflow automation, financial management, mobile engagement management, professional services automation applications	https://uplandsoftware.com
VRNS	Varonis Systems, Inc.	Platform that enables enterprises to map, analyze, manage, and migrate their unstructured data	https://www.varonis.com
WIX	Wix.com Ltd.	Web development, design and management through an online platform, enabling businesses, organizations, professionals and individuals to create a digital presence	https://www.wix.com/
WDAY	Workday, Inc.	Financial management and human capital management solutions	https://www.workday.com
WK	Workiva Inc.	All-in-one platform for risk, audit, finance and compliance	https://www.workiva.com
YEXT	Yext, Inc.	Cloud-based network of apps, search engines and other online brand management tools	https://www.yext.com/
ZEN	Zendesk, Inc.	Customer service platform	https://www.zendesk.com
ZIXI	Zix Corporation	Email encryption/security	https://www.zixcorp.com
ZUO	Zuora, Inc.	Recurring billing, collections, quoting, revenue recognition and subscription metrics automation software	https://www.zuora.com/

FOUNDERS TECHNOLOGY TRANSACTIONS

<p>VINCARI</p> <p>Has been acquired by</p>  <p>NUANCE</p> <p>Sell-Side Advisor</p>	<p>KUKUI</p> <p>Has been recapitalized by</p>  <p>SSM PARTNERS</p> <p>Sell-Side Advisor</p>	<p>Predikto</p> <p>Has been acquired by</p>  <p>United Technologies</p> <p>Sell-Side Advisor</p>	<p>COCONSTRUCT BUILD TOGETHER</p> <p>Has been recapitalized by</p>  <p>Serent CAPITAL</p> <p>Financial Advisor</p>	<p>LIVETEXT Learn what's possible</p> <p>Has been acquired by</p>  <p>QUAD PARTNERS</p> <p>Sell-Side Advisor</p>	<p>DepositAccounts</p> <p>Has been acquired by</p>  <p>lendingtree</p> <p>Sell-Side Advisor</p>	<p>TheraNest</p> <p>Has been recapitalized by</p>  <p>GSV GREATER SUM VENTURES</p> <p>Financial Advisor</p>
<p>DoughRoller</p> <p>Has been acquired by</p>  <p>XL MEDIA</p> <p>Sell-Side Advisor</p>	<p>BULLDOG MEDIA GROUP</p> <p>Has been recapitalized by</p>  <p>GO CAPITAL</p> <p>Financial Advisor</p>	<p>money under 30</p> <p>Has been acquired by</p>  <p>XL MEDIA</p> <p>Sell-Side Advisor</p>	<p>FlexOffers.com Smart Rewards to Help to Reduce Costs</p> <p>Has been acquired by</p>  <p>Bankrate, Inc.</p> <p>Sell-Side Advisor</p>	<p>GradesFirst</p> <p>Has been acquired by</p>  <p>The Advisory Board Company</p> <p>Sell-Side Advisor</p>	<p>DAMAC PREMIER RECREATION PRODUCTS</p> <p>Has been acquired by</p>  <p>Maysteel</p> <p>Sell-Side Advisor</p>	<p>K-12 Content & Messaging Platform</p> <p>Has been acquired by</p>  <p>communitybrands</p> <p>Sell-Side Advisor</p>
<p>RothIRA.com</p> <p>Has been acquired by</p>  <p>INVESTOPEDIA A subsidiary of</p>  <p>IAC</p> <p>Sell-Side Advisor</p>	<p>ion INTERACTIVE</p> <p>Has been acquired by</p>  <p>scribble LIVE</p> <p>Sell-Side Advisor</p>	<p>Ministry Brands and</p> <p>in10sity</p> <p>Have been acquired by</p>  <p>PROVIDENCE EQUITY</p> <p>Sell-Side Advisor</p>	<p>ACTEKSOFT INTEGRATE. AUTOMATE. COMPROMISE. RELATE.</p> <p>Has been acquired by</p>  <p>CALLIDUS SOFTWARE</p> <p>Sell-Side Advisor</p>	<p>SHIPT</p> <p>Has secured growth capital from</p>  <p>Harvest Management Corporation</p>  <p>GREYCROFT</p> <p>Strategic Advisor</p>	<p>HEALTH INFORMATION DESIGNS</p> <p>Has been recapitalized by</p>  <p>bv INVESTMENT PARTNERS SINCE 1989</p> <p>Financial Advisor</p>	<p>LowCards.com</p> <p>Has been acquired by</p>  <p>iCommissions</p> <p>Sell-Side Advisor</p>
<p>SmarterServices Helping you make smarter decisions</p> <p>Has been recapitalized by</p>  <p>MAIN LINE EQUITY PARTNERS</p> <p>Sell-Side Advisor</p>	<p>TICKET • BISCUIT</p> <p>Has been recapitalized by</p>  <p>BALLAST POINT VENTURES</p> <p>Financial Advisor</p>	<p>netDirectMerchants</p> <p>Has been recapitalized by</p>  <p>THE MUSTANG GROUP</p> <p>Financial Advisor</p>	<p>of my veggies</p> <p>Has been acquired by</p>  <p>301 Digital Media</p> <p>Sell-Side Advisor</p>	<p>TriNovus</p> <p>Has been acquired by</p>  <p>TEMENOS</p> <p>Sell-Side Advisor</p>	<p>redOrbit</p> <p>Has been acquired by</p>  <p>SCIENCE MATTERS MEDIA</p> <p>Sell-Side Advisor</p>	<p>USDiagnostics Better. Smarter. Results.</p> <p>Has been acquired by</p>  <p>Alere</p> <p>Sell-Side Advisor</p>
<p>SOUTH CYPRESS</p> <p>Has secured growth funding from</p>  <p>FIDELIS CAPITAL</p> <p>Financial Advisor</p>	<p>YOU CARING</p> <p>Has been acquired by</p>  <p>ALPINE INVESTORS, L.P.</p> <p>Sell-Side Advisor</p>	<p>ABOUT AIRPORT PARKING</p> <p>Has been acquired by</p>  <p>OVERSEE.NET</p> <p>Sell-Side Advisor</p>	<p>ElderCareLink</p> <p>Has been acquired by</p>  <p>QUIN STREET</p> <p>Sell-Side Advisor</p>	<p>CreditCardForum For Consumers. By Consumers.</p> <p>Has been acquired by</p> <p>An Undisclosed Strategic Buyer</p> <p>Sell-Side Advisor</p>	<p>BARGAINERING</p> <p>Has been acquired by</p>  <p>Bankrate, Inc.</p> <p>Sell-Side Advisor</p>	<p>Netbook Ratings</p> <p>Has been acquired by</p> <p>iReviews, Inc.</p> <p>Sell-Side Advisor</p>
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 ADVISORS

Technology Team Contacts

Zane Tarence
 Managing Director / Partner
ztarence@foundersib.com

Chris Weingartner
 Director
cweingartner@foundersib.com

Brad Johnson
 Vice President
bjohnson@foundersib.com

Billy Pritchard
 Vice President
bpritchard@foundersib.com

William Short
 Associate
wshort@foundersib.com

Matt Stanford
 Analyst
mstanford@foundersib.com

Rebecca Askew
 Practice Group Manager
raskew@foundersib.com

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