

## SAAS

INDUSTRY UPDATE | June 2020



## NOTABLE & QUOTABLE

*"I don't think it's a major surprise that among the customers today who are undergoing big, complex business solution projects, the number one thing on a CEO's or CFO's mind is risk. This could be the risk of not realizing the full benefits of the technology that's been invested in or the risk of the project failing as a result of investments in the wrong technology." – IFS CEO, Darren Roos*

*"Given this premise, in the SaaS business model, nothing is more important than retaining and expanding your clients. So your Customer Success team and their processes should now be center stage. CEOs need to shift their calendars right away to spend more time with their CSMs and with existing clients. Find ways to scale to reach all of your customers. They are your bedrock during times like this." – Gainsight CEO, Nick Mehta*

*"As we look at the effect of COVID-19 at a global scale and how businesses are responding to the situation, we're reminded of how service, cloud functionalities and remote support are foundational. We are thinking through implications and potential scenarios, but our use of cloud collaboration tools is already very high." – Zendesk CIO, Colleen Berube*

### CASE STUDY

[Patrick Moorhead](#) recaps his time at Zoho's annual analyst day. Zoho has over 50 million users in 180 countries globally. Moorhead points to Zoho's implementation of AI and machine learning into its software as a key factor of success. Zoho has also been able to create an enterprise level subscription service "Zoho1" that combines all 40+ of their apps into one connected operating system for business.

### OUTLOOK

As we move into a more uncertain economic environment, leaders of SaaS companies will be met with a host of new challenges. In this piece, Ed Byrne highlights [how to survive an economic downturn](#) by focusing on surviving the short term without sacrificing company brand and culture in the process.

### SAAS TRENDS

Keeping an eye on upcoming trends is key to staying competitive in a constantly changing market. In this article, SaaS entrepreneur and investor, Sujan Patel, dives into [11 upcoming trends](#) he expects to see soon. Patel outlines focus on sustainability, security risk minimization, specialization, and differentiation as competition for customers and capital surges.

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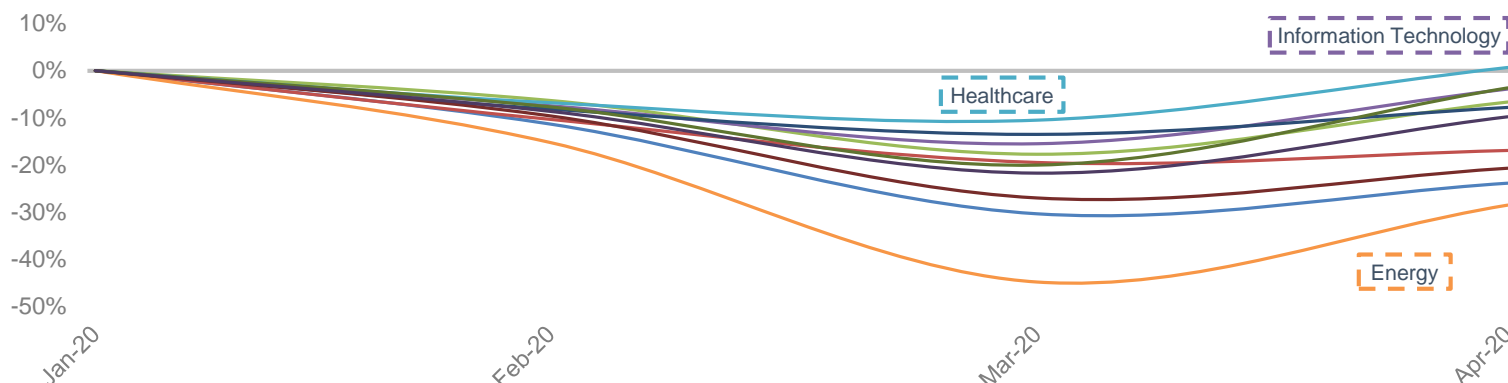
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# COVID-19 PERSPECTIVE: SOFTWARE MARKET BUOYED THROUGHOUT CRISIS

## Software is Insulated from Current Market Dynamics

While the public market saw a >20% pullback in equity values in the first quarter of 2020, the impact to technology companies was significantly muted. Digging further into the IT Sector, Software has actually seen gains YTD, a remarkable feat in the current environment.



### The Good News & What We're Hearing

With increased requirements to work remotely, mission critical software is proving to be just that, **and tech companies that minimize disruption and maximize “status quo” in light of material macro changes are holding value better than any other industry.**

Sheltering in place has given many companies the opportunity to work **on** their business, rather than **in** their business. This has resulted in companies pursuing software solutions that can increase productivity and efficiency, while potentially cutting costs that they had historically been putting off.

## Private Equity Remains Motivated

Private Equity groups have a war chest estimated between **\$1.5 and \$2.0 trillion to invest in and/or acquire businesses and help them grow.** Many sat on the sidelines through the 2008 – 2010 downturn and saw their counterparts who remained active achieve strong returns on investments made during that period. While there is still uncertainty around continued volatility in the public markets, the longer term horizon that PEGs have will enable them to still pursue high-quality companies even in a tough economy.



Funds started in 2006, around the pre-recession market peak, returned a median 8.1%, **while those with a 2009 vintage delivered 13.9% IRR to their limited partners**

Private credit funds, including distressed, direct lending, and special situations, have grown into an \$800 billion industry – Allowing the money to be deployed in a way that wasn't available before



### The Good News & What We're Hearing

While the initial reaction from Private Equity groups was to focus on their existing investments and ensure they're on good footing with a game plan for success, the general consensus is that they're still open for business and looking to deploy capital toward strong companies. While it is too early to definitively know if valuations for private tech companies have reduced, running a competitive process continues to be the best way to ensure owners and management are receiving the strongest valuation and best structure for their companies.

COVID-19 hasn't re-written the rules or metrics for SaaS businesses, and investors continue to focus on the same KPIs and metrics they did before the public health crisis hit. Growth rates, addressable markets, retention/churn rates, gross margins, marketing efficiency, and the mission criticality of software remain the key focus for investors. **Businesses whose performance have held up through the COVID-19 crisis will continue to command interest and strong valuations.**

# COVID-19 PERSPECTIVE: SOFTWARE MARKET BUOYED THROUGHOUT CRISIS

## Big Tech Strategic Buyers Remain Active

In a survey of [305 US CFOs conducted by PwC](#) between April 20 – 22, tech sector leaders indicated stronger bullishness than all other sectors regarding M&A strategy through the rest of 2020. Tech CFO's are less likely to report a decreasing appetite for M&A, with 55% indicating the COVID-19 crisis hasn't changed their M&A strategy, and **15% indicating it has increased their appetite.**



The information technology sector has posted 7.68% gain YTD – The highest gain by any sector throughout the crisis



Tech companies foresee an accelerated path to recovery, with only 11% of tech CFOs saying it would take longer than six months to resume business as usual if the crisis were to end today



Only 13% of TMT companies indicated a decreasing appetite for M&A strategy, compared to 25% of all other industries. 55% of tech CFOs increased no change in their M&A strategy from where they entered 2020

### The Good News & What We're Hearing

As highlighted on page 2, **large tech companies have experienced less of an impact to their valuation than any sector other than healthcare.** After accumulating strong cash positions and healthy balance sheets, they continue to be interested in the right strategic investments that are accretive and enable them to gain market share, cross-selling opportunities, strong teams and new capabilities.

### Active Strategies in Q1

Cornerstone

DocuSign  
TRANSACTION ROOMS

salesforce

Teladoc  
HEALTH

upland

## ACTIVE SaaS VERTICAL EXPERIENCE AND COVERAGE



EdTech



FinTech



Fleet Management



GIS Mapping



GovTech



HCIT



Non-Profits



Payments



PropTech



Supply Chain

## FOUNDERS' CAPABILITIES



Sell-Side Advisory



Strategic Advisory



Capital Raises



Targeted Buy-Side



Divestitures



Recapitalizations

## 17 REASONS

For years, Zane has worked to educate entrepreneurs and help them understand steps they need to take to build a business that will 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.**

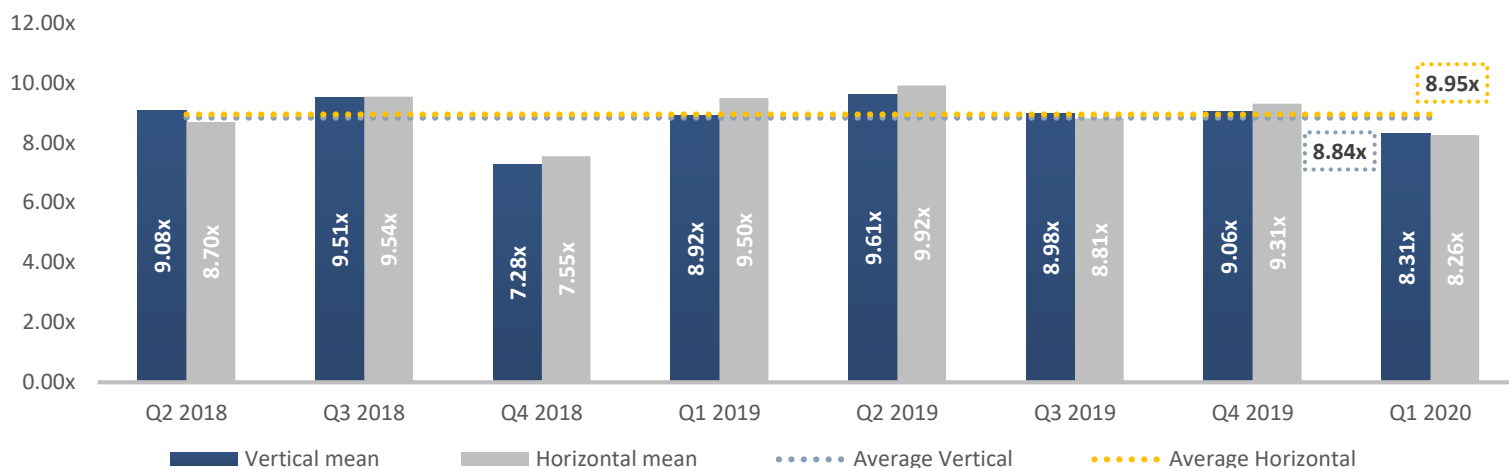
For more information or to order your own copy, visit [www.17-reasons.com](http://www.17-reasons.com)

## RECENT TRANSACTIONS

Announced Date	Target	Buyer	Purchase Price	LTM Revenue	LTM EBITDA	Enterprise Value / LTM Revenue	Enterprise Value / LTM EBITDA
3/10/20	 Blackboard Open LMS	 ltg learning technologies group	\$32	\$16	-	2.0x	5.4x
2/27/20	 Seal	 DocuSign TRANSACTION ROOMS	N/A	-	-	N/A	N/A
2/25/20	 Vlocity INDUSTRY CLOUD APPS	 salesforce	N/A	-	-	N/A	N/A
2/24/20	 saba	 Cornerstone	\$1,295	-	-	N/A	N/A
2/10/20	 ventanex	 REPAY Realtime Electronic Payments	\$50	-	-	N/A	2.6x
2/7/20	 Localytics	 upland	\$68	-	-	N/A	N/A
2/3/20	 ingenico GROUP	 Worldline	\$10,154	\$3,370	\$556	3.0x	18.3x
2/3/20	 INFRAWARE	 BIG TREE CAPITAL	\$83,858	\$21,049	(\$5,206)	4.0x	N/A
1/23/20	 trdc	 Moody's	\$700	-	-	N/A	N/A
1/21/20	 centerfield	 Platinum Equity	N/A	-	-	N/A	N/A
1/13/20	 PLAID	 VISA	N/A	-	-	N/A	N/A
1/12/20	 InTouch Health	 Teladoc HEALTH	\$600	-	-	N/A	N/A
1/9/20	 veeam	 INSIGHT PARTNERS	N/A	\$1,000	-	N/A	N/A
1/6/20	 ARMIS	 INSIGHT PARTNERS	\$1,100	-	-	N/A	N/A

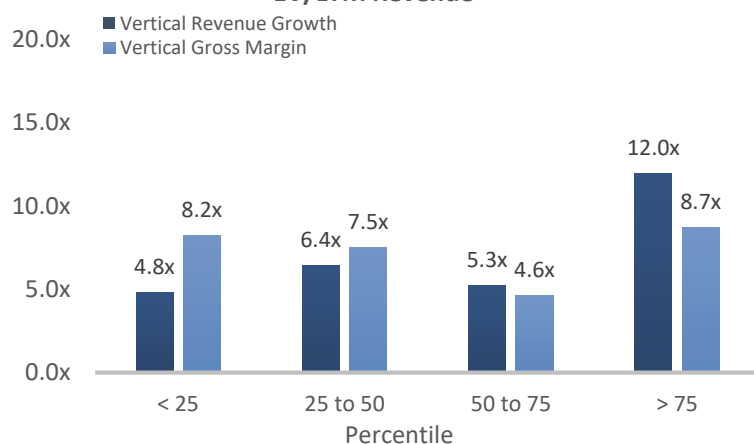
# METRICS OVERVIEW

## Public Vertical & Horizontal EV/LTM Revenue Multiples

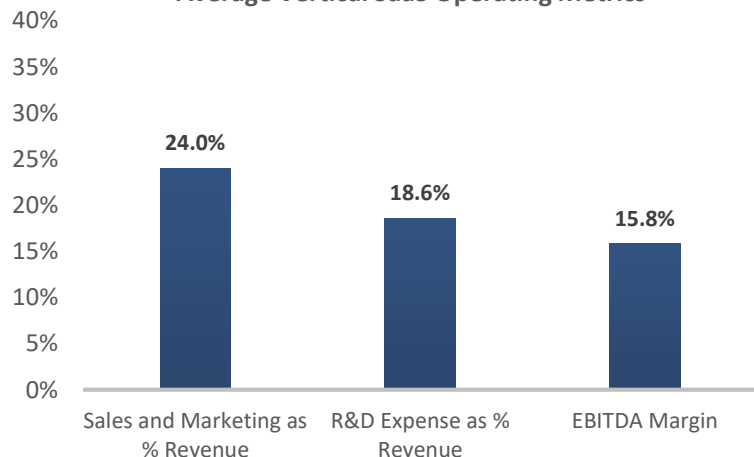


### Public Vertical

#### Percentile Revenue Growth and Margin vs. EV/LTM Revenue

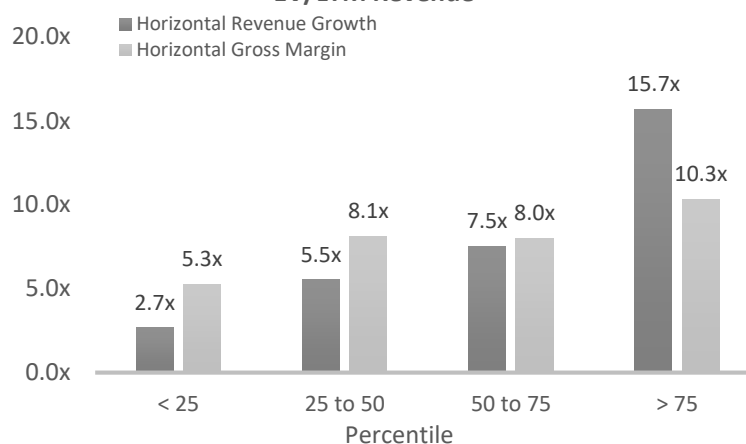


#### Average Vertical SaaS Operating Metrics

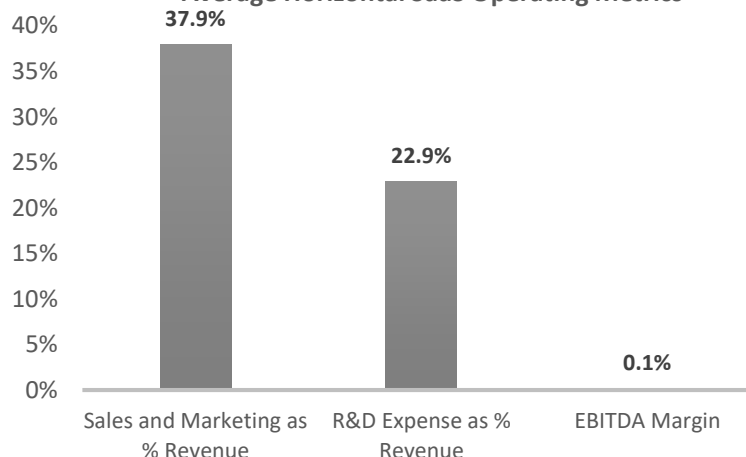


### Public Horizontal

#### Percentile Revenue Growth and Margin vs. EV/LTM Revenue



#### Average Horizontal SaaS Operating Metrics





# VALUATION & GROWTH METRICS

## FA SaaS Index - Valuation & Growth - As of Q1 2020

(In millions)

Ticker	Company Name	LTM Revenue	YoY Growth	LTM EBITDA	Enterprise Value / LTM Revenue	LTM EBITDA
<b>Vertical SaaS Companies</b>						
TWOU	2U, Inc.	\$ 627.9	42.2%	\$ (104.3)	2.6x	NM
APPF	AppFolio, Inc.	\$ 271.4	32.5%	\$ 17.9	15.0x	189.5x
BKI	Black Knight, Inc.	\$ 1,184.8	5.1%	\$ 401.6	8.6x	30.1x
BLKB	Blackbaud, Inc.	\$ 908.2	5.6%	\$ 105.8	3.6x	24.5x
EBIX	Ebix, Inc.	\$ 575.6	8.1%	\$ 148.8	2.1x	6.3x
FDS	FactSet Research Systems Inc.	\$ 1,465.3	5.2%	\$ 508.0	7.1x	19.2x
INOV	Inovalon Holdings, Inc.	\$ 651.1	12.2%	\$ 181.6	5.4x	18.3x
INST	Instructure, Inc.	\$ 258.5	17.7%	\$ (72.1)	-	-
MDSO	Medidata Solutions, Inc.	\$ 684.6	3.7%	\$ 78.1	-	-
MCO	Moody's Corporation	\$ 4,977.0	11.6%	\$ 2,400.0	9.1x	18.4x
QTWO	Q2 Holdings, Inc.	\$ 336.6	30.7%	\$ (44.4)	10.1x	NM
RP	RealPage, Inc.	\$ 1,030.5	14.2%	\$ 173.7	6.0x	31.9x
SPSC	SPS Commerce, Inc.	\$ 286.4	11.8%	\$ 59.5	5.2x	23.7x
TEMN	Temenos AG	\$ 957.6	9.8%	\$ 253.4	10.7x	36.7x
TYL	Tyler Technologies, Inc.	\$ 1,115.9	16.1%	\$ 203.9	10.5x	53.7x
VEEV	Veeva Systems Inc.	\$ 1,104.1	28.1%	\$ 307.4	20.2x	70.7x
Min		\$ 258.5	3.7%	\$ (104.3)	-	6.3x
Median		\$ 796.4	12.0%	\$ 161.2	6.6x	27.3x
Mean		\$ 1,027.2	15.9%	\$ 288.7	7.3x	43.6x
Max		\$ 4,977.0	42.2%	\$ 2,400.0	20.2x	189.5x

## Horizontal SaaS Companies

EGHT	8x8, Inc.	\$ 446.2	26.6%	\$ (139.8)	3.8x	NM
ADBE	Adobe Inc.	\$ 11,661.3	22.1%	\$ 4,077.9	13.2x	36.7x
ALRM	Alarm.com Holdings, Inc.	\$ 542.0	23.2%	\$ 86.7	3.8x	20.5x
AMBR	Amber Road, Inc.	\$ 86.2	0.0%	\$ (6.6)	-	-
TEAM	Atlassian Corporation Plc	\$ 1,518.3	35.3%	\$ 17.4	23.2x	NM
BNFT	Benefitfocus, Inc.	\$ 293.5	10.9%	\$ (11.8)	1.5x	NM
BL	BlackLine, Inc.	\$ 307.4	27.8%	\$ (10.8)	9.6x	NM
BOX	Box, Inc.	\$ 696.3	14.4%	\$ (80.0)	3.4x	NM
BCOV	Brightcove Inc.	\$ 189.3	14.4%	\$ (3.3)	1.4x	72.6x
CARB	Carbacid Investments plc	\$ 6.1	7.5%	\$ 2.7	2.5x	5.6x
CSLT	Castlight Health, Inc.	\$ 146.9	(5.5%)	\$ (30.7)	0.5x	NM
ECOM	ChannelAdvisor Corporation	\$ 130.4	(0.7%)	\$ 14.7	1.3x	10.8x
CTXS	Citrix Systems, Inc.	\$ 3,152.4	5.2%	\$ 774.1	5.9x	23.4x
CSOD	Cornerstone OnDemand, Inc.	\$ 586.5	7.6%	\$ 28.6	3.3x	52.1x
COUP	Coupa Software Incorporated	\$ 389.7	49.7%	\$ (44.9)	23.3x	NM
DOCU	DocuSign, Inc.	\$ 974.0	38.9%	\$ (147.4)	17.2x	NM
EGAN	eGain Corporation	\$ 70.5	6.9%	\$ 6.3	2.7x	27.4x
EVBG	Everbridge, Inc.	\$ 217.0	36.1%	\$ (43.1)	17.7x	NM
FIVN	Five9, Inc.	\$ 348.6	27.5%	\$ 13.7	14.1x	203.4x
HUBS	HubSpot, Inc.	\$ 722.0	31.2%	\$ (33.7)	8.0x	NM
INTU	Intuit Inc.	\$ 7,127.0	13.2%	\$ 2,116.0	8.2x	26.9x
KXS	Kinaxis Inc.	\$ 198.6	24.4%	\$ 38.4	10.5x	46.1x
LPSN	LivePerson, Inc.	\$ 303.3	17.6%	\$ (71.4)	5.1x	NM

## VALUATION & GROWTH METRICS, CONT'D

Ticker	Company Name	LTM Revenue	YoY Growth	LTM EBITDA	Enterprise Value /	
					LTM Revenue	LTM EBITDA
<b>Horizontal SaaS Companies</b>						
LOGM	LogMeIn, Inc.	\$ 1,275.1	3.5%	\$ 316.2	3.4x	11.5x
MIME	Mimecast Limited	\$ 427.0	25.4%	\$ 38.0	5.6x	29.8x
MOBL	MobileIron, Inc.	\$ 206.9	4.7%	\$ (36.2)	1.8x	NM
MODN	Model N, Inc.	\$ 149.7	2.3%	\$ (7.7)	5.1x	NM
NEWR	New Relic, Inc.	\$ 599.5	25.1%	\$ (47.5)	4.4x	NM
PAYC	Paycom Software, Inc.	\$ 780.1	27.4%	\$ 279.1	15.7x	44.6x
PCTY	Paylocity Holding Corporation	\$ 551.1	24.2%	\$ 90.1	9.0x	52.9x
PEGA	Pegasystems Inc.	\$ 964.4	11.0%	\$ (105.6)	6.2x	NM
PFPT	Proofpoint, Inc.	\$ 935.0	23.4%	\$ (33.2)	6.5x	NM
QLYS	Qualys, Inc.	\$ 332.5	14.9%	\$ 108.2	9.8x	27.2x
RNG	RingCentral, Inc.	\$ 968.9	33.7%	\$ (4.3)	20.5x	NM
CRM	salesforce.com, inc.	\$ 17,098.0	28.7%	\$ 2,278.0	7.4x	39.9x
SCWX	SecureWorks Corp.	\$ 552.8	6.6%	\$ (9.2)	1.4x	88.7x
NOW	ServiceNow, Inc.	\$ 3,717.9	32.4%	\$ 380.1	15.6x	150.2x
SHOP	Shopify Inc.	\$ 1,727.7	46.5%	\$ (133.2)	29.5x	NM
SMAR	Smartsheet Inc.	\$ 270.9	52.4%	\$ (90.3)	16.4x	NM
ULTI	The Ultimate Software Group, Inc.	\$ 1,198.8	0.0%	\$ 117.0	-	-
UPLD	Upland Software, Inc.	\$ 242.2	45.2%	\$ 49.0	4.6x	19.7x
VRNS	Varonis Systems, Inc.	\$ 252.0	(7.7%)	\$ (79.6)	7.4x	NM
WIX	Wix.com Ltd.	\$ 802.8	25.4%	\$ (73.4)	6.4x	NM
WDAY	Workday, Inc.	\$ 3,627.2	28.5%	\$ (226.0)	8.2x	NM
WK	Workiva Inc.	\$ 313.7	23.3%	\$ (43.1)	4.5x	NM
YEXT	Yext, Inc.	\$ 298.8	30.9%	\$ (114.0)	3.5x	NM
ZEN	Zendesk, Inc.	\$ 872.4	34.1%	\$ (116.3)	9.0x	NM
ZIXI	Zix Corporation	\$ 196.6	136.5%	\$ 38.6	3.0x	15.8x
ZUO	Zuora, Inc.	\$ 276.1	17.5%	\$ (75.4)	3.0x	NM
	Min	\$ 6.1	(7.7%)	\$ (226.0)	-	5.6x
	Median	\$ 446.2	23.4%	\$ (7.7)	5.9x	29.8x
	Mean	\$ 1,403.1	23.1%	\$ 184.7	7.9x	47.9x
	Max	\$ 17,098.0	136.5%	\$ 4,077.9	29.5x	203.4x

# OPERATING STATISTICS

## FA SaaS Index - Operating Statistics - As of Q1 2020

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
<b>Vertical SaaS Companies</b>							
TWOU	2U, Inc.	29.7%	70.3%	79.4%	20.9%	58.1%	(16.6%)
APPF	AppFolio, Inc.	39.2%	60.8%	33.0%	21.2%	20.2%	6.6%
BKI	Black Knight, Inc.	54.7%	45.3%	N/A	N/A	N/A	33.9%
BLKB	Blackbaud, Inc.	46.6%	53.4%	37.1%	13.6%	25.0%	11.7%
EBIX	Ebix, Inc.	37.6%	62.4%	29.0%	8.1%	3.0%	25.8%
FDS	FactSet Research Systems Inc.	45.9%	54.1%	23.5%	14.7%	N/A	34.7%
INOV	Inovalon Holdings, Inc.	26.4%	73.6%	40.7%	5.0%	9.8%	27.9%
INST	Instructure, Inc.	32.0%	68.0%	69.4%	34.6%	47.1%	(27.9%)
MDSO	Medidata Solutions, Inc.	26.4%	73.6%	41.9%	26.2%	24.2%	11.4%
MCO	Moody's Corporation	27.8%	72.2%	24.0%	N/A	N/A	48.2%
Q TWO	Q2 Holdings, Inc.	53.0%	47.0%	38.8%	29.1%	20.2%	(13.2%)
RP	RealPage, Inc.	39.1%	60.9%	32.0%	16.9%	19.7%	16.9%
SPSC	SPS Commerce, Inc.	33.0%	67.0%	39.9%	10.4%	24.6%	20.8%
TEMN	Temenos AG	29.0%	71.0%	28.1%	33.3%	18.3%	26.5%
TYL	Tyler Technologies, Inc.	52.5%	47.5%	23.9%	7.6%	N/A	18.3%
VEEV	Veeva Systems Inc.	27.5%	72.5%	27.5%	19.0%	17.2%	27.8%
	Min	26.4%	45.3%	23.5%	5.0%	3.0%	(27.9%)
	Median	35.3%	64.7%	33.0%	18.0%	20.2%	19.5%
	Mean	37.5%	62.5%	37.9%	18.6%	24.0%	15.8%
	Max	54.7%	73.6%	79.4%	34.6%	58.1%	48.2%

## Horizontal SaaS Companies

EGHT	8x8, Inc.	45.1%	54.9%	72.9%	17.4%	53.8%	(31.3%)
ADBE	Adobe Inc.	14.8%	85.2%	36.5%	17.1%	28.5%	35.0%
ALRM	Alarm.com Holdings, Inc.	37.4%	62.6%	22.5%	23.9%	12.1%	16.0%
AMBR	Amber Road, Inc.	43.6%	56.4%	50.9%	18.8%	26.2%	(7.6%)
TEAM	Atlassian Corporation Plc	17.1%	82.9%	36.3%	49.7%	19.7%	1.1%
BNFT	Benefitfocus, Inc.	49.4%	50.6%	39.4%	20.1%	24.5%	(4.0%)
BL	BlackLine, Inc.	20.0%	80.0%	74.1%	17.0%	54.6%	(3.5%)
BOX	Box, Inc.	31.0%	69.0%	60.4%	28.7%	45.6%	(11.5%)
BCOV	Brightcove Inc.	40.7%	59.3%	45.9%	20.0%	31.6%	(1.7%)
CARB	Carbacid Investments plc	36.5%	63.5%	28.0%	N/A	N/A	44.0%
CSLT	Castlight Health, Inc.	40.5%	59.5%	45.7%	38.9%	27.1%	(20.9%)
ECOM	ChannelAdvisor Corporation	21.7%	78.3%	56.8%	15.2%	38.7%	11.3%
CTXS	Citrix Systems, Inc.	13.4%	86.6%	47.8%	17.6%	37.6%	24.6%
CSOD	Cornerstone OnDemand, Inc.	26.8%	73.2%	54.0%	21.7%	39.0%	4.9%
COUP	Coupa Software Incorporated	35.7%	64.3%	58.3%	24.8%	39.8%	(11.5%)
DOCU	DocuSign, Inc.	24.7%	75.3%	75.8%	19.5%	60.7%	(15.1%)
EGAN	eGain Corporation	30.9%	69.1%	38.5%	22.5%	27.3%	8.9%
EVBG	Everbridge, Inc.	32.5%	67.5%	69.0%	28.9%	44.8%	(19.9%)
FIVN	Five9, Inc.	41.2%	58.8%	44.7%	14.3%	29.9%	3.9%
HUBS	HubSpot, Inc.	19.2%	80.8%	64.5%	25.2%	51.0%	(4.7%)
INTU	Intuit Inc.	17.4%	82.6%	37.0%	18.7%	28.2%	29.7%
KXS	Kinaxis Inc.	29.0%	71.0%	37.5%	18.0%	23.6%	19.3%
LPSN	LivePerson, Inc.	27.4%	72.6%	72.9%	29.6%	54.9%	(23.5%)
LOGM	LogMeIn, Inc.	25.9%	74.1%	47.0%	15.2%	35.6%	24.8%
MIME	Mimecast Limited	25.6%	74.4%	54.1%	18.9%	39.6%	8.9%



## 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
<b>Horizontal SaaS Companies</b>							
MOBL	MobileIron, Inc.	20.6%	79.4%	61.4%	37.1%	47.0%	(17.5%)
MODN	Model N, Inc.	43.9%	56.1%	43.4%	21.9%	24.2%	(5.1%)
NEWR	New Relic, Inc.	17.2%	82.8%	72.1%	25.5%	55.8%	(7.9%)
PAYC	Paycom Software, Inc.	11.4%	88.6%	40.7%	9.8%	25.0%	35.8%
PCTY	Paylocity Holding Corporation	32.0%	68.0%	44.4%	13.8%	26.1%	16.4%
PEGA	Pegasystems Inc.	32.7%	67.3%	58.2%	22.1%	52.0%	(11.0%)
PFPT	Proofpoint, Inc.	26.7%	73.3%	59.5%	26.4%	47.4%	(3.5%)
QLYS	Qualys, Inc.	21.1%	78.9%	34.0%	21.2%	21.6%	32.6%
RNG	RingCentral, Inc.	26.2%	73.8%	63.9%	15.2%	47.5%	(0.4%)
CRM	salesforce.com, inc.	24.8%	75.2%	56.1%	16.2%	46.4%	13.3%
SCWX	SecureWorks Corp.	45.7%	54.3%	46.5%	17.2%	28.5%	(1.7%)
NOW	ServiceNow, Inc.	22.4%	77.6%	53.1%	21.6%	43.4%	10.2%
SHOP	Shopify Inc.	45.5%	54.5%	41.0%	23.3%	30.0%	(7.7%)
SMAR	Smartsheet Inc.	19.5%	80.5%	83.5%	36.1%	65.0%	(33.3%)
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%	38.8%	13.4%	16.2%	20.2%
VRNS	Varonis Systems, Inc.	14.6%	85.4%	85.2%	33.6%	66.9%	(31.6%)
WIX	Wix.com Ltd.	27.3%	72.7%	51.2%	32.8%	39.6%	(9.1%)
WDAY	Workday, Inc.	29.4%	70.6%	41.7%	42.7%	31.6%	(6.2%)
WK	Workiva Inc.	28.0%	72.0%	58.2%	29.0%	41.8%	(13.8%)
YEXT	Yext, Inc.	25.8%	74.2%	97.6%	16.5%	73.0%	(38.1%)
ZEN	Zendesk, Inc.	27.3%	72.7%	64.7%	25.4%	49.2%	(13.3%)
ZIXI	Zix Corporation	46.7%	53.3%	37.6%	11.0%	2.2%	19.6%
ZUO	Zuora, Inc.	48.6%	51.4%	55.5%	27.9%	39.2%	(27.3%)
Min		11.4%	50.6%	22.5%	9.8%	2.2%	(38.1%)
Median		27.4%	72.6%	51.2%	21.4%	38.8%	(3.5%)
Mean		29.7%	70.3%	53.0%	22.9%	37.9%	0.1%
Max		49.4%	88.6%	97.6%	49.7%	73.0%	44.0%

# BALANCE SHEET METRICS





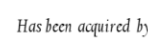

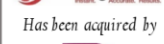



## FA SaaS Index - Balance Sheet Metrics - As of Q1 2020

Ticker	Company Name	Return on Assets	Return on Equity	Current Ratio	Days Sales Outstanding	Days Payable Outstanding	Liabilities/Assets	Debt/Equity
<b>Vertical SaaS Companies</b>								
TWOU	2U, Inc.	(11.5%)	(40.5%)	1.4x	42.5	60.8	44.5%	49.7%
APPF	AppFolio, Inc.	2.4%	31.4%	2.4x	11.9	7.0	57.4%	107.5%
BKI	Black Knight, Inc.	4.7%	7.1%	1.3x	60.8	34.9	53.0%	87.8%
BLKB	Blackbaud, Inc.	1.5%	4.7%	0.7x	36.3	33.4	77.2%	170.3%
EBIX	Ebix, Inc.	5.5%	15.8%	1.7x	99.0	161.5	62.0%	127.9%
FDS	FactSet Research Systems Inc.	17.0%	55.7%	2.6x	43.0	37.3	60.8%	119.9%
INOV	Inovalon Holdings, Inc.	2.3%	2.2%	2.9x	69.3	66.2	66.6%	170.5%
INST	Instructure, Inc.	(16.8%)	(59.0%)	1.0x	51.9	40.1	60.4%	33.2%
MDSO	Medidata Solutions, Inc.	2.2%	7.2%	2.6x	89.4	17.3	35.5%	30.1%
MCO	Moody's Corporation	13.2%	272.9%	1.7x	99.8	6.0	92.9%	911.9%
QTWO	Q2 Holdings, Inc.	(5.5%)	(33.4%)	1.3x	26.0	23.7	64.0%	131.2%
RP	RealPage, Inc.	2.4%	4.6%	1.2x	45.6	31.8	60.2%	107.7%
SPSC	SPS Commerce, Inc.	6.3%	10.6%	4.7x	37.5	17.4	19.2%	6.4%
TEMN	Temenos AG	7.3%	42.8%	0.8x	103.2	236.4	81.2%	268.3%
TYL	Tyler Technologies, Inc.	4.7%	10.9%	1.6x	101.2	5.9	22.8%	1.3%
VEEV	Veeva Systems Inc.	9.2%	20.7%	2.8x	123.0	17.2	26.7%	3.3%
	Min	(16.8%)	(59.0%)	0.7x	11.9	5.9	19.2%	1.3%
	Median	3.5%	8.9%	1.6x	56.4	32.6	60.3%	107.6%
	Mean	2.8%	22.1%	1.9x	65.0	49.8	55.3%	145.4%
	Max	17.0%	272.9%	4.7x	123.0	236.4	92.9%	911.9%
<b>Horizontal SaaS Companies</b>								
EGHT	8x8, Inc.	(15.8%)	(78.3%)	2.2x	35.8	66.0	72.8%	204.4%
ADBE	Adobe Inc.	10.8%	31.8%	1.2x	42.6	43.2	50.7%	45.0%
ALRM	Alarm.com Holdings, Inc.	7.5%	15.8%	4.0x	46.6	50.8	39.6%	43.0%
AMBR	Amber Road, Inc.	(5.9%)	(39.7%)	0.6x	63.2	24.4	72.7%	101.3%
TEAM	Atlassian Corporation Plc	(0.3%)	(26.8%)	1.0x	20.5	39.7	77.5%	140.3%
BNFT	Benefitfocus, Inc.	(3.9%)	N/A	2.5x	54.8	13.9	113.5%	-688.0%
BL	BlackLine, Inc.	(2.2%)	(9.4%)	3.6x	96.7	46.3	60.2%	100.3%
BOX	Box, Inc.	(10.8%)	(537.0%)	0.8x	100.8	27.2	97.7%	1898.9%
BCOV	Brightcove Inc.	(3.2%)	(36.3%)	0.8x	52.6	48.1	61.8%	37.7%
CARB	Carbacid Investments plc	4.1%	8.6%	5.7x	68.9	16.5	10.7%	N/A
CSLT	Castlight Health, Inc.	(10.3%)	(55.4%)	1.8x	90.7	67.9	33.5%	15.7%
ECOM	ChannelAdvisor Corporation	4.0%	8.1%	2.5x	60.9	15.4	30.1%	14.7%
CTXS	Citrix Systems, Inc.	8.6%	448.1%	0.8x	68.7	81.9	105.1%	-905.3%
CSOD	Cornerstone OnDemand, Inc.	1.1%	(11.2%)	1.6x	58.3	15.9	80.5%	202.6%
COUP	Coupa Software Incorporated	(3.7%)	(23.9%)	1.8x	100.1	11.8	72.0%	175.8%
DOCU	DocuSign, Inc.	(6.9%)	(35.9%)	1.4x	81.6	36.2	71.1%	118.7%
EGAN	eGain Corporation	4.9%	19.7%	1.5x	74.0	45.9	59.6%	11.3%
EVBG	Everbridge, Inc.	(5.3%)	(30.4%)	3.1x	90.2	33.5	73.7%	195.1%
FIVN	Five9, Inc.	(0.1%)	(5.6%)	5.5x	35.1	19.9	59.0%	110.2%
HUBS	HubSpot, Inc.	(2.2%)	(9.6%)	3.4x	38.1	33.7	58.3%	92.4%
INTU	Intuit Inc.	19.8%	50.0%	1.7x	29.6	125.5	44.4%	20.2%
KXS	Kinaxis Inc.	5.8%	10.0%	2.9x	99.2	24.7	32.8%	3.4%
LPSN	LivePerson, Inc.	(11.7%)	(67.7%)	1.7x	67.8	39.6	70.1%	137.0%
LOGM	LogMeIn, Inc.	0.8%	(0.6%)	0.6x	29.0	49.4	29.4%	11.2%
MIME	Mimecast Limited	0.6%	(1.1%)	1.0x	76.6	40.8	68.2%	99.1%

## 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
<b>Horizontal SaaS Companies</b>								
MOBL	MobileIron, Inc.	(12.3%)	(104.5%)	1.3x	67.1	15.7	81.4%	38.9%
MODN	Model N, Inc.	(5.2%)	(28.7%)	1.4x	56.1	15.6	64.2%	73.1%
NEWR	New Relic, Inc.	(4.5%)	(24.4%)	2.7x	81.8	40.4	68.8%	125.7%
PAYC	Paycom Software, Inc.	7.2%	39.3%	1.1x	2.8	20.2	74.0%	9.1%
PCTY	Paylocity Holding Corporation	2.0%	21.1%	1.1x	3.8	9.3	83.4%	22.1%
PEGA	Pegasystems Inc.	(6.4%)	(15.1%)	2.9x	129.1	22.8	61.6%	100.3%
PFPT	Proofpoint, Inc.	(4.1%)	(33.1%)	1.6x	65.6	17.6	75.7%	146.0%
QLYS	Qualys, Inc.	7.3%	19.7%	1.8x	77.4	3.2	43.5%	12.8%
RNG	RingCentral, Inc.	(2.2%)	(26.3%)	3.2x	49.2	39.4	73.8%	221.1%
CRM	salesforce.com, inc.	0.7%	0.5%	1.1x	125.5	186.0	38.5%	18.5%
SCWX	SecureWorks Corp.	(3.1%)	(4.7%)	1.1x	83.3	25.1	36.4%	4.4%
NOW	ServiceNow, Inc.	1.3%	39.1%	1.0x	51.1	24.7	63.4%	53.1%
SHOP	Shopify Inc.	(3.6%)	(5.1%)	9.5x	6.9	79.1	12.4%	4.7%
SMAR	Smartsheet Inc.	(11.7%)	(28.2%)	2.7x	58.6	42.8	35.6%	12.7%
ULTI	The Ultimate Software Group, Inc.	1.9%	8.4%	1.0x	67.0	13.1	69.6%	11.5%
UPLD	Upland Software, Inc.	0.9%	(47.2%)	1.3x	75.1	19.3	82.0%	357.4%
VRNS	Varonis Systems, Inc.	(18.3%)	(92.1%)	1.2x	58.1	7.2	72.1%	78.4%
WIX	Wix.com Ltd.	(5.4%)	(51.3%)	1.6x	8.1	80.2	81.9%	212.2%
WDAY	Workday, Inc.	(5.1%)	(21.6%)	1.0x	79.6	14.8	63.5%	63.1%
WK	Workiva Inc.	(6.6%)	(139.2%)	2.5x	56.0	18.1	89.2%	465.0%
YEXT	Yext, Inc.	(18.0%)	(85.1%)	1.5x	83.0	41.8	64.3%	61.5%
ZEN	Zendesk, Inc.	(6.6%)	(38.6%)	1.4x	40.2	42.8	69.8%	132.9%
ZIXI	Zix Corporation	1.4%	(6.2%)	0.5x	21.2	57.9	64.8%	135.7%
ZUO	Zuora, Inc.	(14.7%)	(48.1%)	1.6x	88.5	4.9	59.1%	47.7%
Min		(18.3%)	(537.0%)	0.5x	2.8	3.2	10.7%	(905.3%)
Median		(3.1%)	(18.4%)	1.6x	63.2	33.5	64.8%	68.1%
Mean		(2.4%)	(21.8%)	2.0x	61.6	38.0	62.7%	95.7%
Max		19.8%	448.1%	9.5x	129.1	186.0	113.5%	1898.9%

# FOUNDERS TECHNOLOGY TRANSACTIONS

<b>VINCARI</b> <i>Has been acquired by</i>  <b>NUANCE</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>SSM PARTNERS</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>Kalibrate</b> Sell-Side Advisor	<b>COCONSTRUCT</b> BUILD TOGETHER <i>Has been recapitalized by</i>  <b>Serent CAPITAL</b> Financial Advisor	<b>Vertical SaaS Company</b> <i>Has been acquired by</i>  <b>INSIGHT VENTURE PARTNERS</b> Sell-Side Advisor	<b>PREsenso.</b> <i>Has been acquired by</i>  <b>SKF</b> Sell-Side Advisor	<b>NXGEN</b> <i>Has been recapitalized by</i>  <b>PARTHENON CAPITAL PARTNERS</b> Financial Advisor
<b>Vertical Software Provider</b> <i>Has been recapitalized by</i>  <b>GSV GREATER SUM VENTURES</b> Financial Advisor	 <i>Has been recapitalized by</i>  <b>aramark</b> Financial Advisor	<b>Predikto</b> <i>Has been acquired by</i>  <b>United Technologies</b> Sell-Side Advisor	<b>Software Application Provider</b> <i>Has been acquired by</i>  <b>amazon</b> Financial Advisor	<b>LIVETEXT</b> Learn what's possible. <i>Has been acquired by</i>  <b>QUAD PARTNERS</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>Maysteel</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>Diligent</b> Sell-Side Advisor
<b>K-12 Content &amp; Messaging Platform</b> <i>Has been acquired by</i>  <b>communitybrands</b> Sell-Side Advisor	 <i>Has been recapitalized by</i>  <b>GO CAPITAL</b> Financial Advisor	 <i>Has been acquired by</i>  <b>SPS COMMERCE</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>XL MEDIA</b> Sell-Side Advisor	 <i>Has been recapitalized by</i>  <b>GSV GREATER SUM VENTURES</b> Financial Advisor	 <i>Has been recapitalized by</i>  <b>bv INVESTMENT PARTNERS</b> Financial Advisor	<b>LowCards.com</b> <i>Has been acquired by</i>  <b>iCommissions</b> Sell-Side Advisor
 <i>Has been acquired by</i>  <b>INVESTOPEDIA</b> <i>A subsidiary of</i>  <b>IAC</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>scribble LIVE</b> Sell-Side Advisor	 <i>Have been acquired by</i>  <b>PROVIDENCE EQUITY</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>Bankrate, Inc.</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>The Advisory Board Company</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>SCIENCE MATTERS MEDIA</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>XL MEDIA</b> Sell-Side Advisor
 <i>Has been recapitalized by</i>  <b>MAIN LINE EQUITY PARTNERS</b> Sell-Side Advisor	 <i>Has been recapitalized by</i>  <b>BALLAST POINT VENTURES</b> Financial Advisor	 <i>Has been recapitalized by</i>  <b>THE MUSTANG GROUP</b> Financial Advisor	 <i>Has been acquired by</i>  <b>CALLIDUS SOFTWARE</b> Sell-Side Advisor	 <i>Has secured growth capital from</i>  <b>GREYCROFT</b> Strategic Advisor	 <i>Has been acquired by</i>  <b>lendingtree</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>Alere</b> Sell-Side Advisor
<b>SOUTH CYPRESS</b> <i>Has secured growth funding from</i> <b>FIDELIS CAPITAL</b> Financial Advisor	 <i>Has been acquired by</i>  <b>ALPINE INVESTORS, L.P.</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>OVERSEE.NET</b> Sell-Side Advisor	 <i>Has been acquired by</i> <b>301 Digital Media</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>TEMENOS</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>Bankrate, Inc.</b> Sell-Side Advisor	<b>Top Insurance Lead-Gen Company</b> <i>Has been acquired by</i>  <b>Bankrate, Inc.</b> Financial Advisor
 <i>Has been acquired by</i>  <b>USA TODAY</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>Internet Brands</b> Sell-Side Advisor	 <i>Has secured growth funding from</i>  <b>C&amp;G CAPITAL PARTNERS</b> Financial Advisor	 <i>Has been acquired by</i>  <b>QUIN STREET</b> Sell-Side Advisor	 <i>Has been acquired by</i> <b>An Undisclosed Strategic Buyer</b> Sell-Side Advisor	<b>PORTFOLIO OF TRUCKING EMPLOYMENT WEBSITES OWNED BY</b> <i>Has been acquired by</i>  <b>Internet Brands</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>BlueWhaleWeb</b> Sell-Side Advisor
 <i>Has been acquired by</i>  <b>QUIN STREET</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>SoftWare</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>QUIN STREET</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>Bankrate, Inc.</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>Internet Brands</b> Sell-Side Advisor	 <i>Has been acquired by</i>  <b>QUIN STREET</b> Sell-Side Advisor	 <i>Has been recapitalized by</i>  <b>T2 MEDIA</b> Financial Advisor





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VALUE | LIQUIDITY | GROWTH

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