

SAAS

INDUSTRY UPDATE | Q1 2022



NOTABLE & QUOTABLE

“...The dramatic stimulus-fueled recovery from the COVID-19 pandemic, the likely need for rapidly raising rates and the required reversal of QE, and the war in Ukraine and the sanctions on Russia. They present completely different circumstances than what we’ve experienced in the past – and their confluence may dramatically increase the risks ahead.” –JP Morgan Chairman & CEO, Jamie Dimon, in his 2022 Letter to Shareholders

“All businesses must redefine how we engage with customers and deliver digital experiences at unprecedented scale.” –Adobe CEO, Shantanu Narayen, at Adobe Summit 2022

“About a decade ago, people were stealing or hacking into personal devices so they could impress their hacker buddies. Today there is a market for mass volumes of personal data. The number of use cases for how that data can be used have increased substantially. For example, you used to file your taxes by mail; now you file them online. The number of ways that your data can be put to work as an attack vector have increased. Last year, consumers had \$3.3 billion stolen in cybercrime acts. Home theft was \$2.7 billion..” –Aura Founder & CEO, Hari Ravichandran, discussing digital security in a recent interview

GROWTH

Orlando Bravo of Thoma Bravo sat down recently with CNBC to discuss the recent revaluation in tech and growing cybersecurity risk from Europe. Bravo noted that the mantra in software of ‘growth at all costs’ is over and that investors are shifting the focus from momentum to growth and profitability. This mindset shift has implications for business owners seeking to attract investment interest. Read the [entire discussion here](#).

OUTLOOK

JP Morgan’s Annual Report includes Chairman & CEO Jamie Dimon’s Letter to Shareholders. Dimon’s writings are a key source of thought leadership for bankers and is important reading for investors and business owners too. In this [most recent letter](#), Dimon tackles issues that are top-of-mind for business owners: state of the US economy, inflation and interest rate risks, and geopolitical risks stemming from the crisis in Ukraine.

SAAS METRICS

Founders coaches its clients on how investors assess SaaS businesses and shares thoughts from top minds in the space. SaaS veteran Nick Mehta has successfully built and sold a SaaS business and now serves as CEO of Gainsight, a customer success platform for SaaS businesses. Mehta sat down recently with a top partner in McKinsey’s software practice to discuss [two key factors for building enterprise value](#): net retention and customer success.

Technology Team Contacts

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

Chris Weingartner | *Director*
cweingartner@foundersib.com

Brad Johnson | *Director*
bjohnson@foundersib.com

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

William Short | *Vice President*
wshort@foundersib.com

Chris Jenkins | *Senior Associate*
cjenkins@foundersib.com

Peter Maluff | *Senior Analyst*
pmaluff@foundersib.com

Swede Umbach | *Analyst*
sumbach@foundersib.com

Tate Fowler | *Analyst*
tfowler@foundersib.com

Rachael Fairchild | *Practice Manager*
rfairchild@foundersib.com

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DEFERRED REVENUE

What is Deferred Revenue?

If a software company offers its customers the ability to prepay on longer-term contracts, Deferred Revenue becomes an important consideration during the transaction process. Generally, a prepayment from the customer creates a future liability for that company to service the customer over the life or term of the contract. That future liability is commonly referred to as Deferred Revenue.

Accounting Issues with a Transaction

If a company is operating under a cash-basis accounting methodology, a prepaid annual contract would result in the company recognizing the full amount of that contract at the time of payment. However, the cash-basis balance sheet would not reflect the continued liability of servicing that customer moving forward. We often see founder led businesses operate under a cash-basis methodology, thus the Deferred Revenue concept is largely ignored.

In accrual-basis accounting, a prepaid annual contract is treated differently in a few ways. First, the revenue would be recognized over the life of the contract or “as the revenue is earned.” With most software contracts, this would result in a pro-rated monthly revenue recognition over the life of the contract. Second, the prepaid annual contract would create the Deferred Revenue liability on the Balance Sheet. Each month as the revenue is recognized, the Deferred Revenue liability would be reduced by the same amount.

Most private equity and strategic buyers operate under an accrual-based accounting methodology. Therefore, when going through a transaction process, a Buyer & Seller can face challenges resulting from this accounting conversion at the time of closing and during the post-closing integration period.

Deferred Revenue & Closing Impacts

Aside from these accounting nuances discussed above, Deferred Revenue can present proceeds impacts for the Seller at the closing table. Depending on the timing of a prepaid contract in relation to a transaction close date, buyers can view those prepayments as penalizing to them – the Seller gets the benefit of 100% of the cash from that customer contract, yet the buyer is on the hook for the future service of that contract post close. In most cases, this is why Buyers push to quantify the outstanding amount of Deferred Revenue and negotiate that impact into the transaction. By treating Deferred Revenue as a liability in the transaction (either as true Indebtedness or in the Net Working Capital considerations), Buyers are able to offset some or all of that future liability through a reduction in Seller Proceeds or through a more favorable Net Working Capital structure for the buyer.

Key Considerations

We actively encourage Sellers to have a full understanding of any Deferred Revenue in their business before diving into detailed legal discussions. While we generally are comfortable agreeing that there is some liability associated with servicing & supporting those customers moving forward, it is overly penalizing to a Seller to quantify that full prepayment amount as a true liability. Good software businesses operate at attractive margins. Therefore, \$1 of revenue does not create \$1 of future liability to service that customer.

A generally agreed upon middle ground approach in software transactions is to look at the “Cost of Service” for those customers moving forward. We look to work with Sellers to understand the Cost of Service by focusing on the true costs the buyer will incur post-closing (hosting, customer support, payment processing, etc.). A software business that tracks and allocates expenses appropriately for its Gross Margin metrics is well positioned to support and defend a reduced Deferred Revenue liability. Often times, this “Cost of Service” approach can save significant dollars at the closing table, which is why it is crucial for Sellers to have full awareness of Deferred Revenue when diving into transaction negotiations.

DEFERRED REVENUE (CONTINUED)

Illustrative Example

Below is an Illustrative Example on the various ways Deferred Revenue can impact a transaction from a closing proceeds perspective:

Key Assumptions:

- Total deferred revenue balance = \$3,000,000
- Gross Margin = 80% / Cost of Service = 20%
- For Seller Friendly Approach, Current Assets are sufficient to offset a portion of the Cost of Service

Buyer Friendly Approach

Buyers will often push for the definition of Indebtedness to include the full amount of Deferred Revenue, creating a direct dollar-for-dollar Purchase Price impact.

Closing Consideration Summary

Initial Closing Purchase Price	\$ 100,000,000.00
PLUS: Closing Cash	1,000,000.00
MINUS: RWI Escrow Amount	(500,000.00)
MINUS: Indebtedness	(3,000,000.00)
MINUS: Transaction Expenses	(1,500,000.00)
PLUS / (MINUS): NWC Adjustment	-
Closing Proceeds Payment	\$ 96,000,000.00

Seller Friendly Approach

Depending on other aspects of a Seller's Balance Sheet, Deferred Revenue can be treated as a Current Liability for Net Working Capital purposes, potentially creating a minimal impact to the Purchase Price.

Closing Consideration Summary

Initial Closing Purchase Price	\$ 100,000,000.00
PLUS: Closing Cash	1,000,000.00
MINUS: RWI Escrow Amount	(500,000.00)
MINUS: Indebtedness	-
MINUS: Transaction Expenses	(1,500,000.00)
PLUS / (MINUS): NWC Adjustment	(200,000.00)
Closing Proceeds Payment	\$ 98,800,000.00

Cost of Service "Middle Ground"

To meet in the middle, parties often can agree to reduce the Deferred Revenue liability to a true "Cost of Service" metric which is generally based on the Gross Margin of the operating business.

Closing Consideration Summary

Initial Closing Purchase Price	\$ 100,000,000.00
PLUS: Closing Cash	1,000,000.00
MINUS: RWI Escrow Amount	(500,000.00)
MINUS: Indebtedness	(600,000.00)
MINUS: Transaction Expenses	(1,500,000.00)
PLUS / (MINUS): NWC Adjustment	-
Closing Proceeds Payment	\$ 98,400,000.00

FOUNDERS ADVISORS OVERVIEW

ACTIVE SaaS VERTICALS EXPERIENCE AND COVERAGE



Fleet Management



EdTech



Supply Chain



MarTech



FinTech/Payments



Non-Profits



PropTech



BPA



HCIT



GovTech

SILICON Y'ALL – SAAS & TECHNOLOGY SUMMIT 2022

Founders and its SY sponsors hosted more than 80 technology companies and 25 leading, software-focused private equity firms and debt providers at Silicon Y'all April 18th – 20th at the scenic Renaissance Birmingham Ross Bridge Golf Resort and Spa. Attendees engaged in meaningful discussions about growth, value, and current industry trends in a relaxed atmosphere and participated in golf, iron pouring, and other enjoyable activities. We look forward to sharing content and learnings from the summit and invite a conversation with anyone who wants to know more about Founders Advisors or the knowledge gained from SY 2022.

SY
SILICON Y'ALL

For more information, please visit SiliconYall.com and click here to join the [2023 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
Buy-side



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

Take [Founders SaaS assessment](#), click the link and enter discount code: **SAAS NEWS 22**

RECENT TRANSACTIONS

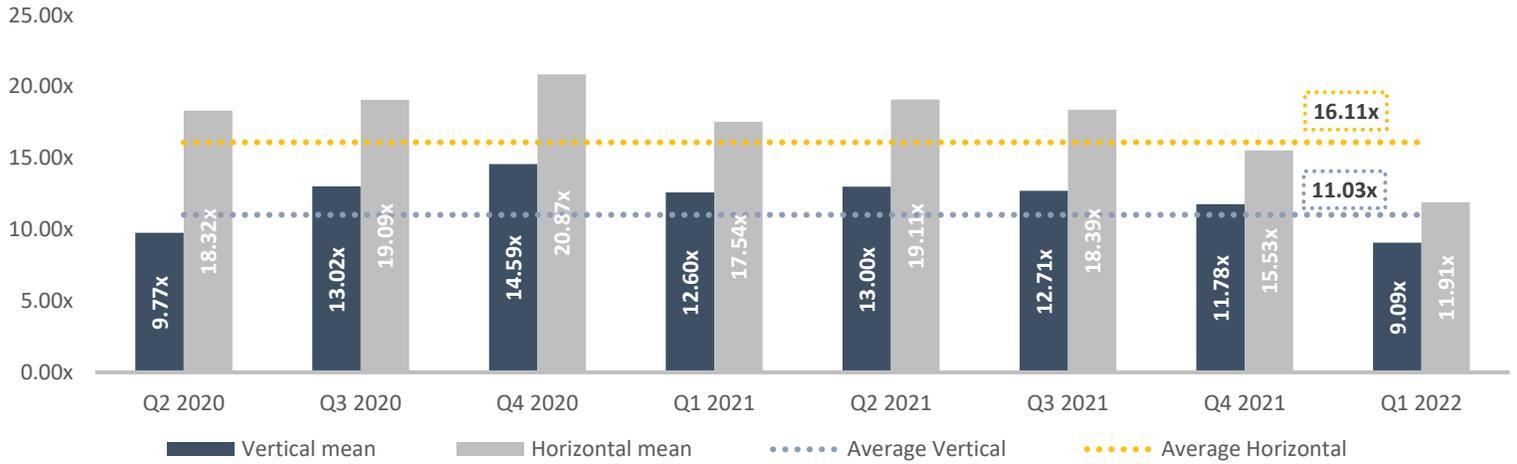
Date	Target	Buyer	Purchase Price	Revenue	EBITDA	Enterprise Value / Revenue	Enterprise Value / EBITDA
3/28/2022	 ZIMPERIUM	 LIBERTY Strategic Capital	\$525.0	N/A	N/A	N/A	N/A
3/21/2022 ⁽¹⁾	 LSEG (certain assets)	 & MOTIVE PARTNERS	\$1,100.0	N/A	N/A	N/A	N/A
3/21/2022	 Incremental	 Telefonica Tech	\$232.2	N/A	N/A	N/A	N/A
3/20/2022 ⁽¹⁾	 Anaplan	 THOMABRAVO	\$10,400.6	\$592.2	-\$178.7	18.1x	-59.9x
3/15/2022 ⁽¹⁾	 Attivo NETWORKS	 SentinelOne	\$616.5	N/A	N/A	N/A	N/A
3/8/2022 ⁽¹⁾	 MANDIANT	 Alphabet	\$3,206.2	\$483.5	-\$260.1	11.2x	-20.8x
3/2/2022 ⁽¹⁾	 Streamlit	 snowflake	\$800.0	N/A	N/A	N/A	N/A
3/1/2022	 INFOSEC	 Cengage	\$191.0	N/A	N/A	N/A	N/A
2/28/2022 ⁽¹⁾	 StreamSets	 software ^{AG}	\$524.0	N/A	N/A	N/A	N/A
2/25/2022 ⁽¹⁾	 etq ¹	 HEXAGON	\$1,200.0	\$75.0	\$33.8	16.0x ⁽²⁾	35.6x ⁽²⁾
2/24/2022	 infutor	 Verisk TM	\$223.5	N/A	N/A	N/A	N/A
2/23/2022 ⁽¹⁾	 AREA 1	 CLOUDFLARE	\$162.0	N/A	N/A	N/A	N/A
2/22/2022 ⁽¹⁾	 HMH	 VERITAS CAPITAL	\$2,336.9	\$1,050.8	\$141.7	2.7x	19.8x
2/22/2022	 technisys	 SoFi	\$1,100.0	\$86.0	N/A	12.8x ⁽²⁾	N/A
2/22/2022 ⁽¹⁾	 Verisk TM (certain assets)	 TransUnion TM	\$515.0	\$143.0	\$41.0	3.6x ⁽²⁾	12.6x ⁽²⁾
2/15/2022 ⁽¹⁾	 linode	 Akamai	\$900.0	\$100.0	N/A	9.0x ⁽²⁾	N/A
2/15/2022	 KRYON	 nintex	\$100.0	N/A	N/A	N/A	N/A
2/10/2022 ⁽¹⁾	 Pharma Intelligence Informa	 WARBURG PINCUS	\$3,029.0	N/A	N/A	N/A	N/A
2/10/2022	 NetChb	 DESCARTES	\$100.0	N/A	N/A	N/A	N/A
2/9/2022	 tripwire	 helpsystems	\$350.0	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
2/7/2022 ⁽¹⁾	 Finxact CORE AS A SERVICE	 fiserv.	\$650.0	N/A	N/A	N/A	N/A
2/7/2022	 GEOPHY	 WALKER & DUNLOP	\$290.0	N/A	N/A	N/A	N/A
2/7/2022	 tvSquared	 INNOVD	\$160.0	N/A	N/A	N/A	N/A
2/1/2022	 A2 AMBULOUS WORKY	 PointClickCare	\$248.3	N/A	N/A	N/A	N/A
1/31/2022	 afterpay	 BLOCK	\$29,000.0	N/A	N/A	N/A	N/A
1/31/2022 ⁽¹⁾	 citrix	 VISTA	\$16,597.8	\$3,217.2	\$528.1	5.1x	31.2x
1/31/2022	 Credly	 Pearson	\$200.0	N/A	N/A	N/A	N/A
1/20/2022	 Cognito	 PLAID	\$250.0	N/A	N/A	N/A	N/A
1/19/2022 ⁽¹⁾	 inetum positive digital flow	 BainCapital	\$2,229.0	N/A	N/A	N/A	N/A
1/18/2022 ⁽¹⁾	 ACTIVISION BLIZZARD	 Microsoft	\$58,277.0	\$8,803.0	\$3,707.0	7.8x	18.5x
1/18/2022	 verikai	 AMERICAN FINANCIAL GROUP INC.	\$120.0	N/A	N/A	N/A	N/A
1/18/2022	 Silobreaker	 MARLIN EQUITY PARTNERS	\$95.9	N/A	N/A	N/A	N/A
1/11/2022 ⁽¹⁾	 WDRVR	 • APTIV •	\$4,300.0	\$400.0	N/A	10.8x ⁽²⁾	N/A
1/10/2022 ⁽¹⁾	 cloudmed	 R1	\$4,957.0	N/A	N/A	N/A	N/A
1/10/2022 ⁽¹⁾	 zynga	 T2 TABLETS	\$11,547.0	\$2,800.5	\$283.5	4.5x	44.8x
1/6/2022	 TRIFACTA	 alteryx	\$400.0	N/A	N/A	N/A	N/A
1/5/2022	 Siemplify	 Alphabet	\$500.0	N/A	N/A	N/A	N/A
1/5/2022	 Ad-Lib .io	 SMARTLY.IO	\$133.4	N/A	N/A	N/A	N/A
1/3/2022	 EVERFI	 blackbaud	\$750.0	N/A	N/A	N/A	N/A
1/3/2022	 payit	 REPAY Realtime Electronic Payments	\$115.0	\$15.0	\$9.8	7.7x ⁽²⁾	11.8x ⁽²⁾

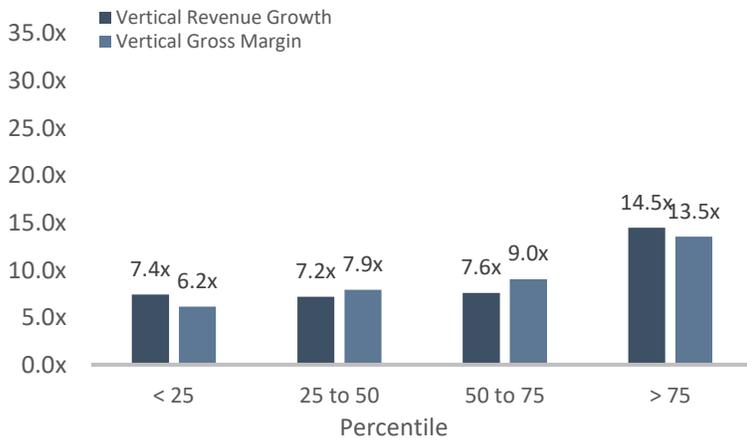
METRICS OVERVIEW

Public Vertical & Horizontal EV/LTM Revenue Multiples

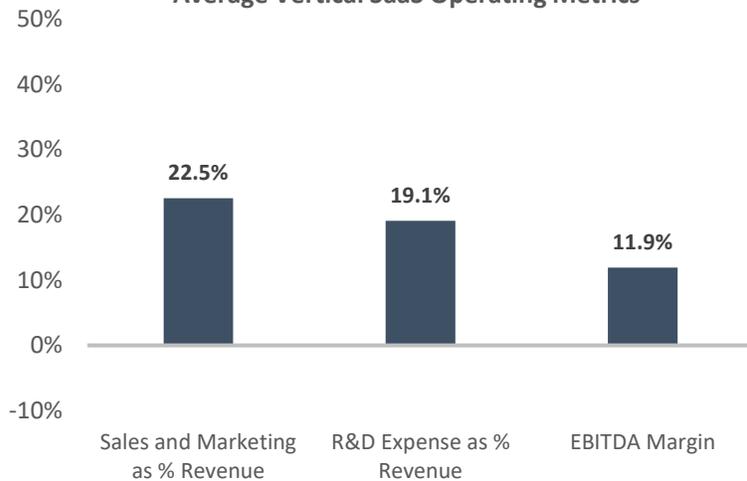


Public Vertical

Percentile Revenue Growth and Margin vs. EV/LTM Revenue

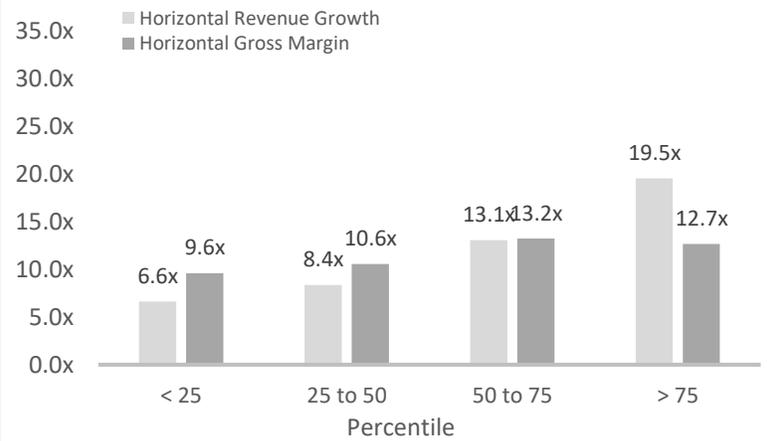


Average Vertical SaaS Operating Metrics

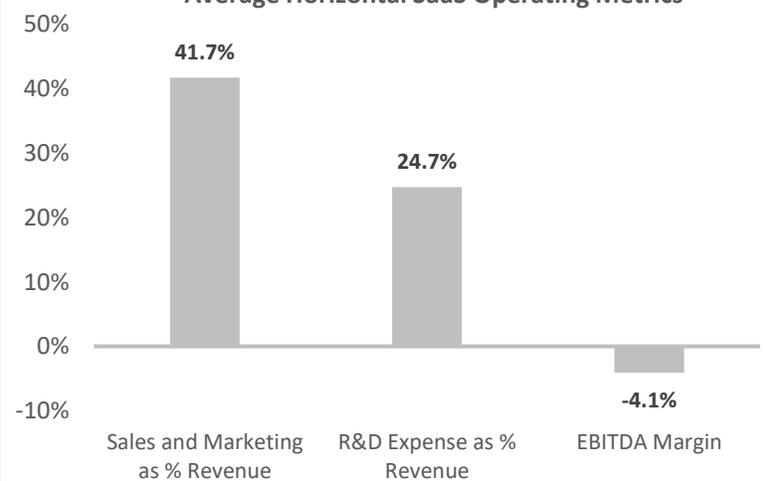


Public Horizontal

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 2022

(In millions)

Ticker	Company Name	TTM Revenue	YoY Growth	TTM EBITDA	Enterprise Value / LTM Revenue	LTM EBITDA
Vertical SaaS Companies						
TWOU	2U	\$ 945.7	3.1%	\$ (37.8)	1.8x	NM
ANSS	Ansys	\$ 1,906.7	1.7%	\$ 632.5	14.6x	44.0x
APPF	AppFolio	\$ 359.4	6.9%	\$ 33.5	10.8x	115.9x
ADSK	Autodesk	\$ 4,386.4	4.1%	\$ 773.3	10.9x	61.9x
BNFT	Benefitfocus	\$ 263.1	(0.4%)	\$ 11.0	2.4x	56.7x
BSY	Bentley Systems	\$ 965.0	5.7%	\$ 158.6	14.2x	86.4x
BKI	Black Knight	\$ 1,475.2	3.1%	\$ 627.4	8.5x	20.0x
BLKB	Blackbaud	\$ 927.7	0.6%	\$ 107.1	4.4x	38.0x
DCT	Duck Creek Technologies	\$ 274.9	5.6%	\$ 1.3	9.0x	151.4x
EBIX	Ebix	\$ 994.9	4.7%	\$ 137.6	1.6x	11.8x
FDS	FactSet Research Systems	\$ 1,628.0	2.3%	\$ 586.1	9.9x	27.8x
GWRE	Guidewire Software	\$ 764.0	3.3%	\$ (139.2)	9.9x	NM
HCAT	Health Catalyst	\$ 241.9	5.0%	\$ (106.1)	4.8x	NM
ISDR	Issuer Direct	\$ 21.9	4.7%	\$ 5.3	4.1x	17.2x
ITI	Iteris	\$ 131.0	3.0%	\$ 0.0	0.8x	NM
MCO	Moody's	\$ 6,218.0	4.2%	\$ 3,183.0	11.1x	21.6x
NCNO	nCino	\$ 255.5	6.6%	\$ (46.0)	14.2x	NM
NICE	NICE Systems	\$ 1,836.0	4.6%	\$ 436.8	7.0x	29.9x
QTWO	Q2 Software	\$ 498.7	4.8%	\$ (24.7)	7.4x	NM
SPSC	SPS Commerce	\$ 385.3	5.3%	\$ 78.5	11.6x	57.2x
SSNC	SS&C Technologies	\$ 5,051.0	1.8%	\$ 1,906.0	4.9x	13.1x
TEMN	Temenos	\$ 967.0	1.4%	\$ 375.9	8.3x	21.3x
TYL	Tyler Technologies	\$ 1,592.3	10.4%	\$ 317.9	12.2x	61.1x
U	Unity	\$ 1,110.5	9.4%	\$ (467.1)	26.3x	NM
VEEV	Veeva Systems	\$ 1,850.8	5.0%	\$ 525.0	16.5x	58.0x
Min		\$ 21.9	(0.4%)	\$ (467.1)	0.8x	11.8x
Median		\$ 966.0	4.6%	\$ 122.4	9.4x	41.0x
Mean		\$ 1,421.1	4.3%	\$ 379.7	9.4x	49.6x
Max		\$ 6,218.0	10.4%	\$ 3,183.0	26.3x	151.4x

Horizontal SaaS Companies

ADBE	Adobe Systems	\$ 16,142.0	2.3%	\$ 6,470.0	13.3x	33.3x
AYX	Alteryx	\$ 536.1	2.5%	\$ (121.9)	9.4x	NM
PLAN	Anaplan	\$ 592.2	7.3%	\$ (178.7)	16.1x	NM
TEAM	Atlassian	\$ 2,430.8	8.3%	\$ (345.6)	30.8x	NM
AVLR	Avalara	\$ 699.0	7.8%	\$ (83.2)	11.7x	NM
BOX	Box	\$ 874.3	4.1%	\$ 53.6	5.4x	87.9x
CDAY	Ceridian HCM	\$ 1,024.2	6.1%	\$ 23.1	10.9x	NM
ECOM	ChannelAdvisor	\$ 167.7	3.2%	\$ 24.8	2.4x	16.4x
CTXS	Citrix Systems	\$ 3,217.2	1.3%	\$ 528.1	4.9x	29.7x
COUP	Coupa	\$ 725.3	4.3%	\$ (100.4)	11.8x	NM
CRWD	CrowdStrike	\$ 1,451.6	12.9%	\$ (66.0)	35.3x	NM

VALUATION & GROWTH METRICS, CONT'D

FA SaaS Index - Valuation & Growth - As of Q1 2022

(In millions)

Ticker	Company Name	TTM Revenue	YoY Growth	TTM EBITDA	Enterprise Value / LTM Revenue	LTM EBITDA
Horizontal SaaS Companies						
DOCU	DocuSign	\$ 2,107.2	7.7%	\$ 20.0	10.1x	NM
DOMO	Domo	\$ 258.0	5.4%	\$ (97.2)	6.6x	NM
DBX	Dropbox	\$ 2,157.9	2.9%	\$ 455.9	4.4x	20.9x
ESTC	Elasticsearch	\$ 800.6	9.1%	\$ (147.7)	10.0x	NM
EVBG	Everbridge	\$ 368.4	8.0%	\$ (18.5)	5.2x	NM
FSLY	Fastly	\$ 354.3	4.4%	\$ (141.7)	7.4x	NM
FIVN	Five9	\$ 609.6	8.1%	\$ (8.8)	13.1x	NM
HUBS	HubSpot	\$ 1,300.7	9.9%	\$ 3.5	17.0x	NM
INTU	Intuit	\$ 11,414.0	10.6%	\$ 3,178.0	12.4x	44.6x
MNDT	Mandiant	\$ 483.5	4.9%	\$ (260.1)	9.3x	NM
MIME	Mimecast	\$ 575.3	4.0%	\$ 125.7	8.9x	40.7x
NEWR	New Relic	\$ 752.4	5.2%	\$ (178.0)	5.6x	NM
OKTA	Okta	\$ 1,300.2	12.9%	\$ (686.2)	17.8x	NM
PD	PagerDuty	\$ 281.4	7.3%	\$ (97.9)	9.7x	NM
PANW	Palo Alto Networks	\$ 4,857.5	6.6%	\$ (10.4)	12.7x	NM
PAYC	Paycom Software	\$ 1,055.5	6.5%	\$ 323.2	19.5x	63.8x
PCTY	Paylocity	\$ 731.2	7.3%	\$ 76.8	15.5x	147.5x
PEGA	Pegasystems	\$ 1,211.7	1.5%	\$ (96.1)	5.7x	NM
PING	Ping Identity	\$ 299.4	4.2%	\$ (35.9)	8.0x	NM
PTC	PTC	\$ 1,835.8	1.6%	\$ 545.1	7.6x	25.6x
QLYS	Qualys	\$ 411.2	3.8%	\$ 123.0	12.7x	42.3x
CRM	Salesforce.com	\$ 26,492.0	6.0%	\$ 4,830.0	8.1x	44.2x
NOW	ServiceNow	\$ 5,896.0	6.6%	\$ 729.0	18.7x	151.3x
SHOP	Shopify	\$ 4,611.9	9.6%	\$ 3,192.7	17.1x	24.7x
SMAR	Smartsheet	\$ 550.8	9.4%	\$ (149.1)	12.1x	NM
SPLK	Splunk	\$ 2,673.7	6.2%	\$ (1,049.6)	9.5x	NM
SPT	Sprout Social	\$ 187.9	9.3%	\$ (23.7)	22.3x	NM
TWLO	Twilio	\$ 2,841.8	11.6%	\$ (702.6)	9.1x	NM
UPLD	Upland Software	\$ 302.0	(0.8%)	\$ 18.0	2.9x	49.3x
VRNS	Varonis Systems	\$ 390.1	8.7%	\$ (90.1)	11.8x	NM
WIX	Wix.com	\$ 1,219.5	5.8%	\$ (204.3)	4.5x	NM
WDAY	Workday	\$ 5,138.8	5.0%	\$ 370.9	11.4x	157.9x
WK	Workiva	\$ 443.3	6.5%	\$ (20.9)	13.4x	NM
YEXT	Yext	\$ 390.6	2.3%	\$ (65.4)	2.0x	NM
ZEN	Zendesk	\$ 1,338.6	7.4%	\$ (129.1)	11.1x	NM
ZM	Zoom Video Communications	\$ 4,099.9	4.8%	\$ 1,149.8	7.3x	25.9x
ZS	Zscaler	\$ 859.6	12.9%	\$ (263.6)	38.9x	NM
Min		\$ 167.7	(0.8%)	\$ (1,049.6)	2.0x	16.4x
Median		\$ 866.9	6.3%	\$ (22.3)	10.5x	42.3x
Mean		\$ 2,468.0	6.3%	\$ 351.4	11.9x	59.2x
Max		\$ 26,492.0	12.9%	\$ 6,470.0	38.9x	157.9x

OPERATING STATISTICS

FA SaaS Index - Operating Statistics - As of Q1 2022

(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	28.5%	71.5%	70.3%	18.9%	48.2%	(4.0%)
ANSS	Ansys	13.5%	86.5%	37.5%	21.2%	N/A	33.2%
APPF	AppFolio	40.1%	59.9%	36.3%	18.4%	20.4%	9.3%
ADSK	Autodesk	9.5%	90.5%	50.0%	25.4%	37.0%	17.6%
BNFT	Benefitfocus	46.6%	53.4%	37.0%	17.0%	17.6%	4.2%
BSY	Bentley Systems	22.4%	77.6%	42.2%	22.9%	16.8%	16.4%
BKI	Black Knight	N/A	N/A	N/A	N/A	N/A	42.5%
BLKB	Blackbaud	47.8%	52.2%	35.8%	13.4%	20.1%	11.5%
DCT	Duck Creek Technologies	42.2%	57.8%	42.9%	18.1%	19.9%	0.5%
EBIX	Ebix	70.9%	29.1%	11.6%	4.0%	1.5%	13.8%
FDS	FactSet Research Systems	49.5%	50.5%	21.3%	N/A	N/A	36.0%
GWRE	Guidewire Software	52.8%	47.2%	36.4%	30.6%	23.5%	(18.2%)
HCAT	Health Catalyst	51.4%	48.6%	66.5%	25.9%	31.0%	(43.9%)
ISDR	Issuer Direct	26.3%	73.7%	48.3%	5.6%	23.2%	24.0%
ITI	Iteris	62.4%	37.6%	33.3%	5.4%	N/A	0.0%
MCO	Moody's	26.3%	73.7%	23.8%	N/A	N/A	51.2%
NCNO	nCino	40.8%	59.2%	52.3%	28.5%	29.7%	(18.0%)
NICE	NICE Systems	33.0%	67.0%	39.2%	13.7%	27.7%	23.8%
QTWO	Q2 Software	54.9%	45.1%	33.2%	23.5%	17.2%	(4.9%)
SPSC	SPS Commerce	34.2%	65.8%	38.8%	10.1%	22.9%	20.4%
SSNC	SS&C Technologies	52.3%	47.7%	14.9%	8.2%	7.8%	37.7%
TEMN	Temenos	33.7%	66.3%	26.2%	N/A	17.0%	38.9%
TYL	Tyler Technologies	55.4%	44.6%	24.5%	5.9%	N/A	20.0%
U	Unity	22.8%	77.2%	62.4%	62.6%	31.1%	(42.1%)
VEEV	Veeva Systems	27.2%	72.8%	24.8%	20.6%	15.6%	28.4%
	Min	9.5%	29.1%	11.6%	4.0%	1.5%	(43.9%)
	Median	40.4%	59.6%	36.7%	18.4%	20.4%	20.4%
	Mean	39.4%	60.6%	37.9%	19.1%	22.5%	11.9%
	Max	70.9%	90.5%	70.3%	62.6%	48.2%	51.2%
Horizontal SaaS Companies							
ADBE	Adobe Systems	12.0%	88.0%	34.0%	16.2%	27.4%	40.1%
AYX	Alteryx	10.4%	89.6%	90.3%	24.7%	62.4%	(22.7%)
PLAN	Anaplan	26.4%	73.6%	81.6%	25.9%	63.7%	(30.2%)
TEAM	Atlassian	16.3%	83.7%	35.2%	47.1%	19.0%	(14.2%)
AVLR	Avalara	29.3%	70.7%	62.0%	23.9%	42.3%	(11.9%)
BOX	Box	28.5%	71.5%	49.6%	25.0%	34.2%	6.1%
CDAY	Ceridian HCM	62.7%	37.3%	40.8%	N/A	N/A	2.3%
ECOM	ChannelAdvisor	22.8%	77.2%	52.6%	13.3%	36.2%	14.8%
CTXS	Citrix Systems	19.4%	80.6%	49.9%	18.1%	37.1%	16.4%
COUP	Coupa	43.2%	56.8%	67.5%	23.0%	45.2%	(13.8%)
CRWD	CrowdStrike	26.4%	73.6%	57.8%	25.6%	42.5%	(4.5%)

OPERATING STATISTICS, CONT'D

FA SaaS Index - Operating Statistics - As of Q1 2022

(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
Horizontal SaaS Companies							
DOCU	DocuSign	22.1%	77.9%	62.1%	18.7%	51.1%	1.0%
DOMO	Domo	26.0%	74.0%	76.9%	31.4%	55.7%	(37.7%)
DBX	Dropbox	20.6%	79.4%	30.2%	35.0%	19.8%	21.1%
ESTC	Elasticsearch	26.3%	73.7%	61.3%	31.3%	46.2%	(18.4%)
EVBG	Everbridge	31.0%	69.0%	67.5%	22.2%	43.8%	(5.0%)
FSLY	Fastly	47.1%	52.9%	78.9%	35.8%	43.1%	(40.0%)
FIVN	Five9	44.5%	55.5%	47.2%	17.5%	31.8%	(1.4%)
HUBS	HubSpot	19.9%	80.1%	61.1%	23.2%	50.0%	0.3%
INTU	Intuit	17.9%	82.1%	38.7%	18.4%	28.0%	27.8%
MNDT	Mandiant	52.6%	47.4%	79.4%	34.5%	54.3%	(53.8%)
MIME	Mimecast	23.2%	76.8%	47.1%	19.1%	33.5%	21.8%
NEWR	New Relic	33.2%	66.8%	70.8%	26.2%	51.6%	(23.7%)
OKTA	Okta	30.5%	69.5%	92.4%	36.1%	59.2%	(52.8%)
PD	PagerDuty	17.2%	82.8%	85.0%	34.0%	57.4%	(34.8%)
PANW	Palo Alto Networks	30.4%	69.6%	48.9%	27.5%	40.6%	(0.2%)
PAYC	Paycom Software	15.3%	84.7%	46.0%	11.2%	26.1%	30.6%
PCTY	Paylocity	34.2%	65.8%	44.7%	11.9%	25.8%	10.5%
PEGA	Pegasystems	27.8%	72.2%	58.5%	21.5%	51.7%	(7.9%)
PING	Ping Identity	31.7%	68.3%	63.1%	26.2%	39.2%	(12.0%)
PTC	PTC	20.7%	79.3%	39.6%	16.9%	28.2%	29.7%
QLYS	Qualys	21.8%	78.2%	37.2%	19.8%	18.6%	29.9%
CRM	Salesforce.com	26.5%	73.5%	54.6%	16.9%	44.7%	18.2%
NOW	ServiceNow	22.9%	77.1%	49.0%	23.7%	38.9%	12.4%
SHOP	Shopify	46.2%	53.8%	27.7%	18.5%	19.5%	69.2%
SMAR	Smartsheet	21.1%	78.9%	79.7%	30.0%	59.9%	(27.1%)
SPLK	Splunk	27.5%	72.5%	76.9%	38.5%	57.4%	(39.3%)
SPT	Sprout Social	24.9%	75.1%	68.7%	21.3%	44.8%	(12.6%)
TWLO	Twilio	51.1%	48.9%	53.4%	27.8%	36.8%	(24.7%)
UPLD	Upland Software	32.9%	67.1%	43.7%	14.1%	18.2%	6.0%
VRNS	Varonis Systems	15.2%	84.8%	74.7%	35.3%	59.0%	(23.1%)
WIX	Wix.com	37.8%	62.2%	52.9%	32.7%	40.8%	(16.8%)
WDAY	Workday	27.8%	72.2%	37.9%	36.6%	28.4%	7.2%
WK	Workiva	23.4%	76.6%	57.1%	26.1%	40.3%	(4.7%)
YEXT	Yext	25.2%	74.8%	80.4%	17.5%	59.0%	(16.7%)
ZEN	Zendesk	20.5%	79.5%	65.6%	26.3%	50.8%	(9.6%)
ZM	Zoom Video Communications	25.7%	74.3%	39.5%	8.9%	27.7%	28.0%
ZS	Zscaler	22.6%	77.4%	81.8%	26.9%	67.6%	(30.7%)
	Min	10.4%	37.3%	27.7%	8.9%	18.2%	(53.8%)
	Median	26.2%	73.8%	57.5%	24.7%	42.3%	17.3%
	Mean	28.1%	71.9%	58.8%	24.8%	42.2%	(4.8%)
	Max	62.7%	89.6%	92.4%	47.1%	67.6%	69.2%

BALANCE SHEET METRICS

FA SaaS Index - Balance Sheet Metrics - As of Q1 2022

(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	(10.5%)	(21.7%)	1.2x	24.7	51.0	84.7%	115.1%
ANSS	Ansys	7.6%	10.7%	2.1x	95.8	86.1	47.5%	19.1%
APPF	AppFolio	0.3%	0.4%	3.0x	12.7	12.8	33.2%	18.7%
ADSK	Autodesk	6.3%	44.8%	0.7x	43.7	140.2	145.1%	360.4%
BNFT	Benefitfocus	(10.1%)	N/A	1.6x	29.0	18.3	64.4%	NM
BSY	Bentley Systems	4.5%	23.8%	1.0x	76.6	70.0	96.4%	363.8%
BKI	Black Knight	2.9%	7.3%	1.3x	34.2	N/A	75.2%	74.2%
BLKB	Blackbaud	0.3%	1.2%	0.8x	40.9	381.5	130.4%	140.8%
DCT	Duck Creek Technologies	(1.4%)	(1.6%)	7.1x	46.3	10.0	14.0%	3.3%
EBIX	Ebix	4.3%	10.5%	1.8x	53.7	34.9	56.0%	95.9%
FDS	FactSet Research Systems	18.5%	40.0%	3.5x	35.8	53.3	28.7%	77.9%
GWRE	Guidewire Software	(5.8%)	(8.4%)	4.7x	44.0	27.1	21.5%	31.8%
HCAT	Health Catalyst	(22.6%)	(40.5%)	5.5x	71.7	15.7	18.3%	39.2%
ISDR	Issuer Direct	8.9%	11.1%	4.8x	51.4	48.0	20.8%	5.2%
ITI	Iteris	(3.4%)	(5.3%)	2.2x	58.5	36.9	45.0%	14.4%
MCO	Moody's	16.6%	101.2%	1.6x	90.3	54.1	62.2%	273.4%
NCNO	nCino	(9.7%)	(13.2%)	3.6x	60.4	29.1	27.6%	11.0%
NICE	NICE Systems	4.6%	7.6%	2.0x	63.9	21.7	50.5%	25.6%
QTWOW	Q2 Software	(8.1%)	(18.6%)	3.1x	31.0	13.2	32.2%	109.1%
SPSC	SPS Commerce	7.8%	9.8%	3.4x	33.5	15.8	29.2%	4.2%
SSNC	SS&C Technologies	4.7%	13.7%	1.1x	45.1	10.3	90.6%	99.9%
TEMN	Temenos	7.9%	20.7%	0.5x	115.6	249.4	182.4%	202.2%
TYL	Tyler Technologies	4.1%	7.6%	1.2x	108.0	29.3	86.0%	59.7%
U	Unity	(17.2%)	(25.6%)	3.4x	102.2	403.0	29.1%	76.0%
VEEV	Veeva Systems	12.7%	16.4%	3.7x	77.0	34.1	27.1%	1.9%
	Min	(22.6%)	(40.5%)	0.5x	12.7	10.0	14.0%	1.9%
	Median	4.1%	7.6%	2.1x	51.4	34.5	47.5%	67.0%
	Mean	0.9%	8.0%	2.6x	57.8	76.9	59.9%	92.6%
	Max	18.5%	101.2%	7.1x	115.6	403.0	182.4%	363.8%

Horizontal SaaS Companies

ADBE	Adobe Systems	18.6%	34.3%	1.0x	36.7	100.7	96.3%	33.9%
AYX	Alteryx	(12.1%)	(41.4%)	2.3x	75.2	63.3	43.8%	209.1%
PLAN	Anaplan	(27.0%)	(76.5%)	1.1x	87.0	20.8	90.4%	16.7%
TEAM	Atlassian	(16.6%)	NM	1.1x	28.6	93.8	93.0%	NM
AVLR	Avalara	(6.1%)	(11.8%)	3.1x	48.8	41.8	32.0%	99.2%
BOX	Box	(3.0%)	N/A	1.3x	74.0	67.8	78.4%	692.2%
CDAY	Ceridian HCM	(1.0%)	(3.5%)	1.1x	41.5	24.4	90.3%	52.8%
ECOM	ChannelAdvisor	23.2%	31.2%	3.0x	56.5	6.5	33.7%	0.6%
CTXS	Citrix Systems	4.8%	96.0%	0.7x	79.7	99.4	136.9%	638.2%
COUP	Coupa	(11.9%)	(38.3%)	1.8x	92.8	8.4	55.9%	183.3%
CRWD	CrowdStrike	(7.4%)	(25.3%)	1.8x	68.8	39.0	54.7%	74.7%

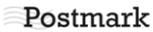
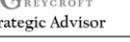
BALANCE SHEET METRICS, CONT'D

FA SaaS Index - Balance Sheet Metrics - As of Q1 2022

(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								
DOCU	DocuSign	(2.9%)	(27.0%)	1.0x	55.6	29.2	103.9%	320.2%
DOMO	Domo	(47.7%)	N/A	0.7x	61.0	84.8	136.6%	-98.6%
DBX	Dropbox	10.9%	NM	1.6x	8.0	90.1	63.6%	NM
ESTC	Elasticsearch	(13.9%)	(40.4%)	2.2x	63.4	40.7	45.0%	136.5%
EVBG	Everbridge	(7.3%)	(25.3%)	2.2x	93.0	34.0	46.5%	143.9%
FSLY	Fastly	(11.4%)	(21.6%)	4.7x	57.2	36.2	21.1%	103.8%
FIVN	Five9	(4.7%)	(27.4%)	3.9x	32.1	27.4	25.5%	391.0%
HUBS	HubSpot	(3.8%)	(9.6%)	2.4x	35.8	13.6	42.5%	81.6%
INTU	Intuit	12.5%	20.1%	1.2x	17.3	124.4	85.0%	46.4%
MNDT	Mandiant	(12.6%)	(48.8%)	2.5x	71.1	20.9	40.7%	55.0%
MIME	Mimecast	4.9%	11.3%	1.6x	68.0	30.5	63.3%	41.1%
NEWR	New Relic	(17.5%)	(62.6%)	2.5x	67.1	40.6	40.1%	155.3%
OKTA	Okta	(12.5%)	(22.0%)	2.4x	73.1	12.7	40.9%	34.3%
PD	PagerDuty	(13.6%)	(36.1%)	2.8x	70.1	57.8	35.2%	115.2%
PANW	Palo Alto Networks	(4.6%)	(69.8%)	0.7x	66.7	19.3	152.1%	NM
PAYC	Paycom Software	5.9%	25.0%	1.1x	4.9	25.4	88.4%	3.3%
PCTY	Paylocity	3.1%	19.3%	1.0x	3.9	6.9	96.1%	15.5%
PEGA	Pegasystems	(4.0%)	(13.0%)	1.7x	52.3	25.4	57.8%	164.8%
PING	Ping Identity	(6.5%)	(8.8%)	3.3x	87.3	9.7	30.3%	41.9%
PTC	PTC	12.0%	28.2%	1.3x	91.6	35.9	77.3%	84.2%
QLYS	Qualys	9.4%	17.4%	1.8x	82.5	4.8	55.7%	11.1%
CRM	Salesforce.com	1.8%	2.8%	1.0x	79.3	226.2	95.4%	24.1%
NOW	ServiceNow	2.4%	7.0%	1.1x	57.0	29.8	94.8%	59.9%
SHOP	Shopify	25.4%	30.3%	12.2x	29.3	58.4	8.2%	10.5%
SMAR	Smartsheet	(18.3%)	(33.2%)	1.5x	71.6	NM	68.9%	15.1%
SPLK	Splunk	(23.8%)	NM	1.6x	135.0	19.8	64.0%	NM
SPT	Sprout Social	(11.6%)	(19.2%)	2.3x	35.3	15.7	44.2%	16.3%
TWLO	Twilio	(7.9%)	(9.2%)	8.4x	39.7	34.4	11.9%	11.7%
UPLD	Upland Software	(5.7%)	(18.7%)	1.7x	51.9	81.7	59.5%	167.1%
VRNS	Varonis Systems	(12.2%)	(24.2%)	4.5x	73.8	16.5	22.1%	49.3%
WIX	Wix.com	(1.0%)	(7.6%)	1.8x	8.0	63.5	54.7%	526.1%
WDAY	Workday	0.3%	0.8%	1.0x	66.2	14.3	97.2%	46.4%
WK	Workiva	(5.1%)	(54.0%)	1.0x	54.3	17.4	98.4%	462.8%
YEXT	Yext	(15.9%)	(43.5%)	1.4x	70.2	38.7	70.8%	62.6%
ZEN	Zendesk	(9.8%)	(49.0%)	1.6x	57.0	37.3	64.2%	246.0%
ZM	Zoom Video Communications	21.3%	29.1%	3.9x	33.0	25.1	25.5%	1.8%
ZS	Zscaler	(15.1%)	(63.4%)	2.4x	87.8	27.9	42.0%	183.5%
Min		(47.7%)	(76.5%)	0.7x	3.9	4.8	8.2%	(98.6%)
Median		(5.4%)	(18.7%)	1.7x	62.2	30.5	58.6%	61.3%
Mean		(4.5%)	(13.4%)	2.3x	58.4	43.5	64.1%	130.2%
Max		25.4%	96.0%	12.2x	135.0	226.2	152.1%	692.2%

FOUNDERS TECHNOLOGY TRANSACTIONS

 Has been acquired by ActiveCampaign > Sell-Side Advisor	Vertical SaaS Company Has been recapitalized by An undisclosed financial buyer 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 been acquired by  Sell-Side Advisor	 Has been recapitalized 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 been acquired by  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 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	 Has been recapitalized by  Financial Advisor	Vertical SaaS Company 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  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	 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

WHAT'S HAPPENING AT FOUNDERS

Founders hosted its 19th annual Crawfish Boil on April 21st, 2022, at its Birmingham office. This year we celebrated for a cause. Founders has committed \$500,000 to starting the John Michael Pierce Entrepreneurial Fund. The purpose of the fund is to invest in inspiring entrepreneurs, like John Michael, who are chasing their dreams, and to honor John Michael's legacy as an entrepreneurial and impactful person. Every year, an entrepreneur with the best business idea will be chosen to receive approximately \$100,000 in funding for their idea. Please visit jmpfoundation.org to learn more and contribute to the fund.

FOUNDERS ADVISORS

Technology Team Contacts

Zane Tarence

Managing Director / Partner
ztarence@foundersib.com

Chris Weingartner

Director
cweingartner@foundersib.com

Brad Johnson

Director
bjohnson@foundersib.com

Billy Pritchard

Vice President
bpritchard@foundersib.com

William Short

Vice President
wshort@foundersib.com

Chris Jenkins

Senior Associate
cjenkins@foundersib.com

Peter Maluff

Senior Analyst
pmaluff@foundersib.com

Swede Umbach

Analyst
sumbach@foundersib.com

Tate Fowler

Analyst
tfowler@foundersib.com

Rachael Fairchild

Practice Group Manager
rfairchild@foundersib.com

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