

SAAS

INDUSTRY UPDATE | March 2023

NOTABLE & QUOTABLE

"What a lot of SaaS founders don't quite understand still is that things are never going back to 2021. A lot of founders are seeing public tech stocks rally right now; they may be thinking okay we just have to weather the storm for 6-months or a year and then everything will be back to the highs we saw back in 2021, but that is not the case."

– **Craft Ventures Founder & General Partner, David Sacks**

"The impact is not uniform across all sectors, but those feeling the impact of interest rate increases are more likely to scrutinize their budgets than those prospering in the high interest rate environment."

– **Palo Alto Networks CEO, Nikesh Arora**

"In tech, we are operating with higher levels of transparency than they did 10 years ago. As a result, a big chunk of the CFO's day is spent in cross-functional situations and telling the financial story of the company"

– **Calendly CFO, John McCauley**

"Every CEO in Silicon Valley has looked at what Elon Musk has done and has asked themselves, 'Do they need to unleash their own Elon within them? You have to look at him and say, 'Wow, it's a very unorthodox management style,' but, as I've said, you can't underestimate what he's done."

– **Salesforce Chair and CEO, Marc Benioff**

PRIVATE DEBT

The difficult interest rate environment continues to impact mergers and acquisitions. [Pitchbook's 2023 US Private Equity Outlook](#) highlights an interesting trend in private debt in 2H22, noting that, of the 26 take-privates announced in the US and Europe since June 2022, none were funded by banks and instead relied on private debt funds or all-equity structures to execute deals.

SAAS METRICS

The Rule of 40 is a critical metric watched closely by SaaS founders. In today's market, it is also top of mind for buyers as they emphasize capital efficient growth over the formerly popular growth-at-all-costs mantra. McKinsey & Company published a deep dive, [SaaS and the Rule of 40](#), containing keys for founders such as realistic growth targets, the importance of net revenue retention, and optimized and efficient go-to-market spending.

OUTLOOK

Founders continually has conversations with private equity and corporate development professionals, keeping a pulse on buyer sentiment and industry trends. Private equity deal volume slowed in 2H22, creating questions around what to expect in 2023. PwC lays out key drivers in their [US Deals 2023 Outlook](#) which highlights a deal environment rife with economic and political uncertainty, yet flush with record levels of dry powder.

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TECH DEALS IN 2023 – WHAT TO EXPECT

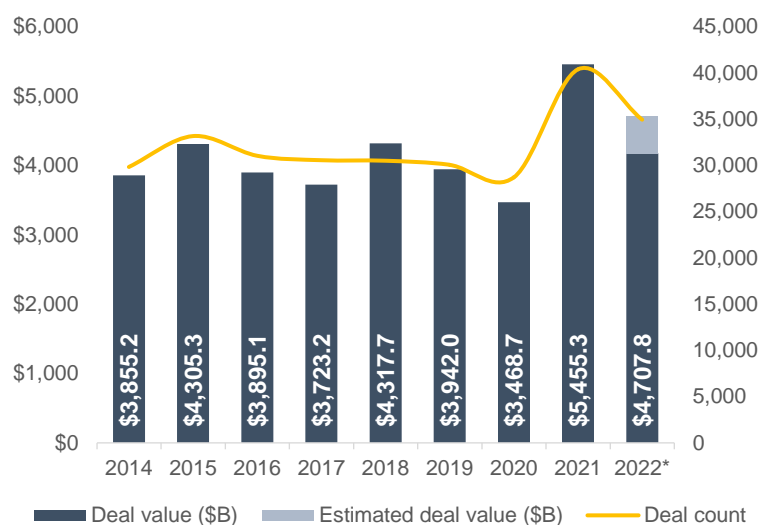


Big Picture | After a frenzy of deals in 2021, we entered 2022 with cautious optimism. There were fewer deals in 2022 than 2021, but still at strong volume and valuation. So, what should tech entrepreneurs expect in 2023?

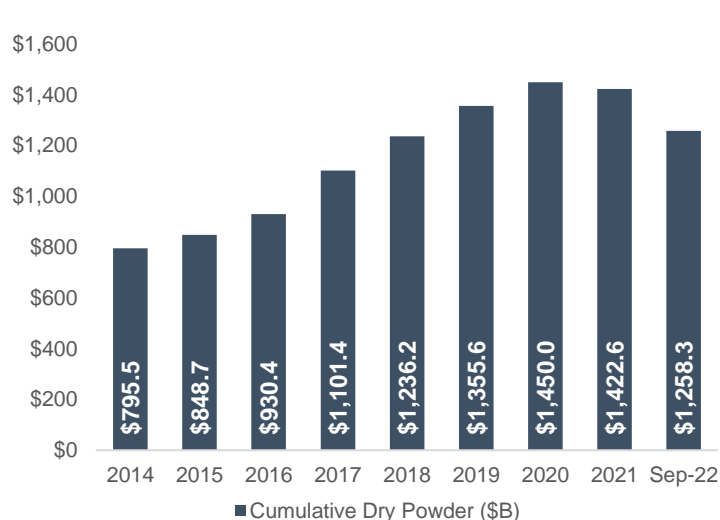
Takeaways

- The increased cost of debt resulted in both a pullback in public stocks as well as a decline in the total number of technology transactions completed. Historically speaking, transaction volume and valuation remains high.
- Investors are placing a strong premium on businesses that prove the ability to grow and turn a profit. Businesses that can do both are attractive platform targets and are commanding valuations as high as ever.
- Private equity groups have a lot of raised capital to deploy. We expect 2023 to be the year of the add-on as private equity groups look to acquire and integrate both complementary and competitive assets that enable their platform companies to build scale. Bootstrapped owners may find it more challenging to grow and compete without a capital backer, but there are still strong exits and liquidity events to be realized by joining forces with a larger group.

Transaction Volume and Value



Private Equity Dry Powder



TAKE-PRIVATE SOFTWARE TRANSACTIONS MAKING CASE FOR ADD-ONS IN '23

By: **Billy Pritchard**, Director; & **Tate Fowler**, Senior Analyst

Once full-year data is officially aggregated and reported, it will be no surprise that 2022 will be viewed as a down year for M&A activity across all industries, with private software transactions declining significantly. During the first three quarters of 2022, 756 SaaS M&A transactions closed, a ~17% reduction in volume from the previous year period during 2021.

There was a convergence of well-known and highly discussed factors that led to this downturn in the software space:

1. Deal Volumes surged to likely unsustainable levels in Q4 2020 and FY 2021 due to strong macro tailwinds
2. The public market correction for key software comparables in Q2 and Q3 2022 created market uncertainty, and
3. The tightening of debt markets created additional valuation pressure for both strategic and financial buyers

However, a few themes have emerged that give 2023 the potential for a positive outlook, depending on the deal size and desired transaction structure. One of those themes that we are tracking is the uptick in take-private software transactions in 2022. This surge in take-private activity comes from a combination of public market corrections coupled with the elevated amount of private equity dry powder.

Recently, Thoma Bravo announced that it had entered into a definitive agreement to buy Coupa Software, a notable public comp that we track in our Digital Supply Chain Software index. Coupa joins a large list of public peers acquired (or will be acquired) by private equity firms. Below is a look at several other noteworthy take-private deals over the last several months:

Target	Buyer	Date	Valuation
Coupa Software	Thoma Bravo	Pending	\$6.2B
Zendesk	Hellman & Friedman	11.22.2022	\$10.2B
UserTesting	Sunstone Partners & Thoma Bravo	10.27.2022	\$1.3B
Avalara	Vista Equity	10.19.2022	\$8.4B
Covetrus	Clayton, Dubilier & Rice	09.22.2022	\$3.0B
Citrix Systems	Vista Equity	09.20.2022	\$16.5B
Tufin	Turn River Capital	08.25.2022	\$570M
SailPoint Technologies	Thoma Bravo	08.15.2022	\$6.9B
Ping Identity	Thoma Bravo	08.03.2022	\$2.8B
Datto	Kaseya (Insight Partners)	06.23.2022	\$6.2B
Anaplan	Thoma Bravo	06.21.2022	\$10.7B
Bottomline Technologies	Thoma Bravo	05.22.2022	\$2.6B

We believe that this uptick in take-private software acquisitions will lead to a much more active market for smaller software deals that are seen as an add-on to the larger platform. Certainly, these private equity groups are seeking to deploy capital in what they view as undervalued assets due to the public market selloffs. However, they also see the ability to accelerate future growth as a key part of their deal thesis. Traditionally, these larger PE buyout firms move quickly to deploy inorganic growth initiatives following a take-private deal, and the M&A playbook is the leading growth initiative. We expect these platforms to aggressively seek add-ons to grow scale, fill product gaps, and expand wallet share with existing customers. A well-executed M&A strategy will be key to a group like Thoma Bravo hitting a return model that allowed them to pay a 77% premium to Coupa's closing share price on November 22, 2022.

TAKE-PRIVATE SOFTWARE TRANSACTIONS MAKING CASE FOR ADD-ONS (CONT.)

Below is a look at several historical take-private software acquisitions and the ramp-up of M&A activity following the deal:

Company	PE Partner	Date of Take Private	Add-Ons Prior to Take Private*	Add-Ons Post Take Private*
Apptio	Vista Equity	05.31.2019	2	4
Imperva	Thoma Bravo	01.10.2019	2	3
Xactly	Vista Equity	07.31.2017	0	4
Cvent	Vista Equity	11.29.2016	5	8
Diligent	Insight Partners	04.14.2016	1	11
Qlik Technologies	Thoma Bravo	08.22.2022	3	4
Mavenir Systems	HarbourVest	08.16.2016	2	3

**Three years pre- and post-transaction*

As the trend shows, a private equity partner can bring the right team and capital to the table to successfully build scale through an M&A pipeline. For SaaS companies looking for deal options in 2023, we think that looking at these PE-backed strategic buyers (often referred to as Hybrid Buyers in our process) can be a strong opportunity. For founders of SaaS businesses in the \$5 - \$15 Million ARR range, 2023 may present more attractive acquisition opportunities than initially anticipated.

Please reach out to our team at any point for more detailed conversations around what we're seeing in the market or other considerations when weighing options for your business – [contact us](#).

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 2023

From October 2nd – 4th 2023, Founders will host its ninth annual SaaS and Technology Summit. This past April, Founders and its sponsors hosted more than 80 technology companies and 25 software-focused private equity firms and debt providers at the scenic Renaissance Birmingham Ross Bridge Golf Resort and Spa. Attendees engaged in meaningful discussions about growth, value, and current industry trends and participated in golf, iron pouring, and other enjoyable activities. We are already so excited for next year and will begin curating our invitation list for 2023 after the first of the year.

You can find more information at SiliconYall.com and join the 2023 waitlist [here](#).

SY
SILICON Y'ALL



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



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



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



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



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



FOUNDERS' CAPABILITIES



Sell-side
Advisory



Strategic
Advisory



Capital
Raises



Targeted
Buyside



Divestitures/
Spin Offs



Debt
Recapitalizations

17 REASONS

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










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

Take [Founders SaaS assessment](#), click the link and enter complimentary code: **SAAS_NEWS_22**

RECENT TRANSACTIONS

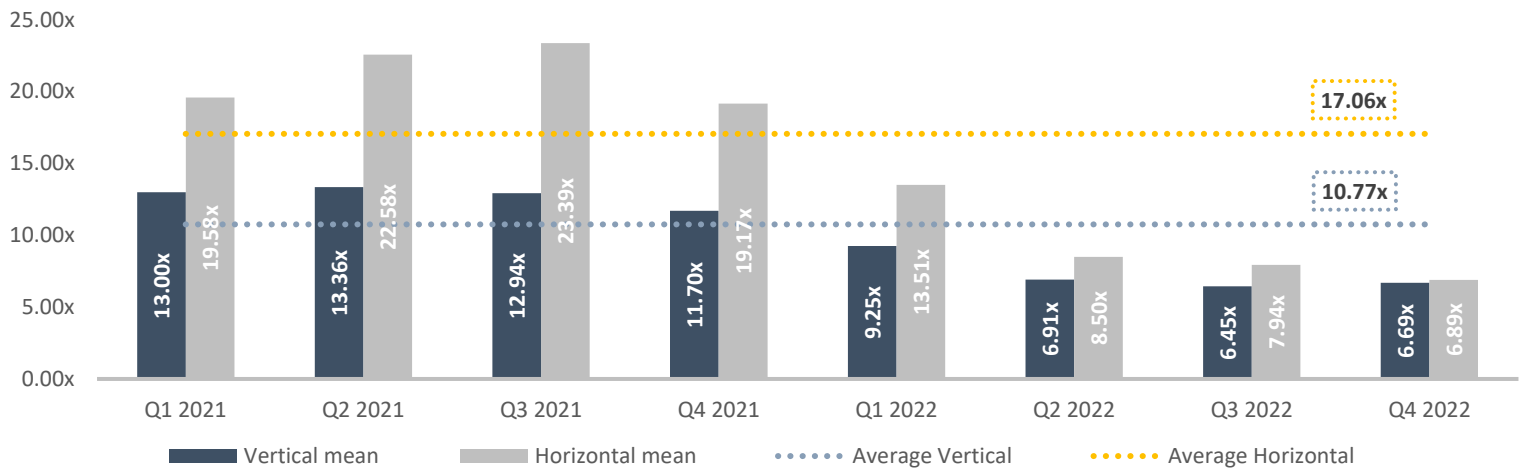
Date	Target	Buyer	Purchase Price	Revenue	EBITDA	Enterprise Value / Revenue	Enterprise Value / EBITDA
12/30/2022	 Redzone <small>Empower the Prospects, Drive the Salesperson</small>	 QAD	\$1,000.0	N/A	N/A	N/A	N/A
12/27/2022 ⁽¹⁾	 Kanmu	 MUFG	\$210.0	N/A	N/A	N/A	N/A
12/26/2022	 MADISON LOGIC	 BC PARTNERS  PITCO	\$750.0	\$54.2	N/A	13.8x	N/A
12/23/2022	 UZABASE	 CARLYLE	\$397.2	\$142.7	\$10.7	3.1x	41.8x
12/22/2022	 bynder	 THL Thomas H. Lee Partners	\$600.0	N/A	N/A	N/A	N/A
12/20/2022 ⁽¹⁾	 VIMCAR	 Battery	\$141.5	N/A	N/A	N/A	N/A
12/20/2022	 TeamDynamix	 LEVEL EQUITY	\$200.0	\$6.7	N/A	29.9x	N/A
12/19/2022	 transmit	 LionTree	\$350.0	N/A	N/A	N/A	N/A
12/19/2022	 FormSwift	 Dropbox	\$95.0	N/A	N/A	N/A	N/A
12/15/2022	 coupa	 THOMABRAVO	\$8,000.0	\$818.1	-\$131.8	9.8x	-60.7x
12/12/2022 ⁽¹⁾	 TRANSPOREON	 Trimble	\$1,957.6	N/A	N/A	N/A	N/A
12/12/2022	 SecurionPay	 SHIFT 4	\$126.0	N/A	N/A	N/A	N/A
12/12/2022	 LEARN PLATFORM	 INSTRUCTURE	\$92.0	N/A	N/A	N/A	N/A
12/10/2022 ⁽¹⁾	 HYROS	 banzai	\$110.0	N/A	N/A	N/A	N/A
12/8/2022	 helpshift	 Keywords STUDIOS	\$75.0	\$20.0	\$2.0	3.8x	37.5x
12/7/2022 ⁽¹⁾	 NeoXam	 EURAZEO	\$100.7	N/A	N/A	N/A	N/A
11/21/2022	 SERVICE MAX	 ptc	\$1,460.0	N/A	N/A	N/A	N/A
11/17/2022	 HOUSE OF CONTROL	 VISMA	\$56.3	\$23.0	-\$8.9	2.8x	-7.2x
11/15/2022	 SurePrep®	 THOMSON REUTERS	\$500.0	\$60.0	N/A	8.3x	N/A
11/11/2022	 TaxAct	 DrakeSoftware	\$720.0	\$249.5	N/A	2.9x	N/A

RECENT TRANSACTIONS, CONT'D

Date	Target	Buyer	Purchase Price	Revenue	EBITDA	Enterprise Value / Revenue	Enterprise Value / EBITDA
11/1/2022	Benefitfocus		\$514.9	\$249.1	\$16.7	2.3x	34.2x
10/31/2022	 PROPTech GROUP		\$65.2	N/A	N/A	N/A	N/A
10/28/2022 ⁽¹⁾	 Pushpay		\$1,123.5	N/A	N/A	N/A	N/A
10/28/2022	 ionic		\$70.0	N/A	N/A	N/A	N/A
10/27/2022	 UserTesting	 	\$1,135.4	\$185.3	-\$63.3	7.0x	-20.5x
10/26/2022 ⁽¹⁾	 ELMO CLOUD HR & PAYROLL		\$277.3	\$66.2	-\$29.0	4.6x	-10.6x
10/24/2022 ⁽¹⁾	 INELO		\$231.1	\$23.2	\$10.1	10.0x	22.8x
10/20/2022 ⁽¹⁾	 Cider		\$300.0	N/A	N/A	N/A	N/A
10/11/2022 ⁽¹⁾	 ForgeRock		\$1,999.2	\$201.9	-\$56.1	11.6x	-41.7x
10/11/2022 ⁽¹⁾	kantox	 BNP PARIBAS	\$131.3	N/A	N/A	N/A	N/A

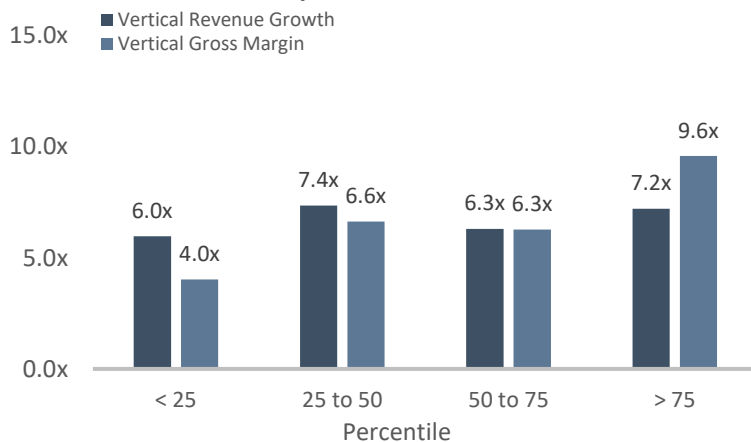
METRICS OVERVIEW

Public Vertical & Horizontal EV/LTM Revenue Multiples

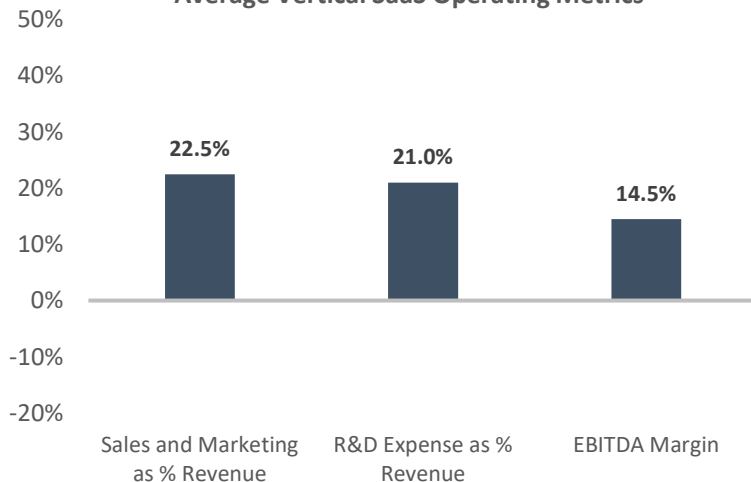


Public Vertical

Percentile Revenue Growth and Margin vs. EV/LTM Revenue

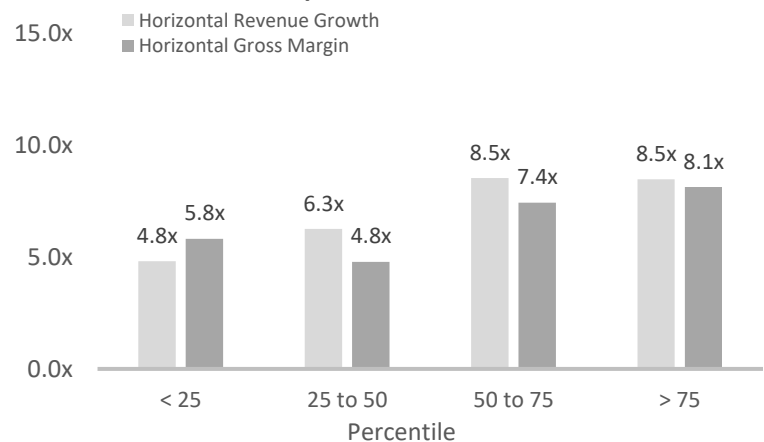


Average Vertical SaaS Operating Metrics

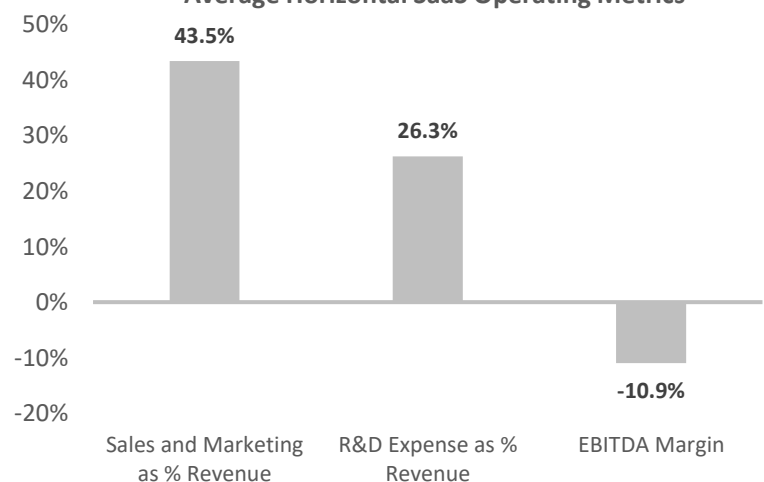


Public Horizontal

Percentile Revenue Growth and Margin vs. EV/LTM Revenue



Average Horizontal SaaS Operating Metrics



VALUATION & GROWTH METRICS

FA SaaS Index - Valuation & Growth - As of Q4 2022

(In millions)

Ticker	Company Name	TTM Revenue	YoY Growth	TTM EBITDA	Enterprise Value /	
					LTM Revenue	LTM EBITDA
Vertical SaaS Companies						
ADSK	Autodesk	\$ 4,898.4	16.2%	\$ 1,017.8	8.5x	23.1x
AGYS	Agilysys	\$ 181.3	21.1%	\$ 13.4	10.7x	67.7x
ANSS	Ansys	\$ 2,027.1	8.1%	\$ 680.3	10.5x	24.6x
APPF	AppFolio	\$ 443.4	31.9%	\$ (8.9)	8.2x	NM
BKI	Black Knight	\$ 1,554.6	8.6%	\$ 628.2	8.0x	31.8x
BLKB	Blackbaud	\$ 1,031.2	11.8%	\$ 86.5	3.9x	15.7x
BSY	Bentley Systems	\$ 1,079.9	17.8%	\$ 296.1	11.5x	35.2x
CHGG	Chegg	\$ 769.2	(0.7%)	\$ 210.1	4.5x	12.3x
COUR	Coursera	\$ 496.5	29.4%	\$ (153.8)	1.9x	NM
DCT	Duck Creek Technologies	\$ 302.9	16.3%	\$ 13.9	4.5x	55.1x
EBIX	Ebix	\$ 1,061.8	11.7%	\$ 153.3	1.1x	7.5x
ENV	Envestnet	\$ 1,266.5	12.0%	\$ 78.3	3.3x	17.9x
FDS	FactSet Research Systems	\$ 1,843.9	15.9%	\$ 602.8	8.8x	24.1x
FIS	FIS	\$ 14,486.0	7.1%	\$ 5,459.0	4.0x	8.9x
GWRE	Guidewire Software	\$ 842.0	13.9%	\$ (208.0)	5.8x	NM
MAGT	Magnet Forensics	\$ 89.3	38.5%	\$ 3.9	11.3x	65.5x
MCO	Moody's	\$ 5,717.0	(4.2%)	\$ 2,496.0	10.0x	22.9x
MDRX	Allscripts	\$ 1,529.0	89.7%	\$ 300.3	2.0x	5.7x
MLNK	MeridianLink	\$ 281.5	9.3%	\$ 83.5	5.1x	NM
MORN	Morningstar	\$ 1,857.8	14.9%	\$ 353.1	5.5x	24.7x
MSCI	MSCI	\$ 2,222.2	14.7%	\$ 1,326.3	18.4x	30.7x
NCNO	nCino	\$ 374.1	46.4%	\$ (77.8)	7.8x	NM
NICE	NICE	\$ 2,128.2	15.6%	\$ 467.4	5.4x	16.8x
Q TWO	Q2 Software	\$ 551.0	15.8%	\$ (30.4)	3.4x	38.7x
	Min	\$ 89.3	(4.2%)	\$ (600.3)	1.1x	5.7x
	Median	\$ 1,061.8	11.8%	\$ 153.3	5.5x	24.1x
	Mean	\$ 1,786.4	14.7%	\$ 491.0	6.6x	25.8x
	Max	\$ 14,486.0	89.7%	\$ 5,459.0	18.4x	67.7x

Horizontal SaaS Companies

ADBE	Adobe	\$ 17,191.0	13.9%	\$ 6,900.0	8.8x	18.9x
ASAN	Asana	\$ 508.9	52.0%	\$ (387.3)	5.2x	NM
AYX	Alteryx	\$ 728.1	39.3%	\$ (270.6)	5.6x	NM
BOX	Box	\$ 967.8	15.2%	\$ 89.5	5.3x	19.6x
CDAY	Ceridian HCM	\$ 1,192.2	23.6%	\$ 42.0	9.0x	48.4x
COUP	Coupa	\$ 818.1	17.6%	\$ (131.8)	9.0x	NM
CRM	Salesforce	\$ 30,294.0	21.3%	\$ 4,339.0	4.4x	18.0x
CRWD	CrowdStrike Holdings	\$ 2,034.9	58.3%	\$ (55.8)	11.3x	NM

VALUATION & GROWTH METRICS, CONT'D

FA SaaS Index - Valuation & Growth - As of Q4 2022

(In millions)

Ticker	Company Name	TTM Revenue	YoY Growth	TTM EBITDA	Enterprise Value /	
					LTM Revenue	LTM EBITDA
Horizontal SaaS Companies						
DBX	Dropbox	\$ 2,291.6	9.3%	\$ 517.1	3.9x	10.4x
DDOG	Datadog	\$ 1,531.9	74.1%	\$ 20.3	14.6x	65.4x
DOCU	DocuSign	\$ 2,437.2	24.5%	\$ (28.2)	4.5x	NM
DOMO	Domo	\$ 299.0	22.1%	\$ (113.3)	1.8x	NM
ESTC	Elasticsearch	\$ 977.8	33.2%	\$ (182.7)	4.8x	NM
EVBG	Everbridge	\$ 417.6	22.4%	\$ (20.5)	3.6x	NM
FIVN	Five9	\$ 744.1	32.0%	\$ (32.4)	6.7x	NM
FRSH	Freshworks	\$ 470.3	38.9%	\$ (222.7)	6.6x	NM
FSLY	Fastly	\$ 411.1	21.2%	\$ (137.1)	3.2x	NM
HUBS	HubSpot	\$ 1,630.6	37.8%	\$ (50.8)	8.3x	NM
INTU	Intuit	\$ 13,316.0	29.1%	\$ 3,276.0	8.6x	23.9x
MNDY	Monday.com	\$ 464.7	76.8%	\$ (168.5)	10.2x	NM
NEWR	New Relic	\$ 852.7	19.2%	\$ (134.4)	4.2x	NM
NOW	ServiceNow	\$ 6,919.0	25.1%	\$ 668.0	11.1x	37.7x
OKTA	Okta	\$ 1,730.8	50.3%	\$ (749.8)	6.3x	NM
PANW	Palo Alto Networks	\$ 5,817.5	27.6%	\$ 177.7	7.3x	33.2x
PAYC	Paycom Software	\$ 1,289.6	30.1%	\$ 433.9	14.2x	34.9x
PCTY	Paylocity	\$ 924.2	35.6%	\$ 133.6	11.7x	42.0x
PD	PagerDuty	\$ 348.3	32.9%	\$ (119.1)	6.4x	NM
PEGA	Pegasystems	\$ 1,237.6	3.6%	\$ (217.9)	2.6x	NM
PTC	PTC	\$ 1,933.3	7.0%	\$ 570.9	8.0x	19.5x
QLYS	Qualys	\$ 468.7	18.3%	\$ 160.5	8.4x	18.7x
SHOP	Shopify	\$ 5,244.9	24.6%	\$ (3,457.4)	7.7x	NM
SMAR	Smartsheet	\$ 712.0	41.5%	\$ (203.9)	6.7x	NM
SPLK	Splunk	\$ 3,303.7	31.2%	\$ (492.1)	5.0x	NM
SPT	Sprout Social	\$ 237.4	38.1%	\$ (44.1)	12.4x	NM
TEAM	Atlassian	\$ 2,996.3	33.5%	\$ (18.3)	10.9x	NM
TWLO	Twilio	\$ 3,644.5	43.1%	\$ (1,036.6)	1.7x	NM
UPLD	Upland Software	\$ 314.2	3.2%	\$ 28.6	2.0x	6.1x
VRNS	Varonis Systems	\$ 457.6	27.6%	\$ (127.5)	4.7x	NM
WDAY	Workday	\$ 5,945.7	21.5%	\$ 123.7	6.9x	27.2x
WIX	Wix.com	\$ 1,366.0	12.5%	\$ (61.5)	3.3x	NM
WK	Workiva	\$ 514.9	23.7%	\$ (76.5)	8.5x	NM
YEXT	Yext	\$ 399.9	4.7%	\$ (53.1)	1.9x	NM
ZM	Zoom Video	\$ 4,346.5	11.1%	\$ 498.2	3.4x	8.9x
ZS	Zscaler	\$ 1,216.0	59.8%	\$ (277.1)	12.8x	NM
Min		\$ 237.4	3.2%	\$ (3,457.4)	1.7x	6.1x
Median		\$ 1,204.1	26.3%	\$ (51.9)	6.7x	21.8x
Mean		\$ 2,976.1	29.3%	\$ 207.0	6.9x	27.0x
Max		\$ 30,294.0	76.8%	\$ 6,900.0	14.6x	65.4x

OPERATING STATISTICS

FA SaaS Index - Operating Statistics - As of Q4 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							
ADSK	Autodesk	9.6%	90.4%	47.7%	24.4%	35.4%	20.8%
AGYS	Agilysys	39.2%	60.8%	26.5%	26.3%	10.5%	7.4%
ANSS	Ansys	12.7%	87.3%	37.4%	20.9%	N/A	33.6%
APPF	AppFolio	40.7%	59.3%	42.9%	22.5%	22.0%	(2.0%)
BKI	Black Knight	N/A	N/A	N/A	N/A	N/A	40.4%
BLKB	Blackbaud	47.9%	52.1%	39.0%	14.8%	20.5%	8.4%
BSY	Bentley Systems	21.7%	78.3%	31.7%	23.4%	17.5%	27.4%
CHGG	Chegg	26.2%	73.8%	44.4%	25.8%	18.2%	27.3%
COUR	Coursera	36.6%	63.4%	65.1%	32.4%	45.0%	(31.0%)
DCT	Duck Creek Technologies	42.4%	57.6%	41.1%	18.3%	19.0%	4.6%
EBIX	Ebix	69.7%	30.3%	13.2%	3.9%	1.5%	14.4%
ENV	Envestnet	38.1%	61.9%	55.1%	N/A	N/A	6.2%
FDS	FactSet Research Systems	47.2%	52.8%	23.5%	N/A	N/A	32.7%
FIS	FIS	61.3%	38.7%	28.0%	N/A	N/A	37.7%
GWRE	Guidewire Software	57.1%	42.9%	38.3%	29.4%	23.5%	(24.7%)
MAGT	Magnet Forensics	7.1%	92.9%	57.0%	33.8%	39.3%	4.4%
MCO	Moody's	29.5%	70.5%	27.8%	N/A	N/A	43.7%
MDRX	Allscripts	57.2%	42.8%	23.5%	13.1%	N/A	19.6%
MLNK	MeridianLink	36.2%	63.8%	36.3%	13.8%	7.4%	29.6%
MORN	Morningstar	41.7%	58.3%	38.6%	N/A	18.1%	19.0%
MSCI	MSCI	17.9%	82.1%	18.9%	4.9%	11.8%	59.7%
NCNO	nCino	41.7%	58.3%	55.4%	29.8%	31.8%	(20.8%)
NICE	NICE	31.4%	68.6%	39.9%	14.1%	28.7%	22.0%
Q TWO	Q2 Software	54.7%	45.3%	35.3%	22.9%	18.5%	(5.5%)
SPNS	Sapiens International	58.2%	41.8%	15.9%	12.1%	N/A	19.6%
SPSC	SPS Commerce	34.1%	65.9%	37.7%	10.2%	22.5%	21.3%
SSNC	SS&C Technologies	52.3%	47.7%	17.1%	8.4%	9.1%	34.5%
TEMN	Temenos	34.8%	65.2%	28.1%	N/A	20.0%	35.2%
TWOU	2U	28.7%	71.3%	66.5%	19.7%	46.5%	(19.8%)
TYL	Tyler Technologies	57.5%	42.5%	22.0%	5.3%	N/A	21.2%
U	Unity	30.0%	70.0%	58.8%	71.2%	33.2%	(47.8%)
VEEV	Veeva Systems	28.0%	72.0%	26.2%	23.3%	16.3%	25.1%
	Min	7.1%	30.3%	13.2%	3.9%	1.5%	(47.8%)
	Median	38.1%	61.9%	37.4%	20.9%	20.0%	22.0%
	Mean	38.4%	61.6%	36.7%	21.0%	22.5%	14.5%
	Max	69.7%	92.9%	66.5%	71.2%	46.5%	59.7%

Horizontal SaaS Companies

ADBE	Adobe	12.2%	87.8%	34.6%	16.7%	27.9%	40.1%
ASAN	Asana	10.4%	89.6%	113.0%	54.4%	80.4%	(76.1%)
AYX	Alteryx	14.1%	85.9%	96.8%	27.3%	66.8%	(37.2%)
BOX	Box	26.5%	73.5%	46.8%	25.0%	33.9%	9.2%
CDAY	Ceridian HCM	62.9%	37.1%	39.3%	N/A	N/A	3.5%
COUP	Coupa	40.2%	59.8%	71.1%	22.0%	49.6%	(16.1%)
CRM	Salesforce	27.3%	72.7%	53.8%	17.2%	44.9%	14.3%
CRWD	CrowdStrike Holdings	26.5%	73.5%	55.4%	25.6%	40.3%	(2.7%)

OPERATING STATISTICS, CONT'D

FA SaaS Index - Operating Statistics - As of Q4 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							
DBX	Dropbox	19.4%	80.6%	27.6%	37.3%	18.0%	22.6%
DDOG	Datadog	20.7%	79.3%	36.8%	43.5%	28.4%	1.3%
DOCU	DocuSign	21.8%	78.2%	62.6%	19.1%	50.8%	(1.2%)
DOMO	Domo	24.6%	75.4%	77.5%	32.3%	57.1%	(37.9%)
ESTC	Elasticsearch	28.3%	71.7%	62.6%	31.2%	48.8%	(18.7%)
EVBG	Everbridge	31.5%	68.5%	64.6%	22.9%	42.3%	(4.9%)
FIVN	Five9	47.2%	52.8%	46.2%	18.2%	33.5%	(4.4%)
FRSH	Freshworks	19.4%	80.6%	101.7%	27.6%	68.2%	(47.3%)
FSLY	Fastly	52.1%	47.9%	72.5%	37.2%	43.1%	(33.3%)
HUBS	HubSpot	18.7%	81.3%	62.6%	25.1%	51.0%	(3.1%)
INTU	Intuit	20.0%	80.0%	39.6%	18.3%	28.3%	24.6%
MNDY	Monday.com	13.1%	86.9%	99.2%	25.1%	81.8%	(36.3%)
NEWR	New Relic	30.7%	69.3%	65.0%	28.8%	46.8%	(15.8%)
NOW	ServiceNow	22.1%	77.9%	49.8%	24.7%	39.4%	9.7%
OKTA	Okta	30.4%	69.6%	84.4%	35.4%	59.4%	(43.3%)
PANW	Palo Alto Networks	30.9%	69.1%	45.7%	24.9%	38.8%	3.1%
PAYC	Paycom Software	15.5%	84.5%	43.3%	11.1%	25.5%	33.6%
PCTY	Paylocity	33.4%	66.6%	44.9%	13.0%	25.5%	14.4%
PD	PagerDuty	19.0%	81.0%	81.7%	36.7%	53.5%	(34.2%)
PEGA	Pegasystems	29.2%	70.8%	61.5%	23.5%	51.8%	(17.6%)
PTC	PTC	20.0%	80.0%	36.0%	17.5%	25.1%	29.5%
QLYS	Qualys	21.1%	78.9%	31.0%	20.4%	19.4%	34.3%
SHOP	Shopify	49.5%	50.5%	34.4%	25.5%	23.0%	(65.9%)
SMAR	Smartsheet	21.6%	78.4%	81.8%	28.9%	64.3%	(28.6%)
SPLK	Splunk	24.2%	75.8%	62.7%	30.6%	48.5%	(14.9%)
SPT	Sprout Social	24.3%	75.7%	72.0%	24.0%	47.7%	(18.6%)
TEAM	Atlassian	16.8%	83.2%	37.5%	48.7%	20.4%	(0.6%)
TWLO	Twilio	52.6%	47.4%	49.4%	28.2%	35.2%	(28.4%)
UPLD	Upland Software	32.5%	67.5%	41.7%	14.5%	18.9%	9.1%
VRNS	Varonis Systems	15.3%	84.7%	75.1%	37.8%	59.2%	(27.9%)
WDAY	Workday	27.8%	72.2%	39.3%	36.9%	29.8%	2.1%
WIX	Wix.com	38.8%	61.2%	51.8%	35.0%	38.0%	(4.5%)
WK	Workiva	24.2%	75.8%	64.5%	28.2%	45.7%	(14.9%)
YEXT	Yext	25.5%	74.5%	76.3%	17.9%	55.6%	(13.3%)
ZM	Zoom Video	24.5%	75.5%	46.6%	14.5%	34.9%	11.5%
ZS	Zscaler	21.9%	78.1%	80.0%	24.6%	66.6%	(22.8%)
Min		10.4%	37.1%	27.6%	11.1%	18.0%	(76.1%)
Median		24.4%	75.6%	58.5%	25.1%	43.1%	12.9%
Mean		27.1%	72.9%	60.2%	27.1%	44.0%	(10.3%)
Max		62.9%	89.6%	113.0%	54.4%	81.8%	40.1%

BALANCE SHEET METRICS

FA SaaS Index - Balance Sheet Metrics - As of Q4 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								
ADSK	Autodesk	7.3%	69.5%	0.7x	41.1	127.9	136.7%	287.3%
AGYS	Agilysys	4.9%	10.4%	2.2x	45.6	56.4	45.5%	8.4%
ANSS	Ansys	7.7%	10.6%	2.4x	97.2	77.1	42.1%	19.0%
APPF	AppFolio	(12.6%)	(17.6%)	3.1x	11.9	5.8	32.7%	19.6%
BKI	Black Knight	8.0%	20.6%	1.1x	35.0	N/A	87.2%	102.9%
BLKB	Blackbaud	(1.2%)	(4.8%)	0.6x	38.8	318.1	159.1%	120.4%
BSY	Bentley Systems	6.5%	41.5%	0.6x	71.8	67.8	174.5%	347.1%
CHGG	Chegg	10.6%	28.7%	7.2x	8.1	21.2	13.9%	114.7%
COUR	Coursera	(18.0%)	(23.6%)	3.8x	37.1	144.3	26.5%	1.0%
DCT	Duck Creek Technologies	(1.0%)	(1.1%)	4.4x	42.3	11.6	22.6%	2.4%
EBIX	Ebix	4.6%	10.9%	0.4x	52.9	41.5	239.5%	1.0%
ENV	Envestnet	(2.4%)	(5.6%)	0.6x	27.6	21.1	157.0%	65.8%
FDS	FactSet Research Systems	13.3%	33.5%	2.0x	36.7	54.5	50.4%	164.6%
FIS	FIS	1.2%	2.0%	0.8x	89.6	322.2	129.1%	29.7%
GWRE	Guidewire Software	(9.2%)	(14.0%)	3.7x	44.2	27.4	26.8%	41.9%
MAGT	Magnet Forensics	0.2%	0.3%	2.4x	75.0	506.2	42.4%	6.0%
MCO	Moody's	10.8%	64.3%	1.8x	105.4	51.2	55.4%	323.7%
MDRX	Allscripts	5.4%	8.8%	3.2x	56.1	7.1	31.2%	18.1%
MLNK	MeridianLink	0.3%	0.6%	3.3x	39.3	17.5	30.5%	73.0%
MORN	Morningstar	4.0%	9.4%	1.0x	54.1	32.7	102.2%	109.2%
MSCI	MSCI	17.0%	N/A	1.4x	94.1	50.1	69.9%	N/A
NCNO	nCino	(7.5%)	(9.4%)	1.1x	53.3	24.1	94.0%	7.0%
NICE	NICE	5.3%	8.7%	2.1x	71.9	22.5	47.4%	19.0%
Q TWO	Q2 Software	(7.5%)	(21.5%)	3.0x	31.3	13.1	33.3%	165.5%
SPNS	Sapiens International	7.8%	13.5%	1.9x	59.1	11.3	53.2%	23.5%
SPSC	SPS Commerce	8.4%	10.6%	3.2x	31.9	13.1	31.1%	2.8%
SSNC	SS&C Technologies	4.0%	11.6%	1.1x	50.4	9.5	88.9%	128.3%
TEMN	Temenos	6.6%	21.3%	0.6x	109.4	292.7	161.4%	175.7%
TWOU	2U	(18.8%)	(57.4%)	1.0x	21.5	61.1	97.0%	208.6%
TYL	Tyler Technologies	4.0%	7.8%	1.1x	109.5	40.6	94.4%	43.0%
U	Unity	(18.0%)	(35.4%)	3.4x	93.8	236.7	29.3%	81.1%
VEEV	Veeva Systems	10.2%	12.9%	4.9x	60.7	44.1	20.4%	1.5%
	Min	(18.8%)	(57.4%)	0.4x	8.1	5.8	13.9%	1.0%
	Median	4.3%	8.8%	1.9x	51.6	41.5	51.8%	43.0%
	Mean	1.6%	6.7%	2.2x	56.1	88.1	75.8%	87.5%
	Max	17.0%	69.5%	7.2x	109.5	506.2	239.5%	347.1%

Horizontal SaaS Companies

ADBE	Adobe	18.2%	33.7%	1.1x	35.8	90.3	87.6%	28.2%
ASAN	Asana	(54.3%)	(184.0%)	2.1x	40.9	177.9	47.3%	61.6%
AYX	Alteryx	(21.8%)	(118.4%)	1.6x	56.9	62.0	62.5%	549.3%
BOX	Box	0.2%	N/A	1.1x	65.7	73.6	91.0%	N/A
CDAY	Ceridian HCM	(0.9%)	(3.6%)	1.1x	42.8	24.4	93.4%	60.3%
COUP	Coupa	(10.4%)	(59.7%)	1.8x	90.3	7.9	56.1%	721.0%
CRM	Salesforce	0.3%	0.5%	1.1x	64.4	220.9	94.9%	20.6%
CRWD	CrowdStrike Holdings	(4.5%)	(15.6%)	1.8x	69.0	43.3	56.7%	56.7%

BALANCE SHEET METRICS, CONT'D

FA SaaS Index - Balance Sheet Metrics - As of Q4 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								
DBX	Dropbox	12.0%	N/A	1.4x	7.2	89.0	73.2%	N/A
DDOG	Datadog	(0.6%)	(1.2%)	3.2x	67.8	39.4	31.0%	63.2%
DOCU	DocuSign	(5.1%)	(38.2%)	1.0x	54.2	30.1	97.9%	163.5%
DOMO	Domo	(52.7%)	N/A	0.7x	61.6	97.2	153.6%	N/A
ESTC	Elasticsearch	(15.1%)	(57.4%)	1.9x	65.2	60.5	52.3%	149.7%
EVBG	Everbridge	(6.2%)	(26.2%)	2.2x	88.8	31.8	45.4%	331.2%
FIVN	Five9	(7.1%)	(38.1%)	4.9x	33.8	27.5	20.4%	289.5%
FRSH	Freshworks	(17.9%)	(22.3%)	5.0x	39.8	53.0	19.9%	2.3%
FSLY	Fastly	(9.8%)	(20.3%)	4.4x	59.3	31.9	22.7%	81.5%
HUBS	HubSpot	(5.1%)	(13.1%)	2.3x	34.4	9.1	42.8%	77.7%
INTU	Intuit	7.5%	12.6%	1.4x	15.7	117.4	73.0%	43.7%
MNDY	Monday.com	(17.6%)	(24.9%)	3.1x	7.8	100.8	32.5%	10.3%
NEWR	New Relic	(15.7%)	(64.2%)	1.1x	62.4	46.7	90.9%	12.5%
NOW	ServiceNow	1.9%	5.0%	1.2x	50.0	41.9	80.9%	45.0%
OKTA	Okta	(9.9%)	(16.0%)	2.3x	68.1	23.0	43.5%	43.3%
PANW	Palo Alto Networks	(1.3%)	(42.4%)	0.7x	80.1	23.4	142.9%	55.7%
PAYC	Paycom Software	5.9%	26.1%	1.2x	4.3	27.1	85.2%	2.7%
PCTY	Paylocity	2.3%	16.3%	1.0x	5.8	7.9	97.3%	11.0%
PD	PagerDuty	(16.9%)	(51.7%)	2.4x	67.3	48.4	42.1%	122.6%
PEGA	Pegasystems	(29.3%)	(140.9%)	1.6x	47.7	21.1	62.7%	1040.0%
PTC	PTC	6.9%	14.9%	1.3x	99.7	36.0	74.1%	66.1%
QLYS	Qualys	13.1%	25.7%	1.6x	72.0	6.5	63.9%	8.1%
SHOP	Shopify	(26.4%)	(32.3%)	6.6x	32.6	62.1	15.1%	14.7%
SMAR	Smartsheet	(22.9%)	(46.2%)	1.3x	67.3	8.6	79.0%	10.9%
SPLK	Splunk	(12.9%)	N/A	1.2x	103.8	19.7	82.2%	N/A
SPT	Sprout Social	(17.9%)	(33.7%)	1.9x	34.9	36.5	53.0%	13.7%
TEAM	Atlassian	(5.4%)	(71.0%)	1.2x	30.2	72.1	80.2%	263.6%
TWLO	Twilio	(10.2%)	(12.1%)	5.7x	42.1	31.3	17.4%	11.3%
UPLD	Upland Software	(5.1%)	(16.9%)	2.0x	48.7	103.6	49.3%	123.4%
VRNS	Varonis Systems	(13.0%)	(25.1%)	4.4x	68.2	25.3	22.8%	57.8%
WDAY	Workday	(2.7%)	(6.5%)	1.9x	61.8	16.1	53.4%	58.6%
WIX	Wix.com	(24.8%)	(1337.6%)	1.1x	9.5	80.7	91.1%	N/A
WK	Workiva	(11.9%)	(373.9%)	1.5x	51.8	22.5	66.2%	N/A
YEXT	Yext	(15.2%)	(46.8%)	1.3x	62.7	31.6	79.6%	79.0%
ZM	Zoom Video	9.1%	12.2%	3.2x	40.0	46.1	30.9%	1.4%
ZS	Zscaler	(14.3%)	(70.5%)	2.0x	83.0	27.2	49.8%	276.1%
	Min	(54.3%)	(1337.6%)	0.7x	4.3	6.5	15.1%	1.4%
	Median	(8.5%)	(25.0%)	1.6x	55.5	36.3	62.6%	58.2%
	Mean	(9.3%)	(71.6%)	2.1x	52.2	51.2	63.8%	132.3%
	Max	18.2%	33.7%	6.6x	103.8	220.9	153.6%	1040.0%

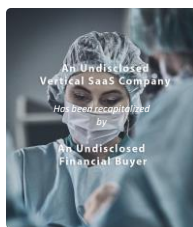
FOUNDERS TECHNOLOGY TRANSACTIONS



February 2023



January 2023



November 2022



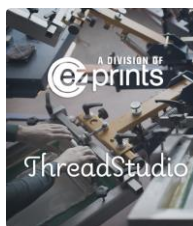
September 2022



April 2022



February 2022



November 2021



October 2021



October 2021



October 2021



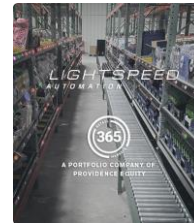
September 2021



September 2021



July 2021



June 2021



June 2021



February 2021



February 2021



December 2020



May 2020



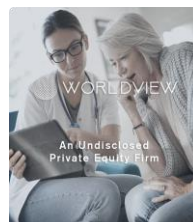
January 2020



December 2019



October 2019



September 2019



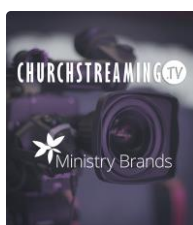
July 2019



May 2019



May 2019



January 2019



December 2018



December 2018

TECHNOLOGY PRACTICE WELCOMES NEW ASSOCIATE

Founders is excited to welcome new associate, Tucker Helms, to its Technology Practice. Mr. Helms, originally from Montgomery, AL, joined the team in February. Prior to Founders, Mr. Helms was an associate with Addicus Capital Advisors and before that, a Senior Associate at AEA Group. Mr. Helms graduated from the University of Alabama with a B.S. in finance and an MBA with a specialization in management information systems.

ORDER

SERVICE

GROWTH

EXCELLENCE

HEALTH

COMMUNITY

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