

FOUNDERS ADVISORS

Enterprise Support Software

Vertical Coverage Report
Q4 2023

Q4 Key Highlights

Summary Thoughts

2023 was a down year for software private equity with the primary factors being market uncertainty and the ongoing disconnect on valuation expectations between buyers and sellers. As these groups aim to put undeployed capital to work, **we are expecting an uptick in PE activity in 2024.**

2023 presented market volatility and investor scrutiny, and tech companies had to adjust their strategies, **moving away from the "growth at all costs" mantra** towards a more balanced approach that values profitability and growth efficiency. Companies that successfully navigate this shift will command premium valuations in 2024.

In 2023, the fluctuating state of debt markets and rising interest rates posed challenges for M&A activity. Despite these challenges, the latter part of the year saw a gradual adaptation within the M&A landscape. **The 2024 debt market outlook remains stable**, and we expect there to be less of an impact on valuations in 2024.

As we look forward in 2024, we are encouraged by activity on several of our active processes. We remain active with a variety of consulting partner ecosystems. **Premium valuations are available for platforms that are benchmarking well against their peers.**

(see Pages 3 & 4 for detail on our Valuation Scorecards)

2024 Silicon Y'all Technology Summit



Founders is preparing to host its tenth annual Technology Summit, Silicon Y'all, October 21st – 23rd at the Renaissance Ross Bridge Resort and Spa in Birmingham, AL. Silicon Y'all is an invitation-only event of technology CEOs and leading private equity companies. We invite you to join the 2024 waitlist and learn more about Silicon Y'all [HERE](#).

Recent Founders' Insights

[Founders SaaS Newsletter | February 2024](#)



[Efficient Customer Acquisition: A Make or Break for Your SaaS Business](#)



[Due Diligence Management: Tips for Potential Sellers](#)



[What to Expect When Transacting – Managing the Emotions of a Process](#)



SaaS Scorecard | Factors Driving Valuations

Founders' Valuation Scorecard isolates the most important quantitative and qualitative factors that impact valuation multiples for software businesses in the Enterprise Support Software sector.

		1.0x	2.0x	3.0x	4.0x	5.0x	Factors Influencing Revenue Multiple	6.0x	7.0x	8.0x	9.0x	10.0x+
Quantitative Factors	ARR	< \$5 million			Customer profile, vertical/horizontal, ACV, sales cycle				> \$10 million			
	YOY Growth Rate	< 10%			Historical growth trends, growth compared to peers				> 50%			
	Rule of 40	< 40%			Year-over-year revenue growth rate (%) + profit margin (%)				> 40%			
	Total Addressable Market	< \$1 billion			End market dynamics, competition, switching costs				> \$ 1 billion			
	Net Revenue Retention	< 90%			Public benchmarks, pricing vs. product, cohort analysis				> 100%			
	Gross Margin	< 75%			Fully burdened, end market dependent, scalability				> 85%			
	CAC Payback Period	> 12 months			Impact of dialing spend up/down, channel analysis				< 12 months			
	LTV:CAC Ratio	< 3:1			Balancing S&M spend but demonstrating return is key				> 3:1			
	Avg. Contract Length	< 12 months			Predictability of revenues and stickiness of customers				> 12 months			
Qualitative Factors	Management Team	Must understand your gaps and have clear delineation of responsibilities → self-assess strengths/weaknesses to highlight areas for investment										
	Product Adoption/Usage	Track/present usage stats; understand use cases and patterns across modules/cohorts → usage equates to stickiness in the minds of investors										
	Payments Opportunity	Opportunity to integrate payments into a proprietary, sticky solution → significantly increases scalability, retention, and expansion levers										
	Competitive Position	Understand the landscape, why you win/lose, differentiation, blue ocean vs. red ocean → consider roll-up opportunity to scale										
	IP/Technology Debt	Contracted development is accepted; understand short cuts taken and potential deficiencies → assess third-party dependencies, risks, & “what ifs”										
	Process Documentation	Be able to communicate & show methodologies, onboarding processes (employees and customers), retention strategies, etc.										
	Talent Retention	Maintain a ranking of all employees and understand where each shines → consider warrants, profits interest, M&A and stay bonuses										
	Point Solution vs SOR	Systems of record drive stickiness and a moat against competition										

IT Services Scorecard | Factors Driving Valuations

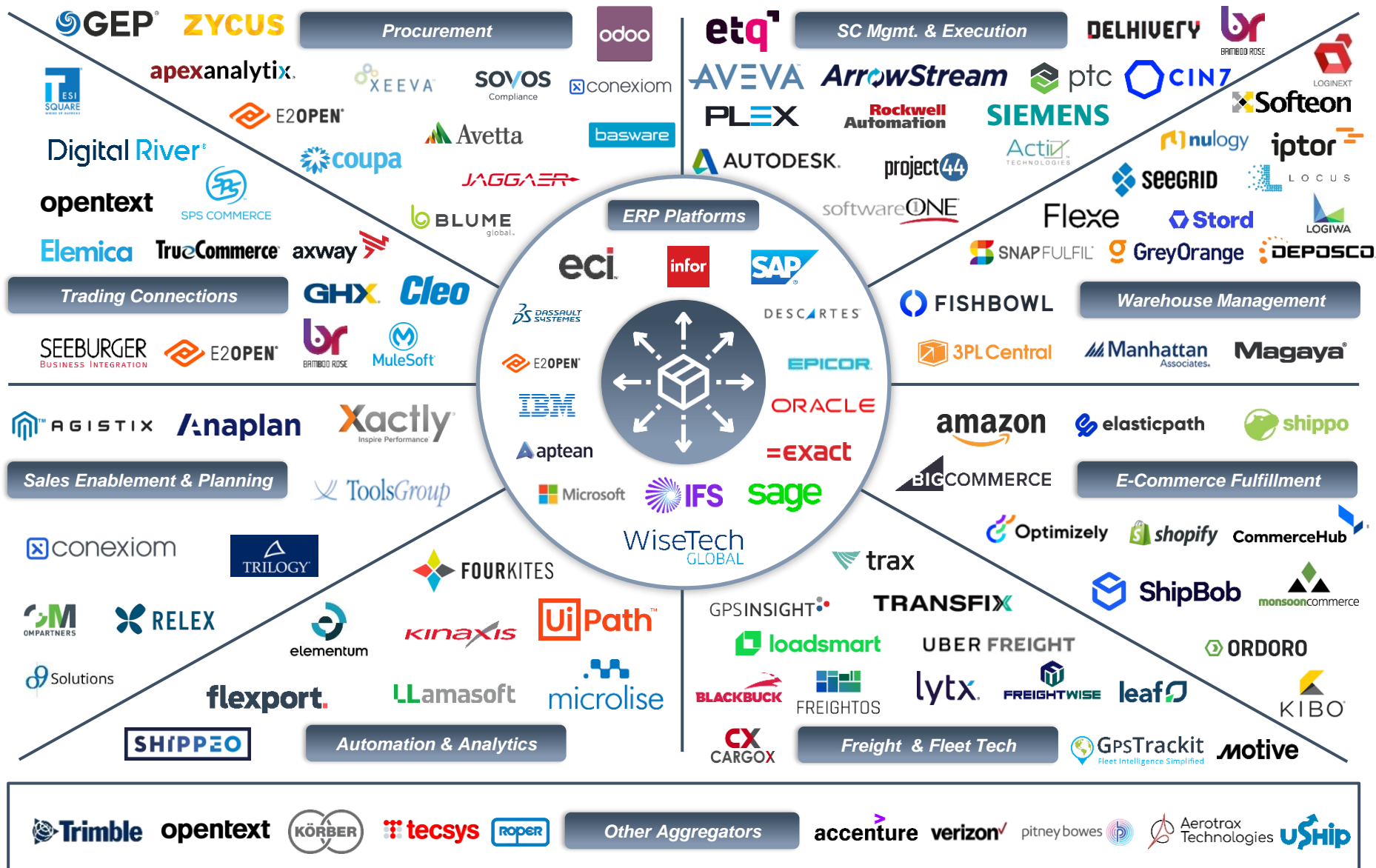
Founders' Valuation Scorecard isolates the most important quantitative and qualitative factors that impact valuation multiples for tech-enabled service businesses in the Enterprise Support Software Consulting sector.

4.0x 5.0x 6.0x 7.0x Factors Influencing EBITDA Multiple 8.0x 9.0x 10.0x 11.0x 12.0x+

Quantitative Factors	Financial Preparedness	Consistent reporting; ability to analyze at the customer level; GAAP; proof of cash → quality of earnings + full audit is likely with investors		
	Revenue Growth	< 10%	% of Total Revenue growth and % of Recurring growth	> 40%
	Gross Margin	< 20%	Gross Margin reflects the scalability of a company, as well as the value of its services	> 30%
	EBITDA Margin	< 10%	Ability to generate free cash to continue growth in in the business; should be at least 10%	> 20%
	Recurring Revenue	< 20%	End market dynamics, competition, switching costs	> 50%
	Retention	< 85%	85%+ Customer Retention; 90%+ Revenue Retention	> 95%
	Agreements	< 12 months	Length of terms, auto-renewals	> 24 months
	Customer Concentration	< 25% for Top Customer	Recognizing that some projects flex up, still don't want to get overly lopsided toward one customer	< 50% for Top 5 Customers
Qualitative Factors	Proprietary IP	Does the company have truly proprietary IP that makes enhances the sales process & builds stickier recurring revenues?		
	Product Revenue	What % of revenue is from products vs. project-based Services? Does the company bill for time and materials?		
	Supplier Relationship and Reputation	Are they a preferred partner of the respective enterprise software provider? Company should track successes with surveys and maintain a Net Promoter Score		
	Geography	Relevant market for existing company or a platform		
	Other Considerations	Quality of team (low to no direct hire placements; 1099 or W2 deployable workforce), pricing, operations metrics, ability to do M&A, end markets served, EBITDA to free cash flow conversion; quality of internal records and financial statements		
	Talent Retention	Maintain a ranking of all employees and understand where each shines → consider warrants, profits interest, M&A and stay bonuses		

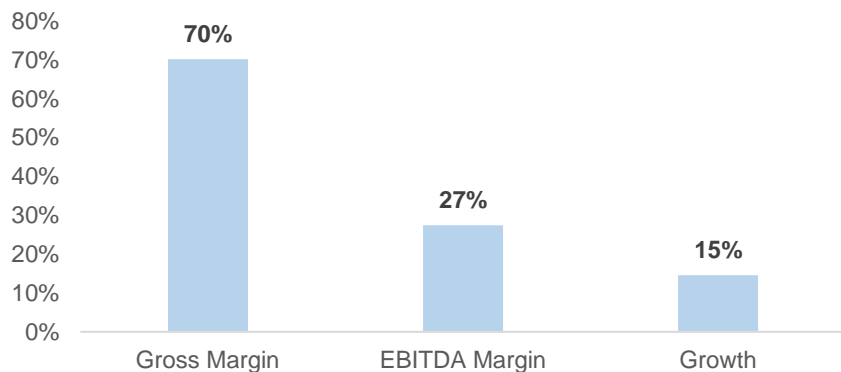
Deep Dive: Supply Chain Software

Digital Supply Chain Landscape

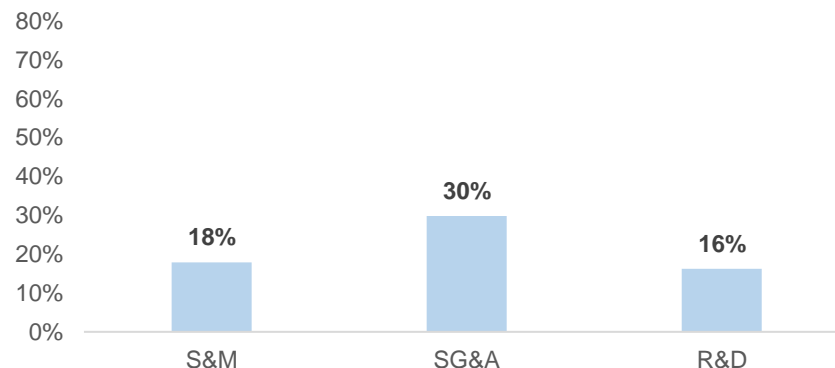


Supply Chain Software Index

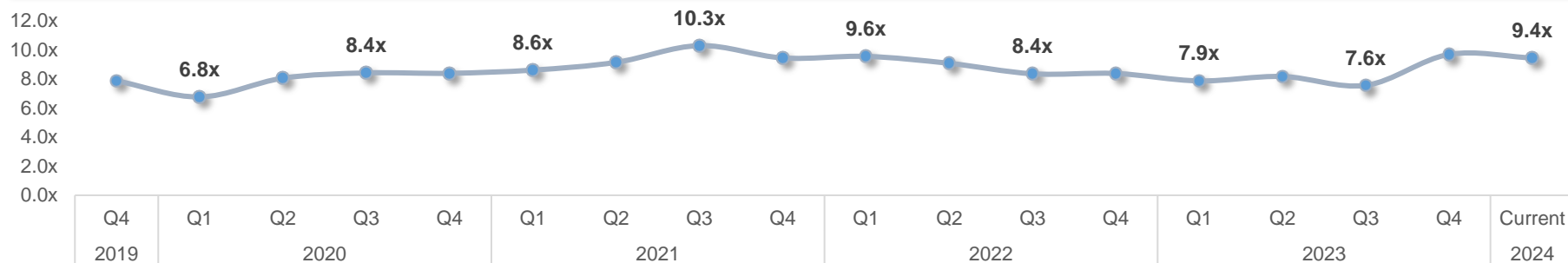
Growth & Margins (Median)



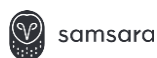
Operating Metrics (Median)



EV/Revenue (Mean)



Select Industry Participants



Notable Private Equity Investors



Portfolio Companies



Add-ons



Add-ons



Portfolio Companies



Portfolio Companies



Add-ons



Portfolio Companies



Add-ons



Add-ons



Portfolio Companies



Portfolio Companies



Add-ons



Trading Multiples

Public Comparables –Supply Chain Software (\$ in Millions) (as of February 2024)













Name	Enterprise Value	LTM Financials					Enterprise Value Multiples	
		Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
American Software	309	113	17	-7%	62%	15%	2.9x	18.2x
Axway	691	338	N/A	14%	45%	N/A	2.0x	N/A
Descartes Systems Group	7,052	550	230	16%	76%	42%	12.8x	30.6x
E2open	2,380	652	219	2%	50%	34%	3.7x	10.9x
International Business Machines	216,447	61,860	15,655	2%	55%	25%	3.5x	13.8x
Kinaxis	3,012	413	76	23%	61%	18%	7.3x	39.7x
Manhattan Associates	15,385	929	287	21%	54%	31%	16.6x	53.6x
Microsoft	3,036,929	227,583	117,372	12%	70%	52%	13.3x	25.9x
OpenText	18,217	5,696	2,601	61%	72%	46%	3.2x	7.0x
Oracle	387,611	51,628	24,095	12%	72%	47%	7.5x	16.1x
Samsara	17,384	830	(13)	43%	73%	-2%	20.5x	N/A
SAP	216,568	34,308	9,645	9%	71%	28%	6.4x	20.4x
ServiceNow	153,164	8,971	2,934	24%	79%	33%	17.1x	52.2x
SoftwareONE	3,058	1,089	253	8%	93%	23%	2.9x	12.3x
SPS Commerce	6,551	537	164	19%	66%	31%	12.2x	39.9x
Tecsys	364	121	7	15%	45%	6%	3.0x	49.7x
The Sage Group	16,194	2,675	655	12%	93%	24%	6.1x	24.7x
Trimble	17,924	3,799	1,001	3%	61%	26%	4.7x	17.9x
WiseTech Global	20,670	623	N/A	29%	84%	N/A	33.2x	73.2x
Workday	73,110	6,983	1,863	17%	75%	27%	10.1x	39.3x

Statistics

Min	309	113	(13)	-7%	45%	-2%	2.0x	7.0x
Median	16,789	1,009	471	15%	70%	27%	6.8x	25.3x
Mean	210,651	20,485	9,837	17%	68%	28%	9.4x	30.3x
Max	3,036,929	227,583	117,372	61%	93%	52%	33.2x	73.2x

M&A Activity | Notable Recent Transactions

Supply Chain Software Transactions (\$ in Millions)

Date	Target	Acquirer	Deal Size	Commentary
27-Feb-24	 ShippingTree	 WSI SUPPLY CHAIN SOLUTIONS	N/A	ShippingTree, operator of a cloud-based logistics and e-commerce fulfillment platform, was acquired by WSI, provider of supply chain and logistics services, for an undisclosed amount.
05-Feb-24	ZOBA	 marti	N/A	Zoba, developer of fleet optimization software for urban mobility and delivery, was acquired by Marti (ASE:MRT), developer of an urban e-bike rental platform, for an undisclosed amount.
09-Jan-24	 SUPPLYSHIFT	 sphera™	N/A	SupplyShift, developer of data management software turning supply chain data into actionable insights, was acquired by Sphera Solutions, developer of ESG and risk management software, via its financial sponsor Blackstone through an LBO for an undisclosed amount.
19-Dec-23	 IntegriChain*	NORDIC CAPITAL	N/A	IntegriChain, developer of a cloud-based supply chain channel management platform, was acquired by Nordic Capital through an LBO for an undisclosed amount.
24-Nov-23	 NAUTILUS LABS	 danelec MARINE	N/A	Nautilus Labs, developer of marine logistics software serving commerce fleets, was acquired by Danelec Marine, a manufacturer of maritime hardware products, via its financial sponsor Verdane through an LBO for an undisclosed amount.
26-Oct-23	 Flowtrac	 Unanet	N/A	FlowTrac, a developer of warehouse inventory management software, was acquired by Unanet, a developer of ERP and CRM software, via its financial sponsor JMI Equity through an LBO for an undisclosed amount.
02-Oct-23	 CLEARPATH ROBOTICS™	 RA Rockwell Automation	\$615.0	Clearpath Robotics, manufacturer and developer of self-driving technology and software focused on optimizing the delivery of goods, was acquired by Rockwell Automation (NYS:ROK), a pure-play automation developer, for \$615 million.

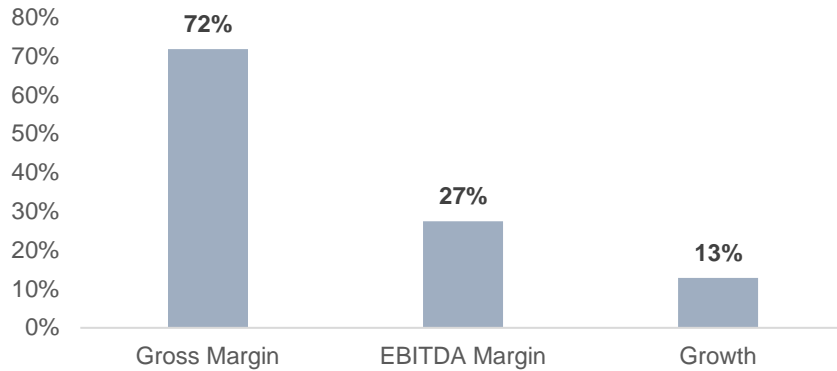
Deep Dive: FP&A Software

Back Office Finance Software Landscape

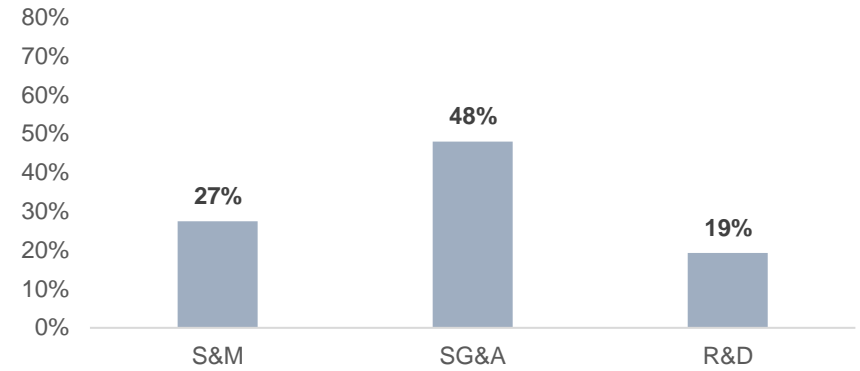
	Public or Public Subsidiary	Private Equity or VC Backed	Private – No Backing
Payments	PayPal BLOCK Evercommerce Paysafe: adyen MARQETA	stripe Chargebee DWOLLA NomuPay PAYSIMPLE Recurly MAXIO CHARGEOVER	MAXPAY <small>INTELLIGENT BILLING</small> paykickstart PayPro sublime corefy paycove
Accounting and ERP	SAP NETSUITE Microsoft sage qb xero wave	infor Acumatica Tally <small>POWER OF SIMPLICITY</small> FRESHBOOKS <small>cloud accounting</small> hb HostBooks® <small>The language of business</small> UNIT4	SYSPRO <small>Simplifying your Success</small> CheckMark a2X Agilyx BLUE LINK
AR / AP and Expense Management	bill.com zuora Vindi Divvy C Expensify avidxchange™	NEXUS emburse spendesk proactis ramp tipalti coupa abacus ivalua	DataServ <small>Documents Into Decisions</small> Expense OnDemand Expense Anywhere® <small>Expense Software</small> Expensing <small>Sourcing, Procurement, Accounts Payable</small>
Payroll and Benefits	ADP TriNet PAYCHEX zenefits™ paylocity paycom®	Justworks gusto AVANTI RIIPLING Criterion bambooHR®	Proliant Frontier software HR Cloud JobDiva bright ^{hr}
FP&A and Budgeting	BLACKLINE FUTRLI <small>by Sage</small> workday workiva	Anaplan Prophix OneStream® centage Phocas Jirav planful DataRails profitbase jedox. Mena board insightsoftware	limelight SYNOPTIX solver A3 SOLUTIONS fluxo MODLR MODELOPTIC

FP&A Software Index

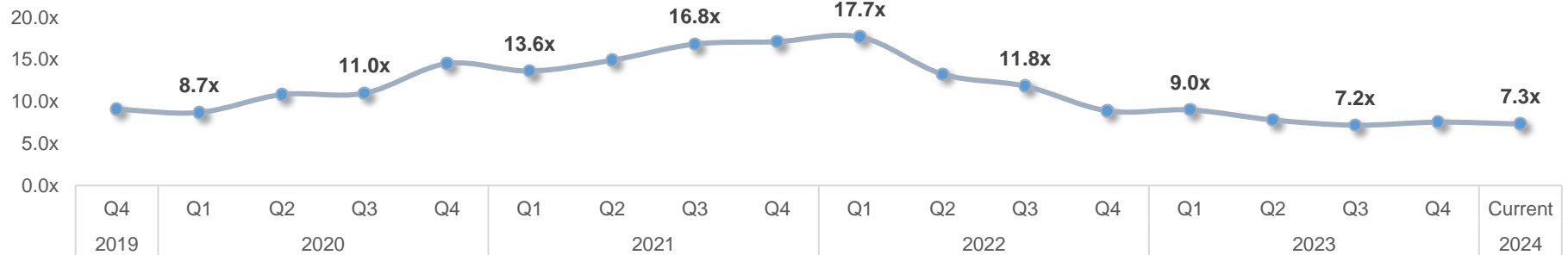
Growth & Margins (Median)



Operating Metrics (Median)



EV/Revenue (Mean)



Select Industry Participants



avidxchange



BLACKLINE

docebo

Expensify

INTUIT

kinaxis

Microsoft



PAYCHEX

paycom

Paycor

paylocity



Sage

Wolters Kluwer

workday

workiva



ZUORA

Notable Strategic Acquisitions

Payments	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 
Accounting and ERP	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 
AR / AP and Expense Management	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 
Payroll and Benefits	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 
FP&A and Budgeting	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 	 <u>Acquired By</u> 

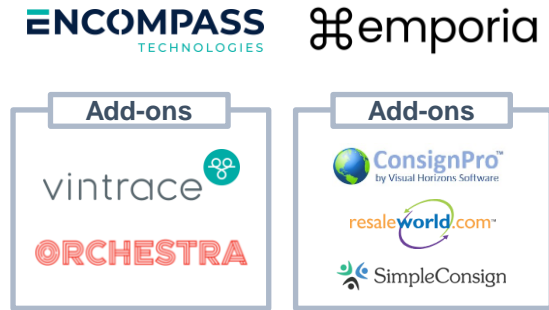
Private Equity Activity and Platforms



Relevant Investments



Relevant Investments



Relevant Investments



Relevant Investments



Relevant Investments



Relevant Investments



Trading Multiples

Public Comparables – Financial Planning & Analysis Software (\$ in Millions) (as of February 2024)












Name	Enterprise Value	LTM Financials					Enterprise Value Multiples	
		Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
Automatic Data Processing	105,014	17,674	4,402	6%	42%	25%	5.9x	23.9x
AvidXchange	2,282	363	18	21%	66%	5%	6.0x	NCM
Bill.com	6,062	1,192	167	39%	82%	14%	5.1x	NCM
BlackLine	3,724	542	163	13%	75%	30%	6.3x	23.4x
Docebo	1,568	181	N/A	27%	81%	N/A	8.7x	NCM
Expensify	157	151	N/A	-11%	56%	N/A	1.0x	8.5x
Intuit	189,566	15,094	N/A	10%	78%	N/A	12.6x	31.7x
Kinaxis	3,012	413	76	23%	61%	18%	7.3x	39.7x
Microsoft	3,036,929	227,583	117,372	12%	70%	52%	13.3x	25.9x
Oracle	387,611	51,628	24,095	12%	72%	47%	7.5x	16.1x
Paychex	43,514	5,030	2,283	6%	72%	45%	8.4x	19.1x
Paycom Software	10,090	1,694	719	23%	84%	42%	6.0x	14.0x
Paycor	3,736	560	249	19%	66%	44%	6.2x	15.0x
Paylocity	9,205	1,292	448	29%	69%	35%	7.1x	20.5x
SAP	216,568	34,308	9,645	9%	71%	28%	6.4x	20.4x
Sage Group	16,194	2,675	655	12%	93%	24%	6.1x	24.7x
Wolters Kluwer	40,825	6,042	N/A	2%	72%	N/A	6.8x	23.0x
Workday	73,110	6,983	1,863	17%	75%	27%	10.1x	39.3x
Workiva	4,606	630	N/A	17%	76%	N/A	7.3x	NCM
Xero	12,596	899	140	24%	99%	16%	13.3x	90.3x
Zuora	1,138	424	58	11%	65%	14%	2.7x	19.8x

Statistics

Min	157	151	18	-11%	42%	5%	1.0x	8.5x
Median	10,090	1,292	552	13%	72%	27%	6.8x	23.0x
Mean	198,453	17,874	10,147	15%	73%	29%	7.3x	26.8x
Max	3,036,929	227,583	117,372	39%	99%	52%	13.3x	90.3x

M&A Activity | Notable Recent Transactions

FP&A Software Transactions (\$ in Millions)

Date	Target	Acquirer	Deal Size	Commentary
20-Feb-24	 DOCUPHASE	 AQUILINE CAPITAL PARTNERS LLC	N/A	DocuPhase, developer of enterprise financial management software, was acquired by Aquiline Capital Partners through an LBO for an undisclosed amount.
11-Jan-24	 AATRIX	SOVOS	N/A	Aatrix Software, developer of accounting software for small and medium-sized businesses, was acquired by Sovos Compliance, developer of e-invoicing compliance and tax reporting software, via its financial sponsors Hg and TA Associates through an LBO for an undisclosed amount.
27-Dec-23	 Sphere	 bloomerang	N/A	Sphere Commerce, developer of financial technology and payments software, was acquired by Bloomerang, provider of an online fundraising and campaign management platform, via its financial sponsor JMI Equity through an LBO for an undisclosed amount.
23-Dec-23*	 IRIS	 LGP LEONARD GREEN & PARTNERS	\$3,990	IRIS Software Group, developer of financial software offering solutions ranging from accounting to payroll, entered into a definitive agreement to be acquired by Leonard Green & Partners through a \$3.99 billion LBO.
07-Nov-23	 COMPXL	 salary.com	N/A	CompXL, developer of compensation planning and budgeting software, was acquired by Salary.com, a provider of on-demand compensation and performance management software, via its consortium of financial sponsors through an LBO for an undisclosed amount.
16-Oct-23	 Viewgol	 cpsi	\$67.5	Viewgol, developer of data science and revenue cycle management software for medical practices, was acquired by Computer Programs & Systems (NAS:CPSI), a provider of healthcare software solutions and services, for \$67.5 million.
12-Oct-23	 rightworks	 bv INVESTMENT PARTNERS SINCE 1983	N/A	Rightworks, developer of an accounting platform for accounting firms and professionals, was acquired by BV investment Partners via the company's BV RN Continuation Fund through an LBO for an undisclosed amount.

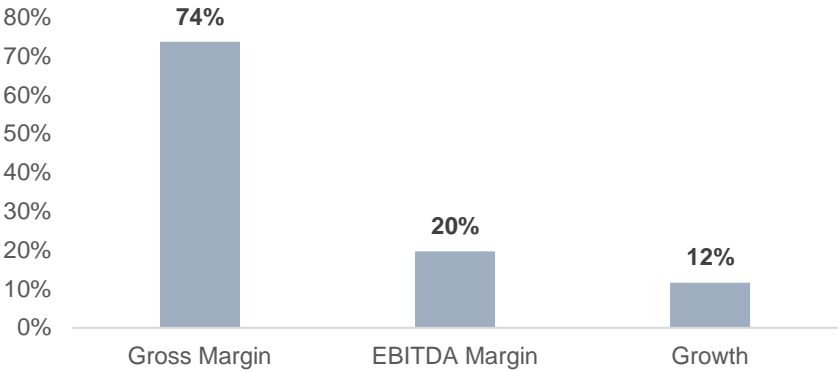
Deep Dive: Workflow & Process Automation Software

Workflow & Process Automation Software Landscape

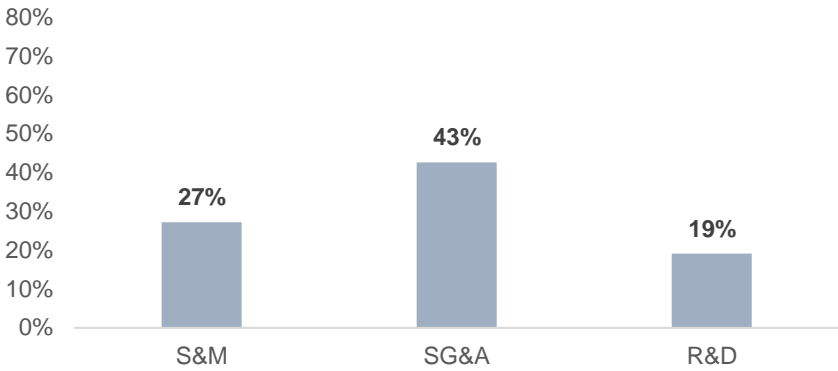
	Public or Public Subsidiary	Private Equity or VC Backed	Private – No Backing
Workflow Management & BPO Software	Adobe asana Confluence Jira Software monday.com Progress servicenow. smartsheet	airSlate Airtable Basecamp ClickUp Creatio miro ninox nintex planview. ProcessMaker quickbase Retool	agilepoint aura quantic Bitrix24 kintone optmyze
Process Automation	appian axway magic PEGA UiPath	ActiveBatch AUTOMATION ANYWHERE bizagi CAMUNDA celonis kissflow nintex pipefy ProcessMaker TRACKVIA workato	Laserfiche quixy codeless PLATFORMS WEBCON XMPRO BIZFLOW agilepoint Autonom8 CLARIFIRE
Payments & Subscription Management	BLOCK MARQETA PayPal Paysafe ZUORA	billwerk. BLU LOGIX chargebee fusebill MAXIO paddle Pelcro ProfitWell recharge Recurly stripe	advantage INVOICERA onebill paykickstart Rebillia Rebilly Subbly
Enterprise Operating Systems	DESCARTES DOMO e2open IBM Microsoft ORACLE Sage salesforce SAP servicenow. one wisetech global	Aptean eox.vantage EPICOR =exact ECI IFS infor mosaic ZOMGO	AFAS software FOCUS Genius ERP Infosys PRONTO SOFTWARE Synergix Technologies Tally
E-Commerce Fulfillment	Adobe Commerce amazon BIGCOMMERCE Brightpearl DELIVERY demandware HubLogix olo shopify VTEX	Deliverr DEPOS.CO easyship SRPLY KIBO LOGSTA ORDORO Packlink sendle ShipBob ShipCalm shiphoro shipmonk shippo Shipwire	acTIVATE BizAutomation dlivrd JOLT fulfillment system OWD Simpli

Workflow & Process Automation Index

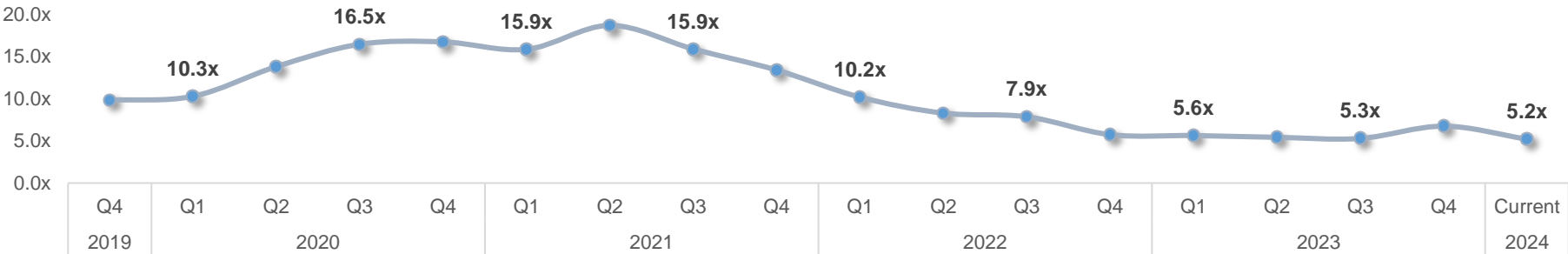
Growth & Margins (Median)



Operating Metrics (Median)



EV/Revenue (Mean)



Select Industry Participants



Active Private Equity and Capital-Backed Rollups



Portfolio Companies



Add-ons



Portfolio Companies



Add-ons



Portfolio Companies



Add-ons



Acquisitions



Portfolio Companies



Add-ons



Acquisitions



Trading Multiples

Public Comparables – Workflow & Process Automation Software (\$ in Millions) (as of February 2024)















Name	Enterprise Value	LTM Financials					Enterprise Value Multiples	
		Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
Adobe	245,661	19,409	9,394	10%	88%	48%	12.7x	26.2x
Appian	2,632	545	N/A	17%	74%	N/A	4.8x	N/A
Axway	691	338	N/A	14%	45%	N/A	2.0x	N/A
BigCommerce	669	298	(19)	10%	75%	-6%	2.2x	N/A
Block	45,333	21,916	N/A	25%	34%	N/A	2.1x	30.2x
DocuSign	10,007	2,709	759	11%	79%	28%	3.7x	13.2x
Domo	484	318	(0)	6%	77%	0%	1.5x	N/A
Dropbox	8,879	2,502	N/A	8%	81%	N/A	3.5x	9.5x
EverCommerce	2,299	645	116	12%	66%	18%	3.4x	19.9x
Flywire	2,883	403	N/A	39%	63%	N/A	7.2x	N/A
Magic Software Enterprises	563	557	88	1%	28%	16%	1.0x	6.2x
Marqeta	2,538	761	(151)	9%	44%	-20%	3.3x	N/A
PayPal Holdings	60,191	29,771	7,573	8%	46%	25%	2.0x	7.9x
Paysafe	3,197	1,570	462	6%	59%	29%	2.0x	6.9x
Pegasystems	5,560	1,433	282	9%	74%	20%	3.9x	NCM
Progress Software	2,931	694	275	15%	82%	40%	4.2x	10.7x
Salesforce	291,026	33,954	12,495	12%	75%	37%	8.6x	23.3x
ServiceNow	153,164	8,971	2,934	24%	79%	33%	17.1x	52.2x
Shopify	93,402	7,060	819	26%	50%	12%	13.2x	NCM
Smartsheet	5,200	914	83	28%	80%	9%	5.7x	NCM

Statistics

Min	484	298	(151)	1%	28%	-20%	1.0x	6.2x
Median	4,199	1,173	282	12%	74%	20%	3.6x	13.2x
Mean	46,865	6,738	2,341	15%	65%	19%	5.2x	18.7x
Max	291,026	33,954	12,495	39%	88%	48%	17.1x	52.2x

M&A Activity | Notable Recent Transactions

Workflow & Process Automation Software Transactions (\$ in Millions)

Date	Target	Acquirer	Deal Size	Commentary
27-Feb-24	 rizepoint	 fran connect	N/A	RizePoint, developer of cloud-based quality management software intended to streamline business processes, was acquired by FranConnect, developer of a SaaS based franchise management platform, via its financial sponsor Serent Capital through an LBO for an undisclosed amount.
08-Feb-24	 SOMA GLOBAL	 GSV GREATER SUM VENTURES®	N/A	Soma Global, provider of critical response and operating software solutions to law enforcement agencies, first responders and government agencies, was acquired by Greater Sum Ventures through an LBO for an undisclosed amount.
05-Feb-24	 everbridge™	 THOMABRAVO	\$1,500	Everbridge, developer of a variety of enterprise software applications, entered into a definitive agreement to be acquired by Thoma Bravo through an estimated \$1.5 billion public-to-private LBO.
16-Jan-24*	 APS POWERING LIMITLESS TECHNOLOGY™	 ibssoftware	\$90.0	Above Property, developer of cloud-based management systems for hotels, resorts, and properties, entered into a definitive agreement to be acquired by IBS Software, developer of a SaaS platform for the travel industry, via its financial sponsor Apax Partners through a \$90 million LBO.
09-Jan-24	 Mineral	 miratech	N/A	Mineral, developer of a cloud-based HR compliance software, was acquired by Miratech, a developer of enterprise legal and risk management software, via its consortium of financial sponsors through an LBO for an undisclosed amount.
28-Nov-23	 fleetworthy solutions	 BESTPASS	N/A	Fleetworthy Solutions, provider of cloud-based compliance automation software, was acquired by Bestpass, a provider of toll-related management services to the commercial trucking industry, via its financial sponsor Insight Partners through an LBO for an undisclosed amount.
13-Nov-23	 kinective	 OCEANSOUND PARTNERS	N/A	Kinective, provider of analytics and workflow integration software to financial institutions, was acquired by OceanSound Partners and TA Associates through an LBO for an undisclosed amount.

Deep Dive: Enterprise Software Consulting Services

FOUNDERS
ADVISORS

The banner features a diverse collection of logos from various companies, including:

- acetalpha, ActionNet, Adaptavist, ADDTECH, ADVANCE, agineo, akquinet, Alithya, apps associates, armanino, astound, AVISI, avtex, and others.
- Logos are arranged in a grid-like fashion, with some highlighted by a dashed box.

3Cloud

AHEAD

apps associates

Amulet Labs

brillio

cspire

CBeyondData

CONVERGE

Cloud Ace

CloudHesive

Cloudreach

CONTINO

ConvergeOne

Deloitte

devoteam

do it

Effectual

ensono

EVOLVE IP

FLEXENTIAL

GENERAL DYNAMICS

Fivetran

genpact

HCLTech

HURON

ICF

Infosys

KPMG

kyndryl

KIN + CARTA

LUMEN

mission

Netreo

newfold digital

Nordcloud

NorthBay

NUVODIA

open systems

ophi9

pwc

quantiphi

revolv

S A D A

searce

slalom

Softchoice

tcs

Tech Mahindra

tierpoint

UNISYS

WIPFLI

Xertica

AWS

IBM Cloud

Google Cloud

Microsoft Azure

vmware

Hewlett Packard Enterprise

InterVision

MEGAZONE cloud

AHEAD

ANOMALI

Areté

AXELLANT

BeyondID

BlueVoyant

CANCOM

carahsoft

CIPHERTECHS

COALFIRE

CONSORTIUM NETWORKS

coretelligent

CyberCX

CyberMx

CYBERSAFE

DATAPRISE

DIGITAKEN

FORESCOUT

GENERAL DYNAMICS

GreenPages

Cynet

CYBERARK

GreyCastle

GUIDEPPOINT

HEARTLAND

ICS CONSULT

okta

Forcepoint

FORTINET

KnowBe4

SentinelOne

Signal Sciences

zscaler

IDMWORKS

ICS

KeyData

LOCKSTEP

MajorKey

MANDIANT

marco

merlin

New Charter

OPTIV

Port3

PRESIDIO

RKN

SHI

simeio

SIRIUS

SUREFIRE

TETRA

ThreatConnect

TRACE3

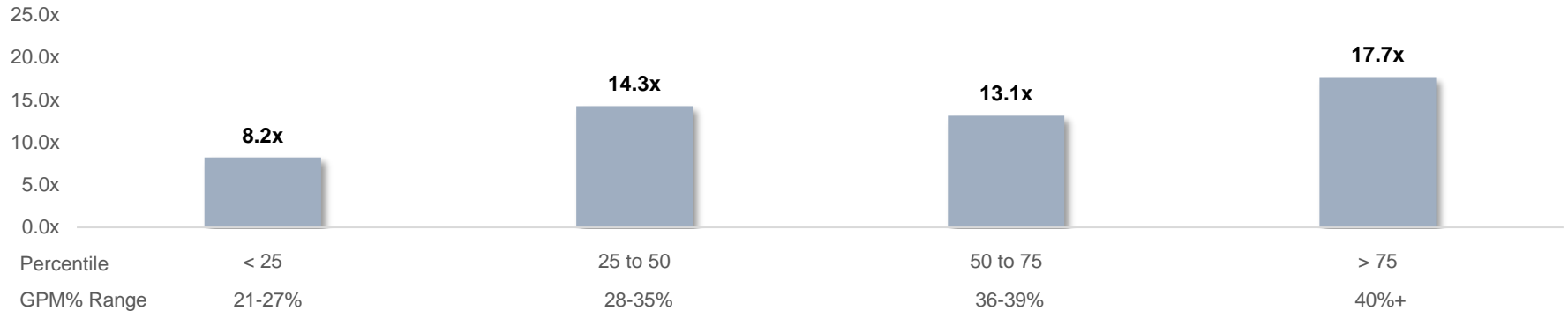
V3GATE

World Wide Technology

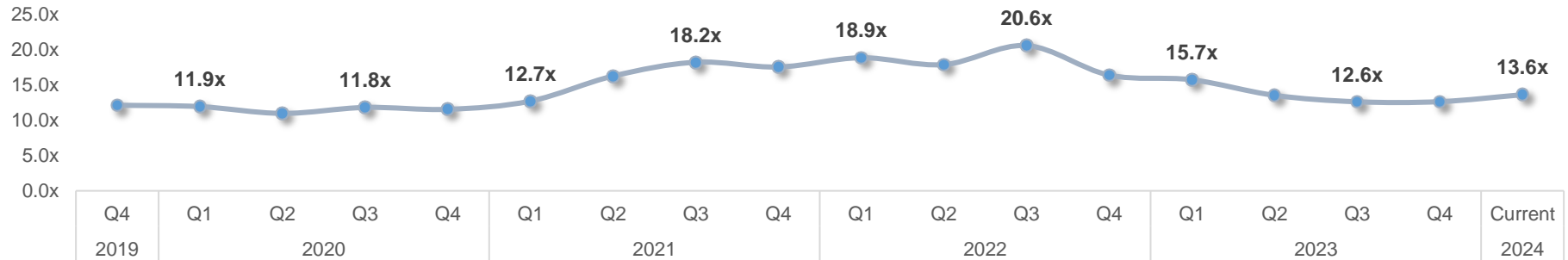
XALIENT

Enterprise Software Consulting Index

Gross Margin Percentile vs. EV/LTM EBITDA



EV/EBITDA (Mean)



Select Industry Participants



Notable Private Equity Investors – Consulting Services

TRINITY HUNT PARTNERS

Portfolio Companies



Add-ons



BIG COMPASS



In The Know
Solutions Group



NORTHPOINT

ALPINE Evergreen

Portfolio Companies



Add-ons



CENTURY PARK CAPITAL PARTNERS

Portfolio Companies



Add-ons



Key
Performance
Ideas



prolog



Portfolio Companies



Add-ons



A Top Microsoft Partner



RLH Equity Partners

Portfolio Companies



Portfolio Companies



Trading Multiples

Public Comparables – Enterprise Software Consulting Services (\$ in Millions) (as of February 2024)















Name	Enterprise Value	LTM Financials					Enterprise Value Multiples	
		Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
Accenture	231,727	64,588	10,960	4%	33%	17%	3.6x	21.1x
Atos	3,923	11,851	1,144	3%	31%	10%	0.3x	3.4x
Capgemini	43,805	24,371	3,987	2%	27%	16%	1.8x	11.0x
CGI Group	28,116	10,699	2,163	9%	16%	20%	2.6x	13.0x
Cognizant Technology Solutions	38,019	19,353	3,483	0%	35%	18%	2.0x	10.9x
Converge Technology Solutions	1,011	1,996	122	47%	26%	6%	0.6x	8.3x
DXC Technology	7,944	13,872	2,146	-7%	23%	15%	0.6x	3.7x
FTI Consulting	7,280	3,489	N/A	15%	33%	N/A	2.1x	18.7x
HCL Technologies	52,127	13,082	3,084	11%	28%	24%	4.0x	16.5x
Infosys	81,822	18,552	N/A	3%	30%	N/A	4.4x	17.9x
Mphasis	5,821	1,602	310	-4%	43%	19%	3.6x	18.8x
Perficient	2,559	907	193	0%	37%	21%	2.8x	13.2x
SoftwareONE	3,040	1,059	253	5%	42%	24%	2.9x	12.2x
Tata Consultancy Services	173,108	28,922	7,698	10%	45%	27%	6.0x	21.7x
Wipro	30,778	11,153	N/A	8%	30%	N/A	2.8x	13.8x

Statistics

Min	1,011	907	122	-7%	16%	6%	0.3x	3.4x
Median	28,116	11,851	2,154	4%	31%	19%	2.8x	13.2x
Mean	47,405	15,033	2,962	7%	32%	18%	2.7x	13.6x
Max	231,727	64,588	10,960	47%	45%	27%	6.0x	21.7x

M&A Activity | Notable Recent Transactions

Enterprise Software Consulting Services Transactions (\$ in Millions)

Date	Target	Acquirer	Deal Size	Commentary
13-Feb-24	 Aggne Lighting the Way	 wipro	\$66.0	Aggne, provider of IT consulting and technology implementation services, was acquired by Wipro, a leading global IT services and consulting provider, for \$66 million.
11-Jan-24	 STAGROUP	 freelance.com	N/A	STA Group, provider of IT consulting and transformation services, was acquired by Freelance.com, a provider of intellectual services and freelance support to businesses of all sizes, for an undisclosed amount.
9-Jan-24	 PDG CONSULTING	 FINCONS GROUP	N/A	PDG Consulting, provider of technology consulting services for the media and entertainment industry, was acquired by Fincons Group, a provider of business software / IT consulting services, for an undisclosed amount.
01-Jan-24	 QXO	 Jacobs Private Equity	\$1,000	QXO (formerly SilverSun Technologies), provider of a technology consulting services and software, was acquired by Jacobs Private Equity through a \$1 billion LBO.
13-Dec-23*	 THIRDERA	 cognizant	N/A	Thirdera, a ServiceNow partner and technology consulting firm, reached a definitive agreement to be acquired by Cognizant Technology Solutions (NAS:CTSH), a global IT services consulting and outsourcing provider, for an undisclosed amount.
01-Dec-23	 SADA	 Insight	\$800.0	SADA Systems, provider of business and cloud technology consulting services, was acquired by Insight Enterprises (NAS:NSIT), provider of digital innovation, cloud transformation and supply chain optimization services, for \$800 million.
3-Nov-23	 nomios	 KEENSIGHT CAPITAL	\$750.0	Nomios, provider of technology consulting and infrastructure management services, was acquired by Keensight capital through a \$750 million LBO.

Enterprise Support Software | Sector Coverage

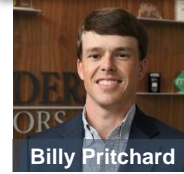
MANAGING PARTNER



Zane Tarence

Zane Tarence, Group Head of Founders Advisors' Technology practice, is an experienced investment banker, entrepreneur and recognized expert on the growth and monetization of software, digital media and internet technology companies. Over the past 20 years, Zane has led and completed more than 90 technology deals including several in the enterprise software sector.

DIRECTOR



Billy Pritchard

A Director on the Technology team, Billy serves as deal point person and leads the full transaction process. Billy has executed over 30 transactions in his M&A career, and currently covers the Enterprise Support Software sector.

J.D. / M.B.A. from the University of Alabama School of Law and Manderson Graduate School of Business.

Enterprise Support Software Sub-Verticals

Supply Chain Software

ERP, Procurement, EDI & Trading Connections, Inventory Management, Warehouse Management, Logistics & Freight Tech

Financial Planning & Analysis Software

Budgeting, Forecasting, General Accounting Systems, Sales Planning, Revenue Cycle Management, AP & AR Management

Workflow & Process Automation Software

Process Automation, Workflow Management & BPO Software, Enterprise Operating Systems, Payments and Subscription Management, E-Commerce Fulfillment

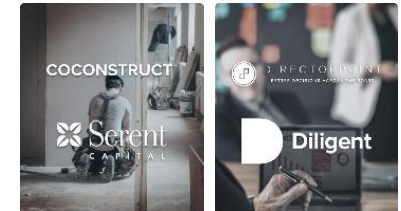
Enterprise Software Consulting Services

ERP Implementors, ERP and Operating System Consultants, Value-Added Software Resellers, Cloud-Based Solutions, Workflow Optimization, Augmented Design Services

Key Acquirors / Buyer Relationships



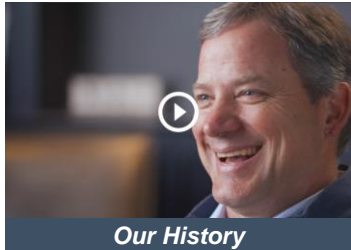
Founders Experience



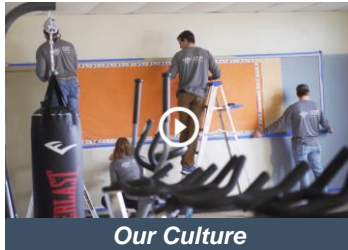
Founders Advisors Overview

FIRM OVERVIEW

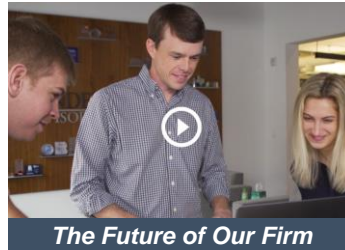
Founders is a mergers, acquisitions, and strategic advisory services firm that has served middle-market companies since 2003. With a nationwide footprint, we pride ourselves in employing a values based and highly personalized relational approach through our five industry-focused advisory teams. Today, Founders employs over 45 professionals and has offices in Birmingham, AL (headquarters) and Dallas, TX.



Our History



Our Culture



The Future of Our Firm

OUR WHEELHOUSE

The majority of our clients are founder-owned and operated companies across five industry groups that collaborate together. We listen to our clients and take the time to truly understand each client's unique situation and desired outcomes. Founders has been a trusted advisor to hundreds of middle market business owners, supporting their growth through tailored financing structures and ownership transition transactions

CAPABILITIES & FIRM HIGHLIGHTS



Sell-Side
Advisory



Strategic
Advisory



Capital
Raises



Spin-Offs /
Divestitures

\$55B+

Founders Managing
Directors' Transacted
Enterprise Value*

130+

Founders' Completed
Engagements
Since 2013

21%

Average Increase in
Initial Bid to Closing

Industries Covered

Technology

Business Services

Consumer

Healthcare

Industrials

PURPOSE

*Be Servant Leaders who
value relationships and
results*

FIRM VALUES

ORDER

Maintain focus on doing the right things at the right time

SERVICE

Go the extra mile for our clients, co-workers, & community

GROWTH

Reflect, evaluate, and plan for improvement

EXCELLENCE

All we do, we do well

HEALTH

Be and stay healthy, personally, and as a team

COMMUNITY

Be team-focused; we're better together

FOUNDERS

ADVISORS

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