

SAAS

INDUSTRY UPDATE | Q1 2024

NOTABLE & QUOTABLE

"You could say Moore's Law was probably more stable in the sense that it was scaling at maybe 15 months, 18 months, we now have these things that are scaling every 6 months, or doubling every 6 months." - **Microsoft (\$MSFT) CEO Satya Nadella**

"With AI, we expect the attacks to come at an even faster pace. I don't need to elaborate on the current enthusiasm around AI. Almost every one of our customers is either experimenting with AI or plans to deploy some use cases in the near future. As usual, their employees are way ahead. Almost 50% of employees of most companies are using some sort of AI application, LLM or co-pilot, to explore, learn and make themselves more productive." - **Palo Alto Networks (\$PANW) CEO Nikesh Arora**

"There are no such things that are great that were easy to do. By definition, therefore, I wish upon you greatness, which is my way of saying I wish upon you plenty of pain and suffering." - **Nvidia (\$NVDA) CEO Jensen Huang**

"...our formal education may end today, but you are not done learning. Many of the important things you will need to know can only be learned through experience. And experience can be a hard but irreplaceable teacher." - **Federal Reserve Chair Jerome Powell**

M&A OUTLOOK

With one quarter completed in 2024, many are wondering about the current sentiment in M&A markets. [FTI Consutling's M&A Market Status and Deal Outlook: March 2024](#) provides a survey across all deal sectors that indicates an expected increase in deal activity over the next 3-6 months. Driving factors include: concerns about the presidential election, significant amounts of private equity dry powder, a backlog of 2023 transactions and a convergence of buyer/seller valuation expectations.

DEAL STRUCTURE

When going through a tailored and competitive sell-side process, business owners can be faced with the decision to chose between multiple LOI offers that vary in deal structure. One component of a potential transaction is rollover equity. Valuation Research Corporation recently published [Rollover Equity: Don't Just Take It At Face Value](#) which deep dives into the common element of purchase price consideration.

SAAS METRICS

In most instances, SaaS GTM strategies can be broadly grouped into two different buckets, product-led or sales-led. The two models require different pricing and packaging structures depending on which is deployed by your SaaS company. In the recent blog post, [The GTM Perspective: Navigating Product-Led Growth vs. Sales-Led Growth Models](#), Sapphire Ventures navigates the two distinctions and how each model should influence decisions across a SaaS organization.

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FOUNDERS ADVISES O3 SOLUTIONS IN RECAPITALIZATION BY M33 GROWTH

BIRMINGHAM, AL. (May 30, 2024) – Founders is pleased to announce that O3 Solutions has been recapitalized by M33 Growth, a Boston-based growth-stage investment firm, to accelerate growth, support ongoing client success, and advance product innovation. O3 Solutions, a global leader in Construction Project Management software, provides a unified solution suite with sophisticated work package management across the entire project lifecycle from concept through commissioning. O3 Solutions was exclusively advised by principals of Founders Advisors LLC in this transaction.

Founded by Josh Girvin in 2016, O3 Solutions' proprietary Advanced Work Packaging software offers an environment for all project stakeholders across the Owner, EPC, Contractors, Sub-Contractors, and Vendors in industrial capital assets to collaborate, organize, plan, track and manage work from the office to the jobsite.

"The M33 Growth investment validates the growing demand for Construction Project Management software and shows confidence in O3's growth plans," said Josh Girvin, O3 CEO and Co-Founder. "When searching for an investment partner, we made it a priority to find a firm that had a track record of accelerating growth with leading software businesses focused on growth, client-success, and innovation. With their extensive experience in construction software, M33 is the perfect fit for O3's growth and future."

M33's investment in O3 Solutions is a testament to the company's ability to improve project execution for its users. Having been utilized on more than 500 global projects since 2016, O3's platform is scalable to address the needs of any project size or type and support Owner-Operators, EPC firms, and Contractors from the executives to users in the field.

"Stakeholders across complex construction and engineering projects are eager to adopt innovative technologies with proven track records of improving project outcomes. In particular, purpose-built construction project management software provides mission-critical solutions to optimize personnel and materials constraints, while increasing project performance visibility and collaboration. We see meaningful opportunity for O3 to enable enterprises to more effectively manage project timelines and prevent cost overruns," said M33 Growth Vice President Nate Ellis. "We are enthusiastic about deepening O3's customer-centric approach through additional investment in customer support and innovation to support the company's continued growth and development of the leading project management software for industrial capital assets," said Mike Anello, Co-Founder and Managing Director of M33 Growth.

"We are excited to see O3 Solutions thrive under its newly established partnership with M33 Growth," said Chris Weingartner, Managing Director at Founders Advisors. "Josh and the O3 team have built an innovative and comprehensive Advanced Work Packaging suite that optimizes its users' ability to manage construction projects of all scopes and sizes. We look forward to seeing what the future holds for O3 and believe they have found the perfect partner in M33 Growth."

About O3 Solutions

O3 is a market leading agile software built specifically to support Construction Project Management. The company's unified solution suite provides sophisticated work package management across the entire project lifecycle from concept through commissioning. No matter the size of the project, from small cap to mega projects, O3 is scalable and can support your Advanced Work Packaging journey. To learn more, please visit www.o3.solutions.



PROPOSED CAPITAL GAINS TAXES & NON-COMPETES CHANGES

By: **Billy Pritchard**, Director

Our deal teams at Founders Advisors are reviewing and processing important news items on key macro environmental factors for lower middle market business owners. Two notable proposals for legislative changes at the federal level are currently in the spotlight:

- President Biden's proposal for **Capital Gains Tax Increases**, and
- The FTC's rule proposal **Banning Noncompetes**.

Let's review what each policy change considers and discuss the potential impacts on near-term M&A activity.

Debt Markets

"[The President's Budget] also proposes taxing capital gains at the same rate as wage income for those with more than \$1 Million in income..." – [The White House Fact Sheet](#)

President Biden's FY 2025 Budget proposal (released last month) includes tax policy change which aims to increase the capital gains tax rate for high-income earning taxpayers. Under this proposed plan, the tax rate on long-term capital gains could nearly double, rising from the current rate of 20% to 39.6% for those high-income earners. When combined with the existing Net Investment Income Tax (NIIT) of 3.8%, the effective capital gains tax rate could reach 43.4%.

Impact on Lower Middle Market Business Operations and M&A Activity

For lower middle market businesses, especially those structured as pass-through entities such as S corporations and partnerships, owners often realize significant capital gains upon the sale of their businesses. The proposed tax increase could significantly impact the after-tax proceeds for private business shareholders, potentially altering their investment strategies, operating timelines, and exit plans.

The prospect of higher capital gains taxes may incentivize business owners to accelerate their exit timelines to avoid potential tax hikes. Following President Biden's election win in 2020, we saw a similar surge in deal activity as a capital gains tax increase was discussed heavily during that election cycle. As a result of this recent Budget Proposal and the pending election on the horizon, we might witness a similar uptick in M&A activity towards the back half of 2024.

A surge in deal activity can be beneficial for owners that are well prepared to pursue a transaction in the near term. However, as we saw in 2020 and 2021, this type of deal activity ramp up can cause resource constraints on the industry as a whole. It may prove difficult for sellers to get the attention of prospective buyers, and third parties that are critical to the execution of these transactions (like a Q of E provider) may become resource constrained.

For founders and owners considering a future exit, we would suggest speaking to both a tax and M&A advisor in the near term.

For additional reading, please review the [Department of the Treasury's General Explanations](#).

2) FTC's Final Rule Banning Non-Competes

"...the Federal Trade Commission issued a final rule to promote competition by banning noncompetes nationwide, protecting the fundamental freedom of workers to change jobs, increasing innovation, and fostering new business formation." – [FTC Press Release](#)

PROPOSED CAPITAL GAINS TAXES & NON-COMPETES CHANGES, CONTINUED

By: **Billy Pritchard**, Director

Earlier this week, the Federal Trade Commission (“FTC”) voted in favor of a rule banning noncompete agreements nationwide. Noncompete agreements are common practices in the lower middle market across a variety of industries. These agreements, often included in employment contracts, restrict employees from working for competitors or starting their own competing businesses for a specified period after leaving their current employer. The final rule will become effective 120 days after publication in the Federal Register.

Impact on Lower Middle Market Business Operations and M&A Activity

Noncompete agreements have been a common tool for businesses to protect their intellectual property, trade secrets, and client relationships. While this ban may foster innovation and entrepreneurship, it could also pose challenges for businesses seeking to safeguard their proprietary information.

Additionally, the ban of noncompete agreements could impact the attractiveness of private companies in M&A transactions, depending on the business model. Buyers may perceive increased risk if key employees are not bound by non-compete agreements, potentially affecting valuation and deal structures. In those scenarios, sellers would need to rely more heavily on other forms of protection, such as retention bonuses and stock option incentive plans to mitigate the risk of talent departures post-acquisition.

The proposed ban does include notable exceptions, including the continued exception for the sale of a business. It is very common for selling shareholders (and option holders) of a private business to be subject to noncompete provisions in the transaction documents for a period of time post-sale. This exception would still remain in the FTC’s proposed rule, which should give sellers and buyers structure options to derisk the potential departure of key employees after the deal.

This FTC rule is already meeting resistance and immediate legal challenges. While the viability of this rule is hard to predict, founders and owners considering a future exit should begin thinking through alternatives to a traditional non-compete agreement.

Concluding Thoughts

As a business owner, it’s imperative to monitor proposed legislation changes and consider the potential impact on business operations and M&A activity. President Biden’s Capital Gains Tax Increase and the FTC’s Ban on Noncompetes represent major policy shifts that could significantly impact the M&A landscape in the lower middle market. As always, we recommend staying informed through conversations with our team of M&A advisors.

Please reach out to discuss these policy changes, as well as other questions about the current M&A market.

SILICON Y'ALL & PEER GROUP PROGRAMS

SILICON Y'ALL – 2024 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. Over three days, participants engage in meaningful discussions about growth, value, and current industry trends while enjoying delicious food, scenic views, and true Southern charm and hospitality Birmingham has to offer.

We recently launched registration and are currently curating invitations. We invite you to join the 2024 waitlist and learn more about Silicon Y'all [here](#).



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 that Birmingham has to offer.



Enjoy the finest southern cuisine and tradition during the Technology 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.



INVESTMENT GRADE COACHING & ADVISORY BOARD PROGRAM

Born out of the Silicon Y'all community of entrepreneurs, Founders established an exclusive value creation program that is a collaboration of Investment Banking and Value Creation Consulting. We have partnered with former entrepreneurs, advisors, and investors to develop a peer group program to serve SaaS and software-enabled service company owners and operators who are seeking to create investment grade companies.


























The program was announced last October at Silicon Y'all, and has successfully launched two cohorts of CEOs in the inaugural program. Each group is curated to ensure companies have similar attributes, and the selection process targets CEOs that have a giver orientation, offer an area of expertise to the group, commit to regular attendance and contribution to peers, and have a relentless commitment to growth. If you're interested in discussing the program, please reach out to [Zane Tarence](#) and [Rachael Jenkins](#).

Objectives	<ul style="list-style-type: none"> Accelerate enterprise value creation, yielding a better business to hold & operate while also generating more exit optionality Create investment grade companies that are attractive and sellable to both private equity firms and strategic buyers Close the knowledge and skill gap compared to institutionally-backed peers by helping founders move to more of a "professional" CEO role 	<ul style="list-style-type: none"> Provide owners and operators with a peer group of other growth-oriented CEOs Offer private equity portfolio company-like services with no equity dilution Benchmark your business against other high performing peers while also understanding your company's current valuation, including key needle movers
How We Do This	<ul style="list-style-type: none"> Monthly classes on strategies and operations led by software-focused private equity groups and market experts KPI benchmarking reviews and peer accountability 	<ul style="list-style-type: none"> Highly curated referral network of functional area specialists Monthly group meetings to process key issues and decisions with peer CEOs and advisory group leader
Sample Program Topics	<ul style="list-style-type: none"> Creating an M&A landscape and execution playbook How to assess pricing and charge higher rates Common problems in unit economics and how to fix them How to use customer segmentation to unlock meaningful growth and outsized margins Identifying structural barriers to becoming investment grade Best practices for establishing scalable business processes 	<ul style="list-style-type: none"> What to do before establishing a board of directors and how to work with these advisors Hiring a sales team that can scale and why 90% of companies initially hire the wrong people for this role What to expect from a CFO and what a well-run finance department looks like How to design and execute a product/service road map

RECENT TRANSACTIONS

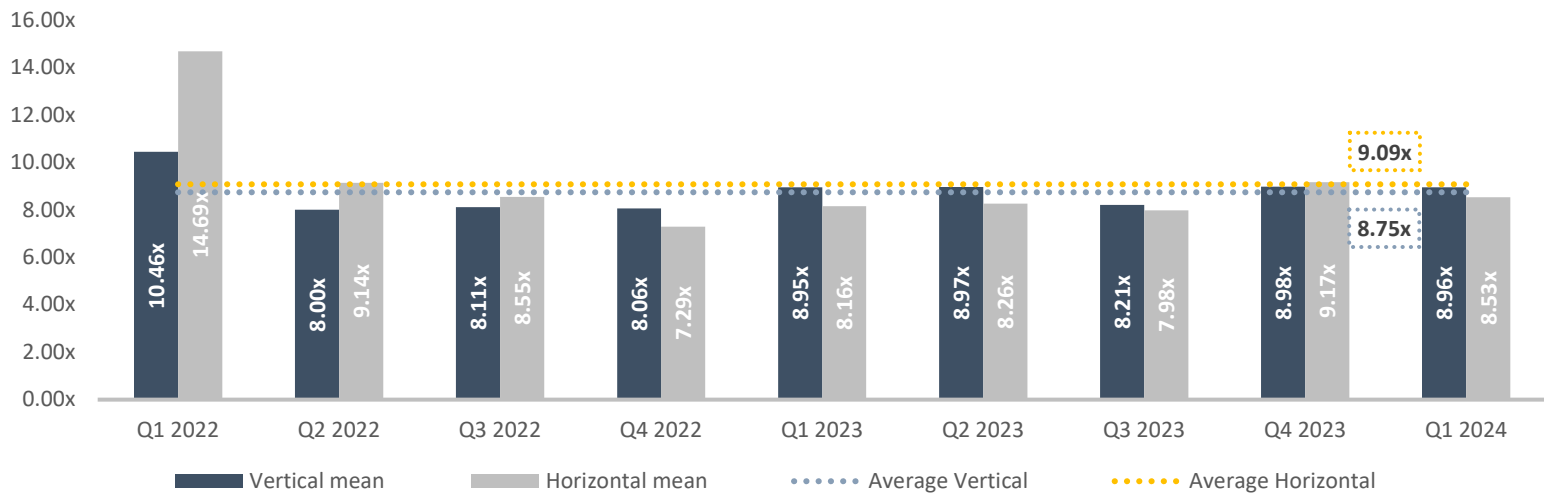
Date	Target	Buyer	Purchase Price	Revenue	EBITDA	Enterprise Value / Revenue	Enterprise Value / EBITDA
3/29/2024 ⁽¹⁾			\$848.6	N/A	N/A	N/A	N/A
3/22/2024			\$200.0	N/A	N/A	N/A	N/A
3/18/2024			\$1,200.0	N/A	N/A	N/A	N/A
3/17/2024 ⁽¹⁾			\$1,000.0	N/A	N/A	N/A	N/A
3/15/2024 ⁽¹⁾	 (UK Mortgages Arm)		\$107.6	N/A	N/A	N/A	N/A
3/15/2024 ⁽¹⁾			\$133.5	\$121.2	N/A	1.1x	N/A
3/13/2024 ⁽¹⁾			\$97.3	\$24.4	-\$1.4	4.3x	-78.0x
3/13/2024		Tronic Ventures	\$12,250.0	N/A	N/A	N/A	N/A
3/12/2024	 (Data Management Arm)		\$175.0	N/A	N/A	N/A	N/A
3/11/2024			\$190.0	N/A	N/A	N/A	N/A
3/11/2024			\$127.8	\$19.5	N/A	6.6x	N/A
3/10/2024 ⁽¹⁾			\$184.8	\$91.2	\$2.1	2.1x	89.0x
3/5/2024 ⁽¹⁾			\$1,240.0	\$90.0	N/A	13.8x	N/A
3/5/2024			\$108.0	N/A	N/A	N/A	N/A
3/1/2024			\$2,000.0	N/A	N/A	N/A	N/A
2/29/2024			\$667.8	N/A	N/A	N/A	N/A
2/29/2024 ⁽¹⁾			\$1,793.8	\$719.6	\$111.3	3.6x	23.5x
2/27/2024			\$1,800.0	N/A	N/A	N/A	N/A
2/26/2024			\$227.5	\$33.5	\$5.0	6.8x	45.4x
2/20/2024			\$164.4	N/A	N/A	N/A	N/A

RECENT TRANSACTIONS, CONTINUED

Date	Target	Buyer	Purchase Price	Revenue	EBITDA	Enterprise Value / Revenue	Enterprise Value / EBITDA
2/20/2024	 Sopheon	 Wellspring	\$91.2	N/A	N/A	N/A	N/A
2/14/2024 ⁽¹⁾	Altium	 RENESAS	\$5,820.0	\$283.0	\$97.4	21.2x	61.6x
2/13/2024 ⁽¹⁾	 ansarada	 Datasite	\$246.6	\$35.0	-\$1.2	7.5x	-226.4x
2/11/2024	 Jackpocket	 DRAFT KINGS	\$750.0	N/A	N/A	N/A	N/A
2/6/2024	 ZEROFOX [®]	 HAVELI	\$316.9	\$233.3	-\$320.3	1.5x	-1.1x
2/5/2024 ⁽¹⁾	 everbridge [™]	 THOMABRAVO	\$1,677.6	\$448.8	\$10.9	4.0x	165.2x
2/1/2024	 ENDPOINT PROTECTOR	 netwrix	\$150.0	N/A	N/A	N/A	N/A
1/31/2024	 vision-box	 amadeus	\$347.4	\$75.7	\$21.6	4.6x	16.1x
1/25/2024	 Procare SOLUTIONS	 Roper TECHNOLOGIES	\$1,860.0	N/A	\$100.0	N/A	18.6x
1/22/2024	 LAUNCH METRICS	 LECTRA	\$240.0	\$45.0	\$5.0	5.3x	48.0x
1/17/2024	 Habu	 /LiveRamp	\$200.0	N/A	N/A	N/A	N/A
1/17/2024	SAYARI	 TPG	\$235.0	N/A	N/A	N/A	N/A
1/16/2024 ⁽¹⁾	 Ansys	 SYNOPSYS [®]	\$34,139.6	\$2,269.9	\$752.2	15.4x	46.5x
1/11/2024	PAGERO	 THOMSON REUTERS	\$797.2	\$69.7	-\$8.0	11.4x	-99.9x

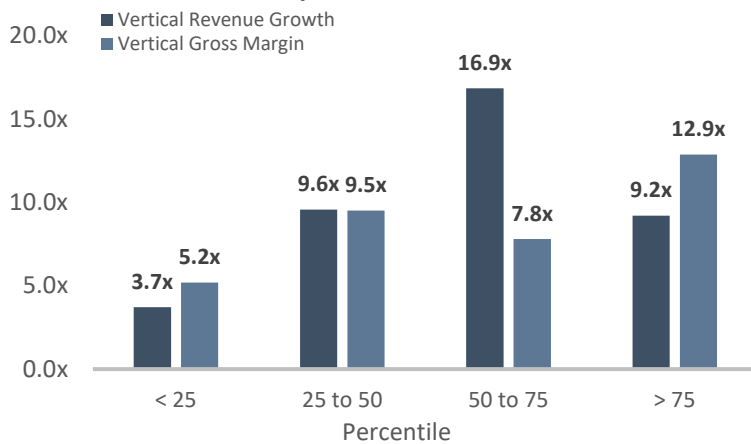
METRICS OVERVIEW

Public Vertical & Horizontal EV/LTM Revenue Multiples

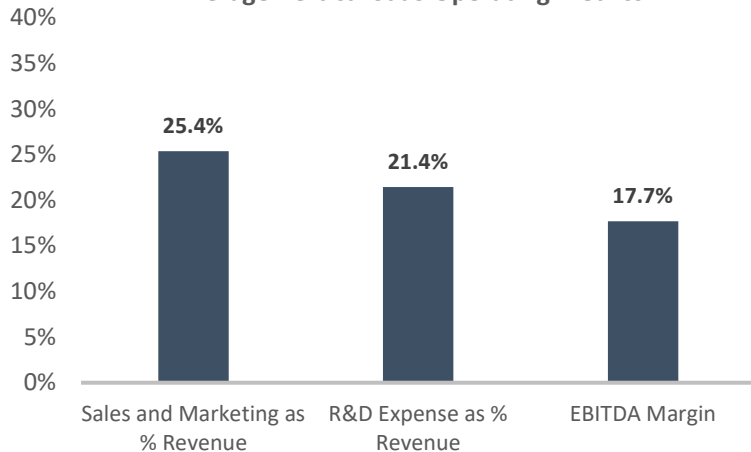


Public Vertical

Percentile Revenue Growth and Margin vs. EV/LTM Revenue

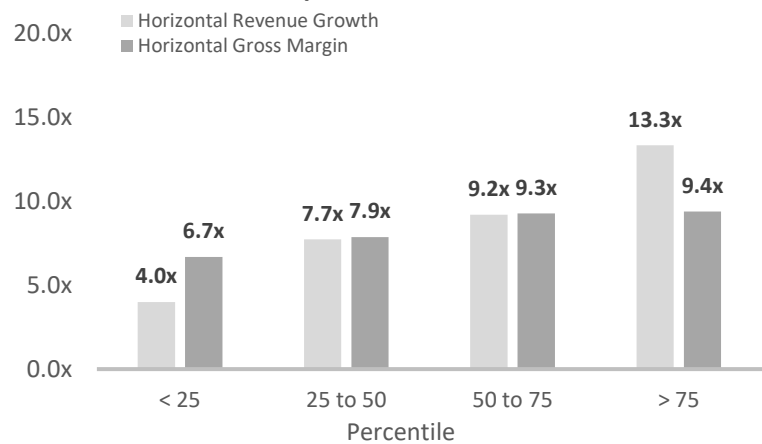


Average Vertical SaaS Operating Metrics

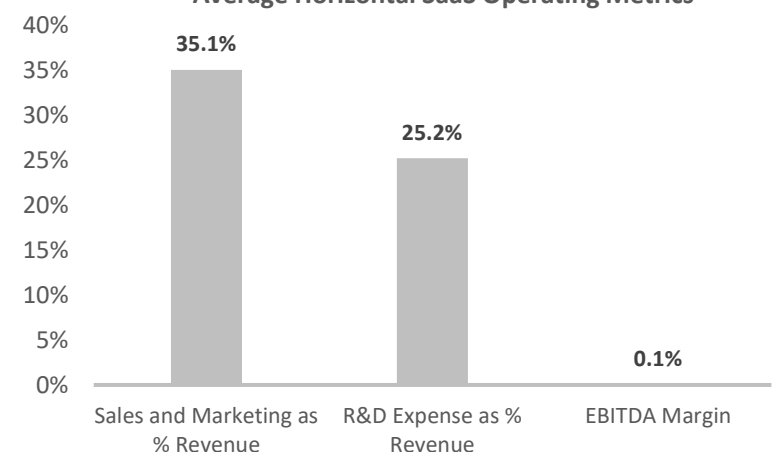


Public Horizontal

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 2024

(In millions)

Ticker	Company Name	TTM Revenue	YoY Growth	TTM EBITDA	Enterprise Value /	
					LTM Revenue	LTM EBITDA
Vertical SaaS Companies						
ADSK	Autodesk	\$ 5,346.0	9.1%	\$ 1,207.0	10.2x	28.1x
AGYS	Agilysys	\$ 228.1	19.0%	\$ 20.6	9.7x	65.2x
ANSS	Ansys	\$ 2,269.9	9.9%	\$ 752.2	13.3x	33.8x
APPF	AppFolio	\$ 620.4	31.5%	\$ 29.6	14.0x	85.2x
AZPN	Aspen Technology	\$ 1,057.0	N/A	\$ 295.3	12.8x	35.2x
BLKB	Blackbaud	\$ 1,105.4	4.5%	\$ 158.2	4.3x	13.5x
BSY	Bentley Systems	\$ 1,228.4	11.8%	\$ 295.2	13.9x	40.4x
CDNS	Cadence Design Systems	\$ 4,090.0	14.8%	\$ 1,434.2	20.7x	47.1x
CHGG	Chegg	\$ 716.3	(6.6%)	\$ 146.4	1.5x	4.1x
COUR	Coursera	\$ 635.8	21.4%	\$ (123.3)	2.3x	NM
ENV	Envestnet	\$ 1,245.6	0.5%	\$ (85.1)	3.3x	NM
FDS	FactSet Research Systems	\$ 2,122.9	10.3%	\$ 790.9	8.6x	22.1x
GWRE	Guidewire Software	\$ 925.8	6.4%	\$ (79.1)	10.1x	NM
MCO	Moody's Investors Service	\$ 5,916.0	8.2%	\$ 2,559.0	13.0x	29.2x
MLNK	MeridianLink	\$ 303.6	5.4%	\$ 73.4	5.8x	16.4x
MORN	Morningstar	\$ 2,038.6	9.0%	\$ 418.1	6.8x	30.0x
MSCI	MSCI	\$ 2,528.9	12.5%	\$ 1,680.5	19.2x	31.5x
NCNO	nCino	\$ 476.5	16.7%	\$ 4.9	8.9x	61.4x
NICE	NICE	\$ 2,377.5	9.0%	\$ 594.7	6.6x	20.1x
PCOR	Procore Technologies	\$ 950.0	31.9%	\$ (134.6)	11.9x	NM
QTWO	Q2 Software	\$ 624.6	10.4%	\$ 5.5	5.3x	42.5x
ROP	Roper Technologies	\$ 6,177.8	15.0%	\$ 2,663.0	10.7x	26.4x
SPNS	Sapiens International	\$ 514.6	8.4%	\$ 95.6	3.3x	15.1x
SPSC	SPS Commerce	\$ 536.9	19.1%	\$ 120.3	12.2x	40.1x
SSNC	SS&C Technologies	\$ 5,502.8	4.2%	\$ 1,997.9	4.1x	10.6x
TEMN	Temenos Headquarters	\$ 980.2	1.9%	\$ 333.6	6.0x	15.1x
TWOU	2U	\$ 946.0	(1.8%)	\$ (128.0)	1.0x	NM
TYL	Tyler Technologies	\$ 1,951.8	5.5%	\$ 392.6	9.5x	36.3x
U	Unity	\$ 2,187.3	57.2%	\$ (268.9)	5.3x	NM
VEEV	Veeva Systems	\$ 2,363.7	9.7%	\$ 486.9	14.1x	37.9x
	Min	\$ 228.1	(6.6%)	\$ (268.9)	1.0x	4.1x
	Median	\$ 1,166.9	9.7%	\$ 226.7	9.2x	30.8x
	Mean	\$ 1,932.3	12.2%	\$ 524.6	9.0x	32.8x
	Max	\$ 6,177.8	57.2%	\$ 2,663.0	20.7x	85.2x

Horizontal SaaS Companies

ADBE	Adobe	\$ 19,936.0	10.8%	\$ 6,880.0	11.2x		22.9x
ASAN	Asana	\$ 652.5	19.2%	\$ (256.2)	5.0x		NM
BOX	Box	\$ 1,037.7	4.7%	\$ 104.4	4.4x		15.9x
CRM	Salesforce	\$ 34,857.0	11.2%	\$ 8,909.0	8.3x		22.9x
CRWD	CrowdStrike Holdings	\$ 3,055.6	36.3%	\$ 144.9	24.5x		95.1x
DAY	Dayforce	\$ 1,513.7	21.5%	\$ 264.6	7.2x		27.0x
DBX	Dropbox	\$ 2,501.6	7.6%	\$ 705.0	3.6x		9.7x
DDOG	Datadog	\$ 2,128.4	27.1%	\$ 7.5	18.5x		75.3x

VALUATION & GROWTH METRICS, CONTINUED

FA SaaS Index - Valuation & Growth - As of Q1 2024

(In millions)

Ticker	Company Name	TTM Revenue	YoY Growth	TTM EBITDA	Enterprise Value /	
					LTM Revenue	LTM EBITDA
Horizontal SaaS Companies						
DOCU	DocuSign	\$ 2,761.9	9.8%	\$ 126.7	4.1x	14.6x
DOMO	Domo	\$ 319.0	3.4%	\$ (67.7)	1.3x	NM
ESTC	Elasticsearch	\$ 1,212.3	17.9%	\$ (74.9)	8.0x	NM
EVBG	Everbridge	\$ 448.8	3.9%	\$ 10.9	3.7x	19.2x
FIVN	Five9	\$ 910.5	16.9%	\$ (37.4)	5.1x	NM
FRSH	Freshworks	\$ 596.4	19.8%	\$ (157.5)	7.2x	NM
FSLY	Fastly	\$ 506.0	16.9%	\$ (75.4)	3.7x	NM
HUBS	HubSpot	\$ 2,170.2	25.4%	\$ (140.1)	14.4x	NM
INTU	Intuit	\$ 15,094.0	10.3%	\$ 4,248.0	12.4x	31.3x
KVYO	Klaviyo	\$ 698.1	47.7%	\$ (317.4)	8.6x	NM
MNDY	Monday.com	\$ 729.7	40.6%	\$ (27.1)	13.7x	NM
NOW	ServiceNow	\$ 8,971.0	23.8%	\$ 1,292.0	17.1x	52.4x
OKTA	Okta	\$ 2,263.0	21.8%	\$ (311.0)	7.3x	NM
ORCL	Oracle	\$ 52,510.0	9.5%	\$ 20,345.0	8.1x	17.0x
PANW	Palo Alto Networks	\$ 7,527.4	22.3%	\$ 855.6	12.0x	41.0x
PATH	UiPath	\$ 1,308.1	23.6%	\$ (110.3)	8.5x	NM
PAYC	Paycom	\$ 1,693.7	23.2%	\$ 588.3	6.7x	15.7x
PCTY	Paylocity	\$ 1,292.3	29.1%	\$ 298.7	7.3x	20.9x
PD	PagerDuty	\$ 430.7	16.2%	\$ (74.9)	4.6x	NM
PEGA	Pegasystems	\$ 1,432.6	8.7%	\$ 111.8	3.9x	19.8x
PTC	PTC	\$ 2,181.4	12.4%	\$ 617.5	11.4x	28.8x
QLYS	Qualys	\$ 554.5	13.2%	\$ 188.7	10.4x	22.4x
SHOP	Shopify	\$ 7,060.0	26.1%	\$ 18.0	13.5x	116.3x
SMAR	Smartsheet	\$ 958.3	25.0%	\$ (94.8)	4.9x	NM
SNOW	Snowflake	\$ 2,806.5	35.9%	\$ (930.0)	18.0x	NM
SPT	Sprout Social	\$ 333.6	31.4%	\$ (61.8)	10.0x	NM
TEAM	Atlassian	\$ 3,892.4	22.4%	\$ (238.0)	12.9x	NM
TWLO	Twilio	\$ 4,153.9	8.6%	\$ (712.3)	2.0x	NM
UPLD	Upland Software	\$ 297.9	(6.1%)	\$ (91.7)	1.5x	NM
VRNS	Varonis Systems	\$ 499.2	5.4%	\$ (106.6)	9.9x	NM
WDAY	Workday	\$ 7,259.0	16.8%	\$ 451.0	9.3x	34.2x
WIX	Wix.com	\$ 1,561.7	12.5%	\$ 23.3	4.9x	560.6x
WK	Workiva	\$ 630.0	17.1%	\$ (85.2)	7.3x	NM
YEXT	Yext	\$ 404.3	0.9%	\$ 17.6	1.6x	10.4x
ZM	Zoom Video Communications	\$ 4,527.2	3.1%	\$ 936.8	2.9x	6.4x
ZS	Zscaler	\$ 1,895.5	40.6%	\$ (124.0)	14.6x	NM
	Min	\$ 297.9	(6.1%)	\$ (930.0)	1.3x	6.4x
	Median	\$ 1,537.7	17.0%	\$ 9.2	7.7x	22.9x
	Mean	\$ 4,717.6	18.0%	\$ 978.4	8.5x	55.6x
	Max	\$ 52,510.0	47.7%	\$ 20,345.0	24.5x	560.6x

OPERATING STATISTICS

FA SaaS Index - Operating Statistics - As of Q1 2024

(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	9.4%	90.6%	44.4%	25.0%	33.4%	22.6%
AGYS	Agilysys	39.4%	60.6%	26.7%	24.6%	11.4%	9.0%
ANSS	Ansys	12.0%	88.0%	37.7%	21.8%	N/A	33.1%
APPF	AppFolio	38.4%	61.6%	32.4%	24.4%	17.3%	4.8%
AZPN	Aspen Technology	36.2%	63.8%	60.6%	20.5%	46.5%	27.9%
BLKB	Blackbaud	45.4%	54.6%	36.4%	13.9%	19.2%	14.3%
BSY	Bentley Systems	21.7%	78.3%	34.1%	22.4%	18.3%	24.0%
CDNS	Cadence Design Systems	10.6%	89.4%	22.8%	35.3%	16.9%	35.1%
CHGG	Chegg	31.5%	68.5%	51.1%	26.8%	17.7%	20.4%
COUR	Coursera	48.1%	51.9%	N/A	N/A	N/A	(19.4%)
ENV	Envestnet	73.7%	26.3%	33.0%	N/A	N/A	(6.8%)
FDS	FactSet Research Systems	47.0%	53.0%	36.3%	N/A	N/A	37.3%
GWRE	Guidewire Software	44.1%	55.9%	16.8%	12.1%	9.0%	(8.5%)
MCO	Moody's Investors Service	N/A	N/A	176.3%	N/A	N/A	43.3%
MLNK	MeridianLink	35.7%	64.3%	2.2%	0.8%	0.6%	24.2%
MORN	Morningstar	41.4%	58.6%	256.8%	N/A	139.6%	20.5%
MSCI	MSCI	17.7%	82.3%	21.1%	6.5%	13.5%	66.5%
NCNO	nCino	40.2%	59.8%	8.2%	4.6%	5.2%	1.0%
NICE	NICE	32.3%	67.7%	N/A	67.7%	N/A	25.0%
PCOR	Procore Technologies	18.4%	81.6%	29.0%	12.6%	20.8%	(14.2%)
QTwo	Q2 Software	51.5%	48.5%	23.1%	14.5%	11.5%	0.9%
ROP	Roper Technologies	30.3%	69.7%	N/A	N/A	N/A	43.1%
SPNS	Sapiens International	57.3%	42.7%	1.3%	1.0%	N/A	18.6%
SPSC	SPS Commerce	33.9%	66.1%	N/A	N/A	N/A	22.4%
SSNC	SS&C Technologies	51.8%	48.2%	N/A	N/A	N/A	36.3%
TEMN	Temenos Headquarters	30.3%	69.7%	N/A	N/A	N/A	34.0%
TWOU	2U	27.2%	72.8%	N/A	N/A	N/A	(13.5%)
TYL	Tyler Technologies	55.9%	44.1%	48.5%	11.6%	15.8%	20.1%
U	Unity	33.5%	66.5%	63.2%	54.0%	42.8%	(12.3%)
VEEV	Veeva Systems	28.7%	71.3%	28.7%	28.8%	17.4%	20.6%

Min	9.4%	26.3%	1.3%	0.8%	0.6%	(19.4%)
Median	35.7%	64.3%	33.0%	21.1%	17.4%	23.3%
Mean	36.0%	64.0%	47.4%	21.4%	25.4%	17.7%
Max	73.7%	90.6%	256.8%	67.7%	139.6%	66.5%

Horizontal SaaS Companies

ADBE	Adobe	11.9%	88.1%	34.3%	18.0%	27.1%	34.5%
ASAN	Asana	9.9%	90.1%	81.7%	49.8%	60.1%	(39.3%)
BOX	Box	25.1%	74.9%	46.0%	24.0%	33.6%	10.1%
CRM	Salesforce	24.5%	75.5%	41.7%	14.1%	31.3%	25.6%
CRWD	CrowdStrike	24.7%	75.3%	50.2%	25.2%	37.3%	4.7%
DAY	Dayforce	57.3%	42.7%	33.9%	N/A	16.5%	17.5%
DBX	Dropbox	19.1%	80.9%	28.1%	37.4%	18.6%	28.2%
DDOG	Datadog	19.3%	80.7%	37.1%	45.2%	28.6%	0.4%

OPERATING STATISTICS, CONTINUED

FA SaaS Index - Operating Statistics - As of Q1 2024

(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	20.7%	79.3%	57.5%	19.5%	42.3%	4.6%
DOMO	Domo	23.7%	76.3%	66.9%	26.7%	51.4%	(21.2%)
ESTC	Elasticsearch	26.1%	73.9%	56.8%	27.2%	43.9%	(6.2%)
EVBG	Everbridge	29.3%	70.7%	62.3%	21.3%	35.4%	2.4%
FIVN	Five9	47.5%	52.5%	46.1%	17.2%	32.6%	(4.1%)
FRSH	Freshworks	17.3%	82.7%	88.1%	23.1%	60.0%	(26.4%)
FSLY	Fastly	47.4%	52.6%	60.8%	30.1%	37.9%	(14.9%)
HUBS	HubSpot	15.9%	84.1%	60.7%	28.5%	49.2%	(6.5%)
INTU	Intuit	21.9%	78.1%	34.4%	17.5%	25.4%	28.1%
KVYO	Klaviyo	25.5%	74.5%	84.3%	37.6%	56.5%	(45.5%)
MANDY	Monday.com	11.1%	88.9%	72.8%	21.4%	60.1%	(3.7%)
NOW	ServiceNow	21.4%	78.6%	46.4%	23.7%	36.8%	14.4%
OKTA	Okta	25.7%	74.3%	65.7%	29.0%	45.8%	(13.7%)
ORCL	Oracle	28.5%	71.5%	19.0%	17.0%	16.1%	38.7%
PANW	Palo Alto Networks	26.0%	74.0%	43.7%	22.4%	35.0%	11.4%
PATH	UiPath	15.0%	85.0%	72.2%	25.4%	54.5%	(8.4%)
PAYC	Paycom	16.3%	83.7%	41.7%	11.7%	24.7%	34.7%
PCTY	Paylocity	31.1%	68.9%	38.4%	13.4%	24.0%	23.1%
PD	PagerDuty	18.1%	81.9%	71.8%	32.5%	45.7%	(17.4%)
PEGA	Pegasystems	26.4%	73.6%	45.8%	20.6%	39.0%	7.8%
PTC	PTC	20.9%	79.1%	36.7%	18.9%	25.2%	28.3%
QLYS	Qualys	19.4%	80.6%	31.3%	19.9%	20.1%	34.0%
SHOP	Shopify	50.2%	49.8%	24.2%	24.5%	17.3%	0.3%
SMAR	Smartsheet	19.5%	80.5%	68.7%	24.4%	53.3%	(9.9%)
SNOW	Snowflake	32.0%	68.0%	61.1%	45.9%	49.6%	(33.1%)
SPT	Sprout Social	22.9%	77.1%	74.1%	23.8%	50.4%	(18.5%)
TEAM	Atlassian	18.3%	81.7%	37.0%	51.8%	21.4%	(6.1%)
TWLO	Twilio	50.8%	49.2%	35.9%	22.7%	24.6%	(17.1%)
UPLD	Upland Software	32.4%	67.6%	42.2%	16.6%	21.6%	(30.8%)
VRNS	Varonis Systems	14.4%	85.6%	72.3%	36.8%	55.7%	(21.4%)
WDAY	Workday	24.4%	75.6%	39.1%	33.9%	29.5%	6.2%
WIX	Wix.com	32.8%	67.2%	35.8%	30.8%	25.6%	1.5%
WK	Workiva	24.5%	75.5%	8.8%	3.8%	6.3%	(13.5%)
YEXT	Yext	21.6%	78.4%	5.5%	1.6%	4.0%	4.4%
ZM	Zoom Video Communications	23.8%	76.2%	N/A	N/A	N/A	20.7%
ZS	Zscaler	22.5%	77.5%	64.7%	22.4%	42.7%	(6.5%)
Min		9.9%	42.7%	5.5%	1.6%	4.0%	(45.5%)
Median		23.7%	76.3%	46.0%	23.8%	35.0%	14.4%
Mean		25.4%	74.6%	49.4%	25.2%	35.3%	0.4%
Max		57.3%	90.1%	88.1%	51.8%	60.1%	38.7%

BALANCE SHEET METRICS

FA SaaS Index - Balance Sheet Metrics - As of Q1 2024

(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	10.1%	81.4%	0.8x	39.8	140.4	133.1%	173.9%
AGYS	Agilysys	32.5%	64.2%	2.0x	50.2	46.7	49.7%	8.8%
ANSS	Ansys	7.4%	10.0%	2.3x	117.2	78.7	43.4%	15.9%
APPF	AppFolio	0.7%	1.0%	3.9x	11.2	6.4	25.6%	13.8%
AZPN	Aspen Technology	(0.6%)	(0.7%)	1.9x	41.2	85.8	52.4%	0.7%
BLKB	Blackbaud	0.1%	0.2%	0.8x	38.7	452.5	128.8%	99.0%
BSY	Bentley Systems	10.2%	48.0%	0.6x	79.5	64.4	181.2%	175.2%
CDNS	Cadence Design Systems	19.6%	34.4%	1.2x	27.1	58.0	80.5%	12.2%
CHGG	Chegg	0.9%	1.8%	0.8x	13.1	27.4	125.0%	27.6%
COUR	Coursera	(12.5%)	(18.0%)	2.8x	37.3	131.9	35.8%	0.0%
ENV	Envestnet	(12.1%)	(35.0%)	0.9x	34.0	11.2	110.9%	170.1%
FDS	FactSet Research Systems	12.1%	29.7%	1.7x	41.5	63.9	59.5%	102.5%
GWRE	Guidewire Software	(2.6%)	(4.2%)	3.5x	49.6	27.5	29.0%	34.8%
MCO	Moody's Investors Service	11.1%	53.4%	1.7x	99.7	N/A	57.6%	210.2%
MLNK	MeridianLink	(4.1%)	(7.6%)	2.2x	39.9	28.3	44.9%	82.6%
MORN	Morningstar	4.1%	11.3%	0.9x	56.2	31.4	108.0%	82.2%
MSCI	MSCI	22.8%	N/A	0.9x	97.0	23.7	107.0%	N/A
NCNO	nCino	(3.3%)	(4.2%)	1.2x	62.5	21.8	85.7%	6.6%
NICE	NICE	6.8%	10.6%	2.1x	81.7	26.5	48.4%	16.7%
PCOR	Procore Technologies	(10.7%)	(16.9%)	1.5x	56.3	33.2	67.2%	7.1%
QTWO	Q2 Software	(5.4%)	(14.9%)	2.2x	24.8	16.5	44.8%	119.5%
ROP	Roper Technologies	5.0%	8.2%	0.5x	42.7	47.5	200.0%	33.4%
SPNS	Sapiens International	9.5%	15.0%	2.1x	57.0	8.7	47.4%	13.5%
SPSC	SPS Commerce	8.9%	11.0%	3.1x	29.9	14.6	32.5%	1.4%
SSNC	SS&C Technologies	3.7%	9.9%	1.1x	48.6	15.4	93.1%	107.3%
TEMN	Temenos Headquarters	6.3%	18.7%	0.4x	96.9	347.0	241.0%	79.3%
TWOU	2U	(19.7%)	(91.8%)	1.0x	22.0	66.7	103.1%	445.7%
TYL	Tyler Technologies	3.6%	6.0%	0.9x	111.0	49.7	116.3%	21.6%
U	Unity	(10.9%)	(24.5%)	2.6x	103.3	238.3	38.5%	79.4%
VEEV	Veeva Systems	10.0%	12.6%	4.2x	80.4	39.4	23.6%	1.0%
	Min	(19.7%)	(91.8%)	0.4x	11.2	6.4	23.6%	0.0%
	Median	3.9%	8.2%	1.6x	49.1	39.4	63.4%	33.4%
	Mean	3.4%	7.2%	1.7x	56.3	76.0	83.8%	73.9%
	Max	32.5%	81.4%	4.2x	117.2	452.5	241.0%	445.7%

Horizontal SaaS Companies

ADBE	Adobe	16.9%	31.3%	1.0x	35.2	122.6	95.3%	16.3%
ASAN	Asana	(26.7%)	(75.7%)	1.8x	45.2	158.3	55.7%	79.3%
BOX	Box	11.4%	N/A	1.2x	71.1	93.9	80.7%	N/A
CRM	Salesforce	4.3%	7.1%	1.1x	77.6	247.5	91.6%	18.6%
CRWD	CrowdStrike Holdings	1.6%	4.9%	1.8x	72.7	21.7	56.7%	33.3%
DAY	Dayforce	0.6%	2.4%	1.1x	46.6	26.4	89.6%	51.2%
DBX	Dropbox	15.1%	N/A	1.3x	8.9	82.3	79.2%	N/A
DDOG	Datadog	1.4%	2.9%	3.2x	68.9	61.0	31.6%	43.5%

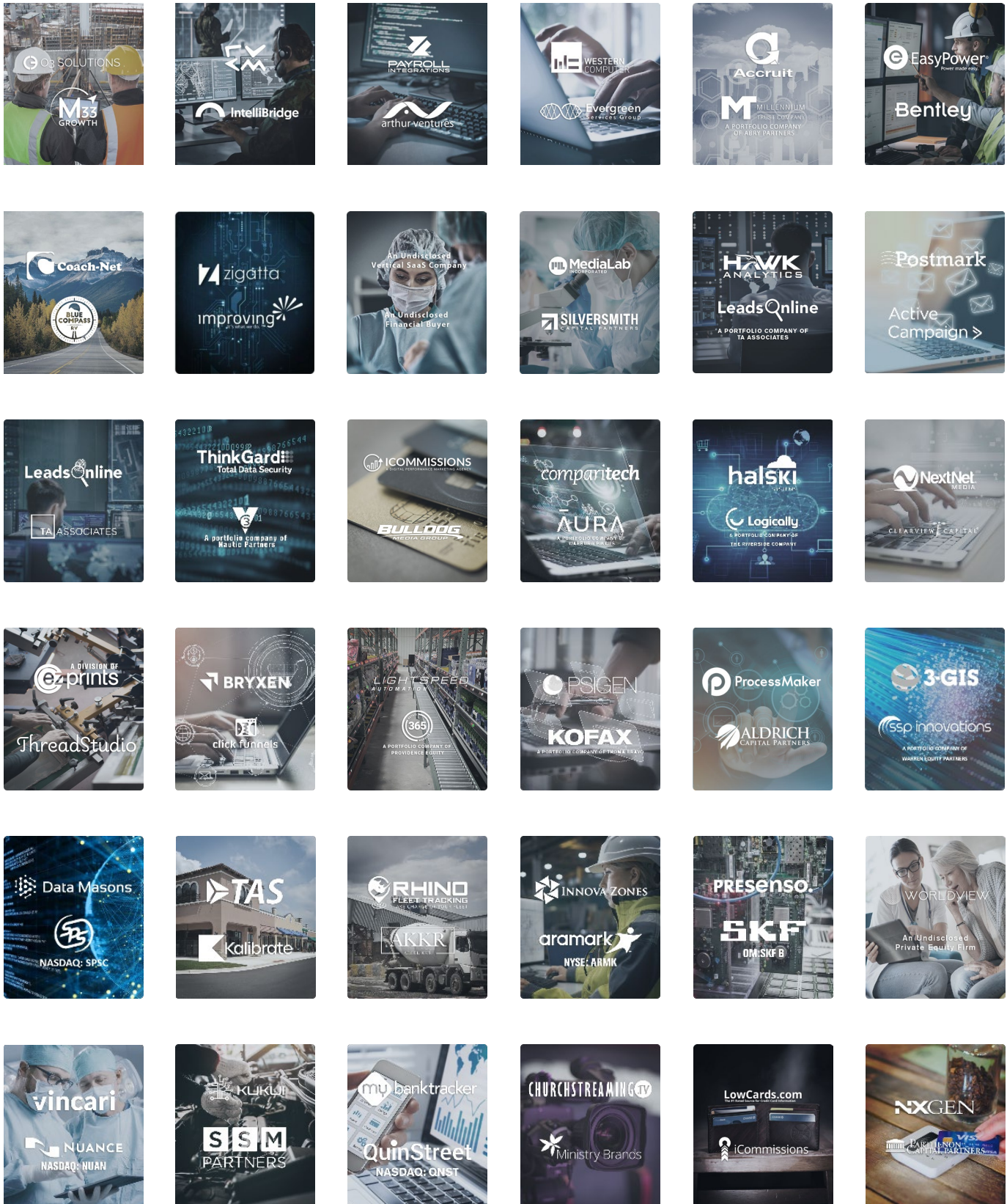
BALANCE SHEET METRICS, CONTINUED

FA SaaS Index - Balance Sheet Metrics - As of Q1 2024

(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	2.4%	8.6%	0.9x	56.6	10.0	105.9%	10.7%
DOMO	Domo	(34.1%)	N/A	0.6x	71.0	64.5	154.7%	N/A
ESTC	Elasticsearch	3.2%	11.9%	1.9x	66.8	56.8	53.5%	82.5%
EVBG	Everbridge	(4.4%)	(16.0%)	0.7x	87.1	32.2	136.0%	98.1%
FIVN	Five9	(5.9%)	(19.1%)	5.5x	32.5	23.1	18.1%	145.2%
FRSH	Freshworks	(9.8%)	(13.0%)	4.1x	48.3	47.8	24.1%	2.5%
FSLY	Fastly	(7.8%)	(13.7%)	3.1x	68.1	22.9	31.9%	40.2%
HUBS	HubSpot	(6.4%)	(15.7%)	2.0x	38.3	11.2	51.1%	57.0%
INTU	Intuit	9.7%	16.4%	1.2x	16.1	132.9	85.2%	38.0%
KVYO	Klaviyo	(35.4%)	N/A	6.2x	8.4	43.6	16.3%	4.1%
MNDY	Monday.com	(0.2%)	(0.3%)	2.8x	7.9	75.1	35.5%	5.3%
NOW	ServiceNow	11.6%	26.7%	1.1x	58.0	41.8	94.7%	28.8%
OKTA	Okta	(4.0%)	(6.3%)	1.7x	68.9	8.4	59.8%	21.5%
ORCL	Oracle	7.9%	506.2%	0.8x	46.9	32.3	118.1%	1334.0%
PANW	Palo Alto Networks	15.2%	111.2%	0.8x	82.4	24.8	120.5%	8.3%
PATH	UiPath	(3.3%)	(4.6%)	3.6x	91.7	61.1	27.6%	2.9%
PAYC	Paycom	8.5%	25.6%	1.1x	3.8	19.7	90.1%	0.0%
PCTY	Paylocity	4.2%	20.1%	1.1x	7.9	7.0	89.9%	5.2%
PD	PagerDuty	(9.1%)	(35.2%)	2.5x	66.0	34.1	40.1%	254.3%
PEGA	Pegasystems	5.2%	35.6%	1.8x	55.5	16.1	56.1%	160.0%
PTC	PTC	4.0%	9.1%	1.2x	111.1	34.8	83.8%	86.0%
QLYS	Qualys	20.8%	49.7%	1.5x	78.8	6.0	64.9%	4.6%
SHOP	Shopify	1.2%	1.6%	7.0x	12.2	52.0	14.3%	12.5%
SMAR	Smartsheet	(8.8%)	(19.4%)	1.3x	70.5	3.6	74.7%	5.5%
SNOW	Snowflake	(11.0%)	(16.0%)	1.8x	75.8	27.5	54.2%	N/A
SPT	Sprout Social	(19.3%)	(45.8%)	1.1x	48.9	36.8	92.4%	48.6%
TEAM	Atlassian	(9.6%)	(55.0%)	1.1x	38.9	107.0	93.2%	129.8%
TWLO	Twilio	(8.4%)	(10.0%)	6.6x	50.0	33.7	15.1%	11.5%
UPLD	Upland Software	(18.7%)	(97.8%)	2.3x	48.6	54.2	43.5%	194.8%
VRNS	Varonis Systems	(9.7%)	(21.1%)	2.5x	87.1	6.5	40.0%	61.6%
WDAY	Workday	9.7%	21.2%	2.0x	68.3	21.2	50.9%	N/A
WIX	Wix.com	1.9%	N/A	1.4x	12.1	35.4	73.7%	N/A
WK	Workiva	(13.2%)	N/A	2.1x	57.0	17.0	48.0%	N/A
YEXT	Yext	(0.5%)	(1.9%)	1.3x	69.0	26.7	74.4%	60.9%
ZM	Zoom Video Communications	7.1%	9.1%	4.5x	44.7	24.8	22.2%	0.6%
ZS	Zscaler	(4.0%)	(19.1%)	2.0x	83.3	20.0	50.4%	124.0%
Min		(35.4%)	(97.8%)	0.6x	3.8	3.6	14.3%	0.0%
Median		0.2%	0.7%	1.7x	56.8	33.0	58.2%	38.0%
Mean		(2.0%)	10.9%	2.2x	53.7	47.4	65.6%	88.7%
Max		20.8%	506.2%	7.0x	111.1	247.5	154.7%	1334.0%

FOUNDERS TECHNOLOGY TRANSACTIONS



FOUNDERS TECHNOLOGY TEAM WELCOMES ROBERT AND AK

Founders is excited to welcome new analysts, Robert Reed and AK Cavnar, to its Technology Practice. Mr. Reed, originally from Birmingham, AL, joined the team in March following his graduation from Auburn University with a B.S. in Engineering. Ms. Cavnar, originally from Prattville, AL, joined the team in June and recently graduated the University of Alabama with a B.S. in Finance and Economics.

ORDER

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GROWTH

EXCELLENCE

HEALTH

COMMUNITY

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