

SAAS

INDUSTRY UPDATE | Dec. 2024

NOTABLE & QUOTABLE

"Customers won't care about any particular technology unless it solves a particular problem in a superior way." - **PayPal (\$PYPL) Former-CEO Peter Thiel**

"Every customer interaction is a marketing opportunity. If you go above and beyond on the customer side, people are much more likely to recommend you." – **Slack Co-Founder Stewart Butterfield**

"Always make products that are the best in the world and anything other than this is a recipe for mediocrity." - **Zoho Corporation Co-Founder Sridhar Vembu**

"Trust is more than a handshake. It's the agreement, the bond, between users of digital services and the suppliers of those services that enables us to enjoy, be productive, learn, explore, express, create, be informed." - **Microsoft (\$MSFT) CEO Satya Nadella**

"The economy is not sending any signals that we need to be in a hurry to lower rates. The strength we are currently seeing in the economy gives us the ability to approach our decisions carefully." - **Federal Reserve Chair Jerome Powell**

M&A OUTLOOK

[Boston Consulting Group's M&A update](#) observes that the global M&A market is recovering in 2024, with deal value up 10% in the first nine months, driven by North America and Europe. However, regulatory scrutiny, extended timelines, and political uncertainty have slowed progress, especially in Asia-Pacific, which hit a ten-year low. Optimism remains due to private equity's record \$2.1 trillion dry powder, AI-driven acquisitions, and improving macroeconomic conditions likely to boost 2025 activity.

ECONOMIC OUTLOOK

[Goldman Sachs Research](#) forecasts solid global economic growth of 2.7% in 2025, driven by stronger-than-expected U.S. performance with 2.5% GDP growth, but weighed down by a lagging euro area at 0.8%. Inflation is declining globally, enabling central banks to ease monetary policy, with the U.S. Federal Reserve expected to cut rates to 3.25-3.5%. While U.S. trade policies, including potential tariffs, could modestly impact GDP and global trade, growth remains supported by strong productivity, private-sector optimism, and targeted policy adjustments, particularly in emerging markets.

SAAS METRICS

[Updata Partners SaaS Metrics Framework](#) highlights metrics like Gross Margin Payback Period (GMPP) and Return on Customer Acquisition Cost (rCAC) to evaluate SaaS performance, emphasizing cohort-based analysis by vintage, product, and channel. GMPP measures time to recoup acquisition costs, while rCAC evaluates profit multiples from lifetime revenue, providing actionable insights beyond GAAP financials. The framework advocates precise metric calculations to uncover trends and optimize growth strategies, supporting robust SaaS investment decisions.

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STATE OF THE SAAS MARKET

By: [Brad Johnson](#), Managing Director & [Billy Pritchard](#), Director

As we approach the end of 2024, our team is experiencing the beginning of a rebound in the SaaS M&A market. For the past few quarters, the market sentiment has been that the next quarter's M&A data will create some positive momentum and showcase that "SaaS is Back." While we haven't quite seen the significant uptick in quarterly deal volume at this point in 2024, we are experiencing some positive tailwinds in several of our active processes and deal conversations. As we wrap up 2024 and look forward to Q1 2025, below are a few key themes that give us an optimistic outlook for SaaS in 2025.

Key Themes for 2025

Premium Valuations Are Still in Play for Premium Platforms

- With deal activity picking up, investors are shifting back to a more thesis-driven strategy (i.e., pursuing businesses where they have conviction and experience).
- Despite a more targeted approach, investors and PE-backed strategics continue to aggressively pursue top-tier companies, which can translate to double digit revenue multiples, seller-friendly deal terms, and a quicker path to close.
- "Mission Critical" SaaS platforms with a strong level of overall customer health in large addressable markets are still transacting at strong ARR multiples.

Revenue Retention Continues to be the KEY KPI

- We have touched on this trend often in our 2024 newsletters, but we continue to see a hyper focus on Gross and Net Retention from our buyer / investor conversations.
- Showcasing overall customer health and continued expansion opportunities have been the biggest drivers of strong valuations for our processes this quarter.
- Key Retention Benchmarks: **Enterprise – >105% Net, >90% Gross**
SMB – >95% Net, >80% Gross

Valuation Expectations Are Aligning Better

- For most of the last 18 months, the slowdown in SaaS transactions has largely been driven by a valuation expectation gap between buyers / investors and sellers.
- We have never been big believers in "timing the market" for a bootstrapped SaaS company, and many founders / operators need to find a partner now to set them up for better success over the next several years.
- That has driven a recent shift, mostly from the seller's side, for better alignment on reasonable value expectations and a high volume of buyer interest in active processes.

Investors Continue to Shift Downstream

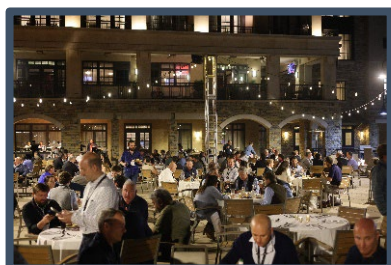
- In our opinion, it has never been a better time to be a \$5 to \$20 Million ARR business than today from an optionality standpoint.
- We are seeing a heightened level of interest from our investor peers in smaller SaaS platforms, with the goal of joining as a partner earlier in the journey with the ability to add tremendous value and realize strong returns.
- We are seeing many new funds launch to target this segment of the market, and several of the larger software funds are creating secondary funds to get back to their roots of investing in earlier-stage, bootstrapped platforms.

SILICON Y'ALL – 2024 SUMMIT RECAP



Founders recently hosted its 10th annual Technology Summit, Silicon Y'all, in mid-October. The event was attended by a curated group of CEOs from 112 companies and 28 of the leading technology-focused private equity groups, representing 4 countries and 28 states.

The three-day event was filled with meaningful insights from investors, current operators, and industry experts. CEOs shared operational best practices, explored ways to drive enterprise value, discussed innovative growth strategies, and networked with value-added investors and industry experts.



Key 2024 Session Topics

- Financing M&A in a Turbulent Capital Market
- Looking Behind the PE Curtain – What Entrepreneurs Don't Know
- Valuation Clash – Navigating Buyer & Seller Perspectives
- Creating Raving Fans – The Engine Inside All Legendary Brands
- AI Fact or Fiction – What is Top of Mind and How is it Actually Being Applied Today?
- The Power of No – Case Study on Reducing Your Pipeline to Accelerate Growth
- Creating Enterprise Value Through Marketing
- Winnable Addressable Market – How 20% of the Market is Worth 800% of Your Value

Private Equity Participants

ALPINE

BALLAST POINT
VENTURESBanneker
Partners

Battery

BCVP BULL CITY VENTURE
PARTNERSBVP
Forge

Circumference Group

CIVIC
PARTNERSFULCRUM
EQUITY PARTNERSGSV GREATER
SUM
VENTURES

GREYLION

Jurassic
CapitalLEADEDGE
CAPITAL

LONG RIDGE

M33
GROWTHMARLIN EQUITY
PARTNERS

MERCATO

PGF

PRIMUS

PSG

RADIAN
CAPITALRESURGENS
TECHNOLOGY PARTNERSRF INVESTMENT
PARTNERSSerent
CAPITALSSM
PARTNERS

Sumeru

TA

VISTA

Debt Participants

BridgeBank

Boundary
StreetCYPRESS
GROWTH CAPITAL


lighter capital

RECURRING CAPITAL
PARTNERSsaas
CAPITAL
ALTERNATIVE GROWTH FINANCING FOR SAASSG CREDIT
PARTNERS

RECENT TRANSACTIONS

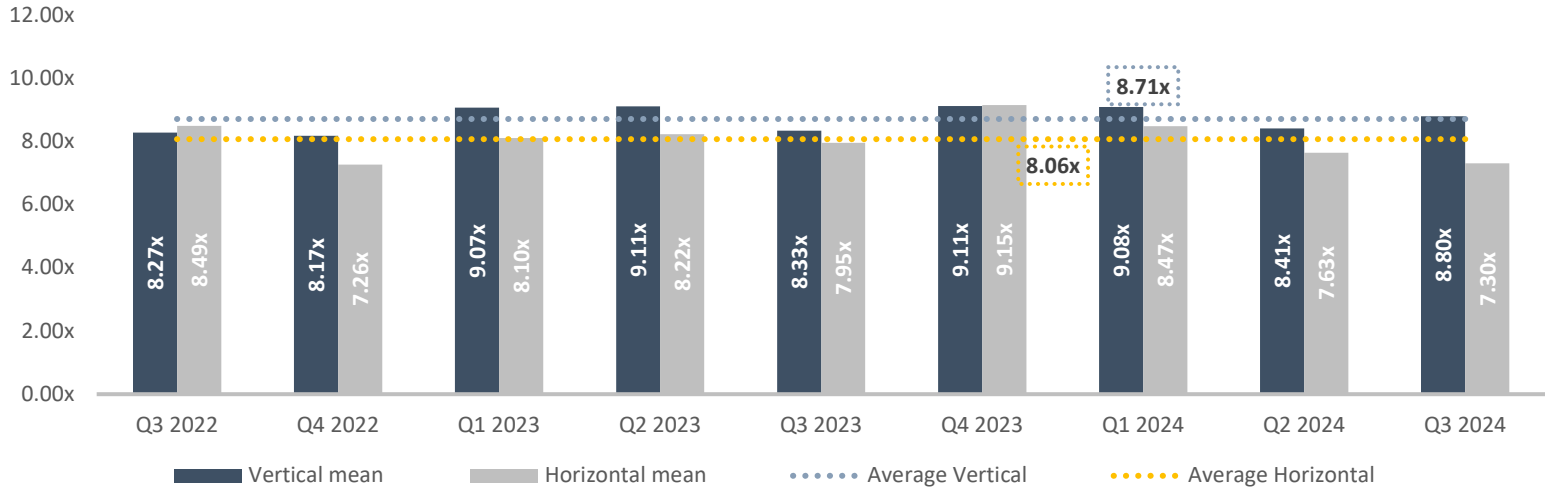
Date	Target	Buyer	EV	Revenue	EBITDA	Enterprise Value / Revenue	Enterprise Value / EBITDA
30-Sep-24	 candescent	 VERITAS CAPITAL	\$2,450.0	N/A	\$220.0	N/A	11.1x
26-Sep-24	FEATURE SPACE	 VISA	\$925.0	N/A	N/A	N/A	N/A
24-Sep-24	 smartsheet	 Blackstone VISTA	\$7,187.4	\$1,042.3	-\$45.7	8.1x	NCM
23-Sep-24	rightmove 	 REA Group	\$7,732.8	\$474.6	\$333.7	16.4x	23.3x
18-Sep-24	 ESKER	 Bridgepoint GENERAL ATLANTIC	\$1,741.3	\$205.5	\$35.6	8.8x	50.5x
18-Sep-24	 FleetComplete	 POWER FLEET	\$196.6	N/A	N/A	N/A	N/A
13-Sep-24	 NEO PAY	 dg pays	\$592.3	N/A	N/A	N/A	N/A
12-Sep-24	 Recorded Future	 mastercard	\$2,650.0	N/A	N/A	N/A	N/A
10-Sep-24	 Axcient	 CONNECTWISE	\$450.0	\$93.8	\$37.5	4.8x	12.0x
10-Sep-24	 MariaDB	 K1	\$104.9	\$54.6	-\$33.9	1.9x	-3.1x
10-Sep-24	 OctoAI	 NVIDIA	\$250.0	N/A	N/A	N/A	N/A
10-Sep-24	 Redwood	 VISTA WARBURG PINCUS	\$2,500.0	N/A	N/A	N/A	N/A
04-Sep-24	 airbase	 paylocity	\$325.0	N/A	N/A	N/A	N/A
04-Sep-24	 WarpStream	 CONFLUENT	\$220.0	N/A	N/A	N/A	N/A
03-Sep-24	 FUJISOFT	 KKR Bain Capital	\$3,815.0	\$2,054.9	\$220.5	2.0x	18.6x
29-Aug-24	 FAST LEAN SMART fls	 Deutsche Beteiligungs AG	\$285.6	N/A	N/A	N/A	N/A
27-Aug-24	 Cyberint	 CHECK POINT	\$200.0	N/A	N/A	N/A	N/A
20-Aug-24	 book4time	 agilysys	\$150.0	N/A	N/A	N/A	N/A
16-Aug-24	 PropertyGuru	 IEQT	\$872.0	\$117.0	\$1.5	9.4x	NCM

RECENT TRANSACTIONS

Date	Target	Buyer	EV	Revenue	EBITDA	Enterprise Value / Revenue	Enterprise Value / EBITDA
15-Aug-24	 illion	 experian	\$539.9	N/A	N/A	N/A	N/A
13-Aug-24	 JAGGAER	 VISTA	\$3,000.0	N/A	N/A	N/A	N/A
12-Aug-24	 QGenda	 HEARST	\$2,500.0	N/A	N/A	N/A	N/A
01-Aug-24	 ACQUEON™	 Five9	\$165.0	N/A	N/A	N/A	N/A
01-Aug-24	 iteris®	 Almaviva	\$313.6	\$174.2	\$5.4	1.9x	61.7x
31-Jul-24	 supplypike	 BC PARTNERS	\$206.0	N/A	N/A	N/A	N/A
31-Jul-24	 we wetransfer.com	 BENDING SPOONS	\$759.6	N/A	N/A	N/A	N/A
30-Jul-24	 ONSOLVE	 BC PARTNERS	\$318.0	N/A	N/A	N/A	N/A
26-Jul-24	 STAKELOGIC®	 SEGA Sammy	\$140.8	N/A	N/A	N/A	N/A
25-Jul-24	 Influential	 PUBLICIS GROUPE	\$500.0	N/A	N/A	N/A	N/A
23-Jul-24	 WIZ	 Alphabet	\$23,000.0	\$500.0	N/A	46.0x	N/A
19-Jul-24	 Teads	 Outbrain	\$1,000.0	N/A	N/A	N/A	N/A
17-Jul-24	 Sealights	 Tricentis	\$150.0	N/A	N/A	N/A	N/A
09-Jul-24	 Landvault	 INFINITE REALITY	\$450.0	N/A	N/A	N/A	N/A
09-Jul-24	 NASUNI	 KKR	\$1,200.0	N/A	N/A	N/A	N/A
09-Jul-24	 Outsell	 Impel	\$100.0	N/A	N/A	N/A	N/A
02-Jul-24	 TickPick™	 BRIGHTON PARK CAPITAL	\$250.0	N/A	N/A	N/A	N/A

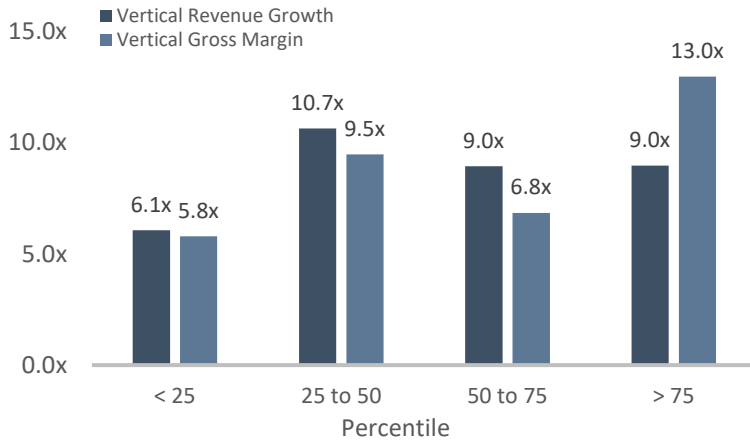
METRICS OVERVIEW

Public Vertical & Horizontal EV/LTM Revenue Multiples

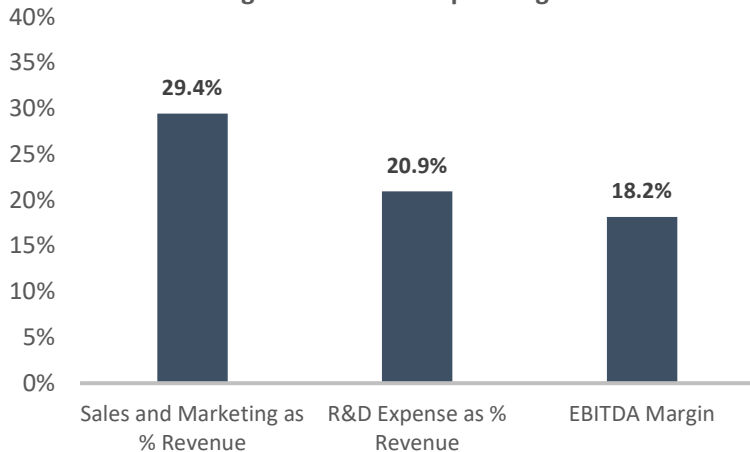


Public Vertical

Percentile Revenue Growth and Margin vs. EV/LTM Revenue

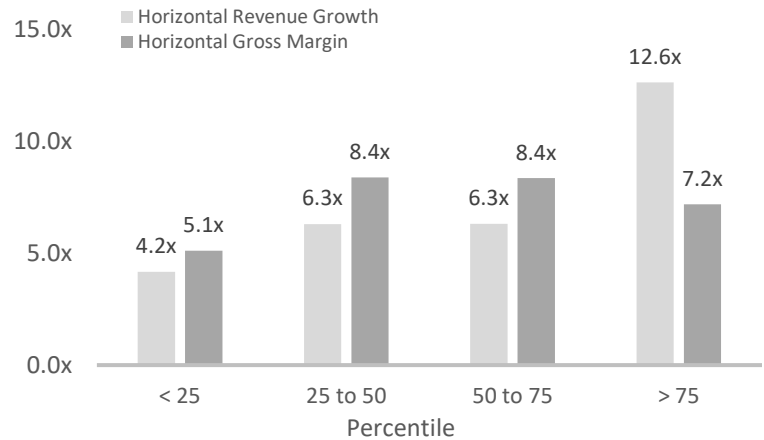


Average Vertical SaaS Operating Metrics

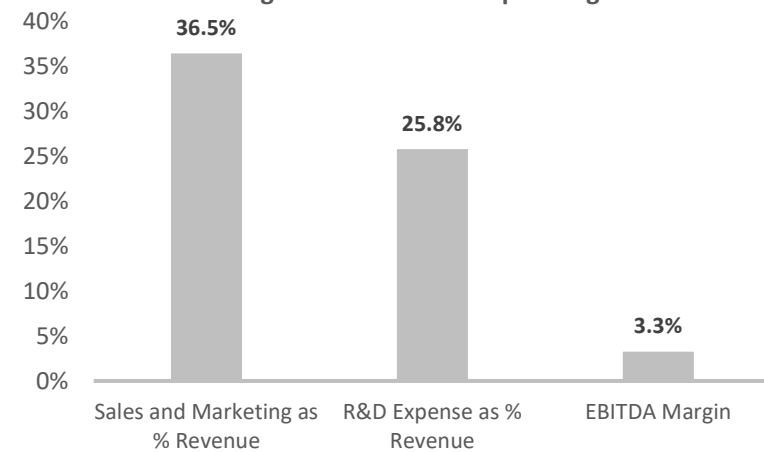


Public Horizontal

Percentile Revenue Growth and Margin vs. EV/LTM Revenue



Average Horizontal SaaS Operating Metrics



VALUATION & GROWTH METRICS

FA SaaS Index - Valuation & Growth - As of Q3 2024

(In millions)

Ticker	Company Name	TTM Revenue	YoY Growth	TTM EBITDA	Enterprise Value /	
					LTM Revenue	LTM EBITDA
Vertical SaaS Companies						
ADSK	Autodesk	\$ 5,805.0	11.4%	\$ 1,443.0	10.4x	27.4x
AGYS	Agilysys	\$ 244.9	18.5%	\$ 25.4	11.9x	68.5x
ANSS	Ansys	\$ 2,324.6	7.0%	\$ 737.8	11.9x	30.8x
APPF	AppFolio	\$ 722.1	35.6%	\$ 122.7	11.5x	43.5x
AZPN	Aspen Technology	\$ 1,127.5	8.0%	\$ 395.0	13.3x	33.0x
BLKB	Blackbaud	\$ 1,139.2	6.6%	\$ 228.2	4.7x	14.1x
BSY	Bentley Systems	\$ 1,285.4	10.2%	\$ 353.3	13.0x	35.9x
CDNS	Cadence Design Systems	\$ 4,161.5	9.5%	\$ 1,457.8	17.9x	42.0x
CHGG	Chegg	\$ 683.3	(7.7%)	\$ (367.0)	0.7x	NM
COUR	Coursera	\$ 673.8	16.2%	\$ (105.5)	0.8x	NM
ENFN	Enfusion	\$ 188.4	15.3%	\$ 18.9	4.7x	1.8x
ENV	Envestnet	\$ 1,307.7	8.0%	\$ (108.8)	3.3x	NM
FDS	FactSet Research Systems	\$ 2,176.7	6.2%	\$ 837.4	8.4x	21.0x
GWRE	Guidewire Software	\$ 980.5	8.3%	\$ (41.3)	14.9x	NM
MCO	Moody's Investors Service	\$ 6,555.0	18.6%	\$ 3,067.0	13.9x	28.9x
MLNK	MeridianLink	\$ 307.6	4.3%	\$ 72.6	6.3x	16.3x
MORN	Morningstar	\$ 2,168.9	12.5%	\$ 559.7	6.6x	25.4x
MSCI	MSCI	\$ 2,703.5	15.0%	\$ 1,768.4	18.5x	30.6x
NCNO	nCino	\$ 506.1	13.6%	\$ 15.4	7.2x	40.8x
NICE	NICE	\$ 2,548.2	11.9%	\$ 665.4	4.0x	11.7x
PCOR	Procore Technologies	\$ 1,061.7	27.8%	\$ (30.4)	8.0x	NM
QTWO	Q2 Software	\$ 655.5	9.5%	\$ 2.3	7.6x	96.3x
ROP	Roper Technologies	\$ 6,574.4	13.7%	\$ 2,824.7	10.2x	24.9x
SPNS	Sapiens International	\$ 532.6	8.4%	\$ 99.1	3.7x	17.2x
SPSC	SPS Commerce	\$ 583.8	18.5%	\$ 131.1	12.0x	38.9x
SSNC	SS&C Technologies	\$ 5,664.0	5.2%	\$ 2,054.5	4.3x	11.0x
TEMN	Temenos	\$ 1,013.0	5.9%	\$ 323.8	5.6x	13.8x
TYL	Tyler Technologies	\$ 2,029.0	6.7%	\$ 429.4	12.5x	46.0x
U	Unity Software	\$ 2,063.1	14.1%	\$ (344.2)	4.9x	NM
VEEV	Veeva Systems	\$ 2,573.6	15.3%	\$ 821.8	11.3x	23.7x
	Min	\$ 188.4	(7.7%)	\$ (367.0)	0.7x	1.8x
	Median	\$ 1,212.3	10.8%	\$ 276.0	8.2x	28.1x
	Mean	\$ 2,012.0	11.8%	\$ 581.9	8.8x	31.0x
	Max	\$ 6,574.4	35.6%	\$ 3,067.0	18.5x	96.3x

Horizontal SaaS Companies

ADBE	Adobe	\$ 20,947.0	10.9%	\$ 7,487.0	10.8x		21.9x
ASAN	Asana	\$ 689.3	13.6%	\$ (259.0)	3.5x		NM
BOX	Box	\$ 1,059.1	3.9%	\$ 107.6	4.9x		17.5x
CRM	Salesforce	\$ 36,465.0	10.3%	\$ 12,307.0	7.1x		16.7x
CRWD	CrowdStrike Holdings	\$ 3,516.3	33.1%	\$ 245.3	18.6x		67.0x
DAY	Dayforce	\$ 1,632.0	17.6%	\$ 295.1	6.4x		23.5x
DBX	Dropbox	\$ 2,533.8	4.6%	\$ 817.3	3.6x		9.7x
DDOG	Datadog	\$ 2,393.7	26.2%	\$ 95.6	15.4x		55.8x

VALUATION & GROWTH METRICS, CONTINUED

FA SaaS Index - Valuation & Growth - As of Q3 2024

(In millions)

Ticker	Company Name	TTM Revenue	YoY Growth	TTM EBITDA	Enterprise Value / LTM Revenue	LTM EBITDA
Horizontal SaaS Companies						
DOCU	DocuSign	\$ 2,858.5	7.7%	\$ 208.6	4.1x	13.6x
DOMO	Domo	\$ 318.4	0.2%	\$ (42.2)	1.2x	NM
EGAN	eGain	\$ 92.8	(5.3%)	\$ 7.4	0.9x	6.4x
ESTC	Elastic	\$ 1,321.0	18.7%	\$ (73.2)	5.5x	NM
FIVN	Five9	\$ 968.3	14.2%	\$ (14.1)	2.3x	NM
FRSH	Freshworks	\$ 652.9	19.9%	\$ (143.3)	3.8x	NM
FSLY	Fastly	\$ 531.5	13.5%	\$ (105.8)	2.2x	NM
HUBS	HubSpot	\$ 2,394.1	23.1%	\$ 1.9	11.0x	56.6x
INTU	Intuit	\$ 16,285.0	13.3%	\$ 4,443.0	10.8x	26.8x
KVYO	Klaviyo	\$ 809.6	38.4%	\$ (359.6)	10.7x	NM
MNDY	Monday.com	\$ 844.8	35.2%	\$ 3.4	14.9x	160.0x
NOW	ServiceNow	\$ 9,955.0	24.2%	\$ 1,622.0	18.2x	53.8x
OKTA	Okta	\$ 2,452.0	18.7%	\$ (141.0)	4.7x	NM
ORCL	Oracle	\$ 53,815.0	5.6%	\$ 21,664.0	10.2x	20.7x
PANW	Palo Alto Networks	\$ 8,027.5	16.5%	\$ 958.5	13.7x	46.9x
PATH	UiPath	\$ 1,382.5	20.4%	\$ (134.2)	3.9x	NM
PAYC	Paycom	\$ 1,778.3	14.2%	\$ 733.2	5.2x	12.6x
PCTY	Paylocity	\$ 1,402.5	19.4%	\$ 353.4	6.3x	17.5x
PD	PagerDuty	\$ 446.9	10.1%	\$ (73.0)	3.6x	NM
PEGA	Pegasystems	\$ 1,490.2	15.4%	\$ 157.8	4.1x	17.2x
PTC	PTC	\$ 2,218.5	7.8%	\$ 652.2	10.6x	26.7x
QLYS	Qualys	\$ 581.1	10.8%	\$ 198.3	7.5x	16.2x
SHOP	Shopify	\$ 7,764.0	23.2%	\$ 1,163.0	12.8x	79.8x
SMAR	Smartsheet	\$ 1,042.3	20.2%	\$ (45.7)	6.8x	NM
SNOW	Snowflake	\$ 3,206.4	31.2%	\$ (1,073.1)	11.1x	NM
SPT	Sprout Social	\$ 375.3	29.6%	\$ (62.2)	4.3x	NM
TEAM	Atlassian	\$ 4,358.6	23.3%	\$ (69.3)	9.2x	NM
TWLO	Twilio	\$ 4,239.2	4.6%	\$ (327.6)	2.0x	NM
UPLD	Upland Software	\$ 286.4	(7.6%)	\$ (51.8)	1.5x	NM
VRNS	Varonis Systems	\$ 520.8	6.6%	\$ (100.2)	11.5x	NM
WDAY	Workday	\$ 7,862.9	17.1%	\$ 618.6	7.7x	28.6x
WIX	Wix.com	\$ 1,653.1	12.8%	\$ 85.4	5.7x	683.3x
WK	Workiva	\$ 678.0	16.5%	\$ (56.3)	6.5x	NM
YEXT	Yext	\$ 396.1	(1.8%)	\$ 6.8	1.9x	13.5x
ZM	Zoom Video Communications	\$ 4,586.9	2.8%	\$ 1,233.6	3.1x	6.4x
ZS	Zscaler	\$ 2,167.8	34.1%	\$ (44.3)	11.5x	NM
Min		\$ 92.8	(7.6%)	\$ (1,073.1)	0.9x	6.4x
Median		\$ 1,642.6	14.8%	\$ 7.1	6.3x	21.9x
Mean		\$ 4,977.3	15.3%	\$ 1,188.4	7.3x	59.9x
Max		\$ 53,815.0	38.4%	\$ 21,664.0	18.6x	683.3x

OPERATING STATISTICS

FA SaaS Index - Operating Statistics - As of Q3 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	9.2%	90.8%	43.6%	24.2%	32.2%	24.9%
AGYS	Agilysys	38.3%	61.7%	26.8%	23.7%	11.5%	10.4%
ANSS	Ansys	11.8%	88.2%	39.3%	22.0%	N/A	31.7%
APPF	AppFolio	35.8%	64.2%	25.9%	21.3%	14.3%	17.0%
AZPN	Aspen Technology	33.9%	66.1%	55.7%	18.3%	43.5%	35.0%
BLKB	Blackbaud	44.6%	55.4%	31.7%	13.9%	17.8%	20.0%
BSY	Bentley Systems	20.0%	80.0%	34.1%	21.1%	17.8%	27.5%
CDNS	Cadence Design Systems	11.5%	88.5%	23.8%	35.7%	17.4%	35.0%
CHGG	Chegg	32.4%	67.6%	48.7%	26.3%	16.5%	(53.7%)
COUR	Coursera	47.7%	52.3%	N/A	N/A	N/A	(15.7%)
ENFN	Enfusion	33.1%	66.9%	14.3%	3.5%	3.5%	10.0%
ENV	Envestnet	71.3%	28.7%	110.5%	N/A	N/A	(8.3%)
FDS	FactSet Research Systems	46.7%	53.3%	33.9%	N/A	N/A	38.5%
GWRE	Guidewire Software	40.5%	59.5%	16.8%	12.4%	9.1%	(4.2%)
MCO	Moody's Investors Service	N/A	N/A	172.4%	N/A	N/A	46.8%
MLNK	MeridianLink	34.6%	65.4%	2.2%	0.6%	0.6%	23.6%
MORN	Morningstar	39.1%	60.9%	248.7%	N/A	137.4%	25.8%
MSCI	MSCI	17.9%	82.1%	21.2%	7.0%	13.2%	65.4%
NCNO	nCino	40.0%	60.0%	N/A	4.6%	N/A	3.0%
NICE	NICE	32.9%	67.1%	174.3%	67.2%	120.8%	26.1%
PCOR	Procore Technologies	17.5%	82.5%	27.7%	11.4%	19.7%	(2.9%)
Q TWO	Q2 Software	50.5%	49.5%	N/A	13.1%	10.0%	0.4%
ROP	Roper Technologies	30.1%	69.9%	413.6%	N/A	N/A	43.0%
SPNS	Sapiens International	56.9%	43.1%	N/A	N/A	N/A	18.6%
SPSC	SPS Commerce	33.9%	66.1%	N/A	N/A	N/A	22.5%
SSNC	SS&C Technologies	50.9%	49.1%	N/A	N/A	N/A	36.3%
TEMN	Temenos	28.5%	71.5%	N/A	N/A	N/A	32.0%
TYL	Tyler Technologies	55.7%	44.3%	45.4%	11.1%	15.2%	21.2%
U	Unity Software	32.3%	67.7%	63.6%	49.1%	39.9%	(16.7%)
VEEV	Veeva Systems	26.6%	73.4%	30.9%	32.2%	19.1%	31.9%
Min		9.2%	28.7%	2.2%	0.6%	0.6%	(53.7%)
Median		33.9%	66.1%	34.1%	19.7%	17.4%	26.0%
Mean		35.3%	64.7%	74.1%	20.9%	29.4%	18.2%
Max		71.3%	90.8%	413.6%	67.2%	137.4%	65.4%

Horizontal SaaS Companies

ADBE	Adobe	11.3%	88.7%	33.6%	18.3%	26.7%	35.7%
ASAN	Asana	10.3%	89.7%	80.4%	49.0%	60.2%	(37.6%)
BOX	Box	23.2%	76.8%	46.4%	23.7%	34.2%	10.2%
CRM	Salesforce	23.7%	76.3%	43.0%	14.2%	35.9%	33.8%
CRWD	CrowdStrike Holdings	24.6%	75.4%	48.4%	25.5%	36.5%	7.0%
DAY	Dayforce	55.7%	44.3%	36.9%	N/A	N/A	18.1%
DBX	Dropbox	17.9%	82.1%	27.0%	34.9%	17.6%	32.3%
DDOG	Datadog	18.5%	81.5%	36.2%	43.4%	28.3%	4.0%

OPERATING STATISTICS, CONTINUED

FA SaaS Index - Operating Statistics - As of Q3 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	20.8%	79.2%	54.3%	19.9%	40.6%	7.3%
DOMO	Domo	24.7%	75.3%	67.4%	26.9%	49.8%	(13.3%)
EGAN	eGain	29.7%	70.3%	35.1%	28.7%	23.8%	8.0%
ESTC	Elastic (Database Software)	26.1%	73.9%	56.7%	26.5%	44.2%	(5.5%)
FIVN	Five9	47.1%	52.9%	44.9%	16.7%	31.6%	(1.5%)
FRSH	Freshworks	16.4%	83.6%	84.8%	22.4%	58.5%	(21.9%)
FSLY	Fastly	45.8%	54.2%	60.9%	28.4%	38.1%	(19.9%)
HUBS	HubSpot	15.3%	84.7%	59.3%	29.0%	47.9%	0.1%
INTU	Intuit	21.3%	78.7%	35.0%	16.9%	26.5%	27.3%
KVYO	Klaviyo	24.6%	75.4%	83.9%	37.8%	56.4%	(44.4%)
MOND	Monday.com	10.8%	89.2%	69.3%	20.7%	57.2%	0.4%
NOW	ServiceNow	20.9%	79.1%	44.6%	23.7%	35.4%	16.3%
OKTA	Okta	24.2%	75.8%	58.7%	26.4%	40.5%	(5.8%)
ORCL	Oracle	28.7%	71.3%	18.2%	16.7%	15.4%	40.3%
PANW	Palo Alto Networks	25.7%	74.3%	43.3%	22.5%	34.8%	11.9%
PATH	UiPath	16.1%	83.9%	72.3%	25.6%	54.8%	(9.7%)
PAYC	Paycom	17.2%	82.8%	33.7%	12.4%	24.2%	41.2%
PCTY	Paylocity	31.5%	68.5%	37.2%	12.7%	23.9%	25.2%
PD	PagerDuty	17.8%	82.2%	70.9%	31.9%	45.4%	(16.3%)
PEGA	Pegasystems	25.2%	74.8%	42.4%	19.7%	35.8%	10.6%
PTC	PTC	20.2%	79.8%	35.6%	19.2%	24.8%	29.4%
QLYS	Qualys	18.5%	81.5%	32.0%	18.9%	20.9%	34.1%
SHOP	Shopify	48.9%	51.1%	22.5%	16.8%	17.1%	15.0%
SMAR	Smartsheet	18.4%	81.6%	64.9%	23.6%	50.0%	(4.4%)
SNOW	Snowflake	32.2%	67.8%	58.3%	48.2%	47.4%	(33.5%)
SPT	Sprout Social	22.9%	77.1%	71.9%	24.4%	48.7%	(16.6%)
TEAM	Atlassian	18.4%	81.6%	33.9%	50.1%	19.8%	(1.6%)
TWLO	Twilio	49.3%	50.7%	32.6%	22.9%	22.0%	(7.7%)
UPLD	Upland Software	30.8%	69.2%	43.2%	17.1%	23.8%	(18.1%)
VRNS	Varonis Systems	15.5%	84.5%	70.2%	35.7%	53.9%	(19.2%)
WDAY	Workday	24.2%	75.8%	38.9%	32.5%	29.0%	7.9%
WIX	Wix.com	32.3%	67.7%	35.3%	29.9%	25.1%	5.2%
WK	Workiva	23.4%	76.6%	60.1%	26.3%	46.0%	(8.3%)
YEXT	Yext	22.1%	77.9%	63.2%	18.2%	43.5%	1.7%
ZM	Zoom Video Communications	24.1%	75.9%	41.9%	17.8%	31.7%	26.9%
ZS	Zscaler	22.0%	78.0%	60.5%	23.1%	50.8%	(2.0%)
Min		10.3%	44.3%	18.2%	12.4%	15.4%	(44.4%)
Median		23.3%	76.7%	44.7%	23.7%	35.8%	15.0%
Mean		25.0%	75.0%	49.8%	25.6%	36.7%	3.7%
Max		55.7%	89.7%	84.8%	50.1%	60.2%	41.2%

BALANCE SHEET METRICS

FA SaaS Index - Balance Sheet Metrics - As of Q3 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	11.0%	57.6%	0.6x	32.8	138.2	157.3%	90.4%
AGYS	Agilysys	31.7%	52.0%	2.4x	47.5	45.8	41.4%	7.4%
ANSS	Ansys	7.1%	9.4%	3.0x	113.2	71.4	33.9%	15.1%
APPF	AppFolio	30.4%	41.8%	5.5x	11.4	5.7	18.2%	10.6%
AZPN	Aspen Technology	(0.1%)	(0.1%)	2.6x	38.6	102.6	38.5%	0.7%
BLKB	Blackbaud	1.5%	6.0%	0.8x	40.8	466.4	125.0%	179.2%
BSY	Bentley Systems	11.6%	45.4%	0.5x	75.0	69.3	203.2%	138.3%
CDNS	Cadence Design Systems	18.1%	30.6%	1.4x	25.6	401.2	69.8%	23.4%
CHGG	Chegg	(37.6%)	(72.2%)	0.9x	13.7	31.0	111.9%	70.8%
COUR	Coursera	(10.6%)	(15.8%)	2.6x	34.5	136.1	38.5%	0.0%
ENFN	Enfusion	5.0%	9.7%	4.1x	55.3	20.7	24.1%	14.3%
ENV	Envestnet	(13.4%)	(41.3%)	1.1x	34.6	11.9	88.1%	188.7%
FDS	FactSet Research Systems	12.9%	29.5%	1.3x	41.4	68.3	78.2%	75.3%
GWRE	Guidewire Software	(0.3%)	(0.5%)	1.5x	45.7	23.0	64.7%	2.6%
MCO	Moody's Investors Service	12.6%	54.7%	1.5x	91.8	N/A	65.9%	165.2%
MLNK	MeridianLink	(4.6%)	(9.2%)	2.0x	40.8	31.7	49.0%	106.3%
MORN	Morningstar	7.2%	18.6%	1.0x	54.7	31.5	95.6%	72.3%
MSCI	MSCI	22.7%	N/A	1.0x	94.8	26.9	104.7%	N/A
NCNO	nCino	(2.2%)	(2.8%)	1.1x	53.8	22.9	92.2%	9.7%
NICE	NICE	7.9%	11.9%	2.5x	80.0	25.8	40.8%	16.0%
PCOR	Procore Technologies	(4.9%)	(7.8%)	1.5x	53.3	35.0	64.6%	6.0%
Q TWO	Q2 Software	(5.7%)	(15.0%)	2.4x	26.7	16.6	40.9%	110.9%
ROP	Roper Technologies	5.0%	8.3%	0.5x	41.8	43.9	188.4%	38.2%
SPNS	Sapiens International	10.3%	15.9%	2.2x	62.2	10.7	46.2%	8.2%
SPSC	SPS Commerce	8.9%	11.0%	3.2x	30.6	14.0	31.6%	1.1%
SSNC	SS&C Technologies	4.1%	11.1%	1.2x	51.7	14.3	85.9%	104.2%
TEMN	Temenos	5.8%	16.2%	0.7x	90.7	333.8	147.1%	106.8%
TYL	Tyler Technologies	4.4%	7.1%	1.1x	112.4	48.9	94.7%	20.2%
U	Unity Software	(11.1%)	(24.5%)	2.4x	107.7	242.8	42.4%	65.5%
VEEV	Veeva Systems	10.7%	13.2%	5.0x	62.8	43.9	19.9%	0.8%
	Min	(37.6%)	(72.2%)	0.5x	11.4	5.7	18.2%	0.0%
	Median	5.4%	9.7%	1.5x	49.6	35.0	65.3%	23.4%
	Mean	4.6%	9.0%	1.9x	55.5	87.4	76.8%	56.8%
	Max	31.7%	57.6%	5.5x	113.2	466.4	203.2%	188.7%

Horizontal SaaS Companies

ADBE	Adobe	18.2%	34.7%	1.1x	33.3	106.4	90.0%	31.0%
ASAN	Asana	(27.1%)	(81.0%)	1.6x	41.0	155.9	61.4%	87.0%
BOX	Box	13.1%	N/A	1.3x	64.4	81.7	80.0%	N/A
CRM	Salesforce	6.0%	9.6%	1.0x	62.7	230.4	96.1%	18.8%
CRWD	CrowdStrike Holdings	2.7%	7.6%	1.9x	68.9	17.3	52.7%	26.8%
DAY	Dayforce	0.5%	2.0%	1.1x	49.5	26.8	90.5%	49.5%
DBX	Dropbox	20.2%	N/A	1.0x	9.4	80.1	96.2%	N/A
DDOG	Datadog	4.2%	8.1%	2.0x	67.9	71.4	49.9%	8.1%

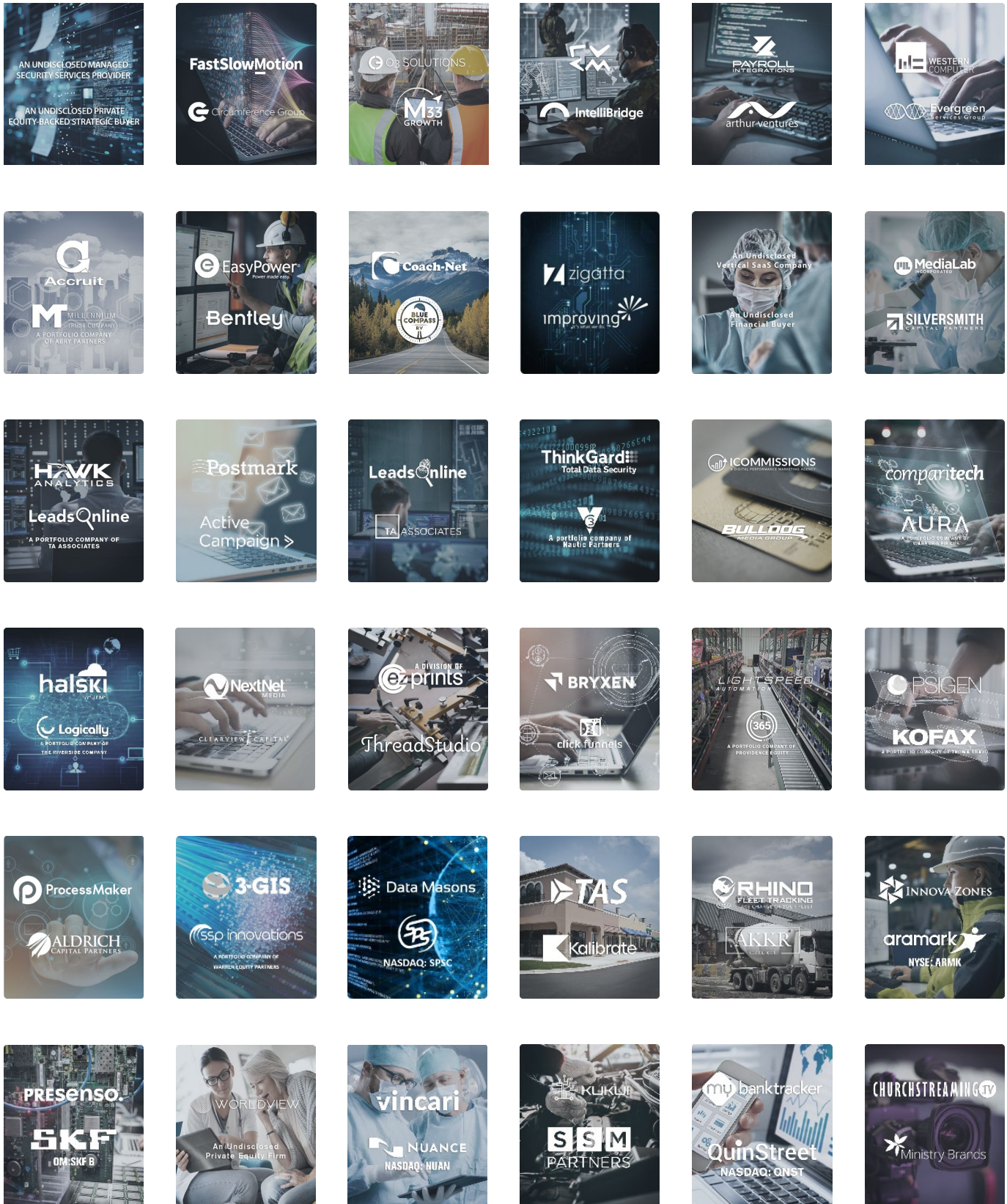
BALANCE SHEET METRICS, CONTINUED

FA SaaS Index - Balance Sheet Metrics - As of Q3 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	30.4%	81.8%	0.8x	46.7	8.0	119.6%	5.9%
DOMO	Domo	(38.4%)	N/A	0.6x	62.2	65.8	174.4%	N/A
EGAN	eGain	6.2%	12.3%	1.7x	84.1	32.3	58.4%	4.4%
ESTC	Elastic (Database Software)	3.1%	9.9%	1.9x	64.5	45.8	52.4%	76.3%
FIVN	Five9	(3.2%)	(10.5%)	2.2x	33.0	23.5	46.5%	145.3%
FRSH	Freshworks	(7.0%)	(9.5%)	3.3x	48.8	53.0	30.7%	2.5%
FSLY	Fastly	(10.6%)	(16.8%)	4.1x	71.3	19.6	24.2%	39.6%
HUBS	HubSpot	(0.9%)	(2.1%)	1.6x	38.2	8.2	64.3%	17.1%
INTU	Intuit	9.9%	16.8%	1.3x	13.2	115.5	77.4%	32.5%
KVYO	Klaviyo	(33.4%)	(64.3%)	6.6x	9.6	43.1	15.1%	3.3%
MNDY	Monday.com	3.2%	5.1%	2.6x	7.3	123.1	38.1%	4.1%
NOW	ServiceNow	6.9%	14.9%	1.1x	52.2	35.3	89.4%	24.9%
OKTA	Okta	(1.5%)	(2.3%)	1.8x	61.0	7.8	54.6%	19.9%
ORCL	Oracle	7.9%	174.9%	0.7x	49.5	39.5	138.9%	668.3%
PANW	Palo Alto Networks	15.1%	71.9%	0.9x	91.9	23.7	112.2%	7.4%
PATH	UiPath	(4.0%)	(5.7%)	3.6x	83.1	58.6	27.8%	4.3%
PAYC	Paycom	11.2%	33.7%	1.1x	3.6	22.1	88.8%	0.0%
PCTY	Paylocity	4.9%	21.3%	1.1x	6.8	6.1	88.4%	4.5%
PD	PagerDuty	(7.9%)	(37.3%)	2.1x	62.3	31.8	47.0%	220.6%
PEGA	Pegasystems	9.3%	43.5%	1.1x	48.5	15.4	94.9%	16.1%
PTC	PTC	4.7%	10.5%	0.7x	115.0	38.5	143.7%	48.1%
QLYS	Qualys	21.3%	47.4%	1.4x	75.3	4.2	69.6%	9.5%
SHOP	Shopify	11.8%	14.8%	7.3x	8.4	53.0	13.7%	12.2%
SMAR	Smartsheet	(3.3%)	(7.0%)	1.5x	64.8	4.7	68.8%	4.0%
SNOW	Snowflake	(13.7%)	(21.2%)	1.6x	59.7	35.8	63.2%	6.8%
SPT	Sprout Social	(19.3%)	(49.9%)	1.0x	50.6	36.7	102.2%	34.9%
TEAM	Atlassian	(6.6%)	(33.4%)	1.2x	44.3	104.5	84.8%	116.2%
TWLO	Twilio	(5.2%)	(6.2%)	5.6x	48.2	30.4	18.0%	12.6%
UPLD	Upland Software	(15.7%)	(140.7%)	2.4x	43.3	39.8	42.2%	372.5%
VRNS	Varonis Systems	(8.3%)	(19.1%)	2.4x	85.0	7.4	41.0%	64.7%
WDAY	Workday	10.1%	20.6%	2.0x	60.9	15.7	49.1%	39.1%
WIX	Wix.com	4.3%	N/A	1.1x	12.2	21.3	91.5%	N/A
WK	Workiva	(7.9%)	N/A	1.8x	55.7	20.2	54.3%	N/A
YEXT	Yext	(1.4%)	(4.5%)	1.6x	57.8	25.7	64.4%	51.1%
ZM	Zoom Video Communications	8.9%	11.1%	4.6x	42.6	25.6	21.9%	0.4%
ZS	Zscaler	(1.4%)	(5.9%)	1.1x	90.0	16.9	91.6%	3.5%
Min		(38.4%)	(140.7%)	0.6x	3.6	4.2	13.7%	0.0%
Median		2.9%	5.1%	1.6x	51.4	32.1	64.4%	18.8%
Mean		0.4%	3.5%	2.0x	51.1	46.1	70.0%	58.8%
Max		30.4%	174.9%	7.3x	115.0	230.4	174.4%	668.3%

FOUNDERS TECHNOLOGY TRANSACTIONS



CONNECT WITH THE FOUNDERS TEAM

Founders' Technology practice had an incredible year and looks forward to what is ahead in 2025. We are already planning for our 11th annual Silicon Y'all and encourage you to join the waitlist at www.siliconyall.com and save the date: October 6-8, 2025.

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