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ENTERPRISE SOFTWARE SECTOR UPDATE 4Q2019

February 2020

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4Q19 Enterprise Software Sector Overview

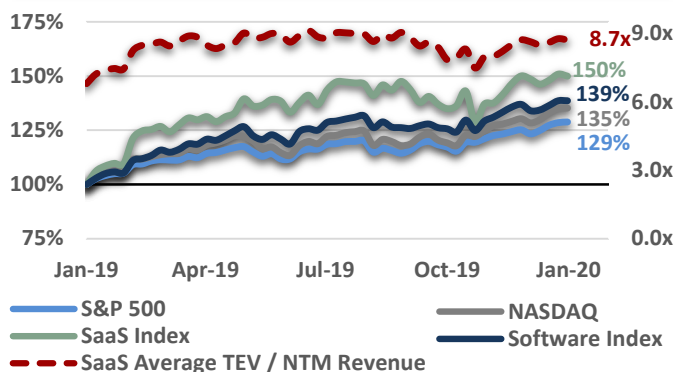
BCA Market Commentary

- Historically high levels of investor dry powder earmarked for software companies drove robust M&A and capital raising activity in the sector during 2019, with M&A volume slightly below 2018 but well above the 5-year average.
- Investor interest and available private capital outnumbered software investment and M&A opportunities, elevating software valuations to multi-year highs throughout the year.
- Investors and strategic acquirors remain enthusiastic about enterprise software due to the category's attractive fundamentals and large market opportunities, and with so much capital available, BCA believes capital raising and M&A activity will remain vibrant during 2020.
- Trends BCA is tracking include (i) SaaS gaining traction in verticals historically slow to adopt cloud-based software, (ii) AI becoming increasingly accessible through lightweight SaaS products, (iii) software companies expanding into payments and (iv) services businesses building proprietary software to drive margin expansion and competitive differentiation.

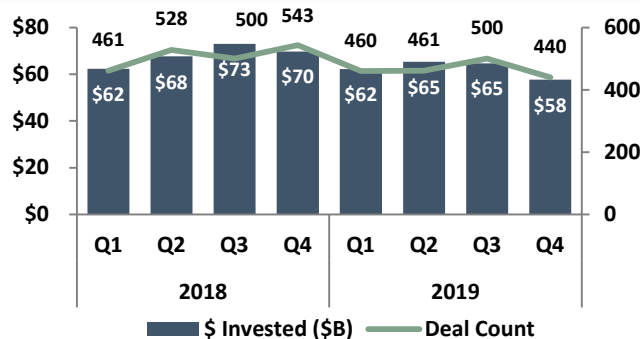
Select M&A Transactions

Ann. Date	Target	Acquirer	Target Business Description	TEV (\$M)	TEV/LTM Revenue	TEV/NTM Revenue	% Revenue Growth
12/17/19	LogMeIn	Francisco Partners & Evergreen Coast Capital	SaaS and cloud-based remote connectivity services.	\$4,300.0	3.5x	3.3x	6.5%
12/4/19	Instructure	Thoma Bravo	Learning management platform.	2,000.0	8.1x	6.9x	24.0%
11/26/19	First Advantage	Silver Lake	Background checks and drug screening services.	1,500.0	N/A	N/A	N/A
11/11/19	Carbonite	OpenText	Data protection platform.	1,420.0	3.5x	2.6x	44.2%
11/6/19	Buildium	RealPage	SaaS real estate property management solution.	580.0	10.5x	N/A	32.9%
11/1/19	PrecisionLender	Q2 Holdings	Pricing and portfolio management solutions.	510.0	N/A	N/A	N/A
10/22/19	Cision Group	Platinum Equity	Media communication technology and analytics.	2,740.0	3.7x	N/A	5.0%
10/14/19	Sophos Group	Thoma Bravo	Network security solutions.	3,948.0	5.4x	5.0x	5.1%

LTM Enterprise Software Index vs. S&P & NASDAQ



Middle-Market⁽¹⁾ Enterprise Software M&A Trends



(1) Middle-market includes deal values of \$25M - \$1B.

Brentwood Capital Advisors

Industry Bankers

John Kibler | Managing Director
(615) 224-3825
jkibler@brentwoodcapital.com

Cook Wyly | Director
(615) 224-3829
cwyly@brentwoodcapital.com

Representative Software Transactions

