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**ENTERPRISE SOFTWARE  
SECTOR UPDATE  
1Q21**

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April 2021

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## BCA Market Commentary

- Software M&A continued its historic run during 1Q21 that started in the 2H20, reaching an all-time high in dollar value across the middle market (\$25M-\$1B).
- 1Q21 software M&A activity extended a trend that saw software account for over 6% of total M&A volume during 2020, the highest mark since the 2000 boom.
- Valuations for public software companies dropped ~25% from mid-February highs as Treasury yields rose and investors rebalanced portfolios, but remain well above historical averages (SAAS companies are ~47% above their 5-year average NTM revenue multiples) and the pre-pandemic peak.
- With PE, growth equity, VC and hedge funds as well as strategics continuing to gather cash earmarked for software companies (e.g. total PE dry powder sits at a record \$1.6 trillion and has grown 17% annually since 2015), private software company valuations have expanded significantly (double-digit ARR multiples for top-tier SAAS companies are no longer unusual).

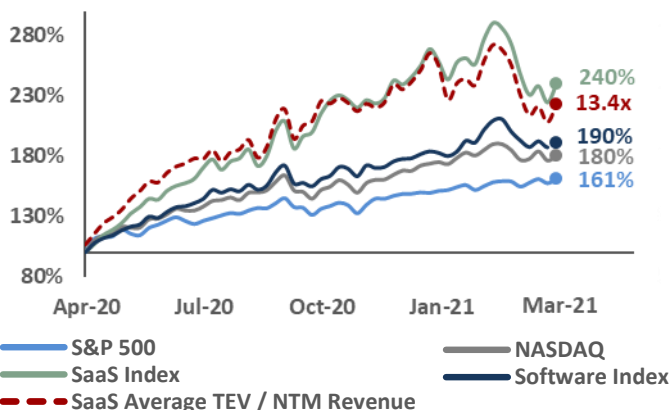
Sources: BCG, McKinsey, PitchBook, Prequin, Refinitiv, Wall Street Research

## Select M&A Transactions

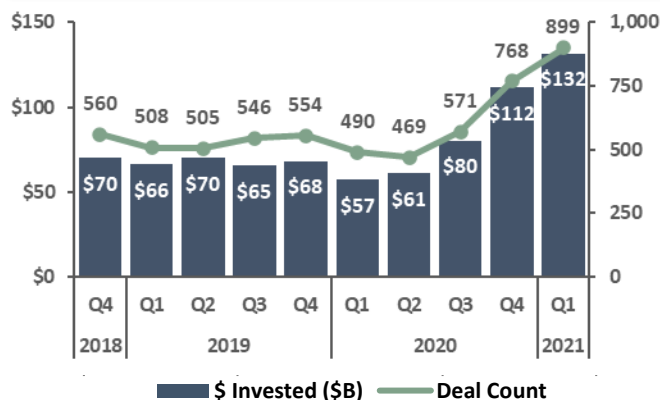
| Date    | Target             | Acquirer                         | Target Business Description                             | TEV (\$M) | TEV/LTM | TEV/NTM | % Revenue |
|---------|--------------------|----------------------------------|---|-----------|---------|---------|-----------|
|         |                    |                                  |   |           | Revenue | Revenue | Growth    |
| 3/31/21 | Innovyze           | Autodesk                         | Water infrastructure software.                          | \$1,000   | N/A     | N/A     | N/A       |
| 3/22/21 | Calypso Technology | Thoma Bravo                      | Capital markets software.                               | \$3,750   | 15.0x   | N/A     | N/A       |
| 3/10/21 | Talend             | Thoma Bravo                      | Cloud data integration and integrity software.          | \$2,400   | 8.3x    | 7.3x    | 14.6%     |
| 3/9/21  | Peakon             | Workday                          | Employee feedback and analytics software.               | \$700     | N/A     | N/A     | N/A       |
| 3/3/21  | Auth0              | Okta                             | Identity authentication and access management software. | \$6,500   | N/A     | 32.5x   | N/A       |
| 3/2/21  | Precisely          | Clearlake Capital. TA Associates | Data integrity software.                                | \$3,500   | 5.8x    | 5.2x    | 12.5%     |
| 3/1/21  | Wrike              | Citrix Systems                   | Collaborative work management software.                 | \$2,250   | 16.1x   | 11.8x   | 35.7%     |
| 2/11/21 | Kount              | Equifax                          | AI-driven fraud detection and prevention platform.      | \$640     | N/A     | N/A     | N/A       |

(1) Wrike transaction multiples calculated with ARR.

### LTM Enterprise Software Index vs. S&P & NASDAQ



### Middle-Market<sup>(1)</sup> Enterprise Software M&A Trends



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

## Brentwood Capital Advisors

### Industry Bankers

**John Kibler** | Managing Director  
(312) 656-9296  
jkibler@brentwoodcapital.com

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

**Jack Jeong** | Managing Director  
(630) 388-8490  
jjeong@brentwoodcapital.com

### Representative Transactions

**Recapitalization**

Recapitalization Led by  
ACCEL KKR

**Sell-Side**

Sell-Side Advisory to  
FP  
SAN FRANCISCO PARTNERS

**Growth Equity**

Equity Investment Led by  
LEVEL EQUITY