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**ENTERPRISE SOFTWARE
SECTOR UPDATE
2Q20**

July 2020

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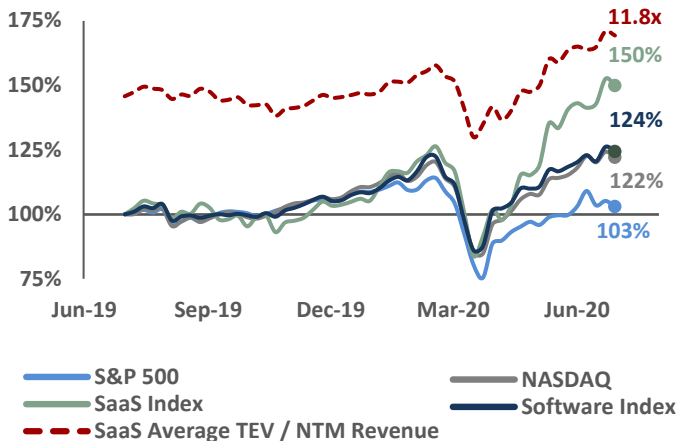
BCA Market Commentary

- Software stocks clawed back most of the losses sustained during 1Q20 and in many cases surpassed February levels, rising 23% during 2Q20 and now up 14% YTD.
- Public SaaS valuations have expanded 56% during the quarter from 7.9x to 11.8x TEV/NTM revenue, or 0.54x on a growth-adjusted basis.
- In the wake of COVID-19, public market investors have sought out businesses with recurring revenue and strong balance sheets and are buying into the thesis that the pandemic has significantly accelerated businesses' digital transformations.
- Software M&A and capital raise activity during 2Q20 increased slightly from 1Q20 but decreased YOY, as most announced deals were the result of processes kicked off pre-COVID-19 and few processes have gone to market during shelter-at-home orders.
- The deals BCA has seen moving ahead during 2Q20 have generally been between familiar parties (e.g. re-introductions, re-starts, "insider-plus" rounds, etc.); that is starting to change, and BCA expects deal activity to increase as business visibility and financing terms improve.

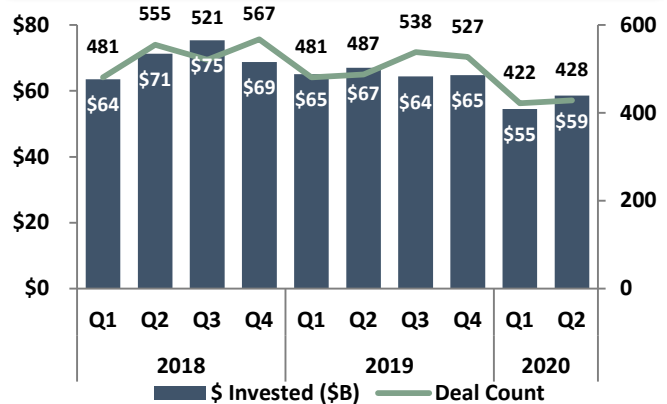
Select M&A Transactions

Ann. Date	Target	Acquiror	Target Business Description	TEV (\$M)	TEV/LTM	TEV/NTM	% Revenue
					Revenue	Revenue	Growth
6/23/20	Finicity	Mastercard	Cloud-based financial management platform.	\$985	N/A	N/A	N/A
6/2/20	Exostar	Thoma Bravo	Information sharing platform.	\$100	N/A	N/A	N/A
5/21/20	FMG Suite	Aurora Capital Partners	Cloud-based marketing automation software.	N/A	N/A	N/A	N/A
5/12/20	Conga	Apttus	Document automation platform designed for CRM.	\$715	8.5x	N/A	N/A
5/11/20	Eventbrite	Francisco Partners	Self-service ticketing and experience platform.	\$225	0.8x	1.3x	(39.1%)
4/28/20	Docupace	FTV Capital	Digital data and compliance software.	N/A	N/A	N/A	N/A
4/20/20	Arxan	CollabNet VersionOne	Application protection solutions.	N/A	N/A	N/A	N/A

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.

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Representative Software Transactions

