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ENTERPRISE SOFTWARE SECTOR UPDATE 3Q20

October 2020

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3Q20 Enterprise Software Sector Overview

BCA Market Commentary

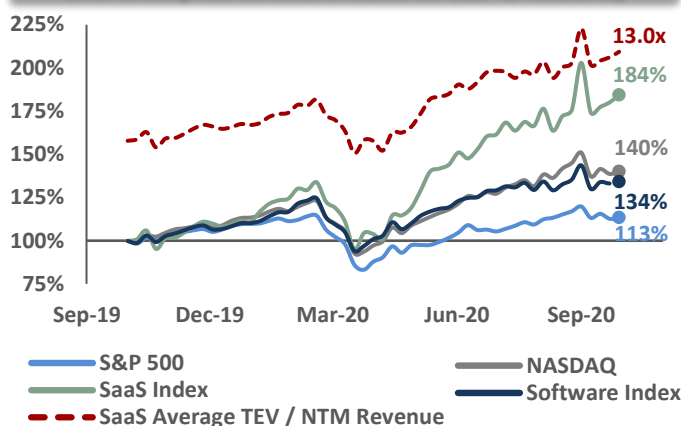
- As expected, 3Q20 software deal activity picked up significantly from a largely dormant 2Q20 as companies gained clarity into forecasted performance, debt markets improved and investors sought to put record levels of dry powder to work.
- Near-zero interest rates and attractive software fundamentals – durable business models, large TAMs, accelerating secular growth trends and strong relative financial performance – continued to attract investor interest during 3Q20, driving public software valuations to 10+-year highs.
- The public SaaS universe currently trades at 13.0x NTM revenue, or 0.71x on a growth-adjusted basis, vs. 5-year medians of 5.9x and 0.22x.
- BCA has experienced a similar valuation uplift in the private markets, with high-quality middle-market SaaS companies currently trading at record multiples while lower growth or sub-scale software companies have struggled to trade.
- BCA expects software deal activity to remain robust during 4Q20 as the backlog built up during 1H20 comes to market and companies performing well due to COVID-19 or otherwise take advantage of large investor/buyer cash piles and relative financial outperformance.

Select M&A Transactions

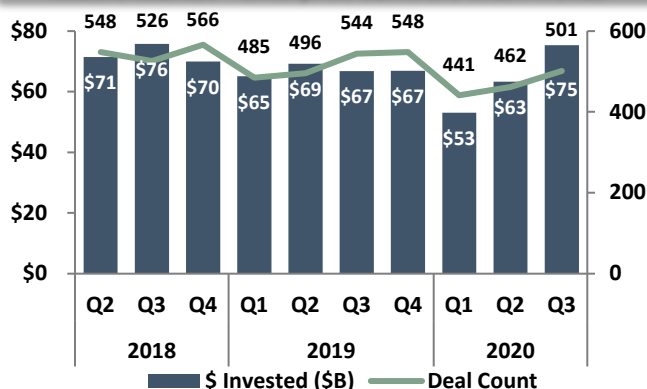
| Date | Target | Acquiror | Target Business Description | TEV (\$M) | TEV/LTM Revenue | TEV/NTM % Revenue Growth |
|---------|---------------|-----------------------------|------------------------------------|-------------------------------------|-----------------|--------------------------|
| 9/28/20 | MobileIron | Clearlake Capital Group | Mobile device management platform. | \$872 | 4.1x | 4.1x (1.3%) |
| 9/21/20 | Majesco | Thoma Bravo | Cloud-based insurance software. | \$729 | 4.8x | N/A N/A |
| 9/17/20 | Zywave | Clearlake Capital Group | Insurance distribution platform. | Confidential - BCA Market Knowledge | | |
| 9/4/20 | Ellie Mae | Intercontinental Exchange | Mortgage application platform. | \$11,000 | 18.3x | 12.2x 50.0% |
| 9/3/20 | Optimizely | Episerver, Insight Partners | Digital optimization software. | \$600 | 6.0x | N/A N/A |
| 8/31/20 | Rosetta Stone | Cambium Learning Group | Education technology software. | \$792 | 4.2x | 3.9x 7.1% |
| 8/13/20 | Vetafore | Roper Technologies | Cloud-based insurance software. | \$5,350 | N/A | 9.1x N/A |
| 8/7/20 | OSISOFT | Aveva Group | Enterprise infrastructure systems. | \$5,000 | 10.2x | N/A 10% ⁽¹⁾ |

(1) Represents YoY growth for 1H20.

LTM Enterprise Software Index vs. S&P & NASDAQ



Middle-Market⁽²⁾ Enterprise Software M&A Trends



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

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Representative Software Transactions

