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**ENTERPRISE SOFTWARE
SECTOR UPDATE
2Q21**

August 2021

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BCA Market Commentary

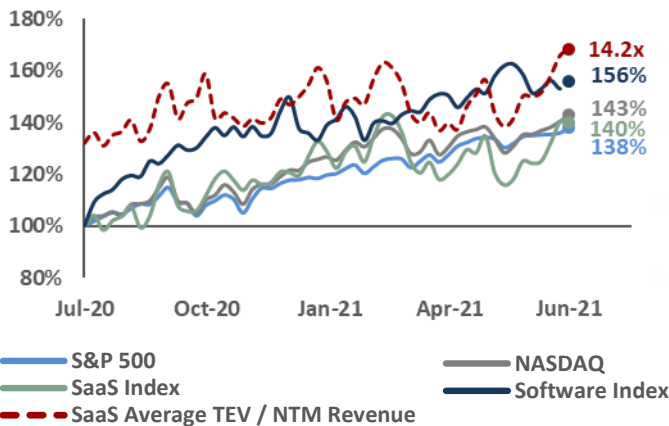
- Software is at the vanguard of one the largest M&A market booms we've ever seen in the first half of a year, with \$3.3T worth of M&A transactions announced YTD, up 54% from 1H:20.
- These unprecedented deal volumes and values in software have been driven by factors including a bounce-back from pandemic-induced delays, low interest rates and fiscal stimulus, a continued shift to cloud and digital products in the workplace, the prospect of a cap gains tax rate increase, and historically high levels of private investor fundraising with a record \$1.9T in dry powder.
- Software continued to account for a significant and growing share of the overall M&A market, comprising 11% of global M&A value during 2Q, compared to high-single digits share during 2020 and more than a quarter share for broader TMT during 2Q.
- Public SaaS companies currently trade at 12.8x NTM revenue, or 0.54x on a growth-adjusted basis, well above 5-year averages of 7.8x and 0.28x, respectively, but down ~10% from February highs. Growth-adjusted multiples for stocks growing revenues >30% YOY have diverged from the broader SaaS group since trading in parity in mid-May.

Sources: Refinitiv, PWC Research, White & Case, MergerMarket, Wall Street Research, BCA analysis

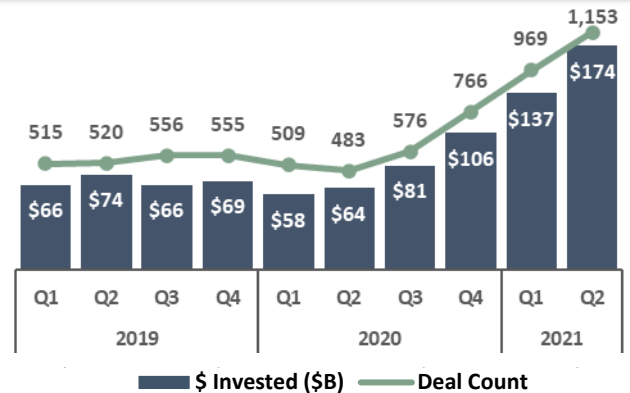
Select M&A Transactions

Date	Target	Acquiror	Target Business Description	TEV (\$M)	TEV/LTM	TEV/NTM	% Revenue
					Revenue	Growth	
6/2/21	A Cloud Guru	Pluralsight	Cloud computing training platform.	\$2,000	20.0x	N/A	N/A
5/6/21	Divvy	Bill.com	Payment processing and expense management.	\$2,500	25.0x	N/A	100.0%
5/6/21	Clever	Kahoot!	Easy-to-use online educational platform.	\$500	N/A	11.4x	25.0%
5/4/21	Reward Gateway	Abry Partners	Employee engagement platform.	N/A	N/A	N/A	N/A
5/2/21	Boomi	Francisco Partners, TPG	Intellegent integration platform.	\$4,000	N/A	N/A	N/A
4/28/21	Turbonomic	IBM	AI-powered application resource management.	\$1,750	N/A	N/A	N/A
4/23/21	Blue Yonder	Panasonic	AI-powered supply chain manafement services.	\$8,500	8.5x	N/A	N/A
4/13/21	Aspect, Noble Systems	Abry Partners	Multi-channel CRM and contact center systems.	\$1,000	N/A	N/A	N/A
4/12/21	Nuance	Microsoft	Speech recognition and AI software.	\$16,000	11.6x	11.2x	3.4%

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 Transactions

