



TECHNOLOGY REPORT

Explore M&A Activity, Capital Market
Conditions and Current Trends for the
Technology Industry



2H 2022

SDR*Ventures*

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TECHNOLOGY 2H22: WHAT TO KNOW

- ❑ We'll say it upfront, 2022 was a tough year across the board for tech, a big drop from the boom times of 2021. Face it, people walked away from the screen and got outside again.
- ❑ But there are still good ideas out there, and good companies. Let's talk about value, companies that are ready to make profits not ask for another round of funding.
- ❑ Deals were still being made, from gaming to supply chain management to medical tech management to online design products. If it works and makes money, it's in play.

The Year That Was. Things Got Real In Tech

Not going to sugarcoat it. The technology industry got walloped in 2022. A day of reckoning. As CNN summed it up in a headline, "The Year That Brought Silicon Valley Down to Earth." Ouch.

But don't give up. Tech can swing on a pendulum. Cooler heads may win the day in the long run.

In 2022, we saw a perfect storm batter the industry. Interest rates for those who wanted cheap money to speculate went from near zero to 4.5% (anyone believe Fed head Jay Powell is in the mood to stop?), tech companies shed workers, a tech darling was sentenced to prison (Theranos founder Elizabeth Holmes), and a tech wunderkind was arrested (FTX's Sam Bankman-Fried). The tech-heavy NASDAQ plunged 30%, the S&P 500's technology sector did about the same, while global venture funding in the third quarter fell to its lowest level in more than two years (\$74 billion isn't nothing, but still).¹

In stocks, which are, in a way, acquisitions on a micro scale, the big players – Apple, Microsoft, Alphabet (Google), Amazon, and Meta (Facebook) – got pummeled. People tuned out of the Netflix account (stock down 50% for 2022), got offline, and started doing stuff again. But looking beyond a single year or quarter, people have been infatuated with technology since the abacus. There are still emerging technologies making headlines. At the end of 2022, artificial intelligence pioneer ChatGPT was on everyone's mind; Microsoft and Broadcom were bullish on buys; and Uncle Sam is offering \$53 billion to promote the U.S. development and manufacture of semiconductor chips. We believe there are still opportunities in the technology industry.^{1,2,3,4,5}

But this time, there's a catch. Remember "fidget spinners?" They were weird, brightly colored, handheld doodads that had people kind of just, well, spinning them. In 2017 they came out of nowhere, they were everywhere. For a while, they made up 17% of all online toy sales. People couldn't get enough. And then, they went away. Today, the domain name for the brand associated with creating them, Fidget360.com, is abandoned and for sale. (About \$6,800, so far, no takers). Know why? They didn't actually do anything. They literally did nothing.^{6,7}

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ABOUT SDR

Established in 2002, SDR Ventures has developed deep M&A and capital transaction knowledge and expertise. SDR offers transaction advisory, private capital formation and business consulting services across a wide range of industries. We serve business owners and operators of privately held companies and provide them with a professional-class experience.

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If you're in tech, do something. You have a cool tech innovation. A product. A startup. Great. What does it do, and does it make money?

It Felt Like An Extinction Level Year

Was 2022 the year the meteor extinguished the digital dinosaur, wiping out the technology industry? If you're reading this on a computer or smartphone, probably not. It's hard to imagine life without our smart TVs, streaming services, phones, music, Zoom meetings, watches that count steps, digital inventory management, computer modeling, online banking, and cat videos.

But there are visible changes. Humans change. Behaviors change. The pandemic may have created an artificial tech bubble that dazzled us for a spell, then faded. From its peak in 2021 to the end of 2022, investors in the NASDAQ saw \$7.4 trillion in paper losses. Tech IPOs dried up. When we were all working from home, Zoom calls, going to virtual conferences instead of flying to real ones, it seemed like we were all going to live in Orbit City. (That's where the Jetsons lived. The Jetsons was a cartoon about ... oh, never mind). Turns out, anyone who bet on that lasting forever was wrong.⁸

Meta – the baffling new name for what was already a household name, Facebook – in late 2022 announced it would be laying off 13% of its workforce, 11,000 employees. Seems Wall Street doesn't quite get the company's pivot to "the metaverse" instead of more advertising sales. And once bullet-proof Amazon is leading the tech layoff parade, cutting 18,000 workers, about 5% of its corporate level folks as gross profits by the third quarter fell \$1.5 billion over the trailing 12 months with operating income over the same period nearly halved. Salesforce slashed 10% of its workforce, DoorDash 6%, Snapchat 20%, Lyft 13%, and many more at Redfin and Stripe. We'll be watching for more cuts ahead.^{8,11,14,35,36}

At the tech king of layoffs, who knows what's going on at Twitter, a once-publicly traded company that hit a peak market cap of \$47 billion in 2021, went private in 2022 with a sale to entrepreneur and generally unusual dude, Elon Musk, for \$44 billion, and since has been a dumpster fire fueled by Musk's burning cash. The new owner laid off 50% of the workforce and demanded an odd "loyalty pledge" from those who remained.^{12,13,14}

Let's not even talk about the world of crypto. Just kidding. Crypto.com slashed 20% of its jobs; Coinbase cut 20%; and Kraken cut 30%. And then there's FTX (which holds the naming rights for an NBA arena), a spectacular crash-turned-soap-opera with criminal charges, bankruptcy, billions in missing money, an extradition from the Bahamas, and leadership turning on each other. Is it starting to seem like maybe crypto has issues?^{15,16, 17,18}

Remember Special Purpose Acquisition Companies, SPACs? They were like paying for a surprise package. You put your money in, and maybe someone buys a startup and takes it public. In 2021 SPACs snapped up companies including Rumble for \$2.1 billion; Springbig for \$500 million; FaZe Clan for \$1 billion; Gogoro for \$2.3 billion; NextDoor for \$4.3 billion; Cazoo for \$7 billion; and LiveVox for \$840 million. You may have heard of one of them. In 2021, there were 614 SPAC acquisitions taking lesser-known tech names public. In 2022 there were 86 such acquisitions. One of the bigger names in the SPAC game gave investors their money back when he couldn't find suitable targets, companies that would actually make money.^{8,9,10}

Yes, 2022 was quite a year in tech.

Bottom line, "Growth At All Costs" isn't going to cut it. We live in the real world, and investors want to see profit and get paid. Losing money for the sake of growth, anything to build subscriptions and users may not be what investors are looking for (looking at you Peloton, burning through hundreds of millions quarterly). The cost of customer acquisition needs to match the value of the customer to the company. That means money coming in from customers, not from rounds of venture capital. Make money, not promises. A hand-up is what VC is for. And handout is not. In the current environment, we believe investors and buyers will want to see more than an idea. They want to see a path to more money coming in than going out. From startups to small and middle market companies, it's more important than ever to document revenue and profit, demonstrate growth, future gains, and value. Why would someone want to buy your company?^{19,20}



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Buck Up, We've Seen This Before

Here's the thing. It's not all bad out there, and we've been through this before in the world of tech funding, development, investment, and profit. There are good stories out there, and M&A activity continues throughout. We can't take our eyes off the industry because of a year of upheaval.

Sometimes ideas are too far ahead of their time. Sometimes companies get too far ahead of themselves. Sometimes investors get FOMO (fear of missing out) and behave irrationally. It's been known to happen, back in the year 2000.

In the heady days of "the information superhighway," mid-'90s to 2000ish, the NASDAQ rocketed 500% in five years fueled by tech (Amazon was just a baby back then) and this new "internet" thing. Speculative, "fad-based," investing became the norm. Every idea was a surefire winner. In hindsight, maybe 500% growth should have been a warning sign? But as the long-running finance site Investopedia notes, "Speculative bubbles are notoriously hard to recognize while happening but seem obvious after they burst." The Time Warner/AOL merger became one of the biggest busts of all time, a lot of the excitement was musical chairs with money, and when the money stopped, the market dropped.²¹

And yet ... today, the Internet is far better than it was. A lot of the early ideas work. We stream video and music on demand. We trade stocks and bank and gamble and post random thoughts to our friends online. We survived the bursting bubble, though it seemed horrible while we were in the middle of it. In other words, 2022, this too shall pass. We believe there are good tech companies out there nurturing good, profitable ideas.

Amazon was a crazy idea back then, a guy selling books out of his garage online. If you had invested \$1,000 in 1997 when some guy named Jeff Bezos took his idea public, it would be worth over \$1 million today. New ideas can. Startups can be worth supporting.²²

Some ideas are just a bit ahead of their time. One of the notorious tech failures was Pets.com which lost \$147 million as its stock in 2000 rose from \$11 to \$14, then burned to the ground. Yet today, the online pet product delivery service Chewy.com boasts a market cap of \$18 billion. Webvan, with the promise of delivering groceries ordered online to your home, raised \$375 million at its 1997 IPO and hit a \$1.2 billion valuation. A few years later, poof, that was gone. But today, shoppers can order all kinds of food online, from basic groceries to organics, to pre-measured meals ready to cook at home, such as Blue Apron (maybe not the best example, while its stock was \$9 a year ago, at the end of 2022 it received a delisting warning from the NYSE as shares hovered around a buck).²³

Some tech ideas are do nothing fidget spinners, but some are money-makers. We ask, "what does it do?" And the answer should be "makes a profit." Mind the Eureka Gap: The distance between the idea and the profit.

Tech Talk: Mergers & Acquisitions

- ❑ In July, Amazon (never mind the huge layoffs) paid off investors who sank \$532 million over 11 funding rounds by acquiring San Francisco-based startup One Medical for \$3.9 billion in an all-cash deal. One Medical is an interesting blend of medical care centers built around an app, online care, and a tech platform for medical care center operations. Tech mogul Amazon has made no secret of its healthcare ambitions, experimenting as it goes. In August it shut down its hybrid telehealth/in-person care test Amazon Care. But One Medical provides an established system with 188 clinics in 29 markets and 767,000 members, plus access to Medicare patients through the Iora Health brand.^{26,27}
- ❑ Cybersecurity remains hot in 2022. Palo Alto, California, based Software as a Service (SaaS) company SandboxAQ (see, deals are still getting done in Silicon Valley) in September snapped up French cybersecurity provider Cryptosense, which in 2021 benefited from a \$4.8 million funding round in May 2021. SandboxAQ earlier in 2022 announced its VC strategy launching its Strategic Investment Program with its participation in a \$5.5 million round of funding in evolutionQ, a Canadian quantum cybersecurity company specializing in Quantum Key Distribution.^{28,29}
- ❑ San Jose, California, computer graphics titan Adobe made a \$20 billion splash (half cash, half stock) in September by purchasing web design platform Figma. Founded ten years ago, Figma aims to help teams brainstorm, design, and build better products— from start to finish, online – by consolidating tools, simplifying workflow, and speeding the design process. Figma, by the way, makes money.³⁰



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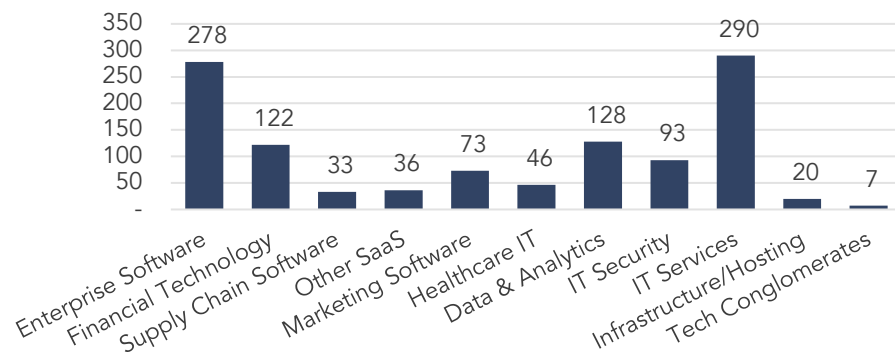
A Tough Year, But Tough Love?

To build on the theme of our 1H22 report, yes, it was a tough year for tech. But maybe we needed some tough love. Tech isn't a magic box of success. Ideas need to be better than "cool," they need to make money. Fidget spinners come and go, Microsoft, Apple, and Google make money for investors. Venture capital, as we've seen, will only sit for so many rounds of funding, then investors want to get paid. What's next? There's a lot of chatter about Artificial Intelligence, A.I., but we believe any startup, any company, has to have a plan to actually make money before it reaches \$1bn in sales. One innovation everyone is watching, OpenAI's ChatGPT, takes pretty much everything on the Internet and turns it into content. Poems, book reports (the scourge of schoolteachers), customer care, name it. There's a lot of buzz. Will it make money? The company, backed by \$1 billion in Microsoft's money, claims it will be churning \$200 million in revenue this year and \$1 billion next. Hmmm.

Microsoft started the new year laying off 10,000 employees, its biggest round of layoffs in eight years. But even as it cited a pullback influenced by economic uncertainties, leadership continued to express a commitment to A.I., calling the sector "the next major wave of computing."³⁷

A tough 2022 for tech. Better times ahead in 2023? Private equity appears to remain committed to the sector, albeit with an eye toward controlling costs and showing profit potential. And while startups were beaten up and enterprise tech companies were beaten down, our eyes are on the money. The smartest guys in the room, Venture Capital, appear to be picking up shares on the cheap. Don't take your eyes off the wise guys and the smart money.^{31,32,33,34}

TRANSACTIONS BY SEGMENT



Category	Percentage
Strategic	56%
Financial	44%

21 or more transactions

11-20 transactions

1-10 transactions

0 transactions

Date	Target	Buyer(s)	Segment	Amount (\$ in Mil)	TEV/ Rev	TEV/ EBITDA
12/12/2022	Coupa	Abu Dhabi Investment Authority, Thoma Bravo	Enterprise Software	8,000.00	9.8x	-
12/6/2022	Switch	DigitalBridge Group , IFM Investors	Infrastructure/Hosting	10,958.75	16.4x	16.8x
11/22/2022	Zendesk	Abu Dhabi Investment Authority, GIC , Hellman & Friedman, Permira	Enterprise Software	8,862.19	5.6x	-
11/22/2022	Roper Technologies	Clayton, Dubilier & Rice	IT Services	5,098.04	-	-
10/27/2022	Twitter	Elon Musk, A.M . Management & Consulting, Aliya Capital Partners, Andreessen Horowitz, Baron Funds, Binance, Brookfield Asset Management	Tech Conglomerates	42,551.83	8.1x	72.3x

Note: This data represents recorded transactions only, and is not all-inclusive. Nevertheless, they are typically representative of the industry.



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ACTIVE BUYERS

MOST ACTIVE STRATEGIC BUYERS

FIRM	RECENT SUBSIDIARY ACQUISITIONS			
				
				
				

SELECT SPONSORS WITH ACTIVE PORTFOLIO HOLDINGS

FIRM	RECENT SUBSIDIARY ACQUISITIONS			
				
				
				

Source: Pitchbook Financial Data and Analytics

Note: This data represents recorded transactions only, and is not all-inclusive. Nevertheless, they are typically representative of the industry.

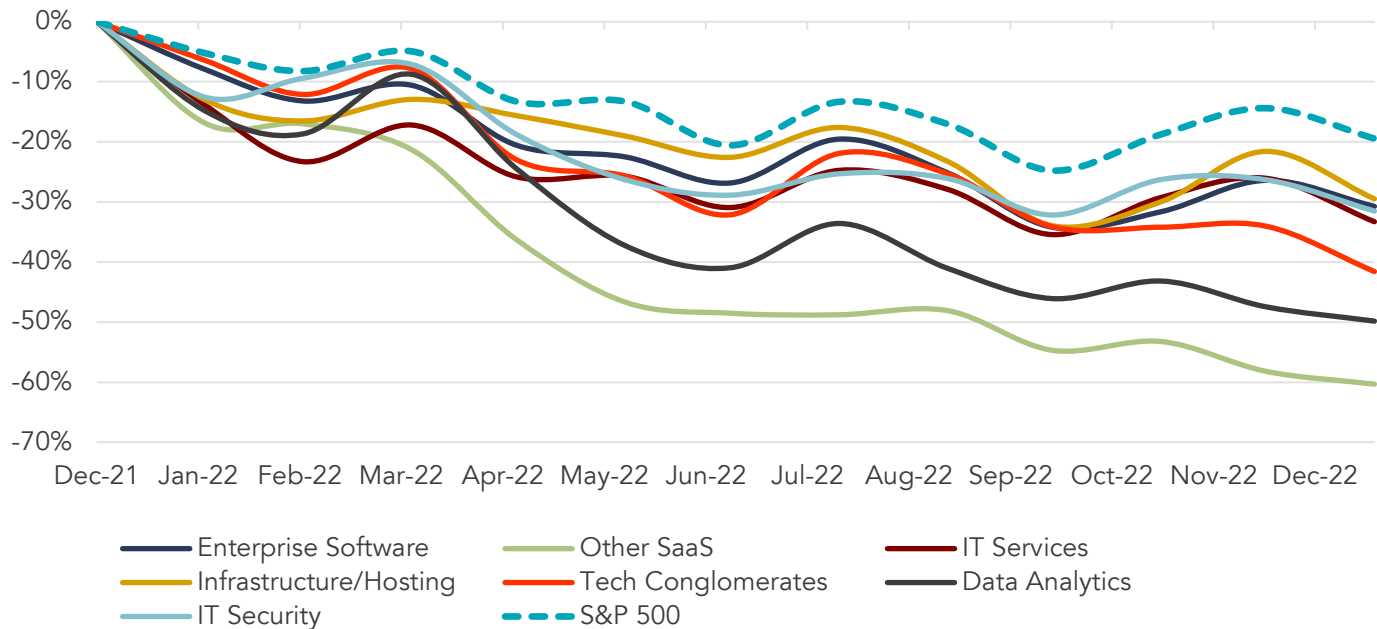


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PUBLIC BASKET

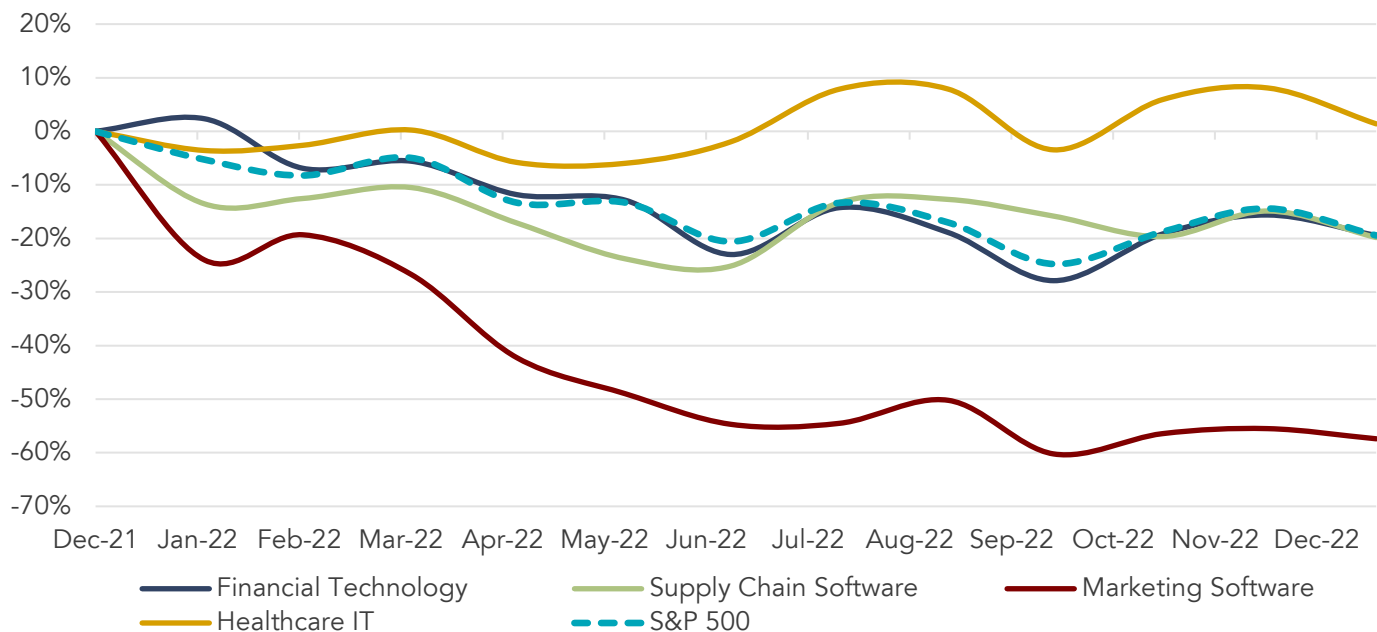
TECHNOLOGY SEGMENTS (BROAD SOLUTIONS) VS. S&P 500

Segment Market Cap Performance – Trailing 12 Months



TECHNOLOGY SEGMENTS (INDUSTRY SPECIFIC SOLUTIONS) VS. S&P 500

Segment Market Cap Performance – Trailing 12 Months



Source: PitchBook Financial Data and Analytics



PUBLIC BASKET (CONTINUED)

ENTERPRISE SOFTWARE

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples		NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	TEV/ NTM Revenue	TEV/ NTM EBITDA
Microsoft	MSFT	\$ 1,787,732	\$ 239.82	(28.7%)	(28.7%)	70.7%	7.9%	48.6%	8.6x	17.7x	7.9x	16.2x
Oracle	ORCL	220,392	81.74	(6.3%)	(6.3%)	91.2%	12.1%	38.4%	6.6x	17.2x	5.9x	11.0x
Adobe	ADBE	156,453	336.53	(40.7%)	(40.7%)	58.5%	11.7%	40.1%	8.8x	22.2x	8.1x	16.4x
Salesforce	CRM	132,590	132.59	(47.8%)	(47.8%)	51.6%	9.2%	14.3%	4.4x	31.0x	4.1x	12.4x
Intuit	INTU	109,342	389.22	(39.5%)	(39.5%)	60.1%	8.4%	24.6%	8.6x	34.9x	7.9x	19.5x
Workday	WDAY	43,004	167.33	(38.7%)	(38.7%)	60.3%	17.3%	2.1%	6.9x	NM	5.8x	22.5x
ZoomInfo Technologies	ZI	12,154	30.11	(53.1%)	(53.1%)	45.8%	28.5%	27.4%	12.8x	NM	10.0x	23.1x
Segment Average				(36.4%)	(36.4%)	62.6%	13.6%	27.9%	8.1x	24.6x	7.1x	17.3x
Segment Median				(39.5%)	(39.5%)	60.1%	11.7%	27.4%	8.6x	22.2x	7.9x	16.4x

FINANCIAL TECHNOLOGY

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples		NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	TEV/ NTM Revenue	TEV/ NTM EBITDA
Visa	V	\$ 414,750	\$ 207.76	(4.1%)	(4.1%)	88.1%	13.0%	66.6%	15.1x	22.7x	13.4x	19.1x
MasterCard	MA	334,328	347.73	(3.2%)	(3.2%)	86.9%	16.0%	58.6%	15.8x	26.9x	13.6x	22.2x
American Express	AXP	110,404	147.75	(9.7%)	(9.7%)	74.0%	NM	NM	NM	NM	NM	NM
PayPal Holdings	PYPL	81,193	71.22	(62.2%)	(62.2%)	36.3%	10.7%	16.4%	3.0x	18.2x	2.7x	10.7x
Fiserv	FISV	64,182	10.07	(2.6%)	(2.6%)	91.1%	2.9%	35.9%	4.9x	13.7x	4.8x	11.0x
Fidelity National Information Services	FIS	40,261	67.85	(37.8%)	(37.8%)	55.6%	3.9%	35.2%	4.0x	10.5x	3.8x	8.8x
Block	SQ	37,583	62.84	(61.1%)	(61.1%)	38.0%	18.9%	(1.1%)	2.0x	NM	17x	27.0x
MSCI	MSCI	37,194	465.17	(24.1%)	(24.1%)	75.4%	10.6%	59.7%	18.4x	30.9x	16.7x	28.1x
Jack Henry & Associates	JKHY	12,807	175.56	5.1%	5.1%	82.6%	9.7%	33.3%	6.6x	19.7x	6.0x	18.8x
Black Knight	BKI	9,635	61.75	(25.5%)	(25.5%)	73.6%	2.6%	40.4%	8.0x	19.7x	7.8x	16.5x
Western Union	WU	5,318	13.77	(22.8%)	(22.8%)	67.5%	(13.1%)	26.8%	14x	5.4x	17x	6.9x
Envestnet	ENV	3,414	61.70	(22.2%)	(22.2%)	72.9%	2.8%	6.2%	3.3x	53.0x	3.2x	16.4x
Segment Average				(22.5%)	(22.5%)	70.2%	7.1%	34.4%	7.5x	22.1x	6.8x	16.9x
Segment Median				(22.5%)	(22.5%)	73.8%	9.7%	35.2%	4.9x	19.7x	4.8x	16.5x

SUPPLY CHAIN SOFTWARE

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples		NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	TEV/ NTM Revenue	TEV/ NTM EBITDA
Manhattan Associates	MANH	\$ 7,575	\$ 121.40	(21.9%)	(21.9%)	76.9%	9.8%	19.8%	10.0x	50.5x	9.1x	34.5x
SPS Commerce	SPSC	4,629	128.43	(9.8%)	(9.8%)	87.5%	21.6%	21.3%	10.2x	48.0x	8.4x	28.9x
E2Open	ETWO	1,774	5.87	(47.9%)	(47.9%)	50.6%	15.7%	(49.4%)	5.0x	NM	4.3x	12.6x
American Software	AMSWA	495	14.68	(43.9%)	(43.9%)	54.5%	(0.6%)	12.4%	3.0x	NM	3.0x	19.1x
Segment Average				(30.9%)	(30.9%)	67.4%	11.6%	1.0%	7.1x	49.2x	6.2x	23.8x
Segment Median				(32.9%)	(32.9%)	65.7%	12.7%	16.1%	7.5x	49.2x	6.4x	24.0x

MARKETING SOFTWARE

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples		NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	TEV/ NTM Revenue	TEV/ NTM EBITDA
HubSpot	HUBS	\$ 14,045	\$ 289.13	(56.1%)	(56.1%)	43.1%	26.0%	(2.9%)	8.3x	NM	6.6x	NM
Cardlytics	CDLX	192	5.78	(91.3%)	(91.3%)	7.9%	4.8%	(18.3%)	0.9x	NM	0.9x	NM
Marin Software	MRIN	16	1.00	(73.0%)	(73.0%)	20.0%	NM	(74.8%)	NM	NM	NM	NM
Emerge Commerce	ECOM	6	0.06	(87.9%)	(87.9%)	8.2%	(12%)	11.9%	0.5x	4.0x	0.5x	5.2x
Segment Average				(77.1%)	(77.1%)	19.8%	9.9%	(21.0%)	3.2x	4.0x	2.7x	5.2x
Segment Median				(80.5%)	(80.5%)	14.1%	4.8%	(10.6%)	0.9x	4.0x	0.9x	5.2x

Source: PitchBook Financial Data and Analytics



PUBLIC BASKET (CONTINUED)

OTHER SAAS

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples		NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	TEV/ NTM Revenue	TEV/ NTM EBITDA
ServiceNow	NOW	\$ 78,431	\$ 388.27	(40.2%)	(40.2%)	59.0%	28.1%	9.7%	11x	NM	8.6x	27.5x
Atlassian	TEAM	32,880	128.68	(66.3%)	(66.3%)	33.1%	29.0%	(2.5%)	10.9x	NM	8.5x	48.4x
Zoom Video Communications	ZM	19,802	67.74	(63.2%)	(63.2%)	35.4%	3.8%	115%	3.4x	29.6x	3.3x	10.2x
Cloudflare	NET	14,857	45.21	(65.6%)	(65.6%)	33.5%	47.6%	(110%)	16.5x	NM	11.2x	NM
Snap Group	SNAP	14,437	8.95	(81.0%)	(81.0%)	18.5%	7.3%	(19.6%)	3.1x	NM	2.9x	22.1x
DocuSign	DOCU	11,144	55.42	(63.6%)	(63.6%)	35.2%	8.1%	(12%)	4.5x	NM	4.2x	17.6x
Guidewire Software	GWRE	5,122	62.56	(44.9%)	(44.9%)	54.4%	8.4%	(24.7%)	5.8x	NM	5.4x	NM
Five9	FIVN	4,784	67.86	(50.6%)	(50.6%)	47.0%	20.9%	(4.4%)	6.7x	NM	5.6x	31.4x
RingCentral	RNG	3,399	35.40	(81.1%)	(81.1%)	17.9%	21.2%	(24.0%)	2.6x	NM	2.1x	11.2x
Agora	API	453	3.91	(75.9%)	(75.9%)	22.7%	9.4%	(61.4%)	NM	NM	(0.1x)	1.5x
Segment Average				(63.2%)	(63.2%)	35.7%	18.4%	(12.8%)	7.2x	29.6x	5.2x	21.2x
Segment Median				(64.6%)	(64.6%)	34.4%	15.2%	(7.7%)	5.8x	29.6x	4.8x	19.8x

HEALTHCARE IT

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples		NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	TEV/ NTM Revenue	TEV/ NTM EBITDA
McKesson	MCK	\$ 53,190	\$ 375.12	50.9%	50.9%	93.4%	3.7%	15%	0.2x	14.5x	0.2x	116x
Veeva Systems	VEEV	25,125	161.38	(36.8%)	(36.8%)	62.0%	12.1%	25.1%	10.7x	NM	9.9x	24.9x
One Medical	ONEM	3,415	16.71	(4.9%)	(4.9%)	90.7%	32.1%	(31.6%)	3.8x	NM	2.9x	NM
Inocycle Technology Group	INO	15	0.01	(57.4%)	(57.4%)	32.1%	NM	NM	NM	NM	NM	NM
Segment Average				(12.1%)	(12.1%)	69.5%	16.0%	(1.7%)	4.9x	14.5x	4.2x	18.2x
Segment Median				(20.9%)	(20.9%)	76.3%	12.1%	1.5%	3.8x	14.5x	2.9x	18.2x

DATA ANALYTICS

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples		NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	TEV/ NTM Revenue	TEV/ NTM EBITDA
Splunk	SPLK	\$ 14,093	\$ 86.09	(25.6%)	(25.6%)	57.1%	16.8%	(14.9%)	5.0x	NM	4.3x	24.1x
Palantir Technologies	PLTR	13,355	6.42	(64.7%)	(64.7%)	33.9%	25.6%	(27.8%)	6.1x	NM	4.8x	19.4x
Elasticsearch	ESTC	4,924	51.50	(58.2%)	(58.2%)	40.6%	19.8%	(18.7%)	4.8x	NM	4.0x	NM
Alteryx	AYX	3,501	50.67	(16.2%)	(16.2%)	66.4%	33.9%	(37.2%)	5.6x	NM	4.2x	NM
Teradata	TDC	3,427	33.66	(20.7%)	(20.7%)	64.1%	(1.1%)	14.1%	2.0x	13.9x	2.0x	9.1x
Pegasystems	PEGA	2,814	34.24	(69.4%)	(69.4%)	29.8%	12.3%	(17.6%)	2.6x	NM	2.3x	28.4x
Verint Systems	VRNT	2,390	36.28	(30.9%)	(30.9%)	64.3%	2.8%	117%	3.3x	28.6x	3.3x	11.7x
GlobalData Holding	DATA	1,676	14.16	(26.4%)	(26.4%)	72.0%	23.1%	27.8%	7.0x	25.1x	5.7x	14.3x
MicroStrategy	MSTR	1,633	141.57	(74.0%)	(74.0%)	24.6%	12%	(238.8%)	8.0x	NM	7.9x	NM
PROS Holdings	PRO	1,100	24.26	(29.7%)	(29.7%)	66.9%	11.8%	(25.0%)	4.5x	NM	4.0x	NM
Segment Average				(41.6%)	(41.6%)	52.0%	14.6%	(32.6%)	4.9x	22.5x	4.2x	17.8x
Segment Median				(30.3%)	(30.3%)	60.6%	14.6%	(18.1%)	4.9x	25.1x	4.1x	16.9x

Source: PitchBook Financial Data and Analytics



PUBLIC BASKET (CONTINUED)

IT SERVICES

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples		NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	TEV/ NTM Revenue	TEV/ NTM EBITDA
Accenture	ACN	\$ 168,040	\$ 266.84	(35.6%)	(35.6%)	64.0%	4.9%	16.8%	2.7x	15.9x	2.5x	13.6x
Cognizant Technology Solutions	CTSH	29,391	57.19	(35.5%)	(35.5%)	61.2%	3.4%	18.5%	15x	7.9x	14x	7.6x
EPAM Systems	EPAM	18,849	327.74	(51.0%)	(51.0%)	48.4%	19.7%	13.0%	3.7x	28.7x	3.1x	18.0x
Leidos Holdings	LDOS	14,378	105.19	18.3%	18.3%	94.7%	6.1%	10.0%	14x	13.6x	13x	12.3x
Booz Allen Hamilton	BAH	13,820	104.52	23.3%	23.3%	92.9%	10.0%	10.5%	18x	17.4x	17x	15.4x
CACI International	CACI	7,063	300.59	11.7%	11.7%	94.1%	7.0%	10.1%	14x	13.9x	13x	12.3x
SolarWinds	SWI	1513	9.36	(34.0%)	(34.0%)	63.5%	2.4%	(1016%)	3.7x	NM	3.6x	9.3x
The Hackett Group	HCKT	646	20.37	(0.8%)	(0.8%)	82.2%	(13%)	19.5%	2.0x	10.1x	2.0x	8.5x
Unisys	UIS	346	5.11	(75.2%)	(75.2%)	22.1%	(2.4%)	(2.8%)	0.3x	NM	0.3x	2.3x
Segment Average				(19.9%)	(19.9%)	69.2%	5.5%	(0.7%)	2.0x	15.3x	1.9x	11.0x
Segment Median				(34.0%)	(34.0%)	64.0%	4.9%	10.5%	1.8x	13.9x	1.7x	12.3x

IT SECURITY

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples		NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	TEV/ NTM Revenue	TEV/ NTM EBITDA
Cisco Systems	CSCO	\$ 195,710	\$ 47.64	(24.8%)	(24.8%)	74.6%	4.8%	30.6%	3.5x	116x	3.4x	9.4x
Palo Alto Networks	PANW	42,191	139.54	(24.8%)	(24.8%)	65.3%	24.6%	3.1%	7.3x	NM	5.8x	25.0x
Fortinet	FTNT	38,195	48.89	(32.0%)	(32.0%)	67.2%	30.9%	22.1%	9.1x	414x	7.0x	23.8x
CrowdStrike Holdings	CRWD	24,679	105.29	(48.6%)	(48.6%)	43.5%	35.9%	(2.7%)	113x	NM	8.3x	NM
VeriSign	VRSN	21,780	205.44	(19.1%)	(19.1%)	80.3%	9.7%	69.7%	16.2x	23.2x	14.7x	19.5x
Zscaler	ZS	16,137	111.90	(65.2%)	(65.2%)	34.3%	34.0%	(22.8%)	12.8x	NM	9.5x	NM
Check Point Software Technologies	CHKP	15,822	126.16	8.2%	8.2%	84.3%	6.6%	38.8%	6.2x	16.0x	5.8x	12.9x
CyberArk Software	CYBR	5,279	129.65	(25.2%)	(25.2%)	72.0%	26.9%	(20.8%)	8.5x	NM	6.7x	NM
Tenable	TENB	4,292	38.15	(30.7%)	(30.7%)	60.0%	26.4%	(7.9%)	6.4x	NM	5.1x	NM
Qualys	QLYS	4,263	112.23	(18.2%)	(18.2%)	69.1%	21.0%	34.3%	8.4x	24.4x	6.9x	16.8x
Varonis Systems	VRNS	2,639	23.94	(50.9%)	(50.9%)	46.4%	13.6%	(26.4%)	4.7x	NM	4.1x	NM
Segment Average				(30.1%)	(30.1%)	63.4%	21.3%	10.7%	8.6x	23.3x	7.0x	17.9x
Segment Median				(25.2%)	(25.2%)	67.2%	24.6%	3.1%	8.4x	23.2x	6.7x	18.1x

HOSTING / DATA CENTER

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples		NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	TEV/ NTM Revenue	TEV/ NTM EBITDA
Equinix	EQIX	\$ 60,615	\$ 655.03	(22.6%)	(22.6%)	76.8%	11.7%	40.4%	10.4x	25.9x	9.3x	20.0x
IQVIA	QTS	38,056	205.83	(26.9%)	(26.9%)	73.1%	NM	20.0%	3.4x	17.2x	NM	NM
Digital Realty	DLR	28,830	100.27	(43.3%)	(43.3%)	56.3%	10.7%	73.0%	10.6x	14.5x	9.6x	18.4x
Akamai Technologies	AKAM	13,256	84.30	(28.0%)	(28.0%)	68.4%	3.9%	35.7%	4.3x	12.1x	4.2x	9.9x
GoDaddy	GDDY	11,625	74.82	(11.8%)	(11.8%)	84.7%	6.8%	16.8%	3.6x	21.7x	3.4x	13.2x
Extreme Networks	EXTR	2,405	18.31	16.6%	16.6%	87.1%	18.0%	8.9%	2.2x	24.8x	19x	10.8x
Segment Average				(19.3%)	(19.3%)	74.4%	10.2%	32.4%	5.8x	19.4x	5.7x	14.4x
Segment Median				(24.7%)	(24.7%)	74.9%	10.7%	27.9%	4.0x	19.4x	4.2x	13.2x

Source: PitchBook Financial Data and Analytics



PUBLIC BASKET (CONTINUED)

TECH CONGLOMERATES – “FAANG”

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples		NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	LTM Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/Rev	TEV/EBITDA	TEV/NTM Revenue	TEV/NTM EBITDA
Apple	AAPL	\$ 2,066,942	\$ 129.93	(26.8%)	(26.8%)	710%	3.8%	33.0%	5.4x	16.4x	5.2x	5.7x
Alphabet	GOOGL	1,145,004	88.23	(39.1%)	(39.1%)	58.2%	8.3%	32.7%	3.7x	11.5x	3.5x	9.0x
Amazon.com	AMZN	856,939	84.00	(49.6%)	(49.6%)	49.0%	11.5%	10.0%	1.8x	18.5x	1.7x	11.1x
Meta Platforms	META	315,555	120.34	(64.2%)	(64.2%)	35.0%	2.9%	36.7%	2.5x	6.9x	2.5x	6.1x
Netflix	NFLX	131,228	294.88	(51.1%)	(51.1%)	48.0%	9.0%	63.1%	4.4x	7.0x	4.1x	18.8x
Segment Average				(46.2%)	(46.2%)	52.3%	7.1%	35.1%	3.6x	12.1x	3.4x	12.1x
Segment Median				(49.6%)	(49.6%)	49.0%	8.3%	33.0%	3.7x	11.5x	3.5x	11.1x

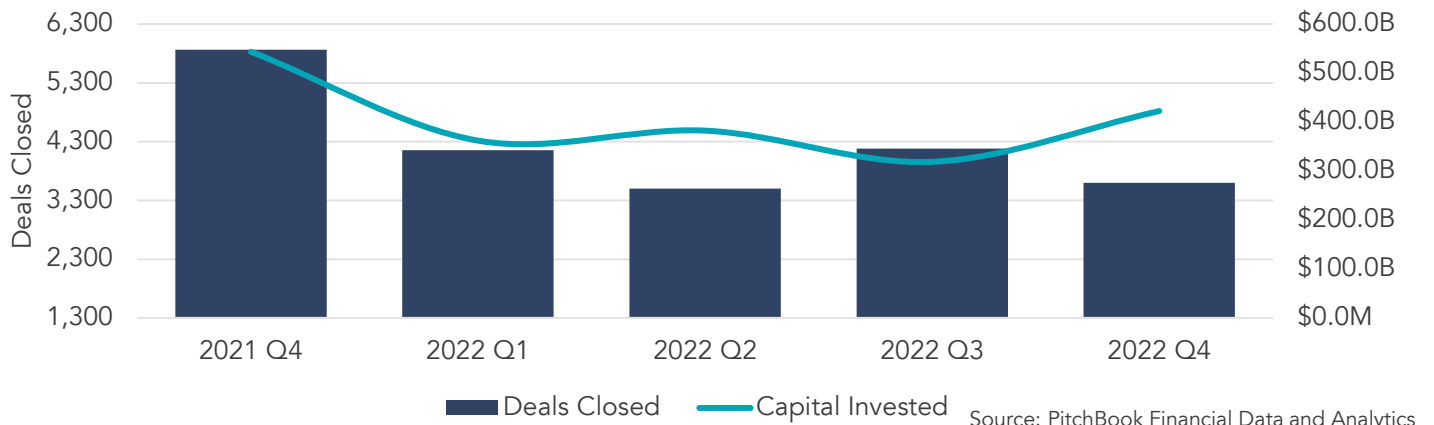
Source: PitchBook Financial Data and Analytics



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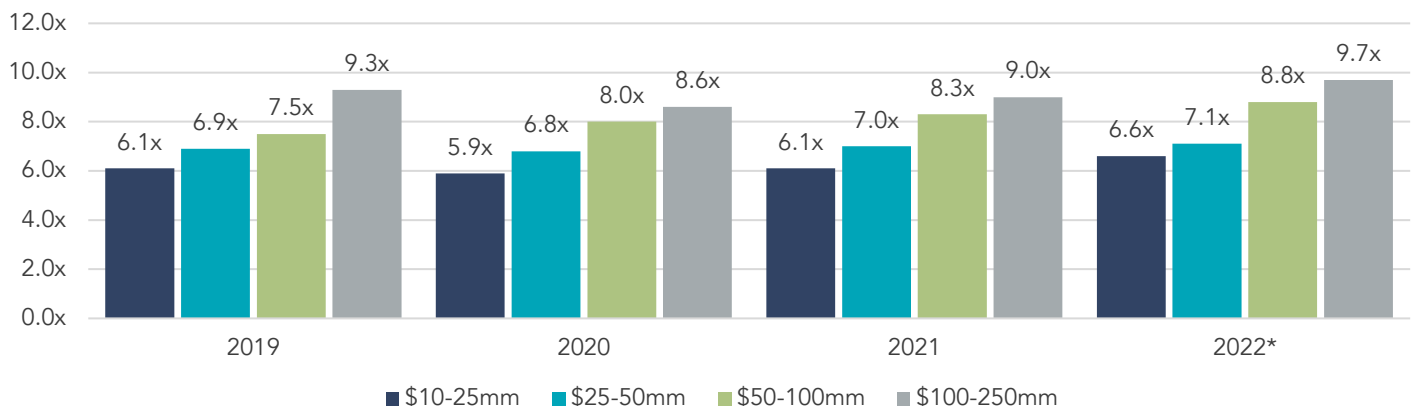
U.S. M&A ACTIVITY SNAPSHOT

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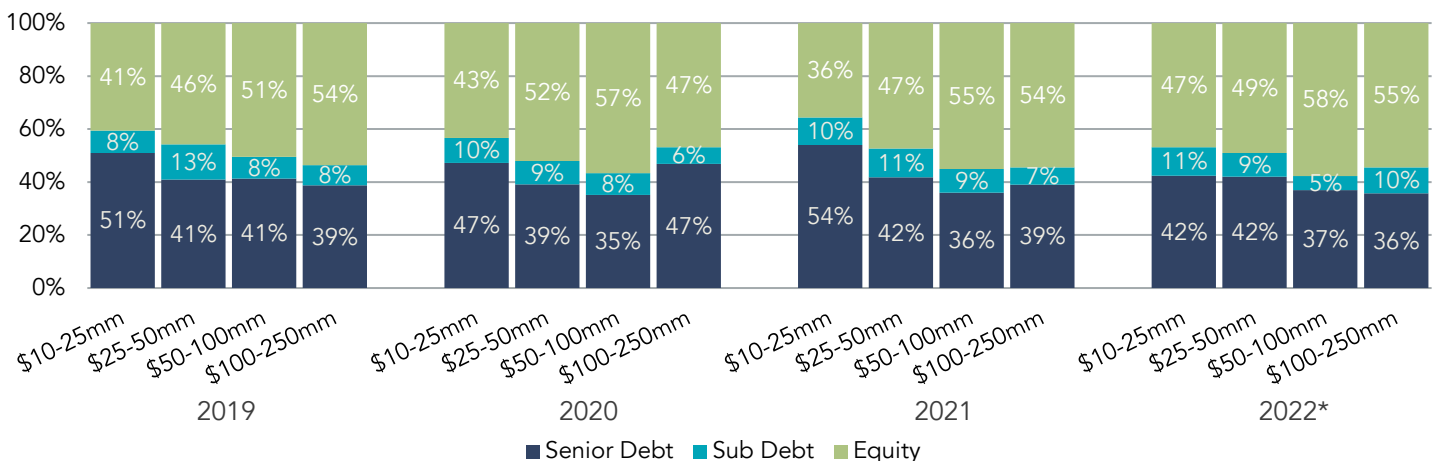


LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTION MULTIPLES

EBITDA Multiples By Transaction Size



CAPITAL BREAKDOWN – LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTIONS



Note: The most current source of GF Data is as of November 2022.

Source: GF Data®



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