



TECHNOLOGY REPORT

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

2H 2023

SDR*Ventures*

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TECHNOLOGY 2H23: WHAT TO KNOW

- ❑ Deals were down across the tech sector in the past year, but private equity is sitting on a pile of cash, along with some antsy investors, and may be poised for some big moves in 2024.
- ❑ In the wild west of tech, the potential for legal and regulatory rulings to either hamper or enable evolution and applications is massive in 2024.
- ❑ Outside of the Activision Blizzard / Microsoft deal, 2023 was a quiet year for M&A among the big players – Amazon, Microsoft, Google, etc. – but the rise of Artificial Intelligence (AI) could make for some splashy deals in 2024.

Artificial Intelligence and Tech. What Next?

Merger and acquisition deals were down in 2023 across the board, and tech was no exception. Interest rates were up to a 22-year high, deal valuations were an issue, and remember SPACs? Right, that mania died a quick death, and the process has drawn legal scrutiny. But as we look back, one day we may be talking about two eras, BC and AI. It felt like after the introduction of ChatGPT's version of Artificial Intelligence in 2022, everything changed in 2023 and anything that came before was prehistoric by comparison. It felt like machine learning and AI were the present and the future of tech.^{1,2,3}

As we made our way through 2023, a few things started to gel. For one, the excited chatter about AI, while persistent, morphed into the "now what" discussion. We watched as companies started to put AI to work, to harness the gee whiz factor into functioning – and hopefully profitable – products and services, whether that's in the arts and entertainment field, the legal field, or the office. Even the president got involved. Then, there were the lawsuits.^{4,5,6,7,8}

On the Sidelines, What Happened?

While the "Magnificent 7" (Microsoft, Apple, NVIDIA, Amazon, Meta, Google, and Tesla) made headlines for stock gains in 2H23, the big boys were largely on the M&A sidelines. In fact, the biggest tech firms made zero splash deals in Q3 and only one in Q2.^{9,10}

For one, there was regulatory pushback. U.S. government agencies including the FTC and the DOJ did their darnedest to curb mega deals, even if they lost a bid to block Microsoft's nearly \$70 billion buy of gaming powerhouse Activision Blizzard with antitrust concerns. The duo issued a joint 51-page draft of antitrust definitions and guidelines in 2023 spelling out proposed guardrails and what they consider legal violations across broad acquisitions. In November, the U.S. Department of Commerce created what it's calling the U.S. Artificial Intelligence Safety Institute. We will see how this new focus pans out in the courts.^{11,12,13}

With regulatory pressures and interest rates on the rise, maybe it wasn't

CONTENTS

[Transaction Activity](#)

[Active Buyers](#)

[Public Basket](#)

[M&A Market Activity](#)

[About SDR Ventures](#)

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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TECHNOLOGY REPORT

surprising that there would be a difference of opinion over valuations, another damper on acquisition activity. Sellers felt their value was higher than buyers were willing to risk. Deals fell below 10X ARR, and frankly, some sellers took their ball and went home. Private equity stayed in the game, but at a smaller stake, taking minority positions rather than full acquisitions. Is this the end of tech M&A? Not hardly. But there was a lot of uncertainty in 2H23, and nobody likes that. When interest rates for leveraged buyouts cool, when there is a clearer picture of regulation, when earnings provide some clarity – perhaps as early as this year – watch for a stronger pace. PE is sitting on a pile of cash, and investors don't like that. Money doesn't make money on the sidelines, and investors are getting increasingly restless. Don't sleep on tech in 2024.^{1,14}

So, What's This About AI?

If AI was a game changer, it may be headed for a buying stampede in coming months. While 2023 was sluggish, perhaps it was because the potential and applications of AI were only being initially digested and understood. It will take some time to understand the limits, or lack thereof, of the technology. And there are legal and regulatory issues. And these concerns aren't just in the U.S., governments across the globe are concerned about everything from copyrights to instructions for building a nuclear weapon (first, get some uranium, then ...). AI isn't magic, it gobbles information at will from the internet, and some have objected, most notably the New York Times, and Reddit, which started charging third parties in 2023 for access to its broad library of information.^{3,15,16,17}

There's an understandable rush to invest and profit from "AI" as a category. But it remains to be seen what it actually does that makes money. Self-driving cars? Art or web content and design? Or legal tech software to speed discovery and motions? Although that legal use may come with some hitches. In October, convicted rapper Prakazrel "Pras" Michel appealed claiming his lawyer used AI to craft his closing statements, resulting in significant missteps. The case is being watched closely. Progress doesn't come without trial, and perhaps in this case, error. Still, it makes sense to follow the big players and their bets. Already, chip maker Advanced Micro Devices (AMD) is on the prowl for AI startups, LinkedIn announced layoffs while replacing those workers in part with AI tools, and tech giants Amazon, Google, and Microsoft are racing to outspend venture capital to snap up pioneers in the field. Cybersecurity, as an industry, appears to have many interesting AI applications. And if the biggest public firms are spooked by uncertainties and antitrust litigation in this emerging field, PE isn't resting, as we saw a number of take-private moves, a 16-year high, worth watching. Eccentric billionaire inventor Elon Musk reportedly started 1H24 on the road looking to raise \$6 billion for his AI startup, dubbed xAI. There's a lot of money out there, and a lot of potential.^{18,19,20,21,22,23,24,25,26,27,28}

When the elephants charge, it can make sense to follow their tracks.

Take a Byte: A Review of Transformational Tech Mergers & Acquisitions in 2023

- ❑ At the start 2H23, in July, Databricks, a data and AI company, announced its acquisition of generative AI platform MosaicML, a generative AI competitor platform known for its MPT large language models (LLM). The deal was valued at \$1.3 billion. The combined platform is expected to help thousands of existing customers build LLM capabilities using their own data, retaining control, security, and ownership of that information. Databricks' existing customers include Comcast, Condé Nast, and more than half of the Fortune 500 companies. The deal was seen as the start of a wave of AI acquisitions. MosaicML was an open source startup with a platform designed to help organizations train LLMs and create AI applications based on the data. Prior to the acquisition, MosaicML had raised about \$220 million from investors, marking a solid exit and a hint at how enticing the M&A market is for AI applications. The deal was reported as one of the 10 biggest in tech in 2023.^{29,30,31}
- ❑ Nasdaq-traded experience management expert, Qualtrics, was taken private in March by Silver Lake, a tech investment group, and the Canada Pension Plan Investment Board (CPP) in a \$12.5 billion deal. The purchase included the entirety of SAP's majority ownership interest. Qualtrics, a cloud-based software provider helps organizations create and retain customer relationships using AI to understand customer needs, interactions, and sentiment. Silver Lake, with some \$92 billion in assets under management, generates about \$272 billion annually with nearly 700,000 employees in its portfolio. SAP acquired majority ownership in Qualtrics in 2018 for about \$8 billion. Silver Lake paid about 7x LTM Revenue for the acquisition.^{32,33}



TECHNOLOGY REPORT

- ❑ Publicly traded secure communications and networking company Cisco made a move with its biggest acquisition ever, paying \$28 billion to acquire a cybersecurity powerhouse, Nasdaq-traded, Splunk. The deal reportedly positions Cisco in the security and observability field as the sector adapts to AI integration, including threat detection and prevention. Cisco reported the deal should be cash flow positive in the first year after closing. The purchase will make Cisco one of the largest global software companies. In 2023, Cisco also acquired four other security companies, Armorblox, Oort, Valtix, and Lightspin.^{34,35}
- ❑ Semiconductor monster Broadcom announced one of the biggest tech acquisitions ever in May, buying cloud computing pioneer VMware in a deal valued at \$61 billion, just behind Microsoft's Activision Blizzard \$70 billion deal. The deal was seen as a way for Broadcom to diversify away from designing and building chips and into cloud and software development and management. Soon after the deal was completed in November, Broadcom began a corporate shakeup, announcing layoffs of thousands of employees, selling off parts, and altering licensing agreements and cutting or changing some partner agreements with VMware resellers and service providers.^{36,37}

Predictive Analytics, A Look to the Future

If AI is the tech world's 800-pound gorilla, its diet will be in the spotlight going forward, depending on what regulations and courts allow. The New York Times in December went toe to toe with ChatGPT owner, and Microsoft partner, OpenAI with a lawsuit alleging copyright infringement claiming the platform gulps down copyrighted work to "train" the model. The suit is seen as a test of how generative AI gathers the information it uses. AI and LLM tech is raising several issues about how data is used and where laws should apply. One analyst called the AI arena a "legal minefield" in the making.^{38,39}

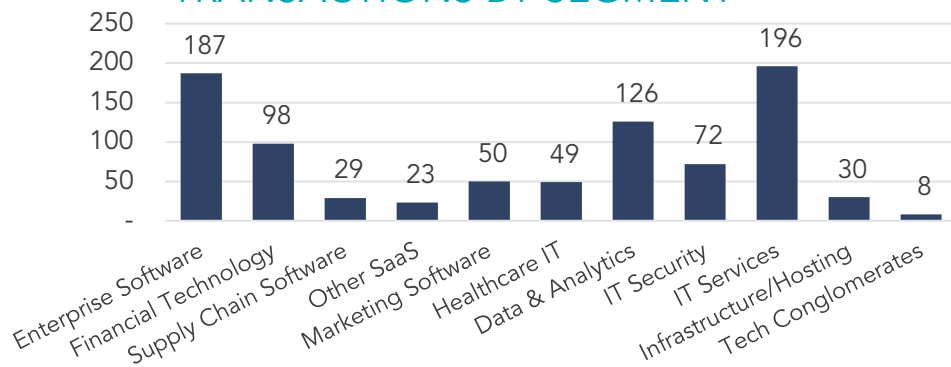
It's not just news organizations that are concerned about content-driven, ravenous AI training tools. Artists and authors (including legal thriller writer and lawyer John Grisham) have sued over images and text, while Getty Images is alleging infringement of its copyrighted photography. Even a mayor in Australia is questioning AI's information and accuracy after a platform incorrectly claimed he'd served time in prison. Copyrights, patents, and accuracy are all in play in the courts, creating a muddy legal landscape and legal risk for companies that embrace the emerging technology.^{39,40}

But there appears to be consensus, AI and generative AI integration is the big watch for 2024, and there is some pressure to get in early as it is estimated almost every player in the AI field is at the earliest stages, far from maturity and profitable application. We are looking forward to some important court rulings, further discussion of the climate footprint of cloud computing and the resource demands for AI learning, and rising cybersecurity issues. There's a lot in play, and many questions about when to invest, and when investments might pay off. That's what makes tech as a sector so exciting.^{41,42,43}

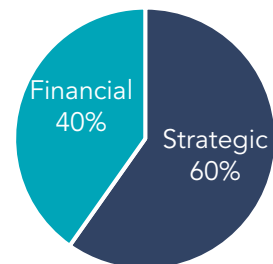


TECHNOLOGY REPORT

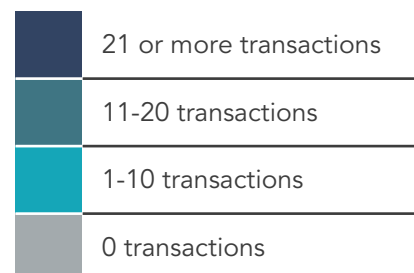
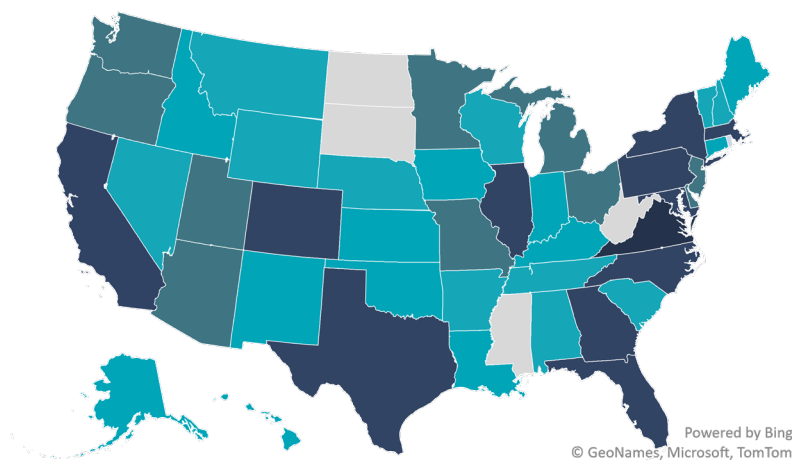
TRANSACTIONS BY SEGMENT



TRANSACTIONS BY TYPE



TRANSACTIONS BY LOCATION



TRANSACTION ACTIVITY

Date	Target	Buyer(s)	Segment	Amount (\$ in Mil)	TEV/ Rev	TEV/ EBITDA
12/18/2023	StreamSets	International Business Machines	Tech Conglomerates	-	-	-
12/18/2023	Spiff	Salesforce	Tech Conglomerates	-	-	-
12/18/2023	WebMethods	International Business Machines	Tech Conglomerates	-	-	-
12/18/2023	Alteryx	Clearlake Capital Group, Insight Partners	Data & Analytics	3,765.00	4.1x	-
12/4/2023	Imperva	Thales Group	IT Security	3,600.00	-	-
11/22/2023	VMware	Broadcom	Tech Conglomerates	69,210.00	5.1x	19.9x
11/8/2023	New Relic	Francisco Partners, TPG	Data & Analytics	6,063.43	6.3x	-
11/3/2023	Tabula Rasa Healthcare	Exact Care Pharmacy	Healthcare IT	769.19	2.3x	-
11/1/2023	Adenza	Nasdaq	Financial Technology	10,500.00	17.8x	-
10/23/2023	EngageSmart	Viola Equity Partners	Enterprise Software	3,633.97	10.0x	58.0x

If You Are a Business Owner Looking for Additional Transaction Activity Within Your Industry, Please Call Our Offices at 720.221.9220.

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.



TECHNOLOGY REPORT

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.

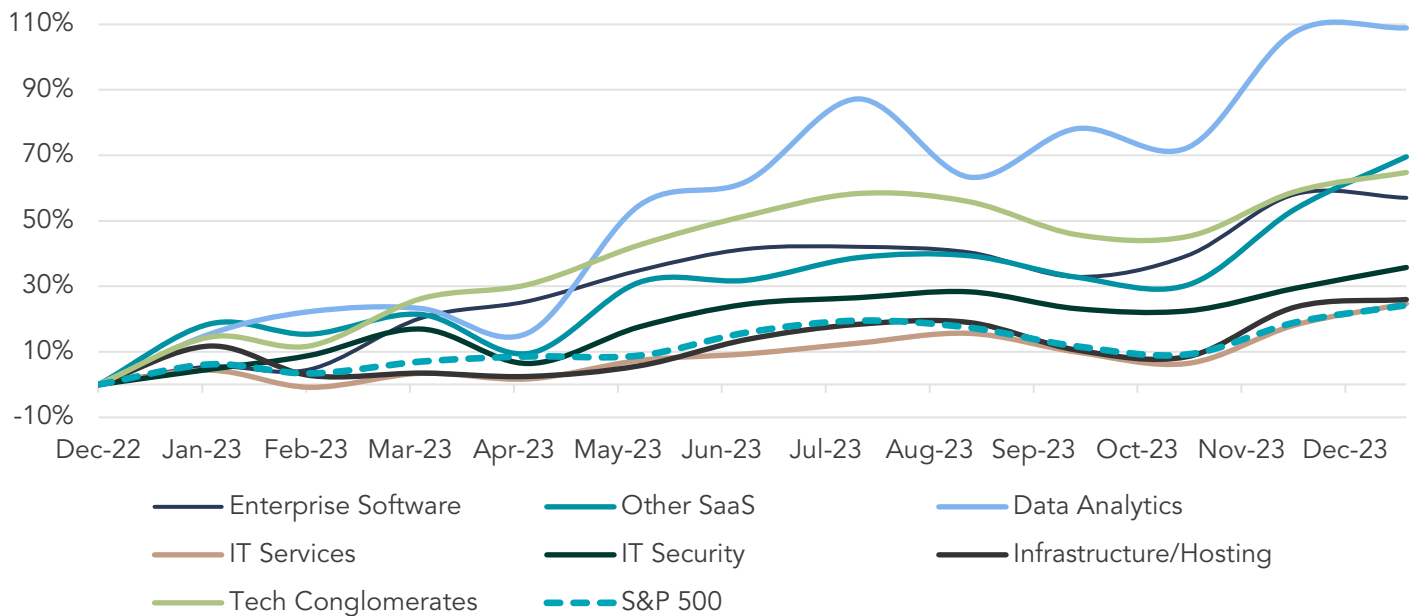


TECHNOLOGY REPORT

PUBLIC BASKET

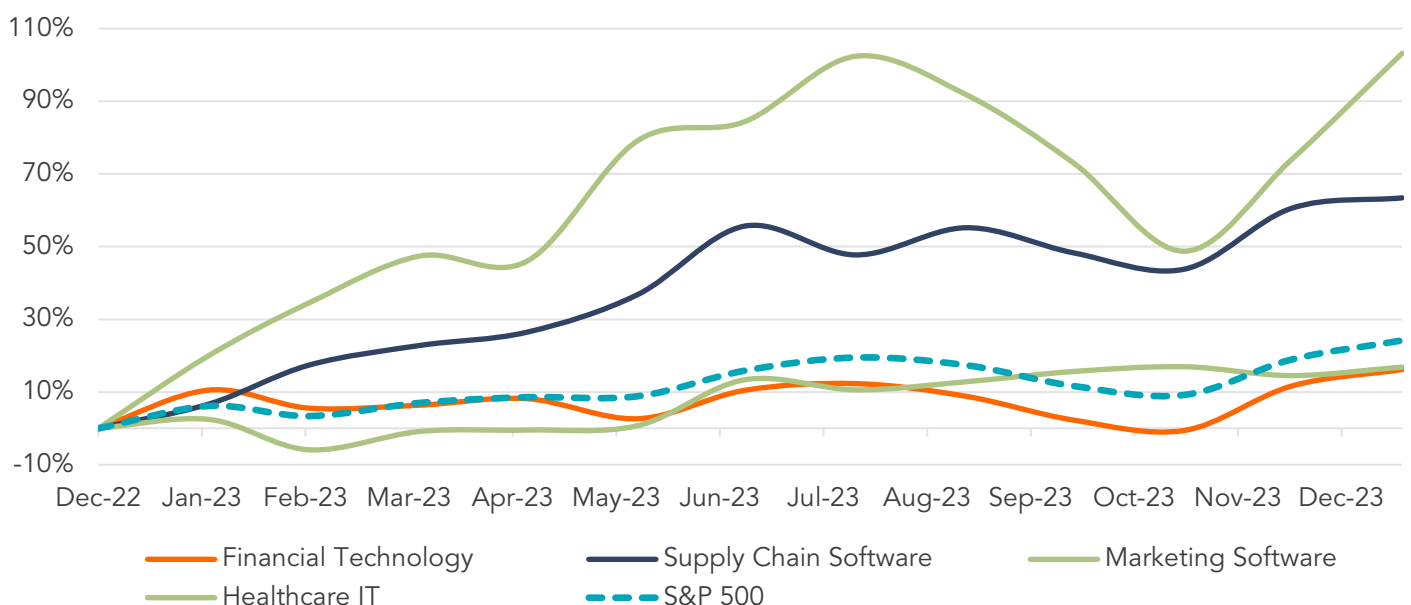
TECHNOLOGY SEGMENTS (BROAD SOLUTIONS) VS. S&P 500

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	\$ 2,794,828	\$ 376.04	56.8%	56.8%	97.9%	19.3%	49.7%	12.5x	25.2x	10.5x	19.7x
Oracle	ORCL	289,819	105.43	29.0%	29.0%	82.7%	7.5%	38.3%	7.2x	18.8x	6.7x	12.8x
Adobe	ADBE	271,632	596.60	77.3%	77.3%	94.1%	13.5%	39.3%	13.8x	34.4x	12.5x	25.1x
Salesforce	CRM	254,720	263.14	98.5%	98.5%	98.1%	10.4%	22.5%	7.5x	33.4x	6.8x	16.2x
Intuit	INTU	174,968	625.03	60.6%	60.6%	99.0%	11.5%	28.3%	12.1x	42.9x	10.9x	27.0x
Workday	WDAY	72,604	276.06	65.0%	65.0%	98.7%	16.3%	4.2%	9.9x	NM	8.5x	30.3x
ZoomInfo Technologies	ZI	7,207	18.49	(38.6%)	(38.6%)	59.5%	3.8%	33.5%	6.5x	19.4x	6.3x	15.4x
Segment Average				49.8%	49.8%	90.0%	11.7%	30.8%	9.9x	29.0x	8.9x	20.9x
Segment Median				60.6%	60.6%	97.9%	11.5%	33.5%	9.9x	29.3x	8.5x	19.7x

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	\$ 260.35	25.3%	25.3%	98.9%	12.9%	69.3%	16.4x	23.7x	14.5x	20.6x
MasterCard	MA	399,971	426.51	22.7%	22.7%	99.6%	15.4%	60.5%	16.7x	27.7x	14.5x	23.6x
American Express	AXP	136,523	187.34	26.8%	26.8%	99.5%	13.0%	NM	NM	NM	NM	NM
Fiserv	FISV	79,729	133.79	33.2%	33.2%	98.6%	NM	41.4%	5.5x	13.3x	NM	NM
PayPal Holdings	PYPL	66,209	61.41	(13.8%)	(13.8%)	69.3%	9.5%	19.8%	2.2x	11.3x	2.0x	9.0x
Block	SQ	47,500	77.35	23.1%	23.1%	86.0%	18.6%	0.6%	2.1x	NM	1.8x	18.2x
MSCI	MSCI	44,738	565.65	21.6%	21.6%	98.7%	17.2%	60.5%	20.1x	33.1x	17.1x	28.7x
Adyen	ADYEN	40,046	1,290.96	(6.0%)	(6.0%)	68.9%	(65.0%)	11.9%	5.5x	45.8x	15.6x	32.9x
Fidelity National Information Services	FIS	35,590	60.07	(11.5%)	(11.5%)	75.7%	(30.9%)	(86.9%)	4.9x	NM	5.3x	12.9x
Jack Henry & Associates	JKHY	11,901	163.41	(6.9%)	(6.9%)	88.7%	8.5%	31.5%	5.7x	18.2x	5.3x	16.9x
Western Union	WU	4,343	11.92	(13.4%)	(13.4%)	80.6%	(6.0%)	24.8%	1.3x	5.1x	1.3x	5.6x
Envestnet	ENV	2,707	49.52	(19.7%)	(19.7%)	71.5%	13.1%	6.0%	3.0x	NM	2.7x	11.6x
Segment Average				6.8%	6.8%	86.3%	0.6%	21.8%	7.6x	22.3x	8.0x	18.0x
Segment Median				7.8%	7.8%	87.3%	12.9%	24.8%	5.5x	20.9x	5.3x	17.6x

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	\$ 13,256	\$ 215.32	77.4%	77.4%	93.4%	14.9%	23.1%	14.7x	NM	12.8x	42.7x
SPS Commerce	SPSC	7,113	193.84	50.9%	50.9%	97.7%	20.2%	22.1%	13.4x	NM	11.1x	37.4x
E2Open	ETWO	1,332	4.39	(25.2%)	(25.2%)	60.9%	(4.0%)	(89.1%)	3.8x	NM	4.0x	11.6x
American Software	AMSWA	386	11.30	(23.0%)	(23.0%)	71.2%	(9.5%)	10.1%	2.7x	26.6x	3.0x	17.2x
Segment Average				20.0%	20.0%	80.8%	5.4%	(8.5%)	8.7x	26.6x	7.7x	27.2x
Segment Median				14.0%	14.0%	82.3%	5.5%	16.1%	8.6x	26.6x	7.6x	27.3x

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
The Trade Desk	TTD	\$ 35,282	\$ 71.96	60.5%	60.5%	78.3%	26.6%	12.8%	18.6x	NM	14.7x	37.6x
HubSpot	HUBS	29,219	580.54	100.8%	100.8%	97.8%	24.2%	(6.6%)	13.8x	NM	11.1x	X
PubMatic	PUBM	828	16.31	27.3%	27.3%	81.2%	11.3%	16.0%	2.6x	14.0x	2.4x	8.0x
Cardlytics	CDLX	362	9.21	59.3%	59.3%	47.1%	10.1%	(125.3%)	1.8x	NM	1.6x	32.3x
Segment Average				62.0%	62.0%	76.1%	18.1%	(25.8%)	9.2x	14.0x	7.4x	26.0x
Segment Median				59.9%	59.9%	79.8%	17.7%	3.1%	8.2x	14.0x	6.7x	32.3x

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	\$ 144,869	\$ 706.49	82.0%	82.0%	98.0%	28.4%	13.5%	16.9x	nm	13.1x	37.6x
Atlassian	TEAM	61,382	237.86	84.8%	84.8%	95.9%	23.8%	(7.9%)	16.3x	NM	13.2x	63.1x
Cloudflare	NET	27,956	83.26	84.2%	84.2%	95.8%	36.5%	(9.8%)	23.0x	NM	16.8x	NM
Snap	SNAP	27,873	16.93	89.2%	89.2%	94.6%	15.5%	(28.6%)	6.3x	NM	5.4x	NM
Zoom Video Communications	ZM	21,891	71.91	6.2%	6.2%	84.5%	2.0%	12.0%	3.4x	28.6x	3.4x	8.6x
DocuSign	DOCU	12,124	59.45	7.3%	7.3%	85.6%	5.7%	4.2%	4.2x	NM	4.0x	15.5x
Guidewire Software	GWRE	8,934	109.04	74.3%	74.3%	98.2%	10.5%	(9.6%)	9.4x	NM	8.5x	76.1x
Five9	FIVN	5,720	78.69	16.0%	16.0%	85.2%	19.9%	(3.4%)	6.6x	NM	5.5x	31.3x
RingCentral	RNG	3,183	33.95	(4.1%)	(4.1%)	68.8%	11.4%	(6.3%)	2.2x	NM	2.0x	8.5x
Agora	API	268	2.63	(32.7%)	(32.7%)	54.2%	9.5%	(83.2%)	0.6x	NM	0.6x	(11.2x)
Segment Average				40.7%	40.7%	86.1%	16.3%	(11.9%)	8.9x	28.6x	7.3x	28.7x
Segment Median				45.1%	45.1%	90.1%	13.5%	(7.1%)	6.4x	28.6x	5.5x	23.4x

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	\$ 61,605	\$ 462.98	23.4%	23.4%	97.2%	14.0%	1.8%	0.2x	12.9x	0.2x	12.2x
Veeva Systems	VEEV	30,999	192.52	19.3%	19.3%	85.4%	15.3%	24.9%	11.8x	47.4x	10.2x	27.3x
Omniceil	OMCL	1,711	37.63	(25.4%)	(25.4%)	48.8%	(10.4%)	3.9%	1.6x	40.0x	1.8x	18.6x
Veradigm (Healthcare Technology Systems)	MDRX	1,146	10.49	(40.5%)	(40.5%)	53.1%	(58.4%)	19.6%	NM	NM	1.8x	8.6x
Segment Average				(5.8%)	(5.8%)	71.1%	(9.9%)	12.6%	4.5x	33.4x	3.5x	16.7x
Segment Median				(3.0%)	(3.0%)	69.2%	1.8%	11.8%	1.6x	40.0x	1.8x	15.4x

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
Palantir Technologies	PLTR	\$ 37,362	\$ 17.17	167.4%	167.4%	78.6%	25.3%	5.0%	16.2x	NM	12.9x	39.1x
Splunk	SPLK	25,677	152.35	77.0%	77.0%	99.7%	9.3%	4.2%	6.8x	NM	6.3x	23.9x
Elasticsearch	ESTC	11,228	112.70	118.8%	118.8%	95.3%	16.8%	(10.4%)	9.4x	NM	8.0x	NM
MicroStrategy	MSTR	10,557	631.62	346.2%	346.2%	91.6%	1.9%	(42.2%)	NM	NM	NM	NM
Teradata	TDC	4,255	43.51	29.3%	29.3%	75.4%	0.5%	11.9%	2.5x	21.0x	2.5x	10.1x
Pegasystems	PEGA	4,083	48.86	42.7%	42.7%	82.5%	10.3%	(0.7%)	3.2x	NM	2.9x	13.7x
Alteryx	AYX	3,408	47.16	(6.9%)	(6.9%)	66.8%	16.8%	(23.3%)	4.4x	NM	3.8x	23.6x
GlobalData Holding	DATA	2,109	2.50	25.8%	25.8%	96.3%	16.0%	24.1%	7.6x	31.5x	6.5x	15.6x
PROS Holdings	PRO	1,794	38.79	59.9%	59.9%	94.6%	12.1%	(18.1%)	6.6x	NM	5.9x	NM
Verint Systems	VRNT	1,703	27.03	(25.5%)	(25.5%)	66.4%	7.3%	15.2%	2.7x	17.8x	2.5x	8.4x
Segment Average				83.5%	83.5%	84.7%	11.6%	(3.4%)	6.6x	23.4x	5.7x	19.2x
Segment Median				51.3%	51.3%	87.1%	11.2%	1.7%	6.6x	21.0x	5.9x	15.6x

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	\$ 220,018	\$ 350.91	31.5%	31.5%	98.7%	3.9%	15.5%	3.4x	21.7x	3.2x	16.9x
Cognizant Technology Solutions	CTSH	37,872	75.53	32.1%	32.1%	98.3%	(0.2%)	16.6%	1.9x	11.4x	1.9x	10.5x
EPAM Systems	EPAM	17,157	297.34	(9.3%)	(9.3%)	77.0%	1.2%	14.7%	3.2x	21.9x	3.2x	18.8x
Booz Allen Hamilton	BAH	16,677	127.91	22.4%	22.4%	97.4%	11.4%	7.1%	2.0x	27.6x	1.8x	16.1x
Leidos Holdings	LDOS	14,884	108.24	2.9%	2.9%	97.2%	5.6%	5.7%	1.3x	22.6x	1.2x	11.4x
CACI International	CACI	7,215	323.86	7.7%	7.7%	90.1%	7.3%	10.3%	1.3x	12.9x	1.2x	11.0x
SolarWinds	SWI	2,071	12.49	33.4%	33.4%	99.6%	4.2%	28.8%	4.2x	14.4x	4.0x	8.7x
The Hackett Group	HCKT	620	22.77	11.8%	11.8%	91.7%	2.7%	18.6%	2.2x	12.0x	2.2x	9.4x
Unisys	UIS	384	5.62	10.0%	10.0%	92.7%	(0.6%)	(2.8%)	0.3x	NM	0.3x	2.1x
Segment Average				15.8%	15.8%	93.6%	4.0%	12.7%	2.2x	18.1x	2.1x	11.7x
Segment Median				11.8%	11.8%	97.2%	3.9%	14.7%	2.0x	18.0x	1.9x	11.0x

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	\$ 205,287	\$ 50.52	6.0%	6.0%	86.8%	(13.6%)	29.8%	3.3x	11.0x	3.8x	10.3x
Palo Alto Networks	PANW	92,976	294.88	111.3%	111.3%	92.7%	18.2%	11.6%	12.7x	NM	10.7x	36.0x
CrowdStrike Holdings	CRWD	61,314	255.32	142.5%	142.5%	97.5%	29.7%	1.2%	20.7x	NM	16.0x	NM
Fortinet	FTNT	44,946	58.53	19.7%	19.7%	72.0%	11.6%	25.5%	8.3x	32.4x	7.4x	25.7x
Zscaler	ZS	32,865	221.56	98.0%	98.0%	97.5%	25.9%	(8.3%)	18.1x	NM	14.3x	NM
VeriSign	VRSN	21,029	205.96	0.3%	0.3%	89.7%	6.1%	69.9%	14.8x	21.3x	13.9x	NM
Check Point Software Technologies	CHKP	17,875	152.79	21.1%	21.1%	99.1%	6.7%	38.3%	6.9x	17.9x	6.4x	14.5x
CyberArk Software	CYBR	9,149	219.05	69.0%	69.0%	98.4%	32.7%	(17.4%)	12.6x	NM	9.5x	NM
Qualys	QLYS	7,220	196.28	74.9%	74.9%	95.1%	12.2%	33.6%	12.6x	37.5x	11.3x	26.8x
Tenable	TENB	5,386	46.06	20.7%	20.7%	92.5%	17.0%	(4.5%)	6.6x	NM	5.7x	NM
Varonis Systems	VRNS	4,933	45.28	89.1%	89.1%	98.8%	10.9%	(21.7%)	9.7x	NM	8.7x	NM
Rapid7	RPD	3,509	57.10	68.0%	68.0%	94.9%	12.6%	(9.8%)	5.6x	NM	4.9x	24.0x
Segment Average				60.1%	60.1%	92.9%	14.2%	12.3%	11.0x	24.0x	9.4x	22.9x
Segment Median				68.5%	68.5%	95.0%	12.4%	6.4%	11.1x	21.3x	9.1x	24.9x

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	\$ 75,613	\$ 805.39	23.0%	23.0%	97.6%	11.5%	39.7%	11.4x	28.7x	10.2x	22.0x
IQVIA	QTS	42,227	231.28	12.3%	12.3%	95.4%	NM	21.0%	3.7x	17.6x	NM	NM
Digital Realty	DLR	40,758	134.58	34.2%	34.2%	96.6%	7.9%	56.8%	11.3x	19.6x	10.5x	21.4x
Akamai Technologies	AKAM	17,851	118.35	40.4%	40.4%	98.1%	9.0%	31.6%	5.7x	18.2x	5.2x	12.3x
GoDaddy	GDDY	14,950	106.16	41.9%	41.9%	98.5%	7.8%	17.0%	4.4x	26.1x	4.1x	14.2x
Wix.com	WIX	7,032	123.02	60.1%	60.1%	96.5%	15.7%	(15.3%)	4.7x	NM	4.0x	21.3x
Extreme Networks	EXTR	2,286	17.64	(3.7%)	(3.7%)	53.9%	(24.6%)	11.7%	1.7x	14.5x	2.2x	25.4x
Segment Average				29.8%	29.8%	90.9%	4.5%	23.2%	6.1x	20.8x	6.1x	19.4x
Segment Median				34.2%	34.2%	96.6%	8.5%	21.0%	4.7x	18.9x	4.7x	21.3x

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	\$ 2,994,371	\$ 192.53	48.2%	48.2%	96.4%	2.6%	32.7%	7.9x	24.3x	7.7x	21.1x
Alphabet	GOOGL	1,755,459	139.69	58.3%	58.3%	97.9%	15.3%	29.4%	5.6x	18.5x	4.9x	11.9x
Amazon.com	AMZN	1,570,153	151.94	80.9%	80.9%	97.6%	15.9%	12.8%	3.0x	23.0x	2.6x	12.4x
Meta Platforms	META	909,629	353.96	194.1%	194.1%	97.8%	24.4%	36.5%	7.0x	19.1x	5.6x	9.7x
Netflix	NFLX	213,097	486.88	65.1%	65.1%	97.2%	17.6%	63.4%	6.7x	10.6x	5.7x	22.0x
Segment Average				89.3%	89.3%	97.4%	15.2%	35.0%	6.0x	19.1x	5.3x	15.4x
Segment Median				65.1%	65.1%	97.6%	15.9%	32.7%	6.7x	19.1x	5.6x	12.4x

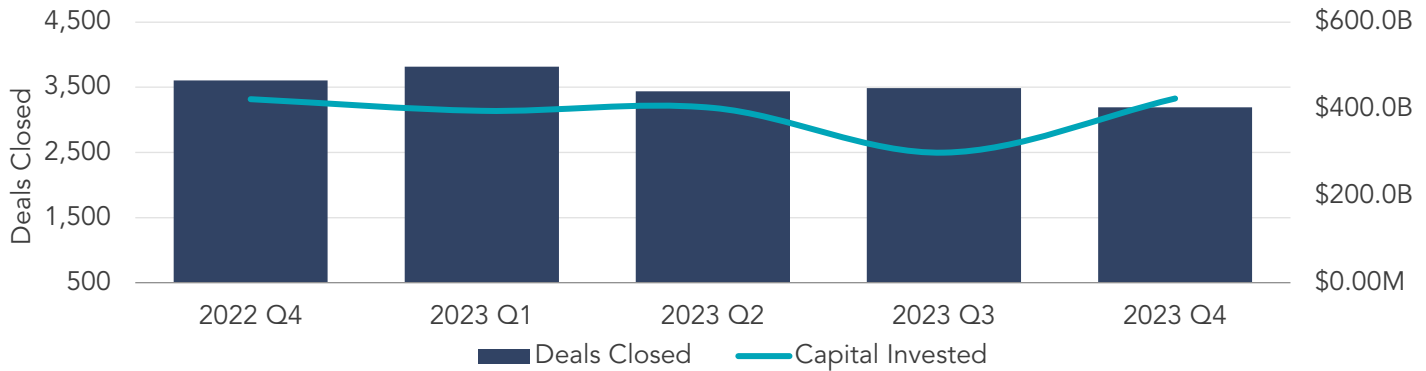
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U.S. M&A ACTIVITY SNAPSHOT

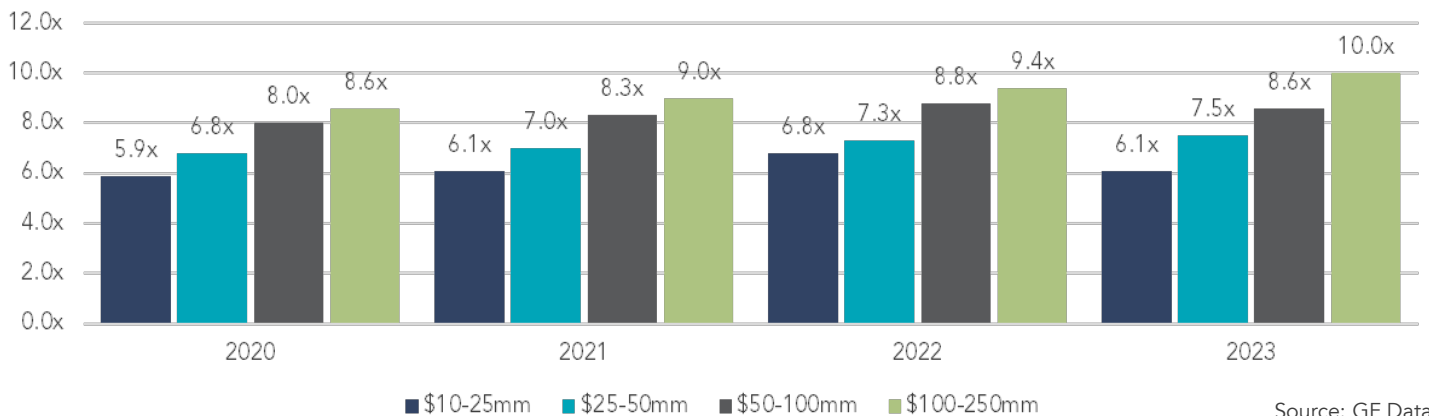
OVERALL U.S. M&A ACTIVITY



Source: PitchBook Financial Data and Analytics

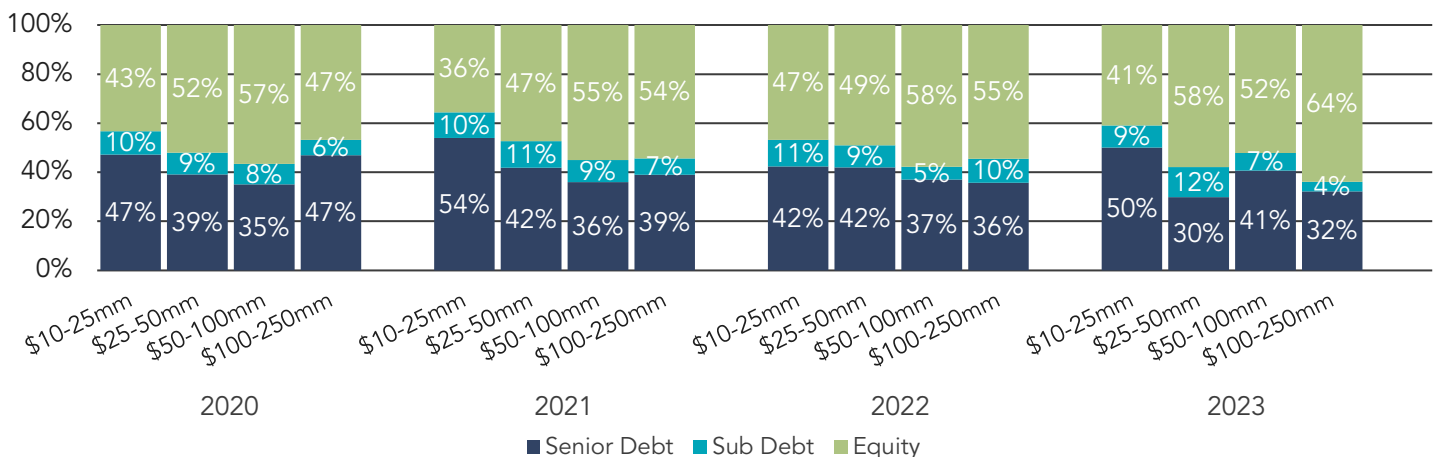
LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTION MULTIPLES

EBITDA Multiples By Transaction Size



Source: GF Data®

CAPITAL BREAKDOWN – LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTIONS



Note: The most current source of GF Data is as of Nov 2023.

Source: GF Data®



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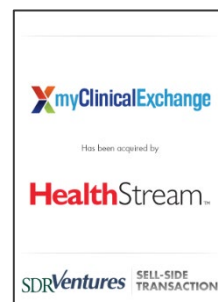
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