



SOFTWARE & IT SERVICES REPORT

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

1H 2024

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SOFTWARE AND IT SERVICES 1H24: WHAT TO KNOW

- ❑ Generative artificial intelligence (AI) grabbed our imagination in 2022. Almost two years ago. Cool is cool, but money is money. How will AI continue to intrigue and please investors? Get to work.
- ❑ Cybercriminals made headlines in 1H24, sucking a \$22 million ransom from a healthcare giant and cutting off car dealers from the leading sales software. It stands to reason there is a renewed interest in the cybersecurity field.
- ❑ Cloud computing, data management, and Software as a Service (SaaS) are all getting fresh looks and investments as needs expand beyond big business all the way down to startups.

AI Is Big, But It Has To Live Somewhere: Learning To Love The Cloud

Moore's Law, essentially a projection that the capacity of a computer chip doubles every two years, is starting to feel a little behind the times. The rate of advances in software technology seems to be moving even faster. The software and IT sector continues to generate excitement, making fresh news almost daily. Today's tech is being goosed by the emergence and commercial harnessing of generative AI, machine learning, and connectivity. Teachers are worried about programs writing term papers instead of students (while teachers are using the same tech to grade them). Actors are worried over studios using machines to duplicate their likeness and voice, replacing them with technology. Elon Musk plans to announce his company's new "robotaxi." Is that chatbot you're using to check on your insurance policy really a person? And does it already know what you're going to ask? Tech is top of mind no matter what business you're in.^{1,2,3,4,5}

When ChatGPT dropped modern AI into our lives less than two years ago, it was a thing of wonder, interest, and in many cases amusement. Awe and wonder are fine, but the world moves fast, and in 2024 we're asking AI "what have you done for us lately." What will it actually do? In 1H24, we were watching how AI will help software and tech firms and demonstrate real value through data analysis, supply chain management, cybersecurity, and customer engagement and experience. AI is not only helping IT businesses serve their customers, but it's also a home helping the IT industry help itself. A term called AIOps refers to a growing trend of using AI to help maintain tech infrastructure, automate performance monitoring, manage data backups, and diagnose glitches to track down the root causes of errors faster.^{6,7}

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ABOUT SDR

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But we feel it's important to remember, AI isn't the only game in tech and IT services. As 5G connectivity becomes the norm in parts of North America, that connectivity IoT (Internet of Things) will bear watching as well. Self-driving cars, smart cities, remote surgeries, and a whole new world of seemingly endless bandwidth through 5G and whatever follows it will drive innovation. We also imagine how a steady quest for the ever-elusive mainstreaming of quantum computing – a new level of speed and processing – will change our business environment by discovering new drugs, creating bullet-proof financial market predictions and fraud detection, and going beyond business efficiencies we can only imagine today. When experts look “far into the future” of quantum computing, they're only talking about 10 years down the road. That's not a long time. Just think, 10 years ago Apple introduced the Apple Watch. Seems like yesterday.^{8,9,10,11,12}

The software and IT sector is booming, possibilities abound, and the future is bright, with analysts expecting software revenue to grow at a 10% annual clip for several years, driven by AI, data management and protection, cloud storage and management, and the COVID-era digital hybrid office transformation that's changing the way we work.¹³

Barbarians At The Gate: AI And Cybersecurity

Hackers are no longer precocious teens trying to impress girls, borrow the latest computer game, and nearly trigger a nuclear war (a young Matthew Broderick in 1983's classic “WarGames”). Today's black hat hackers are state-sponsored spies and criminal gangs playing for high stakes. And the fatted calves are everywhere. Cyberattacks have nearly doubled since 2020. What would happen were hackers to get inside the world's financial system, the banks and investment houses? Think about how much global wealth isn't physical “stuff,” it's simply ones and zeroes.^{14,15}

This year, a sophisticated Eastern European gang of hackers crippled the U.S. auto sales industry by taking down a national car sales transaction system, CDK, demanding millions in ransom and leaving thousands of transactions in limbo as car dealers nationwide raced to replace automated sales systems with pen and paper. Healthcare titan UnitedHealth found out the hard way its cybersecurity shield covered its rear about as well as a hospital gown and paid a \$22 million ransom in Bitcoin to unlock its Change Healthcare billing system. Thousands of medical offices were locked out of the billing system Change Healthcare during the attack, leaving them unable to fill potentially life-saving prescriptions or even get paid for services. The \$450 billion hospital system was felled by a hacker gang called Blackcat.^{16,17,18}

Is AI the – or at least “an” – answer? Earlier in 2024, Google launched what it called its AI Cyber Defense Initiative, reflecting a growing sentiment that we'll need AI to proactively protect us, and our stuff, from the hacking programs of tomorrow, as opposed to patching holes after they've been exploited. As it stands, hackers have the advantage, they only need to slip one attack through the gate while cybersecurity teams need to block all of them. If one out of a hundred attacks works, that's a win for the cybercriminals. If ninety-nine out of 100 attacks are foiled, that's a loss for the cybersecurity team. It's called the “Defender's Dilemma.” AI, Google argues, allows faster, predictive analysis to proactively hunt hacking programs, uncover potential developments, and build defenses faster than attackers can evolve.¹⁹

What remains to be seen is how quickly developers can employ AI technologies of their own to meet the challenge. The wildcard is developing AI training programs and managing algorithms in a space that is struggling to find enough skilled human technicians, developers, and leaders.²⁰

With cybersecurity making up as much as 12% of a corporate IT team's budget, organizations are in a tight spot. While companies can always cut back on marketing or innovation during slow periods, cybercriminals never sleep, and the cyber defense can't be trimmed for budgetary reasons. Tight spots create opportunity. For solution seekers, that sounds like the definition of repeatable, dependable revenue. A recent survey found a substantial number of organizations understand AI may build better defenses, but few know how. Some of the biggest players in tech, including Google and Microsoft are actively working to develop AI capabilities to actively target hackers before they are at the gates.^{21,22,23}



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Cloud Is Still King: SaaS And The Tools We Crave

Regardless of what is possible in the future of software and IT management, a few areas are showing staying power and robust development already. Cloud and Software as a Service (the software you need, never own, and keep paying for) continue to look strong.²⁴

The cloud infrastructure market grew from \$212 billion in 2022 to close out 2023 at \$270 billion, building momentum in Q4 even as the year closed. Microsoft appears to be upping its game, challenging the dominant Amazon Web Services (AWS) with the addition of, what else, AI capabilities. Google Cloud isn't sitting back, either. As 2024 began, it was estimated that 94% of growing companies – startups and established players – use some kind of cloud service, possibly the result of new work habits developed during the pandemic. For startups especially, cloud services provide access to premium technologies with the advantage of scale they can reach for as needed.^{24,25,26}

Tucked into the cloud (or many clouds) are the tools businesses need to operate. SaaS means paying a subscription to access software you need without the need to maintain, install, or update it as demand grows. The global SaaS market was valued at \$274 billion in 2023, projected to grow to \$1,228 billion by 2032, a compound annual growth rate (CAGR) of 18%. North America alone accounts for a \$131 billion market. Big movers including Google Cloud Workspace, Microsoft Cloud, AWS, and IBM Cloud have forged ahead driven by hybrid work adoption by both office workers and by the IT services that assist them.²⁷

In April, word that Google parent Alphabet had taken a shine to cloud-based CRM/marketing service HubSpot surfaced and refused to go away through the rest of 1H24. At a potential valuation near \$30+ billion, the purchase of the SaaS company could be Alphabet's biggest buy yet. What does that say about the future of SaaS? And even while the actual cloud is the domain of the biggest players, the business of helping smaller companies learn to incorporate those cloud capabilities creates opportunities for companies nimble enough to bridge the gap and help organizations enter the cloud.^{28,29}

Faster, Better, Stronger: Mergers & Acquisitions

- ❑ Microsoft and Google of course have made news with their respective forays into AI, but we knew Apple wouldn't stand around. In March, the purveyor of "cool," announced the acquisition of Canadian AI startup DarwinAI as it prepares to make a splash in AI through 2024. And DarwinAI isn't about creating pictures of fish on bicycles for amusement, the company has real, profitable ambitions with AI tech for visually inspecting machine parts during the manufacturing process across multiple industries. One particular use that's been mentioned is using DarwinAI's capabilities to boost production of Apple's own products. DarwinAI has already received investments from large players such as Honeywell, Intel, and Lockheed Martin. Apple is getting serious. CEO Tim Cook has been quoted as promising Apple will "break new ground" in AI in 2024. Terms of the acquisition have not yet been disclosed.^{30,31}
- ❑ In February, Axon, a player in public safety technologies, took a bite out of crime with a bite out of Fusus, acquiring the real-time crime center technology company. If ever there was an example of the "tech is everything" mantra, this could be it. Community policing and broken window policing were the public safety buzzwords of the 1990s, but now, it's all about tech, gathering, aggregating, and parsing data in real time. Fusus has built a reputation for aggregating live security video, data, and sensor feeds from a seemingly limitless range of sources, helping police and security firms with location mapping, escalation alerts, live streaming, and investigations. The technology aggregates feeds from fixed and body cameras, even social media. Deal specifics were not announced.^{32,33}
- ❑ If we're talking big deals, Big Blue (IBM), shelled out \$6.4 billion in April, a 42% share price premium, to acquire HashiCorp, a software platform that allows customers to establish and manage data in the cloud. The move was considered a good fit with IBM's cloud software aspirations.³⁴



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- ❑ Is any tech discussion complete without a mention of semiconductor chip behemoth Nvidia? The company in April spent at least \$700 million (some pegging the deal at closer to \$1 billion) to acquire Israeli startup Run:ai, which uses what is called a “Kubernetes-based GPU orchestrator,” an open-sourced system for managing massive groups of data and perform hugely complex calculations rapidly. Run:ai’s process is designed to facilitate and optimize AI learning, particularly in graphics analysis, complementing Nvidia’s GPU work. Nvidia, an AI-focused chip and software pioneer, has been on a roll with market capitalization topping \$3 trillion in 1H24.^{35,36,49}

Moonshots Or Bubbles? Hope Is Lovely, But Profits Matter

Whenever there is exuberance, at least at first, there may be need for caution. In today’s interconnected world, with video streaming, online shopping, and finding vacation rentals in South America from an app on your phone, it’s hard to believe there was a time when the digital world tried and failed: the Dotcom Bubble of the early 2000s. After historic runups and unfettered optimism back then, ambitious startups went public, and blinded by optimism and “what ifs,” investors poured in. When the music stopped the tech sector crashed. Investors lost an estimated \$5 trillion. A lot of startups forgot their goal was to make money, not promises. And a lot of investors forgot, including plenty of venture capital groups, the same principles. There are some who believe parts of the AI gold rush are heading for another bubble.^{37,38}

Let’s remember online home delivery pet products golden child Pets.com. It raised \$82 million in its 2000 IPO. Nine months later, it was gone. Then, ten years later, someone had kind of the same idea and launched online pet supply store Chewy. It’s still a publicly traded company hanging around with an \$11 billion market cap. Was Pets.com an idea before its time? Are some wings of the AI revolution spread too far?^{39,40}

We believe there are opportunities in the evolution of software and new ways of serving clients through IT services and connectivity through the cloud, advancements in 5G (and maybe someday even better), and a generally “smarter” world. But at the end of the day, profits matter. Investors may ultimately recognize this. Business owners should remember the importance of demonstrating value, growth, and sustainability. Investors, of course, should remember to hunt for the same.⁴²

The other wildcard we’ll be watching is government regulation. As AI captures headlines, imaginations, and investor dollars it’s natural that the newest shiny object has caught the eye of governments and regulators. A Senate committee called hearings about AI privacy implications. Congress has fretted over AI generated “deepfakes.” Another Senate hearing dove into the potential danger of AI on the battlefield, in medicine, democracy, and the economy. And in a bipartisan effort, Senators Elizabeth Warren and Lindsey Graham have called for the creation of a new federal agency that would, in part, oversee advances and uses of AI. In the past year, the Federal Trade Commission has challenged tech giants Amazon, Google, and Meta (Facebook). And in 2023, the FTC created a new Office of Technology to keep up with developments in tech.^{43,44,45,46,47}

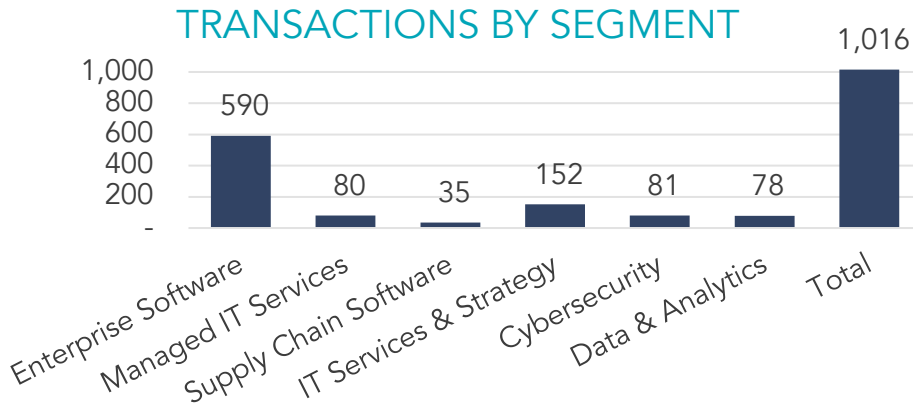
Then we look back on the Supreme Court’s recent ruling on the Chevron Deferral, a prior understanding that when a law isn’t specific enough, a federal regulatory agency’s decisions were simply accepted. The court’s ruling busting that tradition appears to return rulings to the courts. A shift in that perspective, and a potential change in both Congressional majorities and the White House adds another variable.⁴⁸

Perhaps we should ask someone smarter than us: “Alexa, what’s next?”^{48,50}

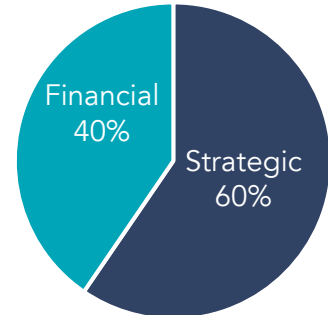


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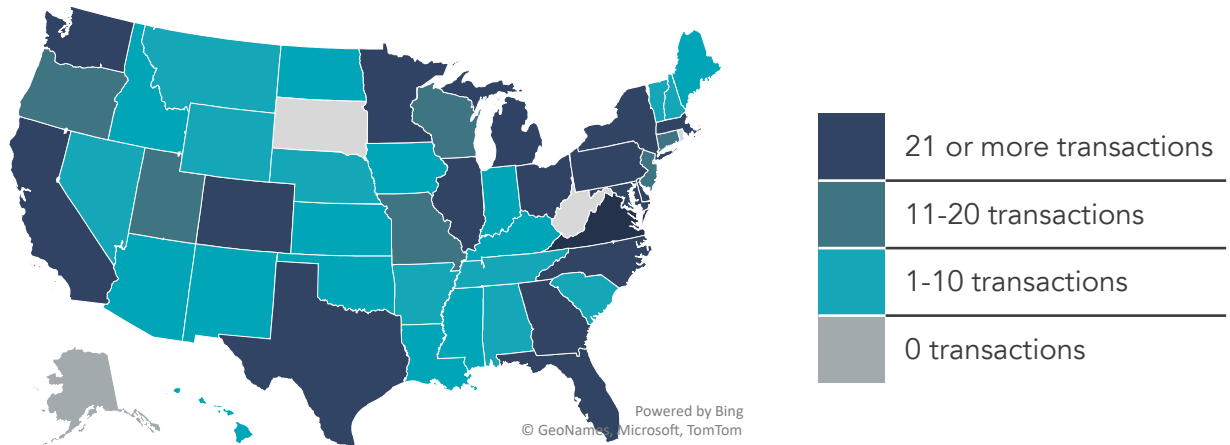
TRANSACTIONS BY SEGMENT



TRANSACTIONS BY TYPE



TRANSACTIONS BY LOCATION



TRANSACTION ACTIVITY

Deal ID	Date	Target	Buyer(s)	Segment	Amount (\$ in Mil)	TEV/Rev	TEV/EBITDA
258882-22T	6/7/2024	PowerSchool Group (NYS: PWSC)	Bain Capital	Enterprise Software	5,582.58	7.7x	32.8x
260179-93T	5/23/2024	AuditBoard	Hg	Enterprise Software	3,000.00	15.0x	-
259812-55T	5/19/2024	Venafi	CyberArk Software	Cybersecurity	1,540.00	10.3x	-
259235-29T	5/13/2024	Squarespace (NYS: SQSP)	Permira	Enterprise Software	6,611.11	6.3x	54.3x
258553-18T	5/5/2024	Perficient (NAS: PRFT)	BPEA EQT	Managed IT Services	3,044.81	3.4x	21.2x
254798-74T	4/24/2024	HashiCorp (NAS: HCP)	International Business Machines	Enterprise Software	5,121.42	8.8x	-
257462-56T	4/19/2024	Matterport (NAS: MTTR)	CoStar Group	Data & Analytics	1,770.63	11.1x	-
267242-59T	4/1/2024	SimpleTix	Oloom Ventures	Enterprise Software	13,000.00	-	-
239409-19T	3/19/2024	Alteryx	Clearlake Capital Group, Insight Partners	Data & Analytics	3,245.29	3.4x	-
188364-97T	3/18/2024	Splunk	Cisco Systems	Data & Analytics	28,000.00	6.6x	86.1x
251527-78T	2/15/2024	Veritas Technologies (Data Protection Business)	Cohesity	Cybersecurity	3,000.00	-	-

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.



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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.

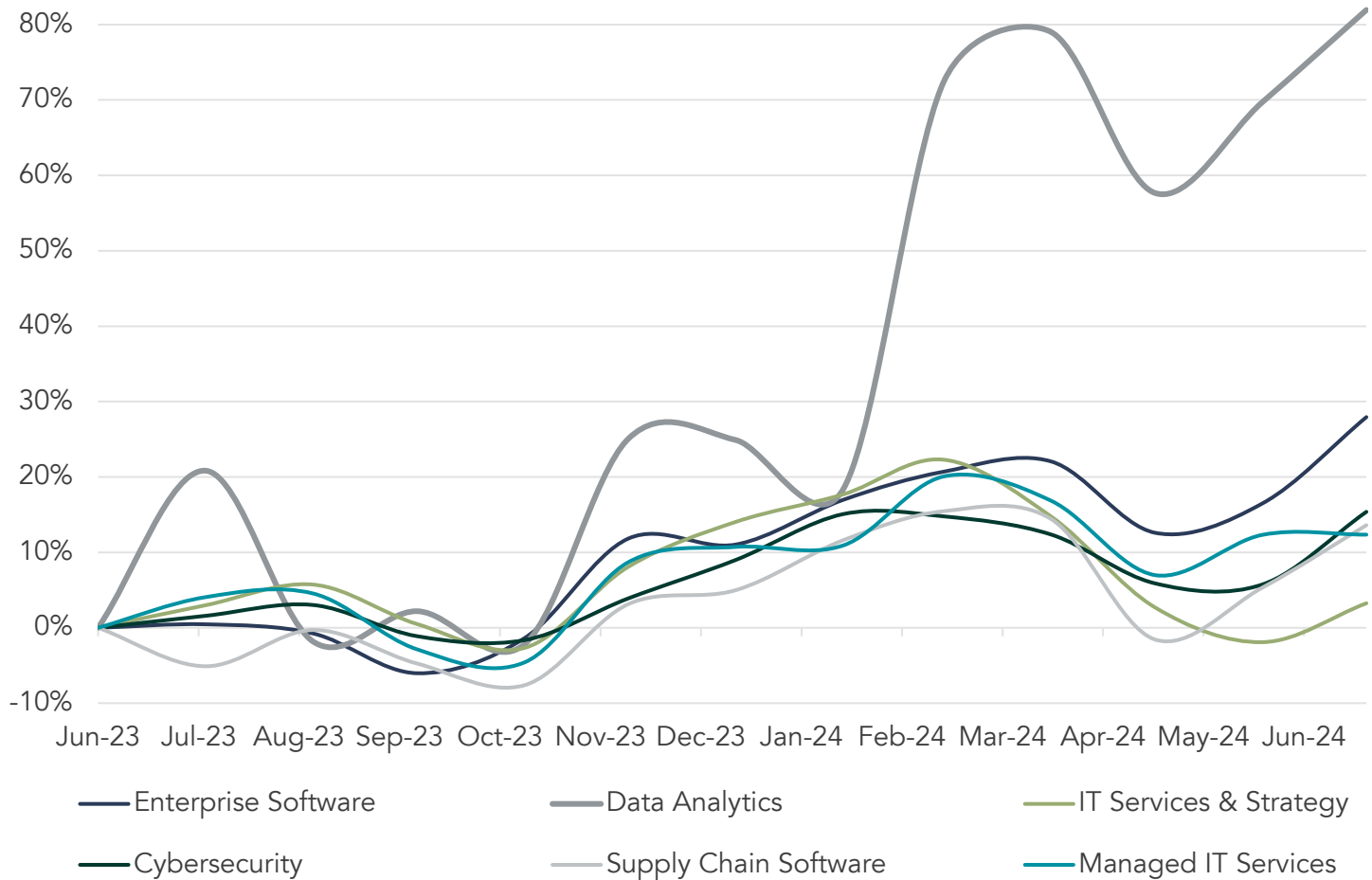


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PUBLIC BASKET

SOFTWARE & IT SERVICES SEGMENTS (BROAD SOLUTIONS) VS. S&P 500

Segment Market Cap Performance – Trailing 12 Months



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	\$ 3,321,869	\$ 446.95	31.2%	18.9%	98.0%	18.2%	52.6%	14.0x	26.7x	11.9x	22.4x
Oracle	ORCL	389,127	141.20	18.6%	33.9%	97.2%	9.6%	39.5%	8.8x	22.2x	8.0x	15.0x
Salesforce	CRM	249,130	257.10	21.7%	(2.3%)	80.7%	8.0%	28.6%	6.8x	23.9x	6.3x	15.3x
Adobe	ADBE	246,326	555.54	13.6%	(6.9%)	87.0%	10.8%	35.1%	12.0x	34.1x	10.8x	21.8x
Intuit	INTU	183,721	657.21	43.4%	5.1%	97.1%	12.0%	29.1%	11.7x	40.4x	10.5x	24.5x
Workday	WDAY	59,331	223.56	(1.0%)	(19.0%)	71.8%	14.4%	7.2%	7.3x	NM	6.4x	22.7x
ZoomInfo Technologies	ZI	4,775	12.77	NM	(30.9%)	42.3%	4.4%	38.0%	4.6x	12.0x	4.4x	10.6x
Segment Average				21.3%	(0.2%)	82.0%	11.1%	32.9%	9.3x	26.5x	8.3x	18.9x
Segment Median				20.1%	(2.3%)	87.0%	10.8%	35.1%	8.8x	25.3x	8.0x	21.8x

Source: PitchBook Financial Data and Analytics



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PUBLIC BASKET (CONTINUED)

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	\$ 15,188	\$ 246.68	23.4%	14.6%	92.4%	13.4%	24.0%	15.6x	NM	13.8x	NM
SPS Commerce	SPSC	6,968	188.16	(2.0%)	(2.9%)	86.0%	20.9%	21.7%	11.9x	55.1x	9.9x	33.1x
E2Open	ETWO	1,376	4.49	(19.8%)	2.3%	65.1%	0.4%	NM	3.8x	NM	3.8x	10.8x
American Software	AMSWA	303	9.13	(13.1%)	(19.2%)	72.6%	0.2%	12.6%	2.1x	47.2x	2.1x	14.1x
Segment Average				(2.9%)	(1.3%)	79.0%	8.7%	19.4%	8.4x	51.2x	7.4x	19.3x
Segment Median				(7.6%)	(0.3%)	79.3%	6.9%	21.7%	7.9x	51.2x	6.8x	14.1x

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	\$ 56,407	\$ 25.33	65.2%	47.5%	92.1%	26.9%	8.9%	NM	NM	NM	NM
MicroStrategy	MSTR	24,433	1,377.48	NM	118.1%	68.9%	(3.2%)	NM	NM	NM	NM	NM
Elastic (Database Software)	ESTC	11,586	113.91	77.7%	1.1%	83.7%	16.3%	(6.2%)	8.8x	NM	7.5x	NM
Pegasystems	PEGA	5,147	60.53	22.8%	23.9%	87.4%	5.9%	7.5%	3.6x	NM	3.4x	15.8x
Teradata	TDC	3,342	34.56	(35.3%)	(20.6%)	59.9%	0.6%	11.8%	2.0x	16.9x	2.0x	8.1x
GlobalData Holding	DATA	2,219	2.76	27.4%	10.5%	89.8%	12.8%	32.1%	7.5x	23.5x	6.7x	15.9x
Verint Systems	VRNT	1,987	32.20	(8.2%)	19.1%	79.9%	3.3%	15.9%	2.9x	18.1x	2.8x	9.4x
PROS Holdings	PRO	1,347	28.65	(7.0%)	(26.1%)	69.9%	10.9%	(13.2%)	4.9x	NM	4.4x	57.1x
Segment Average				20.4%	21.7%	79.0%	9.2%	8.1%	4.9x	19.5x	4.5x	21.3x
Segment Median				22.8%	14.8%	81.8%	8.4%	8.9%	4.2x	18.1x	3.9x	15.8x

IT SERVICES & STRATEGY

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	\$ 190,051	\$ 303.41	(1.7%)	(13.5%)	78.3%	4.1%	15.7%	2.9x	18.3x	2.8x	14.8x
Cognizant Technology Solutions	CTSH	33,810	68.00	4.2%	(10.0%)	84.9%	2.5%	16.8%	1.7x	10.1x	1.7x	9.2x
Booz Allen Hamilton	BAH	19,923	153.90	37.9%	20.3%	93.6%	13.0%	11.3%	2.2x	19.2x	1.9x	17.2x
Lidos Holdings	LDOS	19,725	145.88	64.9%	34.8%	96.4%	5.6%	6.9%	1.5x	22.3x	1.5x	12.9x
EPAM Systems	EPAM	10,906	188.11	(16.3%)	(36.7%)	59.2%	1.1%	13.1%	1.9x	14.8x	1.9x	11.1x
CACI International	CACI	9,585	430.13	26.2%	32.8%	97.9%	8.3%	10.1%	1.6x	15.4x	1.4x	13.3x
SolarWinds	SWI	2,027	12.05	17.4%	(3.5%)	89.7%	4.1%	31.4%	3.9x	12.4x	3.7x	7.9x
The Hackett Group	HCKT	600	21.72	(2.8%)	(4.6%)	81.4%	2.3%	17.5%	2.0x	11.7x	2.0x	9.4x
Unisys	UIS	286	4.13	3.8%	(26.5%)	50.9%	2.8%	(8.3%)	0.2x	NM	0.2x	1.6x
Segment Average				14.8%	(0.8%)	81.4%	4.9%	12.7%	2.0x	15.5x	1.9x	10.8x
Segment Median				4.2%	(4.6%)	84.9%	4.1%	13.1%	1.9x	15.1x	1.9x	11.1x

Source: PitchBook Financial Data and Analytics



SOFTWARE & IT SERVICES REPORT

PUBLIC BASKET (CONTINUED)

CYBERSECURITY

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	\$ 191,409	\$ 47.51	(8.2%)	(6.0%)	81.7%	(1.1%)	28.4%	3.7x	13.0x	3.7x	10.3x
Palo Alto Networks	PANW	109,771	339.01	32.7%	15.0%	89.0%	12.3%	12.3%	13.9x	NM	12.4x	41.9x
CrowdStrike	CRWD	93,253	383.19	NM	50.1%	97.1%	28.7%	6.0%	NM	NM	21.4x	NM
Fortinet	FTNT	46,043	60.27	(20.3%)	3.0%	74.2%	13.8%	25.8%	8.2x	31.6x	7.2x	23.6x
Zscaler	ZS	29,049	192.19	31.4%	(13.3%)	74.0%	21.5%	(3.2%)	13.8x	NM	11.4x	48.0x
Check Point Software Technologies	CHKP	18,630	165.00	31.3%	8.0%	97.7%	7.4%	38.3%	7.0x	18.2x	6.5x	14.6x
VeriSign	VRSN	17,709	177.80	(21.3%)	(13.7%)	78.4%	4.7%	70.5%	12.3x	17.4x	11.7x	NM
CyberArk Software	CYBR	11,797	273.42	74.9%	24.8%	96.6%	26.4%	(7.0%)	13.9x	NM	11.0x	NM
Varonis Systems	VRNS	5,349	47.97	80.0%	5.9%	90.7%	14.3%	(22.0%)	10.1x	NM	8.8x	NM
Qualys	QLYS	5,268	142.60	10.4%	(27.3%)	69.1%	11.4%	34.2%	8.5x	24.9x	7.6x	18.8x
Tenable	TENB	5,180	43.58	0.1%	(5.4%)	81.5%	13.2%	(2.7%)	6.2x	NM	5.4x	26.2x
Rapid7	RPD	2,694	43.23	(4.5%)	(24.3%)	69.9%	8.6%	(2.0%)	4.1x	NM	3.8x	18.8x
Segment Average				18.8%	1.4%	83.3%	13.4%	14.9%	9.2x	21.0x	9.2x	25.3x
Segment Median				10.4%	(1.2%)	81.6%	12.7%	9.2%	8.5x	18.2x	8.2x	21.2x

MANAGED 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
Equinix	EQIX	\$ 71,806	\$ 756.60	(3.5%)	(6.1%)	82.7%	9.8%	39.8%	10.5x	26.4x	9.6x	20.3x
Digital Realty	DLR	49,340	152.05	33.5%	13.0%	98.6%	6.4%	62.1%	12.6x	20.3x	11.9x	23.3x
IQVIA	QTS	38,524	212.02	(3.7%)	(8.3%)	81.2%	NM	21.4%	3.4x	15.7x	NM	NM
GoDaddy	GDDY	19,691	139.71	86.0%	31.6%	97.7%	8.9%	19.3%	5.3x	27.5x	4.9x	16.0x
Akamai Technologies	AKAM	13,721	90.08	0.2%	(23.9%)	69.7%	5.8%	32.5%	4.3x	13.2x	4.0x	9.7x
Wix.com	WIX	8,828	159.07	103.3%	29.3%	89.0%	16.2%	4.2%	5.6x	NM	4.8x	17.0x
Extreme Networks	EXTR	1,748	13.45	(48.4%)	(23.8%)	41.1%	(8.5%)	3.9%	1.5x	38.0x	1.6x	11.7x
Segment Average				23.9%	1.7%	80.0%	6.4%	26.2%	6.2x	23.5x	6.1x	16.4x
Segment Median				0.2%	(6.1%)	82.7%	7.6%	21.4%	5.3x	23.4x	4.8x	16.5x

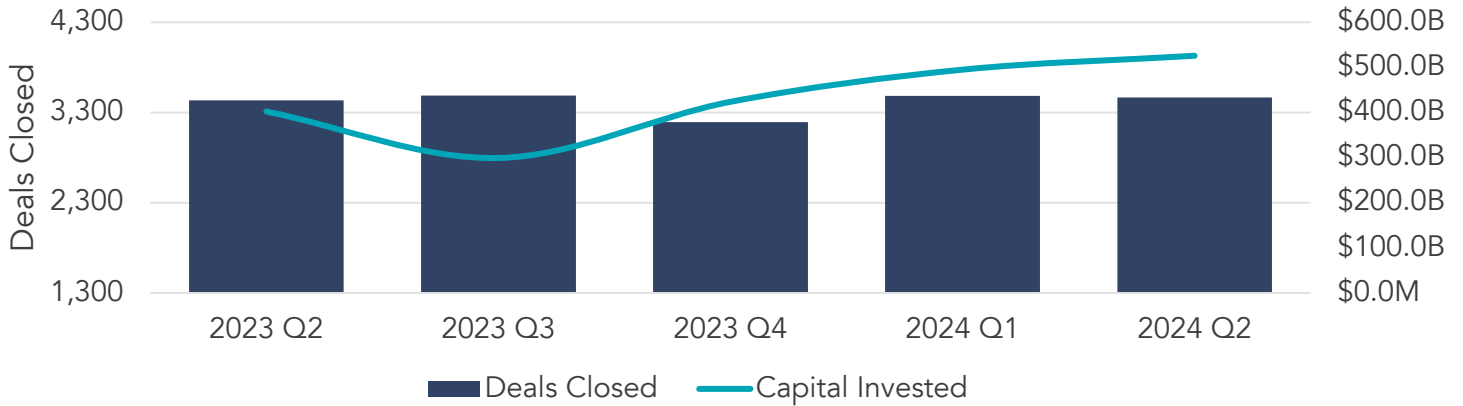
Source: PitchBook Financial Data and Analytics



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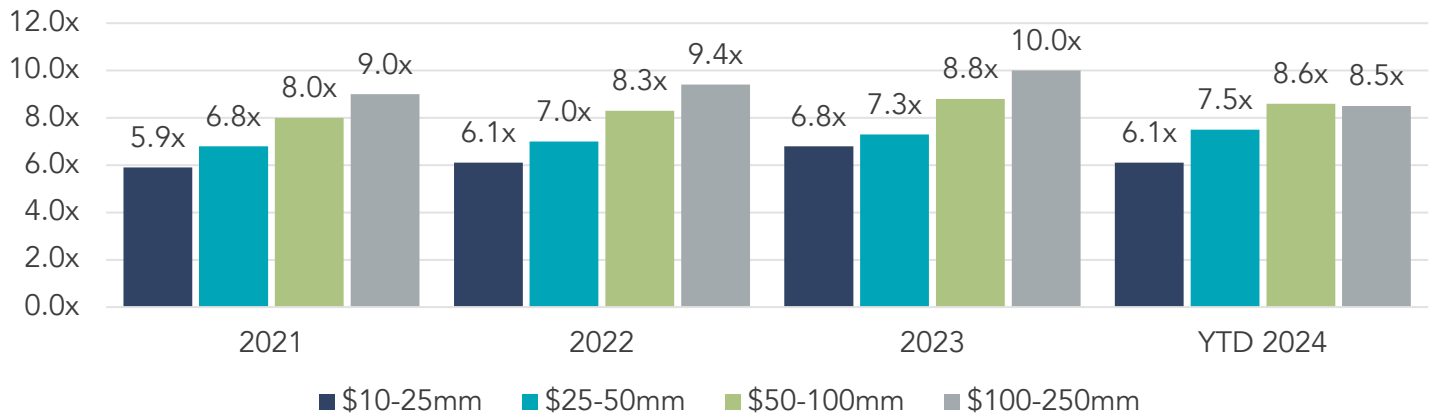
U.S. M&A ACTIVITY SNAPSHOT

OVERALL U.S. M&A ACTIVITY

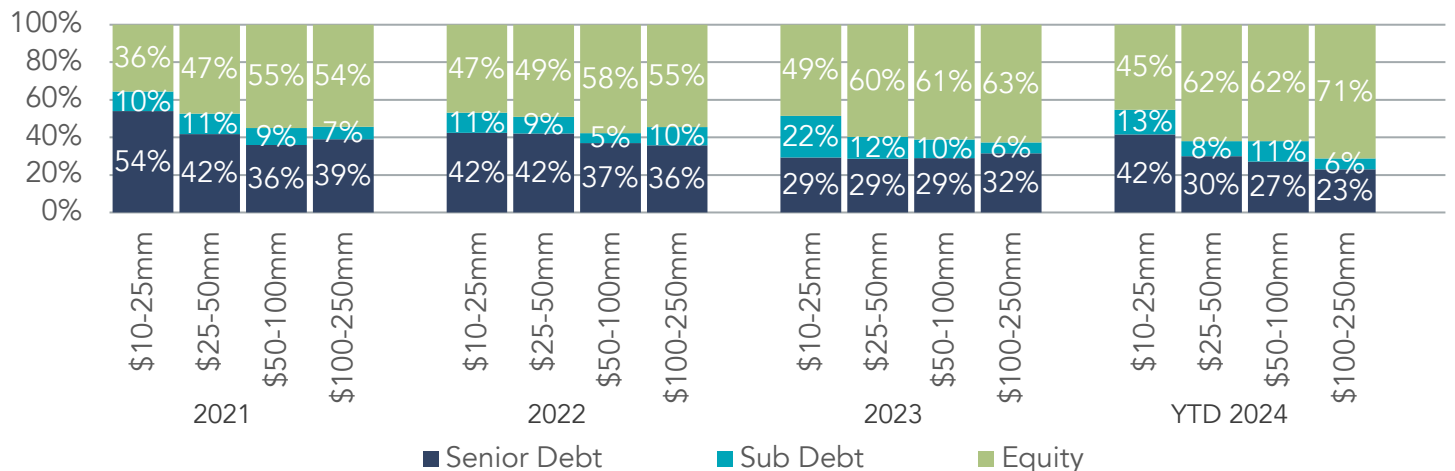


LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTION MULTIPLES

EBITDA Multiples By Transaction Size



CAPITAL BREAKDOWN – LOWER MIDDLE MARKET PRIVATE EQUITY TRANSACTIONS



Note: The most current source of GF Data is as of May 2024.

Source: GF Data®



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Software and IT Service Industries are the driving forces that not only support modern society but help it to progress into the future. Let us guide you and your company through the Software & IT Services' complex and competitive landscape. We know the ins and outs of the M&A market, understand the underlying issues and pitfalls, and maintain professional relationships with industry leaders, all of which can help you maximize your opportunities and avoid roadblocks while you focus on running a successful business.

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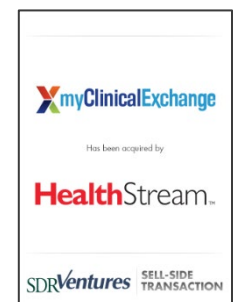
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