

# SaaS sector update

August 2020

# Blackpeak is a leading independent investment banking & advisory firm

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- We are an independent corporate advisory firm based in Sydney providing corporate finance and strategic advice on mergers & acquisitions, strategy and capital raisings
- We strive to be our client's trusted advisor and confidant and are focused on building long term relationships with clients to assist them achieve their growth ambitions and maximise value
- **Blackpeak is the most active independent adviser to technology growth companies in ANZ, completing ~30+ technology transactions in the last 5 years**



## Mergers & acquisitions

- Strategic and financial evaluation
- Execution of private and public market transactions including takeover defence
- Designing optimal sale processes to create competitive tension to maximise value
- Negotiating and structuring complex transactions



## Strategic advice

- Evaluate all options to maximise shareholder value
- Identify & evaluate acquisition targets
- Portfolio review to consider value impacts of potential divestments
- Balance sheet & capital structure advice
- Capital management options including dividend policy and other initiatives



## Capital raising advisory

- Private capital raising including pre-IPO financing
- Advice on IPOs and secondary equity capital raisings including both initial planning, structuring and execution
- Debt and hybrid raisings



# AGC strategic alliance: leading local coverage + global distribution

## AGC Partners

- **Leading tech investment bank:** AGC is ranked as the most active boutique bank dedicated to tech, having completed more than 390 M&A and growth equity transactions since inception in 2003. More than 50 professionals, including 20 partners, with offices in Boston (HQ), Silicon Valley, New York, Chicago, Dallas, Los Angeles, Minneapolis, Austin, Atlanta and London
- **Strong connectivity with buyers/ investors:** relationships with over 1,000 technology investors and strategic buyers across North America, Europe, and Asia
- **Domain knowledge:** Experience and in-depth domain knowledge across all key technology sub-sectors including Application Software, Cybersecurity, Defence Technology, Digital Media / Internet, Energy & Industrial Tech, FinTech, Healthcare IT & Life Sciences, Infrastructure / Cloud, Internet of Things, Mobility Solutions, Semiconductors and Tech-Enabled Services
- **Industry conferences:** AGC runs industry conferences in Boston, San Francisco, London and Las Vegas, providing one-on-one meetings with strategic tech acquirers, investors, and emerging growth companies

## Benefits for Blackpeak's clients

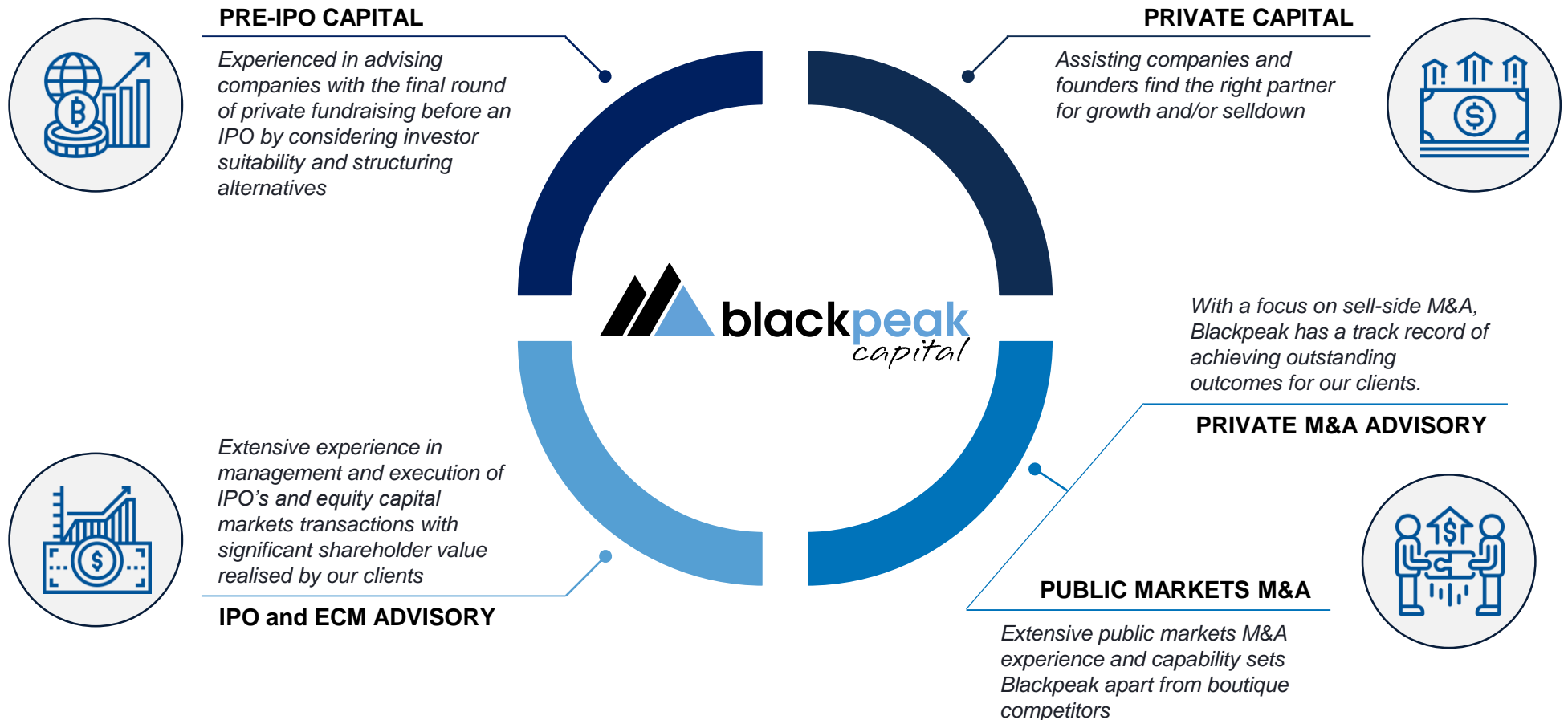
- Alliance will uniquely position Blackpeak to provide global technology investment banking capabilities, combined with leading local coverage, service and support to technology growth companies in ANZ that are institutional size and quality
- Alliance enhances Blackpeak's access to strategic acquirers and investors in US and Europe as well as proprietary market intelligence and industry content (particularly relevant in the context of running sell side M&A or capital raising processes)

## Blackpeak and AGC's Global Reach



- ✓ **Leading local coverage to service ANZ tech Co's**
- ✓ **Extensive experience in tech financing + M&A**
- ✓ **Global investor/ buyer connectivity (APAC, USA, EU)**


















# Blackpeak service offerings



# Blackpeak is a leading adviser to technology companies in Australia & NZ

 <p>Current Private Raising</p> <p>Financial Advisor</p> 	 <p>2020 Private raising</p> <p>Financial Advisor</p> 	 <p>2019 Private raising</p> <p>Financial Advisor</p> 	 <p>2019 Trade sale Size undisclosed</p> <p>Financial Advisor</p> 	 <p>2019 Sale of controlling stake</p> <p>Financial Advisor</p> 
 <p>2019 Acquisition HRonboard Undisclosed</p> <p>Financial Advisor</p> 	 <p>2018 Initial Public Offering A\$79m</p> <p>Financial Adviser</p> 	 <p>2018 Pre-IPO Raising A\$25m</p> <p>Financial Adviser</p> 	 <p>2018 Strategic Review</p> <p>Financial Adviser</p> 	 <p>2018 Equity Raising A\$100m</p> <p>Financial Adviser</p> 
 <p>2018 Equity raising A\$45m</p> <p>Financial Adviser</p> 	 <p>2018 Series B equity raising A\$11m</p> <p>Financial Adviser</p> 	 <p>2018 Acquisition of Pivot Remesys A\$11m</p> <p>Financial Adviser</p> 	 <p>2017 Strategic Review</p> <p>Financial Adviser</p> 	 <p>2017 Trade sale A\$44m</p> <p>Financial Adviser</p> 

# Blackpeak is a leading adviser to technology companies in Australia & NZ

 <p>2017 Block Trade A\$73m Financial Adviser</p> 	 <p>2017 Block Trade A\$23m Financial Adviser</p> 	 <p>2017 Acquisition of Quinntessential Marketing A\$12m Financial Adviser</p> 	 <p>2017 Pre-IPO equity raising NZ\$11m Financial Adviser</p> 	 <p>2017 Initial Public Offering A\$73m Financial Adviser</p> 
 <p>2017 Initial Public Offering A\$108m Financial Adviser</p> 	 <p>2016/ 2017 Initial Public Offering Pending Financial Adviser</p> 	 <p>2016 Acquisition of minority stake (size undisclosed) Financial Adviser</p> 	 <p>2016 Initial Public Offering A\$1.0bn Financial Adviser</p> 	 <p>2015 Sale of minority interest in SiteMinder (size undisclosed) Financial Adviser</p> 
 <p>2015 Acquisition of CompuClearing A\$25m Financial Adviser</p> 	 <p>2015 Acquisition of Core Freight Systems (size undisclosed) Financial Adviser</p> 	 <p>2015 Acquisition of Zsoft (size undisclosed) Financial Adviser</p> 	 <p>2015 Pre-IPO debt raising A\$45m Financial Adviser</p> 	 <p>2015 Pre-IPO equity raising A\$35m Financial Adviser</p> 

# Deep domain expertise in ANZ technology markets

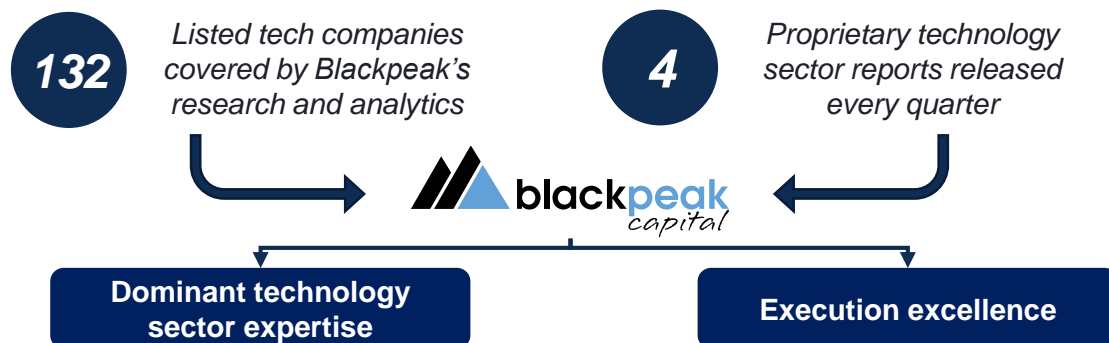
## Proprietary insights and detailed sector analytics

- Blackpeak has deep domain expertise across multiple ANZ technology sectors in both the private and public market
- We have a deep understanding of listed technology companies and key metrics
- We create in-house technology sector reports that contain detailed sector analytics and valuation benchmarking data
- Blackpeak offers a differentiated service for clients in the technology sector based on a highly analytical approach and our focus on understanding the value proposition and key valuation drivers of our clients
















## The most comprehensive ANZ technology database

- Technology market themes
- Private equity and venture capital financing
- Private and public market M&A
- Technology IPOs
- Public comparables
- Valuation and performance benchmarking
- Technology deal metrics



# Senior corporate finance professionals

Name/ position	Prior experience	Education/ experience	Years of experience
 <p><b>Max Billingham</b> Executive Chairman <a href="mailto:max@blackpeakcapital.com.au">max@blackpeakcapital.com.au</a> M +61 417 208 845</p>	  	<ul style="list-style-type: none"> <li>Formerly a Managing Director at Credit Suisse</li> <li>Qualified as a chartered accountant</li> <li>Global experience, worked in New York and London</li> <li>INSEAD, MBA</li> <li>Bachelor of Business, University of Technology Sydney</li> </ul>	27
 <p><b>Scott Colvin</b> Managing Director <a href="mailto:scott@blackpeakcapital.com.au">scott@blackpeakcapital.com.au</a> M +61 416 335 455</p>	   	<ul style="list-style-type: none"> <li>Prior to founding Blackpeak Capital, Scott held senior positions with Credit Suisse and Wilson HTM</li> <li>AGSM UNSW, Executive MBA</li> <li>London Business School, Masters in Finance</li> <li>Graduate Diploma, FINSIA</li> <li>Bachelor of Commerce, UNSW</li> </ul>	22
 <p><b>Jamie Taylor</b> Director <a href="mailto:jamie@blackpeakcapital.com.au">jamie@blackpeakcapital.com.au</a> M +61 414 922 560</p>	  	<ul style="list-style-type: none"> <li>Previous roles include Head of Australian Institutional Sales for Merrill Lynch (London-based), and Head of Corporate Finance For Wilson HTM (Sydney-based)</li> <li>Bachelor of Economics, Monash University</li> </ul>	33
 <p><b>Tom Ng</b> Director <a href="mailto:tom.ng@blackpeakcapital.com.au">tom.ng@blackpeakcapital.com.au</a> M +61 490 796 752</p>	  	<ul style="list-style-type: none"> <li>Formerly a senior FIG banker at Credit Suisse and regulator at Bank of England</li> <li>Oxford University, MPhil (Economics)</li> <li>B. Econ (Hons), UNSW</li> <li>Graduate of Royal Military College, Duntroon</li> </ul>	21



# Agenda

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1. Market snapshot
2. SaaS and software sector performance
3. SaaS mergers and acquisitions
  - a) ANZ
  - b) US
4. SaaS and software benchmarking analysis
  - a) SaaS and software performance metrics
  - b) SaaS and software margins
  - c) SaaS and software expenses
5. SaaS and software trading multiples



## Market snapshot



# Market themes – SaaS & software



## Market overview

- ANZ SaaS & software indices rebounded strongly from their March lows, with valuation multiples recovering to pre-COVID-19 levels and outperforming the ASX 200 index
- US SaaS companies performed remarkably over the second quarter, with valuation multiples reaching record highs as the Nasdaq and S&P500 IT index continue to outperform
- Some US SaaS companies benefited from the COVID-19 crisis (e.g. Zoom, Shopify, Twilio) as cloud connectivity, e-commerce and remote working became a greater focus



## Mergers and acquisitions

- Strong momentum in M&A activity over 2019 has subsided, with an evident slowdown in M&A activity across both ANZ and US over 1H20, however there are early indications in 2Q20 that M&A activity may begin to rebound in the second half of 2020
- Financial sponsors may be seeking investments in undervalued assets, particularly SaaS companies with strong growth and defensive outlook, however investment approvals are more challenging
- Debt financing may become more difficult to access for M&A



## Context for capital raising

- Whilst IPO activity has been non-existent, secondary raisings picked up strongly in Q2 riding the broader recovery in tech indices globally
- In the SaaS and software space investors have strongly supported raisings from the likes of Vista, Bigtincan, Elmo and Iress, with most trading well post issue
- IPO activity is expected to remain muted in the December half but secondary raisings will continue recent momentum as companies look to bolster balance sheets in a still volatile environment

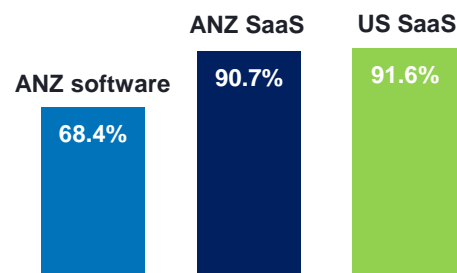


## Market outlook

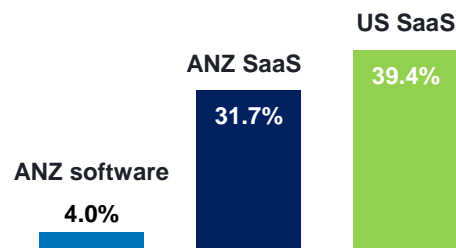
- Record high levels of PE/ VC dry powder should contribute to resurgence in capital raising and M&A activities for SaaS and software companies
- Investors continue to favour high growth SaaS and software businesses despite the COVID-19 crisis
- Private equity firms continue to show an increased appetite for SaaS companies given their rapid growth trajectories and the ability to service debt through their predictable streams of cash flows

# Snapshot of Blackpeak ANZ & US technology universe<sup>1</sup>

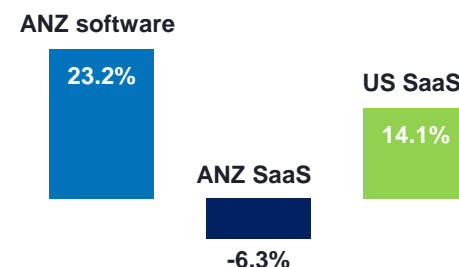
## Recurring revenue



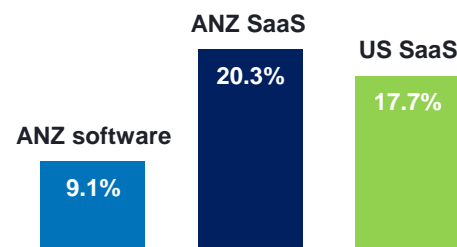
## S&M expense/ revenue



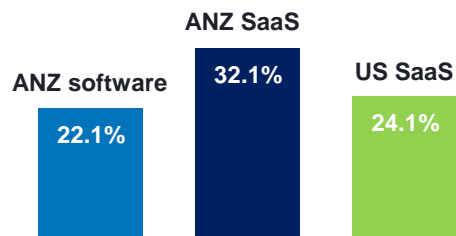
## NTM EBITDA margin



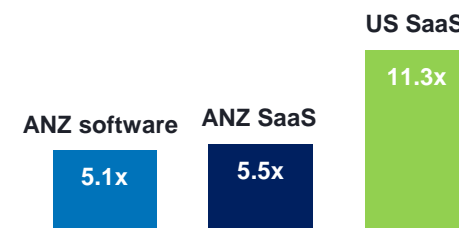
## NTM revenue growth



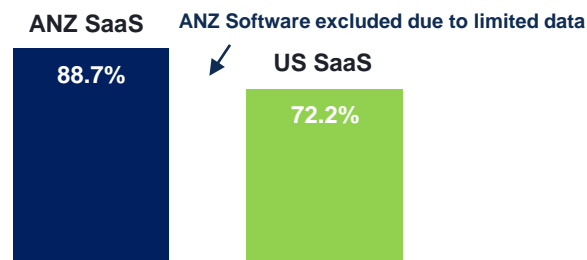
## Total R&D expense/ revenue<sup>2</sup>



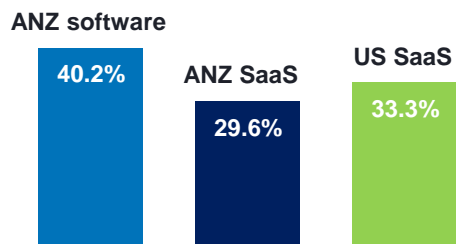
## EV/ NTM revenue



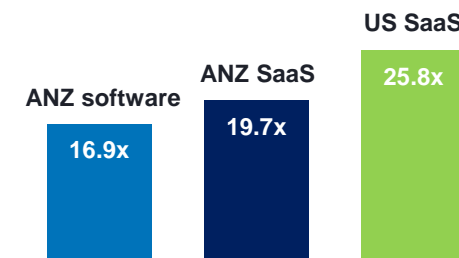
## Gross margin



## Rule of 40% (NTM)




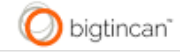














## EV/ NTM EBITDA





# Recent ANZ SaaS and software IPO's ( > A\$10m raised)<sup>1</sup>

Overview				EV/ Revenue		EV/ EBITDA		IPO metrics				
Company	IPO date	Category	Raising size (A\$m)	IPO year	Forecast year	IPO year	Forecast year	Revenue growth <sup>2</sup>	Recurring revenue <sup>2</sup>	EBITDA margin <sup>2</sup>	Market cap at IPO (A\$m) <sup>3</sup>	Return since IPO
 oneview	Mar-16	Software	62.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	194.4	(98.8%)
 wisetech global	Apr-16	SaaS	167.6	8.7x	6.6x	29.7x	18.5x	28.1%	98.0%	29.4%	973.6	477.6%
 bravura solutions	Nov-16	Software	148.1	1.6x	n.a.	9.5x	n.a.	1.6%	57.0%	17.2%	310.6	210.3%
 bigtincan	Mar-17	SaaS	12.0	3.2x	n.a.	n.a.	n.a.	38.0%	92.0%	n.a.	45.8	182.7%
 MSL SOLUTIONS M-POWER	May-17	SaaS	15.0	1.7x	1.4x	12.4x	7.7x	(1.1%)	47.6%	13.6%	62.3	(77.6%)
 ELMO	Jun-17	SaaS	25.0	5.3x	3.8x	97.7x	31.3x	24.8%	96.0%	5.5%	108.3	258.0%
 RIGHTCROWD EVERYONE ON SITE IS RIGHT	Sep-17	Software	10.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	40.0	(43.3%)
 ixup	Nov-17	Software	12.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	31.7	(93.5%)
 DXN	Apr-18	Software	16.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	21.4	(92.0%)
 ReadyTech	Apr-19	SaaS	50.0	4.2x	3.9x	10.9x	9.5x	6.2%	89.5%	39.0%	120.8	(7.3%)
 Life360	May-19	SaaS	145.4	15.2x	8.3x	n.a.	n.a.	82.6%	n.a.	(51.5%)	689.2	(57.4%)
 whispir	Jun-19	SaaS	47.0	4.4x	3.5x	n.a.	n.a.	11.6%	76.7%	(39.1%)	163.0	34.4%
 FINEOS	Aug-19	Software	211.0	5.6x	n.a.	75.2x	n.a.	30.9%	n.a.	11.8%	661.0	56.0%
 DAMSTRA	Oct-19	SaaS	110.2	5.1x	n.a.	25.1x	n.a.	39.4%	69.5%	20.3%	123.7	45.6%
 nitro	Dec-19	SaaS	110.2	4.5x	n.a.	n.a.	n.a.	14.4%	49.9%	(13.1%)	325.0	(14.5%)
 limeade	Dec-19	SaaS	100.0	5.5x	n.a.	n.a.	n.a.	19.4%	96.2%	(19.1%)	452.9	(21.6%)
Median			56.2	4.8x	3.8x	25.1x	18.5x	22.1%	83.1%	11.8%	143.3	(10.9%)



## ANZ SaaS and software sector performance



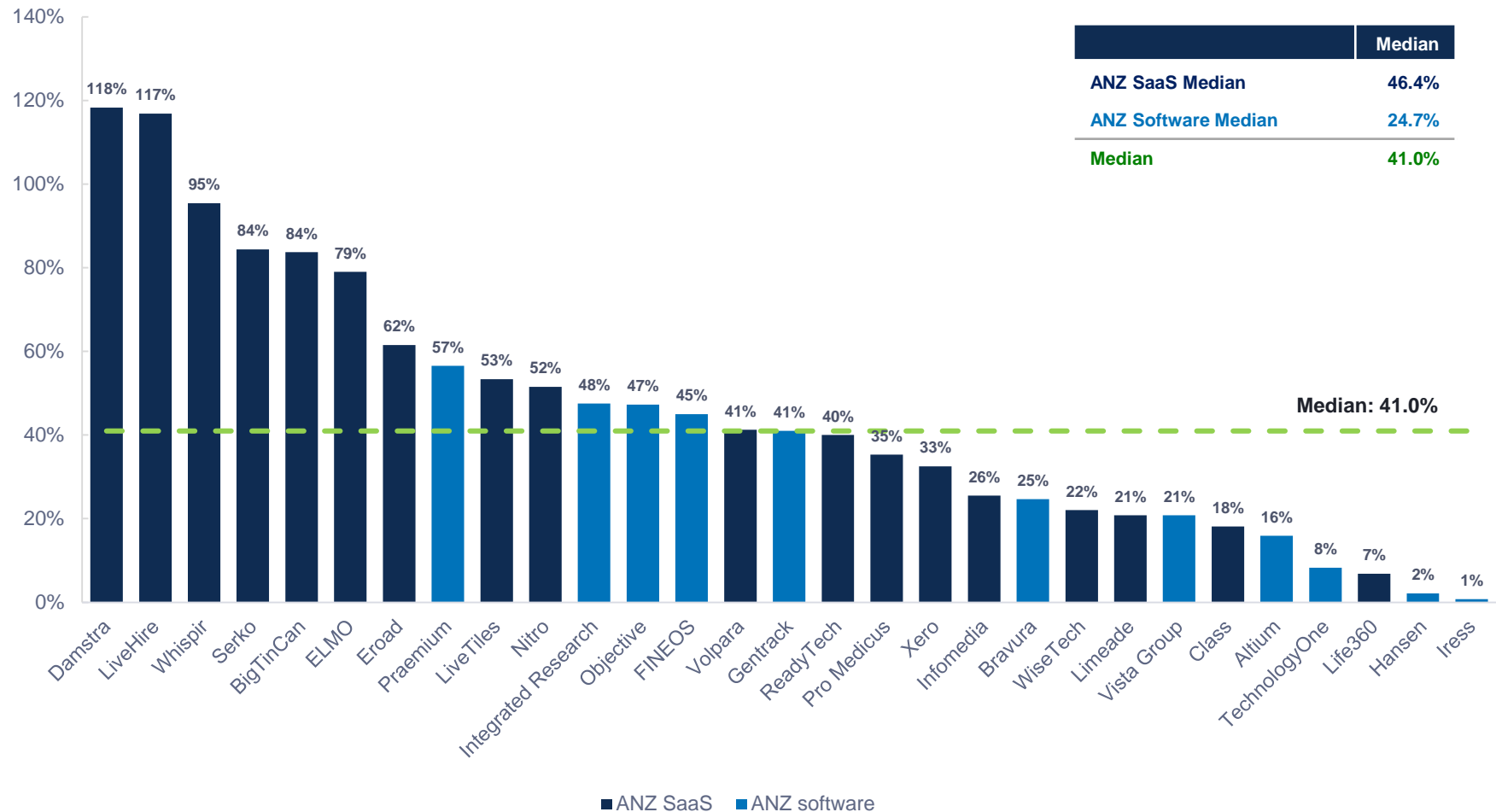
# ANZ SaaS & software index performance<sup>1</sup>



	ANZ SaaS	ANZ software	ASX 200	ASX 200 IT	ASX All Tech Index
6 months (YTD)	(9.1%)	(6.2%)	(11.8%)	11.7%	7.5%
12 months	(7.4%)	(0.7%)	(11.3%)	15.3%	14.6%
Peak to trough	(58.2%)	(47.1%)	(36.5%)	(47.2%)	(47.1%)
Trough to current	107.8%	74.8%	29.7%	85.2%	81.7%

**ANZ SaaS, software and the ASX tech indices outperformed the ASX 200**

# ANZ SaaS & software last 3 months performance

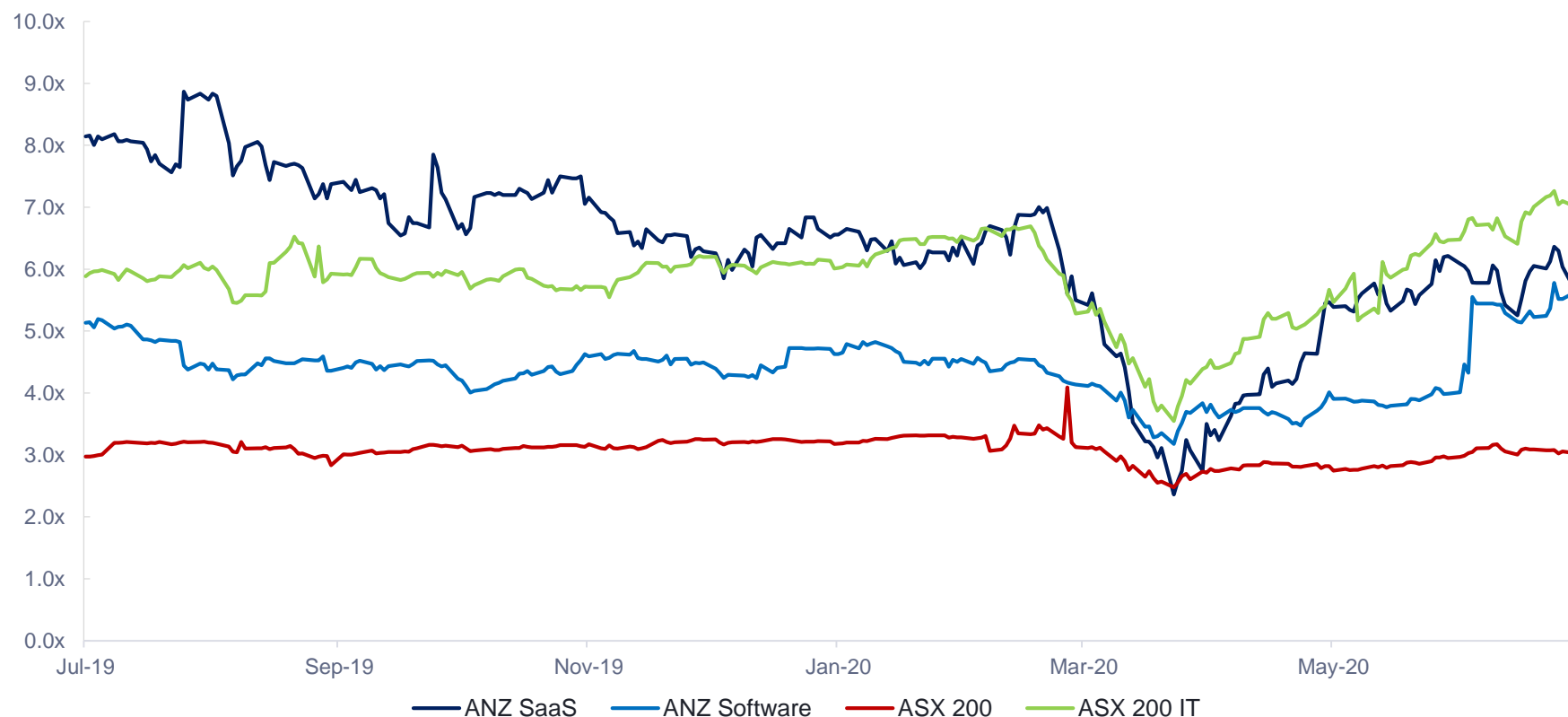


	Median
ANZ SaaS Median	46.4%
ANZ Software Median	24.7%
Median	41.0%

**ANZ SaaS companies have outperformed ANZ software co's during the second quarter rally**

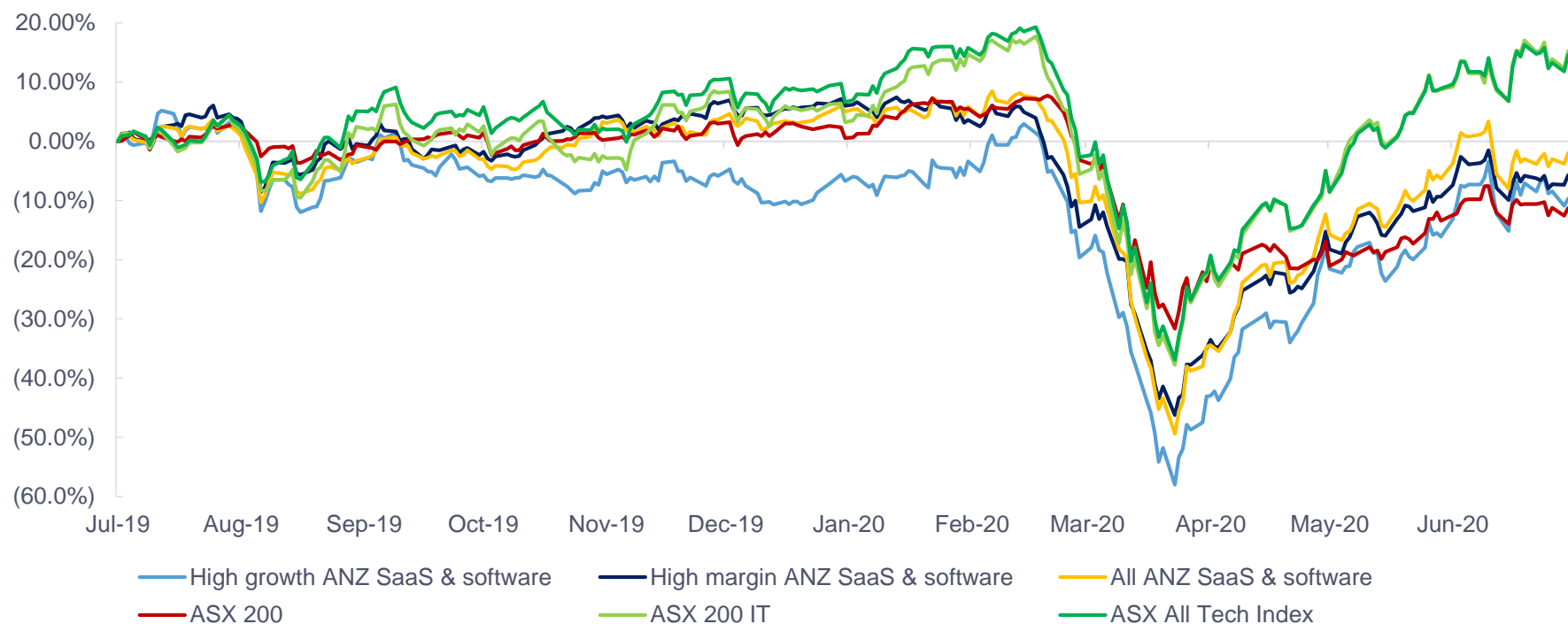


# ANZ SaaS & software EV/ NTM revenue



**ANZ SaaS has seen the most severe contraction in revenue multiples over the past 12 months**

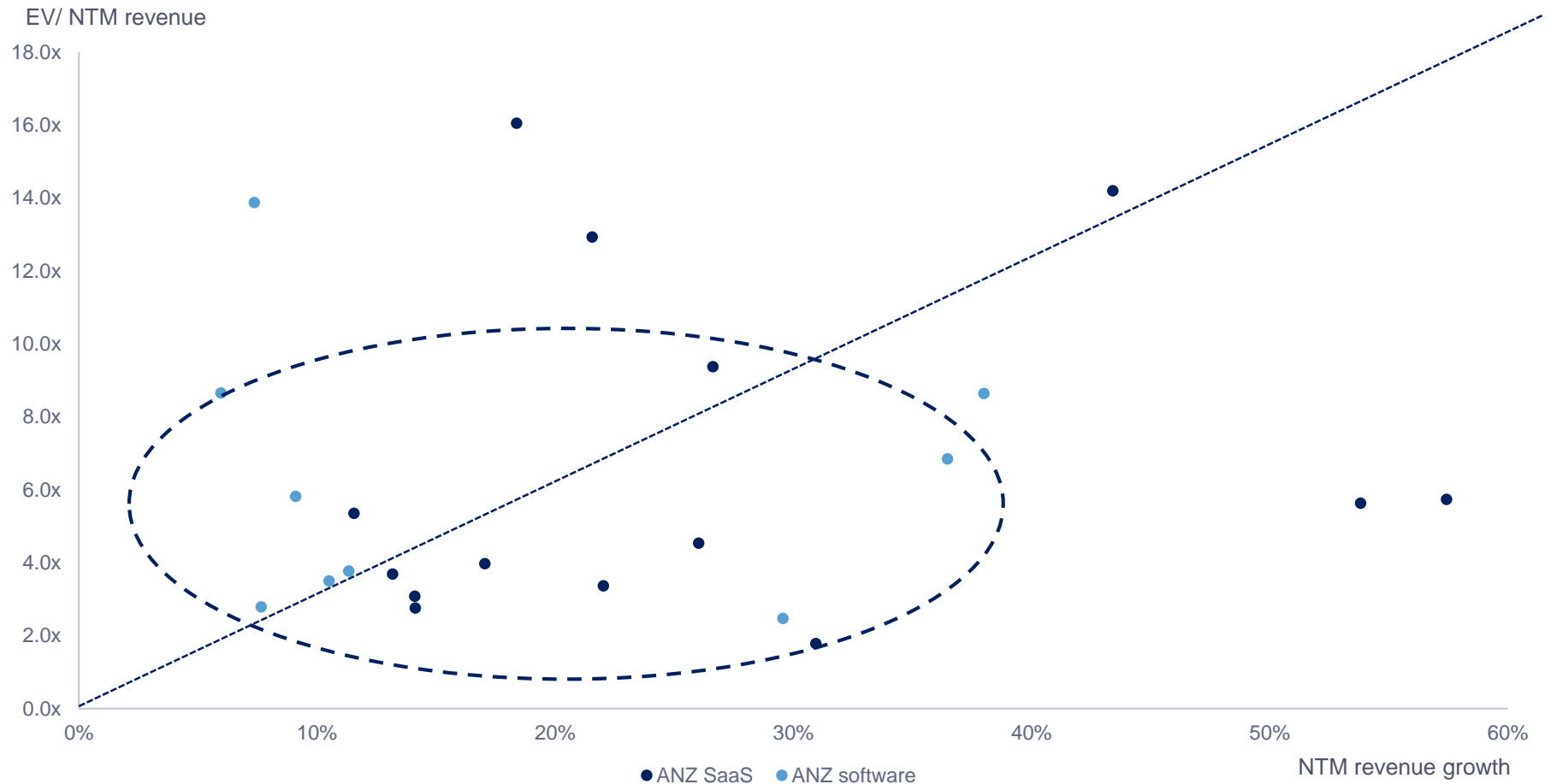
# ANZ SaaS & software high growth<sup>1</sup> and margin<sup>2</sup> performance



	High growth SaaS & software	High margin SaaS & software	All SaaS & software	ASX 200	ASX 200 IT	ASX All Tech Index
6 months (YTD)	(3.2%)	(11.0%)	(6.6%)	(11.8%)	11.7%	7.5%
12 months	(9.7%)	(5.7%)	(2.0%)	(11.3%)	15.3%	14.6%
Peak to trough	(60.1%)	(50.0%)	(53.4%)	(36.5%)	(47.2%)	(47.1%)
Trough to current	115.2%	75.5%	93.8%	29.7%	85.2%	81.7%

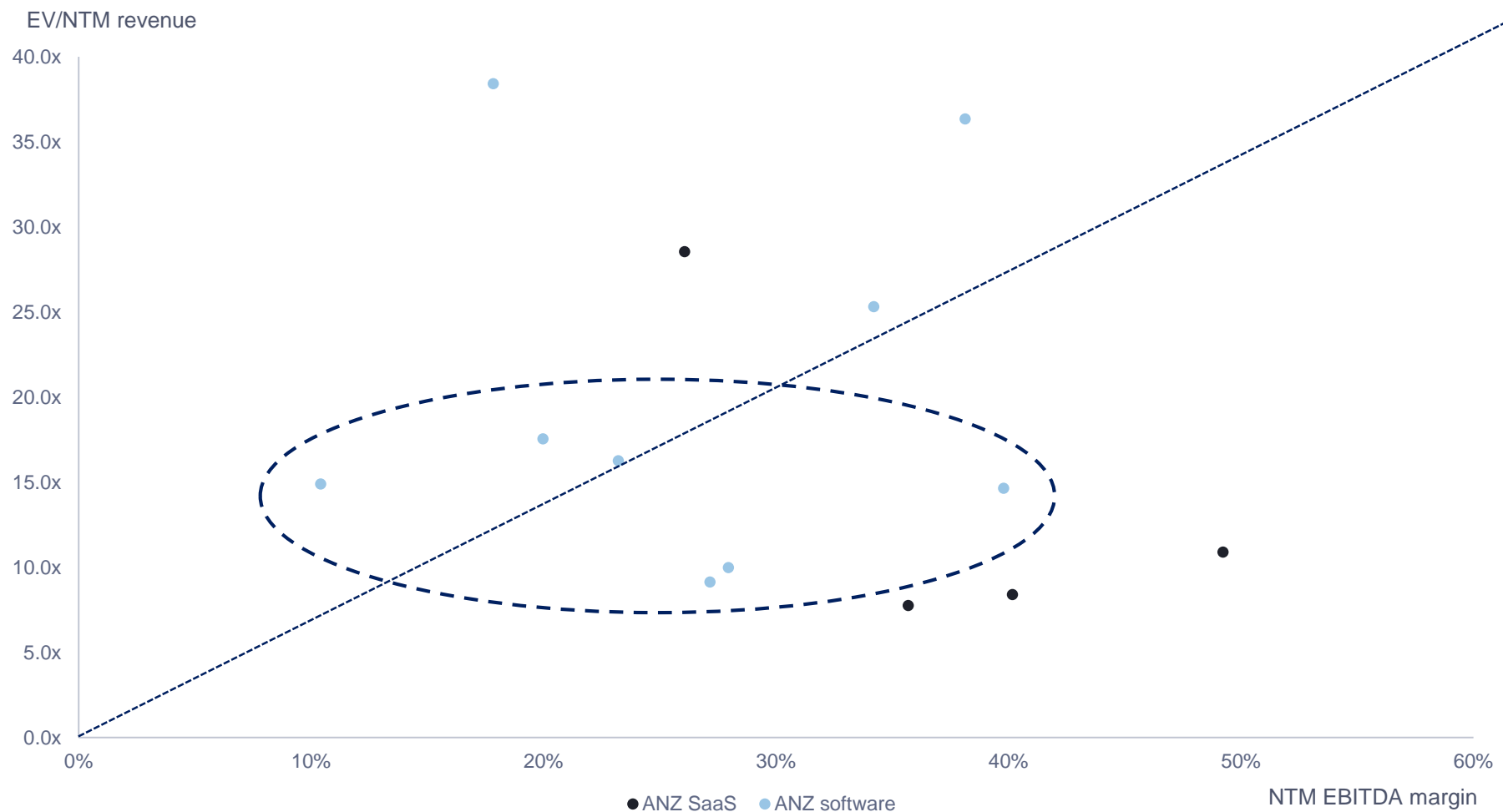
**High growth SaaS & software companies outperformed other categories in the recent rally**

# ANZ SaaS & software EV/ NTM revenue vs NTM revenue growth



***ANZ SaaS companies lost their valuation premiums and are now trading at revenue multiples similar to ANZ software companies that have comparable growth profiles***

# ANZ SaaS & software EV/ NTM EBITDA vs NTM EBITDA margin

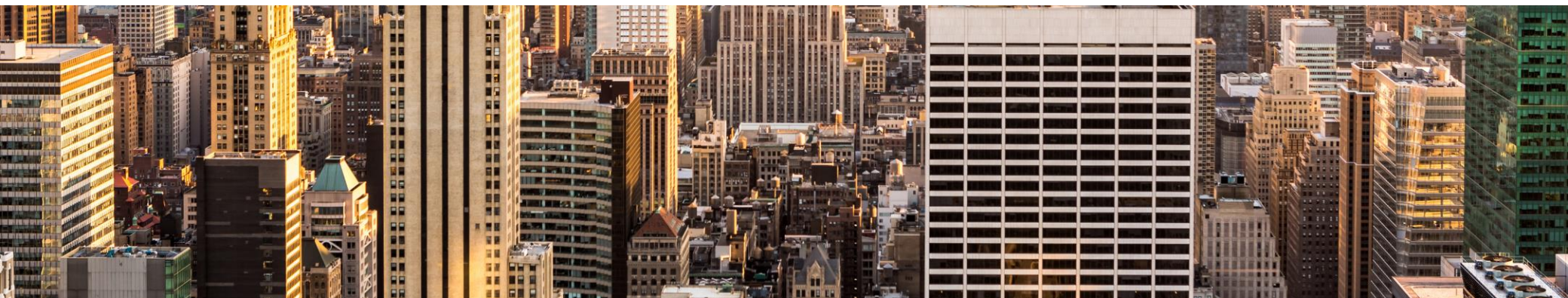


***ANZ software companies tend to trade at similar EBITDA multiples***

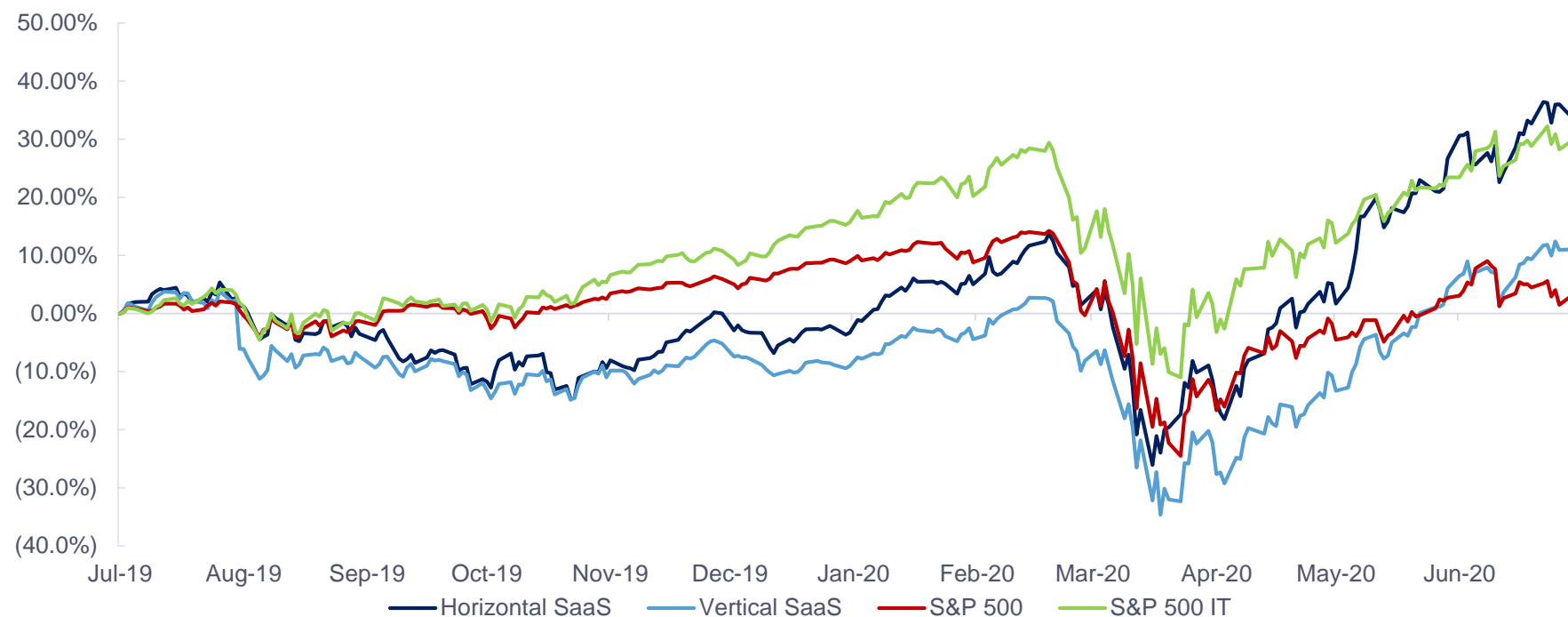




## US SaaS sector performance



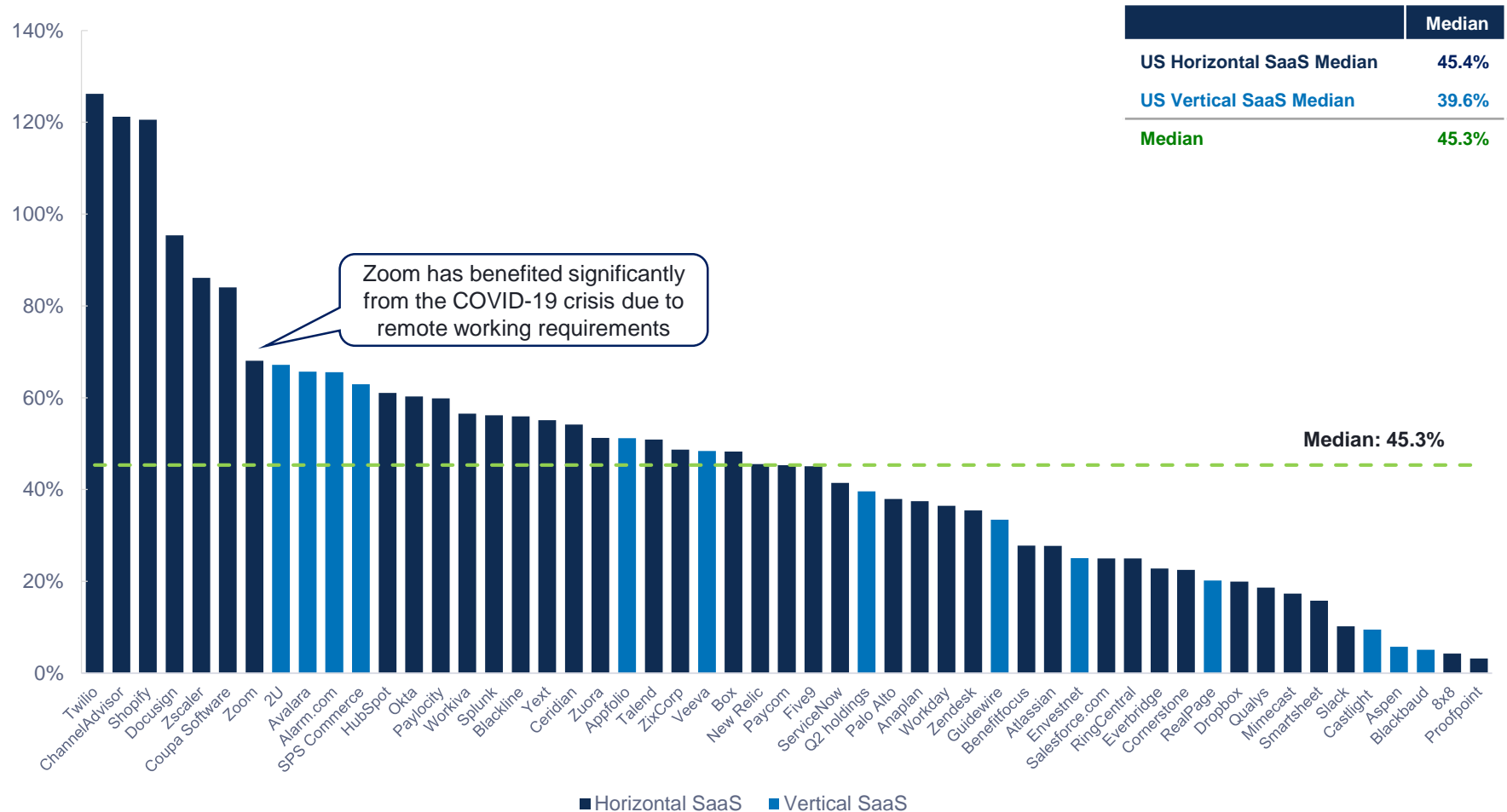
# US SaaS index performance<sup>1</sup>



	Horizontal SaaS	Vertical SaaS	S&P 500	S&P 500 IT
6 months (YTD)	41.6%	23.6%	(4.0%)	14.2%
12 months	37.0%	12.5%	4.6%	32.2%
Peak to trough	(46.0%)	(41.9%)	(33.9%)	(32.7%)
Trough to current	85.3%	72.1%	38.6%	48.5%

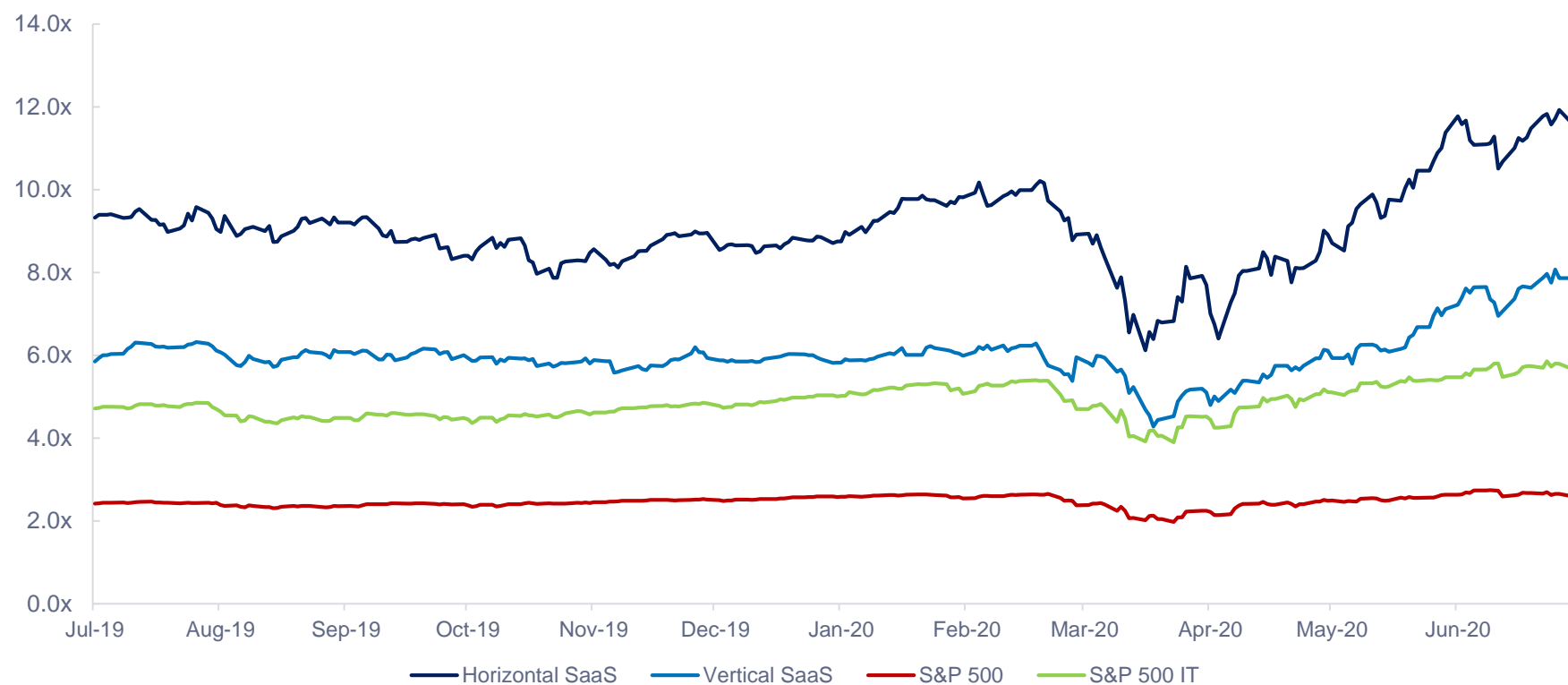
**Horizontal SaaS companies significantly outperformed vertical SaaS co's and other indices**

# US SaaS last 3 month performance



**US horizontal SaaS companies performed better than their vertical SaaS peers over the last quarter with those outperforming typically benefiting from remote working demand and e-commerce**

# US SaaS EV/ NTM revenue

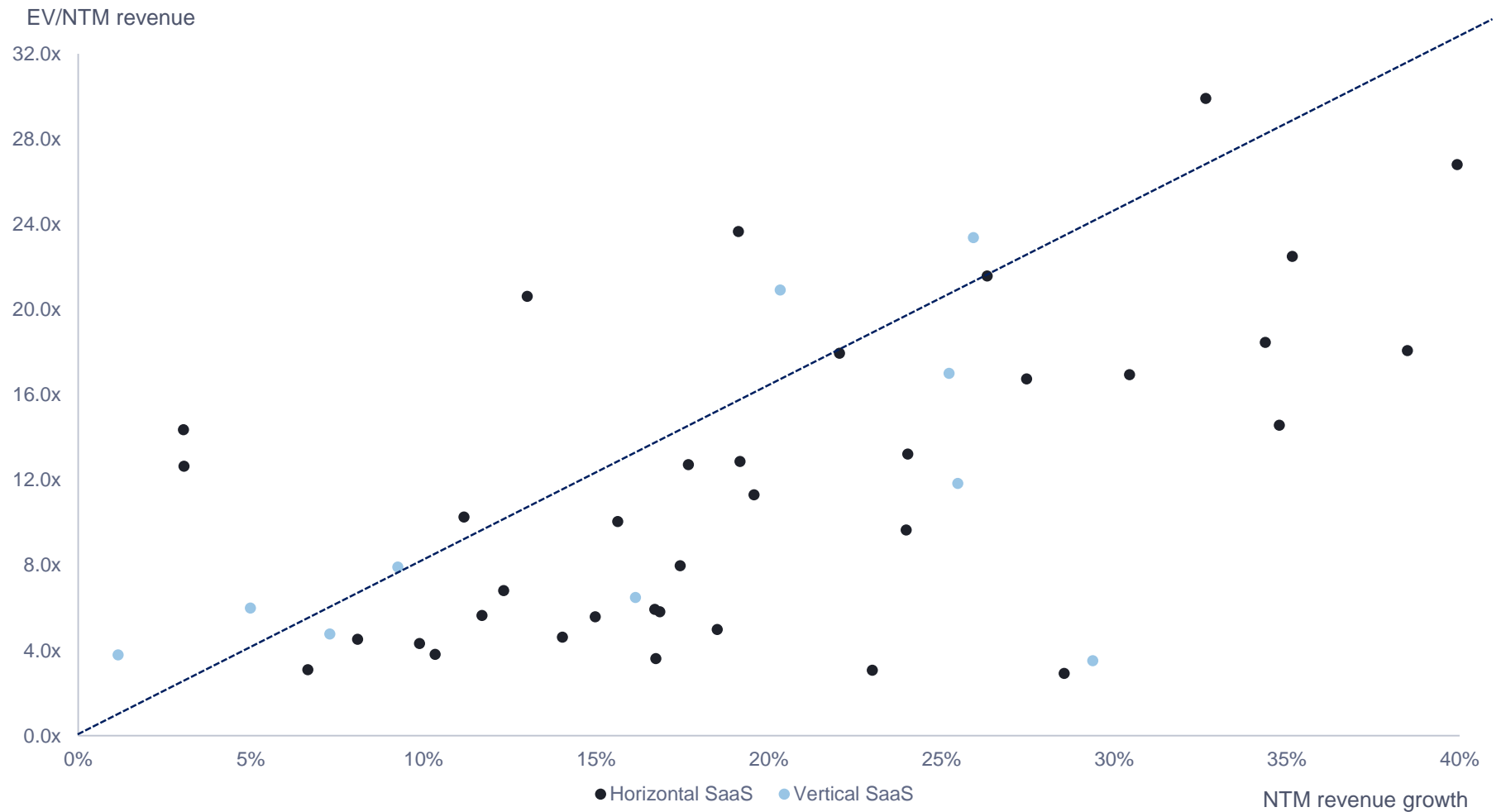


	Horizontal SaaS	Vertical SaaS	S&P 500	S&P 500 IT
12 months ago	9.3x	5.9x	2.4x	4.7x
Current	12.0x	7.9x	2.6x	5.7x

**US SaaS revenue multiples have appreciated significantly over the past 12 months despite the COVID-19 market crash and are now at record highs**

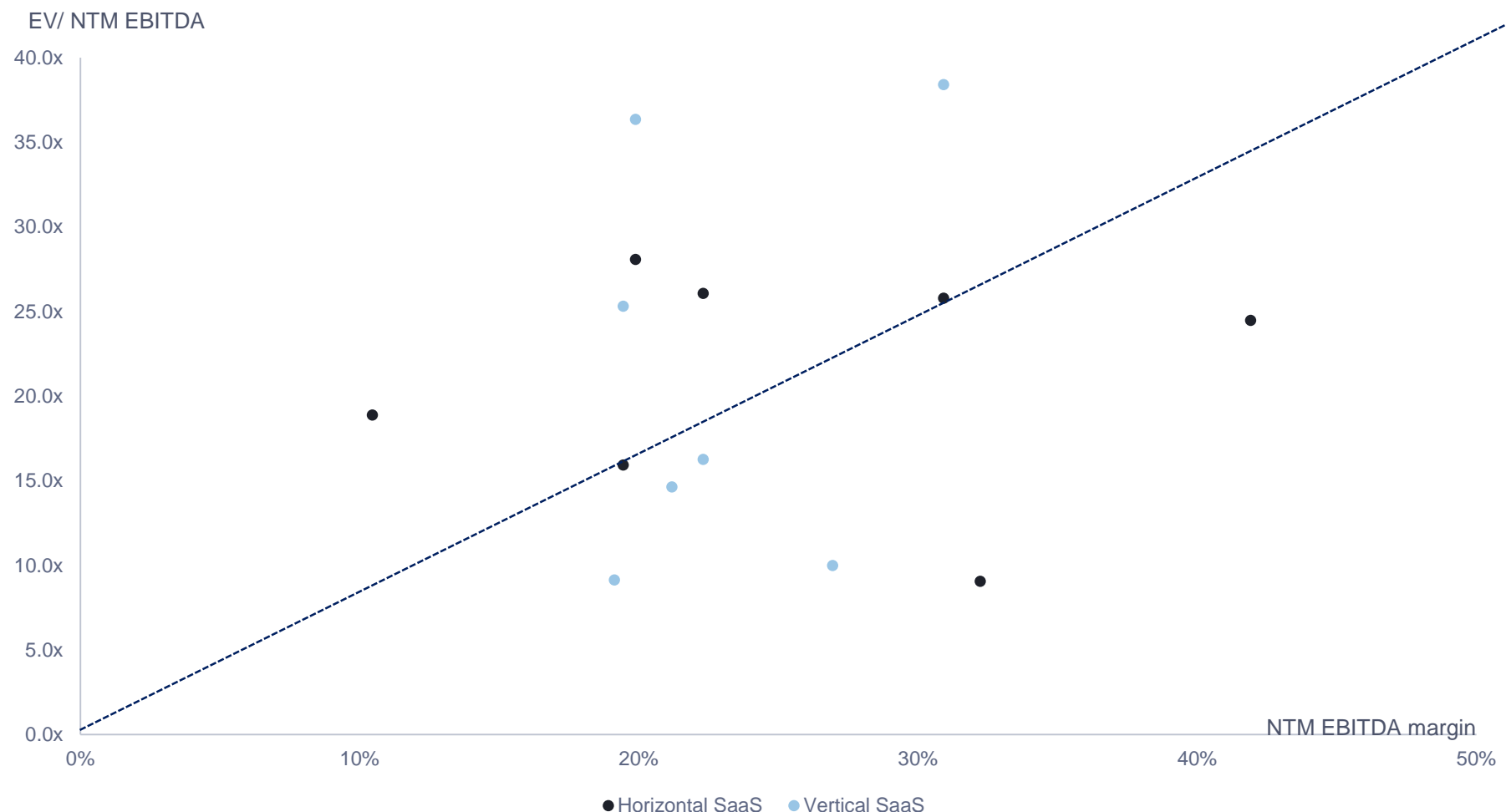


# US SaaS & software EV/ NTM revenue vs NTM revenue growth



*There is a correlation between US SaaS revenue multiples and growth rates*

# US SaaS & software EV/ NTM EBITDA vs NTM EBITDA margin






























*Investors tend to pay a premium for SaaS companies with higher EBITDA margins*
























## ANZ: Mergers and acquisitions



# ANZ SaaS: Mergers and acquisitions (> A\$10m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
 Microlistics	Dec-17	 wisetech global	40.0	5.9x	23.5x
 aconex	Dec-17	 ORACLE	1,641.2	9.7x	n.a.
 PageUp	Feb-18	 Battery	n.a.	n.a.	n.a.
 Pivot	Feb-18	 ELMO	11.2	2.5x	n.a.
Forward/ Softcargo/ Easylog	Apr-18	 wisetech global	25.0	3.7x	31.3x
 ZUNOS	Jun-18	 Bigtincan™	11.0	n.a.	n.a.
 swipedon	Oct-18	 SMARTSPACE SOFTWARE	10.2	11.0x	n.a.
 SmartFreight <sup>®</sup> Brighter Shipping Software	Oct-18	 wisetech global	55.0	7.0x	55.0x
 AVOKA	Dec-18	 TEMENOS	339.2	7.2x	n.a.
 hronboard	Dec-18	 ELMO	15.0	5.8x	n.a.
 CONTAINERCHAIN	Feb-19	 wisetech global	97.6	6.4x	n.a.
 SONET SYSTEMS	Jun-19	 RM Education	13.4	2.4x	n.a.
 midwinter	Aug-19	 bravura solutions	50.0	7.0x	n.a.
 astutepayroll	Aug-19	 PayGroup	12.5	2.3x	n.a.

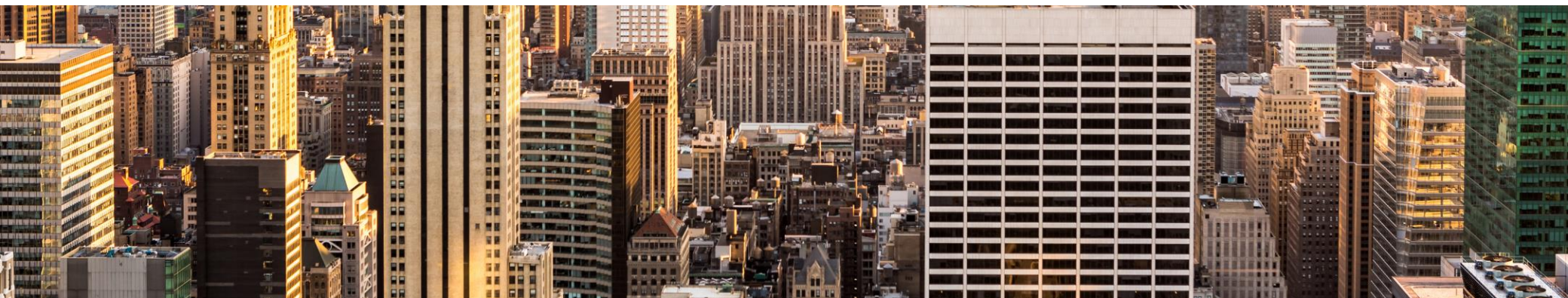
# ANZ SaaS: Mergers and acquisitions (> A\$10m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
 <b>RITEQ</b>	Sep-19	<b>CERIDIAN</b>	29.5	n.a.	n.a.
<b>today's plan</b>	Oct-19	 <b>zone5</b> VENTURES	10.0	n.a.	n.a.
 <b>zambion</b> The Complete HRIS Cloud Based Solution	Oct-19	 <b>ReadyTech</b>	10.5	n.a.	n.a.
<b>KOUNTA</b>	Oct-19	 <b>lightspeed</b>	63.0	6.8x	n.a.
 <b>Cloud Conformity</b>	Oct-19	 <b>TREND</b> MICRO	102.0	4.4x	n.a.
<b>BIDTRAX</b>	Nov-19	<b>Domain</b>	35.0	n.a.	n.a.
 <b>XPLOR</b>	Dec-19	 <b>T/S/G</b>	n.a.	n.a.	n.a.
 <b>SMART</b> SPARROW	Jan-20	 <b>Pearson</b>	36.3	n.a.	n.a.
 <b>FireMate</b>	Jan-20	 <b>Halma</b>	18.2	9.3x	n.a.
 <b>NowInfinity</b>	Jan-20	 <b>Class</b>	25.0	n.a.	n.a.
 <b>MyDesktop</b>	Mar-20	 <b>real estate</b> investar group	14.0	n.a.	n.a.
 <b>assetic</b>	Mar-20	 <b>Dude</b> Solutions	n.a.	n.a.	n.a.
<b>medtech</b>	Jun-20	<b>ADVENT</b> <b>accolis</b> PARTNERS group	n.a.	n.a.	n.a.
 <b>totaralearn</b>	Jun-20	 <b>FIVE V</b> CAPITAL	n.a.	n.a.	n.a.
Median				<b>6.4x</b>	<b>31.3x</b>






























































## US: Mergers and acquisitions



# US SaaS: Mergers and acquisitions (> A\$100m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
 YourCause	Jan-19	blackbaud™	225.0	n.a.	n.a.
 janrain	Jan-19	 Akamai	173.4	n.a.	n.a.
 appriver	Jan-19	zix®	384.5	n.a.	n.a.
 TRENDKITE	Jan-19	 CISION	314.6	8.8x	n.a.
 MICROPACT®	Feb-19	 tyler technologies	283.9	2.9x	n.a.
 Ultimate SOFTWARE	Feb-19	HELLMAN & FRIEDMAN   JMI   Blackstone   GIC   CPP INVESTMENT BOARD    QIA    QIA	15,223.3	9.6x	89.2x
 WEBROOT®	Feb-19	CARBONITE®	871.3	2.9x	n.a.
 EllieMae	Feb-19	THOMABRAVO	5,192.4	7.0x	59.6x
 nvoicepay	Mar-19	 FLEETCOR®	314.7	n.a.	n.a.
 PrescribeWellness	Mar-19	 TABULARASA HEALTHCARE®	212.1	5.2x	n.a.
 turnitin	Mar-19	ADVANCE PUBLICATIONS	2,491.0	n.a.	n.a.
 PIEtch Plan • Invest • Enjoy	Mar-19	 ENVESTNET	715.2	11.4x	27.8x
 AgileCraft	Mar-19	ATLASSIAN	218.2	n.a.	n.a.
 Xevo	Apr-19	 LEAR CORPORATION	455.8	4.3x	n.a.
 Axionoma	Apr-19	 DEUTSCHE BÖRSE GROUP	1,192.5	8.5x	n.a.






























# US SaaS: Mergers and acquisitions ( > A\$100m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
 samanage	Apr-19	 solarwinds	479.8	n.a.	n.a.
 exari	Apr-19	 coupa	302.2	7.3x	n.a.
 MapAnything	Apr-19	 salesforce	313.8	n.a.	n.a.
 Amber Road POWERING GLOBAL TRADE®	May-19	 E2OPEN®	624.2	4.9x	n.a.
 PROFITECT	May-19	 ZEBRA	124.4	n.a.	n.a.
 looker	Jun-19	 Google	3,434.9	n.a.	n.a.
 tableau	Jun-19	 salesforce	24,949.0	13.7x	n.a.
 JAGGAER	Jul-19	 Cinven	2,160.0	n.a.	n.a.
 HotSchedules®	Jul-19	 INSIGHT PARTNERS	432.0	n.a.	n.a.
 fourth		 MARLIN EQUITY PARTNERS			
 HONEST BUILDINGS	Jul-19	 PROCORE®	224.7	n.a.	n.a.
 OmniComm eClinical Solutions for Life™	Jul-19	 anju LIFE SCIENCES SOFTWARE	110.3	3.0x	30.0x
 IPIPELINE® INNOVATION UNLEASHED	Aug-19	 ROPER	2,386.8	n.a.	n.a.
 SignalFx	Aug-19	 splunk>	1,546.5	50.7x	n.a.
 Pivotal	Aug-19	 vmware	4,952.0	4.2x	n.a.
 kony	Aug-19	 TEMENOS	859.5	n.a.	n.a.

# US SaaS: Mergers and acquisitions (> A\$100m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
 Hedvig	Sep-19	COMMVAULT 	331.0	n.a.	n.a.
 ALTA RETURN	Sep-19	 VISTA EQUITY PARTNERS	729.2	n.a.	n.a.
 ACQUIA	Sep-19	 VISTA EQUITY PARTNERS	1,472.0	n.a.	n.a.
 CROSSIX	Sep-19	 Veeva	639.1	n.a.	n.a.
 RADIXX	Oct-19	 Sabre	162.9	n.a.	n.a.
 sessionM	Oct-19	 mastercard	313.2	n.a.	n.a.
 CISION	Oct-19	 Platinum Equity	4,191.7	3.7x	11.4x
 Onshape	Oct-19	 ptc	686.6	n.a.	n.a.
 scout™	Nov-19	 workday.	743.9	n.a.	n.a.
 Buildium®	Nov-19	 REALPAGE	841.6	11.6x	n.a.
 ClearStructure FINANCIAL TECHNOLOGY	Nov-19	 Broadridge	101.4	n.a.	n.a.
 Aporeto	Nov-19	 paloalto NETWORKS	212.8	n.a.	n.a.
 FAST Flexible Architecture. Simplified Technology.	Dec-19	 Verisk	280.8	n.a.	n.a.
 INSTRUCTURE	Dec-19	 THOMABRAVO	3,072.3	7.6x	n.a.
 VividCortex	Dec-19	 solarwinds	171.1	n.a.	n.a.
 CHURCH COMMUNITY BUILDER	Dec-19	 Pushpay	126.8	n.a.	n.a.

# US SaaS: Mergers and acquisitions ( > A\$100m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
 bridgevine	Dec-19	 updater,	109.3	n.a.	n.a.
 revolutionEHR freedom to focus	Dec-19	n.a.	101.3	n.a.	n.a.
 yapta	Jan-20	 coupa	162.5	n.a.	n.a.
 KUEBIX	Jan-20	 Trimble	293.4	n.a.	n.a.
 clearpool	Jan-20	 BMO Bank of Montreal	214.8	n.a.	n.a.
 evergage	Feb-20	 salesforce	149.4	n.a.	n.a.
 Localytics	Feb-20	 upland	101.9	n.a.	n.a.
 SIMPLUS	Feb-20	 Infosys	299.6	3.0x	n.a.
 docutech.	Feb-20	 First American	519.9	n.a.	n.a.
 saba	Feb-20	 cornerstone	2,049.3	n.a.	n.a.
 Vlocity	Feb-20	 salesforce	1,817.4	n.a.	n.a.
 Seal	Feb-20	 DocuSign	285.8	n.a.	n.a.
 DivvyCloud	Apr-20	 RAPID7	227.5	n.a.	n.a.
 INNOVEST SYSTEMS	Apr-20	 SS&C	183.5	n.a.	n.a.
 idaptive	May-20	 CYBERARK	108.2	n.a.	n.a.
Median				7.0x	30.0x

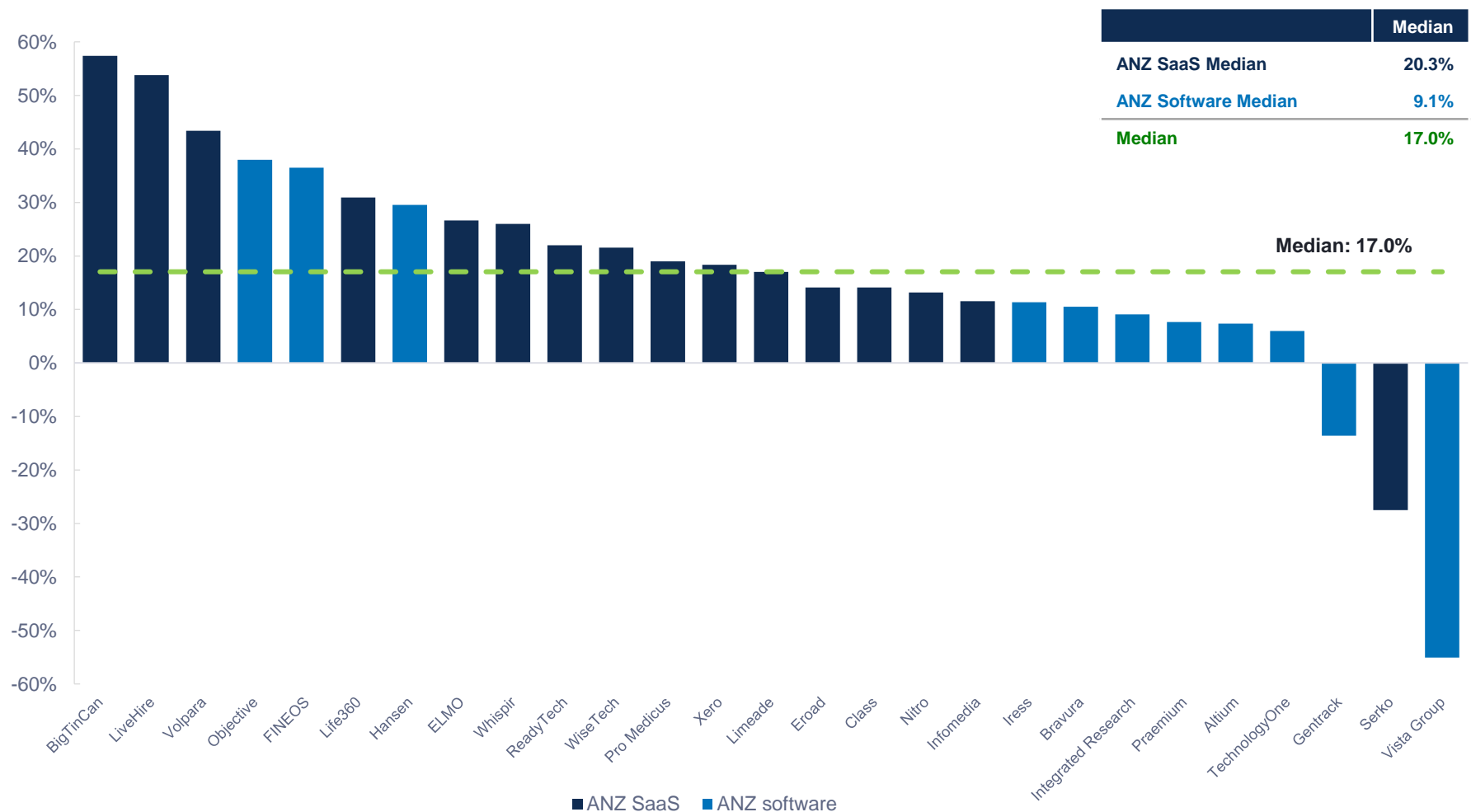




## Benchmarking: SaaS and software metrics

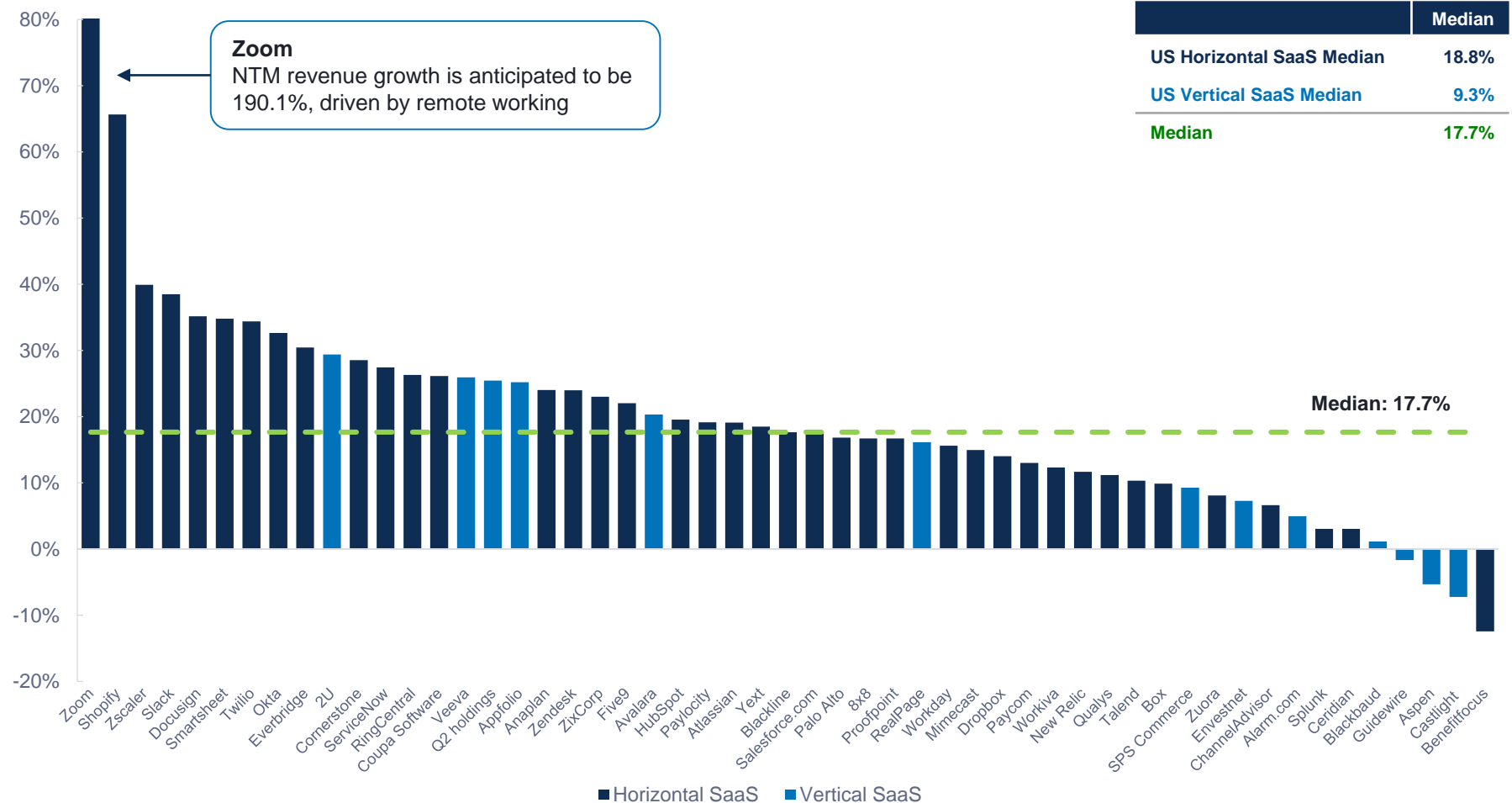


# Benchmarking: ANZ NTM revenue growth



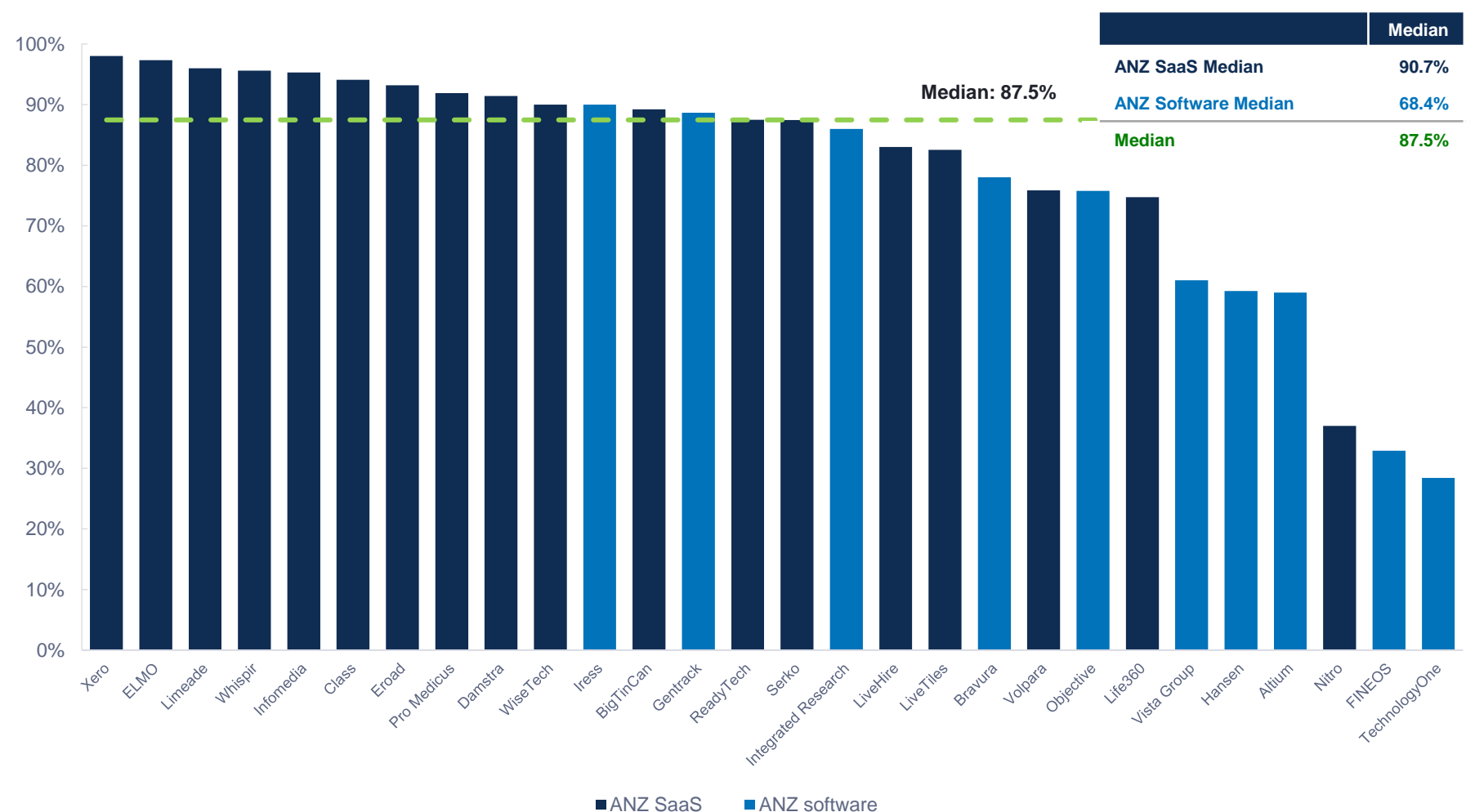
**ANZ SaaS companies have significantly higher growth rates than traditional software companies**

# Benchmarking: US NTM revenue growth



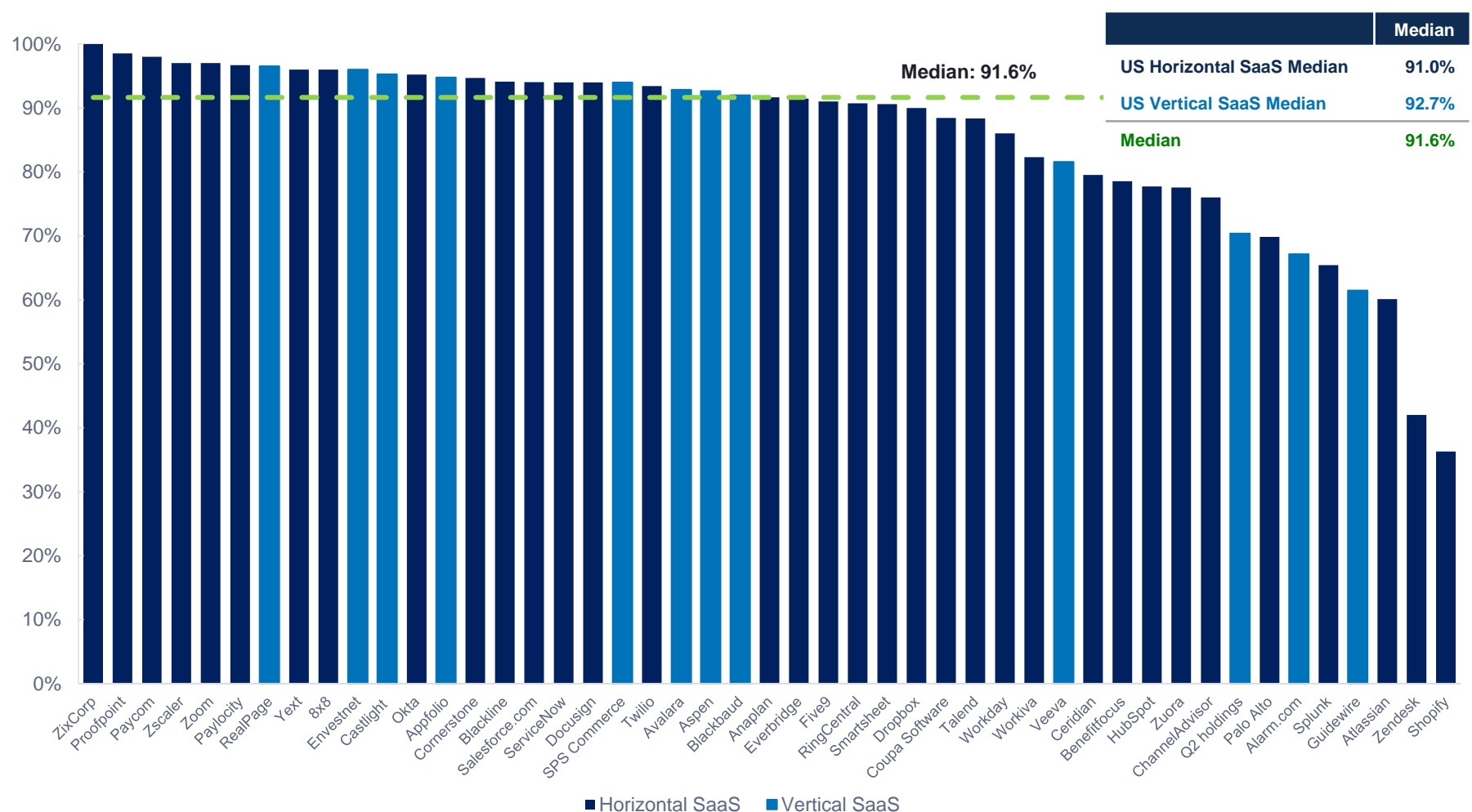
**Due to the COVID-19 crisis, US SaaS companies are expected to experience weaker growth than what we have seen in previous periods**

# Benchmarking: ANZ recurring revenue



**SaaS companies have significantly higher levels of recurring revenue than traditional software co's**

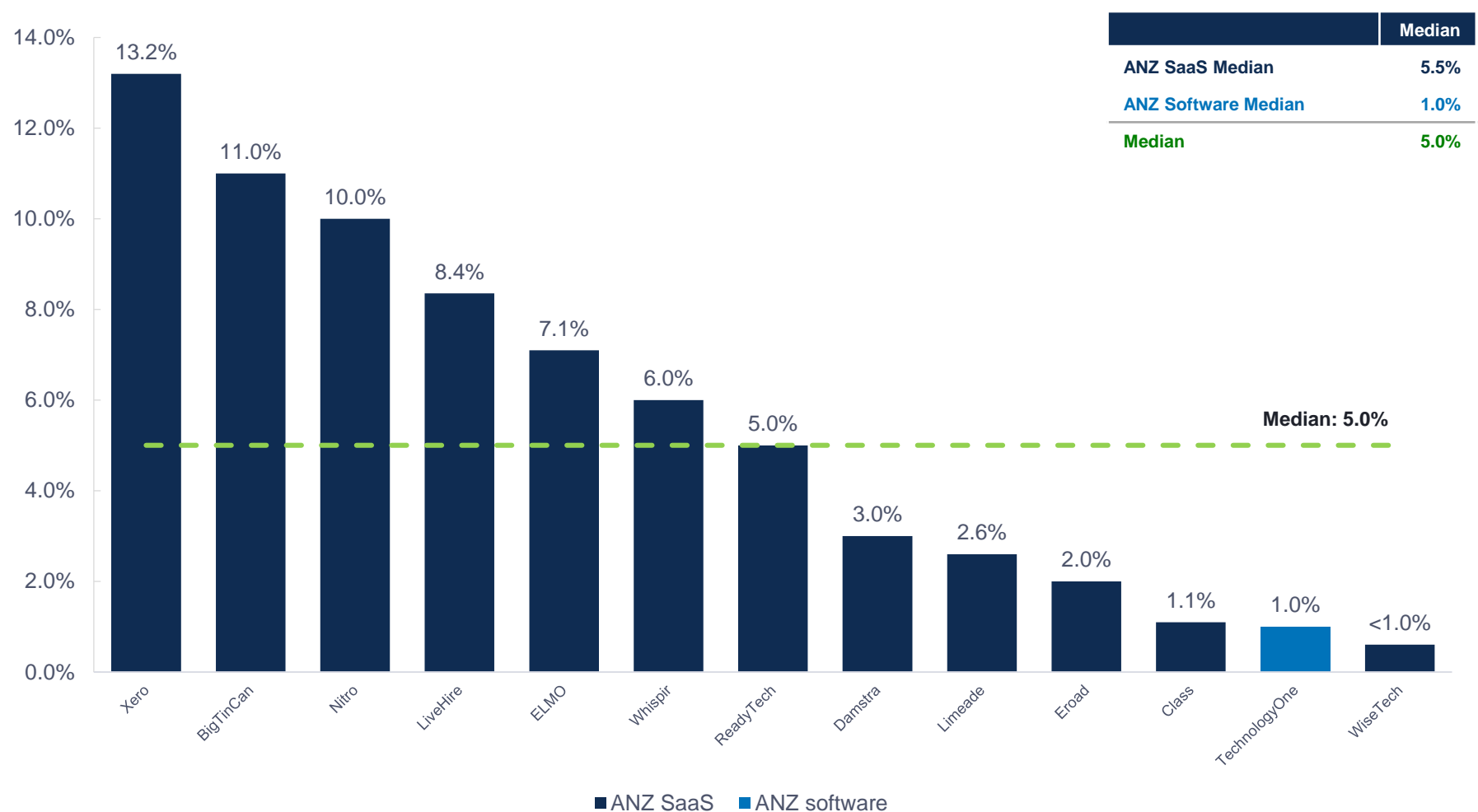
# Benchmarking: US recurring revenue



**US SaaS companies have a median of ~92% recurring revenue**

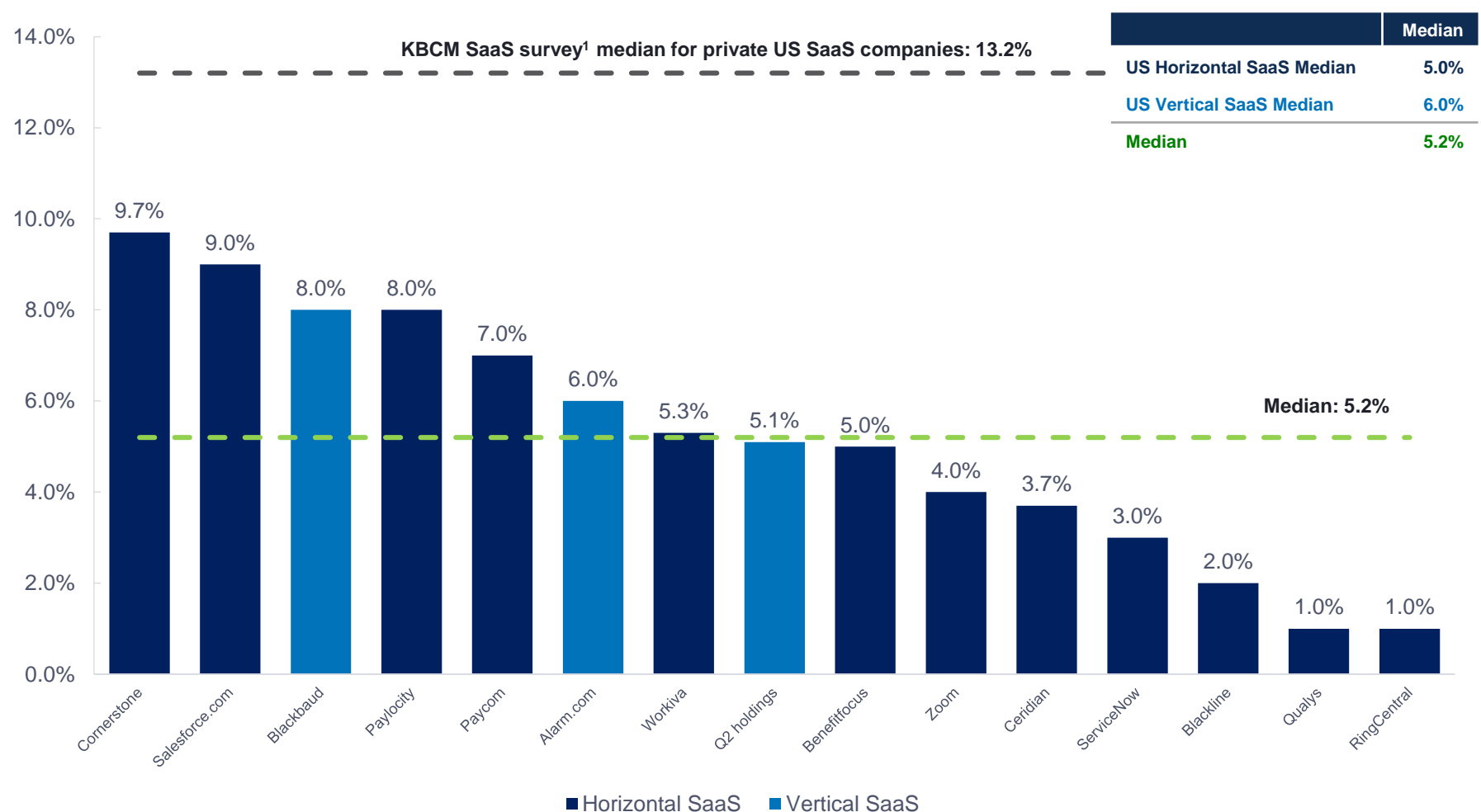


# Benchmarking: ANZ attrition rate



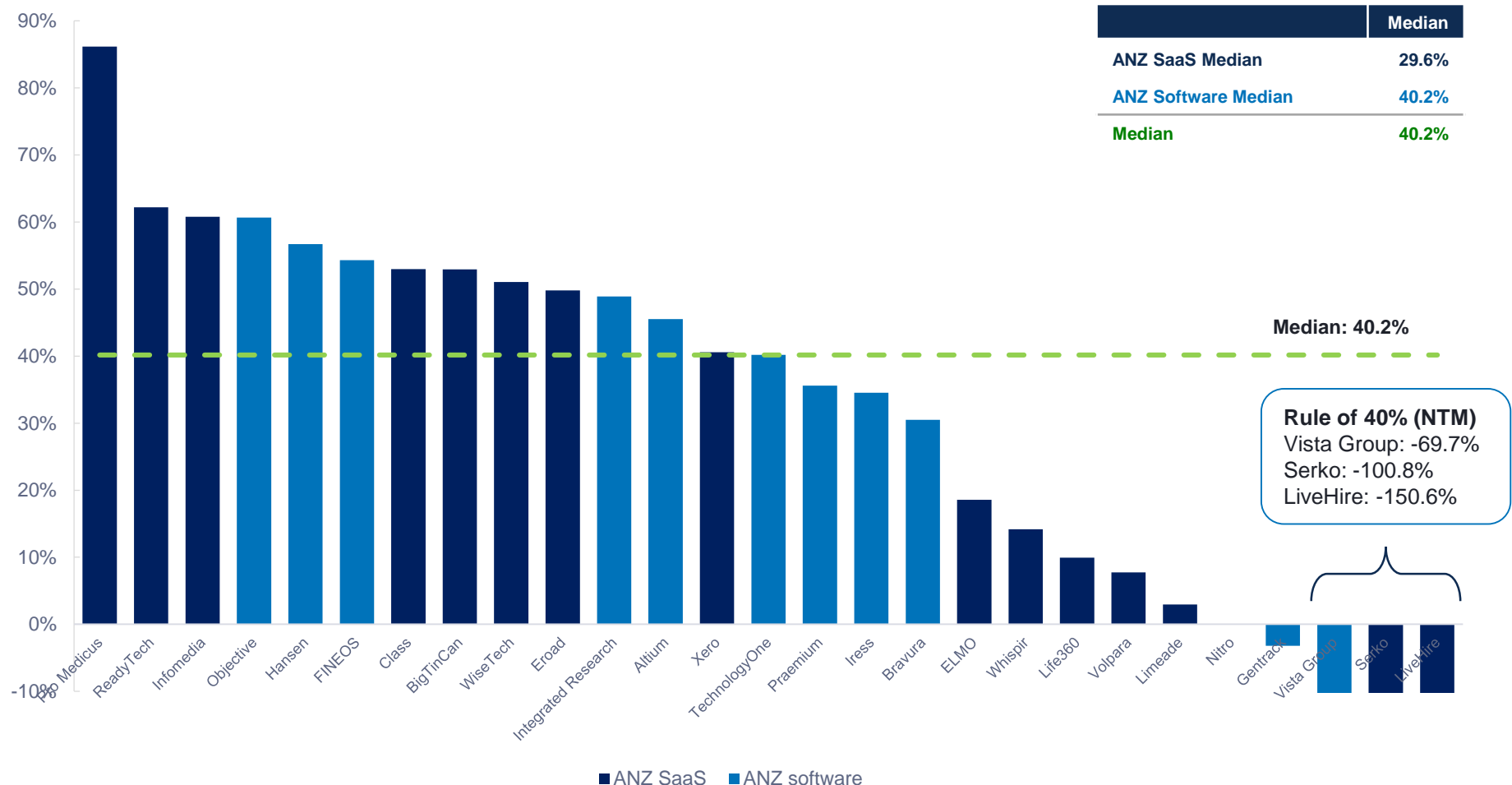
**Limited reporting on gross attrition but investors pay premiums for low attrition (e.g. WiseTech)**

# Benchmarking: US attrition rate



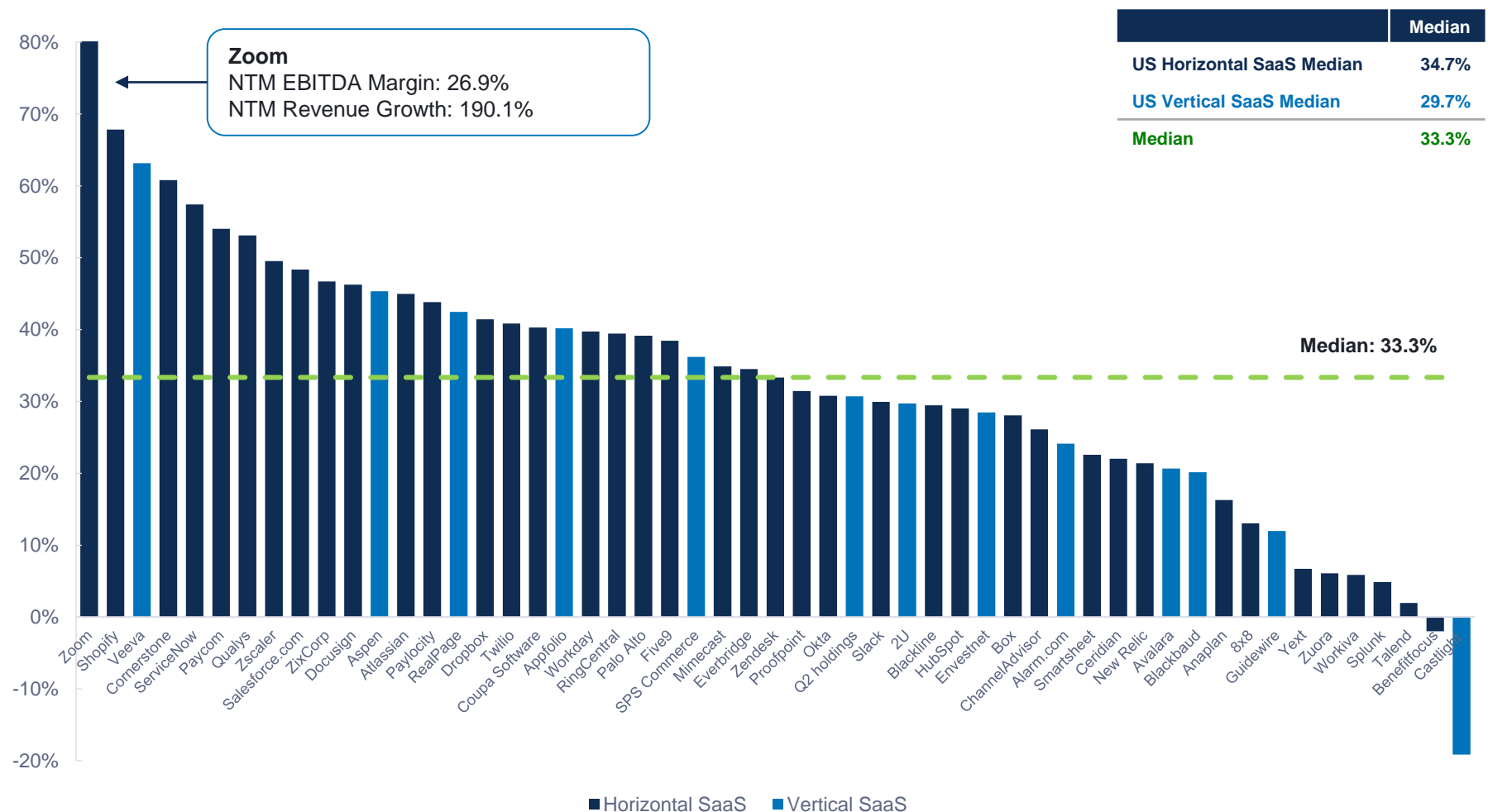
**US SaaS companies typically have attrition rates of ~5% pa**

# Benchmarking: ANZ rule of 40% (NTM)



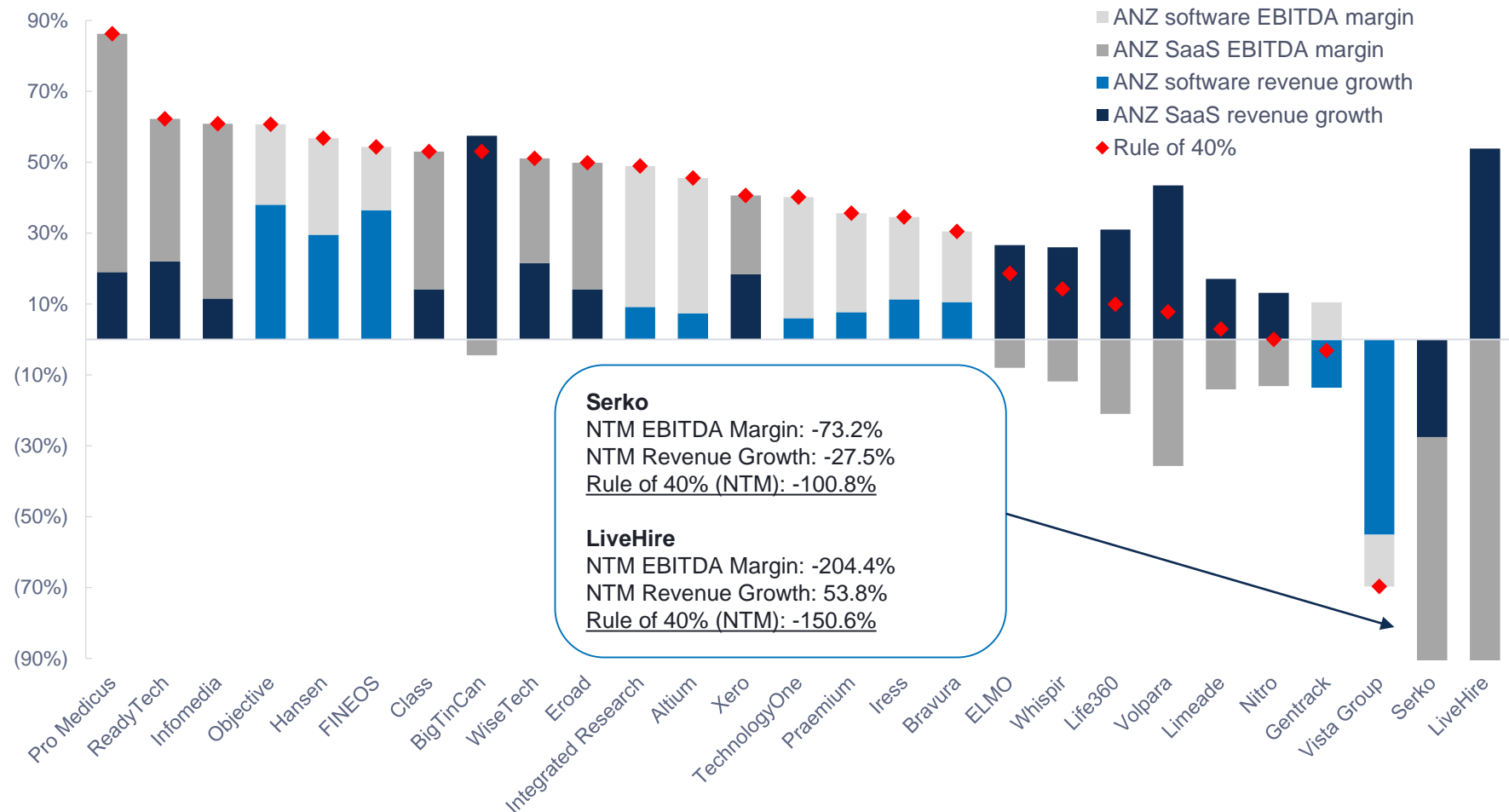
***In contrast with ANZ software companies, the median ANZ SaaS company is expected to fall short of the rule of 40%, which is unusual and quite different to what we have seen in previous periods***

# Benchmarking: US rule of 40% (NTM)



**The median US SaaS company is expected to fall short of the rule of 40%**

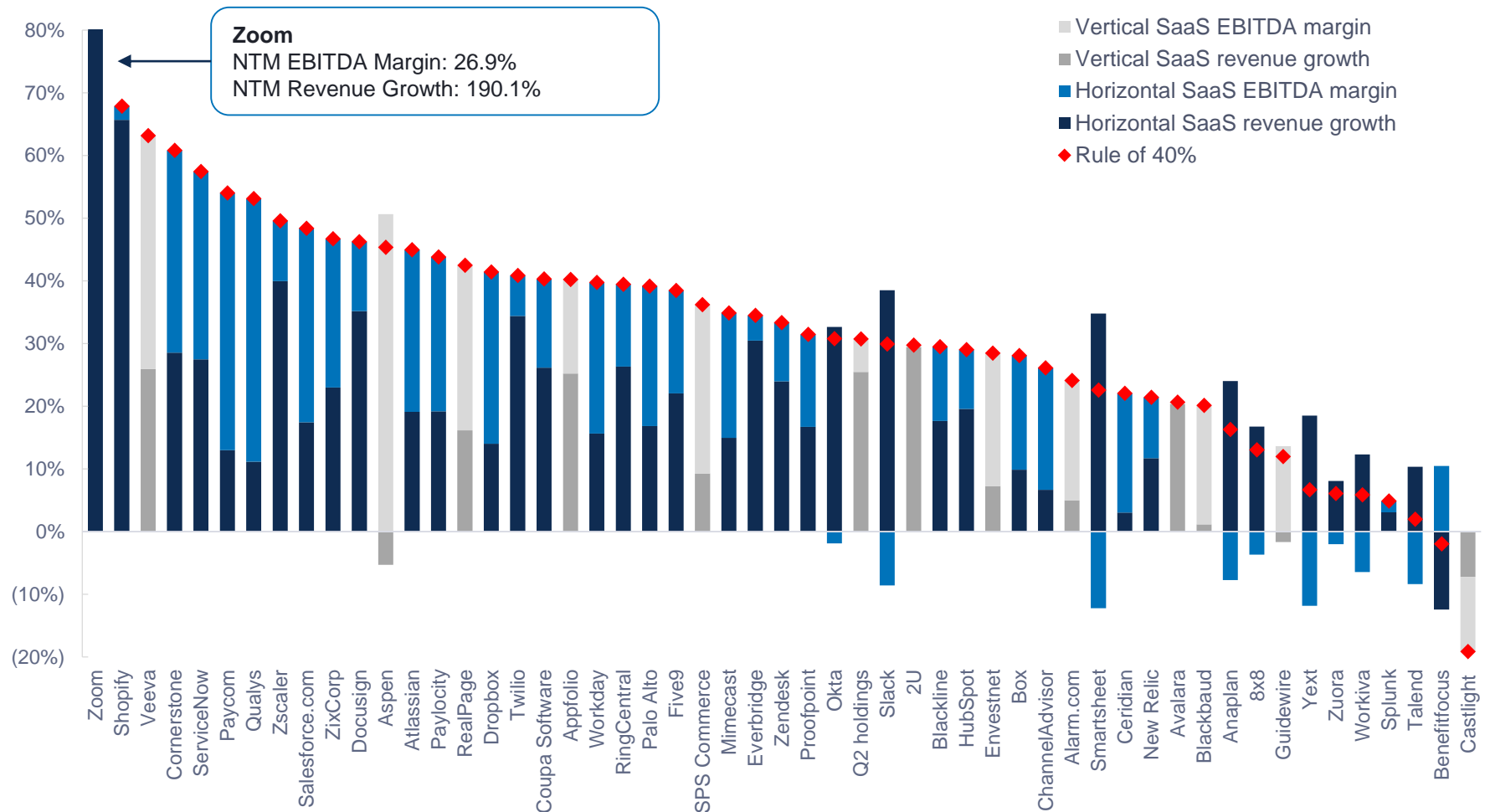
# Benchmarking: ANZ rule of 40% contributions (NTM)



**High growth SaaS companies tend to forego EBITDA margin in the early stages of their lifecycle**



# Benchmarking: US rule of 40% contributions (NTM)



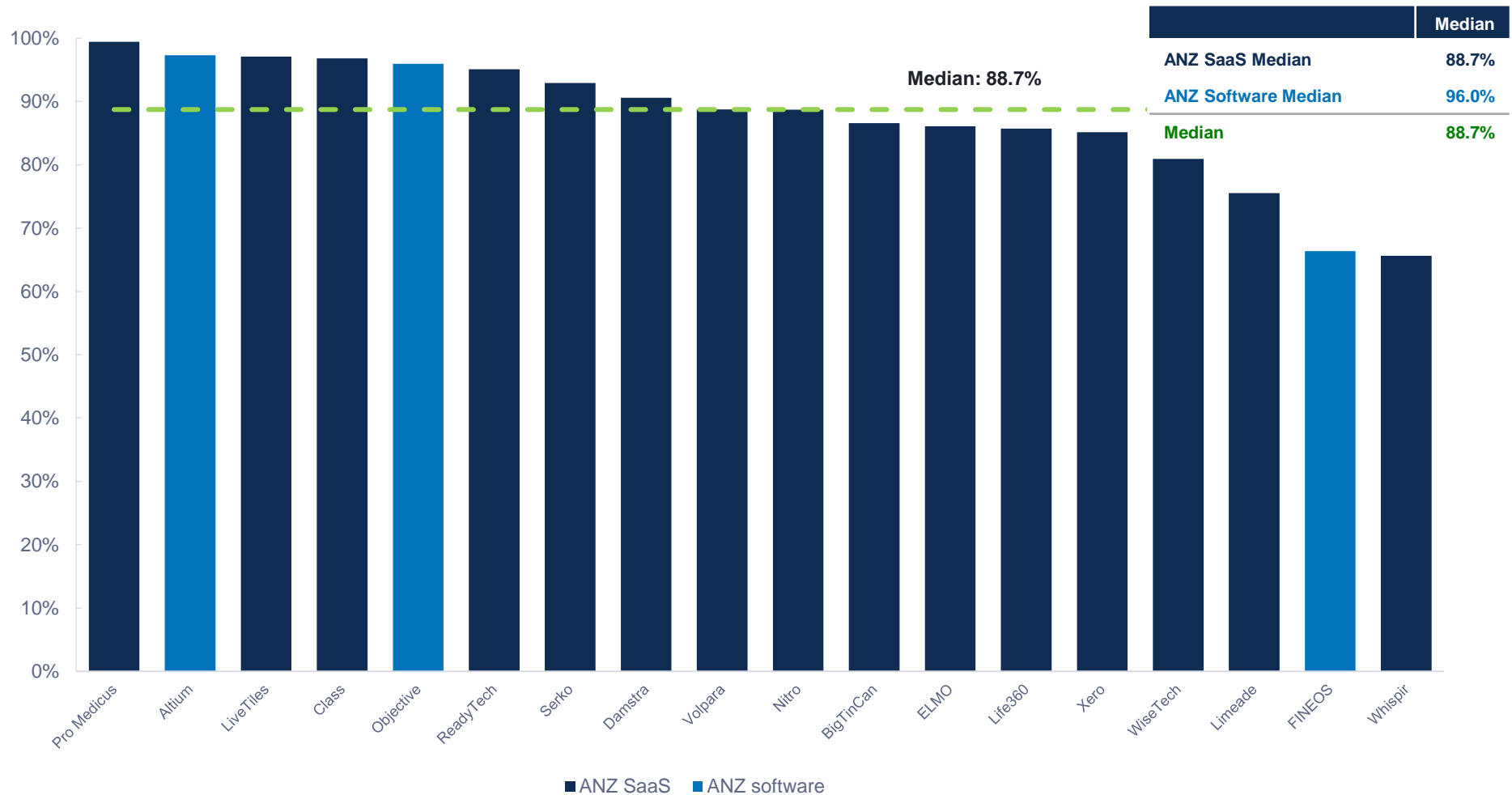
**US SaaS companies are typically more focused on revenue growth**



## Benchmarking: SaaS and software margins

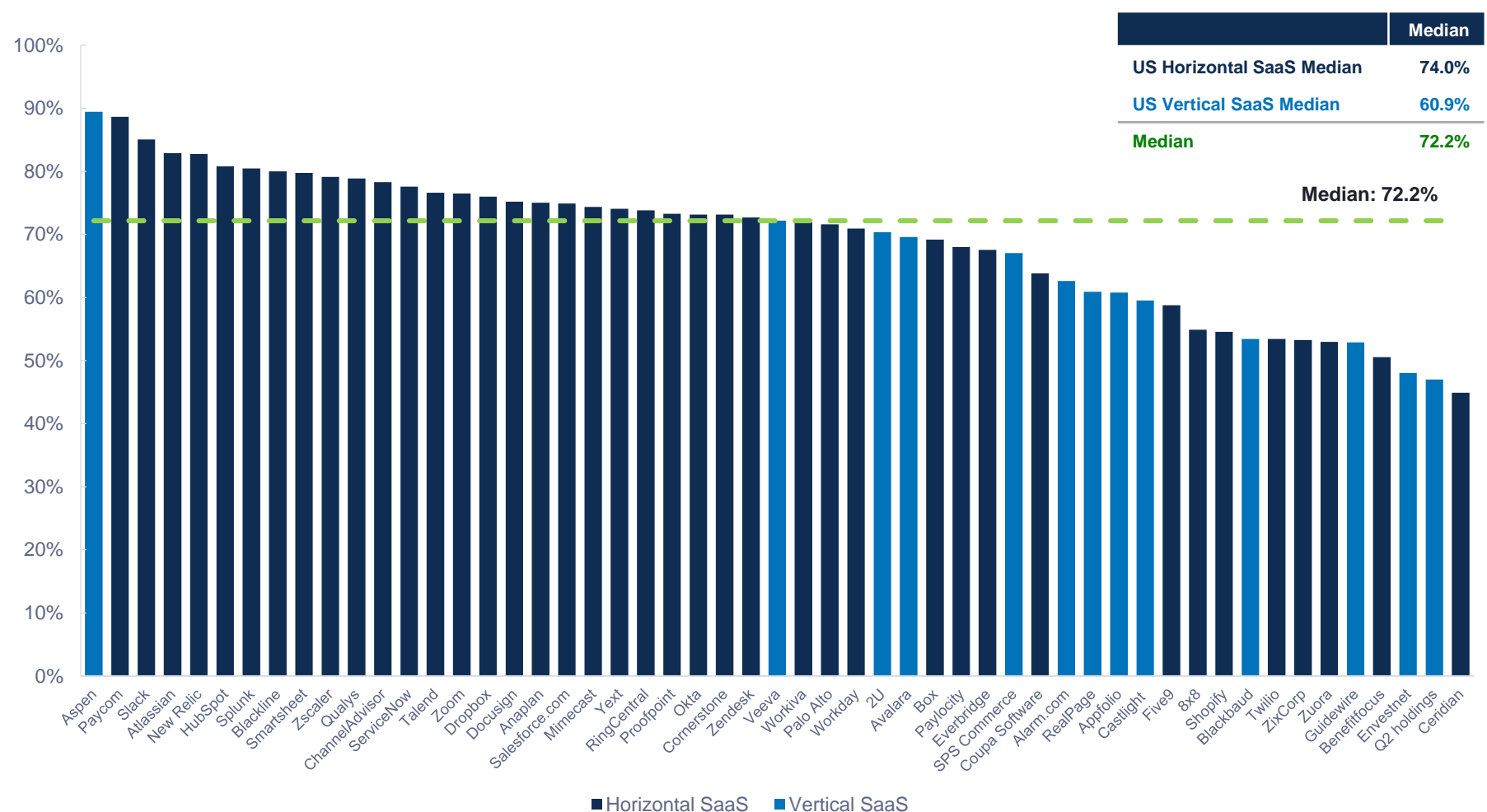


# Benchmarking: ANZ gross margin<sup>1</sup>



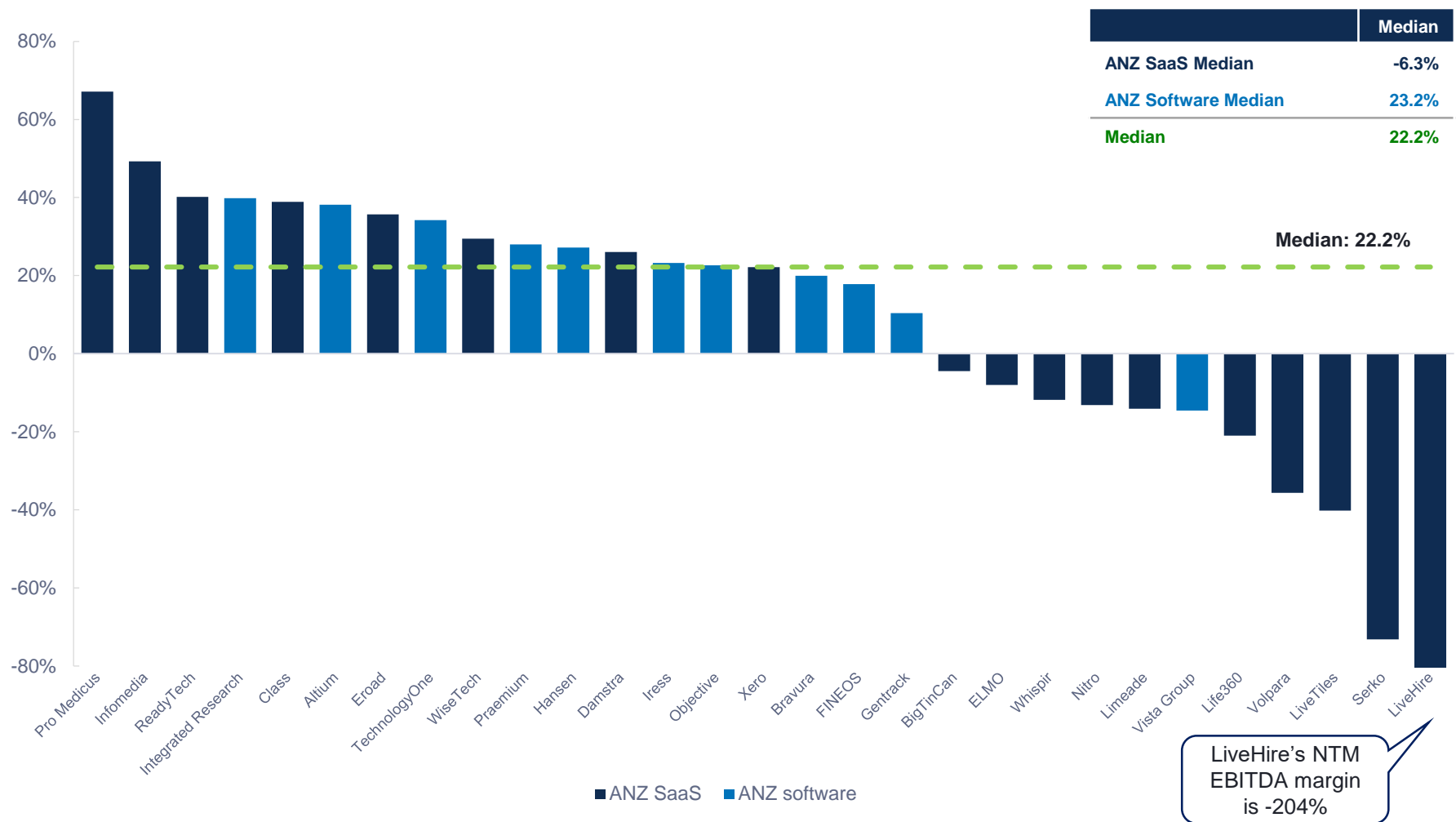
**ANZ SaaS and software companies have highly competitive gross margins**

# Benchmarking: US gross margin



**US SaaS companies have a median gross margin of ~72%, with horizontal SaaS typically higher**

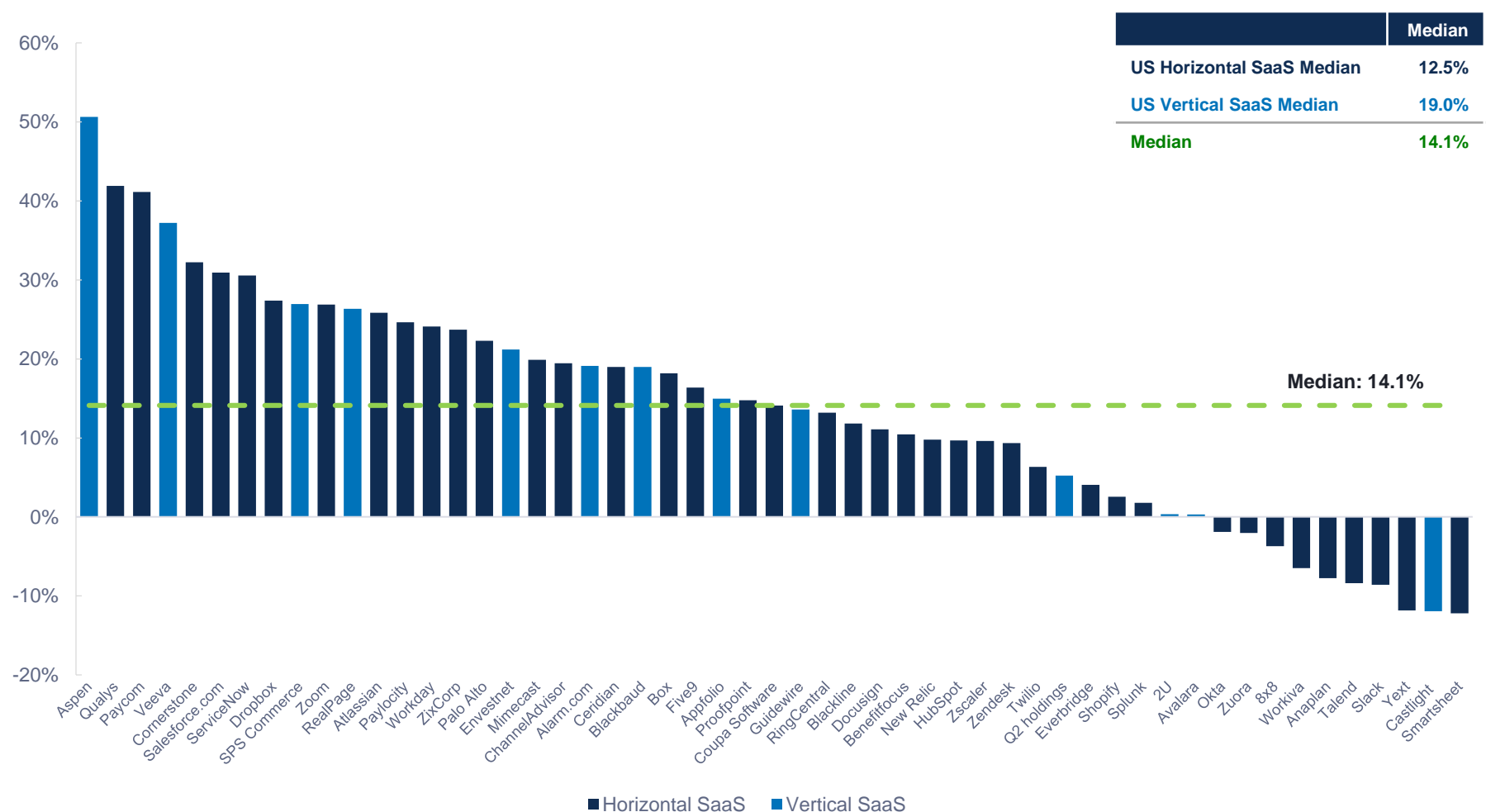
# Benchmarking: ANZ NTM EBITDA margin %



**ANZ software companies are expected to be more profitable than their SaaS peers**

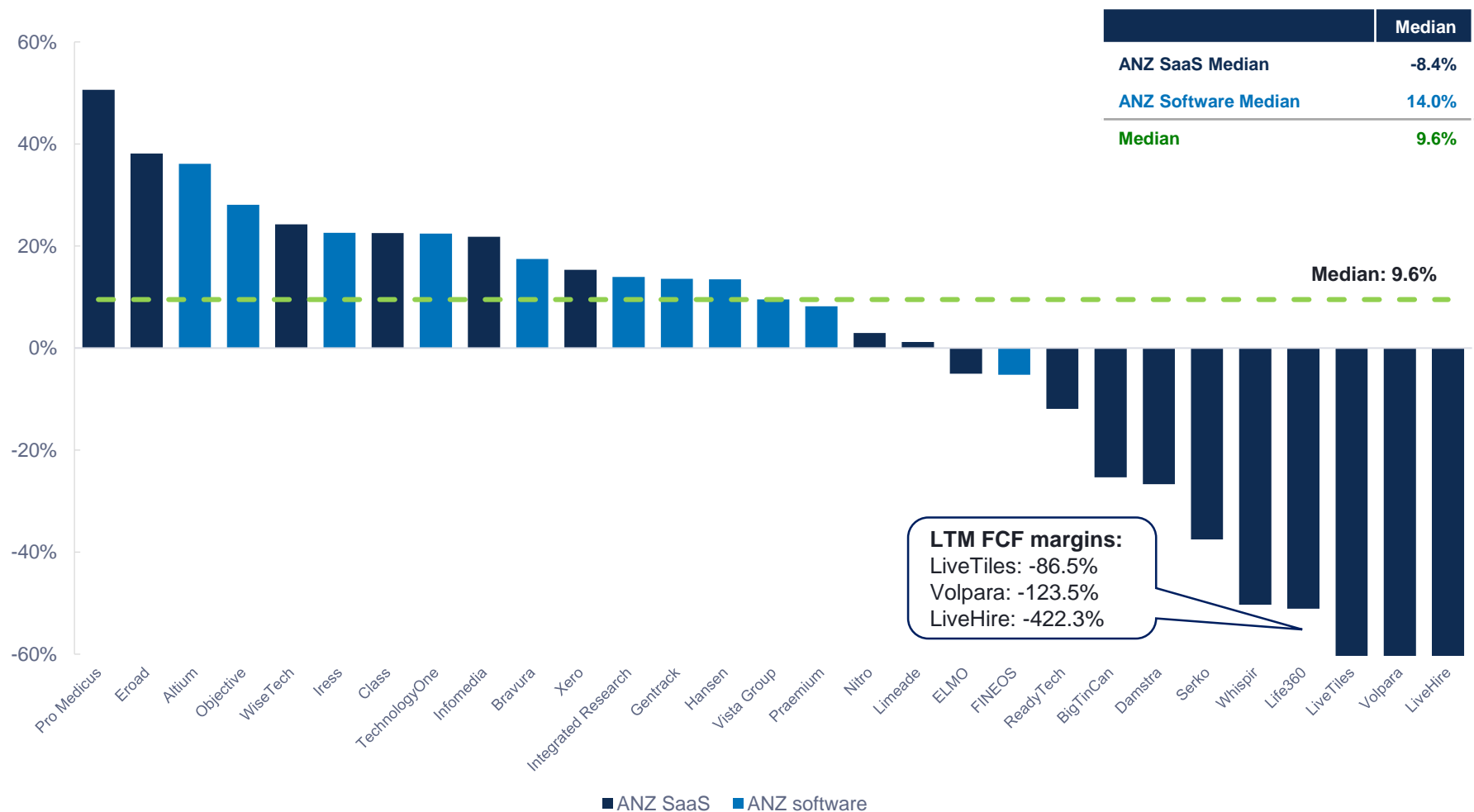


# Benchmarking: US NTM EBITDA margin %



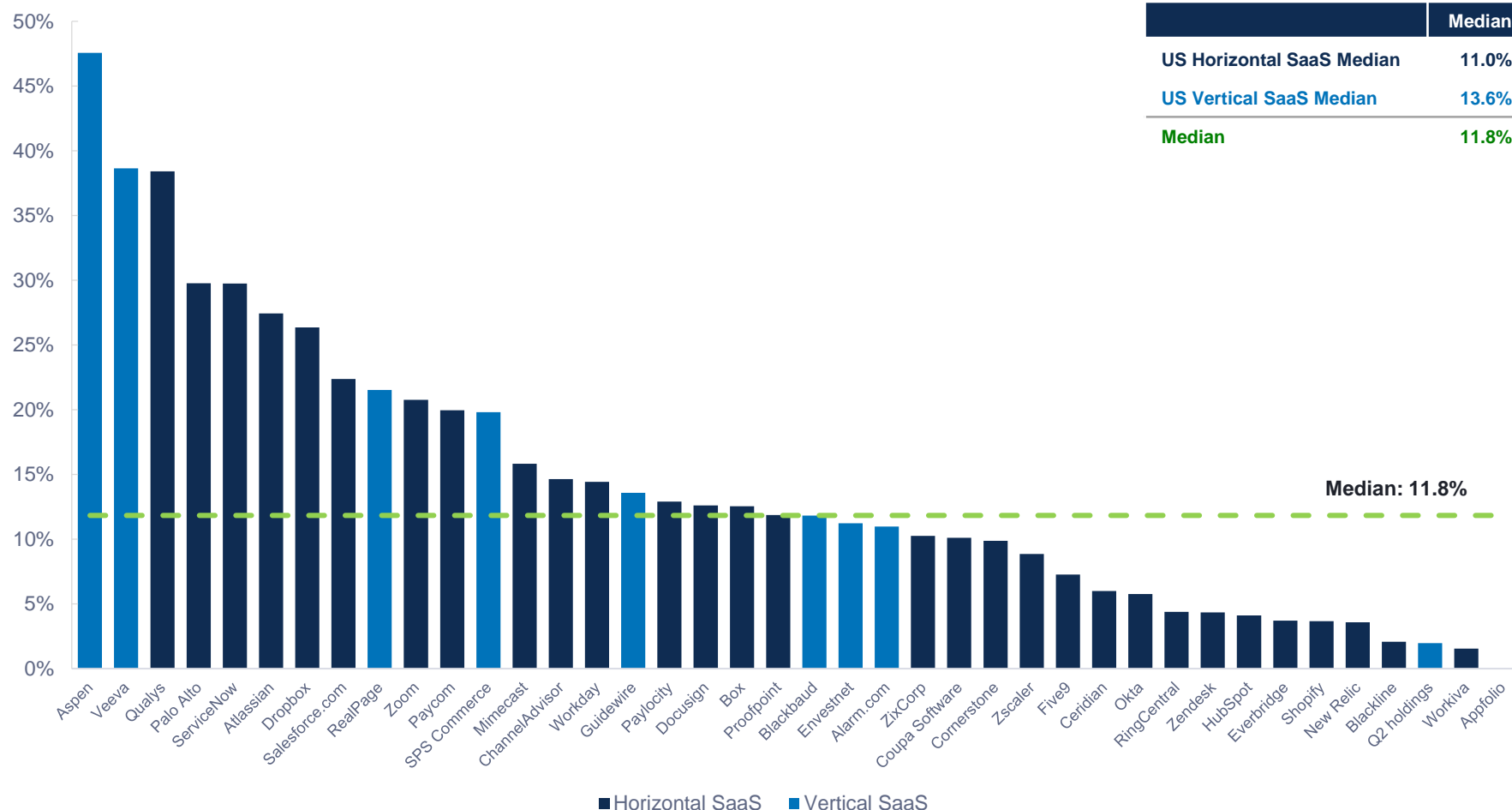
**US vertical SaaS companies demonstrate stronger EBITDA margins than horizontal SaaS peers**

# Benchmarking: ANZ LTM FCF margin<sup>1</sup>



**ANZ software companies typically have significantly higher FCF margins than ANZ SaaS co's**

# Benchmarking: US NTM FCF margin<sup>1</sup>



	Median
US Horizontal SaaS Median	11.0%
US Vertical SaaS Median	13.6%
Median	11.8%

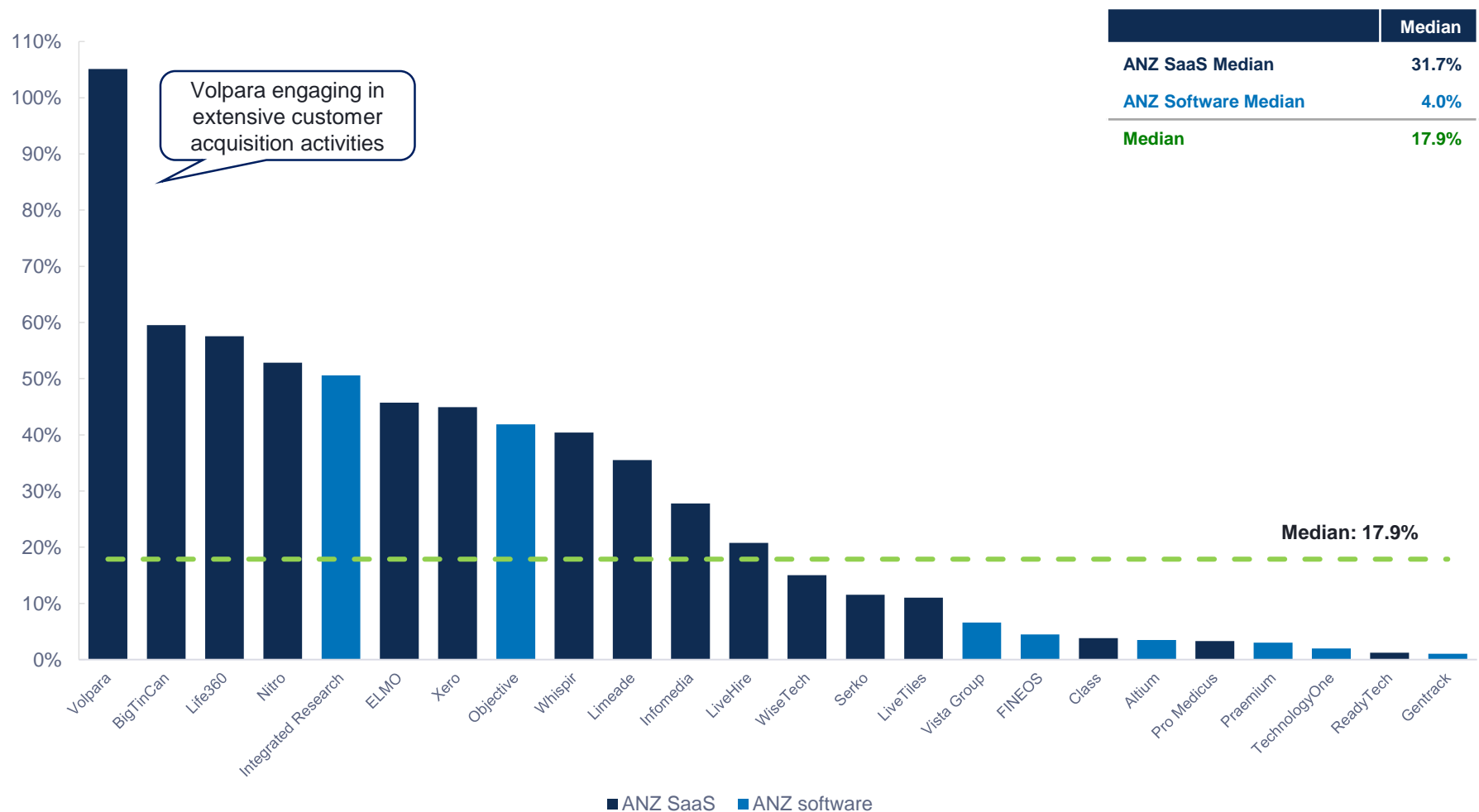
**US SaaS FCF margins are positively impacted by deferred revenue accounting policy on subscription revenue and executive remuneration**



## Benchmarking: SaaS and software expenses



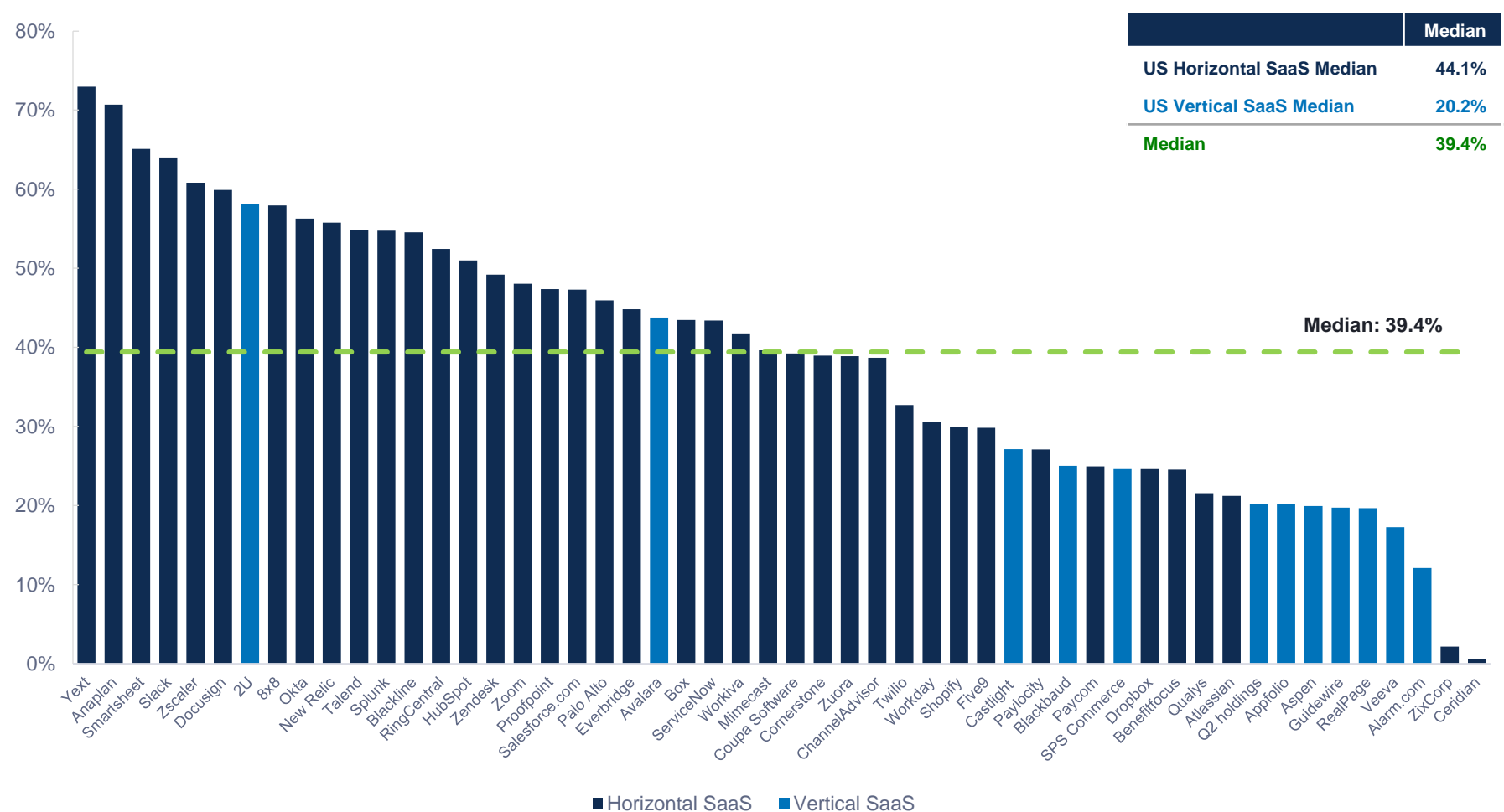
# Benchmarking: ANZ LTM S&M expense/ LTM revenue



**ANZ SaaS companies tend to have significantly higher S&M spend as a proportion of revenue**

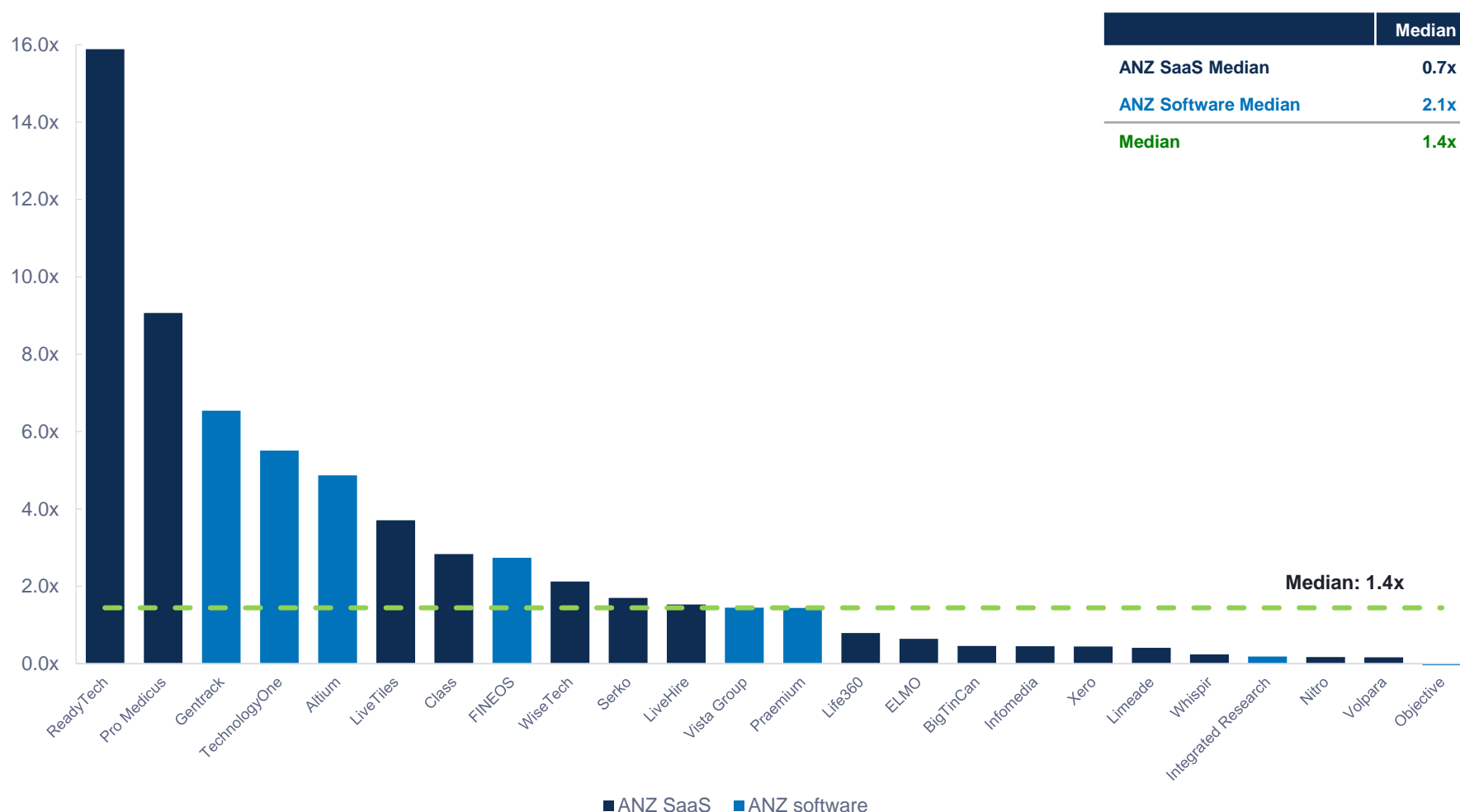


# Benchmarking: US LTM S&M expense/ LTM revenue



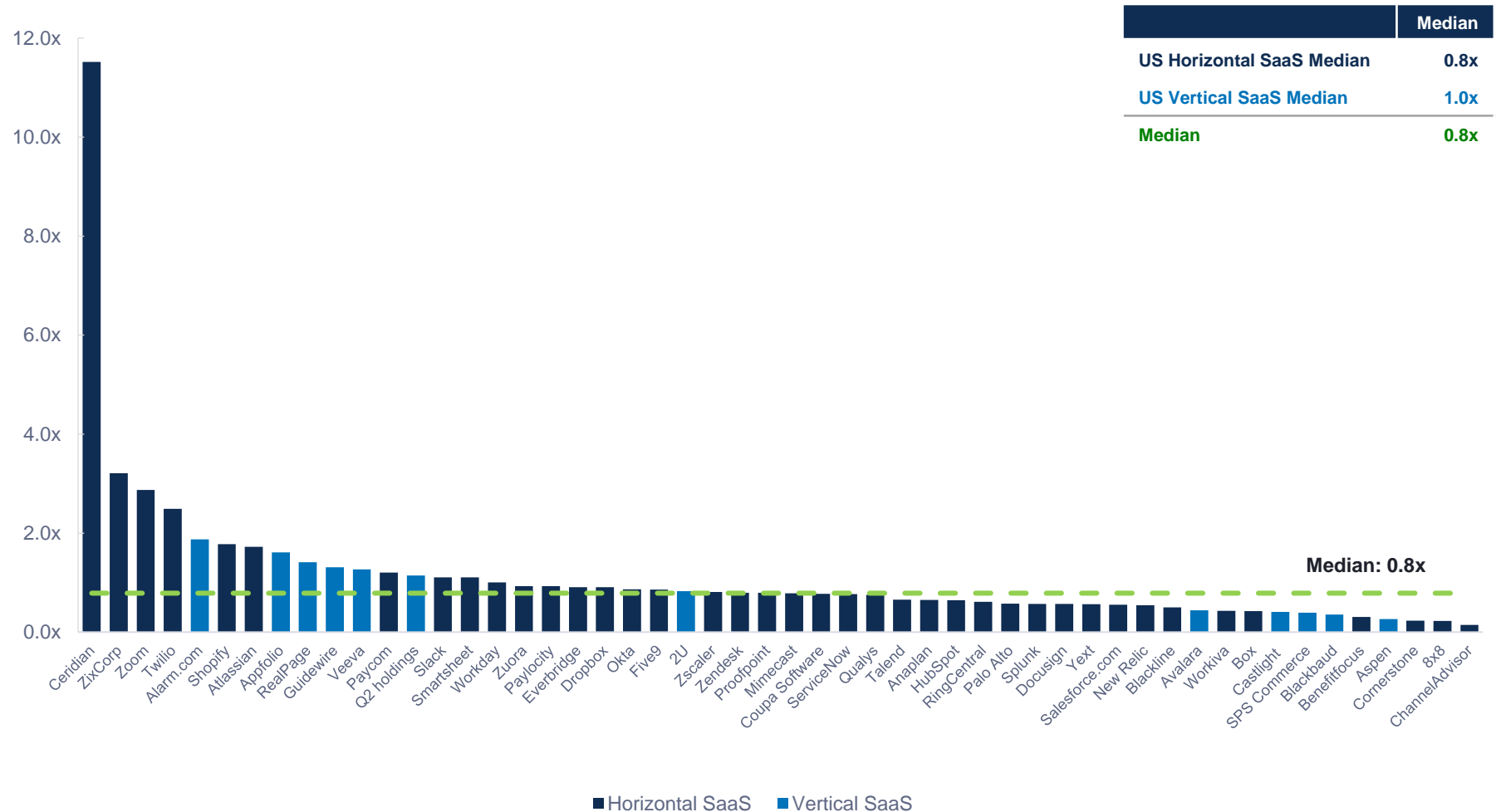
**US SaaS companies invest ~39% of revenue on S&M, demonstrating greater focus on growth – vertical SaaS much more efficient in their S&M spend**

# Benchmarking: ANZ LTM S&M efficiency<sup>1</sup>



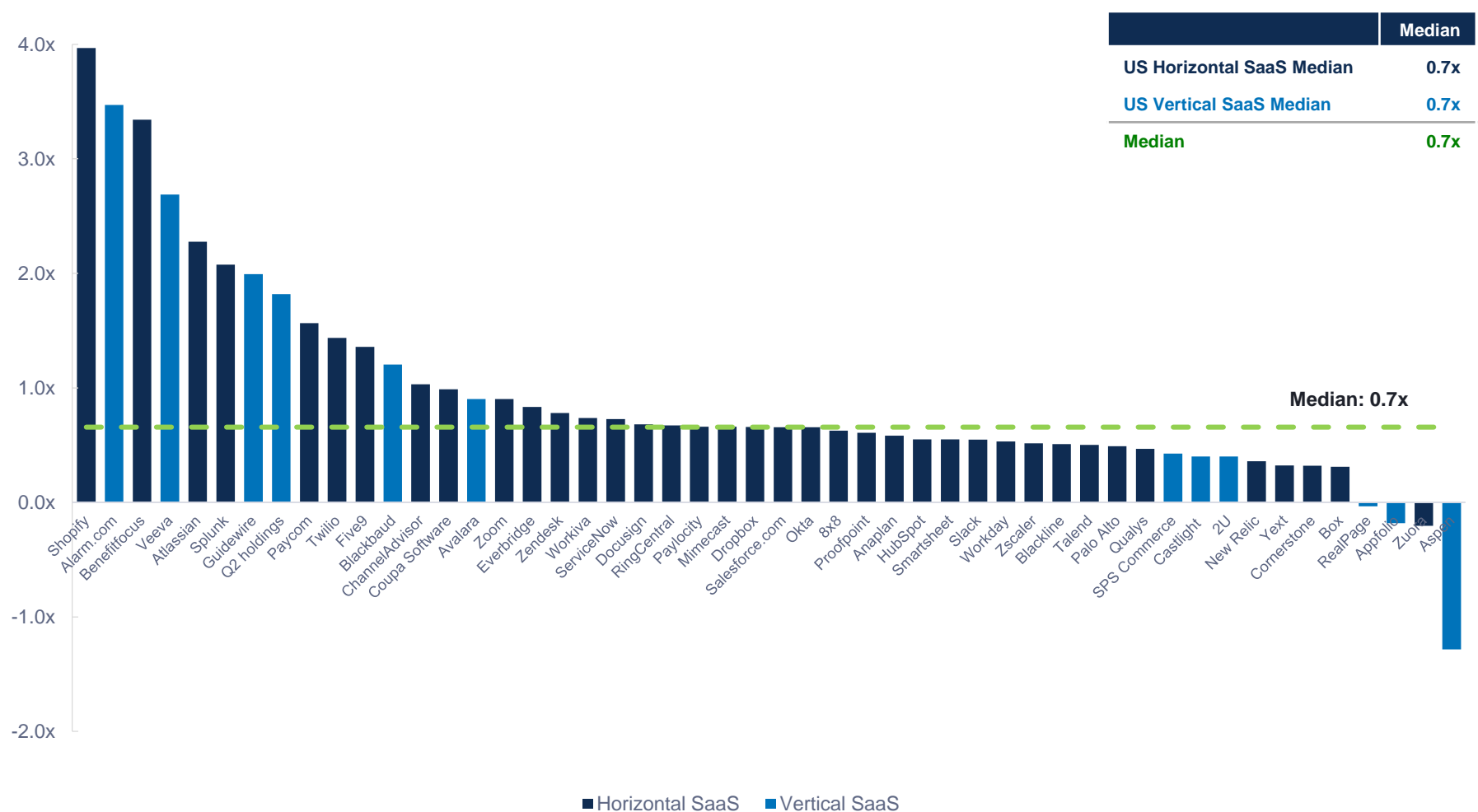
**The median S&M efficiency multiple for ANZ SaaS and software companies is 1.4x**

# Benchmarking: US LTM S&M efficiency<sup>1</sup>



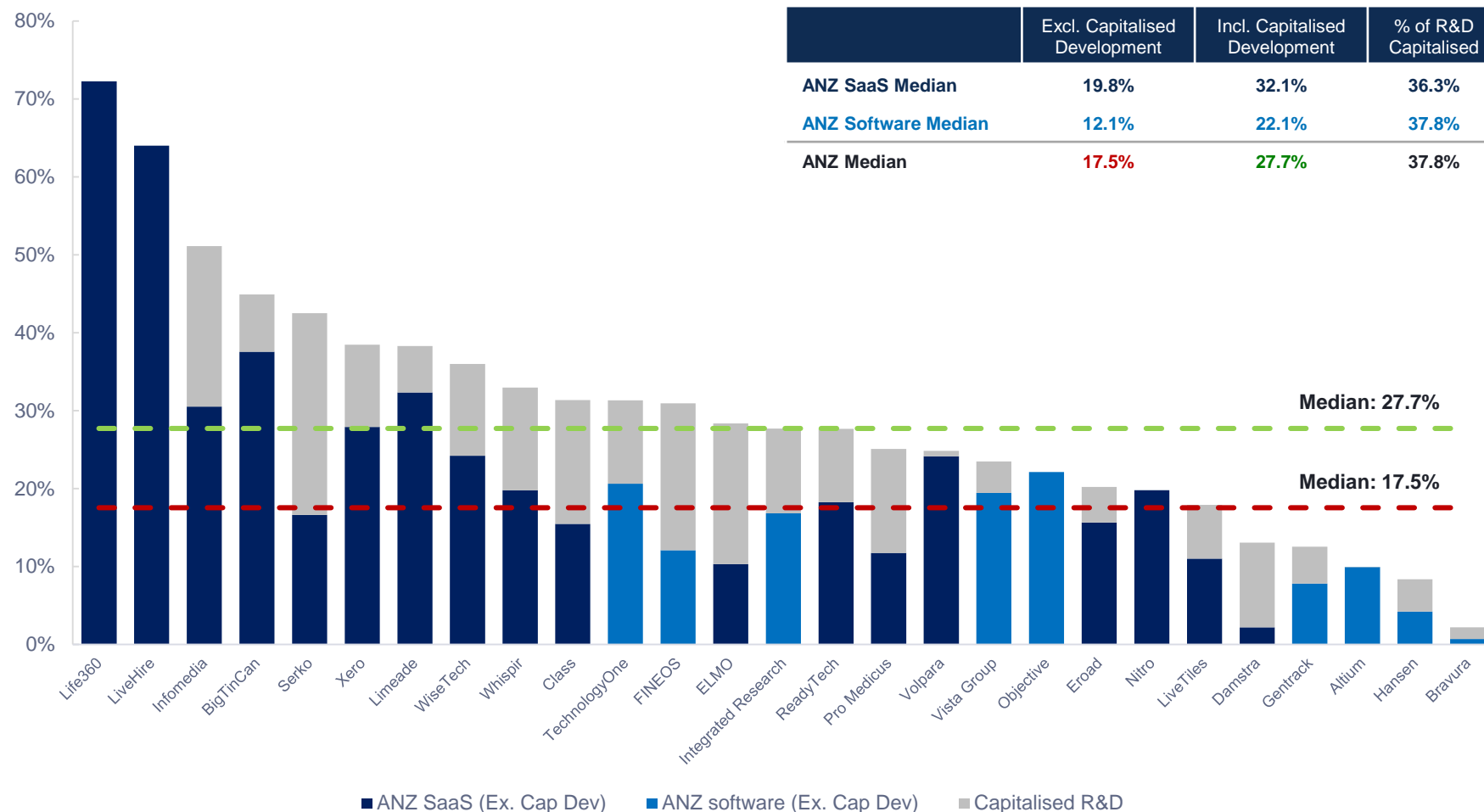
**The median S&M efficiency multiple for US SaaS companies is materially lower than ANZ peers**

# Benchmarking: US SaaS magic number<sup>1</sup>



*The median US SaaS company achieves a relatively low SaaS magic number*

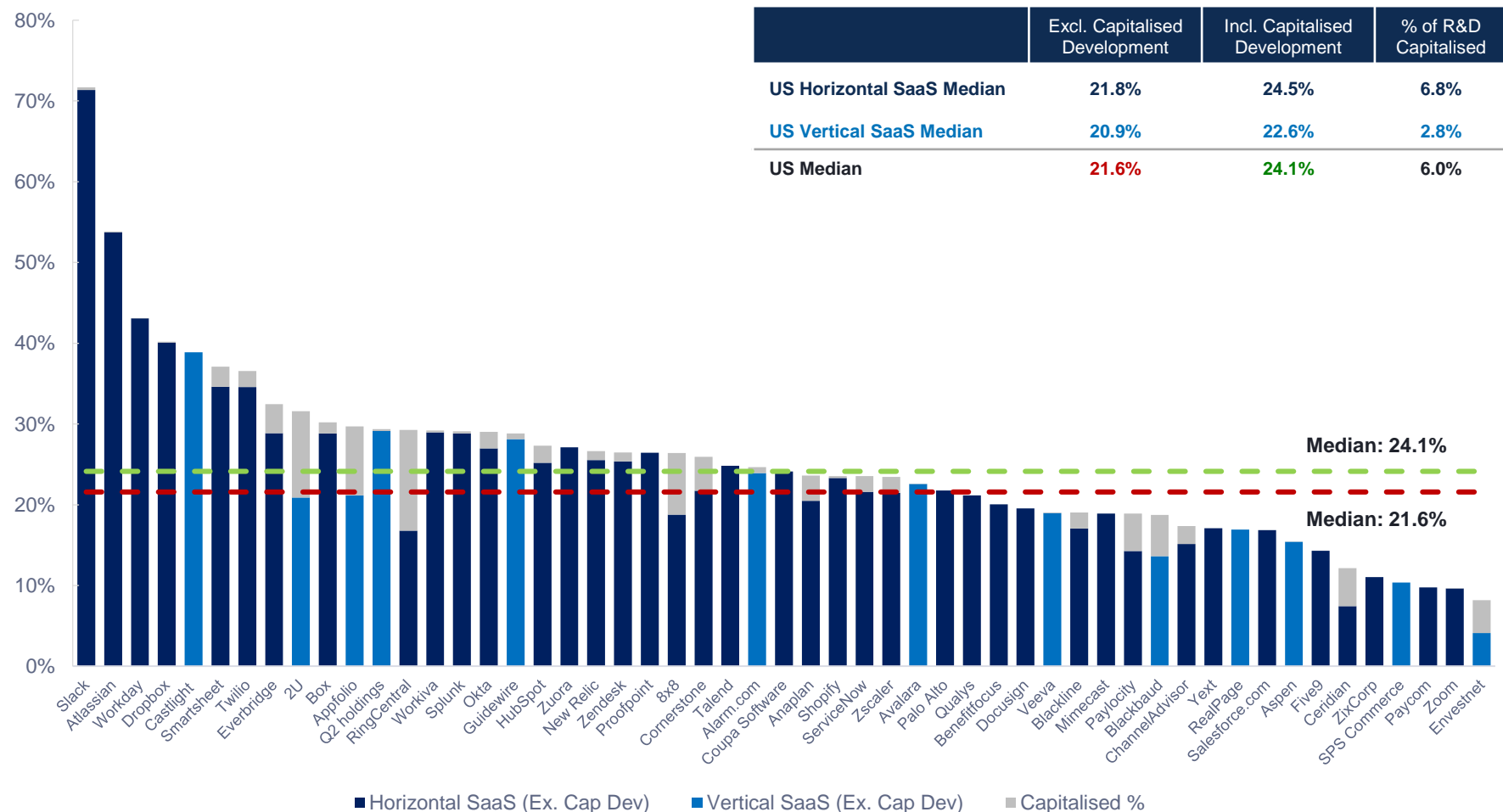
# Benchmarking: ANZ LTM total R&D expense/ LTM revenue



**ANZ SaaS co's invest a greater portion of revenue into R&D compared to their software peers**

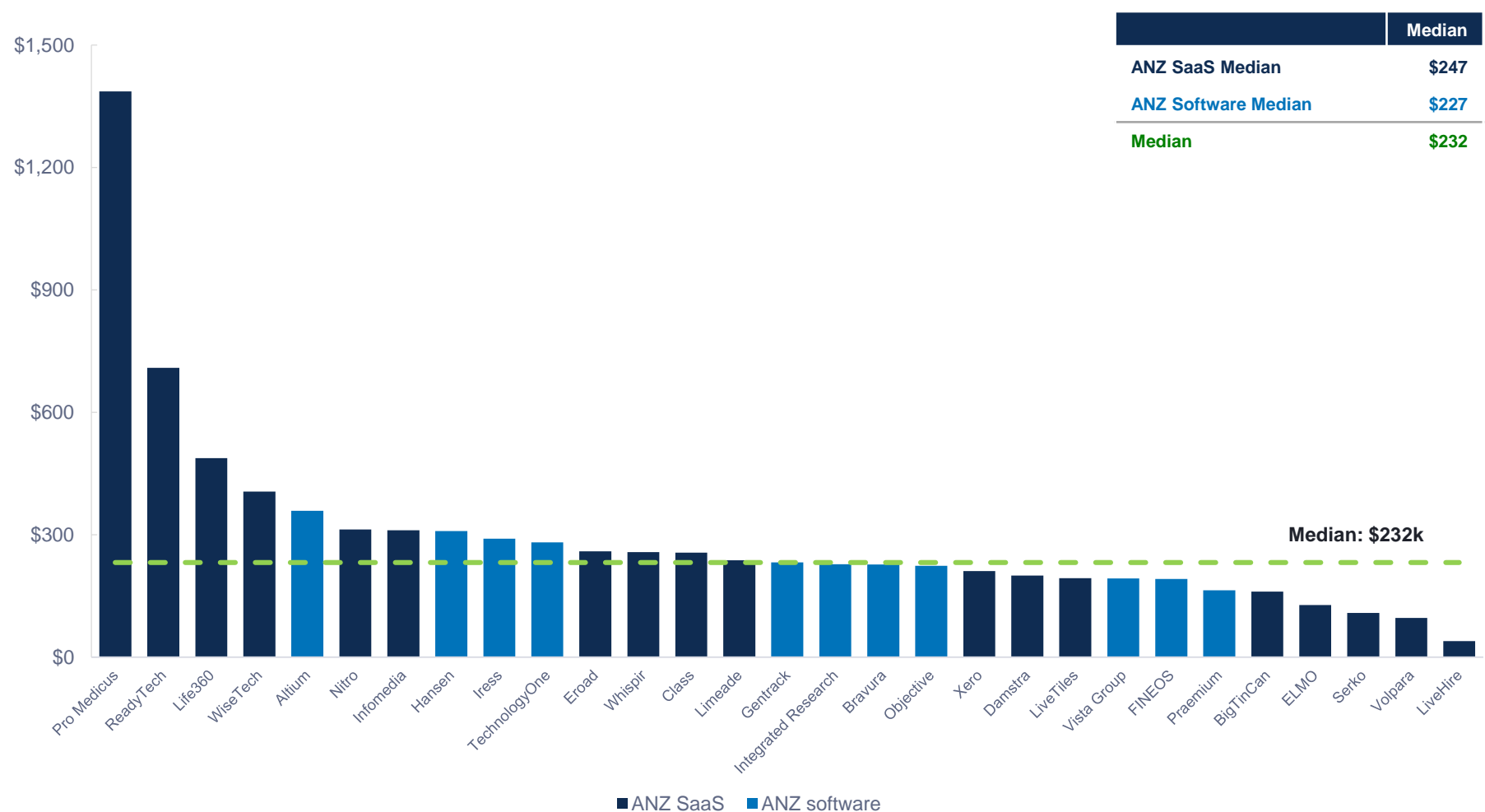


# Benchmarking: US LTM total R&D expense/ LTM revenue



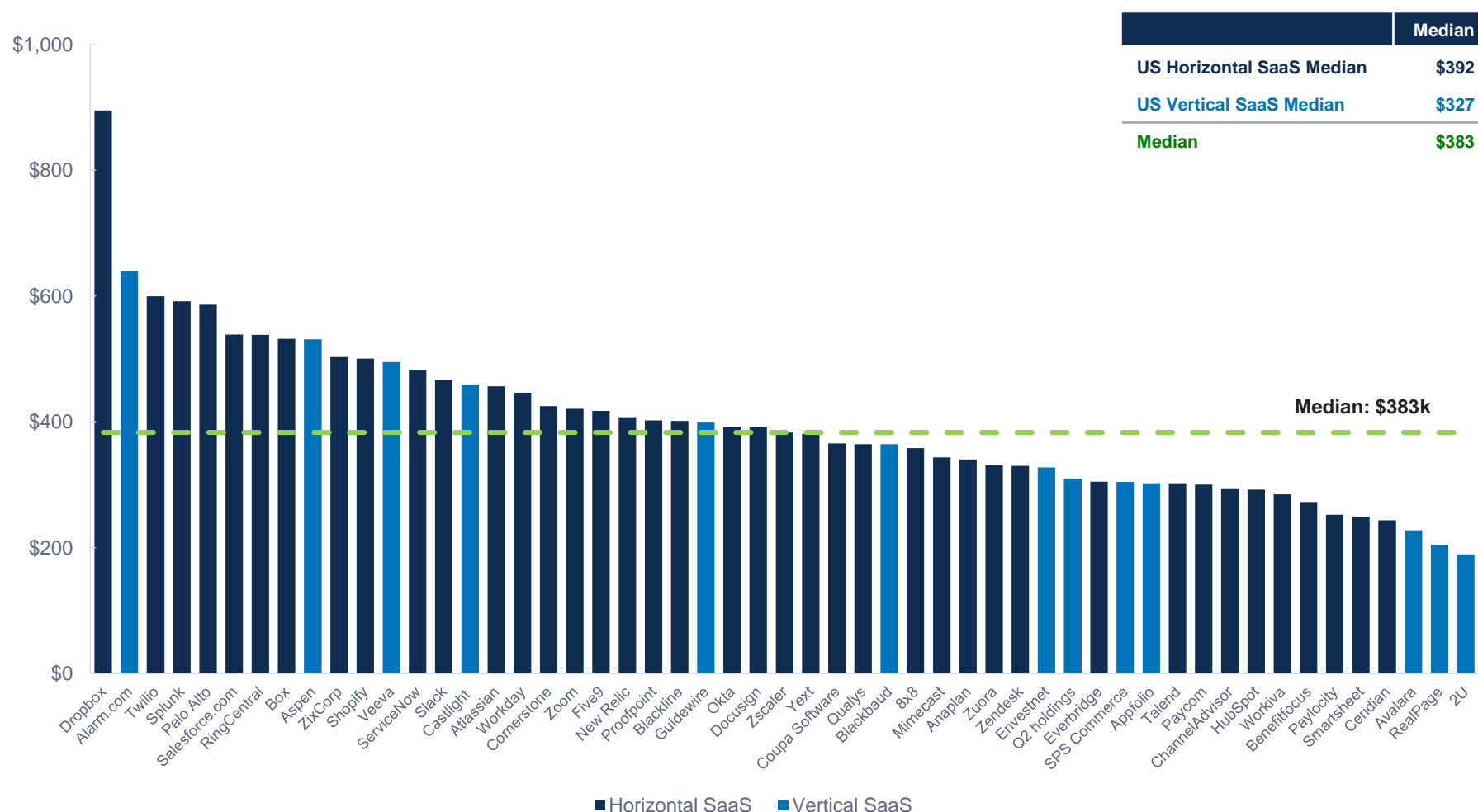
**US SaaS companies tend to capitalise a significantly lower % of R&D than their ANZ counterparts**

# Benchmarking: ANZ revenue per employee (\$'000)



**ANZ SaaS and software companies typically earn ~\$232k of revenue per employee**

# Benchmarking: US revenue per employee (\$'000)<sup>1</sup>



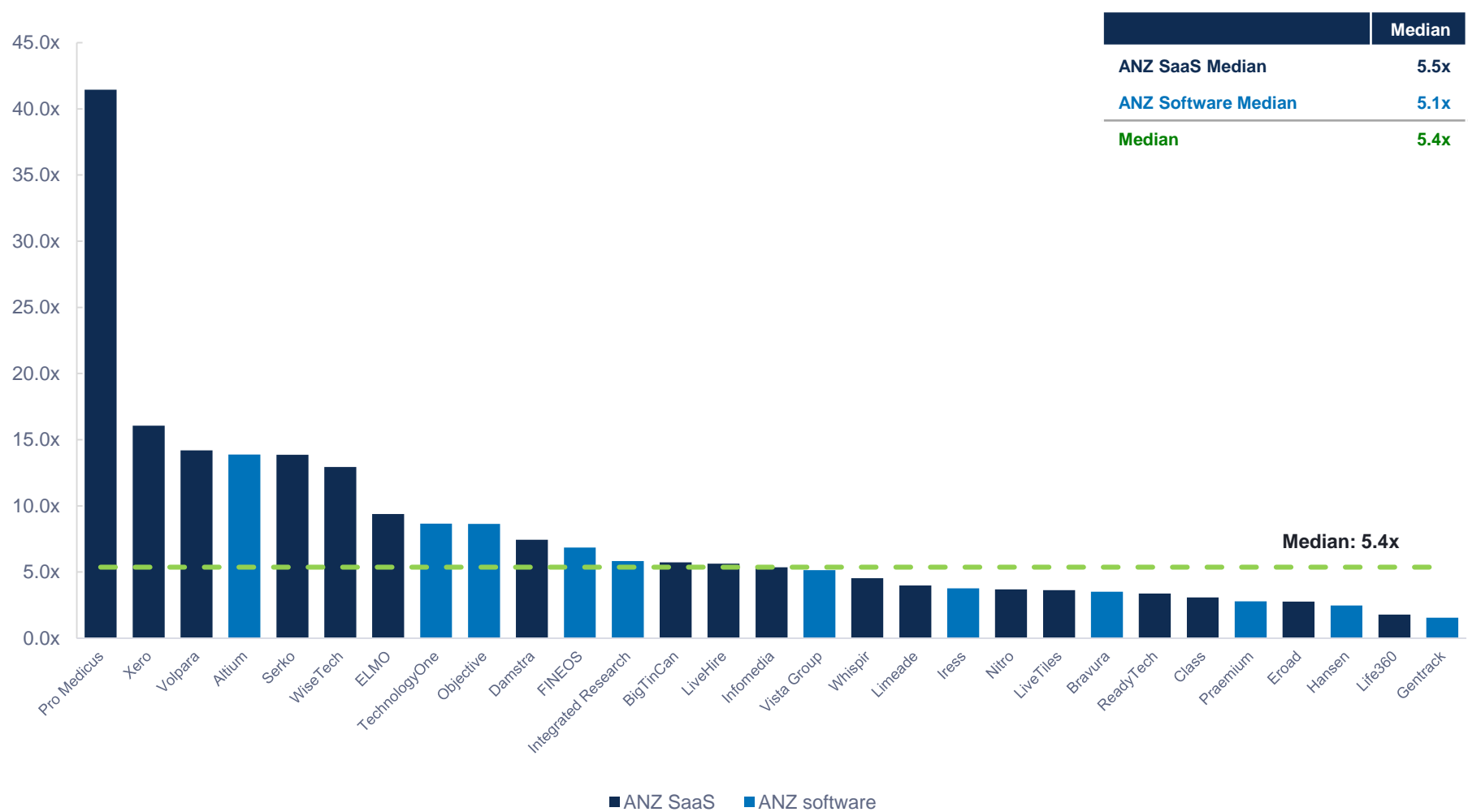
**US SaaS companies earn significantly more revenue per employee than their ANZ counterparts**



## SaaS and software trading multiples



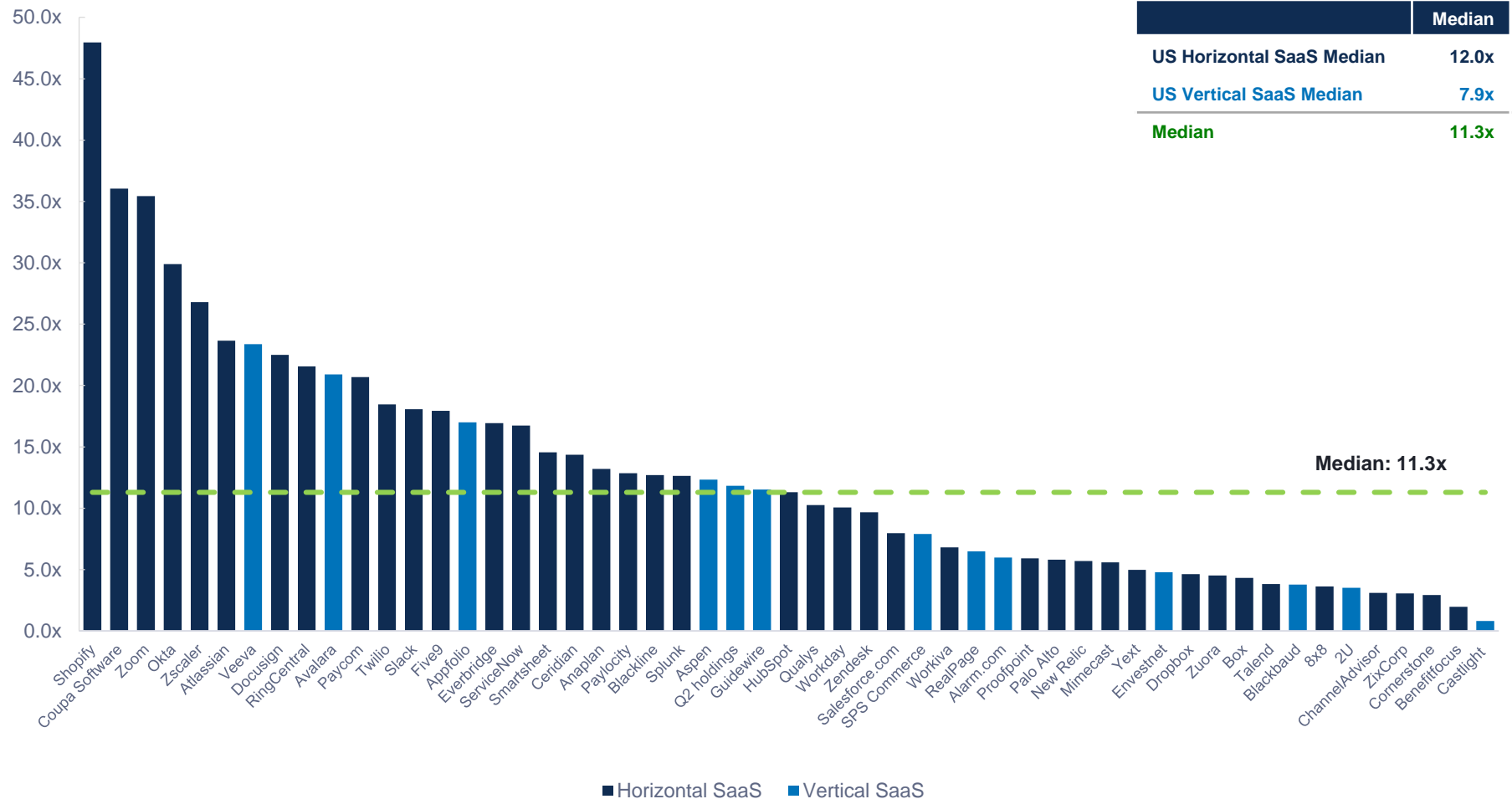
# ANZ: EV/ NTM revenue



**ANZ SaaS and software companies now trade at similar revenue multiples**

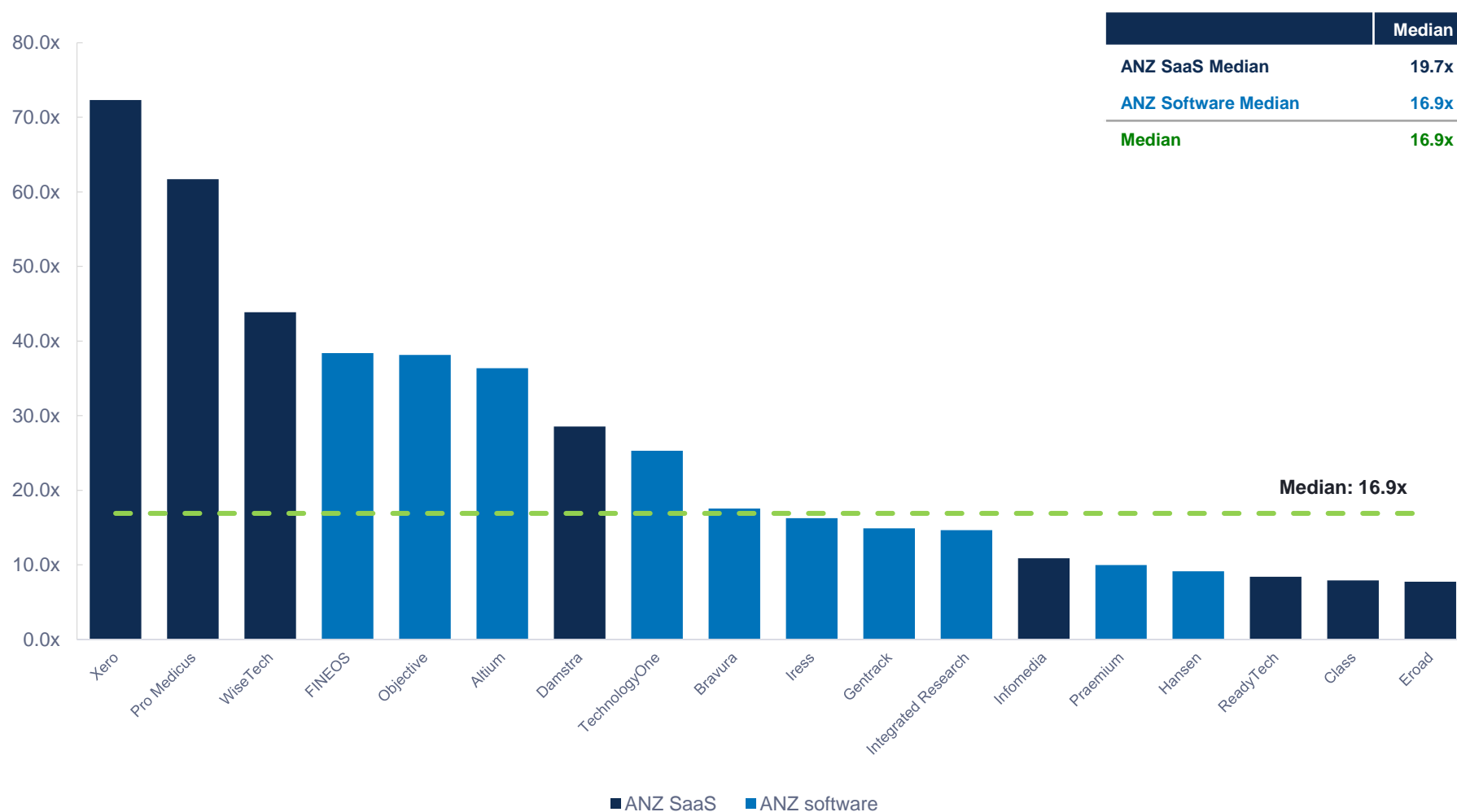


# US: EV/ NTM revenue



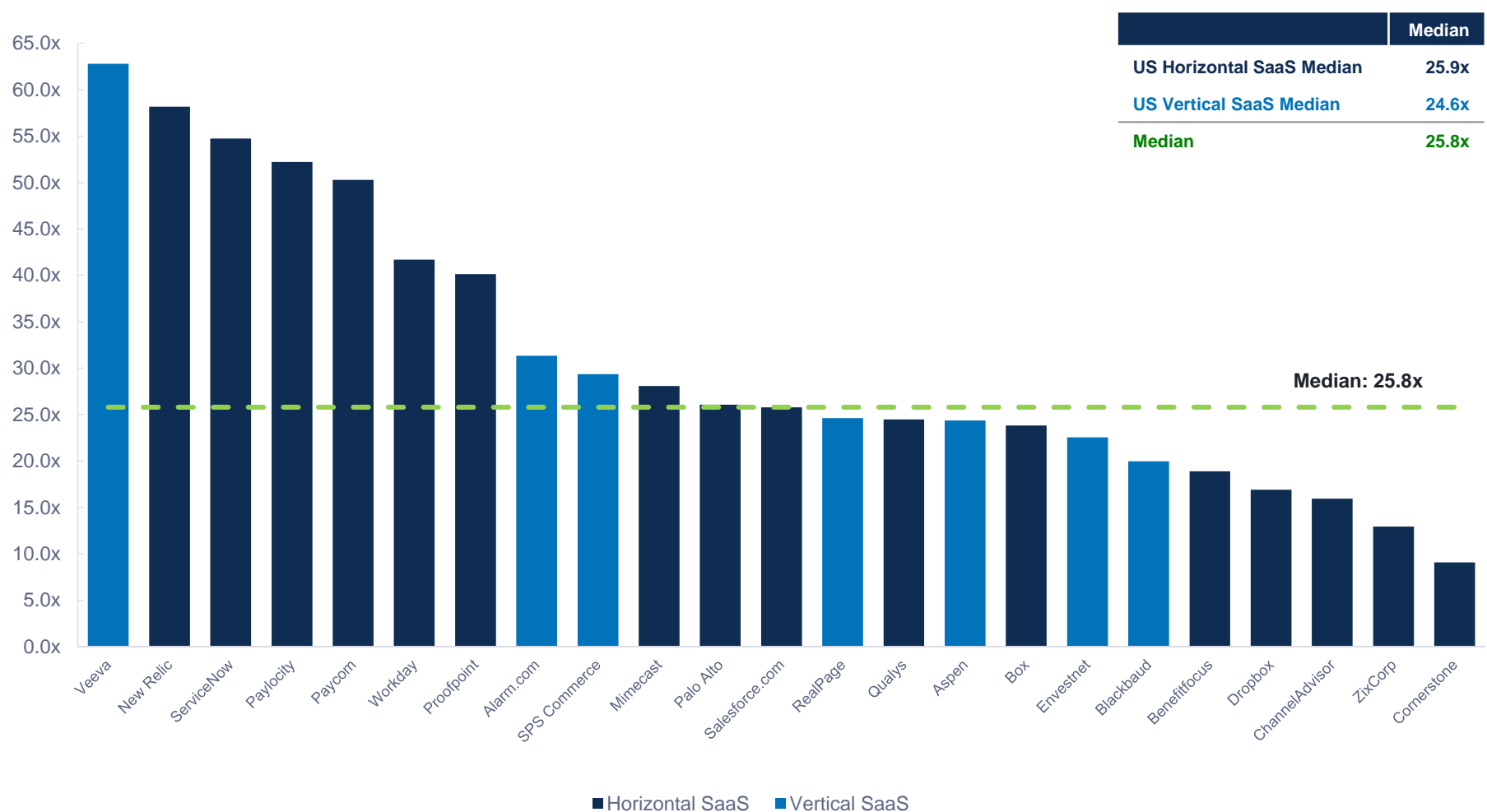
**US SaaS trade at a significant premium compared to their ANZ peers, horizontal SaaS companies are trading at higher multiples than vertical SaaS companies – reflecting higher growth rates**

# ANZ: EV/ NTM EBITDA<sup>1</sup>



**ANZ SaaS & software companies trade on ~17x median forward EBITDA**

# US: EV/ NTM EBITDA



**US SaaS companies trade on materially higher EBITDA multiples than their ANZ peers**



## Appendix: Index constituents



# Blackpeak ANZ SaaS index constituents

Company	Capitalisation		Multiples					Operating metrics												
			EV/ Revenue		EV/ EBITDA		FCF margin <sup>1</sup>	Margins (LTM)		Revenue growth		Expenses (LTM) <sup>2</sup>			SaaS <sup>3</sup>	S&M Efficiency <sup>4</sup>	Rule of 40% <sup>5</sup>	Recurring revenue	Attrition	Revenue/employee
	Equity Value (A\$m)	Enterprise Value (A\$m)	FY2020E	NTM	FY2020E	NTM	LTM	Gross	EBITDA	LTM	NTM	S&M/ revenue	R&D (exc)/ revenue	R&D (inc)/ revenue	SaaS magic number	LTM	NTM	Last reported	Last reported	LTM
ANZ SaaS																				
WiseTech	6,231	6,041	14.3x	12.9x	50.9x	43.9x	24.3%	80.9%	30.4%	39.5%	21.6%	15.0%	24.2%	36.0%	2.0x	2.1x	51.0%	90.0%	0.2%	405.58
Xero	12,770	12,734	19.6x	16.1x	293.1x	72.3x	15.4%	85.2%	20.1%	29.9%	18.4%	44.9%	27.9%	38.5%	1.1x	0.4x	40.6%	98.0%	13.2%	210.70
Class	163	147	3.4x	3.1x	8.5x	7.9x	22.6%	96.8%	44.0%	10.2%	14.1%	3.8%	15.4%	31.3%	6.7x	2.8x	53.0%	94.1%	1.1%	255.81
ELMO	613	476	9.4x	9.4x	n.a.	n.a.	(5.0%)	86.1%	(3.3%)	38.4%	26.6%	45.7%	10.3%	28.3%	0.5x	0.6x	18.6%	97.3%	7.1%	127.54
Eroad	204	240	3.2x	2.8x	18.3x	7.8x	38.2%	n.a.	22.3%	32.2%	14.1%	n.a.	15.6%	20.2%	n.a.	n.a.	49.8%	93.2%	2.0%	259.15
BigTinCan	277	215	6.9x	5.7x	n.a.	n.a.	(25.3%)	86.6%	(24.6%)	49.4%	57.4%	59.5%	37.5%	44.9%	2.4x	0.5x	53.0%	89.2%	11.0%	160.45
ReadyTech	112	135	3.4x	3.4x	8.4x	8.4x	(11.9%)	95.1%	41.5%	26.4%	22.0%	1.2%	n.a.	n.a.	6.3x	15.9x	62.2%	87.5%	5.0%	709.00
Serko	280	243	10.0x	13.9x	n.a.	n.a.	(37.5%)	92.9%	(31.1%)	10.7%	(27.5%)	11.6%	16.6%	42.5%	(11.3x)	1.7x	(100.8%)	87.4%	n.a.	107.99
Whispir	223	207	5.3x	4.5x	n.a.	n.a.	(50.3%)	65.6%	(31.5%)	16.5%	26.0%	40.4%	19.8%	32.9%	1.3x	0.2x	14.2%	95.6%	6.0%	257.41
LiveTiles	200	158	3.6x	3.6x	n.a.	n.a.	(86.5%)	97.1%	(94.7%)	221.7%	n.a.	11.0%	11.0%	17.9%	14.1x	3.7x	n.a.	82.5%	n.a.	193.27
LiveHire	55	29	7.0x	5.6x	n.a.	n.a.	(422.3%)	n.a.	(572.8%)	53.5%	53.8%	20.8%	n.a.	64.0%	n.a.	1.5x	(150.6%)	83.0%	8.4%	39.21
Damstra	183	175	8.5x	7.4x	34.9x	28.5x	(26.7%)	90.6%	17.4%	n.a.	n.a.	n.a.	2.2%	13.1%	n.a.	n.a.	n.a.	91.4%	3.0%	199.82
Life360	302	209	1.8x	1.8x	n.a.	n.a.	(51.1%)	85.7%	(48.7%)	83.8%	30.9%	57.5%	72.3%	72.3%	2.4x	0.8x	9.9%	74.7%	n.a.	487.85
Pro Medicus	2,750	2,714	45.4x	41.4x	69.1x	61.7x	50.7%	99.4%	51.4%	24.9%	19.0%	3.3%	11.7%	25.1%	28.8x	9.1x	86.2%	91.9%	n.a.	1386.62
Volpara	342	316	26.8x	14.2x	n.a.	n.a.	(123.5%)	88.7%	(180.8%)	152.0%	43.4%	105.1%	24.1%	24.8%	(0.7x)	0.2x	7.7%	75.8%	n.a.	95.81
Infomedia	628	532	5.6x	5.4x	11.6x	10.9x	21.8%	n.a.	47.7%	18.1%	11.6%	27.8%	30.5%	51.1%	1.2x	0.5x	60.8%	95.3%	n.a.	311.13
Limeade	356	315	4.0x	4.0x	n.a.	n.a.	1.2%	75.5%	(10.2%)	18.3%	17.0%	35.5%	32.3%	38.3%	1.0x	0.4x	2.9%	96.0%	2.6%	237.19
Nitro	280	216	3.7x	3.7x	n.a.	n.a.	3.0%	88.7%	(10.7%)	10.1%	13.2%	52.8%	19.8%	19.8%	n.a.	0.2x	(0.0%)	37.0%	10.0%	312.64
Median			6.2x	5.5x	26.6x	19.7x	(8.4%)	88.7%	(6.7%)	29.9%	20.3%	31.7%	19.8%	32.9%	1.7x	0.7x	29.6%	90.7%	5.5%	247
Max			45.4x	41.4x	293.1x	72.3x	50.7%	99.4%	51.4%	221.7%	57.4%	105.1%	72.3%	72.3%	28.8x	15.9x	86.2%	98.0%	13.2%	1387
Min			1.8x	1.8x	8.4x	7.8x	(422.3%)	65.6%	(572.8%)	10.1%	(27.5%)	1.2%	2.2%	13.1%	(11.3x)	0.2x	(150.6%)	37.0%	0.2%	39

Source: Capital IQ, company filings, Blackpeak Capital.

1) NTM FCF margin defined as free cash flows (t+1)/ revenue (t+1)

2) R&D (exc/ inc)/ revenue defined as R&D (excluding/ including capitalised development costs)/ revenue

3) SaaS magic number defined as [quarterly revenue Q(t)- quarterly revenue Q(t-1)]\*4/ quarterly S&M expense (t-1)

4) S&M efficiency defined as revenue (t+1)-revenue (t)/ S&M expense (t)

5) Rule of 40% NTM defined as revenue growth % (t+1) + EBITDA margin (t+1)

# Blackpeak ANZ software index constituents

Company	Capitalisation		Multiples					Operating metrics											
			EV/ Revenue		EV/ EBITDA		FCF margin <sup>1</sup>	Margins (LTM)		Revenue growth		Expenses (LTM) <sup>2</sup>			S&M Efficiency <sup>3</sup>	Rule of 40% <sup>4</sup>	Recurring revenue	Attrition	Revenue/ employee
	Equity Value (A\$m)	Enterprise Value (A\$m)	FY2020E	NTM	FY2020E	NTM	LTM	Gross	EBITDA	LTM	NTM	S&M/ revenue	R&D(exc)/ revenue	R&D(inc)/ revenue	LTM	NTM	Last reported	Last reported	LTM
ANZ software																			
FINEOS	1,061	1,017	7.3x	6.9x	39.6x	38.4x	(5.2%)	66.4%	13.8%	29.2%	36.5%	4.5%	12.1%	30.9%	2.7x	54.3%	32.9%	n.a.	191.43
Iress	2,063	2,139	3.8x	3.8x	16.3x	16.3x	22.6%	n.a.	22.6%	9.5%	11.3%	n.a.	n.a.	n.a.	n.a.	34.5%	90.0%	n.a.	290.16
TechnologyOne	2,801	2,748	9.1x	8.7x	27.3x	25.3x	22.4%	n.a.	27.8%	14.2%	6.0%	2.0%	20.6%	31.3%	5.5x	40.2%	28.4%	1.0%	280.97
Altium	4,252	4,154	15.2x	13.9x	40.8x	36.3x	36.1%	97.3%	38.2%	20.3%	7.4%	3.5%	9.9%	9.9%	4.9x	45.5%	59.0%	n.a.	358.35
Hansen	577	752	2.5x	2.5x	9.4x	9.1x	13.5%	n.a.	23.9%	17.1%	29.6%	n.a.	4.2%	8.3%	n.a.	56.7%	59.3%	n.a.	308.94
Integrated Research	662	654	6.1x	5.8x	15.4x	14.6x	14.0%	n.a.	38.6%	8.2%	9.1%	50.6%	16.8%	27.7%	0.2x	48.9%	86.0%	n.a.	227.34
Objective	689	668	9.6x	8.9x	46.1x	40.5x	28.1%	96.0%	23.2%	12.2%	38.0%	41.9%	22.1%	22.1%	(0.0x)	60.7%	75.8%	n.a.	223.48
Praemium	147	137	2.9x	2.8x	10.4x	10.0x	8.2%	n.a.	29.3%	3.4%	7.7%	3.0%	n.a.	n.a.	1.4x	35.6%	n.a.	n.a.	163.91
Vista Group	310	267	5.1x	5.1x	n.a.	n.a.	9.6%	n.a.	16.7%	10.6%	(55.1%)	6.6%	19.4%	23.5%	1.5x	(69.7%)	61.0%	n.a.	193.04
Bravura	1,100	1,045	3.7x	3.5x	19.1x	17.5x	17.5%	n.a.	19.3%	8.4%	10.5%	n.a.	0.7%	2.2%	n.a.	30.5%	78.0%	n.a.	226.79
Gentrack	130	140	1.6x	1.6x	14.9x	14.9x	13.6%	n.a.	23.0%	0.9%	(13.6%)	1.0%	7.8%	12.5%	6.5x	(3.2%)	88.7%	n.a.	231.92
Median			5.1x	5.1x	17.7x	16.9x	14.0%	96.0%	23.2%	10.6%	9.1%	4.0%	12.1%	22.1%	2.1x	40.2%	68.4%	1.0%	227
Max			15.2x	13.9x	46.1x	40.5x	36.1%	97.3%	38.6%	29.2%	38.0%	50.6%	22.1%	31.3%	6.5x	60.7%	90.0%	1.0%	358
Min			1.6x	1.6x	9.4x	9.1x	(5.2%)	66.4%	13.8%	0.9%	(55.1%)	1.0%	0.7%	2.2%	(0.0x)	(69.7%)	28.4%	1.0%	164

Source: Capital IQ, company filings, Blackpeak Capital.

1) NTM FCF margin defined as free cash flows (t+1)/ revenue (t+1)

2) R&D (exc/ inc)/ revenue defined as R&D (excluding/ including capitalised development costs)/ revenue

3) SaaS magic number defined as [quarterly revenue Q(t) - quarterly revenue Q(t-1)]\*4/ quarterly S&M expense (t-1)

4) Rule of 40% NTM defined as revenue growth % (t+1) + EBITDA margin (t+1)



# Blackpeak US horizontal SaaS index constituents

Company	Capitalisation		Multiples					Operating metrics												Revenue/ employee
			EV/ Revenue		EV/ EBITDA		FCF margin <sup>1</sup>	Margins (LTM)		Revenue growth		Expenses (LTM) <sup>2</sup>			SaaS <sup>3</sup>	S&M Efficiency <sup>4</sup>	Rule of 40% <sup>5</sup>	Recurring revenue	Attrition	
	Equity Value (A\$m)	Enterprise Value (A\$m)	FY20E	NTM	FY20E	NTM	NTM	Gross	EBITDA	LTM	NTM	S&M/ revenue	R&D (exc)/ revenue	R&D (inc)/ revenue	SaaS magic number	LTM	NTM	Last reported	Last reported	LTM
US horizontal SaaS																				
Workday	63,818.6	63,095.7	12.0x	10.1x	58.0x	41.7x	14.4%	70.9%	(4.1%)	26.1%	15.6%	30.5%	43.1%	43.1%	0.5x	1.0x	39.7%	86.0%	n.a.	446.26
Splunk	45,722.0	46,302.8	13.6x	12.6x	n.m.	n.a.	n.a.	80.5%	(14.0%)	23.6%	3.1%	54.8%	28.8%	29.1%	2.1x	0.6x	4.9%	65.4%	n.a.	591.38
ServiceNow	111,883.8	110,934.2	17.6x	16.7x	57.6x	54.7x	29.7%	77.6%	10.2%	31.3%	27.5%	43.4%	21.6%	23.5%	0.7x	0.8x	57.4%	94.0%	3.0%	483.04
Zendesk	14,646.8	14,834.7	10.1x	9.7x	n.m.	n.a.	4.3%	72.7%	(13.3%)	31.5%	24.0%	49.2%	25.4%	26.5%	0.8x	0.8x	33.3%	42.0%	n.a.	329.92
Paylocity	11,344.3	11,202.7	13.9x	12.9x	52.4x	52.2x	12.9%	68.0%	17.1%	24.2%	19.2%	27.1%	14.3%	18.9%	0.7x	0.9x	43.8%	96.7%	8.0%	252.45
Cornerstone	3,565.0	3,436.3	3.2x	2.9x	11.0x	9.1x	9.9%	73.2%	4.9%	7.6%	28.6%	39.0%	21.7%	25.9%	0.3x	0.2x	60.8%	94.7%	9.7%	424.77
Proofpoint	9,222.8	9,033.6	6.1x	5.9x	43.7x	40.1x	11.9%	73.3%	(3.5%)	22.4%	16.7%	47.4%	26.4%	26.4%	0.6x	0.8x	31.5%	98.5%	10.0%	402.11
Paycom	25,765.2	25,580.6	21.4x	20.7x	53.0x	50.3x	19.9%	88.6%	35.8%	21.4%	13.0%	25.0%	9.8%	9.8%	1.6x	1.2x	54.0%	98.0%	7.0%	300.10
Benefitfocus	500.4	757.5	2.0x	2.0x	18.7x	18.9x	n.a.	50.6%	(4.0%)	10.9%	(12.4%)	24.5%	20.1%	20.1%	3.3x	0.3x	(2.0%)	78.5%	5.0%	272.54
Qualys	5,869.7	5,460.7	10.5x	10.3x	24.8x	24.5x	38.4%	78.9%	32.6%	14.9%	11.2%	21.6%	21.2%	21.2%	0.5x	0.8x	53.1%	n.a.	1.0%	364.32
RingCentral	36,286.4	36,752.9	22.7x	21.6x	n.m.	n.a.	4.4%	73.8%	(0.5%)	32.4%	26.3%	52.4%	16.8%	29.3%	0.7x	0.6x	39.4%	90.7%	1.0%	538.30
Five9	10,379.5	10,236.4	18.5x	17.9x	n.m.	n.a.	7.3%	58.8%	3.9%	28.1%	22.0%	29.9%	14.3%	14.3%	1.4x	0.9x	38.4%	91.0%	n.a.	417.23
Salesforce.com	244,467.2	239,267.5	9.7x	8.0x	33.7x	25.8x	22.4%	74.9%	11.3%	30.1%	17.4%	47.3%	16.8%	16.8%	0.7x	0.6x	48.4%	94.0%	9.0%	538.75
Palo Alto	32,089.8	31,858.2	6.5x	5.8x	29.0x	26.1x	29.8%	71.6%	1.1%	18.6%	16.8%	45.9%	21.8%	21.8%	0.5x	0.6x	39.2%	69.8%	n.a.	587.31
Atlassian	64,452.4	63,118.3	27.3x	23.7x	n.m.	n.a.	27.4%	82.9%	1.2%	33.4%	19.1%	21.2%	53.8%	53.8%	2.3x	1.7x	45.0%	60.1%	n.a.	456.53
Blackline	6,771.3	6,467.4	13.1x	12.7x	n.m.	n.a.	2.1%	80.0%	(3.5%)	27.8%	17.7%	54.6%	17.0%	19.0%	0.5x	0.5x	29.5%	94.1%	2.0%	401.54
ChannelAdvisor	650.8	591.1	3.1x	3.1x	16.0x	15.9x	14.6%	78.3%	11.3%	(0.7%)	6.7%	38.7%	15.2%	17.4%	1.0x	0.1x	26.1%	76.0%	n.a.	294.23
HubSpot	14,176.6	13,657.9	11.7x	11.3x	n.m.	n.a.	4.1%	80.8%	(4.7%)	31.2%	19.6%	51.0%	25.2%	27.3%	0.6x	0.6x	29.0%	77.7%	n.a.	292.28
Shopify	164,107.4	160,893.3	n.m.	48.0x	n.m.	n.a.	3.7%	54.5%	(7.7%)	60.5%	65.6%	30.0%	23.3%	23.6%	4.0x	1.8x	67.8%	36.3%	n.a.	500.48
Twilio	44,509.9	42,778.9	19.4x	18.5x	n.m.	n.a.	n.a.	53.4%	(21.2%)	57.9%	34.4%	32.7%	34.6%	36.5%	1.4x	2.5x	40.8%	93.4%	n.a.	599.33
Docusign	45,772.4	45,650.1	32.4x	22.5x	n.m.	n.a.	12.6%	75.2%	(13.7%)	39.2%	35.2%	59.9%	19.6%	19.6%	0.7x	0.6x	46.2%	94.0%	n.a.	391.66

Source: Capital IQ, company filings, Blackpeak Capital.

1) NTM FCF margin defined as free cash flows (t+1)/ revenue (t+1)

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3) SaaS magic number defined as [quarterly revenue Q(t)- quarterly revenue Q(t-1)]\*4/ quarterly S&M expense (t-1)

4) S&M efficiency defined as revenue (t+1)-revenue (t)/ S&M expense (t)

5) Rule of 40% NTM defined as revenue growth % (t+1) + EBITDA margin (t+1)

# Blackpeak US horizontal SaaS index constituents

Company	Capitalisation		Multiples					Operating metrics												
			EV/ Revenue		EV/ EBITDA		FCF margin <sup>1</sup>	Margins (LTM)		Revenue growth		Expenses (LTM) <sup>2</sup>			SaaS <sup>3</sup>	S&M Efficiency <sup>4</sup>	Rule of 40% <sup>5</sup>	Recurring revenue	Attrition	Revenue/ employee
	Equity Value (A\$m)	Enterprise Value (A\$m)	FY20E	NTM	FY20E	NTM	NTM	Gross	EBITDA	LTM	NTM	S&M/ revenue	R&D (exc)/ revenue	R&D (inc)/ revenue	SaaS magic number	LTM	NTM	Last reported	Last reported	LTM
US horizontal SaaS																				
Zscaler	20,700.2	20,192.6	32.9x	26.8x	n.m.	n.a.	8.8%	79.1%	(10.3%)	43.5%	39.9%	60.8%	21.5%	23.5%	0.5x	0.8x	49.5%	97.0%	n.a.	383.13
Dropbox	13,029.3	13,004.7	4.7x	4.6x	17.8x	16.9x	26.3%	76.0%	7.8%	18.5%	14.0%	24.6%	40.1%	40.2%	0.7x	0.9x	41.4%	90.0%	n.a.	894.95
Smartsheet	8,831.9	8,152.0	20.8x	14.6x	n.m.	n.a.	n.a.	79.7%	(32.4%)	51.9%	34.8%	65.1%	34.6%	37.1%	0.5x	1.1x	22.6%	90.6%	n.a.	249.58
Zuora	2,141.4	2,001.6	5.0x	4.5x	n.m.	n.a.	n.a.	53.0%	(24.8%)	15.9%	8.1%	38.9%	27.1%	27.1%	-0.2x	0.9x	6.1%	77.6%	n.a.	331.48
Okta	36,138.3	35,724.5	42.1x	29.9x	n.m.	n.a.	5.7%	73.2%	(27.6%)	46.0%	32.7%	56.3%	27.0%	29.0%	0.7x	0.9x	30.8%	95.2%	n.a.	391.90
New Relic	5,972.1	5,520.2	6.4x	5.7x	42.9x	58.2x	3.6%	82.8%	(7.9%)	21.3%	11.7%	55.8%	25.5%	26.6%	0.4x	0.5x	21.4%	n.a.	n.a.	407.48
Coupa Software	26,914.4	26,931.5	47.7x	36.0x	n.m.	n.a.	10.1%	63.8%	(9.2%)	49.8%	26.2%	39.2%	24.1%	24.1%	1.0x	0.8x	40.3%	88.4%	n.a.	365.81
Box	4,614.1	4,907.3	4.9x	4.3x	58.5x	23.8x	12.5%	69.2%	(9.1%)	13.6%	9.9%	43.5%	28.8%	30.2%	0.3x	0.4x	28.1%	n.a.	n.a.	531.91
Mimecast	3,799.3	3,880.4	6.3x	5.6x	36.0x	28.1x	15.8%	74.4%	8.9%	22.6%	15.0%	39.6%	18.9%	18.9%	0.7x	0.8x	34.9%	n.a.	n.a.	343.56
Everbridge	6,885.4	6,823.5	18.0x	16.9x	n.m.	n.a.	3.7%	67.5%	(19.9%)	36.1%	30.4%	44.8%	28.9%	32.5%	0.8x	0.9x	34.5%	91.4%	n.a.	304.80
Workiva	3,652.1	3,403.6	7.0x	6.8x	n.m.	n.a.	1.5%	72.0%	(13.8%)	20.6%	12.3%	41.8%	29.0%	29.2%	0.7x	0.4x	5.9%	82.3%	5.3%	284.89
Yext	2,832.2	2,662.9	6.2x	5.0x	n.m.	n.a.	n.a.	74.1%	(39.2%)	28.2%	18.5%	73.0%	17.1%	17.1%	0.3x	0.6x	6.7%	96.0%	n.a.	380.77
Talend	1,573.6	1,543.5	3.9x	3.8x	n.m.	n.a.	n.a.	76.6%	(19.1%)	19.2%	10.3%	54.8%	24.8%	24.8%	0.5x	0.7x	2.0%	88.3%	n.a.	302.21
Zoom	103,595.9	102,098.8	n.m.	35.4x	n.m.	n.a.	20.8%	76.5%	7.6%	118.2%	190.1%	48.0%	9.6%	9.7%	0.9x	2.9x	217.0%	97.0%	4.0%	420.63
Slack	25,383.8	24,392.0	26.7x	18.1x	n.m.	n.a.	n.a.	85.1%	n.a.	81.6%	38.5%	64.0%	71.3%	71.7%	0.5x	1.1x	29.9%	n.a.	n.a.	466.47
8x8	2,405.2	2,722.4	4.5x	3.6x	n.m.	n.a.	n.a.	54.9%	(33.8%)	28.8%	16.7%	58.0%	18.8%	26.4%	0.6x	0.2x	13.0%	96.0%	n.a.	358.06
Anaplan	9,026.4	8,662.7	17.2x	13.2x	n.m.	n.a.	n.a.	75.0%	(35.6%)	41.9%	24.0%	70.7%	20.5%	23.6%	0.6x	0.6x	16.3%	91.6%	n.a.	340.19
ZixCorp	545.6	809.5	2.6x	3.1x	11.0x	12.9x	10.2%	53.3%	19.6%	136.5%	23.0%	2.2%	11.0%	11.0%	n.a.	3.2x	46.7%	100.0%	n.a.	503.00
Ceridian	17,306.9	17,974.1	14.6x	14.4x	n.m.	n.a.	6.0%	44.9%	14.3%	11.6%	3.0%	0.6%	7.4%	12.1%	n.a.	11.5x	22.0%	79.5%	3.7%	243.69
Median			11.8x	12.0x	34.8x	25.9x	11.0%	74.0%	-4.1%	28.2%	18.8%	44.1%	21.8%	24.5%	0.7x	77.8%	34.7%	91.0%	5.0%	391.78
Max			47.7x	48.0x	58.5x	58.2x	38.4%	88.6%	35.8%	136.5%	190.1%	73.0%	71.3%	71.7%	4.0x	1151.8%	217.0%	100.0%	10.0%	894.95
Min			2.0x	2.0x	11.0x	9.1x	1.5%	44.9%	-39.2%	-0.7%	-12.4%	0.6%	7.4%	9.7%	(0.2x)	14.4%	-2.0%	36.3%	1.0%	243.69

Source: Capital IQ, company filings, Blackpeak Capital.

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4) S&M efficiency defined as revenue (t+1)-revenue (t)/ S&M expense (t)

5) Rule of 40% NTM defined as revenue growth % (t+1) + EBITDA margin (t+1)

# Blackpeak US vertical SaaS index constituents

Company	Capitalisation		Multiples						Operating metrics											
			EV/ Revenue		EV/ EBITDA		FCF margin <sup>1</sup>	Margins (LTM)		Revenue growth		Expenses (LTM) <sup>2</sup>			SaaS <sup>3</sup>	S&M Efficiency <sup>4</sup>	Rule of 40% <sup>5</sup>	Recurring revenue	Attrition	Revenue/ employee
	Equity Value (A\$m)	Enterprise Value (A\$m)	FY20E	NTM	FY20E	NTM	NTM	Gross	EBITDA	LTM	NTM	S&M/ revenue	R&D (exc)/ revenue	R&D (inc)/ revenue	SaaS magic number	LTM	NTM	Last reported	Last reported	LTM
US vertical SaaS																				
Avalara	15,117.3	14,565.8	21.9x	20.9x	n.m.	n.a.	n.a.	69.6%	(11.9%)	34.3%	20.3%	43.8%	22.6%	22.6%	0.9x	0.4x	20.7%	92.8%	n.a.	227.70
Castlight	179.7	143.7	0.8x	0.8x	n.m.	n.a.	n.a.	59.5%	(20.9%)	(4.6%)	(7.2%)	27.1%	38.9%	38.9%	0.4x	0.4x	(19.1%)	95.3%	n.a.	459.43
Veeva	50,979.9	49,055.8	30.7x	23.4x	n.m.	62.8x	38.6%	72.2%	27.4%	31.3%	25.9%	17.3%	19.0%	19.1%	2.7x	1.3x	63.2%	81.6%	n.a.	494.98
Guidewire	13,355.0	12,475.2	12.2x	11.5x	n.m.	n.a.	13.6%	52.9%	(0.7%)	(6.0%)	(1.6%)	19.8%	28.1%	28.8%	2.0x	1.3x	12.0%	61.4%	n.a.	400.03
2U	3,516.5	3,788.5	3.6x	3.5x	n.m.	n.a.	n.a.	70.3%	(16.6%)	40.7%	29.4%	58.1%	20.9%	31.6%	0.4x	0.8x	29.7%	n.a.	n.a.	189.51
Aspen	10,144.7	10,548.0	12.9x	12.3x	26.5x	24.4x	47.5%	89.4%	43.5%	4.4%	(5.3%)	19.9%	15.4%	15.4%	-1.3x	0.3x	45.3%	92.6%	n.a.	531.04
Alarm.com	4,576.8	4,562.8	6.0x	6.0x	30.9x	31.3x	11.0%	62.6%	16.0%	23.2%	5.0%	12.1%	23.9%	24.7%	3.5x	1.9x	24.1%	67.1%	6.0%	639.76
Appfolio	8,071.4	8,172.0	17.9x	17.0x	n.m.	n.a.	-	60.8%	6.6%	30.6%	25.2%	20.2%	21.2%	29.7%	-0.2x	1.6x	40.2%	94.8%	n.a.	302.40
RealPage	9,321.7	10,912.9	6.6x	6.5x	25.5x	24.6x	21.5%	60.9%	16.9%	15.3%	16.1%	19.7%	16.9%	16.9%	0.0x	1.4x	42.5%	96.5%	n.a.	204.46
Envestnet	5,700.0	6,610.1	4.8x	4.8x	22.0x	22.5x	11.2%	48.0%	11.5%	16.3%	7.3%	n.a.	4.1%	8.2%	n.a.	n.a.	28.5%	96.0%	n.a.	327.36
Q2 holdings	6,611.6	7,133.8	12.5x	11.8x	n.m.	n.a.	2.0%	47.0%	(13.2%)	30.7%	25.5%	20.2%	29.1%	29.4%	1.8x	1.1x	30.7%	70.4%	5.1%	309.71
Blackbaud	3,993.5	4,895.7	3.8x	3.8x	19.7x	20.0x	11.8%	53.4%	11.7%	4.9%	1.2%	25.0%	13.6%	18.7%	1.2x	0.4x	20.1%	92.0%	8.0%	364.29
SPS Commerce	3,800.3	3,522.6	8.1x	7.9x	29.9x	29.4x	19.8%	67.0%	20.8%	11.3%	9.3%	24.6%	10.4%	10.4%	0.4x	0.4x	36.2%	94.0%	n.a.	304.33
Median			8.1x	7.9x	26.0x	24.6x	12.7%	60.9%	11.5%	16.3%	9.3%	20.2%	20.9%	22.6%	0.7x	98.6%	29.7%	92.7%	6.0%	327.36
Max			30.7x	23.4x	30.9x	62.8x	47.5%	89.4%	43.5%	40.7%	29.4%	58.1%	38.9%	38.9%	3.5x	187.5%	63.2%	96.5%	8.0%	639.76
Min			0.8x	0.8x	19.7x	20.0x	0.0%	47.0%	-20.9%	-6.0%	-7.2%	12.1%	4.1%	8.2%	(1.3x)	26.6%	-19.1%	61.4%	5.1%	189.51

Source: Capital IQ, company filings, Blackpeak Capital.

1) NTM FCF margin defined as free cash flows (t+1)/ revenue (t+1)

2) R&D (exc/ inc)/ revenue defined as R&D (excluding/ including capitalised development costs)/ revenue

3) SaaS magic number defined as [quarterly revenue Q(t)- quarterly revenue Q(t-1)]\*4/ quarterly S&M expense (t-1)

4) S&M efficiency defined as revenue (t+1)-revenue (t)/ S&M expense (t)

5) Rule of 40% NTM defined as revenue growth % (t+1) + EBITDA margin (t+1)



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