

7 Mile Advisors



# Sectorwatch: Advanced Analytics

September 2021



**7MA**

# Advanced Analytics

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# Overview

**7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.**

We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

## DASHBOARD

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.

## PUBLIC BASKET PERFORMANCE

- Summary valuation and operating metrics for a basket of comparable public companies.

## VALUATION COMPARISON

- Graphical, detailed comparison of valuation multiples for the public basket.

## RECENT DEALS

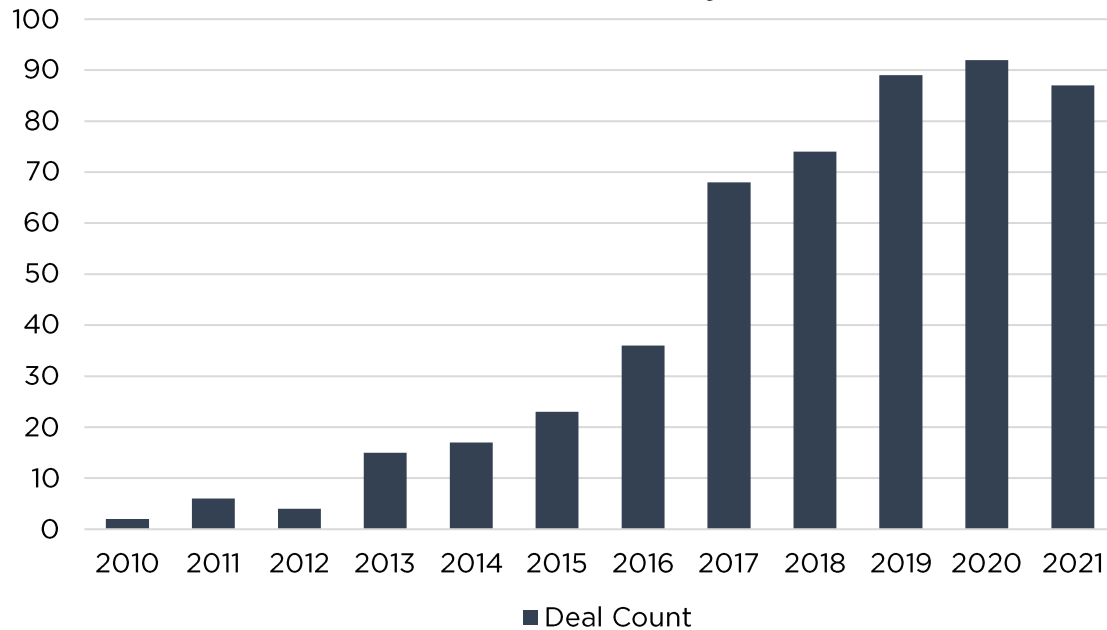
- The most recently announced deals in the sector

# Dashboard

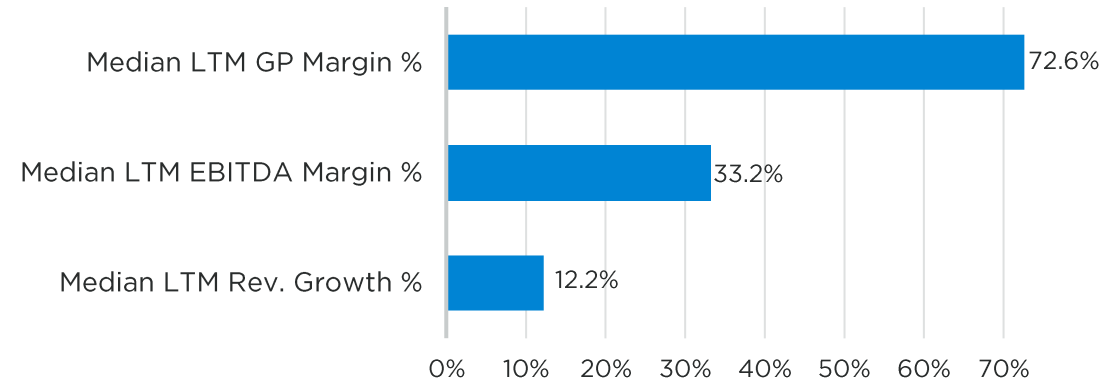
## REVENUE GROWTH MOMENTUM ↓ -3.8%

1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

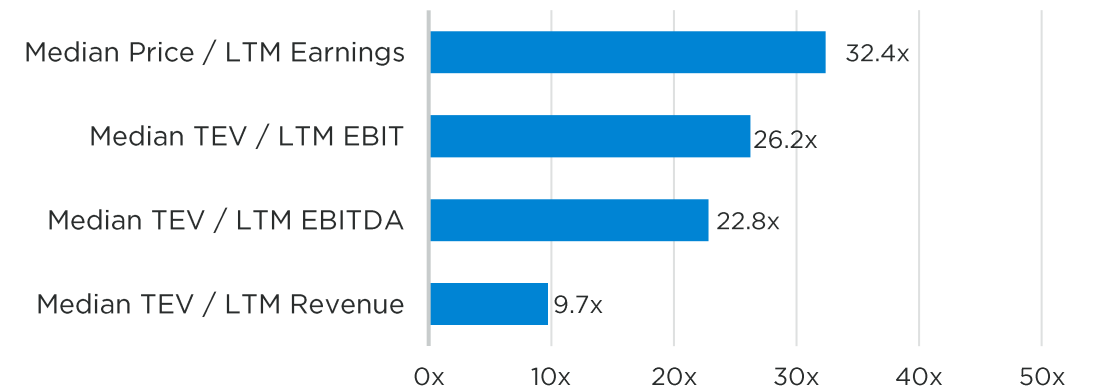
### M&A Activity



### Operating Metrics



### Valuation



# Public Basket Overview

Advanced Analytics

TMT

FICO | alteryx | The Thrill of Solving

Alphabet | IBM

Big Data

SAP | splunk

CloudTech & DevOps

Microsoft

Marketing Tech

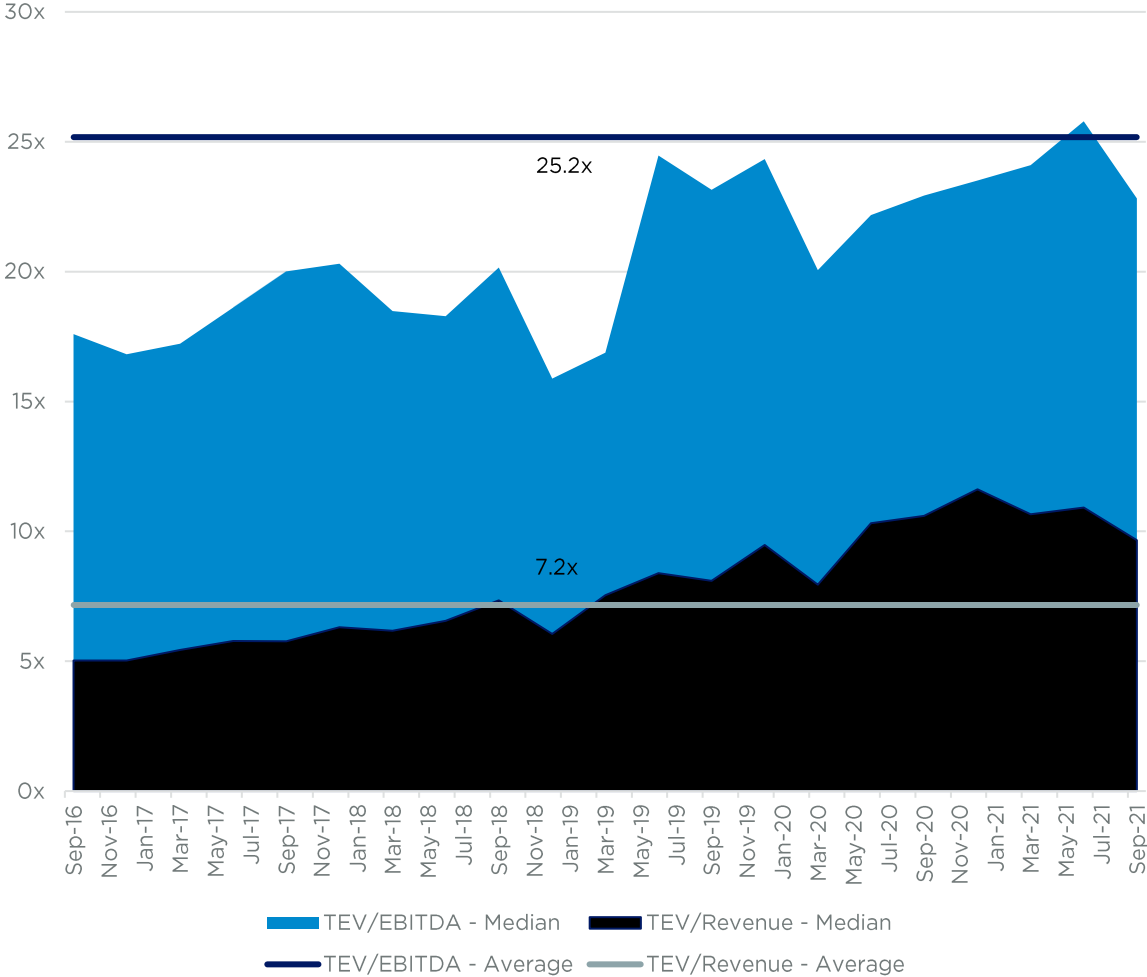
Adobe

# Public Basket

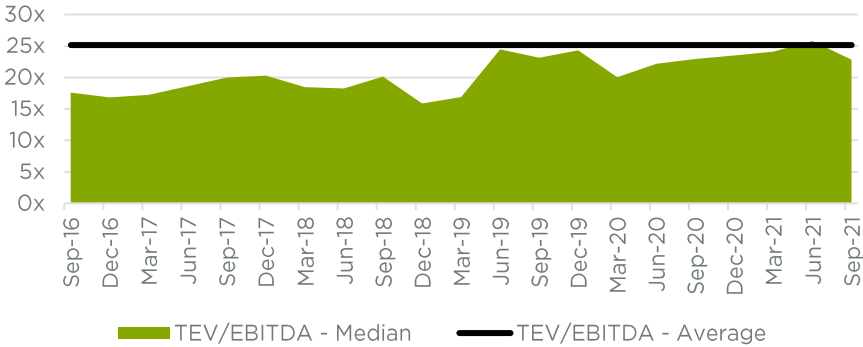
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Alteryx	5,239	-3	529	13.8%	91.5%	-0.5%	9.9x	#N/A	1,596	331
Fair Isaac	12,779	511	1,356	10.7%	73.9%	37.6%	9.4x	25.0x	3,841	353
Splunk	25,188	-947	2,411	2.9%	73.4%	-39.3%	10.4x	NA	7,573	318
SAP	177,985	9,302	32,295	-3.6%	71.9%	28.8%	5.5x	19.1x	103,876	311
International Business Machines	175,199	13,454	74,404	-1.4%	48.6%	18.1%	2.4x	13.0x	375,300	198
Adobe Systems	295,180	5,735	14,389	19.5%	87.9%	39.9%	19.5x	46.8x	22,516	639
Alphabet	1,791,249	86,890	220,265	32.7%	55.7%	39.4%	8.1x	20.6x	144,056	1,529
Microsoft	2,187,024	82,217	168,088	17.5%	68.9%	48.9%	13.0x	26.6x	181,000	929
<b>Average</b>	583,730	24,645	64,217	11.5%	71.5%	21.6%	9.8x	25.2x	104,970	576
<b>Median</b>	176,592	7,518	23,342	12.2%	72.6%	33.2%	9.7x	22.8x	63,196	342

share price as of 27Sep21

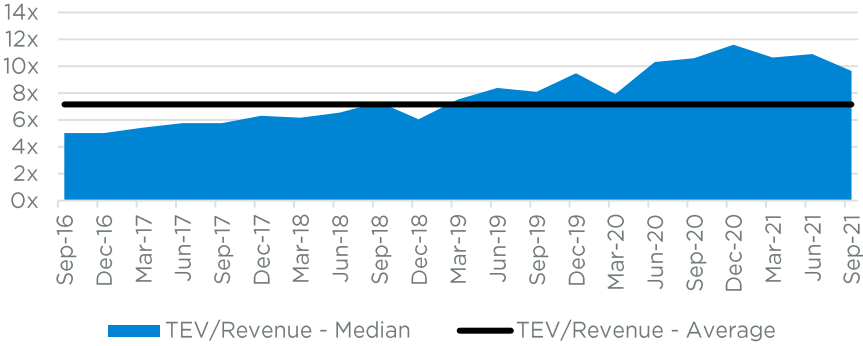
# Public Basket



### Public EBITDA Multiples over Time

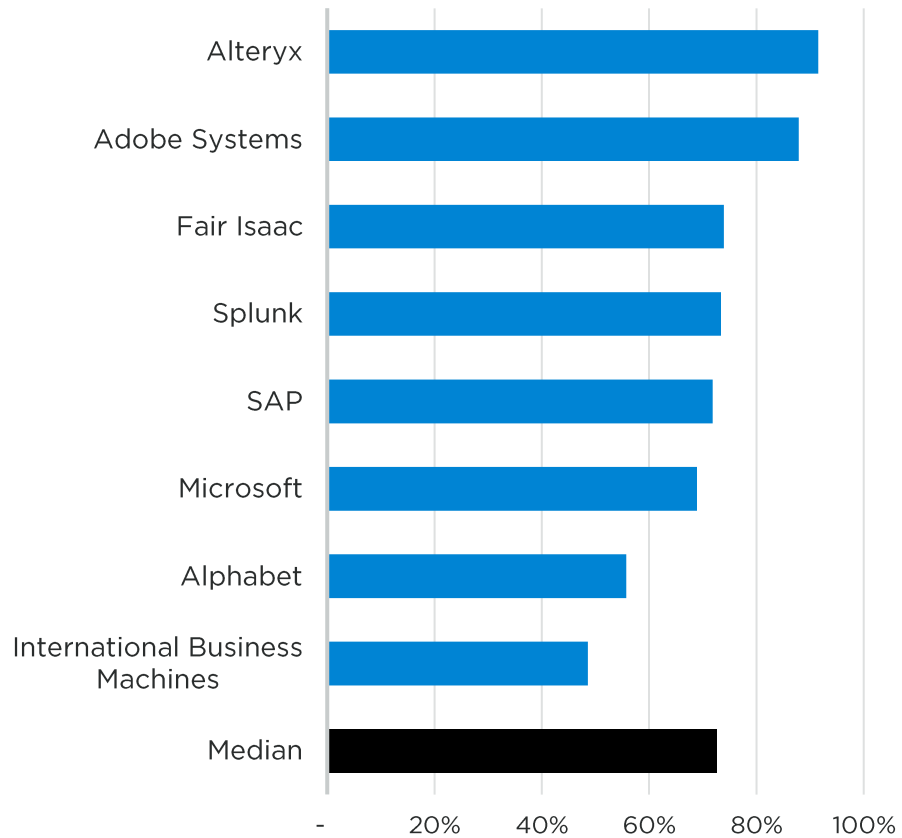


### Public Revenue Multiples over Time

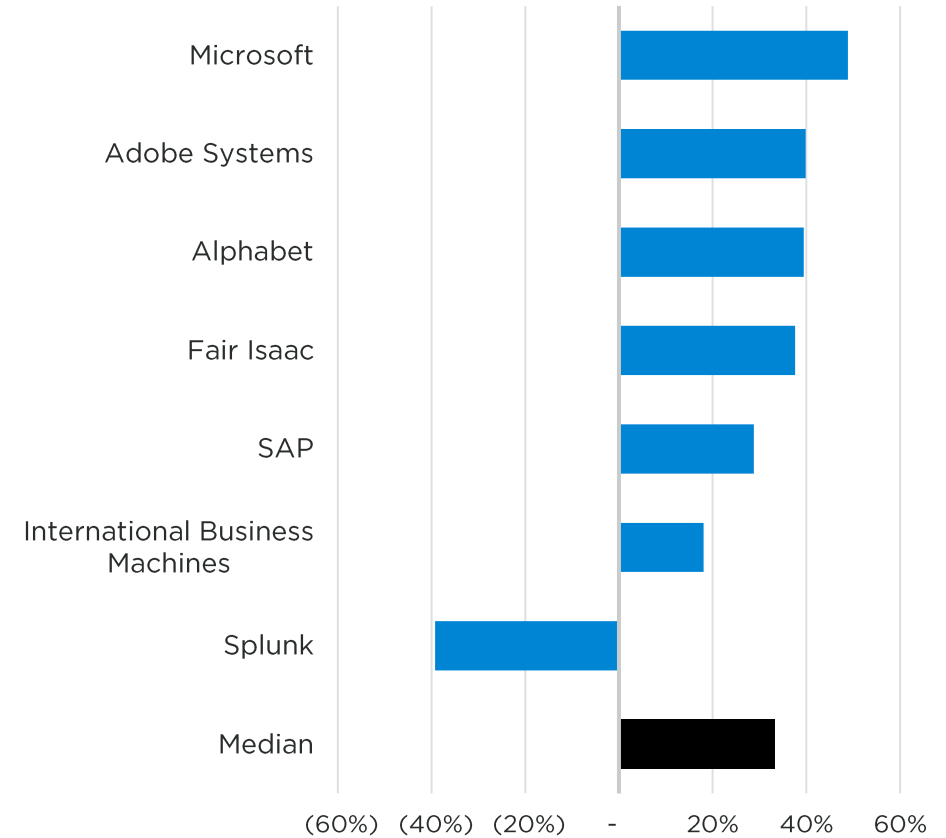


# Operational Metrics

## LTM Gross Profit Margin %



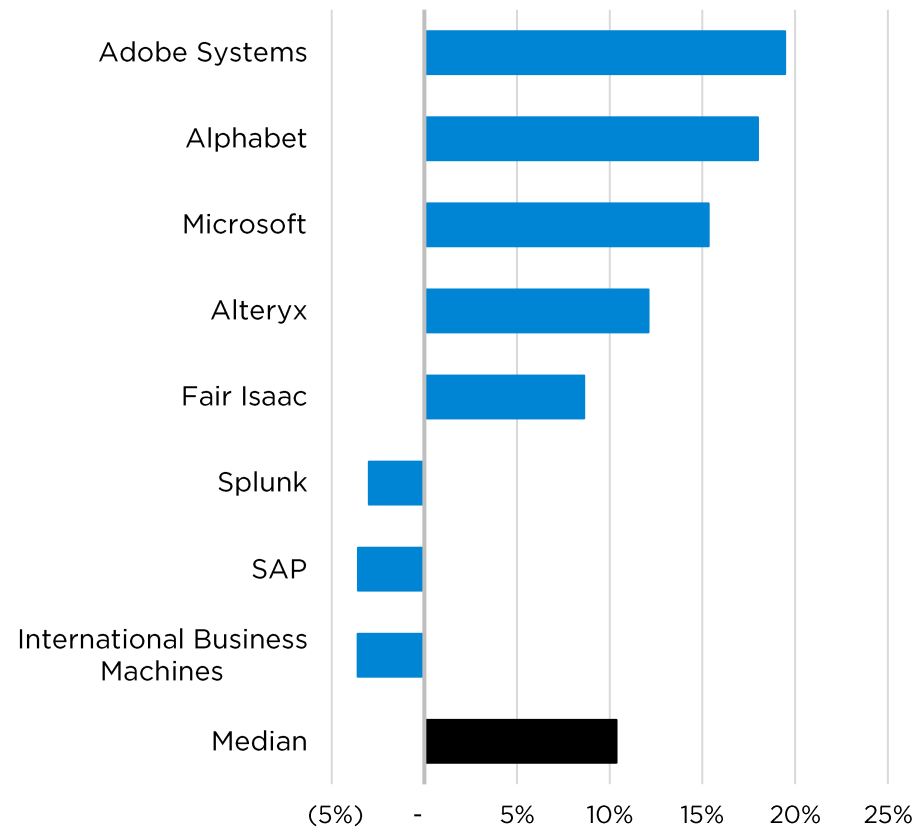
## LTM EBITDA %



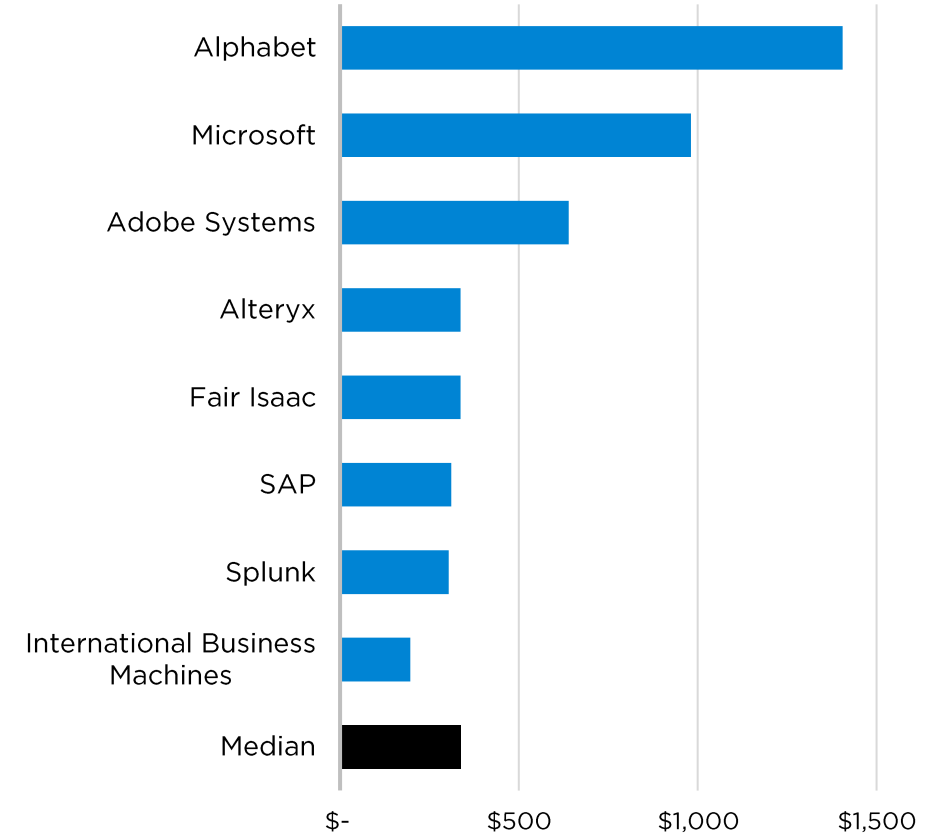


# Operational Metrics

LTM Revenue Growth %

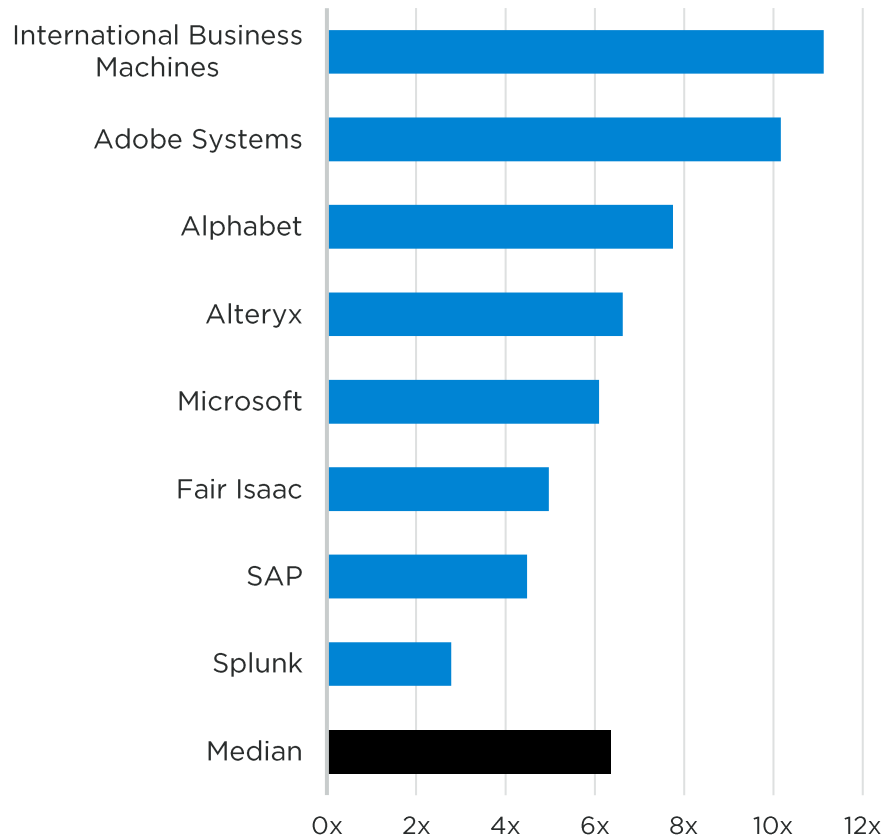


LTM Revenue per Full Time Employee x 000's

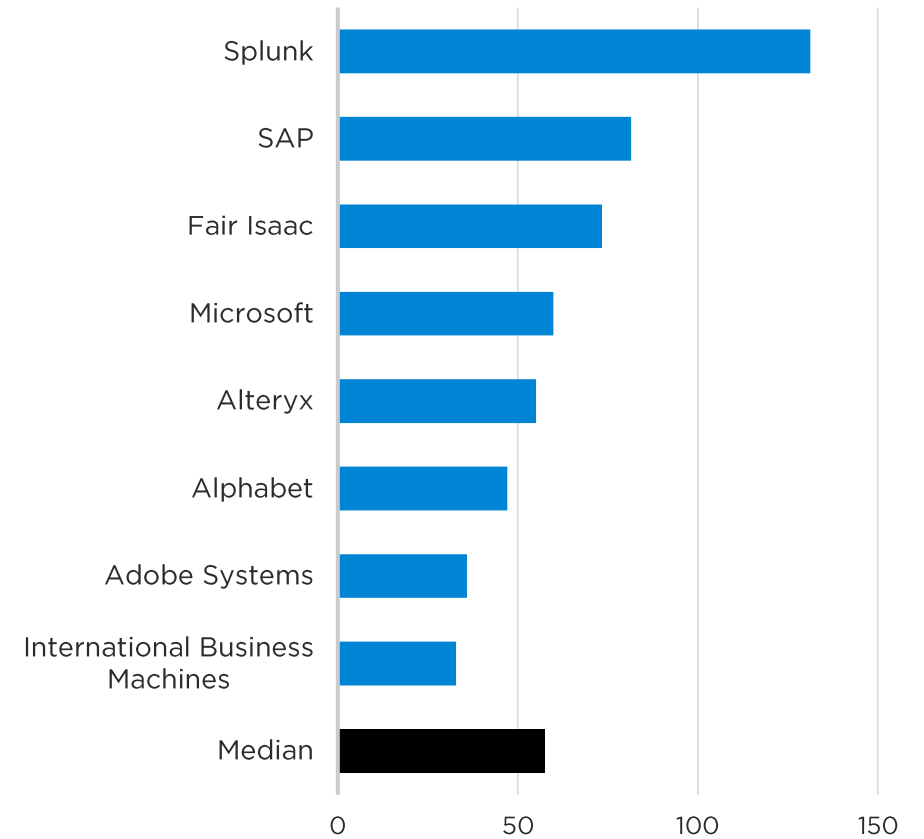


# Operational Metrics

## Accounts Receivable Turnover

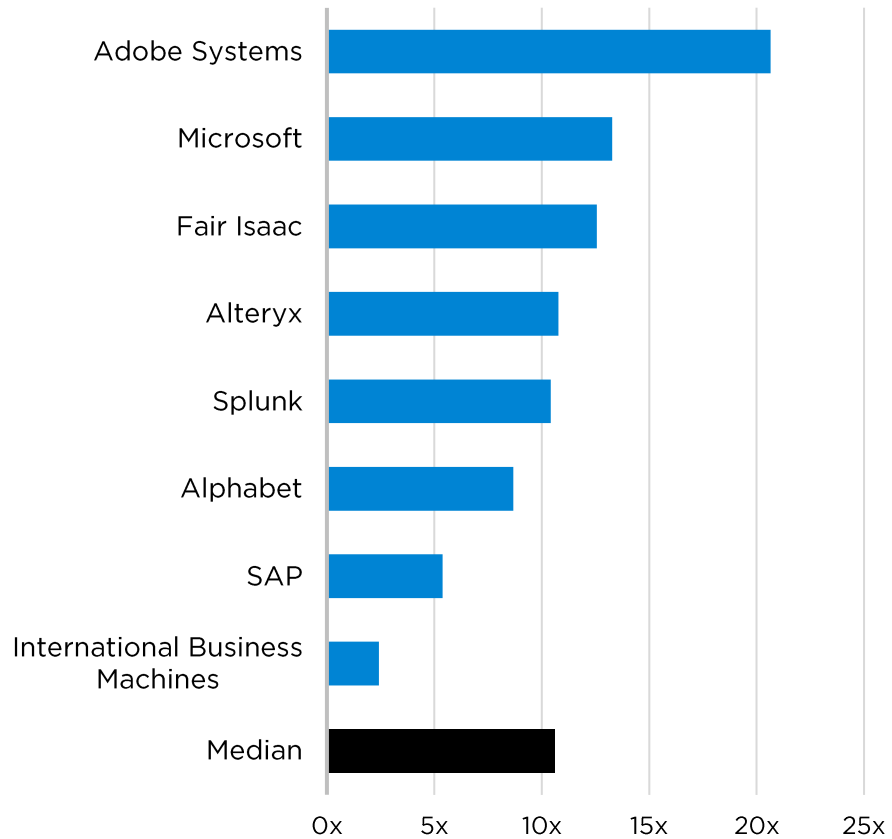


## Average Days Sales Outstanding

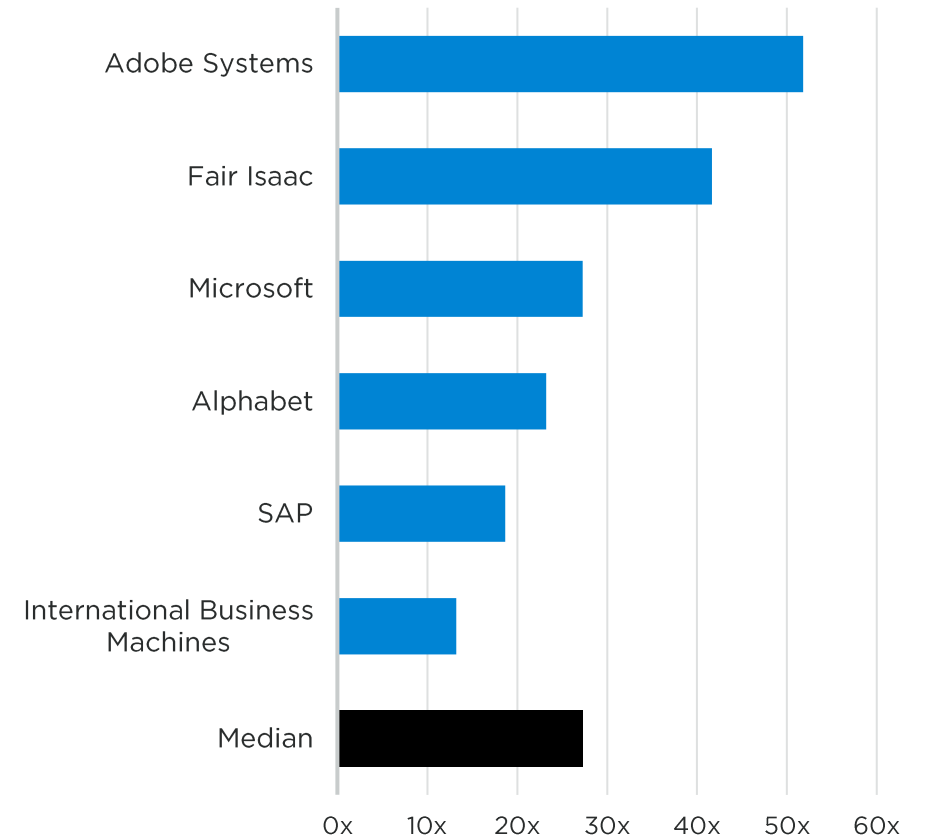


# Valuation

## TEV / LTM Revenue

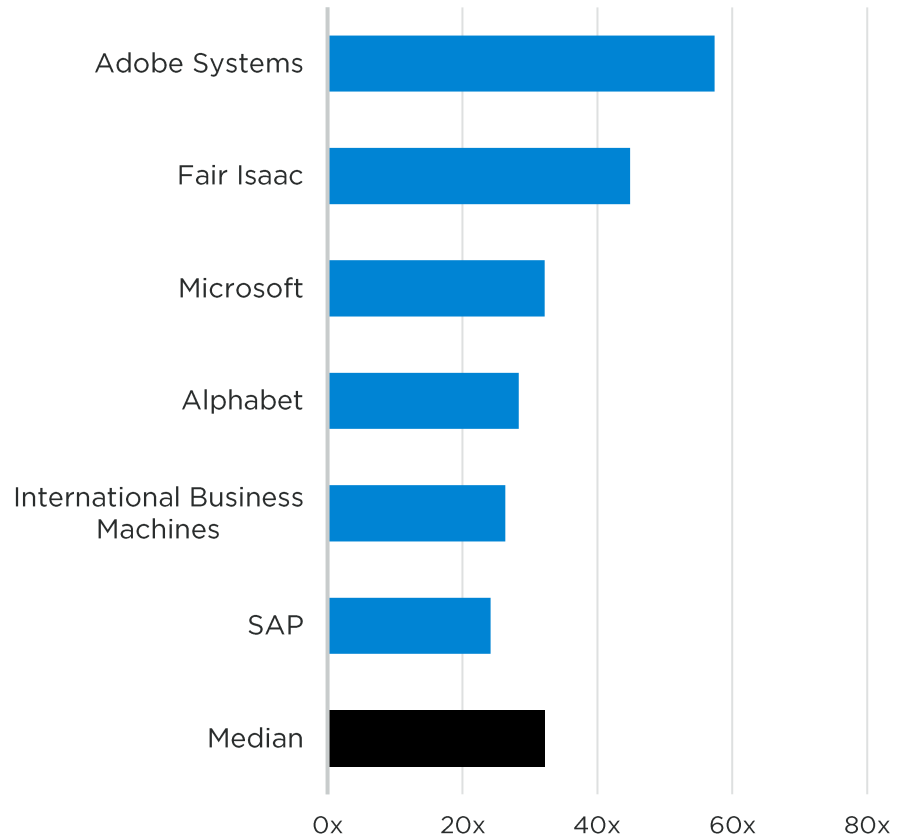


## TEV / LTM EBITDA

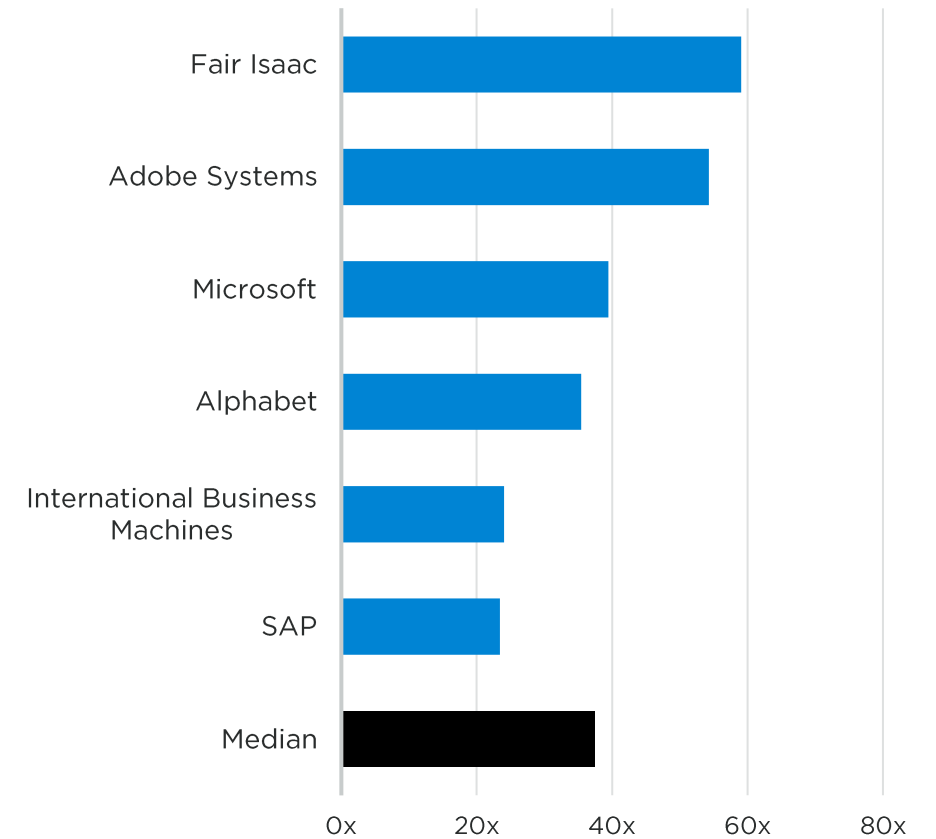


# Valuation

TEV / LTM EBIT

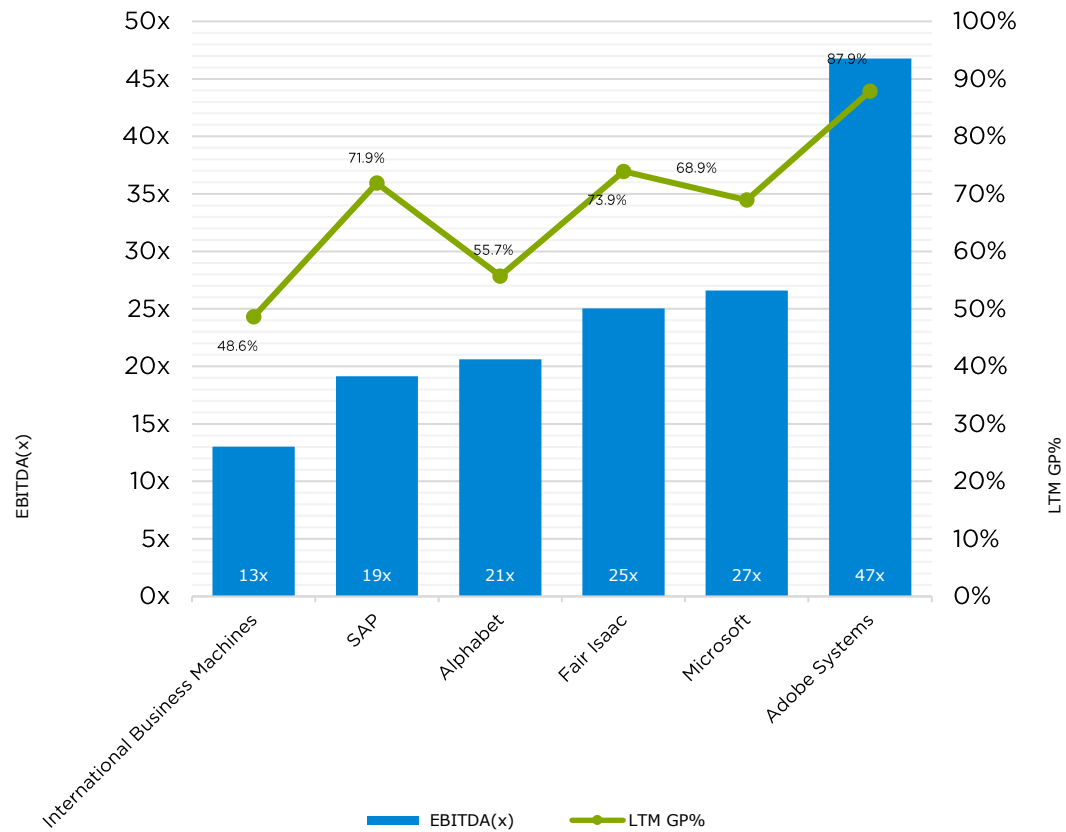


Price / LTM Earnings

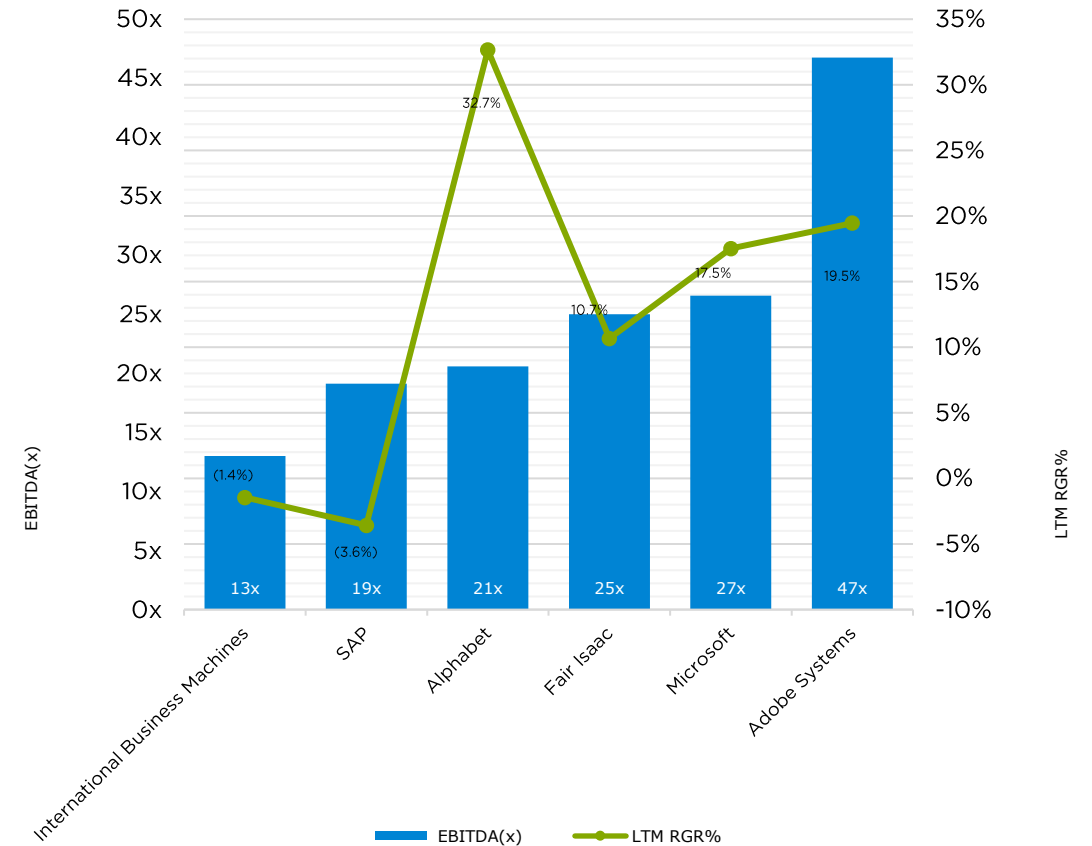


# Valuation

## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions

Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
17-Sep-21	Motive Software	BetterUp	-	-	-	-
15-Sep-21	Forge.AI	FiscalNote	-	-	-	-
15-Sep-21	Kare Knowledgeware	Dialpad	-	-	-	-
19-Aug-21	Novetta	Accenture	1000.00	-	10.74	-
16-Aug-21	Cubiq Analytics	AFRY	-	-	-	-
11-Aug-21	Gathi Analytics	Everstone Capital	-	-	-	-
05-Aug-21	Integra Data & Analytic Solutions	NowVertical Group	-	-	-	-
03-Aug-21	Elasticiti	DAS42	-	-	-	-
26-Jul-21	Medallia	Thoma Bravo	6400.00	495.90	11.82	-
22-Jul-21	ExtraHop	Bain Capital	900.00	-	9.87	-
20-Jul-21	TQS Integration	Cognizant Technology Solutions	-	-	-	-
22-Jul-21	ExtraHop	Bain Capital	900.00	-	9.87	-
20-Jul-21	TQS Integration	Cognizant Technology Solutions	-	-	-	-
15-Jul-21	Integress	AllCloud	-	-	-	-
12-Jul-21	Autolytica	RTC Automotive Solutions	-	-	-	-
04-Jun-21	NuWave Solutions	GigCapital4	330.00	-	-	-
16-Jul-21	Aarki	Skillz	157.00	-	5.23	-
01-Jun-21	Cazena	Cloudera	-	-	-	-
01-Jun-21	Cloudera	Clayton, Dubilier & Rice	5300.00	869.26	5.42	266.12
19-Aug-21	Novetta	Accenture	1000.00	-	10.74	-
24-May-21	Chesapeake Technology International	Bluestone Investment Partners	-	-	-	-
28-Apr-21	TimeSeries	Siemens Digital Industries	-	-	-	-
20-Apr-21	Impact Analytics (AI)	Onethird	-	-	-	-
13-Apr-21	Openvalue (France)	Caisse des Dépôts Group	-	-	-	-
07-Apr-21	Core Compete	Accenture	-	-	-	-

# Appendix

*Public Basket  
Contact Information*



## Alteryx

### **Alteryx Inc is a software company that provides self-service data analytics software.**

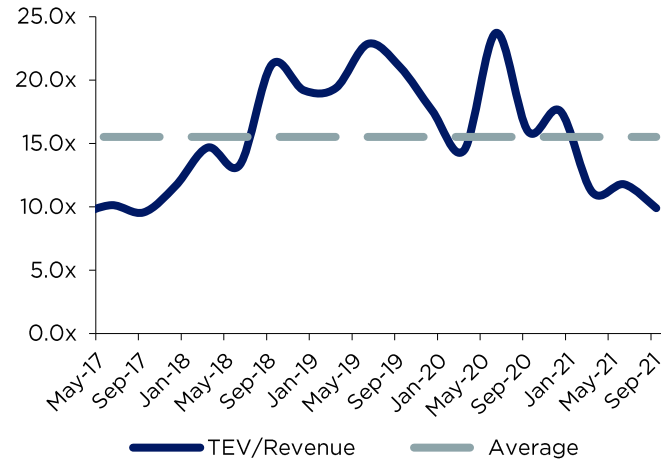
Its software platform enables organizations to dramatically improve business outcomes and the productivity of business analysts. The firm offers solutions such as advanced analytics, location intelligence, data preparation, technology integrations, and others. It serves Financial Services; Healthcare; Retail; Transportation and Logistics; Oil and Gas; Pharmaceuticals and Biotechnology and other industries. The company generates its revenue from the sale of a subscription-based software platform.



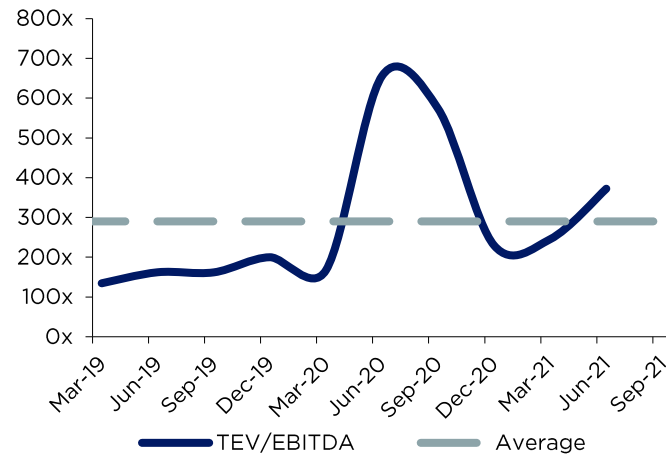
# Public Basket

Alteryx

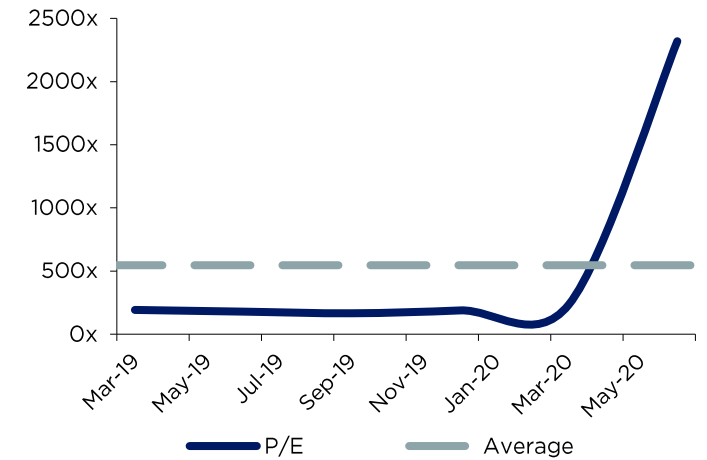
Revenue Multiples - Alteryx



EBITDA Multiples - Alteryx



P/E Multiples - Alteryx



Company Name

Date

Deal Synopsis

Feature Labs

03-Oct-19

The company was acquired by Alteryx (NYS: AYX) for \$25.2 million on October 3, 2019. The purpose of acquisition to help organizations empower every data worker to fill the data science and machine learning talent gap.

ClearStory Data

04-Apr-19

The company was acquired by Alteryx (NYS: AYX) for \$20 million on April 4, 2019. The acquisition creates a natural extension to the Alteryx technology center, needed to support the organization's rapid growth as a leader in the data science and analytics market.

## Fair Isaac

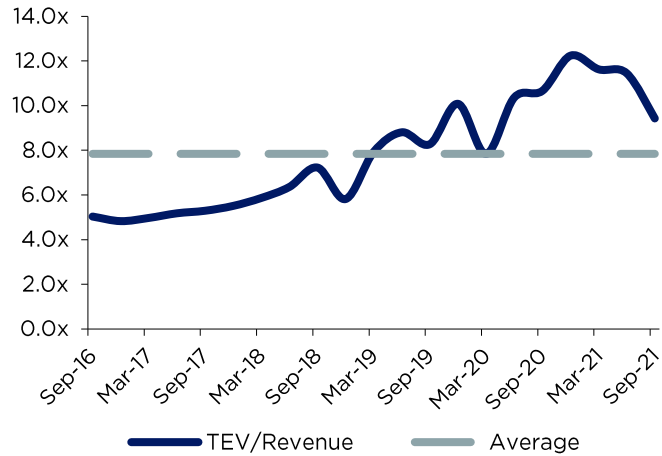
**Fair Isaac Corp is a provider of business performance management solutions that allow corporations to automate and improve key decisions.**

The firm operates in three segments: Applications, which includes preconfigured software for marketing, account origination, and collections; Scores, which consists of business-to-business scoring solutions, including the FICO score; and Decision management software, composed of analytic and decision management software tools. The company derives revenue from software license agreements and transaction-based fees. The majority of the firm's revenue is generated in the United States, followed by the United Kingdom, Canada, and other countries.

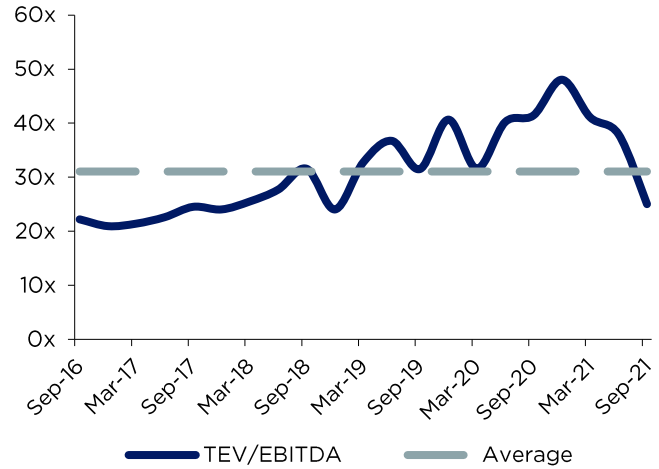
# Public Basket

Fair Isaac

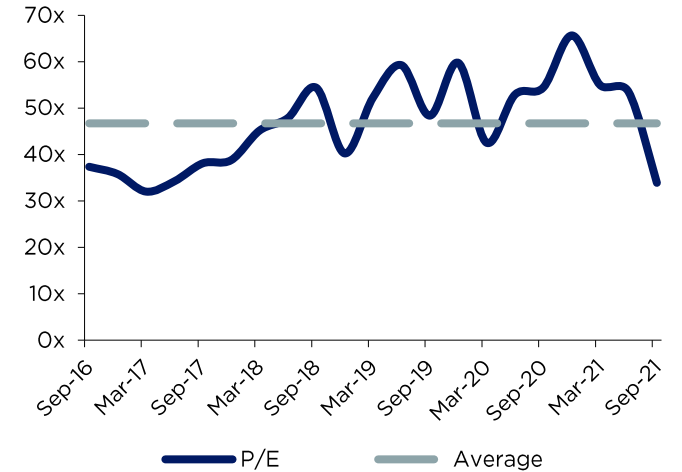
Revenue Multiples - Fair Isaac



EBITDA Multiples - Fair Isaac



P/E Multiples - Fair Isaac

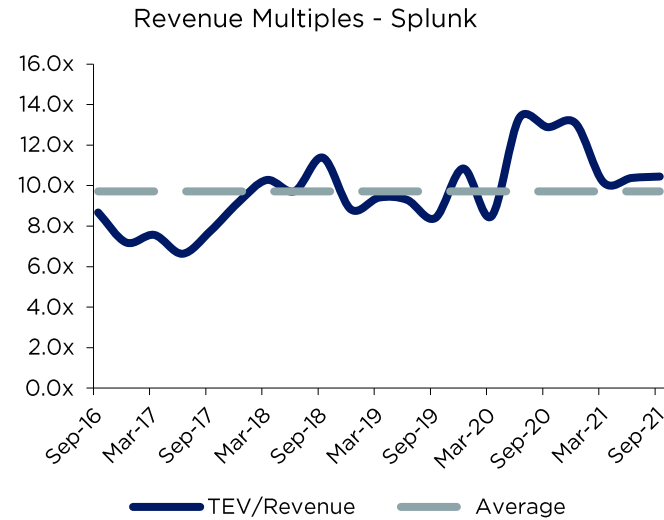


Company Name	Date	Deal Synopsis
GoOn	12-Dec-18	The company was acquired by Fair Isaac (NYS: FICO) for an undisclosed amount on December 12, 2018. The acquisition will enable the acquirer to grow in areas of Brazil and Latin America.
QuadMetrics	14-Jun-16	The company was acquired by FICO for \$5.7 million amount on June 14, 2016. In acquiring QuadMetrics, FICO becomes the exclusive licensee of QuadMetrics' intellectual property and pending patents, and gains access to a rich historical pool of development data for additional analytics research.

## Splunk

# Splunk provides software for machine log analysis.

Its flagship solution, Splunk Enterprise, is employed across a multitude of use cases, including application management, IT operations, and security. The company has historically deployed its solutions on-premises, but the software-as-a-service delivery model is growing in popularity with Splunk Cloud. The company derives revenue from software licenses, as well as cloud subscriptions, maintenance, and support.



Company Name	Date	Deal Synopsis
Fletch (Database Software)	3/23/20	The company raised an undisclosed amount of venture funding from GV, Splunk and Real Ventures on July 1, 2021. DCVC and August Capital also participated in the round.
TruSTAR (Network Management Software)	1/6/20	The company reached a definitive agreement to be acquired by Splunk (NAS: SPLK) for an undisclosed amount on May 18, 2021. With this acquisition, Splunk further expands its existing security capabilities, giving customers the ability to access all their data to cut through complexity, drive highly effective detection and respond to threats faster and in an autonomous fashion.

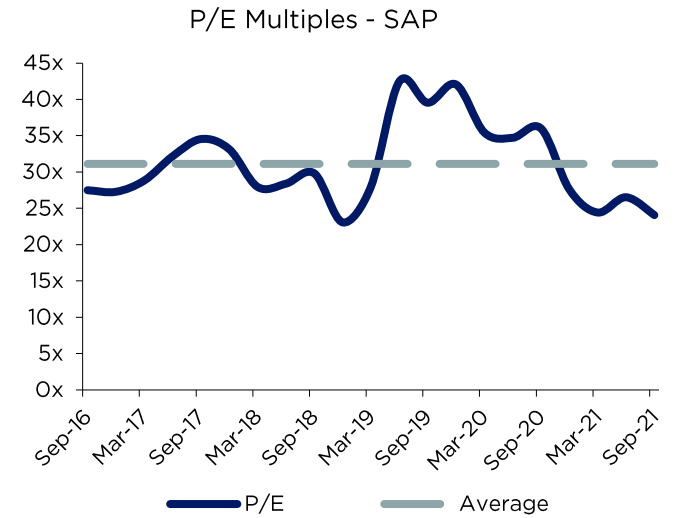
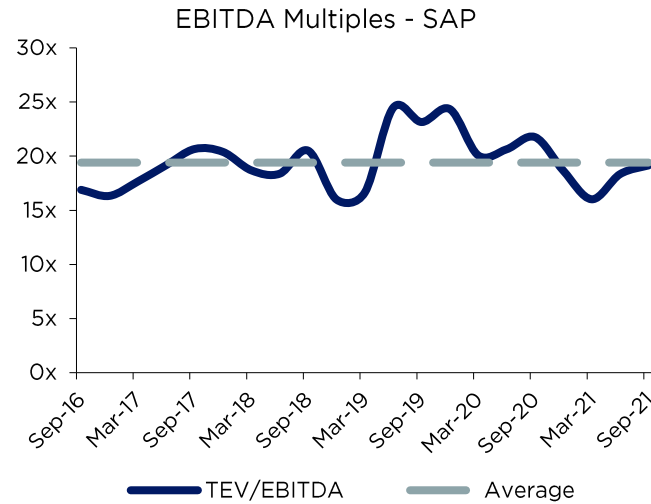
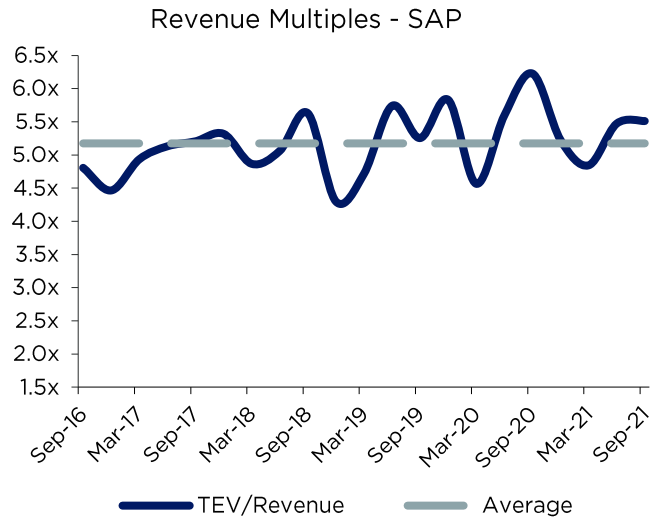
## SAP

**Founded in 1972 by former IBM employees, SAP provides database technology and enterprise resource planning software to enterprises around the world.**

Across more than 180 countries, the company serves 440,000 customers, approximately 80% of which are small to medium-size enterprises.

# Public Basket

SAP



Company Name	Date	Deal Synopsis
SwoopTalent	16-Aug-21	The company was acquired by SAP (NYSE: SAP) for an undisclosed amount on August 16, 2021. The acquisition of SwoopTalent will accelerate SAP's HXM vision with a powerful trained artificial intelligence (AI) model that will allow its customers to access reliable data to transform the employee experience and empower a future-ready workforce.
ScaleMP	04-Jun-21	The company was acquired by SAP (ETR: SAP) for an undisclosed amount on June 4, 2021.

### International Business Machines

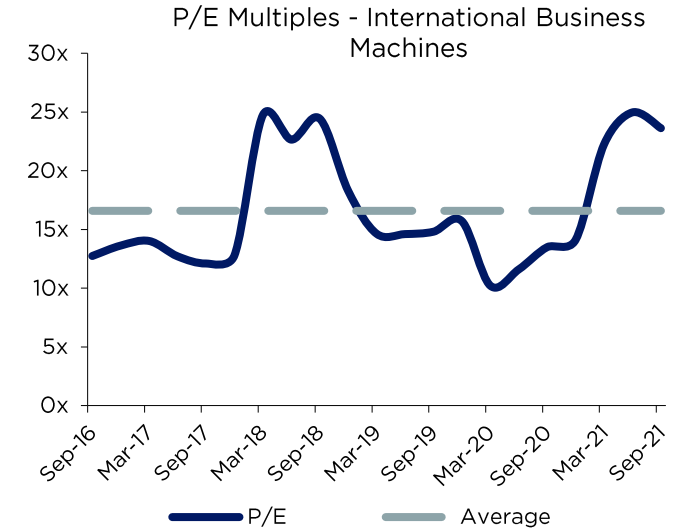
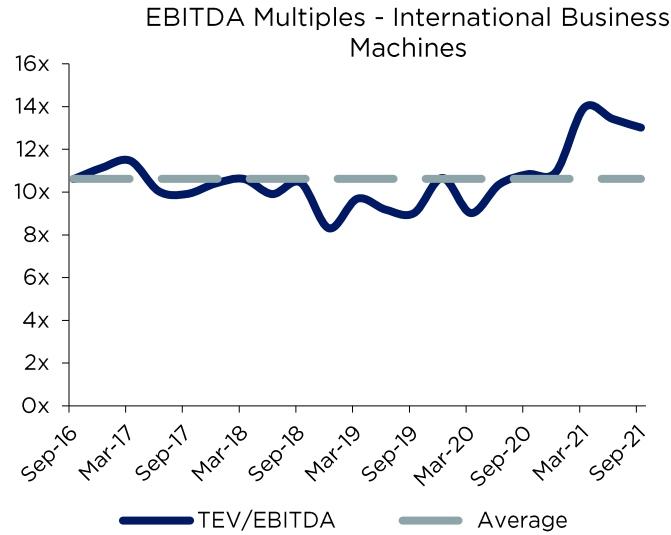
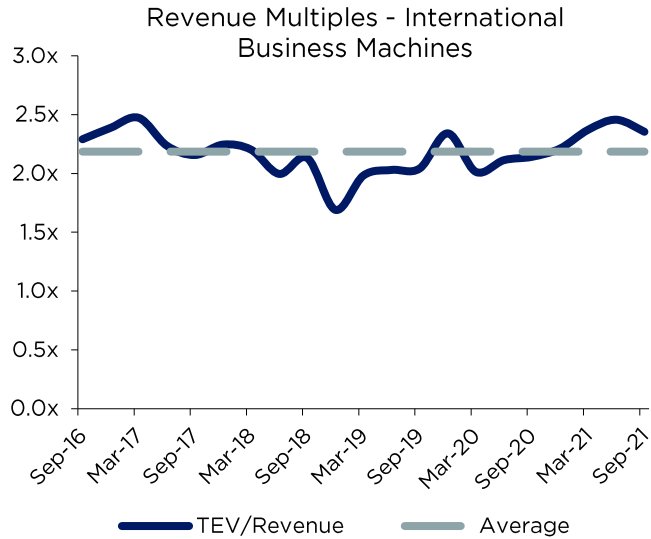
## IBM looks to be a part of every aspect of an enterprise's IT needs.

The company primarily sells infrastructure services (37% of revenue), software (29% of revenue), IT services (23% of revenue) and hardware (8% of revenues). IBM operates in 175 countries and employs approximately 350,000 people. The company has a robust roster of 80,000 business partners to service 5,200 clients--which includes 95% of all Fortune 500. While IBM is a B2B company, IBM's outward impact is substantial. For example, IBM manages 90% of all credit card transactions globally and is responsible for 50% of all wireless connections in the world.



# Public Basket

## International Business Machines



Company Name	Date	Deal Synopsis
Bluetab Solutions	15-Jul-21	The company reached a definitive agreement to be acquired by International Business Machines (NYS: IBM) for USD 75 million on July 15, 2021. The acquisition will help IBM with fuel migration to the cloud and help their clients to realize even more value from their mission-critical data.
Waeg	01-Jul-21	The company was acquired by International Business Machines (NYS: IBM) for an undisclosed amount on July 1, 2021. The acquisition strengthens global International Business Machines' Salesforce talent with consulting expertise and multicloud capabilities across Europe.

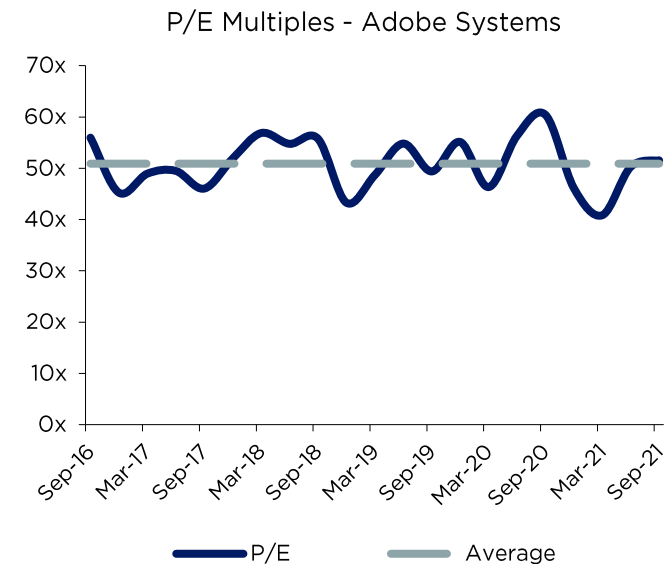
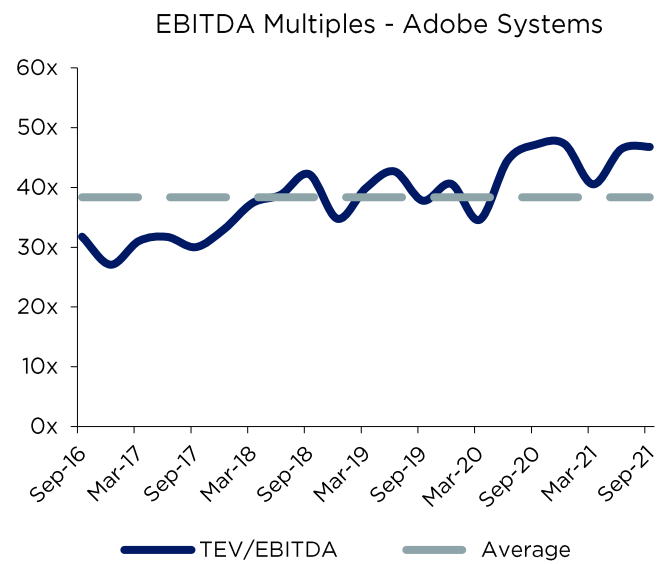
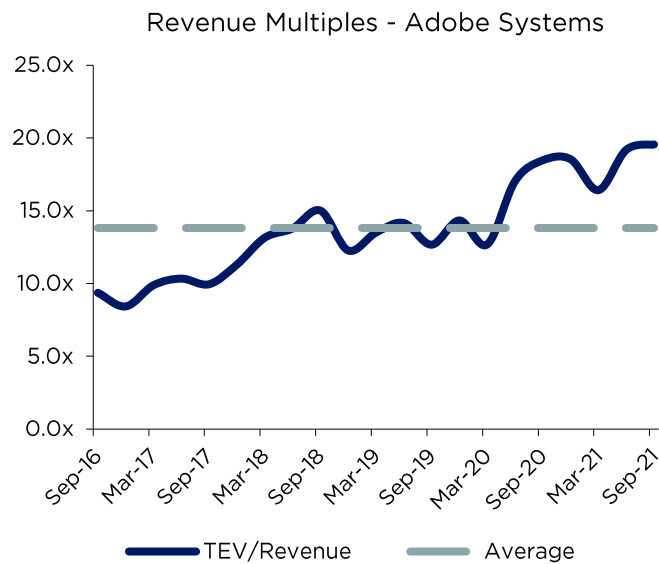
## Adobe Systems

**Adobe provides content creation, document management, and digital marketing and advertising software and services to creative professionals and marketers for creating, managing, delivering, measuring, optimizing and engaging with compelling content multiple operating systems, devices and media.**

The company operates with three segments: digital media content creation, digital experience for marketing solutions, and publishing for legacy products (less than 5% of revenue).

# Public Basket

## Adobe Systems



Company Name	Date	Deal Synopsis
Tiled	08-Sep-21	The company raised \$13.70 million through a combination of Series A 1, Series A 2 and Series A 3 venture funding in a deal led by Signal Peak Ventures on September 8, 2021, putting the company's pre-money valuation at \$35 million. Seismic (Business/Productivity Software), Adobe Systems, University Growth Fund, and BYU Cougar Capital also participated in the round.
Frame.io	19-Aug-21	The company reached a definitive agreement to be acquired by Adobe Systems (NAS: ADBE) for \$1.275 billion on August 19, 2021. It plans to close the round by the fourth quarter of 2021.

## Alphabet

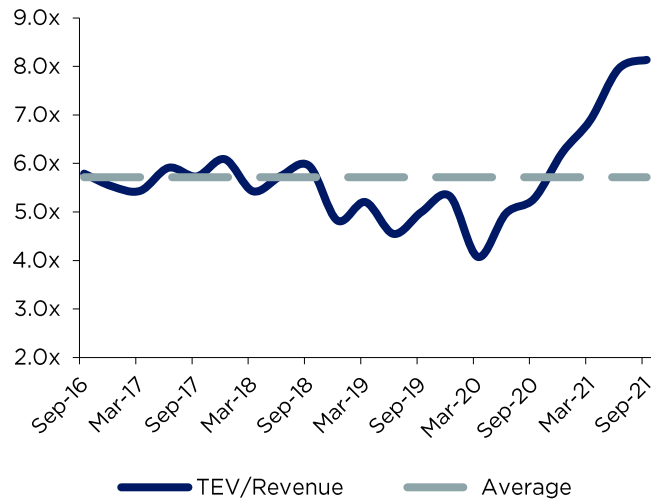
**Alphabet is a holding company, with Google, the Internet media giant, as a wholly owned subsidiary.**

Google generates 99% of Alphabet revenue, of which more than 85% is from online ads. Google's other revenue is from sales of apps and content on Google Play and YouTube, as well as cloud service fees and other licensing revenue. Sales of hardware such as Chromebooks, the Pixel smartphone, and smart homes products, which include Nest and Google Home, also contribute to other revenue. Alphabet's moonshot investments are in its other bets segment, where it bets on technology to enhance health (Verily), faster Internet access to homes (Google Fiber), self-driving cars (Waymo), and more. Alphabet's operating margin has been 25%-30%, with Google at 30% and other bets operating at a loss.

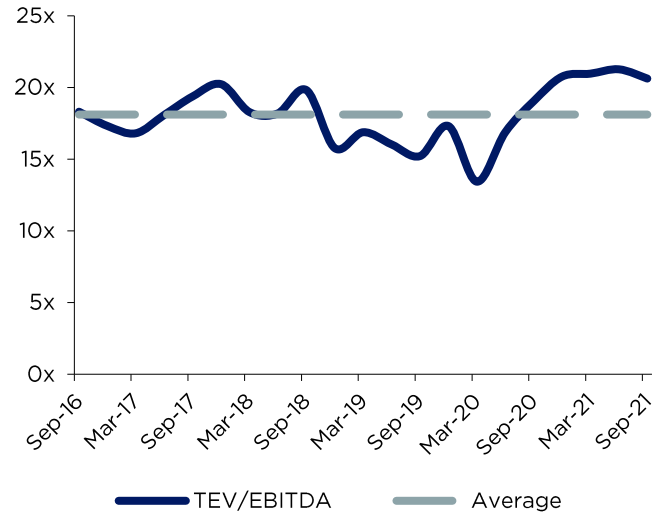
# Public Basket

Alphabet

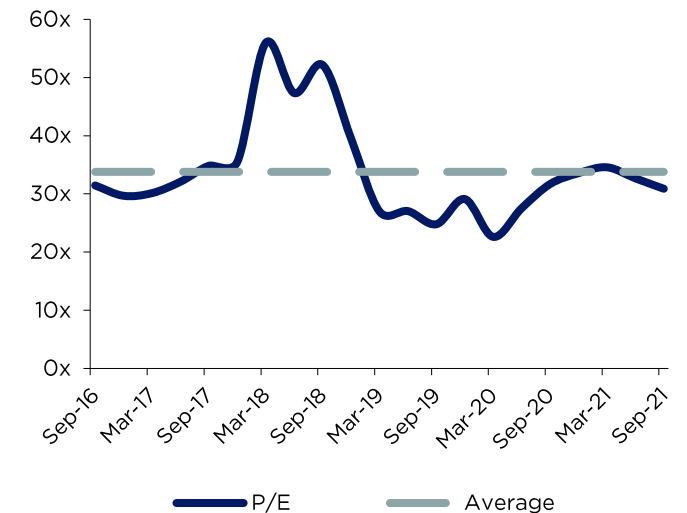
Revenue Multiples - Alphabet



EBITDA Multiples - Alphabet



P/E Multiples - Alphabet



Company Name	Date	Deal Synopsis
Open (Financial Software)	14-Sep-21	The company raised INR 4.53 billion of Series C venture funding from 3one4 Capital, Tiger Global Management and Alphabet on September 14, 2021. Temasek Holdings also participated in the round.
Pring	12-Jul-21	The company reached a definitive agreement to be acquired by Alphabet (NAS: GOOGL) for JPY 25 billion on July 12, 2021. The acquisition will enable the acquirer to enter into the Japanese payments market.

## Microsoft

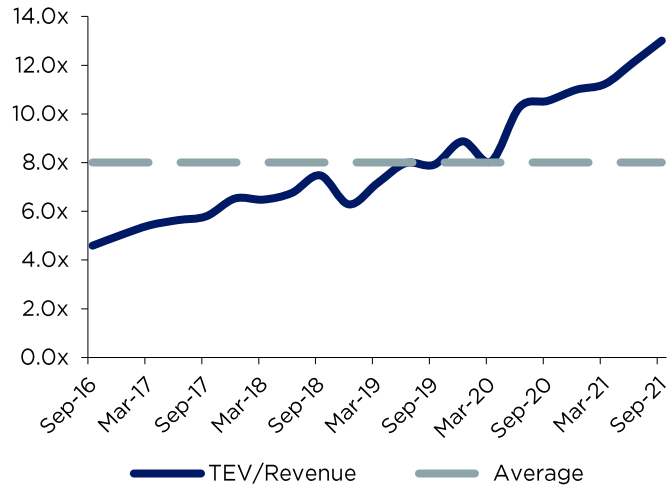
# Microsoft develops and licenses consumer and enterprise software.

It is known for its Windows operating systems and Office productivity suite. The company is organized into three equally sized broad segments: productivity and business processes (legacy Microsoft Office, cloud-based Office 365, Exchange, SharePoint, Skype, LinkedIn, Dynamics), intelligence cloud (infrastructure- and platform-as-a-service offerings Azure, Windows Server OS, SQL Server), and more personal computing (Windows Client, Xbox, Bing search, display advertising, and Surface laptops, tablets, and desktops).

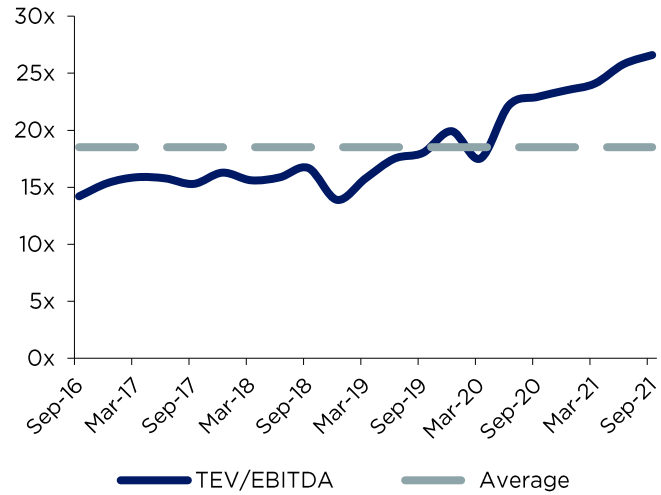
# Public Basket

Microsoft

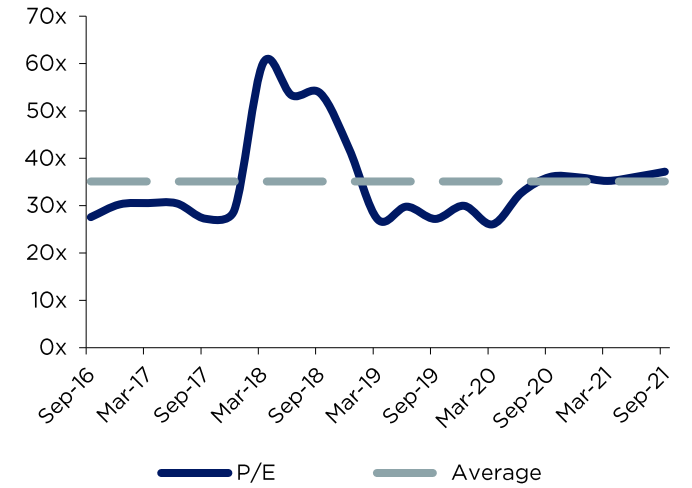
Revenue Multiples - Microsoft



EBITDA Multiples - Microsoft



P/E Multiples - Microsoft



Company Name

Date

Deal Synopsis

TakeLessons

10-Sep-21

The company was acquired by Microsoft (NAS: MSFT) for an undisclosed amount on September 10, 2021.

Clipchamp

07-Sep-21

The company was acquired by Microsoft (NAS: MSFT) for an undisclosed amount on September 7, 2021.

# Contact Info

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As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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