



Evolve
Capital Partners

QUARTERLY DEALS & MARKET ROUNDUP

Financial Management Solutions (FMS)

May 2018



Human Capital Management



Business Analytics



Revenue Management



Enterprise Management



Accounting / Expenses



Highlights

This quarter's FMS Roundup discusses the following key developments:



Internal Application Program Interface (APIs) are becoming integral to enterprise management



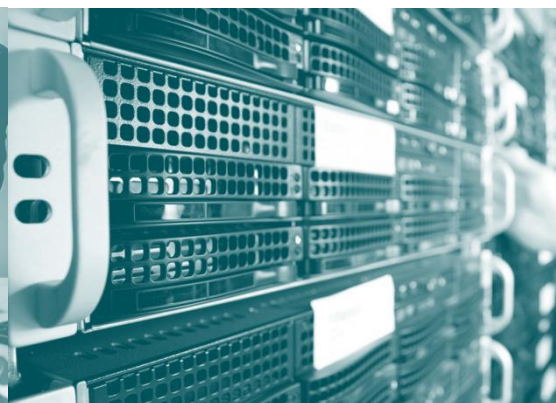
Automation and real-time data are creating value-added opportunities for accountants



With growth in the talent market, Enterprise Resource Planning (ERP) and Human Capital Management (HCM) solution providers are offering cloud-based solutions



Deal volumes are driven by the trend of acquiring and investing in new technologies in enterprise management



Overview of Evolve Capital Partners

ABOUT ECP

- Evolve Capital Partners (ECP) is a specialized investment bank focused on businesses serving industries at the intersection of finance and technology.
- We are dedicated investment bankers focused on evolving industries, and we support sustainable growth through transformational M&A / financing transactions.
- ECP is a dedicated, creative, and fully independent investment bank that advises private and public companies on merger, divestiture and acquisition transactions, and capital raising through private placements.
- We also provide structured financial advisory services — our investment banking practice provides a comprehensive suite of solutions to businesses.
- With over 30 engagements executed by its leaders, Evolve Capital Partners has served as a proud partner, bringing renewed value to companies at the intersection of finance and technology.
- We were founded in 2012 and are based in New York, NY.

HIGH-TOUCH INVESTMENT BANKING

Few investment banks have transaction experience across both corporate and asset finance.



Our Clients

- Corporations
- Management Teams
- VC & PE Backed Companies
- Independent Directors / Boards



Investment Banking Advisory

- M&A
- Strategic Alliances
- Capital Raises and Asset Finance
- Financial Restructuring



Industry Focus

Finance and Technology Firms

BPO

IoT

B2B

Specialty Finance

Enterprise Software

Analytics

Payments

Lending

InsuranceTech

Securities

Financial Services

Financial Management

We Focus Exclusively on Finance and Technology Related Firms

Financial Management Solutions



Payments



Bank Technology Solutions



BPO



Capabilities

M&A Advisory

Sales / Recaps

Acquisitions

Divestiture

Strategic Advisory

Specialty Finance / Alternative Lending



Healthcare Tech



Securities



Financing

Private Placements

Debt Capital

Restructuring

Insurance



Data & Analytics / IoT





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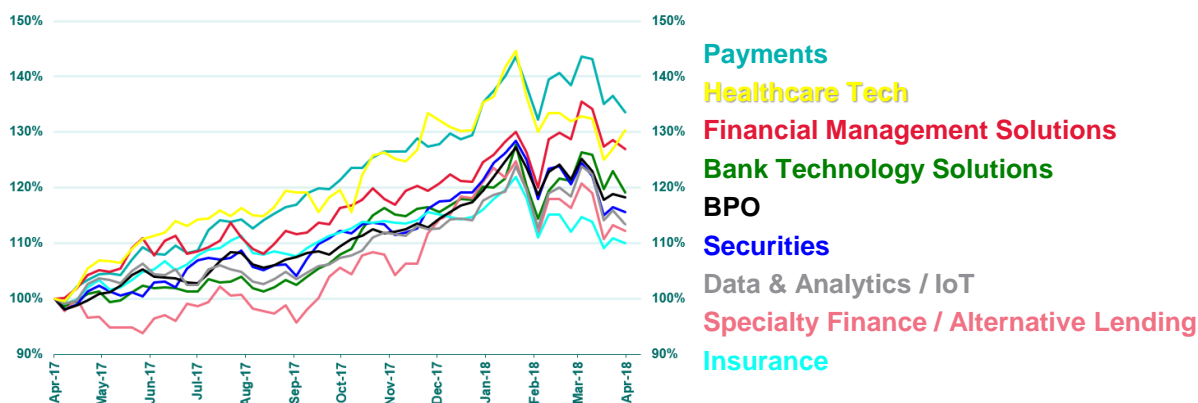
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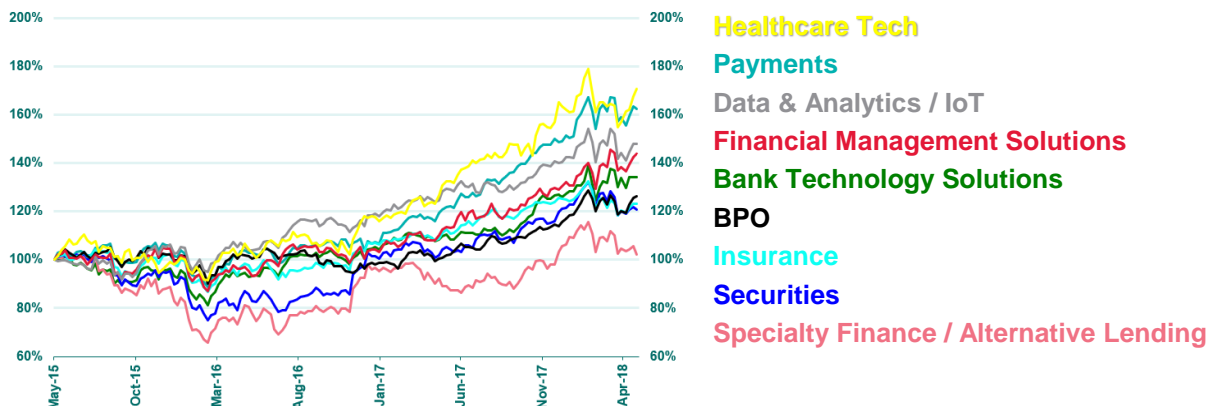
Market Summary

Industry Stock Market Performance of ECP Sector Coverage

Last 12 Months



Last 3 Years



Indexed Price Performance

Sector	3 Months	1 Year	3 Years
Payments	7.5%	34.6%	62.5%
Bank Tech / Solutions	4.6%	22.1%	34.1%
Specialty Finance / Alternative Lending	(6.4%)	14.8%	2.2%
Securities	(1.5%)	16.1%	20.8%
Healthcare Tech	(1.2%)	10.9%	70.6%
BPO	6.3%	25.3%	26.3%
Financial Management Solutions	10.1%	27.8%	43.9%
Data & Analytics / IoT	4.2%	15.5%	48.1%
Insurance	5.8%	30.5%	23.2%

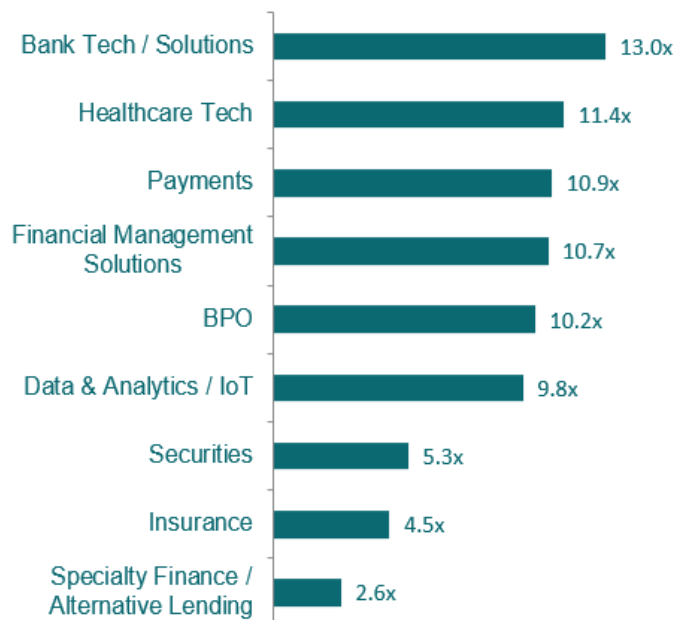
Source: Capital IQ and market data as of April 27, 2018

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Multiples & Margins – All Sectors

Industry-wide Multiples and Margins

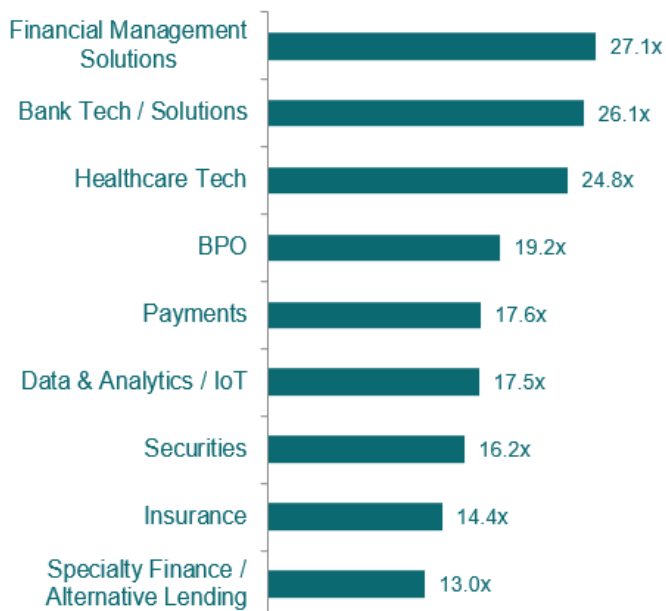
2018E EBITDA Multiples



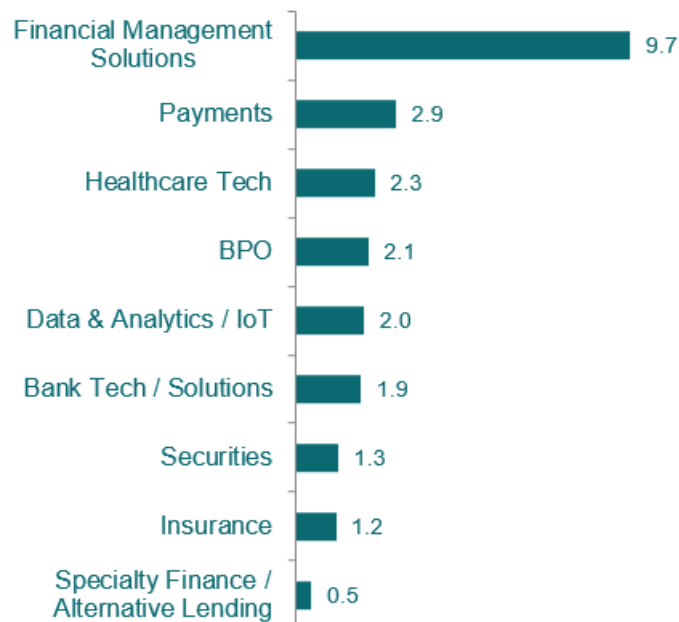
LTM EBITDA Margins



2018E Price / Earnings Multiples



2018E PEG Ratio



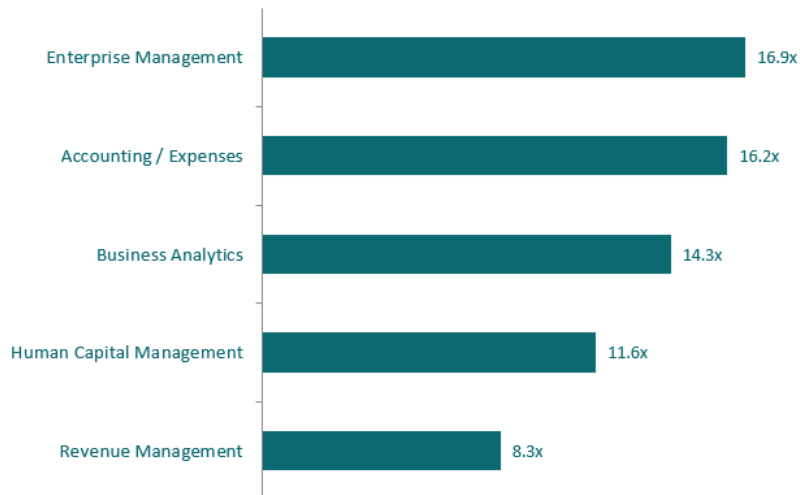
Source: Capital IQ and market data as of April 27, 2018

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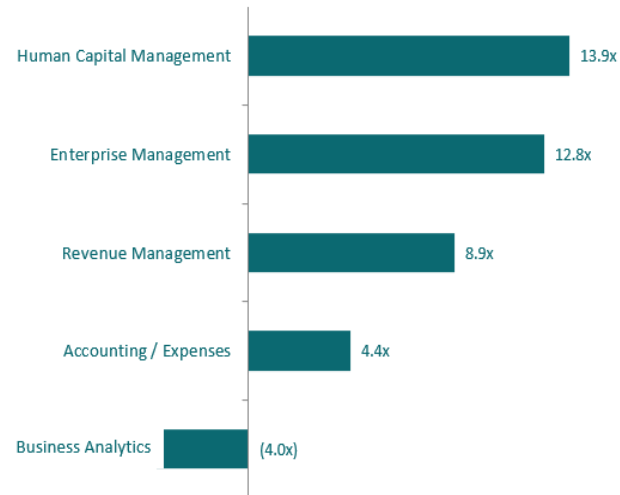
Multiples & Margins – FMS

Sub-sector Multiples and Margins

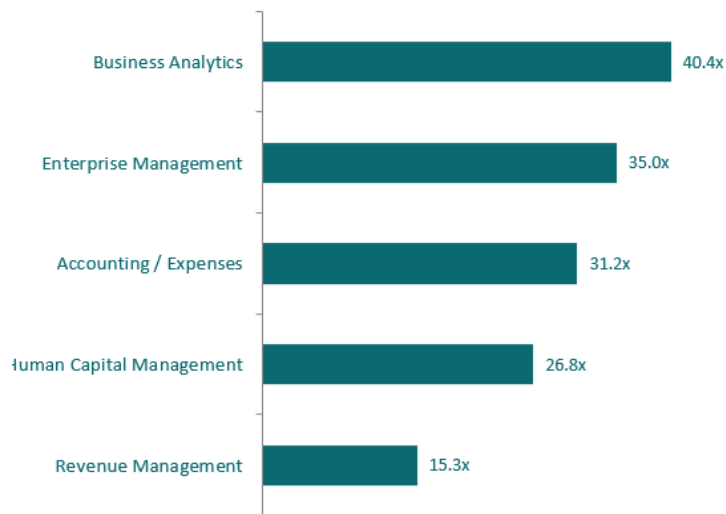
2018E EBITDA Multiples



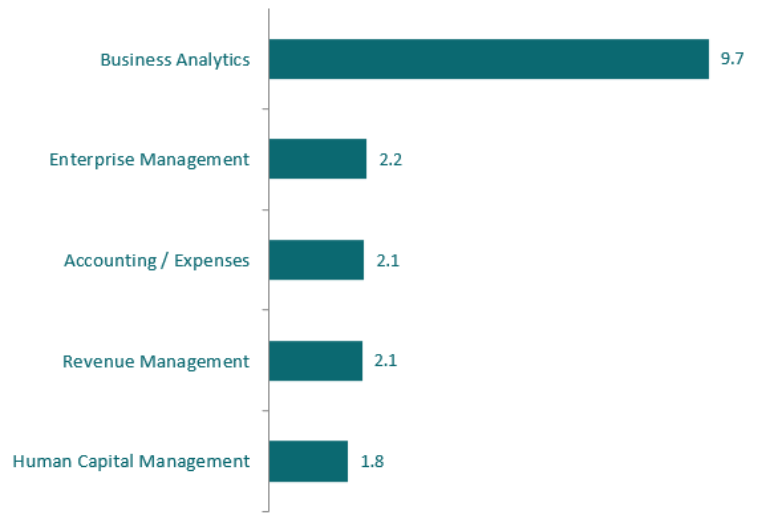
LTM EBITDA Margins



2018E Price / Earnings Multiples



2018E PEG Ratio



Source: Capital IQ and market data as of April 27, 2018

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Stock Comparables – FMS

(All figures in US Dollars. Figures in millions, except per share data, as of April 27, 2018)

FMS Sub-Sector	Aggregate		Multiples					
	Market Cap	Enterprise Value	EV / Sales		EV / EBITDA		Price / Earnings	
			FY 18E	FY19E	FY 18E	FY19E	FY 18E	FY19E
Human Capital Management	\$132,955	\$131,974	4.7x	4.6x	11.8x	14.5x	33.8x	27.0x
Business Analytics	\$28,066	\$25,114	3.2x	4.3x	12.3x	11.3x	39.6x	32.2x
Revenue Management	\$1,455	\$1,526	1.9x	1.9x	8.5x	8.0x	15.7x	14.5x
Enterprise Management	\$17,726	\$17,043	4.3x	3.7x	17.0x	14.2x	35.0x	30.2x
Accounting / Expenses	\$66,317	\$67,330	7.7x	7.1x	15.8x	14.7x	29.9x	22.3x
Median			4.3x	4.3x	12.3x	14.2x	33.8x	27.0x
Mean			4.4x	4.3x	13.1x	12.6x	30.8x	25.2x

FMS Sub-Sector	Number of Companies	Growth Rates					
		Revenue		EPS 5 Yr	EBITDA Margin		PEG* FY 18E
		FY 18E	FY 19E		FY 18E	FY 19E	
Human Capital Management	11	14.4%	12.9%	18.75	14.1%	25.2%	2.01
Business Analytics	4	12.0%	12.1%	15.24	(3.9%)	13.7%	19.92
Revenue Management	2	2.9%	2.2%	3.75	9.0%	23.5%	2.06
Enterprise Management	8	10.4%	10.1%	14.63	12.7%	19.7%	3.68
Accounting / Expenses	6	26.5%	17.0%	6.79	4.4%	19.3%	73.95
Median		12.0%	12.1%	14.63	9.0%	19.7%	3.68
Mean		13.3%	10.9%	11.83	7.3%	20.3%	20.32

* Price/Earnings to Growth ratio is a valuation metric for determining the relative trade-off between the price of a stock, the earnings generated per share (EPS), and the company's expected growth. In general, the P/E ratio is higher for a company with a higher growth rate.

Stock Comparables – FMS Sub-Sectors

(All figures in US Dollars. Figures in millions, except per share data, as of April 27, 2018)

Human Capital Management

Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG
					FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	
Automatic Data Processing, Inc.	\$53,139	\$53,365	\$13,072	21.5%	3.9x	3.6x	18.5x	16.6x	27.8x	24.2x	2.1
Paychex, Inc.	\$22,124	\$21,761	\$3,308	42.5%	6.3x	5.9x	14.8x	14.5x	24.0x	21.6x	2.7
Workday, Inc.	\$26,727	\$24,951	\$2,143	(7.8%)	NA	9.2x	NA	NM	NA	NM	NA
The Ultimate Software Group, Inc.	\$7,555	\$7,400	\$989	9.5%	6.6x	5.6x	NM	21.9x	44.5x	36.7x	1.7
H&R Block, Inc.	\$5,904	\$8,002	\$3,095	29.8%	2.5x	2.5x	8.6x	8.5x	9.5x	11.4x	0.9
Paycom Software, Inc.	\$6,703	\$6,693	\$467	19.5%	12.0x	9.7x	NM	24.4x	45.0x	36.1x	1.8
WageWorks, Inc.	\$1,669	\$1,021	\$462	19.9%	2.1x	1.9x	6.5x	5.9x	21.6x	18.9x	1.4
Paylocity Holding Corporation	\$2,868	\$2,757	\$357	9.9%	7.2x	5.9x	NM	NM	58.6x	46.1x	2.2
Cornerstone OnDemand, Inc.	\$2,518	\$2,488	\$482	(7.5%)	4.8x	4.4x	NM	19.1x	64.5x	38.0x	4.3
Insperty, Inc.	\$3,214	\$2,962	\$3,432	4.6%	0.8x	0.7x	15.3x	13.4x	25.5x	22.3x	1.5
Hogg Robinson Group plc	\$534	\$575	\$447	13.3%	1.3x	1.2x	7.2x	6.5x	17.0x	14.3x	1.4
Median				13.3%	4.4x	4.4x	11.7x	14.5x	26.7x	23.3x	1.7
Mean				14.1%	4.7x	4.6x	11.8x	14.5x	33.8x	27.0x	2.0

Business Analytics

Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG
					FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	
Splunk Inc.	\$14,810	\$13,720	\$1,271	(17.1%)	NA	8.2x	NA	NM	NA	NM	NA
MicroStrategy Incorporated	\$1,450	\$755	\$505	11.8%	1.6x	1.6x	12.7x	11.2x	52.9x	41.2x	NA
Tableau Software, Inc.	\$6,856	\$6,002	\$923	(15.9%)	6.0x	5.3x	NM	NM	NM	NM	30.1
Teradata Corporation	\$4,949	\$4,638	\$2,171	5.8%	2.1x	2.0x	11.9x	11.3x	26.2x	23.2x	9.7
Median				(5.0%)	2.1x	3.7x	12.3x	11.3x	39.6x	32.2x	19.9
Mean				(3.9%)	3.2x	4.3x	12.3x	11.3x	39.6x	32.2x	19.9

Revenue Management

Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG
					FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	
Callidus Software Inc.	\$0	NA	\$253	0.0%	NA	NA	NA	NA	NA	NA	NA
CSG Systems International, Inc.	\$1,455	\$1,526	\$799	17.9%	1.9x	1.9x	8.5x	8.0x	15.7x	14.5x	2.1
Median				17.9%	1.9x	1.9x	8.5x	8.0x	15.7x	14.5x	2.1
Mean				17.9%	1.9x	1.9x	8.5x	8.0x	15.7x	14.5x	2.1

Enterprise Management

Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG
					FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	
Tyler Technologies, Inc.	\$8,484	\$8,254	\$862	22.8%	9.0x	8.2x	NM	NM	46.7x	41.6x	2.9
Pegasystems Inc.	\$4,756	\$4,533	\$841	7.5%	4.7x	4.3x	NM	NM	50.0x	41.8x	1.9
Technology One Limited	\$1,170	\$1,099	\$214	22.8%	4.7x	4.2x	19.9x	16.9x	29.1x	24.5x	2.0
QAD Inc.	\$826	\$693	\$305	0.6%	NA	2.1x	NA	NM	NA	NM	NA
American Software, Inc.	\$385	\$307	\$110	15.0%	2.8x	2.6x	15.4x	14.5x	30.3x	27.1x	1.8
Microgen plc	\$374	\$362	\$85	22.2%	3.8x	3.5x	15.5x	13.3x	27.4x	22.8x	NA
TOTVS S.A.	\$1,511	\$1,593	\$672	10.3%	2.4x	2.2x	15.9x	13.4x	26.4x	25.1x	NA
Ramco Systems Limited	\$220	\$202	\$73	0.7%	2.9x	2.5x	18.2x	13.2x	NM	28.8x	9.7
Median				12.7%	3.8x	3.1x	15.9x	13.4x	29.7x	27.1x	2.0
Mean				12.7%	4.3x	3.7x	17.0x	14.2x	35.0x	30.2x	3.7

Accounting / Expenses

Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG
					FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	
Intuit Inc.	\$47,788	\$48,165	\$5,434	30.1%	8.0x	7.3x	21.5x	19.5x	33.3x	28.2x	2.1
The Sage Group plc	\$9,575	\$10,593	\$2,490	26.3%	4.1x	3.8x	14.2x	13.2x	19.1x	17.6x	2.2
BlackLine, Inc.	\$2,190	\$2,077	\$190	(9.0%)	9.3x	7.5x	NM	NM	NM	NM	217.6
Coupa Software Incorporated	\$2,690	\$2,441	\$187	(21.6%)	NA	10.5x	NA	NM	NA	NM	NA
Reckon Limited	\$110	\$147	\$38	11.8%	3.8x	3.7x	11.8x	11.4x	37.3x	21.1x	NA
Xero Limited	\$3,964	\$3,908	\$250	(11.1%)	13.2x	10.0x	NM	NM	NM	NM	NA
Median				1.4%	8.0x	7.4x	14.2x	13.2x	33.3x	21.1x	2.2
Mean				4.4%	7.7x	7.1x	15.8x	14.7x	29.9x	22.3x	74.0

Source: Capital IQ

Recent Updates



Internal APIs are becoming integral to enterprise management

APIs are recognized as core to the digital transformation of companies across all industries, including regulated industries such as financial services, healthcare, insurance, and government. In early stages of adoption, companies simply managed the delivery of external APIs to partners and customers. Now, they realize that a successful API infrastructure is a continuum between internal and external operations.

Salesforce's acquisition of MuleSoft exemplifies the growing importance of internal APIs in enterprise management. Together, Salesforce and MuleSoft intend to accelerate enterprises' digital transformations, enabling them to unlock

data across legacy systems, cloud apps, and devices to make processes faster and improve customer experiences.

By integrating internal processes into a continuous process that is better managed by APIs, companies have started applying the methodologies used in managing external APIs within the enterprise. The API portfolios of large companies include thousands of public and private APIs. They need a framework to consolidate these APIs and handle their internal API management platform efficiently. Many companies are hiring experts with experience working with internal APIs.



Automation and real-time data are creating value-added opportunities for accountants

The widespread perception of the role of accountants has been that they focus on compliance and number crunching. The associated tasks tend to be time-consuming, repetitive and process-led. Strategically-minded accountants are considered to be significant assets for businesses, but their real role is hidden behind repetitive, transactional work. However, due to the emergence of automation and real-time data, the overall function of accountants has more value.

Automation and real-time data are creating value-added opportunities for accountants as they are now able to

provide services beyond compliance and enter into the realm of business advisory. The cloud has been instrumental in this journey for accountants who are completing tasks at relatively short notice with real-time information. They are able to add value through enhanced efficiency and an improved client experience.

The concept of high integrity accounting, whereby data is untouched by human hands, is likely to advance through machine learning. Coding is expected to become fully automated without entering manual data.



With the growth in the talent market, ERP and HCM solution providers are offering cloud-based solutions.

According to Deloitte, the size of the talent management market is expected to be about \$18 billion in 2018. The growth is likely to continue in the future. Companies want systems and software solutions that can enable and empower HR teams to manage compliance, payroll, and other agile HR practices. The ERP and HCM solution providers are racing to build features with which they can compete and offer value-added services to companies.

The major players in this market such as Oracle, SAP, Workday, and Ultimate Software are facing competition from new players like Cornerstone OnDemand.

Cornerstone OnDemand reinvented its learning suite, added engagement and benchmarking tools, and offers a core HR capability that integrates disparate HR data into a single system.

In the recruitment space, companies like SmartRecruiters, are offering cloud-based solutions such as HireVue, Entelo, and Phenom People. These companies are also filling the gaps in areas such as intelligent assessment, candidate experience management, and candidate relationship management, as well as creating analytics-related tools that help recruiters source and manage their employment brand.



Key Initiatives by Leading FMS Companies

EY unveils new blockchain audit technology

In April 2018, EY launched the EY Blockchain Analyzer, a suite of blockchain audit technologies that will enhance the ability to perform an in-depth review of cryptocurrency business transactions. The EY Blockchain Analyzer is designed to facilitate EY audit teams in gathering an organization's entire transaction data from multiple blockchain ledgers. Auditors can then interrogate the data and perform analysis of transactions, reconciling and identifying transaction outliers. The technology has been designed to support testing of multiple cryptocurrencies including Bitcoin, Ether, Bitcoin Cash, LiteCoin, and many other crypto-assets managed or traded by exchanges or asset management firms. The technology lays the foundation for automated audit tests of blockchain assets, liabilities, equities and smart contracts.

Webgility offers enhanced integration with Xero, simplifies shipping and inventory for online sellers

Webgility, the leader in e-commerce automation software for the small and medium business market, partnered with global cloud accounting platform, Xero, in March 2018. The partnership offers an integration enhancement that will make syncing of financials, inventory, and shipping data with leading systems easier. Webgility's integration with Xero will give small business owners and their advisors the ability to track sales and automate accounting across online marketplaces and e-commerce tools. The sellers can sync data between Xero and shipping apps such as ShipStation and ShippingEasy, quickly track revenue across sales channels, and record expenses and fees from marketplaces such as Amazon and eBay accurately.

Cornerstone OnDemand strengthens strategic relationship with LinkedIn

Cornerstone OnDemand, a global leader in cloud-based learning and human capital management software, expanded its strategic global relationship with LinkedIn in February 2018 to offer organizations expanded corporate learning technology and content options that meet the needs of both organizations and their employees.

Under the agreement, LinkedIn and Cornerstone will collaborate on customer opportunities and will integrate solutions to bring Cornerstone customers content from LinkedIn Learning in one seamless experience. The integration is expected to be available in Spring 2018 and will allow both companies to broaden their corporate learning offerings and appeal to organizations looking to provide a holistic, engaging learning experience for employees.









AxiomSL launches end to end solution to address complex IFRS 17 requirements

AxiomSL, the leading provider of regulatory reporting and risk management solutions, launched its IFRS 17 solution, which offers an industrialized end-to-end process to efficiently address the highly intensive IFRS 17 requirements. AxiomSL's IFRS 17 solution provides automation with robust data management, reconciliation, flexibility and traceability capabilities while reducing the Total Cost of Ownership (TCO) and operational risks as well as ensuring quick time to market.

AxiomSL empowers firms to meet the complex IFRS 17 requirements around data, grouping, measurement and reporting with an end to end automated solution. AxiomSL's IFRS 17 solution eliminates the manual processes and ensures measurements are executed with traceability and flexibility, whilst offering fast implementation and reducing operational risk.

Deal Activity

Highlighted M&A Transactions

Date	Target	Acquirer	Sector	Implied EV (\$mm)
3/26/18	 MuleSoft		Enterprise Management	\$6,600
3/15/18			Enterprise Management	\$300
3/12/18	 cloudcraze A Salesforce Company		Human Capital Management	NA
3/1/18	 LESSOR	 PAYCHEX Payroll • HR • Retirement • Insurance	Human Capital Management	NA

Highlighted Financing Transactions

Date	Company	Key Investor	Type	Amount (\$mm)
4/4/18		DECLARATION PARTNERS 	Series E	\$50
3/27/18	 INTERCOM	 BESSEMER VENTURE PARTNERS	Series D	\$125

- M&A and financing activity in the Financial Management Solutions space increased significantly in the past three months.
- The enterprise management sub-sector recorded the maximum number of M&A and financing deals.
- Private equity and venture capital firms led several financing deals for accounting software business analytics solutions providers.
- The constant increase in valuation in the Financial Management Solutions segment has led to a large influx of funds into this sector, which is expected to continue over several quarters.

Deal volumes are driven by the trend of acquiring and investing in new technologies in enterprise management

M&A and financing activity in the Financial Management Solutions space increased significantly in the past three months. The period was characterized by an emphasis on acquiring and financing enterprise software providers. Incumbents also acquired younger, innovative, and cloud-based SaaS and PaaS start-ups. Salesforce's acquisition of MuleSoft, a builder of application networks that connects enterprise apps, data, and devices across any cloud and on-premise, for \$6.5 billion, is a case in point.


























Big players also acquired and invested in human capital management platforms. Asure Software's acquisition of Wells Fargo's Evolution HCM platform and Paychex' acquisition of Lessor, a payroll solutions provider are examples of this trend.

Private equity and venture capital firms led several funding rounds for accounting software business analytics solutions providers. Robotic process automation vendor UiPath and business analytics solutions platform imply.io raised multi-million dollar rounds of funding backed by Accel Partners and Andreessen Horowitz, respectively.

The current trends are likely to continue in the coming quarters as investors are bullish on the sector. Consolidation by incumbents gives them access to larger networks and allows them to augment existing operations with new products and services. The constant increase in valuation in the Financial Management Solutions segment has led to a large influx of funds into this sector, which is expected to continue over several quarters.





















*The current trends are likely to continue into the following period as investors are bullish on the sector.
The sector is positioned for sustained deal activity in the coming quarters.*

M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
4/10/18	[:] SourceClear		Enterprise Management	NA
4/3/18	 <small>now part of Bix</small>		Enterprise Management	\$16
4/2/18	 (Evolution HCM platform)		Human Capital Management	\$11
3/30/18			Enterprise Management	NA
3/28/18			Revenue Management	NA
3/26/18 Transaction Profiled			Enterprise Management	\$6,600
3/15/18 Transaction Profiled			Enterprise Management	\$300
3/13/18		DUFF & PHELPS	Enterprise Management	NA
3/12/18	 <small>by MINDBODY.</small>		Revenue Management	\$150
3/12/18 Transaction Profiled	 <small>A Salesforce Company</small>		Revenue Management	NA
3/8/18			Human Capital Management	NA
3/8/18	 <small>HR RESOURCES INC. a paylocity company</small>		Human Capital Management	NA
3/7/18	 IMG Benefits Group		Human Capital Management	NA
3/1/18 Transaction Profiled		 <small>Payroll • HR • Retirement • Insurance</small>	Human Capital Management	NA

Source: Capital IQ, Pitchbook, and Media Reports

M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
2/27/18	 CROSSLINK Professional Tax Software	 LNC PARTNERS	Accounting / Expenses	NA
2/27/18	 TrustCSR Part of The Trust Partnership Ltd	 benevity	Human Capital Management	NA
2/26/18	 Lombard Risk a VERMEG company	VERMEG	Enterprise Management	\$71
2/23/18	 doxim TRANSFORMING CUSTOMER EXPERIENCE	GI PARTNERS	Enterprise Management	NA
2/21/18	advanced^{hr}	Solium	Human Capital Management	NA
2/14/18	 FastSpring	 AKKR ACQUISITION	Enterprise Management	NA
2/12/18	 WINDSOR CIRCLE GROW CUSTOMER VALUE	 OSG	Revenue Management	NA
2/9/18	Frædom	VISA	Accounting / Expenses	\$195
2/6/18	 3VR	 IDENTIV	Enterprise Management	\$14
2/5/18	 openlink	 ION	Enterprise Management	NA
2/2/18	 basware Simply Operations, Smart Services Financial performance solutions business	 verdane capital	Accounting / Expenses	\$35
2/2/18	 CirrusOne	 SIMPLUS success simplified	Revenue Management	NA
2/1/18	 IMARC A Humantix Division	 QuestSoft Compliance. We've Got This.	Enterprise Management	NA

Source: Capital IQ, Pitchbook, and Media Reports

Key M&A Deal Profiles

Salesforce acquired MuleSoft for an implied enterprise value of \$6.6 billion

Target Company Overview



MuleSoft is a developer of a cloud-based application integration platform designed to connect organizational applications, data, and devices. The company's platform offers an integration software suite for connecting any application, data source, or device using APIs whether in the cloud or on-premises using open-source technology. MuleSoft was incorporated in 2006 and is headquartered in San Francisco, CA.

Solutions Offered

The company provides Anypoint Platform, a hybrid integration platform that enables organizations to easily build and rapidly scale an application network of apps, data, and devices through APIs and integrations. Its platform also allows a self-serve infrastructure through discoverable building blocks or nodes that can be used and reused to compose applications.

Acquisition Details



Salesforce.com acquired MuleSoft for an implied enterprise value of \$6.6 billion on March 20, 2018. Under the terms of the transaction, consideration was composed of \$36 in cash and 0.0711 shares of Salesforce common stock per MuleSoft Class A and Class B common shares. MuleSoft became a wholly owned subsidiary of Salesforce.com.

Transaction Rationale

Through this transaction, Salesforce aims to accelerate customers' digital transformations, enabling them to unlock data across legacy systems, cloud apps, and devices to make smarter, faster decisions and create highly differentiated connected customer experiences.

Palo Alto Networks acquires Evident.io for \$300 million

Target Company Overview



Evident.io develops and offers a software platform for enterprise security management. The company provides cloud infrastructure security, enabling rapid detection/remediation of risks, vulnerabilities, and compliance. Evident.io was incorporated in 2013 and is based in Pleasanton, CA.

Solutions Offered

The company offers Evident Security Platform (ESP) that allows organizations to manage cloud security risk, reduce the attack surface and improve security posture. The platform offers cloud security services, including resource visibility, vulnerability assessment, and notifications and alerts, and risk and compliance services.

Acquisition Details



Palo Alto Networks acquired Evident.io for \$300 million on March 26, 2018. The consideration was paid in cash. Upon transaction completion, Evident.io's Chief Executive Officer and Chief Technical Officer joined Palo Alto Networks. Evident.io operates as a subsidiary of Palo Alto Networks, Inc.

Transaction Rationale

The transaction will enable Palo Alto Networks to extend its leadership in cloud security. The company will integrate Evident.io's capabilities into its existing platform to develop and deploy new applications in the cloud faster, simplify developer and security operations, and continuously validate compliance of cloud deployments.

Key M&A Deal Profiles (Cont'd.)

Salesforce acquires CloudCraze Software for an undisclosed amount

Target Company Overview



CloudCraze Software develops and delivers enterprise level B2B and B2C cross channel e-commerce solutions on Salesforce cloud platform. The company provides an enterprise based cross-channel e-commerce platform designed to deliver customer-branded storefronts developed natively on the platform. CloudCraze Software LLC was founded in 2009 and is based in Chicago, IL.

Solutions Offered

CloudCraze leverages the Salesforce infrastructure to help businesses generate online revenue. The company provides solutions that enable clients to deploy mobile ready enterprise storefronts, data and processes across e-commerce and customer relationship management (CRM) in a single Salesforce interface,

Acquisition Details



Salesforce.com acquired CloudCraze Software on March 12, 2018 for an undisclosed amount. The terms of the transaction was not disclosed. This is Salesforce's second acquisition in 2018 after Mulesoft.

Transaction Rationale

The acquisition of CloudCraze will enable Salesforce and its customers to take full advantage of the shift to digital commerce the acquisition will enhance salesforce's capabilities and thereby help capture the growing opportunity in the B2B commerce industry.

Paychex acquires LESSOR A/S for an undisclosed amount

Target Company Overview



LESSOR A/S is a market-leading provider of payroll and human capital management (HCM) software solutions for small-, medium-, and enterprise-sized companies. The company is based in Allerød, Denmark and is currently doing business in Denmark, Sweden, Norway, and Germany.

Solutions Offered

Lessor A/S provides services under two models. Firstly, it provides a SaaS payroll and HCM suite through its Lessor platform, Microsoft Dynamics and secondly a do-it-yourself, cloud-based platform branded as Danløn in Denmark and delivered under different brands in other parts of Europe.

Acquisition Details



Paychex acquired LESSOR A/S from Axcel Management A/S on March 1, 2018. Post-completion, Peter Colsted, Chief Executive Officer of Lessor was retained and took the role of Managing Director of Paychex's European operations. The management team of LESSOR and all employees were kept on as well. LESSOR A/S operates as a subsidiary of Paychex, Inc.

Transaction Rationale

The acquisition will give Paychex significant client base and revenue growth opportunities. Paychex aims to provide a complete technology-enabled services platform by combining Lessor's payroll and HCM software products with its full-service BPO service capabilities.

Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
4/25/18	 BIGCOMMERCE	Revenue Management	\$64	Series F	 Private Capital Investing Group
4/18/18	 green bits	Revenue Management	\$17	Series A	 Tiger Global Management, LLC
4/17/18	 instant	Human Capital Management	\$12	Series A	
4/13/18	 SAVIYNT	Enterprise Management	\$40	Series A	 Investing more than capital
4/10/18	 SYMPHONY	Enterprise Management	\$67	Growth	 BARCLAYS  bpi france  CLSA Capital Partners
4/4/18 Transaction Profiled	 WorkFusion	Enterprise Management	\$50	Series E	DECLARATION PARTNERS 
4/3/18	 ContaAzul	Accounting / Expenses	\$30	Series D	 Tiger Global Management, LLC
4/2/18	 SalesLoft	Revenue Management	\$50	Series C	 VENTURE PARTNERS
4/2/18	 ceterus	Accounting / Expenses	\$10	Series B	 Harbert Management Corporation
3/27/18 Transaction Profiled	 INTERCOM	Revenue Management	\$125	Series D	 KPCB KLEINER PERKINS CAUFIELD BYERS
3/27/18	 spring	Enterprise Management	\$15	Seed	
3/23/18	 BetterCloud	Enterprise Management	\$60	Series E	 VENTURES

Source: Capital IQ, Pitchbook and Media Reports

Evolve Capital Partners; Deals & Market Roundup – FMS 18

Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
3/22/18	 aXpire	Accounting / Expenses	\$20	Venture	Undisclosed
3/21/18	 Avetta Formerly PICS Auditing	Enterprise Management	NA	Venture	WCAS NORWEST VENTURE PARTNERS
3/20/18	 Chargebee	Accounting / Expenses	\$18	Series C	INSIGHT VENTURE PARTNERS
3/19/18	 Enforced	Enterprise Management	NA	Venture	 seismic foundry
3/16/18	 canopy	Accounting / Expenses	\$30	Venture	NEA
3/14/18	 pilot	Accounting / Expenses	\$15	NA	 Index Ventures
3/13/18	 imply	Business Analytics	\$13	Series A	ANDREESSEN HOROWITZ
3/12/18	 BIOCATCH Less Friction. Less Fraud.	Enterprise Management	\$30	Growth	 MAVERICK VENTURES ISRAEL
3/7/18	 TRIPActions	Accounting / Expenses	\$51	Series B	 ZEV VENTURES  LIGHTSPEED VENTURE PARTNERS
3/2/18	 UiPath	Enterprise Management	\$153	Series B	Accel
2/27/18	 C2FO	Accounting / Expenses	\$100	Growth	Allianz  MUBADALA
2/14/18	 duetto	Revenue Management	\$80	Series D	WARBURG PINCUS

Source: Capital IQ, Pitchbook and Media Reports

Key Financing Deal Profiles

WorkFusion receives \$50 million in a Series E funding

Target Company Overview



WorkFusion develops artificial intelligence (AI) powered robotic process automation (RPA) software products for enterprises to digitize manual and repetitive operations. The company's integrated solution, combining AI, RPA and humans, is spread across all sectors such as Banking, Insurance, and Healthcare. WorkFusion was founded in 2010 and is headquartered in NY.

Products Offered

The company provides the following products:

- **RPA Express** – an enterprise-grade product for automating web, desktop, and terminal applications.
- **Chatbots** – bots that chat with customers to fulfill back-office requests.
- **Smartcrowd** – a solution that sources, trains, manages, and pays people.

Financing Details

DECLARATION PARTNERS 

WorkFusion raised \$50 million in a Series E funding round led by Hawk Equity and Declaration Partners on April 4, 2018. Previous investors such as Georgian Partners, iNovia Capital and NGP Capital also participated in this round. WorkFusion has raised \$118 million of funding to date.

Use of Funds

WorkFusion intends to use the proceeds to expand its global operations and help businesses deploy Robotic Process Automation (RPA) technology extensively in areas such as customer onboarding, claims processing, and accounts payable. The investors chose to partner with WorkFusion because of its ability to solve critical operational problems for enterprises using AI.

Intercom receives \$125 million in a Series D funding

Target Company Overview



Intercom offers a customer communication platform that enables businesses to communicate with their customers on their website, mobile applications, and by email. The company was incorporated in 2011 and is based in San Francisco, CA with an additional office in Dublin, Ireland.

Services Offered

Intercom, Inc. offers solutions on its platform that allow businesses to chat with visitors on their website to help them become customers. It also provides a solution for businesses to onboard and retain customers with targeted email and in-application messages. The company also allows customers to give feedback to businesses by mail. The company's platform works across Web, iOS, and Android applications.

Financing Details



Intercom raised \$125 million in a Series D funding led by Kleiner Perkins on March 27, 2018. The funding included participation from GV (formerly Google Ventures) and other existing investors. Intercom has raised \$241 million in funding to date.

Use of Funds

Intercom intends to use the funds to further develop its customer platform, expand its workforce particularly in the product and engineering department, and expand its geographic footprint across Europe and Asia. Intercom also intends to spend a significant amount of capital on research and development.

IPO Activity Summary

Company	IPO Date	Amount Raised (\$mm)	IPO Price	Current Market Price	Total Return
CERIDIAN	4/26/18	\$462	\$22.00	\$30.52	39%
DocuSign	4/26/18	\$630	\$29.00	\$39.73	37%
smartsheet	4/26/18	\$175	\$15.00	\$19.50	30%
Appian	5/24/17	\$75	\$12.00	\$26.91	124%
BLACKLINE	10/27/16	\$146	\$17.00	\$40.97	141%
coupa	10/5/16	\$133	\$18.00	\$47.51	164%
appfolio	6/25/15	\$74	\$12.00	\$47.75	298%
workiva	12/11/14	\$101	\$14.00	\$22.40	60%
upland	11/5/14	\$46	\$12.00	\$27.25	127%
paycom	4/14/14	\$100	\$15.00	\$113.49	657%
TriNet <small>Ambitions Realized™</small>	3/26/14	\$240	\$16.00	\$51.82	224%
paylocity	3/18/14	\$120	\$17.00	\$54.53	221%
SERVICE SOURCE	3/24/11	\$120	\$10.00	\$3.81	(62%)
SPS COMMERCE	3/22/10	\$50	\$12.00	\$68.74	473%
PROS	6/27/07	\$75	\$11.00	\$29.58	169%

Source: Capital IQ and Pitchbook
Market data as of April 27 2018



Select Wall Street Research Updates and Commentary

Update from Wedbush Securities, April 2018



“SPLK’s addressable markets include the \$5B security intelligence market, \$12B IT operations management market, \$11B applications delivery market, \$15B business analytics and web intelligence market (~\$5B is currently addressable), and the \$5B industrial data and IoT market. In any given quarter, we believe about 70-80% of bookings come from its customer base, with about 2/3 coming from new use cases. **We believe underlying growth drivers for SPLK include growth in data volumes and variety, the proliferation of smart endpoints (e.g. meters, devices, embedded software), and SPLK’s highly differentiated capabilities in analyzing a wide range of machine data.**”

Update from SunTrust Robinson Humphrey, March 2018



“Overall the midmarket for payroll and HCM solutions is highly attractive based on catalysts including modernizing HR processes and systems and share gains versus legacy payroll service bureau providers. **We believe Paylocity represents an attractive asset with nice line-of-sight into \$1 billion annualized revenue and 30%-plus adjusted EBITDA margins longer term.**”

Update from Cantor Fitzgerald, March 2018



“We maintain our Overweight rating on COUP and raise our PT to \$58 from \$38. **We see strength in the company’s cloud-based spend management platform, its extensive network of suppliers**, which builds on itself, and recurring revenues generated by its SaaS-based model.”

Update from RBC Capital Markets, February 2018



“We believe that Workday’s win rate remains strong and the biggest impediment to growth remains customers making no decision to move off their existing platform and to extend the life of their on-premise system with an upgrade. **Workday has more than 450 financial customers and the scalability of the product continues to improve.**”

Update from JP Morgan, February 2018



“We believe that optionality exists for BlackLine to significantly expand its product portfolio and international presence, especially given its recent acquisition of the Netherlands-based Runbook. International revenue accounted for 17% of total revenue in 2015. **Significant traction in international expansion could lead to revenue growth that exceeds our forecast.**”

Appendix – Coverage Universe Components

The coverage universe for various sectors is as follows:

1 Payments:

ADS, FLT, ENXTPA:EDEN, WEX, FIS, FISV, JKHY, ACIW, EPAY, V, MA, AXP, PYPL, SHOP, ENXTAM:GTO, DBD, CATM, MB, EVRI, PMTS, BOVESPA:CIEL3, FDC, GPN, TSS, VNTV, SQ, LSE:WPG, XTRA:WDI, ENXTPA:WLN, DLX, LSE:PAYS, TSE:3769, QIWI, EVTC, LSE:PAY, UEPS, NEWT, JTPY, ENXTPA:ING, NCR, SZSE:002152, PAY, SEHK:327, AIM:SCH, PAR, WU, EEFT, HAWK, GDOT, MGI, ASX:OFX, PLPM

2 Bank Technology Solutions:

FIS, FISV, JKHY, SWX:TEMN, BSE:532466, TSE:6457, QTWO, SGX:5CP, EPAY, OTCPK:CSVI, BSE:538835, SWX:CLXN, AIM:MONI, LSE:EXPN, EFX, TRU, OM:IJ, FICO, FNF, ZG, CSGP, ELLI, CLGX, BKFS, LSE:ZPG, STC, TSX:REAL, ASPS, REIS, ENXTAM:WKL, PEGA, DNB, ENXTPA:SOP, WSE:ACP, MITK, AIM:SQS, NTWK, INTC, IBM, AXP, PYPL, FDC

3 Specialty Finance / Alternative Lending:

NAVI, NNI, PRAA, ECPG, PRGX, PFMT, ASFI, CIT, CACC, NEWS, MRLN, TSX:CHW, ASX:ZML, CPSS, COF, SYF, DFS, SLM, LSE:PFG, SC, OMF, FCFS, AAN, LSE:TCS, SGBK, WRDL, LSE:IPF, TBBK, EZPW, RM, OB:MONO-ME, ATLC, URI, AL, TSX:EFN, TGH, RCII, ASX:FXL, CAI, FLY, NSM, CASH, PHH, PFSI, OCN, WAC, LC, TREE, YRD, DB:FRU, ENVA, XRF, ELVT, ONDK, DB:MBC

4 Securities:

BGCP, LSE:NXG, LSE:IGG, IBKR, ENXTAM:FLOW, KCG, VIRT, ITG, ENXTPA:VIL, INTL, SWX:CFT, BMV:FINAMEX O, WFC, BAC, C, LSE:HSBA, ASX:CBA, TSX:RY, TSX:TD, ENXTPA:BNP, USB, AXP, LSE:LLOY, PNC, ASX:NAB, TSX:BMO, LSE:BARC, SEHK:11, LSE:RBS, SGX:D05, TSX:CM, NSEI:ICICIBANK, MTB, BIT:MB, UMBF, LSE:CBG, FII, NSEI:IIFL, XTRA:COM, CME, ICE, SEHK:388, XTRA:DB1, LSE:LSE, BOVESPA:BVMF3, NDAQ, CBOE, ASX:ASX, SGX:S68, ENXTPA:ENX, BME:BME, TSX:X, SPGI, TSX:TRI, MCO, INFO, MSCI, FDS, ENXTPA:FIM, MORN, NSEI:CRISIL, VALU, JPM, GS, MS, SWX:UBSG, DB:DBK, SWX:CSGN, ASX:MQG, TSE:8604, RJF, LAZ, SF, PJC, GHL, COWN, AMEX:LTS, AIM:NUM, JMP, BLK, BK, BEN, NTRS, AMP, TROW, IVZ, LSE:HL, LSE:INVP, JHG, AB, CNS, WDR, APAM, WETF, VRTS, SCHW, AMTD, ETFC, MKTX, TSE:8628, AIM:PLUS, TSE:8698, YIN, LSE:CMCX, SWX:SQN, GCAP, GLBR, STT, BR, SEIC, ASX:CPU, DST, LPLA, LSE:TCAP, FNGN, ENV, LSE:SNN, ASX:BVS, ENXTAM:KA, SSNC, CPSE:SIM, LSE:ALFA, ASX:IRE, LSE:FDSA, AIM:FDP, ENXTPA:LIN, AIM:SOG

5 Insurance:

LSE:REL, VRSK, DNB, ACXM, MMC, AON, WLTW, AJG, BRO, LSE:JLT, MET, PRU, CI, TSX:MFC, AFL, LSE:AV, TSX:GWO, TSX:SLF, LSE:LGEN, PFG, LNC, SWX:SLHN, LSE:SL, ENXTAM:AGN, TMK, PRI, ANAT, LSE:HSD, DB:ALV, ENXTPA:CS, AIG, SWX:ZURN, ALL, AFG, GNW, LSE:MONEY, RATE, EHTH, ASX:ISU, QNST, CB, TRV, PGR, HIG, CINF, LSE:RSA, THG, MCY, SIGI, EIG, STFC, MKL, WRB, AIZ, AWH, PRA, AFSI, RLI, AGII, OB, NAVG, AMSF, GBLI, GWRE, EBIX, SPNS, CRD.B, AMEX:MJCO, TSXV:SY, PN, FNF, ORI, FAF, STC

6 BPO:

ENXTPA:RCF, CVG, TTEC, SYKE, SRT, ESRX, ATHN, HQY, BOVESPA:QUAL3, MDRX, HMSY, QSII, CSLT, CPSI, RCM, ADP, PAYX, ULTI, WAGE, TNET, CSOD, NSP, BNFT, ACN, NSEI:TCS, CTSH, NSEI:INFY, DXC, BSE:507685, NSEI:HCLTECH, ENXTPA:CAP, ENXTPA:ATO, DOX, OTEX, NSEI:TECHM, CACI, EXLS, WNS, CALD, SYNT, BSE:532819, NSEI:HEXAWARE, VRTU, UIS, VDSI, LSE:MCGN, BIT:BET, TSX:GIB.A, LSE:CPI, G, BSE:526299, CSGS, BSE:532809, AIM:IBPO, PRGX

7 Financial Management Solutions:

INTU, LSE:SGE, BL, COUP, ASX:RKN, TYL, PEGA, ASX:TNE, QADA, AMSW.A, LSE:MCGN, NSEI:RAMCOSYS, ADP, PAYX, WDAY, ULTI, HRB, PAYC, WAGE, PCTY, CSOD, NSP, LSE:HRG

8 Analytics / IoT:

ORCL, DB:SAP, CRM, VMW, LSE:EXPN, OTEX, SPLK, DATA, FICO, XTRA:SOW, RP, NEWR, MSTR, CLDR, AYY, HDP, VERI, DWCH, GOOGL, MSFT, AMZN, KOSE:A005930, T, CMCS.A, VZ, QCOM, TMUS, HLSE:NOKIA, S, GRMN, LOGM, SLAB, IDCC, AMBA, GLOB, FIT, CTRL, GE, INTC, CSCO, DB:SIE, HON, TXN, TSE:6501, HPE, SWKS, RHT, ARW, PTC, ZBRA, CY, IRDM, TSX:SW, ORBC, CAMP, SSNI, IBM, LSE:REL, EFX, NLSN, VRSK, IT, TRU, DNB, TDC, CLGX, VRNT, ACXM, FORR, TSX:AIM, MATR

9 Healthcare Tech:

INOV, OMCL, VCRA, TRHC, STRM, CERN, DB:COP, MDRX, EVH, QSII, HSTM, AIM:EMIS, CPSI, COTV, HMSY, ATHN, AIM:CRW, RCM, SREV, UNH, AET, ANTM, HUM, CNC, WCG, NUAN, MMS, MOH, MGLN, GTS, HIIQ



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