



Evolve  
Capital Partners

# QUARTERLY DEALS & MARKET ROUNDUP

## Financial Management Solutions (FMS)

February 2018



*Human Capital Management*



*Business Analytics*



*Revenue Management*



*Enterprise Management*



*Accounting / Expenses*



## Highlights

*This quarter's FMS roundup discusses the following key developments:*



**EXPENSE MANAGEMENT SOFTWARE GIVING RISE TO ENHANCED EXPENSE ANALYTICS**



**DATA VISUALIZATION TECHNOLOGY DRIVING INFORMED FINANCIAL DECISION-MAKING**



**AUTOMATED PROCESS MANAGEMENT BOOSTING COST EFFICIENCIES FOR FIRMS**



# 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*

### Data & Analytics / IoT



### Insurance





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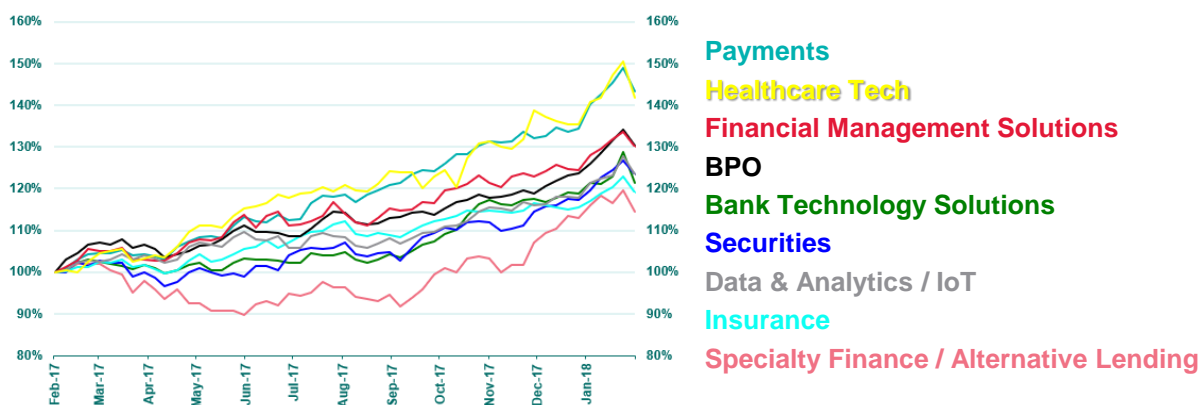
## 5. Select Wall Street Research & Commentary



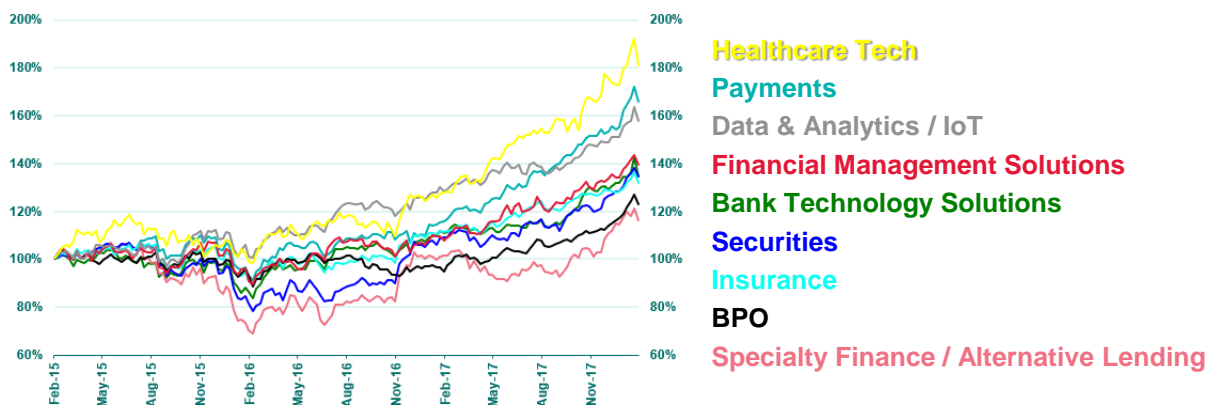
# Market Summary

## 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	11.8%	41.8%	65.7%
Bank Tech Solutions	11.4%	21.2%	34.6%
Specialty Finance / Alternative Lending	14.0%	14.5%	16.2%
Securities	11.5%	23.5%	34.8%
Healthcare Tech	5.5%	18.5%	81.3%
BPO	13.2%	30.1%	23.2%
Financial Management Solutions	8.6%	29.5%	39.5%
Data & Analytics / IoT	11.0%	22.9%	57.8%
Insurance	14.1%	41.6%	32.0%

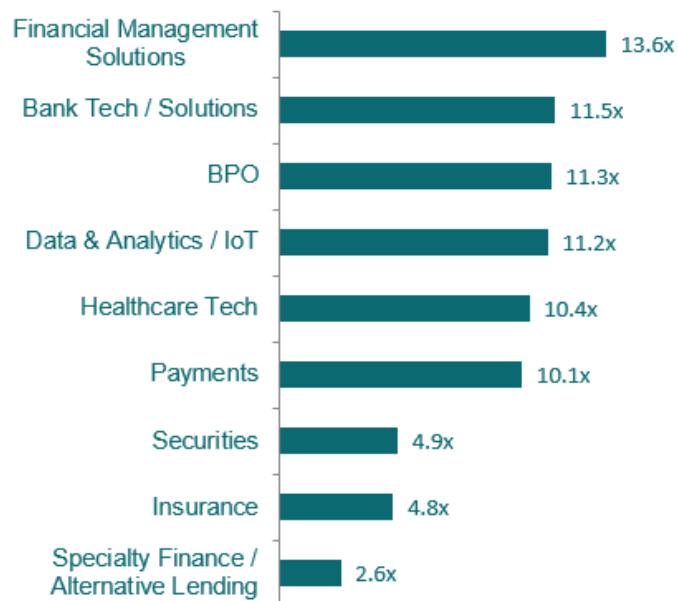
Source: Capital IQ and market data as of February 2, 2018

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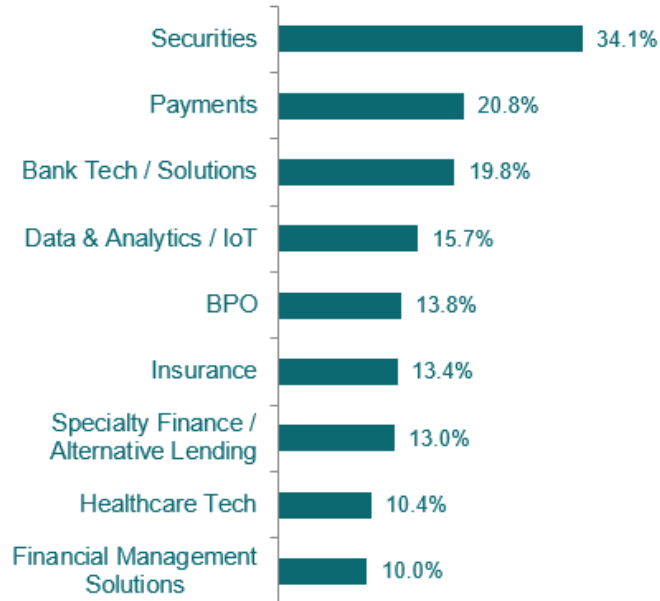
# Multiples & Margins – All Sectors

## Industry-wide Multiples and Margins

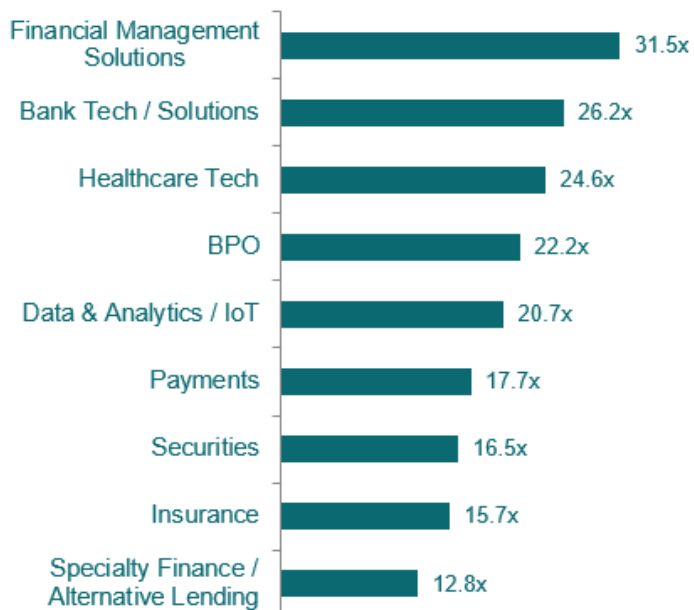
### 2018E EBITDA Multiples



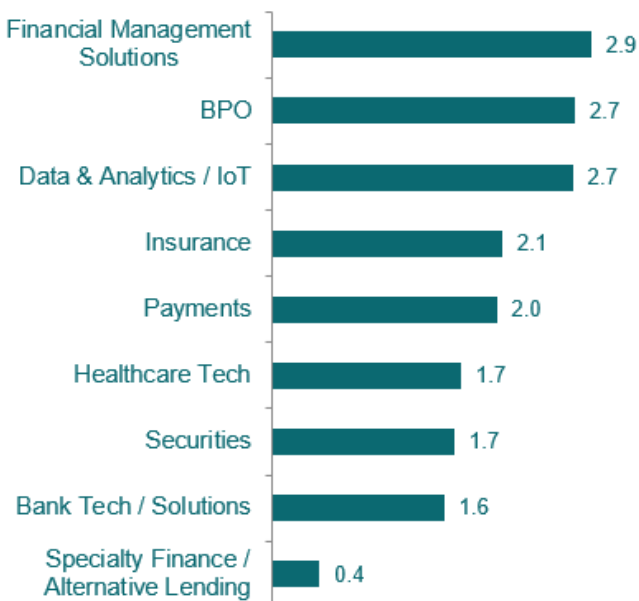
### LTM EBITDA Margins



### 2018E Price / Earnings Multiples



### 2018E PEG Ratio



Source: Capital IQ and market data as of February 2, 2018

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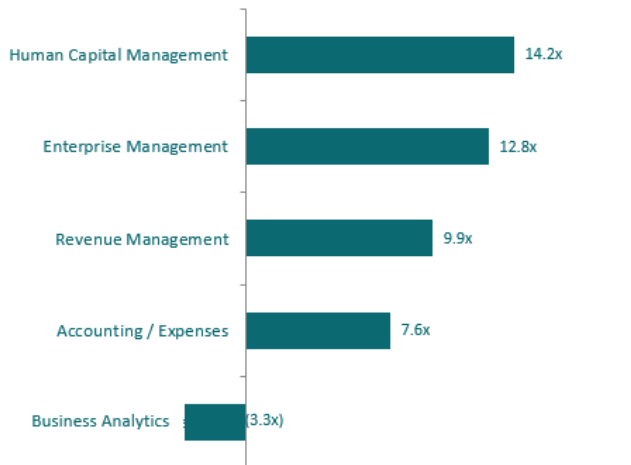
# Multiples & Margins – FMS

## Sub-sector Multiples and Margins

### 2018E EBITDA Multiples



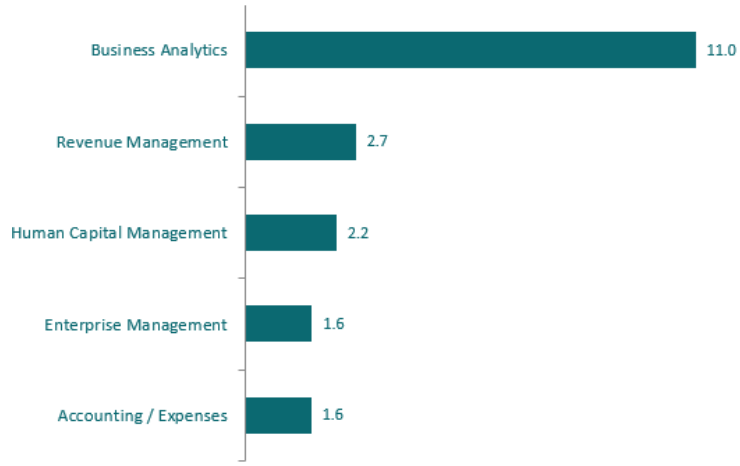
### LTM EBITDA Margins



### 2018E Price / Earnings Multiples



### 2018E PEG Ratio





## Stock Comparables – FMS

(All figures in US Dollars. Figures in millions, except per share data, as of February 02, 2018)

FMS Sub-Sector	Aggregate		Price / Earnings		Multiples			
	Market Cap	Enterprise Value			EV / EBITDA		EV / Sales	
			FY 18E	FY19E	FY 18E	FY19E	FY 18E	FY19E
Human Capital Management	\$128,477	\$126,963	31.7x	25.7x	14.9x	14.7x	5.0x	4.4x
Business Analytics	\$26,095	\$23,286	39.5x	32.2x	12.2x	11.1x	4.8x	4.1x
Revenue Management	\$3,885	\$3,784	43.0x	31.8x	8.9x	8.4x	4.7x	4.0x
Enterprise Management	\$15,955	\$15,387	31.9x	26.7x	13.0x	14.6x	3.4x	3.1x
Accounting / Expenses	\$60,678	\$61,470	17.0x	21.5x	13.9x	12.7x	7.6x	6.1x
<b>Median</b>			<b>31.9x</b>	<b>26.7x</b>	<b>13.0x</b>	<b>12.7x</b>	<b>4.8x</b>	<b>4.1x</b>
<b>Mean</b>			<b>32.6x</b>	<b>27.6x</b>	<b>12.6x</b>	<b>12.3x</b>	<b>5.1x</b>	<b>4.3x</b>

FMS Sub-Sector	Number of Companies	Growth Rates			EBITDA Margin		PEG* FY 18E
		Revenue		EPS 5 Yr	FY 18E	FY 19E	
		FY 18E	FY 19E				
Human Capital Management	11	14.3%	12.9%	18.31	14.2%	25.3%	2.23
Business Analytics	4	12.0%	10.6%	14.66	(3.3%)	13.5%	10.98
Revenue Management	2	12.1%	11.0%	15.42	9.9%	22.1%	2.70
Enterprise Management	8	9.6%	9.9%	13.69	12.8%	19.9%	1.64
Accounting / Expenses	6	27.7%	21.9%	7.53	7.6%	19.2%	1.61
Median		12.1%	11.0%	14.66	9.9%	19.9%	2.23
Mean		15.1%	13.3%	13.92	8.2%	20.0%	3.83

\* 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 February 02, 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.	\$52,558	\$52,784	\$12,790	21.3%	3.8x	3.5x	17.9x	16.3x	27.0x	23.8x	2.2
Paychex, Inc.	\$23,922	\$23,717	\$3,238	43.7%	6.9x	6.5x	15.9x	14.9x	26.7x	23.4x	3.3
Workday, Inc.	\$24,673	\$22,935	\$1,995	(10.3%)	11.1x	8.9x	NM	NM	NM	NM	3.5
The Ultimate Software Group, Inc.	\$6,594	\$6,466	\$941	8.4%	6.3x	5.4x	NM	21.0x	44.3x	36.7x	2.1
H&R Block, Inc.	\$5,323	\$6,637	\$3,058	29.1%	2.3x	2.2x	7.8x	7.7x	10.3x	11.7x	1.4
Paycom Software, Inc.	\$5,159	\$5,127	\$433	22.6%	9.8x	7.9x	24.3x	19.9x	37.5x	30.1x	2.0
WageWorks, Inc.	\$2,416	\$1,768	\$462	19.9%	3.0x	2.8x	9.5x	8.4x	28.9x	25.1x	2.1
Paylocity Holding Corporation	\$2,657	\$2,560	\$334	7.5%	6.0x	4.9x	NM	22.7x	49.5x	39.2x	2.1
Cornerstone OnDemand, Inc.	\$2,312	\$2,249	\$482	(4.1%)	4.5x	4.0x	24.0x	18.9x	55.5x	34.3x	3.6
Insperty, Inc.	\$2,499	\$2,316	\$3,300	4.4%	0.6x	0.6x	12.2x	10.7x	21.1x	18.5x	1.4
Hogg Robinson Group plc	\$364	\$405	\$447	13.3%	1.2x	1.2x	7.1x	6.4x	16.7x	14.1x	0.9
Median				13.3%	4.5x	4.0x	14.1x	15.6x	27.9x	24.4x	2.1
Mean				14.2%	5.0x	4.4x	14.9x	14.7x	31.7x	25.7x	2.2

### 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.	\$12,905	\$11,925	\$1,158	(22.1%)	9.7x	7.8x	NM	NM	NM	NM	4.3
MicroStrategy Incorporated	\$1,554	\$879	\$505	16.0%	1.8x	1.7x	13.7x	11.9x	55.1x	42.9x	NA
Tableau Software, Inc.	\$6,699	\$5,845	\$877	(16.7%)	5.9x	5.2x	NM	NM	NM	NM	28.6
Teradata Corporation	\$4,937	\$4,638	\$2,156	9.7%	1.9x	1.8x	10.8x	10.3x	23.9x	21.4x	NM
Median				(3.5%)	3.9x	3.5x	12.2x	11.1x	39.5x	32.2x	16.5
Mean				(3.3%)	4.8x	4.1x	12.2x	11.1x	39.5x	32.2x	16.5

### 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.	\$2,373	\$2,197	\$253	0.1%	7.3x	6.1x	NM	NM	69.6x	48.3x	3.2
CSG Systems International, Inc.	\$1,512	\$1,587	\$790	19.6%	2.0x	2.0x	8.9x	8.4x	16.5x	15.3x	2.2
Median				9.9%	4.7x	4.0x	8.9x	8.4x	43.0x	31.8x	2.7
Mean				9.9%	4.7x	4.0x	8.9x	8.4x	43.0x	31.8x	2.7

### 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.	\$7,383	\$7,219	\$816	22.4%	7.8x	7.1x	NM	22.6x	45.6x	41.2x	2.6
Pegasystems, Inc.	\$3,924	\$3,730	\$801	6.9%	4.1x	3.6x	NM	23.9x	63.1x	45.6x	2.4
Technology One Limited	\$1,227	\$1,153	\$214	22.8%	4.6x	4.1x	19.7x	16.7x	28.8x	24.2x	2.0
QAD Inc.	\$825	\$699	\$298	2.9%	2.2x	2.1x	NM	NM	NM	NM	3.9
American Software, Inc.	\$373	\$293	\$106	13.9%	2.5x	2.3x	14.2x	12.6x	33.6x	29.4x	2.2
Microgen plc	\$357	\$347	\$67	22.5%	3.9x	3.6x	15.5x	13.2x	26.0x	21.8x	NA
TOTVS S.A.	\$1,638	\$1,738	\$672	10.3%	2.3x	2.1x	15.6x	13.0x	25.9x	24.5x	NA
Ramco Systems Limited	\$228	\$210	\$73	0.7%	NA	NA	NA	NA	NA	NA	NA
Median				12.1%	3.9x	3.6x	15.6x	15.0x	31.2x	27.0x	2.4
Mean				12.8%	3.9x	3.6x	16.3x	17.0x	37.2x	31.1x	2.6

### 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.	\$41,778	\$41,876	\$5,285	30.9%	7.3x	6.7x	19.5x	17.7x	30.5x	26.7x	2.1
The Sage Group plc	\$11,285	\$12,327	\$2,299	26.9%	4.3x	4.0x	15.1x	13.8x	20.5x	18.7x	2.2
BlackLine, Inc.	\$1,743	\$1,634	\$162	(11.3%)	7.4x	5.8x	NM	NM	NM	NM	NM
Coupa Software Incorporated	\$2,085	\$1,865	\$171	(22.3%)	11.1x	9.0x	NM	NM	NM	NM	NA
Reckon Limited	\$138	\$178	\$38	32.6%	4.6x	2.9x	7.2x	6.5x	NA	19.2x	3.7
Xero Limited	\$3,649	\$3,590	\$250	(11.1%)	10.7x	8.1x	NM	NM	NM	NM	NA
Median				7.9%	7.4x	6.3x	15.1x	13.8x	25.5x	19.2x	2.2
Mean				7.6%	7.6x	6.1x	13.9x	12.7x	25.5x	21.5x	2.7

Source: Capital IQ



## Recent Updates



### ***Expense Management Software Giving Rise to Enhanced Expense Analytics***

Expense management software has experienced a healthy rate of adoption in the past few years. The growing usage of expense management software is driven by the need to remain competitive in today's dynamic business landscape. Expense management processes implemented by legacy vendors are time-consuming and heavily dependent on the inputs of end users. Moreover, documenting and reporting expenses manually, using spreadsheets, exposes businesses to human errors which may result in rising overhead costs. Given the alternatives to automated expense management, the number of firms using expense management software

increased by 15% in 2017, in comparison to the previous year. The rate of adoption is expected to accelerate as automated expense management provides businesses with insight into employee consumption patterns, enabling them to map recurring expenses using expense analytics. Moreover, expense analytics may allow firms to identify preferred vendors and weed out violations in departmental spending. The analytical scrutiny of business expenses could transform expense management into a critical cost-saving function from simply being an operational liability.



### ***Data Visualization Technology Driving Informed Financial Decision-Making***

Use of data visualization technology allows firms to simulate different business environments and assess the impact on business finances in each case. Until now, sales and marketing was an area wherein Artificial Intelligence software (AI) was most widely used. In 2018, the use of AI is likely to be extended to financial planning and analysis as it may be utilized to write robot reports, in addition to being used to provide real-time insight and spot inconsistencies in financial processes. Another trend worth mentioning is the uptake in

automated purchase and sales ledger transaction processing between suppliers and clients. Finance professionals within an organization may be able to focus on strategy formulation and financial contingency planning rather than on repetitive tasks such as sales and billing. The digitization of invoice processing and its integration and extensive application by firms may emerge as a determinant of business success and overall performance in coming years.



### ***Automated Process Management Boosting Cost Efficiencies for Firms***

Increased cloud adoption is allowing firms to enhance their liquidity management processes. Automation of accounts receivables management is allowing firms to improve cash cycles, enhance access to documents and reports, simplify reconciliation processes and exercise efficient deduction management. The use of robotic process automation for receivables management is fast becoming a prerequisite to attaining financial stability for established and young companies alike. However, accounting professionals are still

hesitant to adopt cloud-based services as they fear a lack of control over departmental processes, which may ultimately sabotage desired business objectives. Contrary to this belief among professionals, a recent study showed that firms can reduce processing expense by up to three times using automated expense management software. Hence, adoption of processing software among firms is expected to increase and will potentially ensure significant cost reduction across all industries in the years to come.





## Key Initiatives by Leading FMS Companies

### *Workday using weekly surveys to enhance work place atmosphere*

Workplace harassment is currently an intensely debated subject in the tech industry. With rising incidences of delinquent behaviour in the workplace, senior management personnel are beginning to take notice and already implementing policies to prevent any misadventures. In view of this, Workday, the \$24 billion human resource management software company, has started issuing employees weekly surveys about their managers.

The company's CIO, Diana McKenzie, hopes the live-feedback mechanism will give company leaders a clearer picture when something isn't going as planned, and even help senior management discern if there is a particular individual whose office behavior is having a negative impact on his or her team. Presently, the weekly surveys are only available within Workday's own office, but McKenzie said the company could roll it out as a new product if the trial is successful.

### *Quovo unveils new personal finance management modules*

Quovo, a data platform that provides connectivity to financial accounts, recently announced the launch of Personal Finance Management (PFM) modules for financial institutions and enterprises. The new modules allow end-users to measure their net worth over time, view a personal balance sheet, track spending, improve budgeting, and progress toward financial goals.

Quovo's new modules are designed to enable a new level of optionality for financial firms looking to implement account aggregation and innovate digitally. Built on Quovo's API layer, the new PFM tools are entirely modular, enabling control and configuration for enterprises considering whether to build or buy key elements of a client portal. "Account aggregation is a must-have centerpiece for any digital strategy in fintech, but sometimes larger firms are unsure how to decide between building on Quovo's API or purchasing an out-of-the-box front-end to improve speed to market," said Niko Karvounis, Chief Product Officer and co-founder of Quovo.

### *JetPay Corp. and BOLTS technologies partner-up*





JetPay Corporation, a payment processor and HR & Payroll services provider and BOLTS Technologies, a software provider that specializes in deposit account onboarding solutions for financial institutions, have partnered up to offer payment solutions, HR & Payroll management, and account opening technology to financial institutions. BOLTS' customizable omni-channel account opening platform, which includes a dynamic rules engine, will allow JetPay to offer financial institutions greater control over the account onboarding process. Additionally, with BOLTS' unique funding integration, onboarding new clients is relatively seamless and helps drive deposit growth while retaining valued relationships.

### *Quickbooks teams up to cater to U.S. merchants*




Dream Payments, a cloud-based payment platform, has teamed up with Quickbooks and First Data's Clover to bring QuickBooks capabilities to U.S. merchants. This collaboration comes three months after Dream Payments first initiated a partnership with First Data last year, launching the Dream Payments POS for merchants using First Data's Clover. It also follows Dream Payments' successful pilot of a QuickBooks integration in Canada. The partnership will allow Dream Payments' business clients to use any POS device in Clover's line of products and sync with QuickBooks. After a purchase, QuickBooks will automatically record the sale in real-time, update inventory, collect and close invoices, and import sales tax.

## Deal Activity

### Highlighted M&A Transactions

Date	Target	Acquirer	Sector	Implied EV (\$mm)
2/2/18			Enterprise Management	NA
1/16/18			Enterprise Management	\$200
12/18/17			Business Analytics	\$476
12/5/17			Human Capital Management	\$340

### Highlighted Financing Transactions

Date	Company	Key Investor	Type	Amount (\$mm)
1/23/18			Series B	\$18
1/17/18			Growth	NA

### Favorable economic environment fueling deal activity

Recent months have witnessed intense M&A activity among financial management solutions providers. Enterprise and payroll management software firms and business intelligence providers recorded the most significant number of deals. European deal activity grew to 439 deals in 2017, with the past quarter showcasing a sustained interest in this segment. For example, Groupe Open S.A., a French IT services company, was acquired by NSI Software & Services Inc. Private equity activity has also been responsible for a significant flow of funds into the sector. Private equity firms Centana Growth Partners and Boathouse Capital's funding of software providers SheerID and SageWorks, respectively, are transactions of note.


Although, there was an uptick in activity from larger firms such as Cisco's acquisition of cloud-based services platform Cmpuete.io, strategic acquisitions by larger players remained subdued. However, big technology companies are expected to show greater interest in the near term, due to shifts in the economic environment. Particularly relevant is the case of the US economy, where interest rates are on an upward trend, and tax cuts have recently been implemented. Large firms would be on the lookout for acquisition targets, as they would want to leverage lower interest rates and make use of repatriated funds. In sum, the outlook for the sector seems bright following muted activity in the same quarters in previous years.

- Recent months have witnessed intense M&A activity among financial management solutions providers.
- Enterprise and payroll management software firms and business intelligence providers recorded the greatest number of deals.
- Fund flow from private equity firms has remained stable.
- Big technology companies are expected to show greater interest in the near term, due to shifts in the economic environment.

*"Large firms would be on the lookout for acquisition targets, as they would want to leverage lower interest rates and make use of repatriated funds"*



## M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
2/2/18	 openlink		Enterprise Management	NA
1/25/18	 entomo3		Enterprise Management	NA
1/22/18	 workmarket		Human Capital Management	NA
1/16/18 Transaction Profiled	 acceo		Enterprise Management & Accounting / Expenses	\$200
1/15/18	 X15		Enterprise Management	\$20
1/2/18	 TelePayroll		Human Capital Management	NA
1/2/18	 SaversAdmin		Human Capital Management	NA
12/21/17	 commerciallogic The Practice Management People		Accounting / Expenses	NA
12/19/17	 DIAMOND COMMUNICATION SOLUTIONS		Business Analytics	NA
12/18/17 Transaction Profiled	 IWCO DIRECT		Business Analytics	\$476

Source: Capital IQ and Media Reports

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## M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
12/12/17			Business Analytics	NA
12/11/17			Enterprise Management	NA
12/5/17 Transaction Profiled			Human Capital Management	\$340
11/29/17			Enterprise Management	\$60
11/29/17			Accounting / Expenses	NA
11/29/17			Human Capital Management & Accounting / Expenses	NA
11/23/17			Business Analytics	NA
11/21/17			Enterprise Management	NA
11/15/17			Human Capital Management	NA
10/31/17			Enterprise Management	NA

Source: Capital IQ and Media Reports

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## Key M&A Deal Profiles

### Ion Investments acquires OpenLink Financial

#### Target Company Overview



OpenLink Financial LLC offers transaction lifecycle management software to energy, commodities, corporate, and financial services industries. OpenLink Financial LLC was founded in 1992 and is headquartered in Uniondale, NY, with field offices across continents.

#### Solutions Offered

The company provides CubelIntelligence, a business intelligence platform; dbcSMARTsoft, a trading, risk management, merchandising, and accounting solution; and Endur, a front-to-back office commodity trading and risk management solution. The company also offers Findur, which provides transaction lifecycle support for investing; IRM, a platform for energy trade processing; and RightAngle, a comprehensive commodity trading and risk management solution.

#### Acquisition Details



Ion Investment Group Limited entered into a definitive agreement to acquire OpenLink Financial LLC from Hellman & Friedman LLC on February 2, 2018.

#### Transaction Rationale

Ion Investment Group has acquired OpenLink in continuation of its acquisition strategy of buying treasury management firms. The acquisition will help Ion Group to consolidate its network and add complimentary solutions/expertise offered by OpenLink into its portfolio of products. In particular, Ion Group will be able to expand its footprint in the energy and financial services segments.

### Harris Computer Corp acquires Acceo for \$250 million

#### Target Company Overview



ACCEO Solutions Inc. designs and develops banking, accounting, business, and cloud computing solutions. ACCEO Solutions Inc. was founded in 1977 and is headquartered in Montreal, Canada.

#### Solutions Offered

The company's products include, ACCEO Tender Retail, a payment solution with end-to-end encryption; ACCEO Acomba, an accounting tool; ACCEO Acomba Construction Suite, a project management solution; ACCEO Transphere, a cloud computing platform for transactional data and payment exchange; ACCEO ERP, a cloud-based enterprise resource planning solution; Acomba Payroll, a payroll management tool; and ACCEO RETAIL-1, an inventory management solution for mid-market retail chains.

#### Acquisition Details



Harris Computer Corporation acquired ACCEO Solutions Inc. for CAD 250 million on January 16, 2018. The purchase price is subject to post-closing adjustments.

#### Transaction Rationale

Harris Computer Corporation's acquisition of Acceo Solutions is in line with its aspirations to gain a greater share of vertical market software businesses. Acceo Solutions employs an experienced workforce and offers products that are complimentary to the acquirer's. The acquisition is expected to help Harris Computer corporation cement its position in the sector.

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

### ModusLink acquires IWCO for \$476 million

#### Target Company Overview



IWCO Direct Holdings Inc. is a holding company operating through its subsidiary Instant Web, LLC, which provides marketing solutions and direct mail production services. The company was incorporated in 2005 and is based in Chanhassen, MN.

#### Solutions Offered

IWCO Direct's mail production services include, management of critical communications in the case of unforeseen events and print-to-mail recovery services that ensure business continuity in the event of a disaster. The company also provides strategy, creative and production services for marketing campaigns.

#### Acquisition Details



ModusLink Global Solutions, Inc. acquired IWCO Direct Holdings Inc. for approximately \$480 million on December 15, 2017. As per the deal, IWCO Direct becomes a wholly-owned subsidiary of ModusLink.

#### Transaction Rationale

ModusLink's acquisition of IWCO Direct provides it with a profitable growth platform. IWCO's clients include Fortune 500 companies and the company has a history of strong earnings and cash flow. The acquisition will help ModusLink to strengthen operations and forge new partnerships by leveraging IWCO's network.

### TSheets acquired by Intuit for \$340 million

#### Target Company Overview



TSheets.com, LLC develops cloud-based time tracking technology for organizations in the United States and internationally. The company was founded in 2006 and is based in Eagle, ID.

#### Solutions Offered

TSheets' online technology enables employees and employers, as well as their accountants and payroll managers, to track, manage, and report time using a computer, mobile phone, GPS-enabled apps, text, and dial in — with clock in/out punch card, and manual timesheet flexibilities.

#### Acquisition Details



Intuit Inc. signed an agreement to acquire TSheets for approximately \$340 million on December 5, 2017. Upon completion of the transaction, TSheets' Time Tracking service will become a new offering within Intuit's Small Business and Self-Employed Group. TSheets's Eagle, Idaho site will become an Intuit location. The purchase is not expected to have a material impact on Intuit's earnings guidance for 2018.

#### Transaction Rationale

Intuit's widespread ecosystem of self-employed and small businesses will benefit greatly through the acquisition of TSheets. TSheets' software is expected to simplify work processes for users by managing invoices, tracking time, and running payroll through the use of critical upstream data.

## Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
1/30/18	 spendesk	Accounting / Expenses	10	Growth	 Index Ventures
1/29/18	 Saagie	Business Analytics	6	Series A	 CATHAY INNOVATION
1/25/18	 botkeeper <small>The Future of Bookkeeping</small>	Accounting / Expenses	5	Seed	 ignition
1/23/18 Transaction Profiled	 SheerD	Enterprise Management	18	Series B	 Centana Growth Partners
1/18/18	 appliedblockchain	Enterprise Management	NA	NA	 Shell
1/18/17	 ARTOO	Revenue Management	NA	NA	 ISME Ace
1/17/18 Transaction Profiled	 sageworks	Business Analytics	NA	Growth	 BOATHOUSE CAPITAL
1/17/18	 lumatax	Revenue Management	3	NA	 COWBOY VENTURES
1/17/18	 Nethone	Enterprise Management	6	NA	 The National Centre for Research and Development
1/11/18	 cardlay	Accounting / Expenses	5	Series A	 SEB Venture Capital



## Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
1/11/18	 APTUS	Revenue Management	NA	NA	 IBM
1/11/18	 spend:mend	Accounting / Expenses	NA	NA	 SHERIDAN CAPITAL PARTNERS
1/11/18	 SELLSY	Enterprise Management	8	NA	SofiQuest
1/11/18	 BirchStreet PROCURE-TO-PAY ON DEMAND	Enterprise Management	NA	NA	 Serent CAPITAL
1/11/18	 hastee pay	Human Capital Management	2	Seed	Undisclosed
1/10/18	 Nio	Human Capital Management	13	Series A	 SC THE SOCIAL+CAPITAL PARTNERSHIP
1/9/18	 yields.io	Business Analytics	2	Seed	 VOLTA <sup>®</sup> VENTURES
1/9/18	 TOPS	Accounting / Expenses	NA	Growth	 American Discovery Capital
1/5/18	 CURO	Human Capital Management	2	NA	 MAVEN CAPITAL PARTNERS
1/4/18	 CHROMERIVER	Accounting / Expenses	35	NA	 ARGENTUM CAPITAL FOR GROWTH

Source: Capital IQ and Media Reports

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## Key Financing Deal Profiles

### Centana Growth Partners leads \$18 million round of funding for SheerID

#### Target Company Overview



SheerID Inc. operates a platform that offers identity verification solutions that enable retailers and associations to target discounts and special offers online. SheerID was incorporated in 2011 and is based in Eugene, OR.

#### Services Offered

SheerID's services include military, student, and teacher verification solutions; discounts to first responders, including paramedics, emergency medical technicians, firefighters, and local or federal police officers; and business and membership verification solutions. The company's verification solutions are integrated into e-commerce websites, internal customer sales systems, mobile applications, and point-of-sale systems.

#### Financing Details



On January 23, 2018, SheerID, Inc. closed the transaction. The series B round was led by new investor Centana Growth Partners. The transaction included participation from 29 investors, including existing investor Arnold Venture Group, LLC.

#### Use of Funds

SheerID, Inc. will use the proceeds to fuel product innovation and accelerate market adoption across all digital commerce categories. The company intends to build upon the momentum it has gathered to accelerate its platform's capabilities. The company is also planning on growing its team to continue addressing its clients' needs.

### Boathouse Capital provides growth capital to Sageworks Inc.

#### Target Company Overview



Sageworks is a private financial information company headquartered in Raleigh, NC. Founded in 1998, Sageworks provides financial analysis and risk management software, in addition to creating products for commercial lenders.

#### Services Offered

Sageworks delivers financial analysis, industry data, and risk management solutions to credit unions and accounting firms to improve financial decision processes. By automating the life of loans, more than 1,200 financial institutions can book commercial loans faster and reduce risk. Alongside the software, Sageworks provides education services (webinars and events) in the areas of credit and portfolio risk

#### Financing Details



On January 17, 2018, Sageworks Inc. received growth capital investment from Philadelphia-based private equity firm Boathouse Capital. The amount of the transaction was not disclosed.






#### Use of Funds

The company plans to use the funds for acquisitions, product development and market share expansion, in addition to augmenting existing operations.

Source: Capital IQ, company websites and press releases

Evolve Capital Partners; Deals Roundup – FMS 20

## IPO Activity Summary

Company	IPO Date	Amount Raised (\$mm)	IPO Price	Current Market Price	Total Return
 <b>BLACKLINE</b>	10/28/16	\$146	\$17.00	\$32.98	94%
	6/10/16	\$133	\$18.00	\$37.87	110%
	6/26/15	\$74	\$12.00	\$40.90	241%
	12/11/14	\$101	\$13.75	\$22.30	62%
	9/4/14	\$43	\$9.75	\$22.95	135%
	3/19/14	\$120	\$24.04	\$50.60	110%

Source: Capital IQ and Pitchbook  
Market data as of February 2, 2018

## Select Wall Street Research Updates and Commentary

### Update from J.P. Morgan, February 2018



"Neutral on INTU shares despite going through a subscription transition in parts of the business, which has traditionally been positive for share performance in the software sector. While we like the small business franchise and its performance even in this lackluster economic environment, the core tax franchise grows at a mid to high-single-digit rate and accounts for about 40% of INTU revenue and a higher proportion of company profits."

### Update from PiperJaffray, January 2018



"We believe TYL continues to execute consistently and capitalize on healthy RFP activity, high win rates, and stable State & Local Government budgets. Looking to the quarter we see a greater traditional mix more heavily weighted toward the Public Safety business (which is sold as license software), which we believe performed strongly, and as a result see greater potential for revenue outperformance."

### Update from Wedbush, January 2018



"PEGA's efforts to align its sales talent, approach and compensation with the rapid pace of CRM deal competitions should increase deal velocity. Our checks point to an upsurge of interest in robotic automation, where PEGA is differentiated as one of the few credible players in the emerging space. With PEGA trading at 4.2x EV/ revenue on our FY18 estimates and poised for improvements margin and growth."

### Update from Sidoti & Company, January 2018



"QAD is actively transitioning to a Software as a Service (SaaS) business, from a traditional perpetual license software business; this is resulting in near term margin degradation, in exchange for more predictable revenue recognition and a more accessible market. The company is capturing new customers at a pace that may accelerate. This advantageous position stems from a lack of mature competing cloud products and a substantial hurdle for new entrants. Significantly, the relatively easier implementation process for QAD's product also constitutes a significant competitive advantage."

### Update from UBS, November 2017



"Cloud momentum remains strong and TNE's value proposition to customers suggests a robust medium-term growth platform, particularly with the current competitive environment appearing favourable. We also see upside risks if consulting can return to 20% margins medium term while maintaining top-line growth. However, execution remains key.. We are also cognisant that while TNE's PE has contracted (39x to 31x) it remains marginally expensive relative to peers based on our basket of quality."



## 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:MONY, 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, GBLL, 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, AYX, 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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