

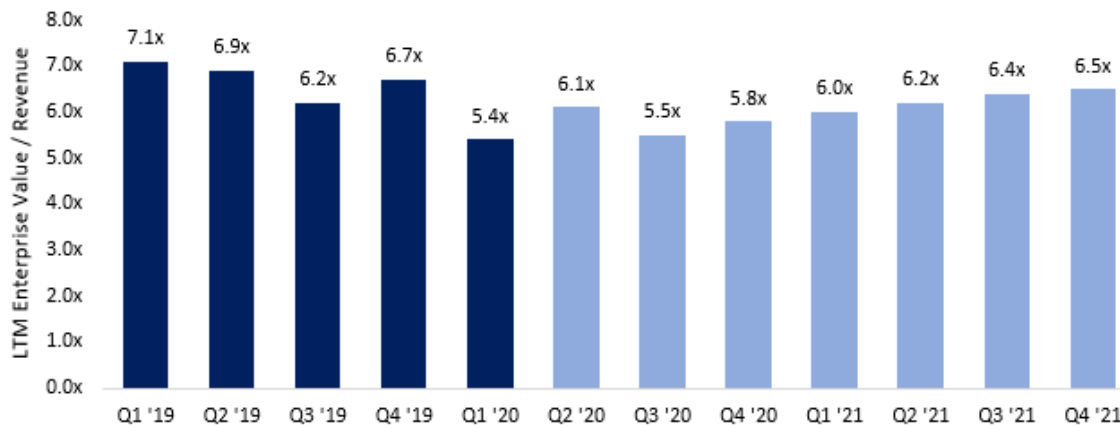
SOFTWARE INDUSTRY UPDATE:

A HIGHLIGHT ON ENTERPRISE SAAS AND CLOUD COMMUNICATIONS

Q1 2020

Software deal activity in Q1 2020, was not heavily impacted by COVID-19, as the majority of transactions under LOI managed to close without issue. LTM (last twelve months as of March 31, 2020) transaction volume reached a record high of 2,156 deals and the dollar volume rose to over \$180 billion. With twelve \$1+ billion deals in the quarter, Q1 2020 dollar volume was particularly strong at \$41 billion. The totals were primarily pushed by a strong January and February with only a minor setback in March resulting from the beginnings of COVID-19. Projections for Q2 and Q3 2020 suggest more depressed deal and dollar volume, as strategic buyers look inward to stabilize operations and financial buyers wait for credit markets to re-stabilize. While internal operational reviews require companies to refine their acquisition criteria to reflect current market conditions, there still exists a market for the right kind of target—in particular those that are able to (i) demonstrate pandemic-resistance, (ii) offer improved cloud communications and collaboration services, and (iii) further assist organizations as they adopt more sophisticated work-from-home models.

Historical and Projected Software Enterprise Value/Revenue Multiples



Source: Markets and Markets, Capital IQ, Publicly available data

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CARLETON MCKENNA & CO:

We believe businesses are the economic engine of our society, and that business owners deserve and require a proactive advocate throughout life changing transactions.



FIRM OVERVIEW:

Carleton McKenna & Co. is an independent investment banking firm providing M&A Advisory, Capital Raising, and Pre-Transition Advisory services. We deliver hands-on transaction execution, with clear, insightful strategy to drive extraordinary success.



We work with middle market closely-held businesses, multi-generational family businesses, portfolio companies of financial sponsor firms and divisions or subsidiaries of public companies focusing in Consumer Products, SaaS, Manufacturing & Specialty Chemicals, Healthcare and B2B Services.

Our Team is made up of finance and accounting experts, operators, C-Suite and Board professionals, lawyers, consultants, and marketing professionals. These diverse experiences and skills drive extraordinary results for our clients.

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Q1 2020 Notable Transactions—Enterprise SaaS & Cloud Communications

Date	Buyer	Target	Segment	Enterprise Value (In \$ Billions)	LTM Revenue Multiple
2/24/20			Vertical Market	\$7.1	7.1X
2/24/20			Human Resources	\$1.4	5.4x
2/18/20			Cloud & IT Infrastructure	\$2.1	2.6x
2/13/20			Vertical Market	\$1.4	6.8x
2/6/20			Cloud & IT Infrastructure	\$1.8	5.3x
1/23/20			Vertical Market	\$0.7	10.0x
1/16/20			Vertical Market	\$2.6	5.4x
1/12/20			Vertical Market	\$0.6	7.5x
1/9/20			Cloud Computing, Storage & Delivery	\$5.0	5.0x
1/6/20			Cloud & IT Infrastructure	\$1.1	18.3x

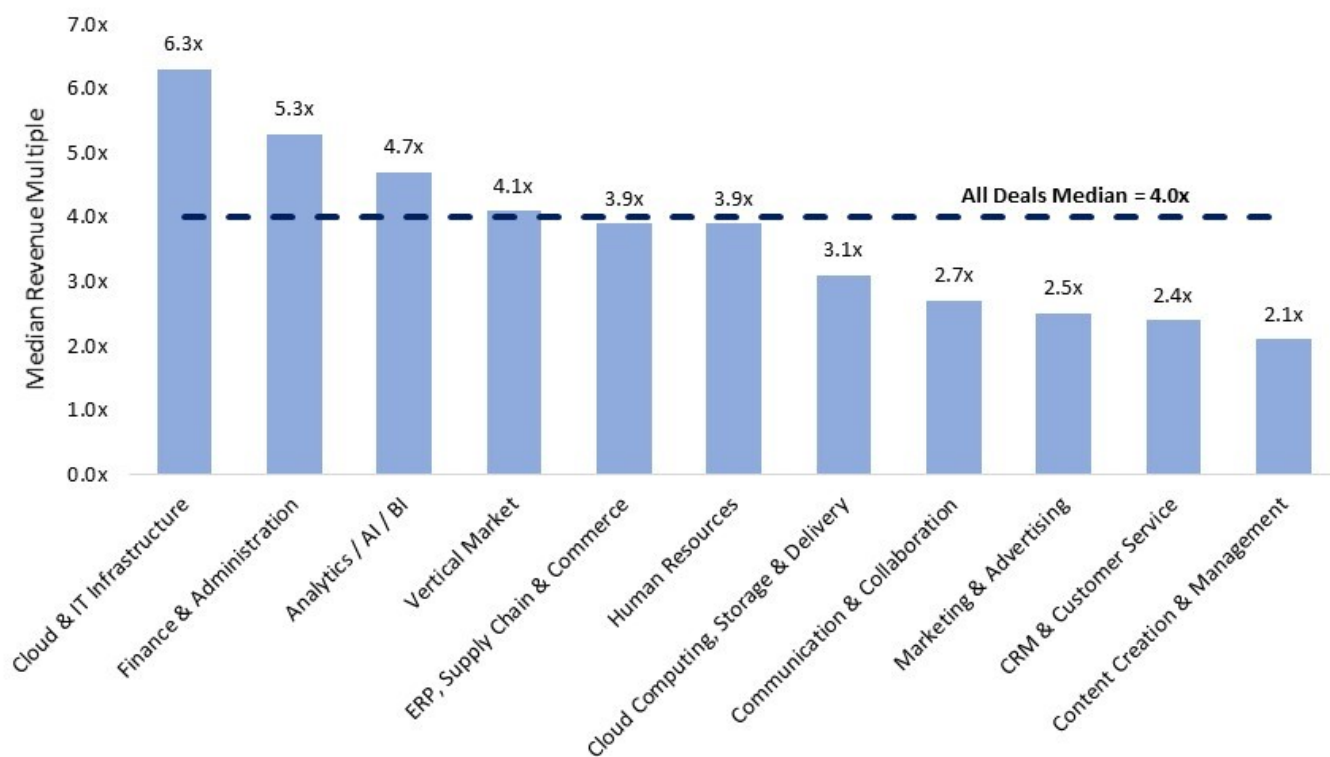
Source: PitchBook, Publicly available data

Q1 2020 Most Active Buyers



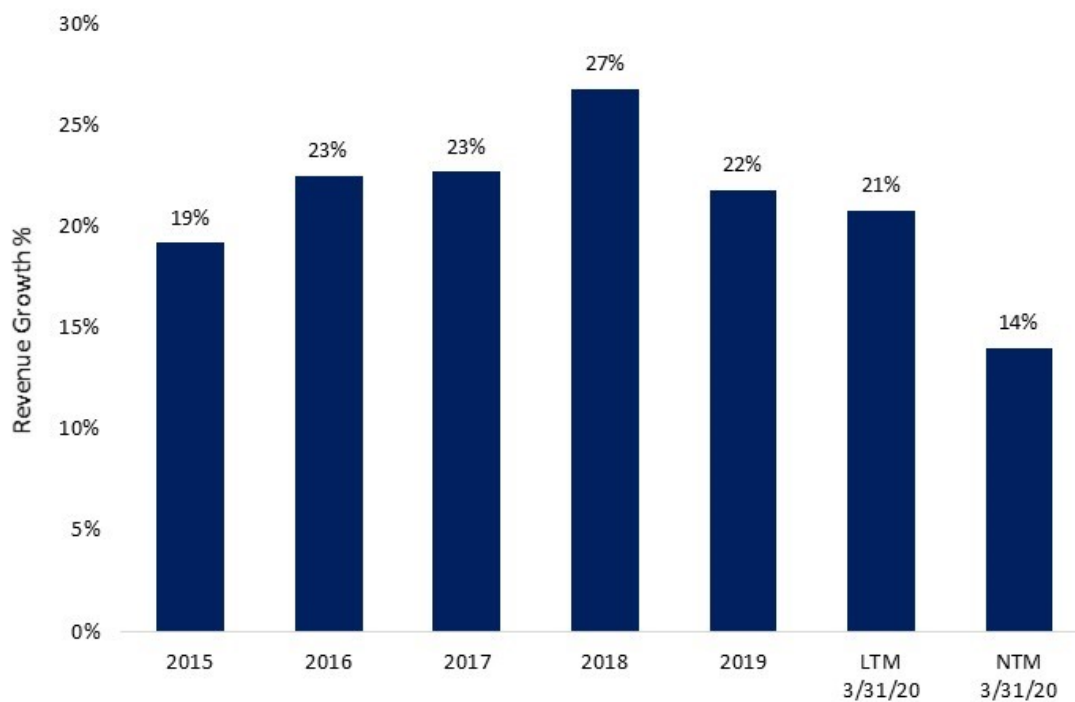
Source: PitchBook, Publicly available data

Median SaaS & Cloud Revenue Multiples by Segment—Last 5 Years



Source: Capital IQ, Publicly available data

Median SaaS & Cloud Revenue Growth vs. Previous Year



Source: Capital IQ, Publicly available data