



EQUITY RESEARCH

August 5, 2021

Industry Update

Right To Repair In An IoT-Dominant World - Bits & Bytes Weekly

Users Advocate For Cost Effectiveness & Flexibility

Our Conclusion

The Biden Administration continues to target anti-competitive corporate practices, and a broad executive order signed in July aimed to promote competitive markets has reignited a debate over the “right to repair.” The right to repair movement grew out of opposition to manufacturer restrictions over who can access and repair products. Supporters of right to repair argue that third-party technicians can help lower cost of repairs, increase innovation, and reduce e-waste by extending device lifetimes. Some manufacturers oppose the movement, citing safety and privacy concerns for users, and the potential risk of undermining intellectual property protection and diminishing brand images. While this is not an entirely new issue, technological advances and adoption of IoT devices are new twists that complicate the debate over right to repair. The Federal Trade Commission (FTC) endorsed a broader right to repair in a policy statement passed in July but detailed lawmaking and implementation at the federal level remain in the works.

Key Points

As it stands, many manufacturers place strict rules around who can perform repairs, limiting the ability of users to self-repair or source third-party repairs. Many manufacturers withhold the information and tools required to repair machinery and devices and also structure warranties so they are voided after third-party repair and maintenance. Users are unable to select their own technicians and are forced to pay repair prices set by manufacturers, leading to lengthy repairs at inflated costs. One interesting example is in the farming industry, where farmers have been vocal about the challenges they face in repairing a new generation of internet-connected equipment. Manufacturers own and store the equipment’s data off-premise, and prohibit outside repair that may impact the software. As a result, authorized service providers are in high demand and service delays can put time-sensitive farming activity at risk.

With the rise of the Internet of Things (IoT), many industrial and consumer products are now enhanced with smart sensors and internet-connected technology that allows them to be controlled and monitored remotely. This technological overlay adds a layer of complexity when it comes to repair. The issue of right-to-repair will have a direct impact on many industries where IoT devices have become commonplace, and maintenance is handled exclusively by the manufacturers. Seemingly unconnected industries such as the farming, healthcare, and home appliance industries all currently face challenges related to manufacturer-restricted repair and service.

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Sector:
Information Technology

All figures in Canadian dollars unless otherwise stated.

For required regulatory disclosures please refer to "Important Disclosures" beginning on page 12.

The Impact Of Right To Repair

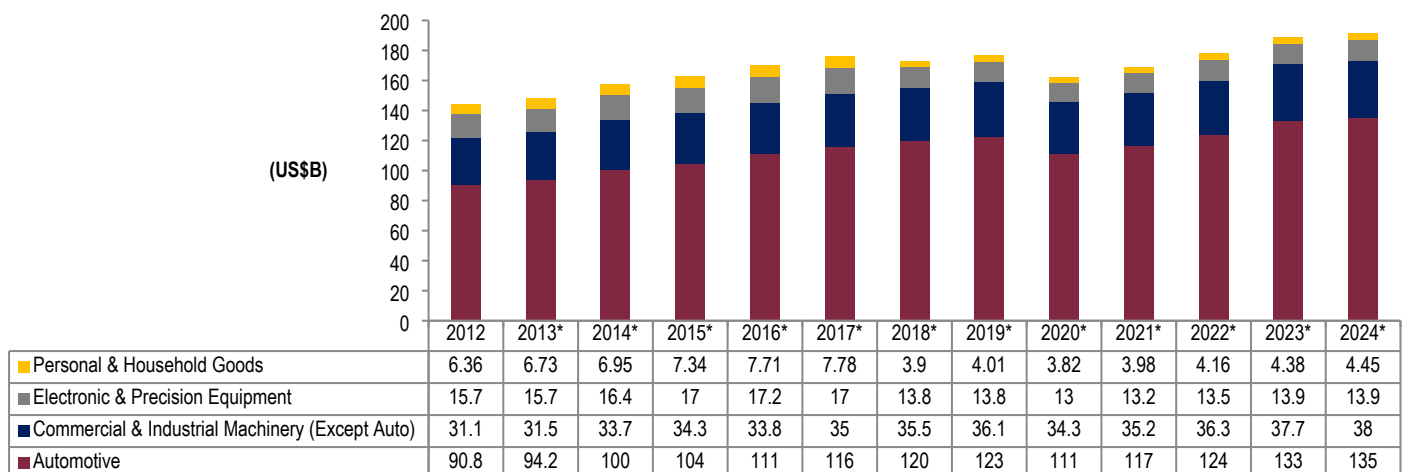
Right-to-repair advocates cite lower repair costs and improved efficiency as key benefits that would result from legislative changes. It is likely that the Biden administration views right-to-repair regulations as a benefit to consumers and entrepreneurs alike. An argument made in favour of advancing the right to repair is to assist underserved areas that do not have local access to first-party repair shops. Returning to the case of the farmer, if local repair shops aren't permitted to perform key repairs, farmers can face equipment downtime with significant consequences. Manufacturers currently have limited incentive to increase service levels in low-density areas, as opposed to third-party repair shops which tend to service multiple devices across various brands.

Another cited benefit of the right to repair is an improved environmental footprint. According to Global E-waste Monitor, e-waste is on track to reach 75 million metric tons by 2030. The report cites higher consumption rates of electronics combined with shorter device life cycles as contributing factors to the pileup of waste. An increase in competition for repair could extend the lifespan of devices, translating into consumer savings and a reduction in e-waste.

Opponents of third-party repair note that it could undercut safety and increase cybersecurity risks from both a hardware and software perspective. Companies such as Dyson, John Deere and Apple have all raised concerns about the impact of right to repair on safety and privacy for users. Concerns range from improper training resulting in faulty repair of the hardware to cybersecurity issues (i.e., instances where consumers "jailbreak" devices, which increases exposure to malware and spyware). In addition, companies claim right-to-repair may diminish intellectual property rights and discourage R&D efforts.

Policymakers have a handful of options when it comes to tackling this issue. On the two ends of the spectrum are a full set of full right-to-repair rules versus a manufacturer-only repair model. However, we may see policymakers take a more moderate approach, including encouraging licensing of third-party repairs by manufacturer-certified repair shops. The implementation of licensing/certification programs for independent repair shops would respect and protect manufacturers' intellectual property rights while creating standard service levels where consumers could benefit.

Exhibit 1: Industry Revenue - Repair And Maintenance In The U.S. From 2012 To 2024 - Updated October 2020



* Estimate - This also applies for past years as data provided by statistical institutions often is not available for more recent years.

Source: Statista and CIBC World Markets Inc.

According to Statista, the repair and maintenance market is growing steadily in automotive sector as well as in the commercial and industrial machinery industries. As technology moves forward in these industries, repairs have grown increasingly expensive while data are

controlled and sometimes withheld by the manufacturer. In a study conducted by Grandview Research, the global smart home appliances market is valued at US\$32.3 billion in 2019 and is expected to grow at 14.1% CAGR between 2020 to 2027. We expect the growing penetration of smart home appliances to translate to higher demand for maintenance and repair in the next decade.

News Impacting Our Coverage

Highlights From Information Services Corp's Q2/21 Earnings Results

ISV reported strong Q2 results, with revenue (+15%) and adjusted EBITDA margins (+578 bps) well above consensus. Both the Registry and Services divisions came in above our expectations, benefiting from a recovering environment as COVID restrictions lessen. Margin outperformance was driven by the revenue beat, along with cost containment initiatives. [Link to note](#)

Highlights From Ceridian's Q2/21 Earnings Results

Ceridian reported solid Q2 results, with Dayforce revenue roughly in line with consensus and margins 330 bps above. The environment appears to be improving, with Ceridian raising its full-year guidance slightly and the average employee count at Dayforce customers now above pre-pandemic levels. We see further upside as the company builds out its global offering, with the Ascender acquisition offering upsell potential and recent contract wins highlighting the company's differentiated global offering. [Link to note](#)

Highlights From Maxar's Q2/21 Earnings Results

Maxar reported solid Q2 financial results, with revenue that was 7% ahead of consensus and adjusted EBITDA coming in 20% ahead of consensus. With earnings, the company announced that the launch timeline of the WorldView Legion constellation has been pushed out from Q4/2021 to March-June 2022. Guidance for the remainder of 2021 was effectively reiterated, but further delays to the Legion launch put the attainability of management's 2023 adjusted EBITDA targets into question. [Link to note](#)

Highlights From Topicus' Q2/21 Earnings Results

Constellation and Topicus announced Q2 results for Topicus. Our key takeaway was a relatively low M&A spend (EUR5 million) in a quarter where we expect to see strong acquisition spending from Constellation. Acquisition spending picked up post quarter-end, with Topicus spending EUR50 million. Topicus continues to see strong organic growth (8%) although we view Q2 as a relatively easy Y/Y comparison. Margins at Topicus were down 250 bps Y/Y and roughly 120 bps below our expectation for Constellation's consolidated margin. That said, we saw a similar pattern last quarter and it did not impact Constellation's overall margin, which came in slightly above our expectations. Overall, we remain comfortable with our Constellation estimates following Topicus' results, and see some potential upside on organic growth. [Link to note](#)

Highlights From TELUS International's Q2/21 Earnings Results

TELUS International (TI) recorded mid-teens constant currency organic growth, with strong demand in its core tech and games vertical and growing demand in the e-commerce and fintech vertical. TI ended the quarter with an opportunity pipeline of over \$2B, and we see the company as well positioned to continue to see mid-double-digit organic growth. We also see upside potential from M&A, with leverage down and the company looking at white spaces and adjacencies to build out its digital solutions. [Link to note](#)

Docebo Appoints Rudy Valdez As New COO, Transitions Martino Bagini to Chief Corporate Development Officer

Docebo announced that Rudy Valdez has joined the company as the new Chief Operating Officer. Mr. Valdez brings over 30 years of cloud and technology leadership experience to the position. This experience includes 16 years at Amazon Web Services (AWS), where he founded the Sales and Business Development function within AWS. He recently held the position of VP, Solutions Architecture and Training and Certification at AWS, focused on architectural best practices and educating customers and partners on cloud technologies. Concurrently, Martino Bagini, Docebo's former COO, will transition to the role of Chief Corporate Development Officer. Mr. Bagini will oversee the execution of the M&A strategy and the integration process.

Topicus.com And Vela Software Acquire CGG's GeoSoftware Business

Topicus announced that Topicus and Vela Software has acquired CGG's GeoSoftware business on a 60/40 split basis. GeoSoftware helps users develop an understanding of the subsurface by quantifying reserves to better manage exploration and development risks. The software enables seismic reservoir characterization, seismic interpretation, petrophysics, rock physics, and velocity modeling.

CRH Medical Acquires Majority Stake in Greater Washington Anesthesia

WELL subsidiary CRH Medical completed an acquisition of a 51% ownership interest in Greater Washington Anesthesia Associates, LLC (GWAA), a provider of gastro-intestinal related anesthesia services with two locations in Northern Virginia. GWAA's current annualized revenue is estimated at US\$3.3 million, with a 50% EBITDA margin. This is the 37th acquisition completed by CRH and increases the CRH's footprint to 77 endoscopy sites in the U.S. The acquisition is expected to be accretive, and adds 12 practitioners to CRH's team of over 800 anesthesia practitioners.

CGI And Desjardins Extend Payroll Business Process Services Partnership

CGI renewed its long-term payroll services partnership with Desjardins, a Quebec-based financial cooperative. The two partners have collaborated to deliver human capital management solutions in Canada since 1997. The 10-year agreement renewal is valued at \$500 million. The partnership focuses on managing the payroll service center, with services including business continuity, IT infrastructure and customer support.

Maxar And SiriusXM's New SXM-8 Satellite Completes In-Orbit Testing, And Wins Contract To Build SXM-9

Maxar and SiriusXM announced that the SXM-8 satellite has completed in-orbit testing and has been handed over to SiriusXM. A SpaceX Falcon 9 rocket originally launched the satellite into space on June 6. SXM-8 is the ninth digital, audio radio satellite built by Maxar for SiriusXM. It is more than 27 feet tall and is designed for more than 15 years of service. The satellite will help deliver reliable and continuous audio entertainment and information services to consumers in the U.S. and will expand SiriusXM's coverage area in Canada and the Caribbean. Maxar announced that it has won the contract to build SXM-9 satellite for SiriusXM. The SXM-9 satellite will be based on Maxar's proven 1300-class platform and built at its Palo Alto facility. The SXM-9 is expected to be launched in 2024. The company has been building satellites for SiriusXM since 2000.

EPAM Reports Q2 2021 Results, Raises Full Year Guidance

EPAM Systems, Inc., a global provider of digital platform engineering and software development services, announced earnings results for Q2/21. Q2 revenue of US\$881.4 million was comfortably above consensus of US\$859.9 million, and is up 39.4% Y/Y (organic

growth of 36.3% Y/Y). EPS of US\$2.05 (consensus of US\$1.94) is 40.4% higher than figures in the prior year period. EPAM has raised its 2021 outlook, expecting constant currency revenue growth of at least 35% (acquisition-related growth of 3%), higher than its guidance in May calling for constant currency revenue growth of 28% and 2% revenue growth from acquisitions. EPAM is also guiding for non-GAAP diluted EPS to be in the range of US\$8.25 – US\$8.44 (up from US\$7.54-US\$7.76 communicated in May).

Square Agrees To Acquire AfterPay For US\$29 Billion In All-Stock Deal

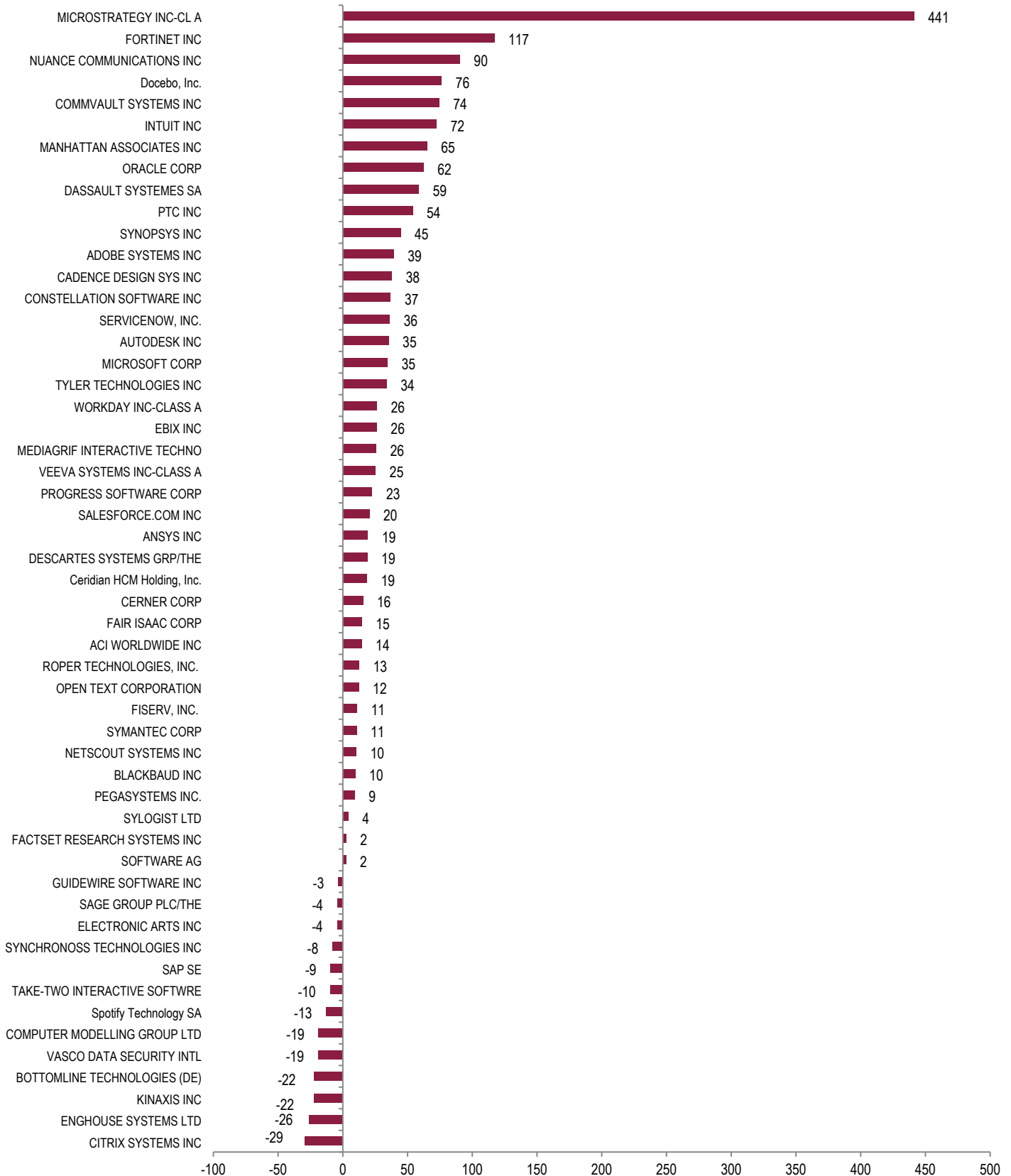
In an effort to achieve the scale required to challenge financial institutions in the payment space, Square is acquiring AfterPay in an all-stock deal valued at US\$29 billion. AfterPay is a buy now, pay later firm founded in 2015. Its service allows customers to divide retail and online payments in to four interest-free installments while receiving their goods immediately. AfterPay has more than 100,000 merchants on the platform, with more than 16 million customers. The buy now, pay later solutions are becoming increasingly popular among younger consumers who are generally wary of taking on credit card debt. The company plans to integrate AfterPay into its Seller and Cash App units. Post acquisition, AfterPay solutions is expected be expanded beyond online retailers to in-person merchants, helping broaden its platform. Square will likely benefit from AfterPay's merchant relationships and look to convert AfterPay's users onto its Cash App platform.

Exhibit 2: CIBC Software/Services Coverage – Return Performance (%) – 8/5/2020 – 8/5/2021

Company	Price	1 Week	1 Month	3 Month	6 Month	1 Year	Year To Date	52 Week High	52 Week Low
Software & Systems									
Constellation Software Inc	2025.03	3.6	6.3	11.9	27.2	36.8	22.5	2056.64	1272.08
Descartes Systems	72.83	1.9	3.3	17.5	15.7	25.7	24.5	73.24	50.57
Dye & Durham	46.70	(1.4)	(0.8)	13.5	(2.1)	NA	(7.6)	53.68	14.76
Enghouse Systems Limited	57.13	1.4	3.5	(0.7)	(5.9)	(26.2)	(7.3)	80.91	48.87
Open Text Corp	51.60	(0.3)	(0.7)	10.6	5.9	12.3	13.5	52.34	36.18
Kinaxis	168.00	2.1	3.0	14.6	(9.8)	(22.4)	(6.8)	224.98	124.05
Docebo, Inc.	87.44	5.9	14.6	42.7	22.8	76.3	5.7	87.74	40.29
Ceridian HCM Holding	100.00	1.4	2.2	12.2	(1.8)	18.7	(6.2)	111.93	67.67
Maxar Technologies	34.00	(2.1)	(15.0)	21.6	(34.1)	64.0	(11.9)	58.75	19.84
Average		1.4	1.8	16.0	2.0	23.1	2.9		
Business Services									
Altus Group Ltd	58.80	1.0	0.7	(5.1)	17.6	36.7	19.7	64.89	41.50
CGI Group Inc	112.42	0.1	(0.7)	2.1	9.9	18.7	11.3	116.07	80.29
Information Services Corp	28.00	(1.5)	(8.9)	5.7	28.7	61.4	40.6	33.87	17.12
LifeWorks Inc	35.47	0.3	5.4	13.7	11.5	15.2	14.3	35.95	26.22
Telus International	37.90	(3.9)	(4.1)	21.2	NA	NA	NA	42.00	34.00
Average		(0.8)	(1.5)	7.5	17.0	33.0	21.5		
Indices									
S&P/TSX Composite Index	20329.73	0.1	0.5	5.3	12.1	23.2	16.6		
S&P 500 Index	4402.66	(0.4)	1.2	5.6	13.3	32.3	17.2		
S&P/TSX Software Index	222.86	1.6	3.5	20.3	13.0	26.2	22.2		
S&P500 Software Index	5243.61	0.6	3.9	17.5	17.2	36.3	24.8		

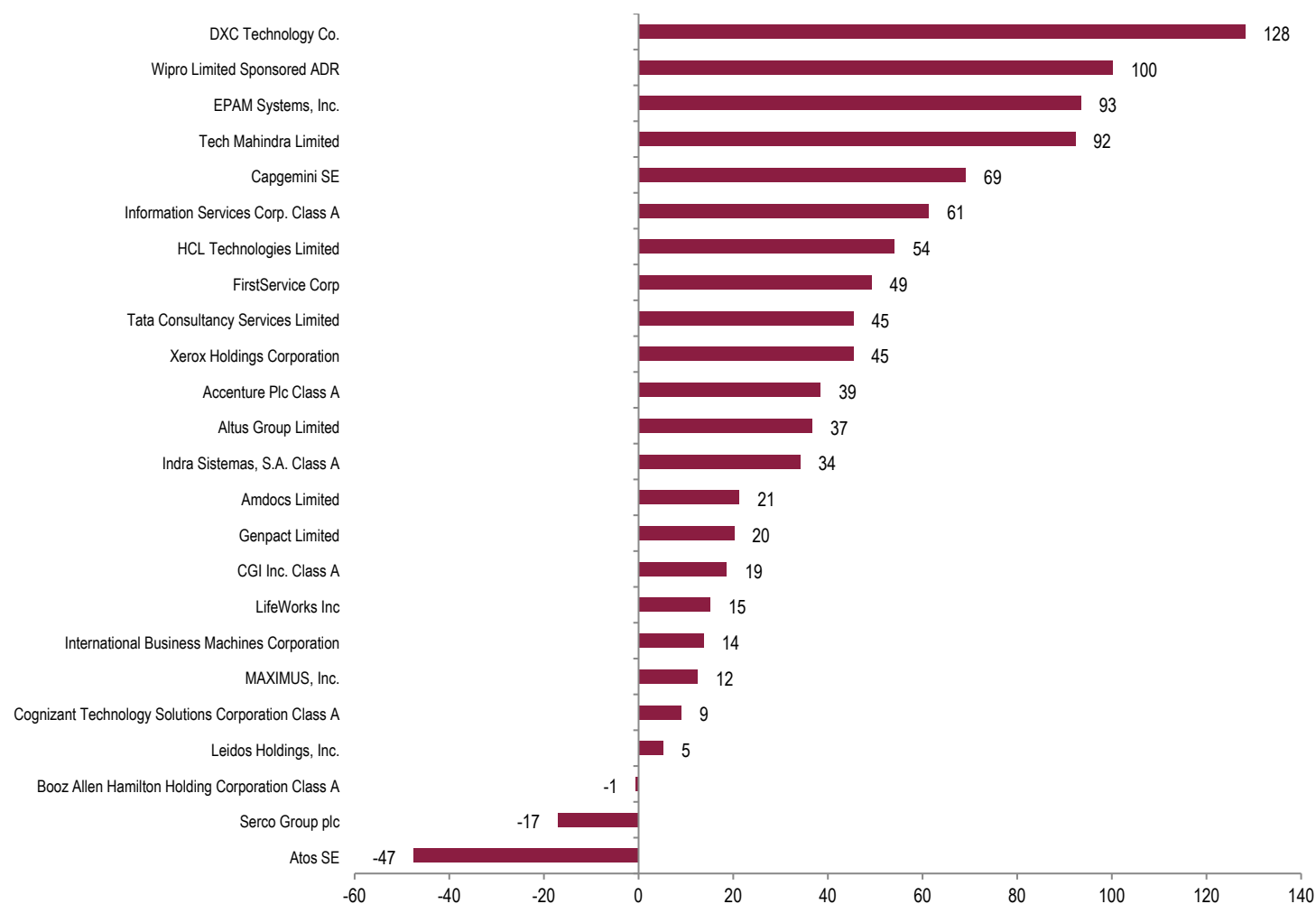
Source: Company reports, FactSet and CIBC World Markets Inc.

Exhibit 3: Software Stocks – 1 Year Returns (%) - 8/5/2020 – 8/5/2021



Source: Company reports, FactSet and CIBC World Markets Inc.

Exhibit 4: Business Services Stocks – 1 Year Returns (%) - 8/5/2020 – 8/5/2021



Source: Company reports, FactSet and CIBC World Markets Inc.

Exhibit 5: Software Stocks – Comp Table – 2020 – 2022E

	Enterprise Value	EV/S			EV/EBITDA			P/E		
		C20	C21E	C22E	C20	C21E	C22E	C20	C21E	C22E
Enterprise Application Software										
Constellation Software Inc.*	34,182	8.6x	6.9x	6.2x	27.8x	23.5x	21.1x	41.0x	49.8x	31.4x
BlackBerry Limited*	5,696	5.9x	5.8x	5.1x	28.5x	>50	47.0x	41.1x	>50	NEG
Sage Group plc	7,832	4.1x	4.2x	4.0x	16.8x	18.6x	17.2x	27.6x	30.4x	27.6x
Tyler Technologies, Inc.	19,328	17.3x	12.5x	10.5x	>50	46.3x	39.1x	>50	>50	>50
Roper Technologies, Inc.	61,121	11.0x	9.5x	9.1x	30.7x	26.0x	24.6x	38.5x	32.3x	30.2x
Enghouse Systems Limited	2,961	5.7x	6.1x	5.9x	15.7x	17.8x	17.3x	28.5x	36.8x	35.2x
Oracle Corporation	291,875	7.3x	7.0x	6.8x	14.8x	14.3x	13.9x	20.8x	19.3x	18.2x
SAP SE	162,302	5.9x	5.9x	5.7x	17.3x	18.4x	17.5x	23.1x	21.1x	23.3x
Enterprise Application Software Average		8.2x	7.3x	6.7x	21.7x	23.6x	24.7x	31.5x	31.6x	27.7x
Extended ERP										
Adobe Inc.	296,790	22.6x	18.7x	16.3x	46.3x	37.9x	32.9x	>50	>50	43.9x
Open Text Corporation	16,880	5.1x	5.0x	4.9x	13.2x	13.6x	12.8x	15.9x	16.6x	15.4x
Manhattan Associates, Inc.	10,048	17.1x	15.5x	14.3x	>50	>50	>50	>50	>50	>50
Pegasystems Inc.	10,455	10.3x	8.3x	7.0x	>50	>50	>50	NEG	>50	>50
Software AG	2,887	3.5x	3.5x	3.2x	15.0x	18.0x	14.2x	24.8x	30.7x	23.7x
Fiserv, Inc.	92,382	6.6x	6.0x	5.6x	17.0x	14.3x	13.0x	24.6x	19.6x	16.8x
Extended ERP Average		10.9x	9.5x	8.5x	22.9x	20.9x	18.2x	21.8x	22.3x	25.0x
Software As A Service										
Descartes Systems Group Inc.	6,035	17.3x	14.7x	13.5x	42.6x	35.7x	31.9x	>50	>50	>50
Kinaxis, Inc.*	3,450	15.4x	14.0x	11.1x	>50	>50	>50	>50	>50	>50
Docebo, Inc.*	2,064	32.8x	21.5x	15.6x	NEG	NEG	NEG	NEG	NEG	NEG
Lightspeed POS, Inc.*	10,957	>50	27.4x	18.7x	NEG	NEG	NEG	NEG	NEG	NEG
Veeva Systems Inc Class A	50,542	35.2x	28.2x	23.7x	>50	>50	>50	>50	>50	>50
Shopify, Inc. Class A	188,597	>50	40.8x	30.3x	>50	>50	>50	>50	>50	>50
Ceridian HCM Holding, Inc.	15,447	18.3x	15.3x	13.7x	>50	>50	>50	>50	NEG	>50
ServiceNow, Inc.	116,607	25.8x	20.0x	16.0x	>50	>50	50.0x	>50	>50	>50
Workday, Inc. Class A	56,060	13.2x	11.3x	9.6x	>50	43.7x	41.0x	>50	>50	>50
Software As A Service Average		22.6x	21.5x	16.9x	42.6x	39.7x	41.0x	>50	>50	>50
Infrastructure Vendors										
Citrix Systems, Inc.	13,638	4.2x	4.2x	3.9x	11.9x	13.1x	12.0x	16.5x	20.8x	17.4x
Microsoft Corporation	2,105,035	13.5x	11.7x	10.4x	28.4x	24.1x	21.1x	41.6x	34.3x	30.6x
Infrastructure Vendors Average		8.9x	8.0x	7.1x	20.2x	18.6x	16.5x	29.1x	27.6x	24.0x
Software Average										
		13.3x	13.0x	10.8x	23.3x	24.4x	25.1x	28.7x	28.3x	26.2x

*Share Price Converted to USD

Source: Company reports, FactSet and CIBC World Markets Inc.

Exhibit 6: Business Services Stocks – Comp Table – 2020 – 2022E

	Enterprise Value	EV/EBITDA			P/E			EV/S		
		C20	C21E	C22E	C20	C21E	C22E	C20	C21E	C22E
Business & IT Services										
CGI Inc. Class A	30,347	12.4x	12.5x	12.1x	22.5x	20.5x	19.0x	2.5x	2.5x	2.4x
Accenture Plc Class A	195,851	22.6x	19.9x	18.0x	40.0x	34.6x	31.0x	4.2x	3.8x	3.4x
Booz Allen Hamilton	12,769	15.6x	14.3x	13.4x	22.0x	19.9x	18.2x	1.6x	1.5x	1.4x
CACI International Inc Class A	7,627	12.2x	11.2x	10.7x	16.4x	14.4x	14.2x	1.3x	1.2x	1.2x
DXC Technology Co.	14,783	5.4x	5.5x	5.0x	13.1x	12.8x	9.8x	0.8x	0.9x	0.9x
Genpact Limited	10,561	15.5x	14.0x	12.9x	23.3x	21.5x	19.0x	2.8x	2.7x	2.4x
International Business Machines	180,153	11.8x	9.6x	9.4x	16.5x	13.2x	12.0x	2.4x	2.4x	2.4x
Atos SE	6,101	4.2x	5.2x	4.6x	5.9x	11.3x	8.6x	0.5x	0.6x	0.5x
Capgemini SE	37,874	15.5x	13.5x	12.8x	26.2x	23.7x	20.8x	2.4x	2.2x	2.0x
Sopra Steria Group SA	4,743	10.4x	9.2x	8.3x	22.1x	16.3x	13.7x	1.1x	1.0x	1.0x
Business & IT Services Average		12.6x	11.5x	10.7x	20.8x	18.8x	16.6x	2.0x	1.9x	1.8x
HR Outsourcing										
LifeWorks Inc	2,987	14.9x	14.0x	13.4x	44.5x	>50	40.4x	3.1x	2.9x	2.7x
Ceridian HCM Holding, Inc.	15,447	>50	>50	>50	>50	NEG	>50	18.3x	15.3x	13.7x
Willis Towers Watson	31,830	12.9x	11.8x	11.2x	18.1x	16.0x	14.8x	3.4x	3.2x	3.1x
Aon Plc Class A	66,192	20.5x	17.3x	16.2x	26.4x	22.3x	20.1x	6.0x	5.5x	5.2x
Automatic Data Processing, Inc.	90,685	24.8x	23.1x	21.4x	35.5x	33.5x	30.4x	6.1x	5.8x	5.5x
Paychex, Inc.	40,957	24.3x	23.0x	21.5x	37.7x	35.3x	32.6x	10.1x	9.7x	9.1x
HR Outsourcing Average		19.5x	17.8x	16.7x	32.4x	26.8x	27.7x	7.8x	7.1x	6.5x
Information Services										
Broadridge Financial Solutions, Inc.	21,845	20.4x	18.4x	16.5x	32.5x	29.2x	26.5x	4.6x	4.2x	4.0x
Dye & Durham Ltd.	3,388	NEG	23.5x	19.3x	NEG	>50	42.9x	38.9x	10.0x	8.6x
Deluxe Corporation	2,434	6.7x	6.5x	5.9x	8.4x	8.4x	8.0x	1.4x	1.3x	1.2x
Information Services Corp	541	11.3x	8.3x	8.5x	19.2x	16.8x	14.9x	4.0x	3.3x	3.3x
Information Services Average		12.8x	14.2x	12.6x	20.1x	18.1x	23.1x	12.2x	4.7x	4.3x
Financial Services Technology										
Fidelity National Information Services	98,201	18.7x	15.9x	14.3x	23.6x	19.7x	17.1x	7.8x	7.1x	6.5x
Fiserv, Inc.	92,382	17.0x	14.3x	13.0x	24.6x	19.6x	16.8x	6.6x	6.0x	5.6x
Jack Henry & Associates, Inc.	12,801	23.0x	21.5x	19.7x	44.1x	40.6x	36.2x	7.4x	7.0x	6.6x
ACI Worldwide, Inc.	4,909	13.7x	13.0x	12.1x	>50	28.3x	24.6x	3.8x	3.7x	3.5x
Temenos AG	11,605	28.6x	25.9x	23.3x	42.2x	37.4x	33.0x	12.9x	11.7x	10.6x
Global Payments Inc.	56,856	18.9x	15.8x	14.0x	25.9x	20.3x	17.3x	8.4x	7.4x	6.7x
Bottomline Technologies	1,802	18.4x	17.4x	15.9x	34.1x	33.4x	29.4x	3.9x	3.6x	3.3x
Financial Services Technology Average		19.8x	17.7x	16.0x	32.4x	28.5x	24.9x	7.3x	6.6x	6.1x
Diversified Real Estate Services										
Colliers International Group Inc.	6,864	19.0x	14.3x	12.9x	31.6x	24.7x	23.6x	2.5x	1.9x	1.8x
Altus Group Limited	2,528	25.6x	23.5x	19.8x	35.5x	36.0x	37.1x	4.5x	4.0x	3.7x
CBRE Group, Inc. Class A	34,621	18.6x	14.0x	13.4x	29.6x	20.7x	19.3x	1.5x	1.3x	1.2x
Jones Lang LaSalle Incorporated	14,880	17.3x	12.0x	11.5x	25.6x	16.3x	15.7x	1.7x	1.6x	1.5x
Diversified Real Estate Services Average		20.1x	16.0x	14.4x	30.6x	24.4x	23.9x	2.5x	2.2x	2.0x
Business Services Average										
		16.6x	14.9x	13.7x	26.7x	23.1x	22.2x	5.7x	4.4x	4.0x

Source: Company reports, FactSet and CIBC World Markets Inc.

Exhibit 7: SaaS Stocks – Comp Table – 2020 – 2022E

	LTM Revenue Growth	LTM FCF Margin	NTM Revenue Growth	NTM FCF Margin	LTM Rule Of 40	NTM Rule Of 40	Enterprise Value (\$MM)	EV/S		
								C20	C21E	C22E
Tier 1 SaaS (Rule of 40 > 50)										
Zoom Video Communications	296%	49%	51%	39%	345%	90%	115,206	46.5x	29.6x	24.1x
Shopify, Inc.	100%	18%	52%	10%	118%	61%	188,597	64.4x	40.8x	30.3x
CrowdStrike Holdings, Inc.	77%	33%	56%	22%	110%	78%	58,522	69.6x	44.3x	32.4x
Zscaler, Inc.	54%	24%	54%	23%	78%	77%	33,498	63.3x	44.0x	33.0x
Veeva Systems Inc	31%	48%	25%	39%	78%	64%	50,542	35.2x	28.2x	23.7x
Atlassian Corp. Plc	29%	38%	27%	33%	67%	60%	85,274	45.9x	36.9x	30.2x
DocuSign, Inc.	54%	21%	41%	19%	74%	60%	58,977	41.7x	29.5x	22.7x
ServiceNow, Inc.	30%	33%	27%	30%	63%	57%	116,607	25.8x	20.0x	16.0x
Twilio, Inc.	57%	0%	44%	-3%	57%	41%	63,912	36.3x	23.9x	18.3x
Cornerstone OnDemand, Inc.	36%	20%	16%	19%	57%	35%	4,380	5.9x	5.1x	4.7x
Qualys, Inc.	12%	42%	11%	36%	54%	47%	3,771	10.4x	9.3x	8.4x
Tier 1 SaaS (Rule of 40 > 50) Average								40.5x	28.3x	22.2x
	LTM Revenue Growth	LTM FCF Margin	NTM Revenue Growth	NTM FCF Margin	LTM Rule Of 40	NTM Rule Of 40	Enterprise Value (\$MM)	EV/S		
								C20	C21E	C22E
Tier 2 SaaS (Rule of 40 b/w 40-50)										
Descartes Systems	10%	40%	17%	36%	50%	53%	6,035	18.5x	17.3x	14.7x
HubSpot, Inc.	34%	14%	41%	13%	48%	54%	27,106	30.7x	21.4x	16.8x
Wix.com Ltd.	34%	12%	30%	5%	46%	36%	16,498	16.7x	12.8x	10.2x
Five9, Inc.	37%	8%	27%	7%	45%	34%	14,246	32.8x	25.0x	20.9x
Workday, Inc.	17%	27%	17%	19%	44%	36%	56,060	13.2x	11.3x	9.6x
Mimecast Limited	17%	26%	15%	22%	43%	37%	3,831	7.9x	6.8x	5.9x
Dropbox, Inc.	14%	29%	11%	32%	43%	43%	12,185	6.4x	5.7x	5.3x
VMware, Inc.	8%	33%	9%	28%	42%	37%	66,947	5.7x	5.3x	4.8x
Avalara Inc	33%	8%	30%	1%	41%	31%	13,830	27.6x	21.2x	17.3x
Docebo, Inc.	54%	-13%	54%	-3%	41%	51%	2,064	32.8x	21.5x	15.6x
Tier 2 SaaS (Rule of 40 b/w 40-50) Average								19.2x	14.8x	12.1x
	LTM Revenue Growth	LTM FCF Margin	NTM Revenue Growth	NTM FCF Margin	LTM Rule Of 40	NTM Rule Of 40	Enterprise Value (\$MM)	EV/S		
								C20	C21E	C22E
Tier 3 SaaS (Rule of 40 b/w 26-40)										
BlackLine, Inc.	20%	20%	19%	12%	40%	31%	6,562	18.7x	15.7x	13.0x
RingCentral, Inc.	31%	8%	27%	6%	39%	33%	24,418	20.6x	15.8x	12.8x
Lightspeed POS, Inc.	81%	-43%	104%	-3%	38%	101%	10,957	55.6x	27.4x	18.7x
LivePerson, Inc.	31%	2%	27%	-1%	32%	26%	4,194	11.4x	8.9x	7.1x
Kinaxis, Inc.	15%	18%	23%	10%	32%	33%	3,450	15.4x	14.0x	11.1x
MongoDB, Inc.	39%	-5%	33%	-8%	33%	26%	23,561	40.9x	30.6x	23.6x
Zendesk, Inc.	25%	5%	28%	8%	30%	36%	15,502	15.1x	11.8x	9.4x
Rapid7 Inc.	25%	5%	23%	3%	30%	25%	6,572	16.0x	12.6x	10.4x
Tier 3 SaaS (Rule of 40 b/w 26-40) Average								24.2x	17.1x	13.3x
	LTM Revenue Growth	LTM FCF Margin	NTM Revenue Growth	NTM FCF Margin	LTM Rule Of 40	NTM Rule Of 40	Enterprise Value (\$MM)	EV/S		
								C20	C21E	C22E
Tier 4 SaaS (Rule of 40 <26)										
Akamai Technologies, Inc.	11%	17%	7%	23%	28%	30%	20,001	6.3x	5.8x	5.4x
Anaplan, Inc.	26%	0%	25%	-2%	26%	23%	8,031	18.3x	14.6x	11.6x
Paylocity Holding Corp.	9%	17%	12%	12%	26%	24%	11,579	19.4x	16.5x	13.6x
Q2 Holdings, Inc.	27%	-4%	23%	0%	23%	23%	5,623	13.8x	11.3x	9.4x
Teradata Corporation	2%	17%	4%	16%	19%	20%	5,578	3.0x	2.9x	2.8x
Ceridian HCM Holding, Inc.	30%	-11%	21%	-4%	19%	17%	15,447	18.3x	15.3x	13.7x
New Relic, Inc.	11%	5%	6%	0%	17%	6%	4,801	7.4x	6.7x	6.0x
Zuora, Inc.	9%	6%	11%	0%	15%	11%	1,959	6.5x	5.8x	5.1x
Yext, Inc.	15%	-5%	9%	-1%	9%	7%	1,512	4.3x	3.9x	3.4x
Splunk Inc.	-3%	-8%	14%	3%	-11%	16%	23,986	10.7x	9.6x	7.9x
Tier 4 SaaS (Rule of 40 <26) Average								10.8x	9.2x	7.9x
SaaS Average								24.1x	17.7x	14.1x

Source: Company reports, FactSet and CIBC World Markets Inc.

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