

## EQUITY RESEARCH

February 3, 2022

Industry Update

# 2021 A Banner Year For M&A – Bits & Bytes Weekly

Will It Continue In 2022?

### Our Conclusion

Even as global stock markets ended the year in a period of elevated volatility, 2021 was finishing up as a banner year for M&A. Dealmakers and bankers made up for COVID-19 induced slowdowns, with M&A spending hitting all-time highs. Despite the hurdles investors and corporates are likely to face in 2022, namely inflation and rising rates, we expect that 2022 could be another strong year for M&A as companies look to navigate key themes such as digital transformation, tight labour markets and inflationary pressure. We believe both strategic acquirers and private equity will continue to be active on the dealmaking front given high levels of dry powder and continuing private equity fundraising.

### Key Points

Global M&A reached a record US\$4.99T across 38,231 deals in 2021. Europe and North America were the strongest contributors to global M&A figures, according to Pitchbook. As the U.K. avoided a no-deal Brexit, investors shopped for undervalued companies in the region. In Germany, a focus on digital transformation and sustainability shaped M&A priorities. In North America, a favourable economic backdrop paved the way for mega-deals even in face of antitrust scrutiny.

Financial services, healthcare, and technology were the most active M&A sectors in 2021. Financial services companies focused on acquiring digital and fintech assets to add technological capabilities and market share. Technology M&A continued to grow as a percentage of the total global M&A volume, up from 14% in 2007 to 20% in 2021. Growth continued despite heightened regulatory focus on the tech sector.

In 2021, sponsor-backed deals grew as a percentage of total deal count. Thirty-eight percent of M&A was sponsor backed, the highest concentration in a decade and up from only 23% in 2020. Mega-deals are no longer limited to corporate combinations as sophisticated PE firms partnered on \$10B+ deals (i.e., Athenahealth, Medline). As buyout funds amass capital in various US\$5B+ mega funds, we expect their growing stature to shape 2022's M&A landscape.

Looking forward to 2022, we see several headwinds to continued M&A growth. Higher central bank rates will lead to elevated funding costs, potential corporate tax hikes pose challenges to corporate valuations and increased regulatory scrutiny could all impact the M&A narrative in 2022. That said, private equity remains well capitalized and corporations that have amassed cash through the pandemic are incented to spend on strategic M&A.

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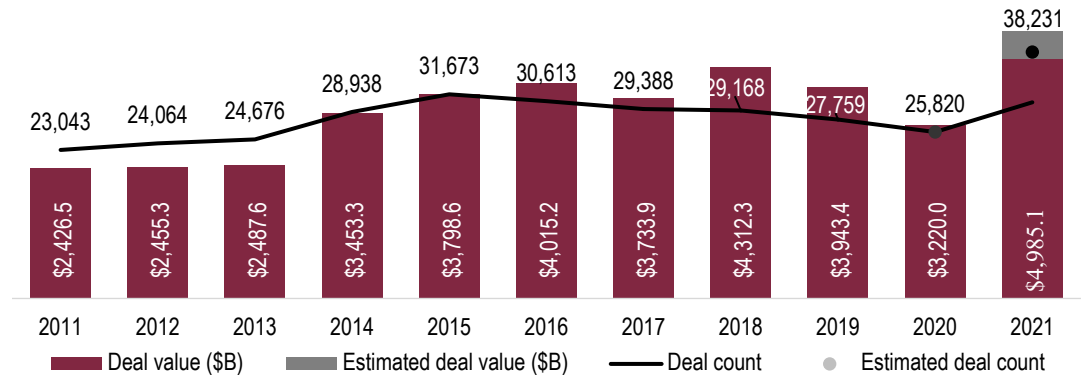
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**Sector:**  
Information Technology

## 2021 Saw Strong M&A Volumes

Deal volume has grown steadily at a CAGR of roughly 5% since 2011. Pitchbook tallied 38,231 deals in 2021 compared to 23,043 in 2011. In addition, deal sizes have grown throughout the years and larger-sized deals are on the rise over the past decade. Transactions exceeding US\$500M now account for 8% of total deal volume, compared to 5% in 2008. Given private equities' dry powder and the accumulating cash pile among industry giants, large-sized deals seem poised to continue to grow.

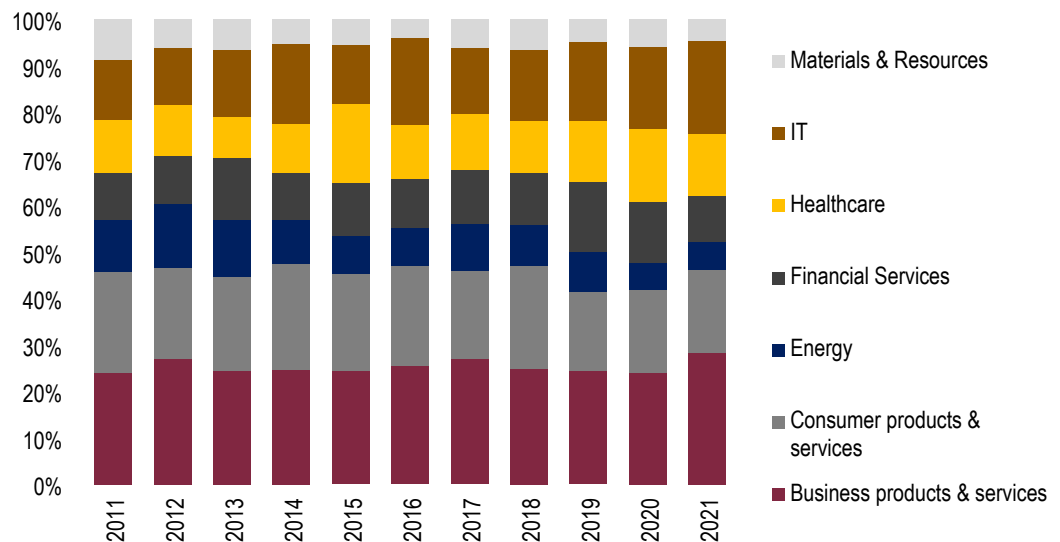
**Exhibit 1: Software & Services – Global M&A Transaction Volume – 2011-2021**



Source: Pitchbook and CIBC World Markets Inc.

Business products & services, tech, consumer products & services account for the top three industries in global M&A this past year. As a percentage of total deal value, tech makes up 20% of the total global M&A deal value, trailing behind business products & services which has the highest weight at 28%. In North America, tech deals made up 19% of total deal value (relatively unchanged Y/Y), across 3,007 deals accounting for US\$536B in value.

**Exhibit 2: Software & Services – Global M&A By Sector (As % Of US\$B) – 2011-2021**



Source: Pitchbook and CIBC World Markets Inc.

## News Impacting Our Coverage

### Magnet Forensics - Investigating A High Growth Market – Initiating At Outperformer

As of February 2, we are initiating coverage on Magnet Forensics, Inc. with an Outperformer rating and C\$33 price target based on a 2023E EV/Sales multiple of 8.0x. Magnet is a leading provider of digital investigation tools for public safety and corporate clients. We see multiple avenues for potential future growth, including user and product extension within the existing customer base, continued expansion into the enterprise market, and M&A. ([Link to note](#))

### CGI Inc. - Accelerating Growth In A Solid Environment

CGI saw constant currency growth accelerate both year over year and quarter over quarter to 6.8%. We expect revenue growth to continue, with CGI posting a book to bill of 1.17x in the quarter amid broad-based strength, with six of eight geographies posting a TTM book to bill of +1x. While wage inflation had been a concern, CGI continues to manage a tight labour market well, with margins up 50 bps Y/Y. We view CGI as a defensive name in a volatile technology market, with strong margins and accelerating growth. We see M&A as upside as CGI becomes more active on its metro market acquisition strategy. ([Link to note](#))

### Q4/21 Software & Services Preview

We expect Q4 will be a typical seasonally strong quarter, with consensus calling for average revenue for our coverage universe to be up 20% Y/Y as demand remains robust. We expect adjusted EBITDA to be up 10% Y/Y given reinvestment initiatives, M&A integration and potentially some cost inflation. In a volatile tech market, we expect that we could see outsized stock moves from firms that report unexpected Q4 results or 2022 guidance. In this type of market, we prefer our more defensive software names, including CGI and Constellation Software. ([Link to note](#))

### Dye & Durham - FQ2 Results Roughly In Line, No Change To Guidance

Dye & Durham reported roughly in-line FQ2 results, with revenue ~3% below consensus but adjusted EBITDA 3% above. We believe that the near-term focus will be on execution, after DND deployed \$3.7 billion on M&A in December. We see significant upside if DND is able to close the Link Group transaction and execute on its proven synergy model. That said, we see a number of near-term uncertainties including the regulatory and shareholder approvals required for the Link Group transaction, the outcome of the ongoing U.K. competition review, and potential churn from Unity price increases. ([Link to note](#))

### ISC Provides Leadership Update

Information Services Corp. announced the creation of a new leadership position at its wholly-owned Dublin-based subsidiary Enterprise Registry Solutions Limited (ERS). The search for the position is commenced immediately. The new leadership role will enhance the subsidiary's business development and growth related to new registry and registry-related products. Loren Cisyk, the current EVP, Technology Solutions, will focus on ISC's enterprise technology infrastructure. Laurel Garven is now appointed the VP, Corporate Development & Business strategy, expanding her role from corporate strategy and product innovation to include M&A. Dennis White, VP, Marketing and Business Development has left the organization and the role is no longer required.

## **CGI Secures \$134M Task Order Under New \$250M BPA From The Department Of Justice**

CGI won a single-award Blanket Purchase Agreement (BPA) with a \$250M ceiling value. It has won an initial Task Order with potential value of \$133.9M over five years as it is selected to operate and maintain systems to support DOJ's Unified Financial Management System (UFMS) and Unified Asset Management System (UAMS) programs. This award follows CGI's implementation of UFMS, which was enabled by CGI's Momentum.

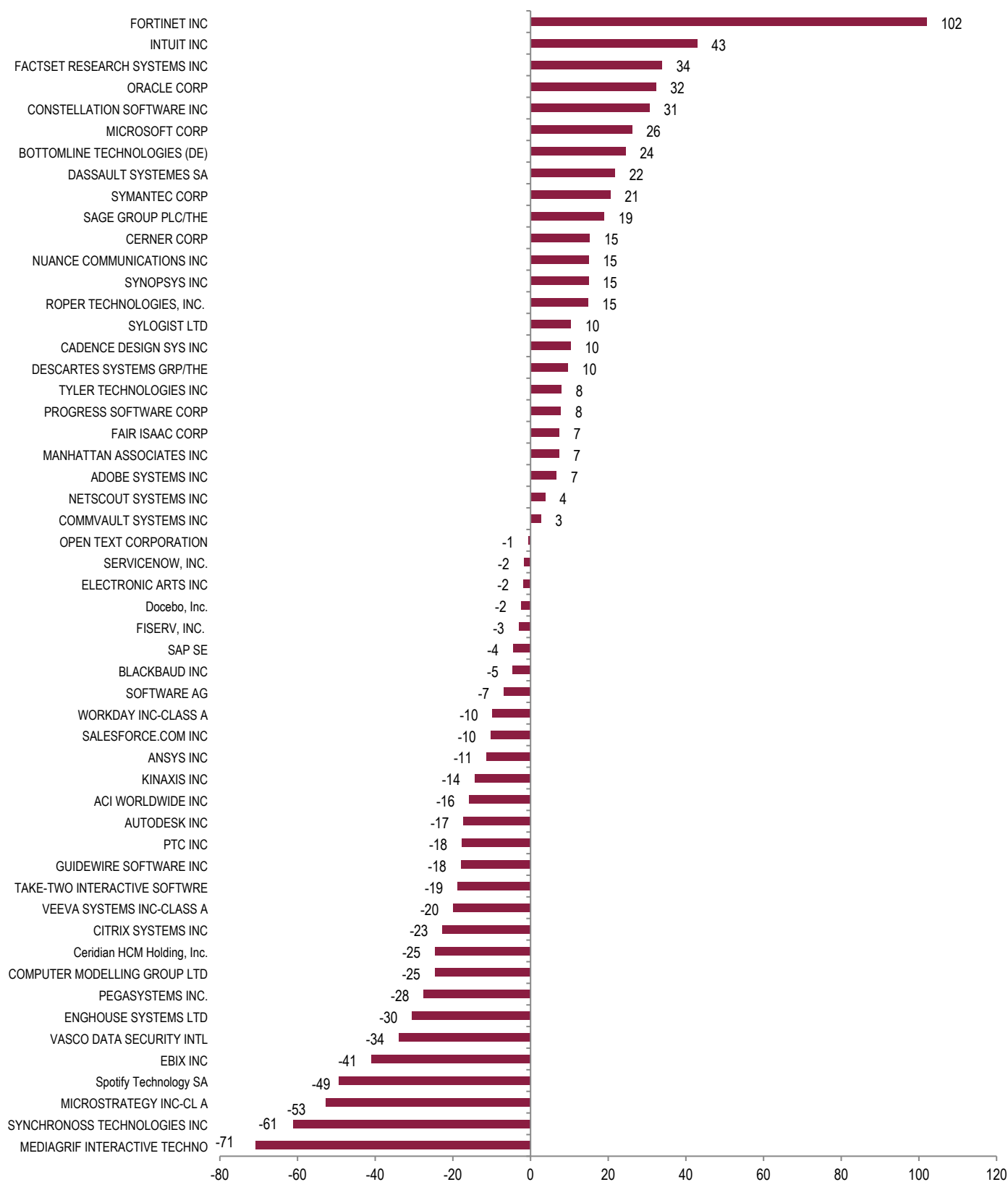
**Exhibit 3: CIBC Software/Services – Coverage Performance, 1/27/2022 - 2/3/2022**

Software & Systems	Price	1 Week	1 Month	3 Month	6 Month	1 Year	YTD	52W High	52W Low
Constellation Software Inc	2,106.13	3.9	(10.3)	(3.1)	5.3	30.6	(10.3)	2385.80	1573.51
Descartes Systems	69.93	5.8	(13.6)	(15.6)	(4.0)	10.9	(15.4)	91.39	56.78
Dye & Durham	29.46	(11.3)	(34.4)	(22.5)	(37.5)	NA	(34.4)	53.13	28.87
Enghouse Systems Limited	42.26	2.4	(12.7)	(20.0)	(25.4)	(30.5)	(12.7)	64.42	41.86
Open Text Corp	46.77	4.8	(1.2)	(7.8)	(9.8)	(0.6)	(1.5)	55.25	44.03
Kinaxis	159.80	8.6	(9.9)	(18.9)	(3.3)	(14.4)	(9.9)	229.98	124.05
Docebo, Inc.	65.45	1.6	(22.9)	(30.6)	(25.1)	(2.5)	(22.9)	117.55	47.22
Magnet Forensics	25.58	2.9	(22.2)	(33.7)	(19.0)	NA	(22.2)	65.80	20.92
Q4 Inc.	5.13	(15.6)	(39.6)	NA	NA	NA	NA	12.05	4.93
<b>Average</b>		<b>0.3</b>	<b>(18.5)</b>	<b>(19.0)</b>	<b>(14.8)</b>	<b>(1.1)</b>	<b>(16.2)</b>		

Business Services	Price	1 Week	1 Month	3 Month	6 Month	1 Year	YTD	52W High	52W Low
Altus Group Ltd	57.68	(2.9)	(18.7)	(10.0)	(3.1)	15.0	(18.7)	72.33	48.95
CGI Group Inc	109.93	7.1	(1.7)	(1.8)	(3.6)	6.7	(1.7)	116.88	93.88
Converge Technologies	9.80	10.6	(9.8)	(18.5)	(8.8)	62.0	(9.8)	13.09	4.58
Information Services Corp	23.35	(9.1)	(11.0)	(13.5)	(13.7)	12.2	(11.0)	33.87	20.81
LifeWorks Inc	27.18	0.3	6.5	(13.5)	(23.1)	(14.0)	6.5	37.56	24.20
Softchoice Corporation	23.10	4.0	8.2	(19.8)	NA	NA	NA	45.74	18.63
Telus International	34.55	3.2	(17.3)	(27.1)	(9.8)	NA	NA	49.43	33.16
<b>Average</b>		<b>1.9</b>	<b>(6.3)</b>	<b>(14.9)</b>	<b>(10.3)</b>	<b>16.4</b>	<b>(7.0)</b>		

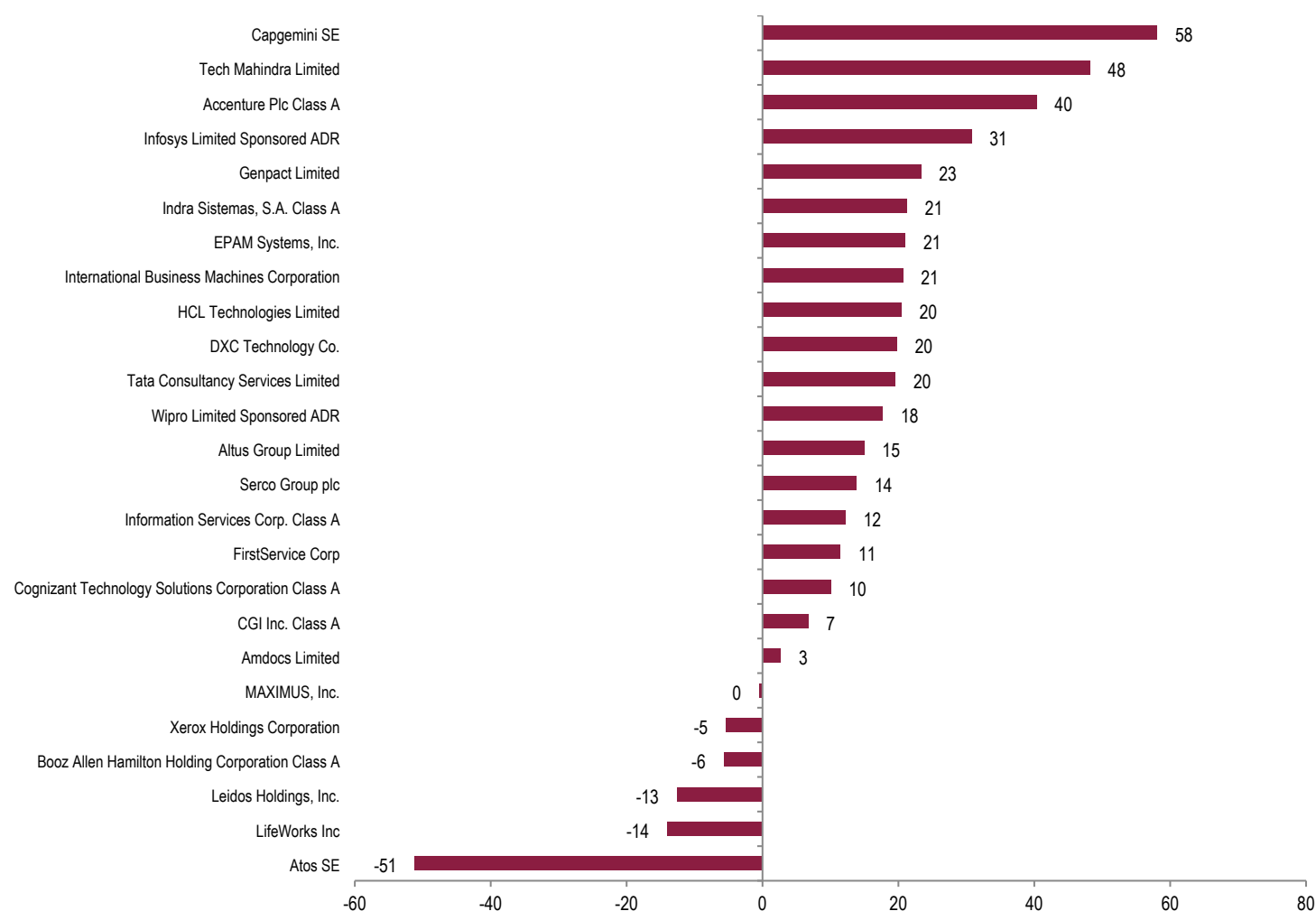
Indices	Price	1 Week	1 Month	3 Month	6 Month	1 Year	YTD
S&P/TSX Composite Index	21,161.32	3.0	(0.3)	(0.5)	3.9	18.1	(0.3)
S&P 500 Index	4,511.45	4.3	(5.9)	(3.2)	2.0	17.8	(5.3)
S&P/TSX Software Index	176.74	3.8	(16.7)	(23.7)	(20.2)	(8.7)	(16.7)
S&P500 Software Index	5,243.64	2.9	(9.8)	(12.5)	0.2	18.1	(10.3)

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

**Exhibit 4: Software Stocks – Return Performance (%), 2/3/2021 - 2/3/2022**

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

# Exhibit 5: Business Services Stocks – Return Performance (%), 2/3/2021 - 2/3/2022



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

**Exhibit 6: 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.*	35,142	8.9x	6.9x	5.9x	28.6x	23.6x	20.1x	42.1x	>50	30.0x
BlackBerry Limited*	4,337	4.5x	4.5x	4.4x	21.7x	>50	NEG	30.7x	>50	NEG
Sage Group plc	7,488	4.0x	4.0x	3.8x	16.0x	17.6x	16.3x	27.2x	30.1x	26.6x
Tyler Technologies, Inc.	18,260	16.3x	11.5x	9.8x	>50	42.3x	36.3x	>50	>50	>50
Roper Technologies, Inc.	56,216	10.1x	9.7x	9.2x	28.2x	24.7x	23.6x	36.2x	32.5x	29.9x
Enghouse Systems Limited	2,174	4.3x	4.7x	4.4x	11.6x	13.2x	12.7x	21.1x	25.2x	25.3x
Oracle Corporation	260,179	6.5x	6.3x	6.0x	13.2x	12.7x	12.3x	19.0x	17.3x	16.2x
SAP SE	137,944	5.0x	5.0x	4.7x	14.7x	16.3x	15.5x	20.2x	16.2x	20.4x
Enterprise Application Software Average		7.5x	6.6x	6.0x	19.1x	21.5x	19.5x	28.1x	24.3x	24.7x
Extended ERP										
Adobe Inc.	241,343	18.4x	15.1x	13.3x	37.6x	30.3x	27.3x	49.9x	40.8x	36.7x
Open Text Corporation	15,021	4.6x	4.4x	4.2x	11.7x	11.8x	11.2x	14.4x	14.9x	13.6x
Manhattan Associates, Inc.	7,855	13.4x	11.8x	11.1x	>50	42.7x	45.2x	>50	>50	>50
Pegasystems Inc.	8,094	8.0x	6.5x	5.4x	>50	>50	>50	NEG	>50	>50
Software AG	2,249	2.7x	2.7x	2.5x	11.7x	13.6x	11.1x	20.1x	22.2x	20.3x
Fiserv, Inc.	90,986	6.5x	5.9x	5.5x	16.7x	14.1x	12.8x	24.2x	19.2x	16.6x
Extended ERP Average		8.9x	7.7x	7.0x	19.4x	22.5x	21.5x	27.1x	24.3x	21.8x
Software As A Service										
Descartes Systems Group Inc.	5,800	16.6x	13.7x	12.3x	40.9x	31.4x	28.5x	>50	>50	>50
Kinaxis, Inc.*	3,246	14.5x	13.1x	10.5x	>50	>50	>50	>50	>50	>50
Docebo, Inc.*	1,479	23.5x	14.2x	9.7x	NEG	NEG	NEG	NEG	NEG	NEG
Lightspeed Commerce Inc*	3,943	20.0x	8.6x	5.9x	NEG	NEG	NEG	NEG	NEG	NEG
Veeva Systems Inc Class A	33,632	23.4x	18.6x	15.7x	>50	44.2x	39.9x	>50	>50	>50
Shopify, Inc. Class A	97,917	33.4x	21.4x	16.0x	>50	>50	>50	>50	>50	>50
Q4 Inc*	105	2.6x	1.9x	1.5x	NEG	NEG	NEG	NEG	NEG	NEG
Magnet Forensics, Inc.*	696	10.3x	7.9x	6.0x	43.8x	49.2x	39.1x	>50	>50	>50
Ceridian HCM Holding, Inc.	11,823	14.0x	11.6x	9.9x	>50	>50	>50	>50	>50	>50
ServiceNow, Inc.	111,659	24.7x	18.9x	15.1x	>50	>50	47.2x	>50	>50	>50
Workday, Inc. Class A	57,081	13.4x	11.3x	9.5x	>50	39.2x	38.9x	>50	>50	>50
Software As A Service Average		17.9x	12.8x	10.2x	42.4x	41.0x	38.7x	>50	>50	>50
Infrastructure Vendors										
Citrix Systems, Inc.	15,743	4.9x	4.9x	4.8x	13.8x	13.4x	14.9x	16.8x	19.2x	19.5x
Microsoft Corporation	2,250,184	14.4x	12.3x	10.6x	30.2x	24.7x	21.0x	44.5x	35.3x	30.4x
Infrastructure Vendors Average		9.7x	8.6x	7.7x	22.0x	19.0x	17.9x	30.7x	27.3x	24.9x
Software Average		12.2x	9.5x	8.1x	22.7x	25.8x	24.9x	28.2x	24.8x	23.8x

\*Share Price Converted to USD

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



## Exhibit 7: 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	28,473	11.6x	11.5x	11.2x	22.0x	19.6x	17.9x	2.3x	2.3x	2.2x
TELUS International (CDA), Inc.	8,211	20.8x	15.1x	13.0x	38.4x	27.8x	22.6x	5.0x	3.7x	3.3x
Accenture Plc Class A	224,799	25.9x	22.2x	19.4x	44.0x	37.2x	31.8x	4.8x	4.2x	3.6x
Booz Allen Hamilton	11,966	14.6x	13.3x	12.4x	20.7x	18.7x	17.2x	1.5x	1.5x	1.4x
CACI International Inc Class A	7,978	12.8x	11.8x	11.4x	16.3x	13.8x	13.2x	1.4x	1.3x	1.2x
DXC Technology Co.	12,770	4.7x	4.8x	4.6x	10.8x	10.3x	8.3x	0.7x	0.8x	0.8x
Genpact Limited	10,589	15.6x	14.2x	13.0x	23.3x	20.3x	18.4x	2.9x	2.7x	2.4x
International Business Machines	170,723	11.2x	9.7x	10.3x	16.6x	17.3x	13.8x	2.3x	3.0x	2.8x
Atos SE	5,359	3.7x	5.4x	4.6x	4.9x	11.2x	10.2x	0.5x	0.5x	0.5x
Capgemini SE	39,833	16.0x	13.4x	12.2x	27.2x	23.5x	20.2x	2.5x	2.2x	2.0x
Sopra Steria Group SA	4,530	9.9x	8.6x	7.7x	20.7x	14.5x	12.2x	1.1x	1.0x	0.9x
Business & IT Services Average		13.3x	11.8x	10.9x	22.3x	19.5x	16.9x	2.3x	2.1x	1.9x
HR Outsourcing		EV/EBITDA			P/E			EV/S		
LifeWorks Inc	2,428	12.1x	11.9x	11.0x	34.1x	NEG	32.2x	2.5x	2.3x	2.2x
Ceridian HCM Holding, Inc.	11,823	>50	>50	>50	>50	>50	>50	14.0x	11.6x	9.9x
Willis Towers Watson	34,083	13.8x	13.3x	14.0x	20.2x	18.5x	17.2x	3.6x	3.6x	3.6x
Aon Plc Class A	68,883	21.0x	18.9x	16.8x	28.3x	23.9x	21.3x	6.2x	5.6x	5.3x
Automatic Data Processing, Inc.	87,978	24.1x	22.1x	20.1x	34.7x	32.3x	28.8x	5.9x	5.6x	5.2x
Paychex, Inc.	43,116	25.6x	23.2x	21.1x	39.6x	35.4x	31.7x	10.6x	10.0x	9.2x
HR Outsourcing Average		19.3x	17.9x	16.6x	31.4x	27.5x	26.2x	7.2x	6.5x	5.9x
Information Services		EV/EBITDA			P/E			EV/S		
Broadridge Financial Solutions, Inc.	21,534	20.3x	18.4x	16.3x	28.2x	25.0x	22.4x	4.5x	4.0x	3.7x
Dye & Durham Ltd.	2,193	NEG	13.8x	10.3x	NEG	>50	47.2x	25.2x	5.8x	3.8x
Deluxe Corporation	1,975	5.4x	4.8x	4.4x	6.2x	6.4x	6.3x	1.1x	1.0x	0.9x
Information Services Corp	460	9.6x	7.0x	6.9x	16.1x	12.3x	11.7x	3.4x	2.8x	2.7x
Information Services Average		11.8x	11.0x	9.5x	16.8x	14.6x	21.9x	8.5x	3.4x	2.8x
Financial Services Technology		EV/EBITDA			P/E			EV/S		
Fidelity National Information Services	89,888	17.1x	14.6x	13.4x	21.4x	17.9x	16.1x	7.2x	6.5x	6.0x
Fiserv, Inc.	90,986	16.7x	14.1x	12.8x	24.2x	19.2x	16.6x	6.5x	5.9x	5.5x
Jack Henry & Associates, Inc.	12,490	22.4x	21.0x	19.3x	41.8x	37.8x	33.8x	7.2x	6.8x	6.3x
ACI Worldwide, Inc.	4,988	13.9x	13.0x	12.3x	>50	29.7x	25.8x	3.9x	3.7x	3.5x
Temenos AG	8,985	22.2x	20.6x	18.4x	31.7x	28.0x	24.9x	10.0x	9.1x	8.3x
Global Payments Inc.	50,620	16.9x	14.0x	12.6x	22.8x	17.9x	15.3x	7.5x	6.6x	6.0x
Bottomline Technologies	2,558	26.2x	24.9x	22.7x	48.4x	49.5x	46.3x	5.6x	5.2x	4.6x
Financial Services Technology Average		19.3x	17.4x	15.9x	31.7x	28.6x	25.5x	6.8x	6.2x	5.8x
Diversified Real Estate Services		EV/EBITDA			P/E			EV/S		
Colliers International Group Inc.	7,632	21.1x	14.6x	13.1x	35.7x	25.8x	24.1x	2.7x	2.0x	1.8x
Altus Group Limited	2,702	27.3x	25.5x	21.4x	34.8x	35.1x	41.3x	4.8x	4.3x	3.8x
CBRE Group, Inc. Class A	36,596	19.7x	13.1x	12.2x	31.5x	19.0x	17.7x	1.5x	1.3x	1.2x
Jones Lang LaSalle Incorporated	15,295	17.8x	11.1x	10.6x	26.9x	14.4x	13.7x	1.7x	1.4x	1.3x
Diversified Real Estate Services Average		21.5x	16.1x	14.3x	32.2x	23.6x	24.2x	2.7x	2.3x	2.0x
Software Focused IT Solutions/VARS		EV/EBITDA			P/E			EV/GP		
Softchoice Corporation*	1,603	24.5x	24.1x	16.1x	36.0x	41.0x	28.3x	6.7x	5.8x	5.1x
Softcat Plc*	3,096	24.8x	17.9x	17.5x	33.4x	24.1x	23.7x	10.4x	8.1x	7.4x
Crayon Group Holding ASA*	14,219	>50	>50	>50	>50	>50	>50	>50	41.7x	31.8x
Bytes Technology Group Plc*	1,089	26.3x	18.0x	16.6x	35.8x	23.8x	22.4x	11.1x	7.8x	7.1x
SoftwareONE Holding Ltd.*	2,331	12.1x	9.1x	7.7x	14.8x	19.5x	16.1x	10.5x	2.5x	2.2x
Bytes Technology Group Plc* Average		21.9x	17.3x	14.5x	30.0x	27.1x	22.6x	9.7x	13.2x	10.7x
Business Services Average		17.3x	14.8x	13.4x	27.0x	23.4x	22.0x	5.5x	5.2x	4.6x

\*Software Focused IT Solutions/VARS uses EV/GP metric.

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

## Exhibit 8: 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
<b>Tier 1 SaaS (Rule of 40 &gt; 60)</b>										
Zoom Video Communications	100%	43%	15%	33%	143%	48%	39,947	16.1x	10.1x	8.5x
CrowdStrike Holdings, Inc.	69%	33%	44%	27%	102%	70%	39,470	46.9x	28.5x	20.2x
<b>Shopify, Inc.</b>	71%	<b>11%</b>	<b>33%</b>	15%	<b>82%</b>	47%	<b>106,030</b>	<b>36.2x</b>	<b>23.2x</b>	<b>17.3x</b>
Zscaler, Inc.	58%	27%	43%	22%	86%	65%	35,533	66.6x	43.7x	30.9x
<b>Lightspeed POS, Inc.</b>	<b>142%</b>	<b>-29%</b>	<b>59%</b>	<b>-5%</b>	<b>113%</b>	<b>54%</b>	<b>4,000</b>	<b>20.3x</b>	<b>8.7x</b>	<b>5.9x</b>
DocuSign, Inc.	51%	23%	27%	20%	74%	47%	24,198	17.1x	11.9x	9.4x
Veeva Systems Inc	28%	44%	18%	38%	72%	56%	34,646	24.1x	19.1x	16.2x
Atlassian Corp. Plc	35%	35%	21%	25%	70%	46%	78,810	42.5x	33.0x	26.1x
Twilio, Inc.	65%	-2%	34%	-2%	63%	32%	32,776	18.6x	11.8x	9.0x
ServiceNow, Inc.	30%	31%	26%	31%	61%	57%	114,559	25.3x	19.4x	15.5x
HubSpot, Inc.	45%	18%	32%	12%	63%	45%	22,265	25.2x	17.3x	13.4x
<b>Tier 1 SaaS (Rule of 40 &gt; 60) Average</b>								<b>30.8x</b>	<b>20.6x</b>	<b>15.7x</b>
	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
<b>Tier 2 SaaS (Rule of 40 b/w 40-60)</b>										
<b>Docebo, Inc.</b>	<b>55%</b>	<b>4%</b>	<b>46%</b>	<b>-3%</b>	<b>58%</b>	<b>44%</b>	<b>1,532</b>	<b>24.4x</b>	<b>14.7x</b>	<b>10.1x</b>
Qualys, Inc.	13%	43%	13%	37%	56%	50%	4,650	12.8x	11.3x	10.0x
<b>Descartes Systems</b>	<b>20%</b>	<b>41%</b>	<b>14%</b>	<b>38%</b>	<b>60%</b>	<b>52%</b>	<b>5,938</b>	<b>18.2x</b>	<b>17.0x</b>	<b>14.0x</b>
Avalara Inc	40%	7%	24%	1%	47%	24%	8,507	17.0x	12.4x	10.0x
Five9, Inc.	41%	0%	25%	4%	41%	29%	8,537	19.6x	14.2x	11.4x
Dropbox, Inc.	13%	34%	10%	32%	47%	42%	9,822	5.1x	4.6x	4.2x
Mimecast Limited	20%	28%	14%	22%	47%	36%	5,297	10.9x	9.3x	8.0x
Wix.com Ltd.	34%	6%	18%	4%	40%	22%	6,815	6.9x	5.4x	4.5x
Workday, Inc.	18%	28%	19%	23%	46%	42%	59,411	13.9x	11.7x	9.8x
VMware, Inc.	9%	33%	7%	27%	43%	35%	56,255	4.8x	4.4x	4.1x
<b>Tier 2 SaaS (Rule of 40 b/w 40-60) Average</b>								<b>13.4x</b>	<b>10.5x</b>	<b>8.6x</b>
	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
<b>Tier 3 SaaS (Rule of 40 b/w 28-40)</b>										
BlackLine, Inc.	21%	17%	20%	11%	38%	31%	5,091	14.5x	12.0x	9.9x
Zendesk, Inc.	28%	12%	28%	9%	40%	37%	12,293	11.9x	9.2x	7.3x
MongoDB, Inc.	43%	-4%	37%	-2%	39%	35%	26,647	46.2x	32.1x	23.8x
LivePerson, Inc.	30%	-3%	24%	-15%	27%	9%	1,875	5.1x	4.0x	3.1x
Rapid7 Inc.	27%	8%	24%	2%	35%	27%	5,658	13.7x	10.7x	8.7x
Paylocity Holding Corp.	19%	16%	26%	14%	36%	40%	10,967	18.3x	15.1x	12.1x
Q2 Holdings, Inc.	25%	-3%	17%	2%	22%	20%	3,696	9.1x	7.4x	6.4x
Akamai Technologies, Inc.	9%	21%	8%	23%	30%	31%	20,497	6.4x	5.9x	5.5x
<b>Tier 3 SaaS (Rule of 40 b/w 28-40) Average</b>								<b>15.7x</b>	<b>12.1x</b>	<b>9.6x</b>
	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
<b>Tier 4 SaaS (Rule of 40 &lt;28)</b>										
RingCentral, Inc.	34%	3%	26%	5%	38%	32%	16,327	13.8x	10.3x	8.3x
Teradata Corporation	5%	20%	0%	20%	26%	20%	4,663	2.5x	2.4x	2.4x
Anaplan, Inc.	30%	0%	24%	1%	30%	25%	6,503	14.8x	11.4x	9.1x
Zuora, Inc.	13%	5%	15%	0%	18%	15%	1,891	6.2x	5.5x	4.8x
New Relic, Inc.	12%	-3%	18%	5%	8%	22%	6,369	9.8x	8.5x	7.3x
<b>Kinaxis, Inc.</b>	<b>-1%</b>	<b>10%</b>	<b>25%</b>	<b>13%</b>	<b>9%</b>	<b>38%</b>	<b>3,323</b>	<b>14.8x</b>	<b>13.4x</b>	<b>10.7x</b>
Yext, Inc.	11%	-2%	12%	-1%	9%	11%	977	2.8x	2.5x	2.2x
Splunk Inc.	11%	-2%	13%	5%	9%	19%	20,023	8.9x	7.9x	6.8x
<b>Tier 4 SaaS (Rule of 40 &lt;28) Average</b>								<b>9.2x</b>	<b>7.7x</b>	<b>6.4x</b>
<b>SaaS Average</b>								<b>18.2x</b>	<b>13.2x</b>	<b>10.5x</b>

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

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