

EQUITY RESEARCH

August 4, 2022

Industry Update

Competitive Concerns - Bits & Bytes Weekly

The Antitrust Tides Are Shifting

Our Conclusion

Last week, the U.S. Federal Trade Commission (FTC) took a noticeable step in advancing its agenda of keeping a very close eye on dealmaking activity at Big Tech firms. The FTC sued to block Meta's October 2021 acquisition of Within Unlimited, the creator of VR fitness app Supernatural, alleging that it lessens competition in the VR industry. FTC commissioner Lina Khan has publicly stated her desire to sue to block anticompetitive mergers rather than negotiating settlements with the acquirers. While the Within Unlimited deal is immaterial in the grand scheme of things, the lawsuit and its eventual outcome will have an impact on technology acquisitions, potentially setting a important global precedent. While Canadian competition regulators have had their hands full lately, they have also expressed a desire to take a more hawkish approach to antitrust regulation, and we see increasing regulatory risk for companies that rely on consolidation for top line growth.

Key Points

The attempt to block the Within Unlimited merger marks a shift in the FTC's approach to Big Tech mergers after decades of relative lenience. With the FTC relaunching an investigation into Meta's Instagram and WhatsApp acquisition in 2020 – which is still ongoing – the FTC is likely looking to be proactive rather than reactive with Within to avoid a similar fate. The decision to sue Meta was contentious within the FTC, with Bloomberg reporting that FTC staff were against the decision and were overridden by Ms. Khan. The process reflects Ms. Khan's aggressive approach as well as concerns that the small size of both the VR fitness market and Within Unlimited will make it difficult to argue in favour of a monopoly.

The suit comes at the same time that the bipartisan American Innovation and Choice Online Act (AICO) is struggling to receive the 60 votes necessary to pass the U.S. Congress. AICO is focused on Big Tech and would have blocked firms from prioritizing their own services over rivals. The difficulty the bill has faced in finding the required votes further underscores resistance to changing the status quo, and that antitrust reform is easier said than done.

North of the border, in June 2022 the Canadian Competition Bureau amended the Competition Act, in part to be better suited to oversee the digital economy. The amendments increased fines and penalties and expanded the list of factors to determine an impact on competition to consider digital-related factors such as network effects and the extent of change and innovation in a relevant market. Given these amendments have only been in place for a month, the extent of their impact remains uncertain but regulatory tides are clearly shifting towards a heavier-handed approach. Canadian tech companies with plans to significantly consolidate will need to take extra precautions when pursuing M&A and consider the approach that the new regulatory framework will have on antitrust enforcement.

All figures in Canadian dollars unless otherwise stated.

For required regulatory disclosures please refer to "Important Disclosures" beginning on page 10.

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Sector:
Information Technology

Data from FactSet shows that the FTC's more aggressive stance may be having some impact on M&A activity at Big Tech firms. Year-to-date, Facebook, Apple, Amazon, Microsoft, Google and their subsidiaries have announced 18 M&A deals. That is down from the same period in each of the preceding four years.

Exhibit 1: Big Tech M&A Activity – 2018 – 2022 (January 1 – July 31)



Source: FactSet and CIBC World Markets Inc.

While deal counts may be down, a more aggressive FTC has not necessarily slowed mega deals. The table in Exhibit 2 shows that in 2022 alone, Big Tech has announced five deals greater than \$3.5 billion.

Exhibit 2: Big Tech Large M&A Activity – 2021 - Present

Announcement Date	Acquirer	Target	Deal Size (US\$B)
7/21/2022	Amazon	1Life Healthcare	\$3,759
3/8/2022	Google	Mandiant, Inc.	\$4,680
1/18/2022	Microsoft	Activision Blizzard	\$67,572
5/26/2021	Amazon	MGM Studios	\$8,450
4/12/2021	Microsoft	Nuance Communications	\$19,256

Source: FactSet and CIBC World Markets Inc.

News Impacting Our Coverage

Research Highlights – GIB.A - Repurchasing \$100 Million In Class A Shares From CDPQ

CGI announced on Monday that it will be repurchasing \$100 million in Class A shares from Caisse de depot et placement du Quebec (CDPQ) at a 3% discount to the last close. The announcement follows the repurchase of \$400 million in Class A shares from CDPQ in early 2022. Post the repurchase, CDPQ will remain a significant (9.5%) shareholder. We expect CGI will continue to allocate cash flow between share buybacks and M&A, and we forecast ~\$1.5 billion in free cash flow in F2022E. In the current valuation environment, we expect the weighting to tilt more towards M&A. ([Link](#))

Converge Completes Acquisition Of Gesellschaft für digitale Bildung (“GfdB”), Institut für moderne Bildung (“IfmB”), and DEQSTER

Converge has completed the previously announced acquisition of GfdB, IfmB, and DEQSTER. The three acquired organizations all focuses on the education market, servicing the digital needs ranging from hardware to software.

Converge Completes Acquisition Of PC Specialists, Inc. d/b/a Technology Integration Group (TIG)

Converge has completed the previously announced acquisition of TIG. Headquartered in San Diego, TIG has 20 offices across North America and focuses on end-to-end IT solutions.

Converge’s Subsidiary REDNET GmbH Secured €156M Framework Contract

Converge’s subsidiary REDNET has secured a large public sector computer hardware procurement contract in Germany. The contract will be in effect until May 2025, with estimated contract volume of €156 million.

Converge Announces \$500 Million Revolving Credit Facility And TSX NCIB

Converge announced the refinancing of its existing \$300 million ABL credit facility, and a new five-year \$500 million revolving Global Credit Facility. The Global Credit Facility has a \$100 million accordion feature aimed to fund global expansion. Interest rate is based on SOFR rate plus applicable margin of 1.25%-2.25%. The company also plans to implement an NCIB with the TSX for up to 5% of issued and outstanding common shares.

OpenText Named A Leader In 2022 Aspire CCM-CXM Leaderboard

OpenText Experience Platform for Communications solutions was named a Leader in the 2022 Aspire Leaderboard for Communications Experience Platform (CXP), marking the fifth year of achieving the recognition. OpenText Exstream, a Customer Communications Management (CCM) product, was named a leader in AnyPrem CCM Software.

Enghouse Vidyo Launches Virtual Health Care Platform

Enghouse Vidyo announced the expansion of VidyoHealth, a turnkey telehealth solution. Vidyo also expanded its partnership with ViTel Net, a telehealth innovator focused on streamlining clinical and operational workflows.

C.H. Robinson Extends Relationship With Descartes MacroPoint

C.H. Robinson, a leading logistics service provider, is using Descartes MacroPoint to enable carriers to transmit freight information to Descartes’ network. Carriers who uses Descartes MacroPoint to provide freight status update can now transmit update using C.H. Robinson’s tools. Descartes MacroPoint is a cloud-based multimodal visibility platform to help provide insight on freight movement through real-time location update.

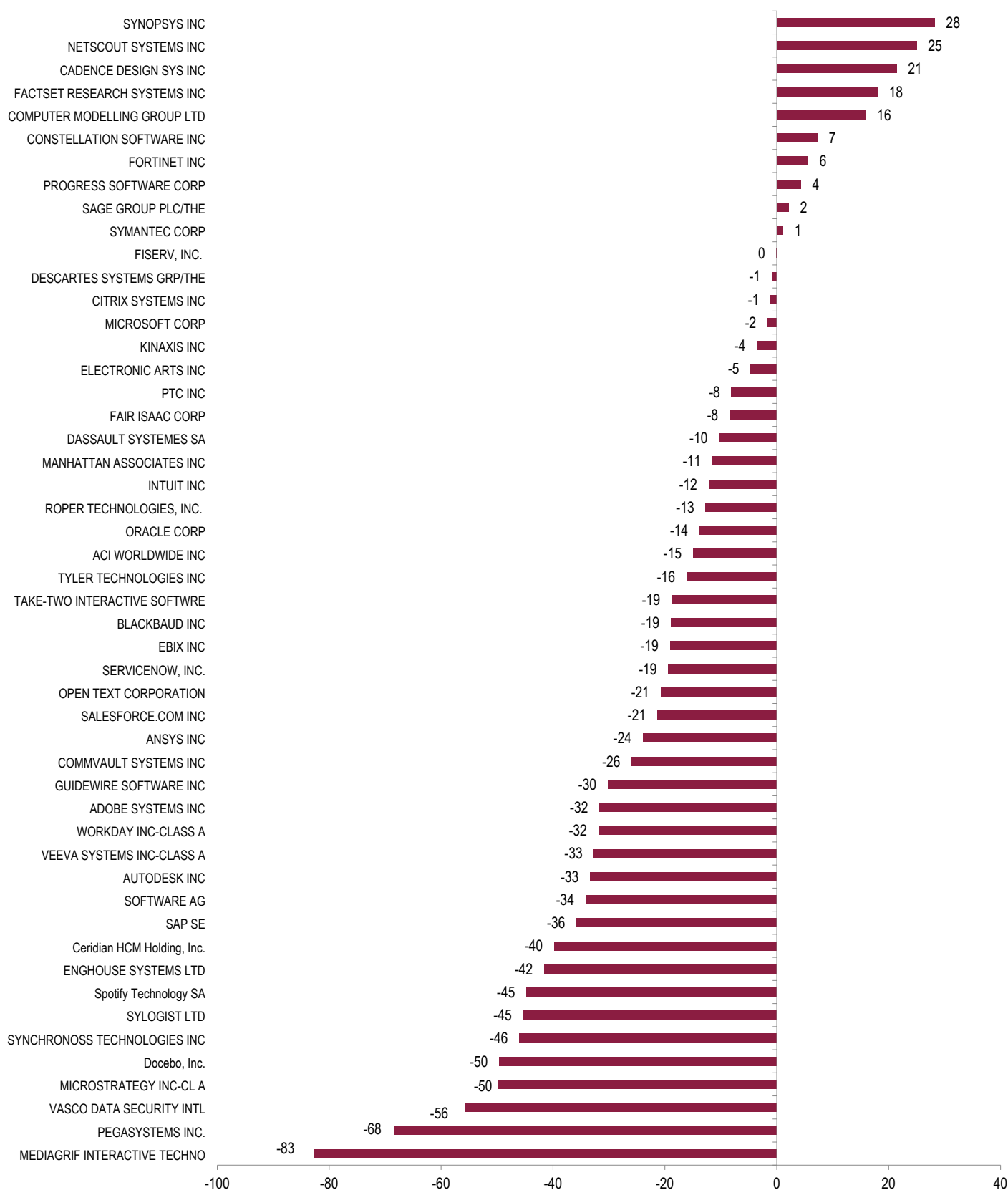
Exhibit 3: CIBC Software/Services – Coverage Performance, 8/3/2021 - 8/3/2022

Software & Systems	Price	1 Week	1 Month	3 Month	6 Month	1 Year	YTD	52W High	52W Low
Constellation Software Inc	2,145.67	2.5	12.3	4.2	1.8	7.3	(8.6)	2385.80	1793.93
Descartes Systems	70.61	4.8	11.8	12.2	1.5	(3.1)	(14.6)	91.39	56.19
Enghouse Systems Limited	33.10	3.4	16.4	(6.4)	(20.1)	(41.5)	(31.7)	64.42	23.96
Open Text Corp	41.11	3.7	7.4	2.7	(11.6)	(20.7)	(13.4)	55.25	35.04
Kinaxis	159.39	(1.6)	14.7	13.0	0.6	(3.5)	(10.1)	229.98	119.48
Docebo, Inc.	44.03	8.5	19.1	(23.0)	(33.9)	(49.6)	(48.1)	117.55	32.35
Magnet Forensics	22.60	7.4	30.9	(3.0)	(10.7)	(28.4)	(31.2)	65.80	14.89
Q4 Inc.	4.61	0.4	12.4	2.2	(4.0)	NA	(45.8)	12.05	4.01
Average		3.6	15.6	0.2	(9.5)	(19.9)	(25.4)		

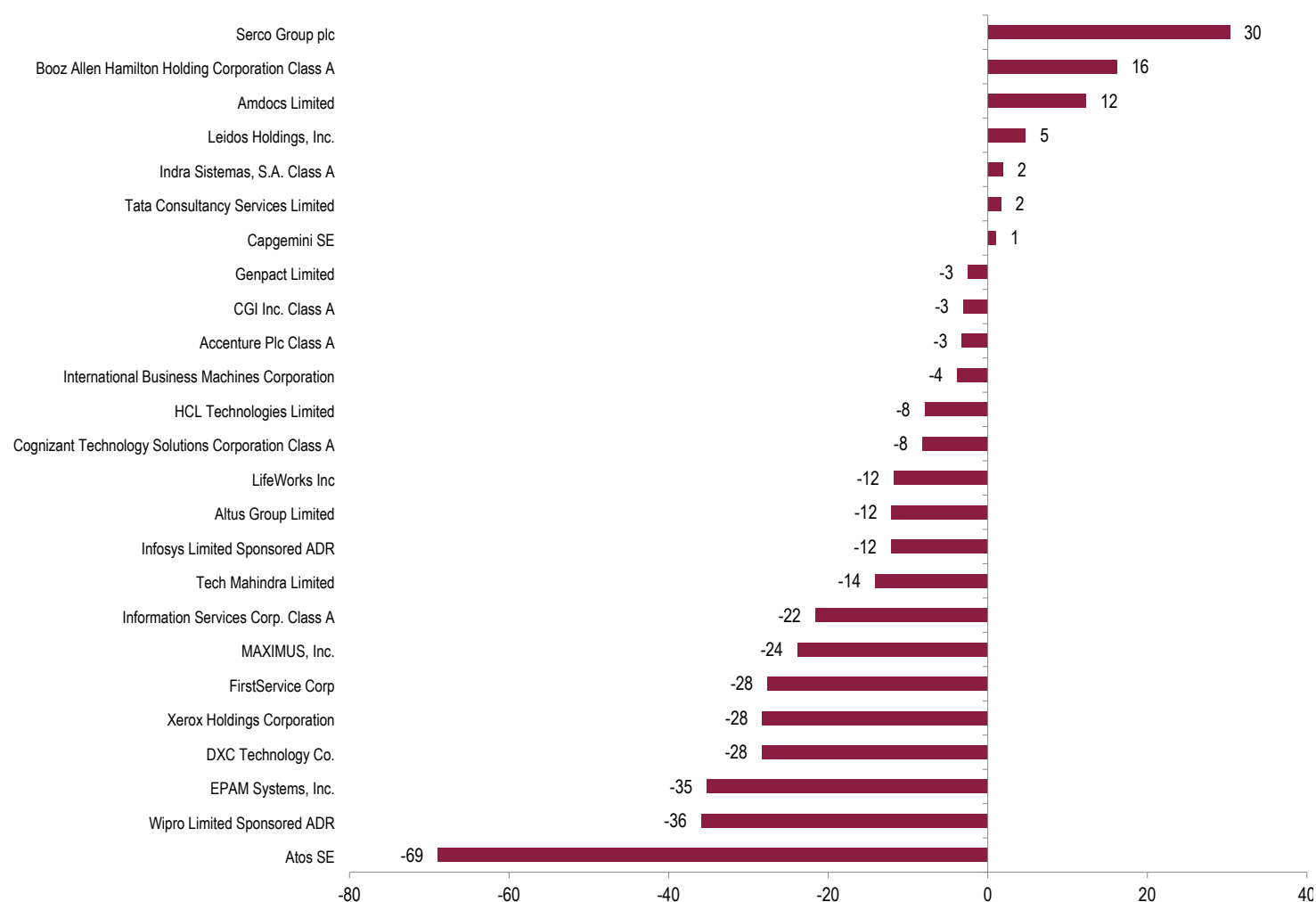
Business Services	Price	1 Week	1 Month	3 Month	6 Month	1 Year	YTD	52W High	52W Low
CGI Group Inc	110.51	1.2	7.8	5.4	0.9	(3.1)	(1.2)	116.88	95.45
Converge Technologies	6.13	11.3	19.5	(27.3)	(36.8)	(42.9)	(43.6)	13.09	4.85
Softchoice Corporation	23.88	2.6	6.1	2.6	1.9	(17.9)	11.9	45.74	17.91
Telus International	35.10	(0.8)	8.7	27.7	4.1	(8.4)	(16.0)	49.43	26.75
Average		3.6	10.5	2.1	(7.5)	(18.1)	(12.2)		

Indices	Price	1 Week	1 Month	3 Month	6 Month	1 Year	YTD
S&P/TSX Composite Index	19,545.94	1.5	3.6	(6.5)	(7.3)	(4.0)	(7.9)
S&P 500 Index	4,155.17	3.3	8.6	(0.5)	(7.2)	(6.1)	(12.8)
S&P/TSX Software Index	148.55	8.0	16.3	1.5	(15.5)	(32.9)	(30.0)
S&P500 Software Index	4,824.16	5.4	10.4	2.4	(6.8)	(7.8)	(17.5)

Source: FactSet and CIBC World Markets Inc.

Exhibit 4: Software Stocks – Return Performance (%), 8/3/2021 - 8/3/2022

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

Exhibit 5: Business Services Stocks – Return Performance (%), 8/3/2021 - 8/3/2022

Source: FactSet and CIBC World Markets Inc.

Exhibit 6: Software Stocks – Comp Table, 2021 - 2023E

	Enterprise Value (\$mlns.)	EV/S			EV/EBITDA			P/E		
		C21	C22E	C23E	C21	C22E	C23E	C21	C22E	C23E
Enterprise Application Software										
Constellation Software Inc.*	35,795	7.0x	5.6x	4.9x	23.7x	20.7x	17.4x	>50	29.9x	25.7x
BlackBerry Limited*	3,685	4.1x	5.4x	3.9x	>50	NEG	NEG	NEG	NEG	NEG
Sage Group plc	7,686	4.2x	3.9x	3.6x	18.6x	16.5x	15.1x	27.9x	26.9x	24.0x
Tyler Technologies, Inc.	18,103	11.4x	9.7x	8.9x	>50	38.1x	35.0x	>50	>50	>50
Roper Technologies, Inc.	53,325	9.2x	10.2x	9.6x	24.1x	24.9x	23.3x	41.7x	31.7x	29.2x
Enghouse Systems Limited	1,631	3.6x	3.8x	3.76x	10.0x	11.3x	10.9x	19.8x	23.9x	23.1x
Oracle Corporation	263,769	6.5x	5.7x	5.2x	14.1x	11.5x	10.6x	17.0x	15.2x	13.8x
SAP SE	116,269	4.2x	3.7x	3.6x	16.2x	13.4x	12.0x	20.6x	18.9x	16.7x
Enterprise Application Software Average		6.3x	6.0x	5.4x	17.8x	19.5x	17.8x	25.4x	24.4x	22.1x
Extended ERP										
Adobe Incorporated	197,560	12.5x	11.0x	9.7x	29.6x	22.6x	19.7x	42.3x	30.9x	26.2x
Open Text Corporation	13,969	4.1x	3.8x	3.8x	10.9x	10.9x	10.2x	13.0x	12.9x	11.8x
Manhattan Associates, Inc.	8,916	13.4x	12.1x	10.9x	>50	45.8x	39.7x	>50	>50	>50
Pegasystems Inc.	3,626	3.0x	2.8x	2.5x	NEG	>50	26.7x	NEG	>50	42.8x
Software AG	1,703	2.0x	1.8x	1.7x	11.0x	8.6x	7.5x	23.9x	17.5x	14.5x
Fiserv, Inc.	91,059	5.6x	5.4x	5.1x	16.4x	12.7x	11.6x	>50	16.7x	14.6x
Extended ERP Average		6.8x	6.2x	5.6x	17.0x	20.1x	19.2x	26.4x	19.5x	22.0x
Software As A Service										
Descartes Systems Group Inc.	5,785	13.6x	12.1x	11.3x	31.3x	27.7x	25.0x	>50	>50	>50
Kinaxis, Inc.*	3,229	12.9x	9.3x	8.2x	>50	>50	40.3x	>50	>50	>50
Docebo, Inc.*	914	8.8x	6.3x	4.6x	NEG	NEG	>50	NEG	NEG	NEG
Lightspeed Commerce Inc*	2,745	5.9x	3.9x	2.9x	NEG	NEG	NEG	NEG	NEG	NEG
Veeva Systems Inc Class A	32,931	22.5x	15.4x	13.1x	>50	38.7x	33.1x	>50	>50	48.0x
Shopify, Inc. Class A	47,421	10.3x	8.6x	6.9x	>50	NEG	>50	18.3x	NEG	>50
Q4 Inc*	88	1.6x	1.6x	1.3x	NEG	NEG	NEG	NEG	NEG	NEG
Magnet Forensics, Inc.*	607	8.6x	6.5x	5.0x	32.6x	41.3x	29.5x	>50	>50	>50
Ceridian HCM Holding, Inc.	9,780	9.5x	8.0x	6.9x	>50	49.2x	39.6x	NEG	>50	>50
ServiceNow, Inc.	93,413	15.8x	12.8x	10.3x	>50	40.7x	32.6x	>50	>50	>50
Workday, Inc. Class A	39,184	9.1x	6.4x	5.4x	>50	25.5x	20.7x	NEG	46.1x	37.1x
Software As A Service Average		10.8x	8.3x	6.9x	31.9x	37.2x	31.5x	18.3x	46.1x	42.6x
Infrastructure Vendors										
Citrix Systems, Inc.	15,918	4.9x	4.8x	4.7x	22.6x	13.0x	12.8x	41.8x	>50	31.9x
Microsoft Corporation	2,086,246	12.4x	9.9x	8.8x	25.8x	20.0x	17.6x	35.1x	29.1x	25.4x
Infrastructure Vendors Average		8.7x	7.4x	6.8x	24.2x	16.5x	15.2x	38.5x	29.1x	28.7x
Software Average		8.4x	7.1x	6.2x	20.5x	24.7x	22.3x	27.4x	25.0x	25.7x

*Share Price Converted to USD

Source: FactSet and CIBC World Markets Inc.

Exhibit 7: Business Services Stocks – Comp Table, 2021 - 2023E

Enterprise Value (\$mlns.)		EV/EBITDA			P/E			EV/S		
		C21	C22E	C23E	C21	C22E	C23E	C21	C22E	C23E
Business & IT Services										
CGI Inc. Class A	29,541	11.9x	11.5x	10.9x	19.7x	17.9x	16.8x	2.4x	2.3x	2.2x
TELUS International (CDA), Inc.	8,196	15.2x	13.2x	11.2x	27.0x	23.0x	18.0x	3.7x	3.2x	2.8x
Accenture Plc Class A	190,266	19.8x	16.1x	14.9x	33.7x	27.6x	24.7x	3.8x	3.0x	2.8x
Booz Allen Hamilton	15,132	17.0x	15.7x	14.8x	22.0x	22.2x	20.3x	1.9x	1.7x	1.6x
CACI International Inc Class A	8,876	12.0x	13.1x	12.2x	15.9x	15.6x	14.3x	1.5x	1.4x	1.3x
DXC Technology Co.	10,735	5.3x	4.2x	4.1x	NEG	8.3x	6.8x	0.6x	0.7x	0.7x
Genpact Limited	10,053	15.6x	12.6x	11.3x	25.3x	18.0x	15.9x	2.5x	2.3x	2.1x
International Business Machines	167,110	12.4x	10.7x	10.1x	20.8x	14.2x	13.1x	2.9x	2.8x	2.7x
Atos SE	3,129	3.0x	3.1x	2.9x	NEG	7.8x	5.4x	0.3x	0.3x	0.3x
Capgemini SE	38,021	13.2x	10.9x	10.0x	28.5x	18.3x	16.3x	2.1x	1.8x	1.7x
Sopra Steria Group SA	4,546	8.6x	7.5x	6.8x	17.5x	11.9x	10.6x	1.0x	0.9x	0.9x
Converge Technology Solutions Corp	1,200	12.8x	8.3x	6.8x	>50	32.1x	19.7x	0.8x	0.5x	0.4x
Business & IT Services Average		12.2x	10.8x	9.9x	23.4x	16.8x	14.8x	2.1x	1.8x	1.7x
HR Outsourcing		EV/EBITDA			P/E			EV/S		
Ceridian HCM Holding, Inc.	9,780	>50	49.2x	39.6x	NEG	>50	>50	9.5x	8.0x	6.9x
Willis Towers Watson	23,994	10.8x	10.2x	9.4x	6.4x	15.4x	13.5x	2.7x	2.7x	2.6x
Aon Plc Class A	70,335	18.4x	17.5x	16.4x	>50	21.7x	19.6x	5.8x	5.5x	5.3x
Automatic Data Processing, Inc.	103,986	27.1x	22.9x	20.6x	40.3x	32.5x	28.9x	6.9x	6.1x	5.6x
Paychex, Inc.	46,049	27.9x	21.4x	20.0x	42.6x	32.4x	30.1x	11.4x	9.6x	9.0x
HR Outsourcing Average		21.0x	24.2x	21.2x	29.7x	25.5x	23.0x	7.3x	6.4x	5.9x
Information Services		EV/EBITDA			P/E			EV/S		
Broadridge Financial Solutions, Inc.	23,282	20.0x	17.7x	16.7x	35.5x	24.6x	22.7x	4.5x	4.0x	3.8x
Dye & Durham Ltd.	2,255	14.2x	14.2x	10.0x	>50	>50	29.4x	6.0x	4.0x	3.4x
Deluxe Corporation	2,549	6.9x	5.8x	5.7x	17.5x	5.6x	5.2x	1.3x	1.2x	1.1x
Information Services Corp	381	5.6x	6.9x	6.5x	10.3x	12.0x	12.2x	2.2x	2.2x	2.1x
Information Services Average		11.7x	11.2x	9.7x	21.1x	14.1x	17.4x	3.5x	2.8x	2.6x
Financial Services Technology		EV/EBITDA			P/E			EV/S		
Fidelity National Information Services	82,172	13.4x	12.4x	11.4x	>50	14.4x	12.6x	5.9x	5.5x	5.2x
Fiserv, Inc.	91,059	16.4x	12.7x	11.6x	>50	16.7x	14.6x	5.6x	5.4x	5.1x
Jack Henry & Associates, Inc.	15,272	21.9x	24.2x	22.0x	>50	41.2x	37.5x	8.7x	7.6x	7.1x
ACI Worldwide, Inc.	4,282	11.7x	10.5x	9.7x	26.5x	21.4x	18.3x	3.1x	3.0x	2.9x
Temenos AG	6,602	12.0x	14.1x	12.6x	32.3x	19.3x	17.2x	6.8x	6.4x	5.8x
Global Payments Inc.	47,151	12.9x	12.0x	10.8x	39.6x	13.7x	12.0x	5.5x	5.8x	5.3x
Financial Services Technology Average		14.7x	14.3x	13.0x	32.8x	21.1x	18.7x	6.0x	5.6x	5.2x
Diversified Real Estate Services		EV/EBITDA			P/E			EV/S		
Colliers International Group Inc.	6,389	11.7x	10.0x	8.7x	-13.8x	17.0x	15.3x	1.6x	1.4x	1.3x
Altus Group Limited	2,491	24.1x	23.5x	19.8x	35.5x	35.5x	37.4x	4.0x	4.0x	3.5x
CBRE Group, Inc. Class A	29,094	13.6x	9.3x	8.7x	15.5x	14.0x	13.0x	1.0x	0.9x	0.9x
Jones Lang LaSalle Incorporated	10,850	7.4x	7.4x	7.1x	9.8x	9.3x	8.7x	0.6x	0.5x	0.5x
Diversified Real Estate Services Average		14.2x	12.5x	11.1x	11.7x	18.9x	18.6x	1.8x	1.7x	1.5x
Software Focused IT Solutions/VARs		EV/EBITDA			P/E			EV/S*		
Softchoice Corporation* USD	1,186	48.6x	12.5x	10.6x	NEG	21.4x	17.3x	4.5x	3.7x	3.4x
Softcat Plc*	2,640	15.7x	15.5x	14.8x	21.0x	21.2x	20.9x	7.1x	6.6x	5.9x
Crayon Group Holding ASA*	14,743	>50	>50	>50	>50	>50	>50	>50	34.3x	28.9x
Bytes Technology Group Plc*	1,002	20.6x	16.0x	14.6x	40.7x	22.5x	21.6x	NA	NA	NA
SoftwareONE Holding Ltd.*	1,527	9.3x	6.2x	5.3x	15.2x	15.5x	12.9x	7.3x	1.5x	1.3x
Bytes Technology Group Plc* Average		23.5x	12.6x	11.3x	25.6x	20.1x	18.2x	6.3x	11.5x	9.9x
Business Services Average		15.3x	13.8x	12.4x	23.4x	19.1x	17.7x	4.1x	4.4x	4.0x

*Software Focused IT Solutions/VARs uses EV/GP metric.

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

Exhibit 8: SaaS Stocks – Comp Table, 2021 - 2023E

	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		
								C21	C22E	C23E
Tier 1 SaaS (Rule of 40 > 60)										
Zoom Video Communications	29%	36%	11%	30%	65%	40%	26,949	10.2x	6.0x	6.0x
CrowdStrike Holdings, Inc.	64%	30%	46%	29%	94%	75%	42,442	48.5x	19.8x	19.8x
Shopify, Inc.	30%	1%	21%	-8%	31%	13%	41,274	8.9x	7.5x	7.5x
Zscaler, Inc.	61%	22%	41%	21%	83%	62%	21,845	32.5x	17.6x	17.6x
Lightspeed POS, Inc.	137%	-17%	37%	-8%	120%	28%	2,472	11.1x	3.5x	3.5x
DocuSign, Inc.	37%	24%	14%	16%	61%	30%	13,477	9.3x	5.5x	5.5x
Veeva Systems Inc	23%	38%	18%	38%	61%	55%	32,364	22.1x	15.1x	15.1x
Atlassian Corp. Plc	33%	29%	26%	23%	62%	49%	54,066	25.9x	17.2x	17.2x
Twilio, Inc.	57%	-4%	31%	-1%	53%	30%	12,255	4.3x	3.2x	3.2x
ServiceNow, Inc.	28%	31%	23%	30%	58%	53%	90,003	15.3x	12.3x	12.3x
HubSpot, Inc.	47%	17%	28%	13%	64%	41%	15,199	11.7x	8.9x	8.9x
Tier 1 SaaS (Rule of 40 > 60) Average								18.2x	10.6x	10.6x
	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		
								C21E	C22E	C22E
Tier 2 SaaS (Rule of 40 b/w 40-60)										
Docebo, Inc.	54%	-3%	40%	-4%	50%	36%	822	7.9x	5.6x	4.2x
Qualys, Inc.	15%	46%	18%	31%	61%	49%	4,474	10.8x	9.2x	9.2x
Descartes Systems	22%	39%	10%	36%	61%	46%	5,586	13.2x	11.7x	10.9x
Avalara Inc	38%	6%	22%	2%	44%	24%	7,409	10.6x	8.5x	8.5x
Five9, Inc.	34%	-4%	23%	7%	30%	30%	8,169	13.4x	10.4x	10.4x
Dropbox, Inc.	12%	34%	7%	34%	47%	41%	9,222	4.3x	4.0x	4.0x
Wix.com Ltd.	22%	1%	11%	1%	23%	13%	3,249	2.6x	2.3x	2.3x
Workday, Inc.	21%	26%	20%	18%	47%	38%	37,837	8.8x	6.2x	6.2x
VMware, Inc.	8%	28%	7%	26%	36%	33%	58,893	5.0x	4.4x	4.4x
Tier 2 SaaS (Rule of 40 b/w 40-60) Average								8.5x	6.9x	6.7x
	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		
								C21E	C22E	C22E
Tier 3 SaaS (Rule of 40 b/w 28-40)										
BlackLine, Inc.	21%	11%	24%	6%	32%	30%	3,751	8.8x	7.1x	7.1x
Zendesk, Inc.	30%	12%	23%	13%	42%	36%	9,473	7.1x	5.6x	5.6x
MongoDB, Inc.	52%	1%	31%	2%	53%	32%	21,467	36.4x	18.3x	18.3x
LivePerson, Inc.	24%	-18%	17%	-4%	6%	13%	1,124	2.4x	2.0x	2.0x
Rapid7 Inc.	32%	6%	26%	9%	38%	35%	4,652	8.7x	6.8x	6.8x
Paylocity Holding Corp.	32%	16%	24%	14%	48%	39%	11,521	18.1x	12.3x	12.3x
Q2 Holdings, Inc.	21%	3%	17%	2%	24%	19%	2,829	5.7x	4.9x	4.9x
Akamai Technologies, Inc.	7%	25%	6%	23%	32%	29%	16,984	4.9x	4.7x	4.7x
Tier 3 SaaS (Rule of 40 b/w 28-40) Average								11.5x	7.7x	7.7x
	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		
								C21E	C22E	C22E
Tier 4 SaaS (Rule of 40 <28)										
RingCentral, Inc.	33%	9%	21%	8%	42%	30%	5,898	3.7x	2.9x	2.9x
Teradata Corporation	2%	25%	-7%	21%	26%	14%	3,875	2.0x	2.1x	2.1x
Zuora, Inc.	15%	5%	16%	0%	21%	16%	964	3.2x	2.4x	2.4x
New Relic, Inc.	18%	-1%	17%	1%	17%	18%	3,815	5.7x	4.3x	4.3x
Kinaxis, Inc.	21%	5%	19%	9%	26%	28%	2,932	11.7x	8.4x	7.4x
Yext, Inc.	10%	1%	2%	-1%	11%	1%	403	1.1x	1.0x	1.0x
Splunk Inc.	24%	7%	23%	13%	30%	36%	18,865	8.5x	5.8x	5.8x
Tier 4 SaaS (Rule of 40 <28) Average								5.1x	3.9x	3.7x
SaaS Average								11.5x	7.6x	7.6x

Source: FactSet and CIBC World Markets Inc.

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