

## EQUITY RESEARCH

January 21, 2022

Industry Update

# CIBC Western Conference Takeaways – Bits & Bytes Weekly

Takeaways From Our Coverage

### Our Conclusion

CIBC hosted its 25<sup>th</sup> Annual Western Institutional Investor Conference this week. From our coverage Docebo, Information Services Corp, LifeWorks, Q4 Inc and Softchoice participated. Key themes from these discussions included: 1) organic opportunities remain robust as customers accelerate digitization and the move to the cloud; 2) While M&A valuations are somewhat elevated, firms are looking to M&A to expand their platforms/add customers; 3) Companies are looking to expand the total addressable market (TAM) by targeting new end-markets and verticals. We have summarized some of the key takeaways from each of our companies below.

### Key Takeaways

**Softchoice:** President and CEO Vince De Palma noted that Softchoice is focused on recurring revenue, with 108% net revenue retention and ~70% of gross profit derived from cloud, software and services. Softchoice is seeing solid double-digit gross profit growth as customers look to transition to the cloud and adjust to hybrid work environments. The company has recently resumed account executive (AE) hiring and expects that it will continue to ramp. Productivity per AE has grown faster than the sales force over the past year given improved training, more automation and an increase in sales enablement staff. Project Monarch is on track and expected to deliver \$25 million in adjusted EBITDA uplift in 2022E. While organic growth is the focus, Softchoice would consider M&A if it allowed the company to acquire advanced capabilities (application development, etc.).

**Information Services Corp:** CFO and incoming CEO Shawn Peters noted that he will look to ramp up M&A activity. The M&A pipeline appears solid, with a focus on opportunities in the \$50 million - \$60 million range, although the company could do a larger deal if it makes sense. The M&A focus appears to be in the Services and Technology Solutions divisions, potentially adding new solutions or books of business. ISV continues to focus on opportunities in Canada although M&A in the commonwealth countries could also be attractive. Mr. Peters is comfortable with leverage up to 3x-4x if the company can de-lever quickly. On an organic basis, the Saskatchewan land registry continues to see strong volumes, with management expecting a normalization in H2/22. The company has seen little change to the competitive dynamics in the Services division, although its Registry Complete solution is continuing to see solid traction. Mr. Peters believes that the pandemic has highlighted the need for improved registry technology and expects to see demand in its Technology Solutions division and also potentially from new privatization opportunities.

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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 10.

## Takeaways

**LifeWorks:** President & CEO Stephen Liptrap highlighted LifeWork's growth outlook, from both an organic and M&A perspective. He noted that in a post-pandemic world, demand for wellbeing services is a structural tailwind. LifeWorks' combination of in-person and digital mental health offerings and its unified platform approach continue to be growth drivers, with upsold lives on the platform increasing by 50% Y/Y to 1.2 million lives. While margins for counselling services have been impacted by wage inflation amid strong demand (130 bps impact in Q3), LifeWorks is looking to increase its internal counsellors (from 50% to 65% over time) to manage costs and believes that some of the inflation can be passed onto customers given significant employee demand. While nascent, iCBT continues to deliver outsized growth opportunities in both Canada and the U.S. Acquisitions would either be geography-oriented or early stage technology (plug-and-play into the platform). Capex is expected to decline by ~\$15M decline in 2022 as major capex projects are complete, but LifeWorks may look to reinvest some of the savings to accelerate growth.

**Q4 Inc:** Founder & CEO Darrell Heaps and CFO Ryan Levenberg provided an update post the company's recent IPO. Tougher equity markets and the great resignation are driving demand as corporates and sell-side focus on virtual/hybrid events and look to retain institutional knowledge. Q4 Inc. has roughly 2,600 clients (~6% global market share) and is looking roughly double this to ~5,000 both through expansion within its corporate base and making further inroads in the sell-side. Cross-sell is also a large opportunity – if existing clients purchased the full stack of solutions it would be a ~\$250 million business. Mr. Heaps emphasized Q4's unified platform as a key competitive advantage compared to competitors, who are predominantly point solutions providers. Q4 Inc. is looking to target all sell-side participants (corporates, sell-side, buy-side), allowing the company to build a moat through data collection and analytics. Mr. Levenberg highlights the company's recent gross margin expansion (380bps improvement in Q3) through cost-saving initiatives such as consolidating customers on a proprietary virtual events platform. The M&A pipeline is solid, with Q4 looking to acquire competitors (client contracts/customers) and/or accelerate expansion into the sell-side and buy-side.

**Docebo:** Founder and CEO Claudio Erba and interim CFO Sukharan Mehta's provided an update that highlighted the Docebo's organic opportunities and reinforced the company's growth trajectory. The Enterprise offering is seeing solid growth as Docebo targets divisional training needs (both internal and external), allowing for significant cross-sell within larger organizations. Enterprise represented 55% of new bookings in Q3 and contributed to a sequential increase in average selling price from \$45,000 to \$60,000. New products and modules released in 2021 should start to contribute to growth in 2022. The company continues to expand geographically, recently opening an office in Germany and looking to expand into Australia and New Zealand. The partner program continues to accelerate, moving beyond human capital management partners (such as Ceridian). Mr. Erba noted an opportunity with systems integrators as clients digitize. Docebo remains very capital efficient with \$1 in customer acquisition cost resulting in \$3 in revenue per new customers.

## News Impacting Our Coverage

### **1Password Raises US\$620M, Hits US\$6.8B Valuation**

Toronto-based 1Password closed a Series C funding round, raising US\$620M and reaching a valuation of US\$6.8B that makes it one of the most highly valued tech companies in Canada. The Series C was led by ICONIQ Growth, with participating investors including Tiger Global, Lightspeed Venture Partners, and Backbone Angels. The 16-year-old 1Password helps customers manage passwords and credentials, serving more than 100,000 customers including household names such as IBM, Slack and Shopify. The company saw ARR exceed US\$150M in 2021.

### **CGI Expands Inventory Tracking Services at Marine Corps base**

CGI announced it was awarded a new task order to expand the Marine Corps Platform Integration Center (MCPIC) program across eight U.S. Marine Corps (USMC) bases. Currently MCPIC supports inventory tracking at three USMC outposts through digital tagging of mission-critical equipment, allowing users to access real-time data via automated identification technology and IoT sensors. The new task order will last for four years, with initial funding of US\$8.5M and a total value of US\$34.4M inclusive of all options.

### **Constellation Announces Annual Interest Rate For Series 1 Debentures**

Constellation announced that the interest rate for its unsecured subordinated floating rate debentures Series 1 would be reset to 9.9% on March 31, 2022. This rate is higher than the current interest rate of 7.2%. Rates are reset every year based on the annual average percentage change in the “All-items Consumer Price Index” during 2021 plus 6.5% and will be reflected in the June 30, 2022 interest payment on the Debentures.

### **NICE and Magnet Forensics Form Partnership**

NICE and Magnet Forensics announced a partnership to digitally transform police case building and investigations. NICE Investigate and Magnet REVIEW will integrate to enable automatic merging of digital forensic evidence from both platforms to streamline case workflows. NICE Investigate is a one-login platform which allows the collection, analysis and sharing of digital evidence. The integration of Magnet REVIEW ensures users receive alert as evidence becomes available.

### **Dialogue Announces Senior Management Changes**

Dialogue announced that co-founder and Chief Product Officer Anna Chif will leave the organization for family reasons, remaining in the role until March 4, 2022, to aid the transition. Cameron Moore, currently VP of Product and Design, will oversee the Product organization following Ms. Chif's departure. Mr. Smith was formerly Head of Product at Opencare and Chief Product Officer at Kijiji Canada.

### **Information Services Corp. Announces Changes To Board**

Information Services Corp. announced that Ms. Karyn Brooks has stepped down from its board of directors, effective immediately. Ms. Brooks had been on the board since 2016. The company is not seeking an immediate replacement for Ms. Brooks.

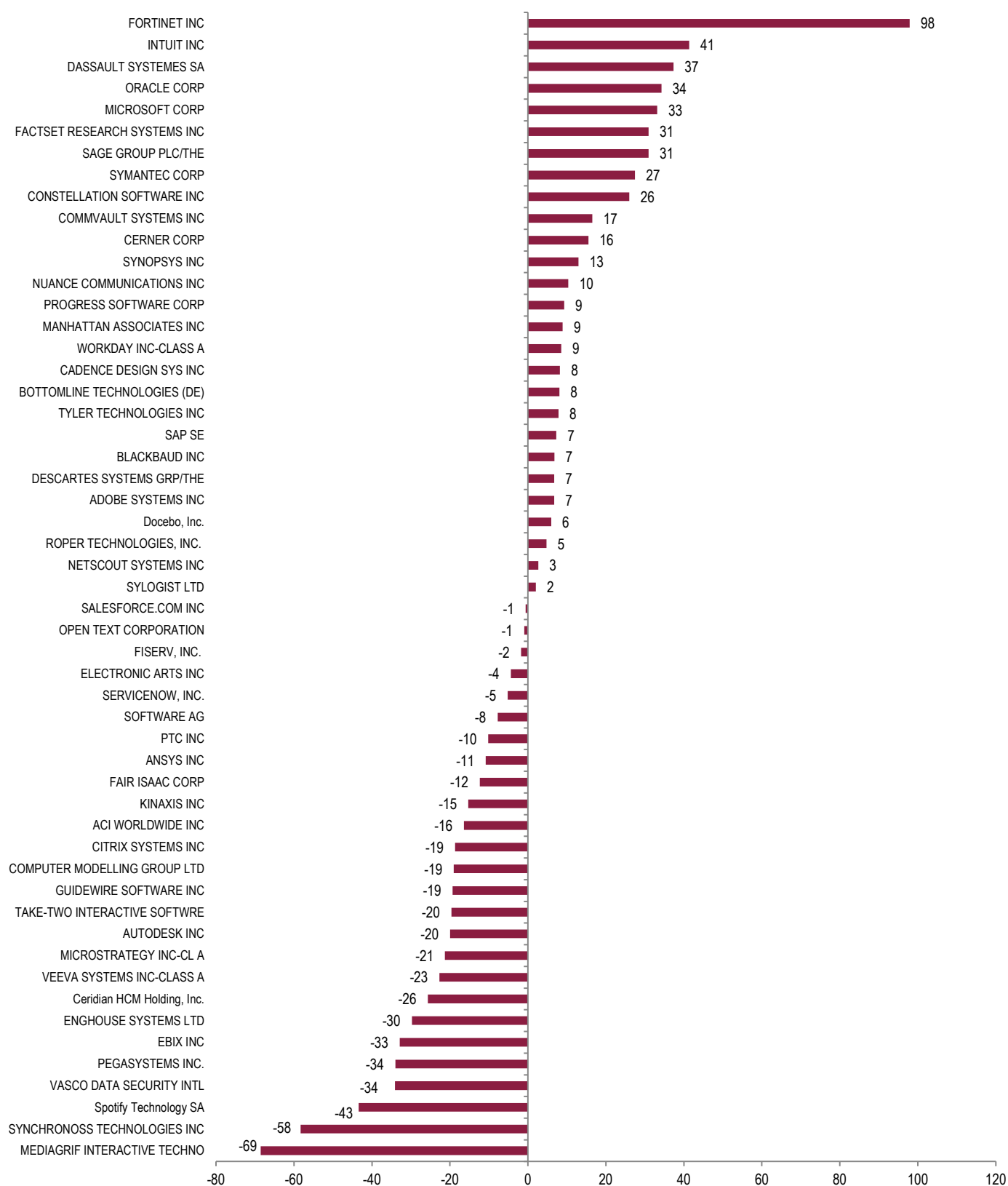
**Exhibit 1: CIBC Software/Services – Coverage Performance, 1/14/2021 - 1/21/2022**

Software & Systems	Price	1 Week	1 Month	3 Month	6 Month	1 Year	YTD	52W High	52W Low
Constellation Software Inc	2,053.81	(3.4)	(8.9)	(8.4)	7.6	26.0	(12.5)	2385.80	1530.35
Descartes Systems	67.53	(4.1)	(14.5)	(18.8)	(5.5)	6.7	(18.3)	91.39	56.78
Dye & Durham	36.40	(10.6)	(12.4)	(3.0)	(22.6)	NA	(18.9)	53.13	35.46
Enghouse Systems Limited	44.84	(1.1)	(3.5)	(19.5)	(20.1)	(29.8)	(7.4)	64.64	42.30
Open Text Corp	46.55	(1.1)	(0.3)	(7.8)	(8.3)	(1.0)	(2.0)	55.25	44.03
Kinaxis	154.69	(1.1)	(10.8)	(20.2)	(5.6)	(15.3)	(12.8)	229.98	124.05
Docebo, Inc.	66.63	(3.6)	(23.4)	(34.2)	(16.6)	6.0	(21.5)	117.55	47.22
Q4 Inc.	6.97	(8.0)	(16.0)	NA	NA	NA	NA	12.05	6.85
<b>Average</b>		<b>(4.1)</b>	<b>(11.2)</b>	<b>(16.0)</b>	<b>(10.2)</b>	<b>(1.2)</b>	<b>(13.3)</b>		

Business Services	Price	1 Week	1 Month	3 Month	6 Month	1 Year	YTD	52W High	52W Low
Altus Group Ltd	64.38	(2.4)	(5.6)	(3.6)	11.3	31.1	(9.3)	72.33	48.71
CGI Group Inc	106.26	(1.3)	(4.5)	(7.5)	(6.2)	5.3	(5.0)	116.88	93.88
Converge Technologies	8.50	(10.0)	(22.2)	(28.0)	(19.0)	37.8	(21.8)	13.09	4.58
Information Services Corp	26.00	(1.5)	5.5	(5.8)	(12.8)	25.7	(1.0)	33.87	20.26
LifeWorks Inc	27.07	3.2	9.1	(15.5)	(22.7)	(13.3)	6.0	37.56	24.20
Softchoice Corporation	20.92	(0.8)	(10.2)	(28.1)	NA	NA	NA	45.74	18.63
Telus International	35.01	(5.0)	(14.6)	(26.5)	(5.4)	NA	NA	49.43	34.00
<b>Average</b>		<b>(2.5)</b>	<b>(6.1)</b>	<b>(16.4)</b>	<b>(9.1)</b>	<b>17.3</b>	<b>(6.2)</b>		

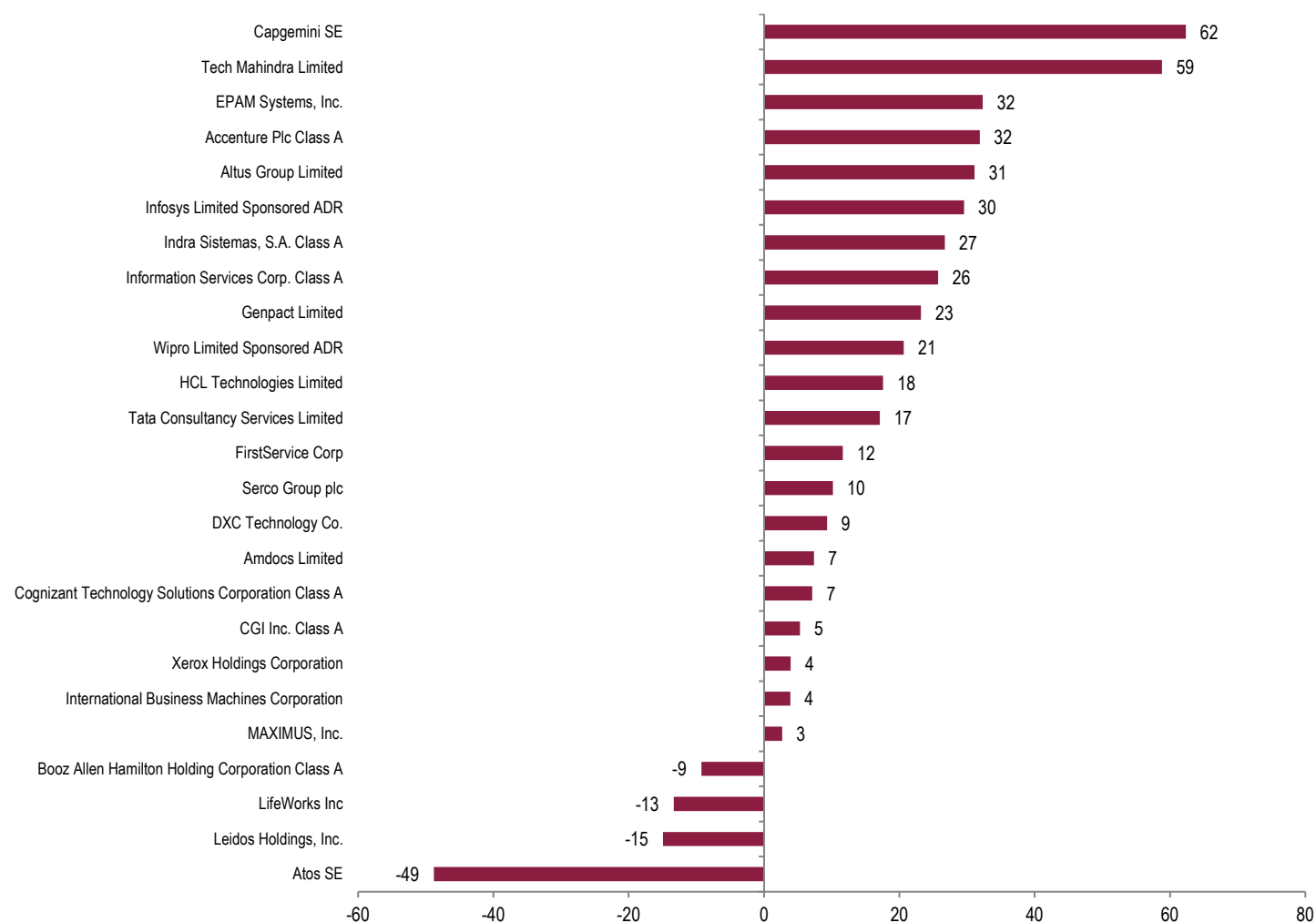
Indices	Price	1 Week	1 Month	3 Month	6 Month	1 Year	YTD
S&P/TSX Composite Index	20,811.77	(2.6)	(0.5)	(1.9)	3.5	16.2	(1.9)
S&P 500 Index	4,456.49	(4.4)	(4.1)	(2.1)	2.2	15.7	(6.5)
S&P/TSX Software Index	180.10	(5.5)	(14.3)	(23.0)	(17.9)	(5.8)	(15.1)
S&P500 Software Index	5,174.30	(3.4)	(9.6)	(8.9)	0.9	23.0	(11.5)

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

**Exhibit 2: Software Stocks – Return Performance (%), 1/21/2021 - 1/21/2022**

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

### Exhibit 3: Business Services Stocks – Return Performance (%), 1/21/2021 - 1/21/2022



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

**Exhibit 4: 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.*	34,897	8.8x	6.9x	5.8x	28.4x	23.4x	19.9x	41.8x	>50	29.8x
BlackBerry Limited*	5,197	5.4x	5.3x	5.1x	26.0x	>50	NEG	37.0x	>50	NEG
Sage Group plc	8,279	4.4x	4.4x	4.2x	17.7x	19.5x	18.2x	30.1x	33.3x	29.5x
Tyler Technologies, Inc.	18,200	16.3x	11.4x	9.8x	>50	42.1x	36.1x	>50	>50	>50
Roper Technologies, Inc.	56,119	10.1x	9.6x	9.2x	28.2x	25.2x	23.9x	34.7x	31.2x	29.0x
Enghouse Systems Limited	2,318	4.6x	5.0x	4.7x	12.3x	14.0x	13.5x	22.4x	26.7x	26.9x
Oracle Corporation	260,046	6.5x	6.3x	6.0x	13.2x	12.7x	12.3x	19.0x	17.3x	16.2x
SAP SE	148,556	5.4x	5.4x	5.1x	15.8x	16.8x	16.0x	22.4x	18.7x	22.5x
Enterprise Application Software Average		7.7x	6.8x	6.2x	20.2x	21.9x	20.0x	29.6x	25.5x	25.6x
Extended ERP										
Adobe Inc.	238,574	18.2x	14.9x	13.1x	37.2x	30.0x	27.0x	48.9x	40.0x	36.0x
Open Text Corporation	14,961	4.5x	4.3x	4.2x	11.7x	11.8x	11.2x	14.3x	14.8x	13.5x
Manhattan Associates, Inc.	7,962	13.6x	12.2x	11.2x	>50	45.0x	45.9x	>50	>50	>50
Pegasystems Inc.	7,811	7.7x	6.3x	5.2x	>50	>50	>50	NEG	>50	>50
Software AG	2,060	2.5x	2.5x	2.3x	10.7x	12.0x	10.2x	18.2x	22.1x	18.5x
Fiserv, Inc.	91,065	6.5x	5.9x	5.5x	16.7x	14.1x	12.9x	24.2x	19.2x	16.6x
Extended ERP Average		8.8x	7.7x	6.9x	19.1x	22.6x	21.4x	26.4x	24.0x	21.2x
Software As A Service										
Descartes Systems Group Inc.	5,596	16.1x	13.2x	11.8x	39.5x	30.3x	27.5x	>50	>50	>50
Kinaxis, Inc.*	3,197	14.3x	12.9x	10.3x	>50	>50	>50	>50	>50	>50
Docebo, Inc.*	1,538	24.4x	14.7x	10.1x	NEG	NEG	NEG	NEG	NEG	NEG
Lightspeed Commerce Inc*	3,900	19.8x	8.6x	5.8x	NEG	NEG	NEG	NEG	NEG	NEG
Veeva Systems Inc Class A	32,471	22.6x	17.9x	15.2x	>50	42.7x	38.5x	>50	>50	>50
Shopify, Inc. Class A	115,008	39.3x	25.1x	18.8x	>50	>50	>50	>50	>50	>50
Q4 Inc*	169	4.2x	3.1x	2.4x	NEG	NEG	NEG	NEG	NEG	NEG
Ceridian HCM Holding, Inc.	12,160	14.4x	12.0x	10.2x	>50	>50	>50	>50	>50	>50
ServiceNow, Inc.	101,603	22.5x	17.3x	13.8x	>50	>50	43.7x	>50	>50	>50
Workday, Inc. Class A	60,905	14.3x	12.0x	10.1x	>50	41.8x	41.5x	>50	>50	>50
Software As A Service Average		19.2x	13.7x	10.9x	39.5x	38.3x	37.8x	>50	>50	>50
Infrastructure Vendors										
Citrix Systems, Inc.	14,014	4.3x	4.4x	4.2x	12.2x	13.0x	13.5x	17.0x	21.0x	19.7x
Microsoft Corporation	2,201,260	14.1x	12.1x	10.5x	29.6x	24.4x	21.0x	43.5x	34.9x	30.3x
Infrastructure Vendors Average		9.2x	8.2x	7.3x	20.9x	18.7x	17.2x	30.3x	27.9x	25.0x
Software Average										
		12.5x	9.8x	8.3x	21.4x	24.6x	24.0x	28.7x	25.4x	24.0x

\*Share Price Converted to USD

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

**Exhibit 5: 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	27,579	11.3x	11.2x	10.9x	21.3x	19.3x	17.7x	2.3x	2.3x	2.2x	
TELUS International (CDA), Inc.	8,339	21.1x	15.4x	13.2x	39.1x	28.3x	23.0x	5.0x	3.8x	3.3x	
Accenture Plc Class A	219,441	25.3x	21.7x	18.9x	43.0x	36.3x	31.1x	4.7x	4.1x	3.6x	
Booz Allen Hamilton	13,200	16.1x	14.5x	13.6x	23.1x	20.6x	18.8x	1.7x	1.6x	1.5x	
CACI International Inc Class A	8,443	13.6x	12.4x	11.9x	17.6x	14.8x	14.2x	1.4x	1.4x	1.3x	
DXC Technology Co.	11,910	4.4x	4.4x	4.2x	9.7x	9.3x	7.6x	0.7x	0.7x	0.7x	
Genpact Limited	10,872	16.0x	14.7x	13.4x	24.0x	21.0x	19.0x	2.9x	2.7x	2.5x	
International Business Machines	169,424	11.1x	9.5x	9.4x	15.8x	13.5x	12.1x	2.3x	2.4x	2.9x	
Atos SE	5,527	3.8x	5.6x	4.8x	5.1x	11.7x	10.6x	0.5x	0.5x	0.5x	
Capgemini SE	40,661	16.4x	13.7x	12.4x	27.9x	24.0x	20.7x	2.6x	2.2x	2.1x	
Sopra Steria Group SA	4,587	10.0x	8.7x	7.8x	21.1x	14.7x	12.5x	1.1x	1.0x	0.9x	
Business & IT Services Average		13.5x	12.0x	11.0x	22.5x	19.4x	17.0x	2.3x	2.1x	1.9x	
HR Outsourcing		EV/EBITDA			P/E			EV/S			
LifeWorks Inc	2,420	12.1x	11.8x	11.0x	34.0x	NEG	32.1x	2.5x	2.3x	2.2x	
Ceridian HCM Holding, Inc.	12,160	>50	>50	>50	>50	>50	>50	14.4x	12.0x	10.2x	
Willis Towers Watson	33,139	13.4x	12.9x	13.6x	19.6x	17.9x	16.6x	3.5x	3.5x	3.5x	
Aon Plc Class A	67,583	20.6x	18.5x	16.5x	27.7x	23.4x	20.8x	6.1x	5.5x	5.2x	
Automatic Data Processing, Inc.	94,193	25.8x	23.7x	21.7x	37.0x	34.6x	31.1x	6.4x	6.0x	5.6x	
Paychex, Inc.	43,639	25.9x	23.5x	21.3x	40.1x	35.8x	32.1x	10.8x	10.1x	9.3x	
HR Outsourcing Average		19.6x	18.1x	16.8x	31.7x	27.9x	26.6x	7.3x	6.6x	6.0x	
Information Services		EV/EBITDA			P/E			EV/S			
Broadridge Financial Solutions, Inc.	22,677	21.4x	19.4x	17.1x	30.1x	26.6x	23.8x	4.8x	4.3x	4.0x	
Dye & Durham Ltd.	2,670	NEG	16.9x	12.2x	NEG	>50	>50	30.7x	7.0x	4.5x	
Deluxe Corporation	1,952	5.4x	4.9x	4.3x	6.1x	6.3x	6.1x	1.1x	1.0x	0.9x	
Information Services Corp	506	10.6x	7.7x	7.6x	17.9x	13.7x	13.0x	3.7x	3.1x	3.0x	
Information Services Average		12.4x	12.2x	10.3x	18.0x	15.6x	14.3x	10.1x	3.8x	3.1x	
Financial Services Technology		EV/EBITDA			P/E			EV/S			
Fidelity National Information Services	88,305	16.8x	14.4x	13.1x	20.9x	17.5x	15.6x	7.0x	6.3x	5.9x	
Fiserv, Inc.	91,065	16.7x	14.1x	12.9x	24.2x	19.2x	16.6x	6.5x	5.9x	5.5x	
Jack Henry & Associates, Inc.	12,362	22.2x	20.7x	19.1x	41.4x	37.5x	33.5x	7.1x	6.7x	6.2x	
ACI Worldwide, Inc.	5,046	14.1x	13.2x	12.5x	>50	30.1x	26.2x	3.9x	3.7x	3.6x	
Temenos AG	9,074	22.4x	20.8x	18.5x	32.0x	28.3x	25.2x	10.1x	9.2x	8.4x	
Global Payments Inc.	50,025	16.7x	13.8x	12.4x	22.5x	17.6x	15.0x	7.4x	6.5x	5.9x	
Bottomline Technologies	2,553	26.2x	24.8x	22.7x	48.3x	49.4x	46.2x	5.6x	5.1x	4.6x	
Financial Services Technology Average		19.3x	17.4x	15.9x	31.6x	28.5x	25.5x	6.8x	6.2x	5.7x	
Diversified Real Estate Services		EV/EBITDA			P/E			EV/S			
Colliers International Group Inc.	7,171	19.8x	13.8x	12.4x	33.2x	24.1x	22.5x	2.6x	1.9x	1.7x	
Altus Group Limited	2,995	30.3x	28.3x	23.7x	38.9x	39.2x	46.1x	5.3x	4.8x	4.2x	
CBRE Group, Inc. Class A	35,933	19.3x	12.9x	12.0x	30.8x	18.8x	17.4x	1.5x	1.3x	1.2x	
Jones Lang LaSalle Incorporated	14,846	17.3x	10.8x	10.3x	26.0x	14.0x	13.2x	1.7x	1.4x	1.3x	
Diversified Real Estate Services Average		21.7x	16.4x	14.6x	32.2x	24.0x	24.8x	2.8x	2.3x	2.1x	
Software Focused IT Solutions/VARs		EV/EBITDA			P/E			EV/GP			
Softchoice Corporation*	1,473	22.5x	22.2x	14.8x	32.6x	37.2x	25.6x	6.2x	5.3x	4.7x	
Softcat Plc*	3,298	26.4x	19.1x	18.6x	35.5x	25.6x	25.2x	11.1x	8.6x	7.9x	
Crayon Group Holding ASA*	13,474	>50	>50	>50	>50	>50	>50	>50	39.3x	30.0x	
Bytes Technology Group Plc*	1,150	27.8x	18.9x	17.4x	37.8x	25.0x	23.5x	11.8x	8.2x	7.4x	
SoftwareONE Holding Ltd.*	2,366	12.3x	9.1x	7.7x	15.0x	19.3x	15.7x	10.6x	2.6x	2.3x	
Bytes Technology Group Plc* Average		22.2x	17.3x	14.6x	30.2x	26.8x	22.5x	9.9x	12.8x	10.4x	
Business Services Average		17.5x	15.1x	13.5x	27.3x	23.5x	21.5x	5.8x	5.3x	4.6x	

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

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



## Exhibit 6: 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%	42,241	17.0x	10.7x	9.0x
CrowdStrike Holdings, Inc.	69%	33%	43%	27%	102%	70%	38,748	46.1x	28.0x	19.8x
<b>Shopify, Inc.</b>	<b>71%</b>	<b>11%</b>	<b>33%</b>	<b>15%</b>	<b>82%</b>	<b>48%</b>	<b>123,133</b>	<b>42.0x</b>	<b>26.9x</b>	<b>20.1x</b>
Zscaler, Inc.	58%	27%	43%	22%	86%	66%	34,576	64.9x	42.5x	30.0x
<b>Lightspeed POS, Inc.</b>	<b>142%</b>	<b>-29%</b>	<b>58%</b>	<b>-5%</b>	<b>113%</b>	<b>54%</b>	<b>4,000</b>	<b>20.3x</b>	<b>8.8x</b>	<b>6.0x</b>
DocuSign, Inc.	51%	23%	27%	20%	74%	47%	24,766	17.5x	12.2x	9.7x
Veeva Systems Inc	28%	44%	18%	38%	72%	56%	32,640	22.7x	18.0x	15.2x
Atlassian Corp. Plc	31%	37%	21%	27%	68%	48%	73,005	39.3x	31.1x	24.9x
Twilio, Inc.	65%	-2%	34%	-2%	63%	32%	33,506	19.0x	12.1x	9.1x
ServiceNow, Inc.	31%	29%	26%	31%	60%	57%	101,525	22.5x	17.3x	13.8x
HubSpot, Inc.	45%	18%	32%	12%	63%	45%	20,830	23.6x	16.2x	12.5x
<b>Tier 1 SaaS (Rule of 40 &gt; 60) Average</b>								<b>30.5x</b>	<b>20.3x</b>	<b>15.5x</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>47%</b>	<b>-3%</b>	<b>58%</b>	<b>44%</b>	<b>1,535</b>	<b>24.4x</b>	<b>14.7x</b>	<b>10.1x</b>
Qualys, Inc.	13%	43%	13%	37%	56%	50%	4,556	12.6x	11.1x	9.8x
<b>Descartes Systems</b>	<b>20%</b>	<b>41%</b>	<b>14%</b>	<b>38%</b>	<b>60%</b>	<b>52%</b>	<b>5,651</b>	<b>17.3x</b>	<b>16.2x</b>	<b>13.3x</b>
Avalara Inc	40%	7%	24%	1%	47%	24%	8,306	16.6x	12.1x	9.8x
Five9, Inc.	41%	0%	25%	4%	41%	29%	8,551	19.7x	14.2x	11.4x
Dropbox, Inc.	13%	34%	10%	32%	47%	42%	9,551	5.0x	4.4x	4.1x
Mimecast Limited	20%	28%	14%	23%	47%	37%	5,276	10.9x	9.3x	8.0x
Wix.com Ltd.	34%	6%	18%	4%	40%	22%	7,495	7.6x	5.9x	4.9x
Workday, Inc.	18%	28%	19%	23%	46%	42%	61,641	14.5x	12.2x	10.2x
VMware, Inc.	9%	33%	7%	27%	43%	35%	53,800	4.6x	4.2x	3.9x
<b>Tier 2 SaaS (Rule of 40 b/w 40-60) Average</b>								<b>13.3x</b>	<b>10.4x</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%	32%	4,996	14.2x	11.8x	9.7x
Zendesk, Inc.	28%	12%	28%	9%	40%	37%	12,083	11.7x	9.1x	7.1x
MongoDB, Inc.	43%	-4%	37%	-2%	39%	35%	26,060	45.2x	31.4x	23.3x
LivePerson, Inc.	30%	-3%	24%	-15%	27%	9%	2,139	5.8x	4.6x	3.6x
Rapid7 Inc.	27%	8%	24%	2%	35%	27%	5,514	13.4x	10.4x	8.5x
Paylocity Holding Corp.	19%	16%	26%	14%	36%	40%	10,444	17.4x	14.4x	11.5x
Q2 Holdings, Inc.	25%	-3%	17%	2%	22%	20%	3,672	9.0x	7.3x	6.3x
Akamai Technologies, Inc.	9%	21%	8%	23%	30%	31%	20,083	6.3x	5.8x	5.4x
<b>Tier 3 SaaS (Rule of 40 b/w 28-40) Average</b>								<b>15.4x</b>	<b>11.8x</b>	<b>9.4x</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%	31%	16,411	13.9x	10.4x	8.3x
Teradata Corporation	5%	20%	0%	20%	26%	20%	4,570	2.5x	2.4x	2.3x
Anaplan, Inc.	30%	0%	24%	1%	30%	25%	6,529	14.9x	11.4x	9.1x
Zuora, Inc.	13%	5%	15%	0%	18%	15%	1,944	6.4x	5.7x	4.9x
New Relic, Inc.	12%	-3%	18%	4%	8%	22%	6,564	10.1x	8.7x	7.5x
<b>Kinaxis, Inc.</b>	<b>-1%</b>	<b>10%</b>	<b>25%</b>	<b>13%</b>	<b>9%</b>	<b>38%</b>	<b>3,243</b>	<b>14.5x</b>	<b>13.1x</b>	<b>10.5x</b>
Yext, Inc.	11%	-2%	12%	-1%	9%	11%	973	2.8x	2.5x	2.2x
Splunk Inc.	11%	-2%	13%	5%	9%	19%	19,594	8.7x	7.8x	6.6x
<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>18.0x</b>	<b>13.1x</b>	<b>10.3x</b>

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

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