

## EQUITY RESEARCH

May 26, 2022

Industry Update

# The Impact Of HB20 – Bits & Bytes Weekly

New Texas Social Media Law Targets Big Tech

### Our Conclusion

A recent ruling from the 5<sup>th</sup> U.S. Circuit Court of Appeals will enact HB20, a new law that prohibits large apps and websites from banning users or removing content from Texas residents based on the “viewpoint of the user or another person.” The surprise ruling has raised immediate concerns around the future of content moderation on social media platforms, as it creates a clear path for users to sue tech giants for a variety of content moderation decisions. The fight over the law is set to continue as two major tech industry trade organizations have already appealed directly to the U.S. Supreme Court for an emergency review. HB20 is the endpoint of a popular complaint amongst U.S. Republicans that social media platforms have an anti-conservative bias and that moderation decisions are skewed against specific viewpoints. If HB20 is upheld by the Supreme Court, social media platforms will likely have to significantly rethink their approaches to content moderation as they become legally required to host content that would be in clear violation of their established community guidelines.

### Key Points

Specifically written to apply to any website or application with 50 million or more monthly active users, HB20 is interested solely in the moderation decisions at large-scale tech platforms. If the law holds up under Supreme Court review it appears likely that other states with Republican leadership will look to limit moderation. Similar legislation in Florida was recently blocked on appeal and the eventual Supreme Court ruling on HB20 will have a clear impact on that process. Interestingly, the appeal ruling comes on the heels of Elon Musk’s proposed bid to acquire Twitter, and Mr. Musk has been clear on his views that Twitter currently restricts free speech and that he would pare back moderation as one of his initial changes to the platform.

HB20 can be viewed as an extension of [efforts to reform Section 230](#) of the Communications Decency Act, a topic that has seen support from big tech firms and both sides of the political spectrum. Those reform discussions remain broad and we believe that tech firms have expressed support as they look to shape the reform discussions on their own terms.

When it comes to content moderation, we frequently consider the potential impact to TELUS International given the importance of outsourced content moderation to its business. While we expect that most social media giants would be very reluctant to limit moderation given the reputational risk of hosting objectionable content, we do believe that some of the large firms may adjust their moderation efforts if they are at risk of legal action. While Texas residents aren’t likely to comprise an overly material portion of the user base of global platforms, additional states adopting similar legislation could lead to further re-evaluation of content moderation policies and approaches.

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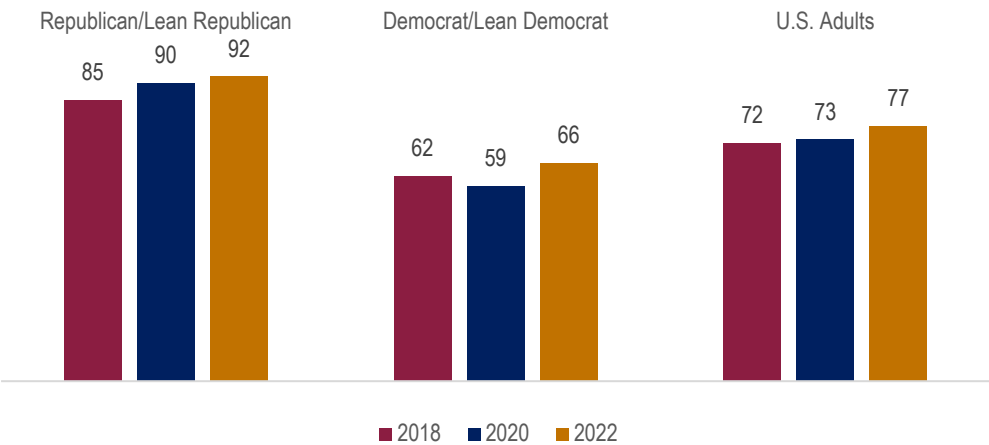
**Sector:**  
Information Technology

Belief In Social Media Censorship Differs Across Party Lines

Data from Pew Research shows that an increasing majority of U.S. adults believe that social media platforms are censoring users or content based on political viewpoints. Unsurprisingly, the percentage of U.S. adults who identify as Republican that believe there is political censorship on social medial platforms (92%) is well ahead of the percentage of Democrats (66%).

Exhibit 1: U.S. Adults – Belief In Social Media Censoring Political Viewpoints, 2018 - 2022

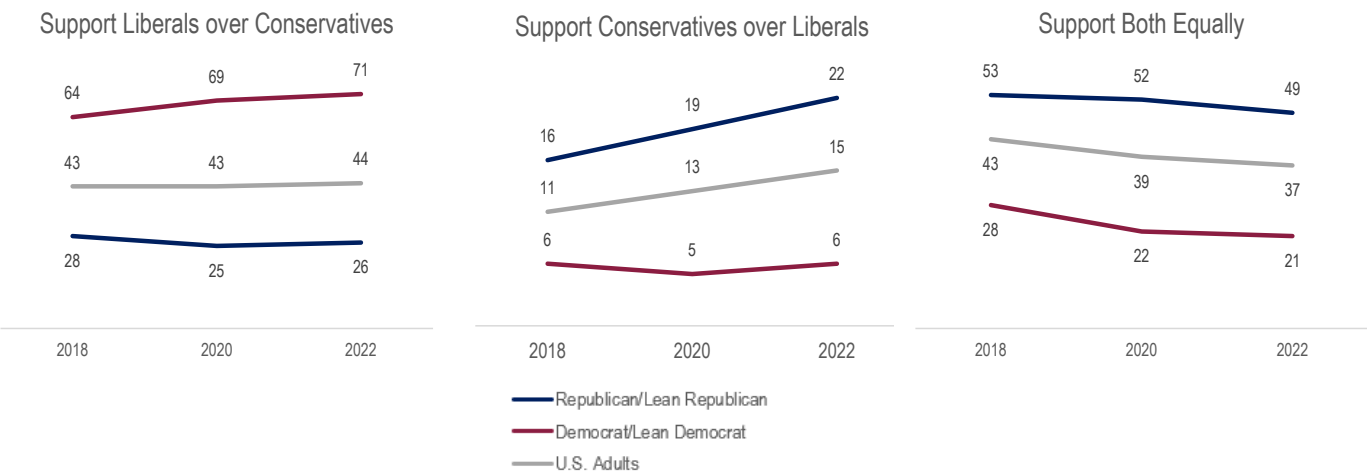
% Of Americans That Believe Social Media Censors Political Viewpoints



Source: Pew Research and CIBC World Markets Inc.

More specifically, the U.S. population is generally in agreement that big tech companies support the views of liberals over those of conservatives, with 44% of adults believing that big tech supports the views of liberals versus 15% of adults believing the opposite and 37% believing that both are supported equally. These views differ sharply across party lines, although belief in a liberal bias is much stronger amongst conservatives (71%) than the opposite (22%). These findings help underline the political motivation behind laws like HB20 and the support these laws are getting from conservative lawmakers, judges and voters.

Exhibit 2: U.S. Adults – Views On Major Tech Company Political Support, 2018 – 2022 (%)



Source: Pew Research and CIBC World Markets Inc.

## News Impacting Our Coverage

### Research Highlight – Canada's Emerging Tech In 2022

In this report we highlight 47 private technology companies along with the opportunities and challenges they face as global economies emerge from pandemic lockdowns. Across the greater part of 2021, Canada's technology sector remained resilient and excelled against a global backdrop of robust demand for technology solutions. As a result, capital markets were open to fresh investment into the technology sector for both public and private companies. The environment thus far in 2022 is in stark contrast to last year's seemingly endless optimism and valuations contracted materially. We, therefore, believe the capital market for technology financings will be much less active for the balance of 2022. [Link to research](#)

### Research Highlight – CTS: To Acquire TIG For US\$74 Million

Converge announced the US\$74 million (~\$95 million) acquisition of Technology Integration Group (TIG). TIG is an IT Solutions provider with 25 offices across North America, specializing in state and local government and education offerings. The 6x EV/EBITDA multiple is slightly above Converge's typical 5x, although we view the multiple as reasonable given TIG's size and business mix. TIG had revenue of C\$423 million and a 3.5% EBITDA margin in F2021. With the transaction, Converge is +80% of the way to its target of acquiring \$1 billion in revenue in 2022. Post the transaction we calculate that CTS will have net debt of ~\$40 million or 0.3x leverage. [Link to research](#)

### Research Highlight – WELL: Strong Organic Growth As Bought Deal Bolsters Balance Sheet

WELL delivered a solid quarter that included ~15% organic growth and a 5% increase to the 2022 revenue outlook on the strength of virtual services demand. With the quarter, WELL also announced a \$34.5 million bought deal equity raise. The financing marks a turnaround in WELL's approach to balance sheet management after repurchasing shares as recently as early April. We see the shift as WELL adopting a more defensive stance given the shifting macro backdrop. We expect WELL to continue to focus on balancing organic growth and margin expansion for the remainder of the year as it targets the sum of organic growth and adjusted EBITDA margins to exceed 30%. [Link to research](#)

### Castolin Eutectic Selects Kinaxis For Supply Chain Transformation

Kinaxis announced that Castolin Eutectic has selected Kinaxis to transform its supply chain planning. Castolin Eutectic is a global welding, brazing and coating solutions provider from Germany. The company plans to utilize Kinaxis' RapidResponse platform for an integrated concurrent planning approach.

### Converge Technology Solutions Announced Converge Enterprise Cloud On IBM Power For Google Cloud Platform

Converge announced a licensing agreement with IBM to extend its cloud capabilities with Converge Enterprise Cloud on IBM Power for Google Cloud Platform. The Converge solution is focused on procurement and billing offered via Google Cloud Marketplace, with support from Google Cloud Customer Care.

### WELL Health Forms Provider Solutions Business Units

WELL announced the formation of its new Provider Solutions Business Unit, combining the WELL EMR Group, Billing, and RCM and Digital Application businesses into a single practitioner enablement platform. The new business unit includes AwareMD, Intrahealth, Oscar Pro, DoctorCare, and CognisantMD. The newly formed business unit will be run by the managing directors of DoctorCare, Adam Hutton and Paulo Gomes.

**Exhibit 3: CIBC Software/Services – Coverage Performance, 5/26/2021 - 5/26/2022**

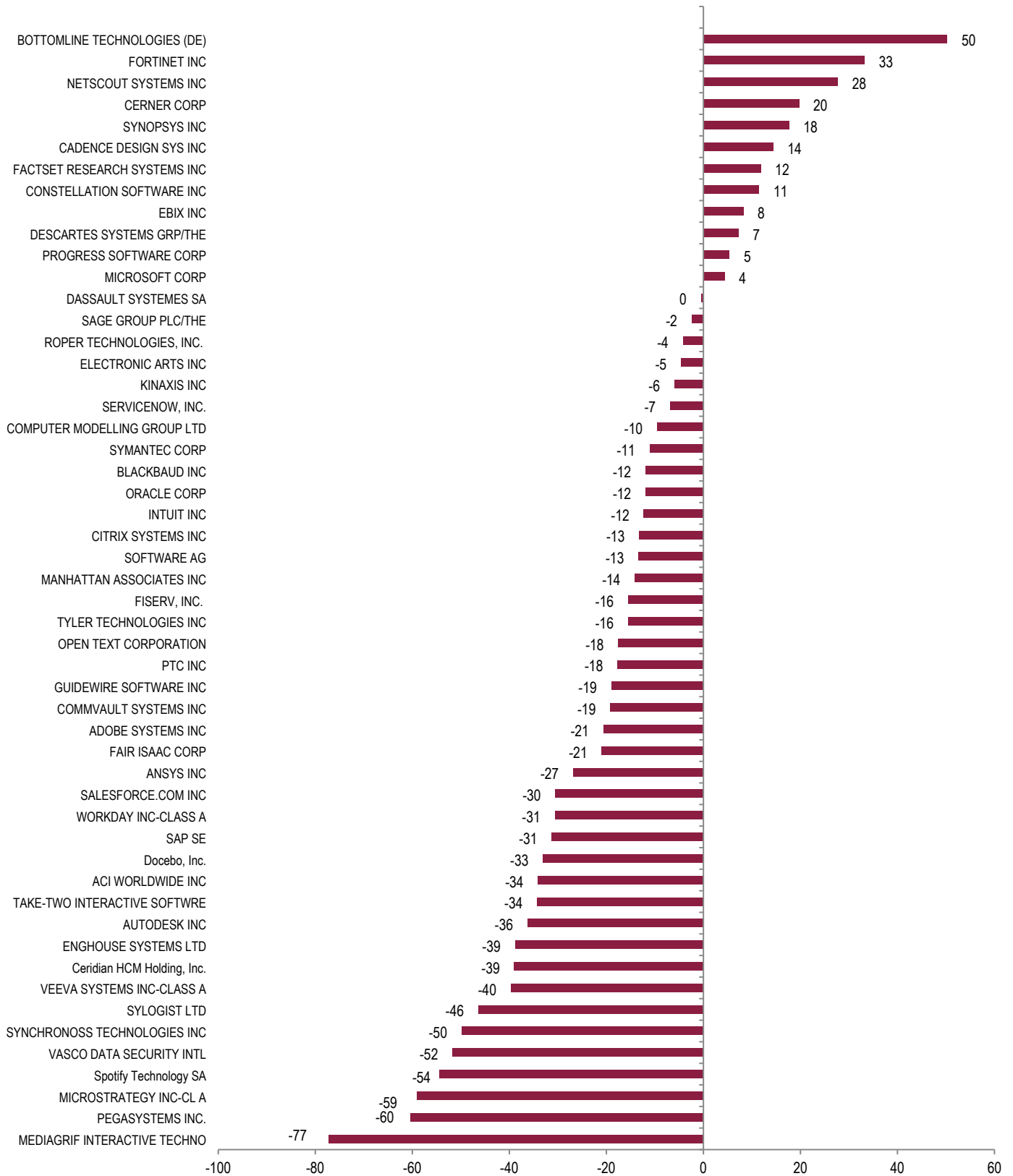
Software & Systems	Price	1 Week	1 Month	3 Month	6 Month	1 Year	YTD	52W High	52W Low
Constellation Software Inc	1,960.90	0.3	(6.4)	(7.2)	(10.7)	11.5	(16.4)	2385.80	1716.74
Descartes Systems	59.14	(0.6)	(4.6)	(16.1)	(28.8)	1.4	(28.5)	91.39	56.19
Dye & Durham	20.46	(5.3)	(2.6)	(30.1)	(49.8)	NA	(54.4)	50.49	12.95
Enghouse Systems Limited	32.79	(1.6)	(6.1)	(20.7)	(40.2)	(38.8)	(32.3)	64.42	31.40
Open Text Corp	38.38	1.9	(2.2)	(12.0)	(20.4)	(17.5)	(19.2)	55.25	35.04
Kinaxis	131.72	(8.1)	(6.7)	(9.6)	(34.7)	(6.0)	(25.7)	229.98	127.24
Docebo, Inc.	42.68	1.6	(23.9)	(34.7)	(52.9)	(33.1)	(49.7)	117.55	37.57
Magnet Forensics	16.53	(3.7)	(30.4)	(40.1)	(52.1)	NA	(49.7)	65.80	15.95
Q4 Inc.	4.40	(3.1)	1.1	NA	NA	NA	NA	12.05	4.03
<b>Average</b>		<b>(2.1)</b>	<b>(9.1)</b>	<b>(21.3)</b>	<b>(36.2)</b>	<b>(13.7)</b>	<b>(34.5)</b>		

Business Services	Price	1 Week	1 Month	3 Month	6 Month	1 Year	YTD	52W High	52W Low
CGI Group Inc	106.26	0.3	4.2	1.5	(0.7)	(3.2)	(5.0)	116.88	98.77
Converge Technologies	6.97	(3.9)	(20.4)	(28.2)	(36.5)	(13.0)	(35.9)	13.09	5.88
Softchoice Corporation	21.76	12.4	(2.8)	0.9	NA	NA	NA	45.74	17.94
Telus International	30.58	(1.4)	9.5	(1.9)	(29.7)	NA	NA	49.43	26.75
<b>Average</b>		<b>1.9</b>	<b>(2.4)</b>	<b>(6.9)</b>	<b>(22.3)</b>	<b>(8.1)</b>	<b>(20.4)</b>		

Indices	Price	1 Week	1 Month	3 Month	6 Month	1 Year	YTD
S&P/TSX Composite Index	20,383.75	1.0	(1.5)	(3.4)	(3.5)	3.2	(4.0)
S&P 500 Index	3,978.73	2.0	(4.7)	(9.3)	(13.4)	(5.2)	(16.5)
S&P/TSX Software Index	132.61	(3.5)	(7.3)	(20.7)	(40.8)	(29.7)	(37.5)
S&P500 Software Index	4,412.26	3.4	(3.1)	(13.0)	(24.8)	(3.7)	(24.5)

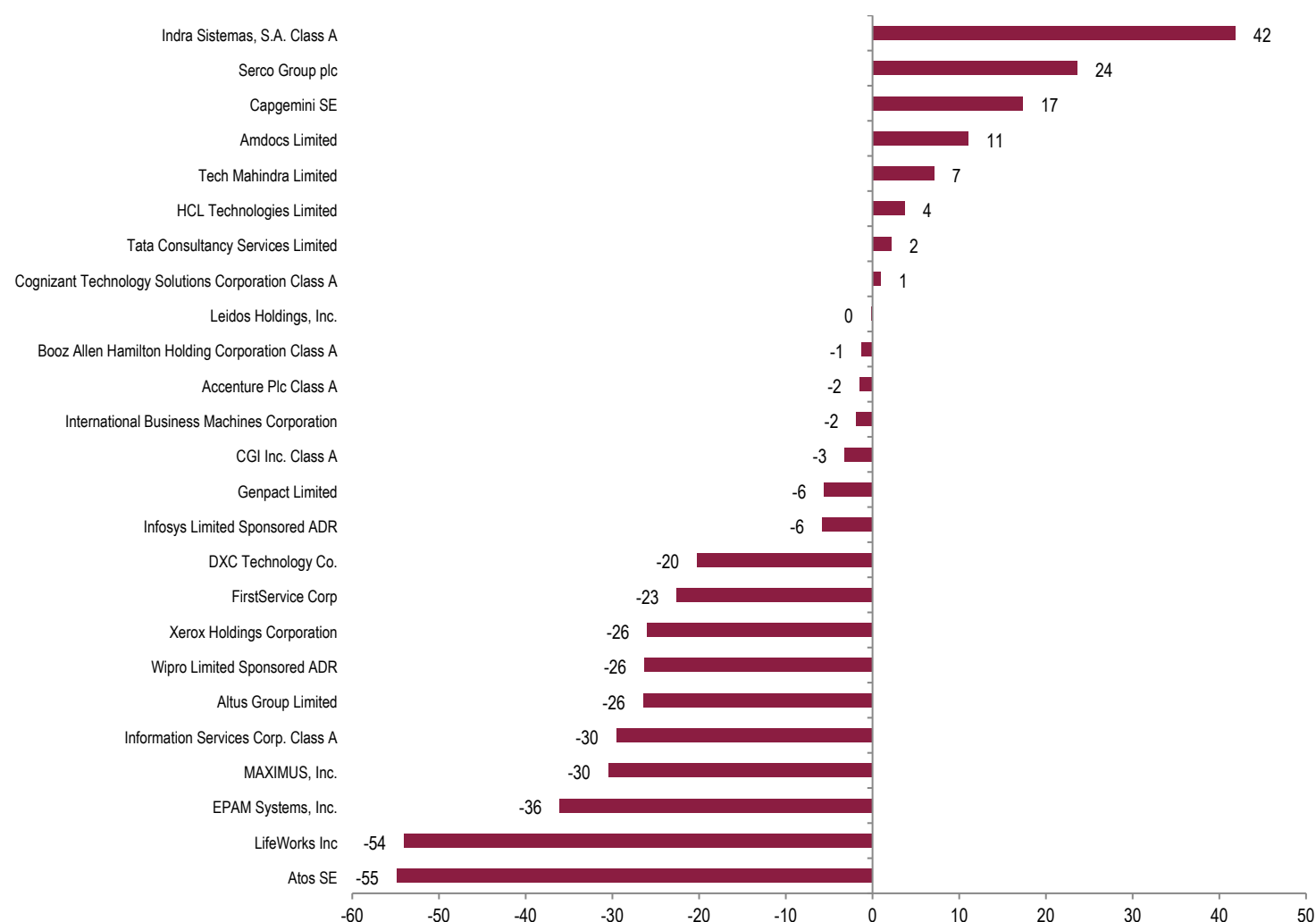
Source: Company reports, FactSet and CIBC World Markets Inc.

**Exhibit 4: Software Stocks – Return Performance (%), 5/26/2021 - 5/26/2022**



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

# Exhibit 5: Business Services Stocks – Return Performance (%), 5/26/2021 - 5/26/2022



Source: Company reports, 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.*	32,828	6.4x	5.1x	4.5x	21.7x	19.0x	16.0x	49.1x	27.4x	23.6x
BlackBerry Limited*	3,294	3.7x	4.8x	3.5x	>50	NEG	NEG	NEG	NEG	NEG
Sage Group plc	6,957	3.8x	3.5x	3.3x	16.8x	14.9x	13.5x	25.1x	24.5x	21.7x
Tyler Technologies, Inc.	15,219	9.6x	8.2x	7.5x	43.3x	31.6x	28.7x	>50	45.0x	41.4x
Roper Technologies, Inc.	52,894	9.2x	8.5x	8.0x	23.9x	22.0x	20.6x	41.3x	27.2x	25.2x
Enghouse Systems Limited	1,631	3.6x	3.4x	3.2x	10.0x	9.8x	9.4x	19.6x	19.9x	18.8x
Oracle Corporation	226,772	5.6x	5.2x	4.9x	12.1x	10.2x	9.7x	15.4x	13.9x	12.7x
SAP SE	115,556	4.2x	3.6x	3.6x	16.1x	12.9x	11.7x	20.5x	18.2x	15.9x
Enterprise Application Software Average		5.7x	5.3x	4.8x	20.6x	17.2x	15.7x	28.5x	25.2x	22.8x
Extended ERP										
Adobe, Inc.	189,056	12.0x	10.5x	9.1x	28.3x	21.4x	18.6x	40.1x	29.1x	24.7x
Open Text Corporation	13,230	3.9x	3.6x	3.6x	10.3x	10.4x	9.6x	12.1x	12.1x	11.1x
Manhattan Associates, Inc.	7,099	10.7x	9.8x	8.8x	49.9x	38.7x	33.5x	>50	>50	46.1x
Pegasystems Inc.	4,233	3.5x	2.9x	2.4x	NEG	38.7x	23.4x	NEG	>50	35.0x
Software AG	1,962	2.4x	2.1x	1.9x	12.7x	10.1x	8.2x	27.0x	19.7x	15.6x
Fiserv, Inc.	84,143	5.2x	5.1x	4.7x	15.1x	11.8x	10.8x	49.1x	15.1x	13.1x
Extended ERP Average		6.3x	5.7x	5.1x	23.3x	21.9x	17.4x	32.1x	19.0x	24.3x
Software As A Service										
Descartes Systems Group Inc.	4,812	11.3x	10.2x	9.5x	26.0x	23.6x	21.1x	>50	>50	>50
Kinaxis, Inc.*	2,641	10.5x	7.6x	6.7x	>50	41.3x	33.0x	>50	>50	>50
Docebo, Inc.*	882	8.5x	6.0x	4.5x	NEG	NEG	>50	NEG	NEG	NEG
Lightspeed Commerce Inc*	2,444	5.2x	3.5x	2.6x	NEG	NEG	NEG	NEG	NEG	NEG
Veeva Systems Inc Class A	22,595	15.4x	10.6x	9.0x	>50	26.8x	22.9x	>50	40.4x	35.0x
Shopify, Inc. Class A	35,969	7.8x	6.2x	4.7x	>50	>50	>50	14.6x	>50	>50
Q4 Inc*	82	1.5x	1.5x	1.2x	NEG	NEG	NEG	NEG	NEG	NEG
Magnet Forensics, Inc.*	415	5.9x	4.5x	3.5x	22.3x	28.3x	20.2x	>50	>50	>50
Ceridian HCM Holding, Inc.	9,157	8.9x	7.5x	6.4x	>50	46.1x	36.7x	NEG	>50	>50
ServiceNow, Inc.	89,572	15.2x	12.1x	9.7x	>50	38.8x	30.8x	>50	>50	48.2x
Workday, Inc. Class A	39,744	9.2x	6.5x	5.4x	>50	26.0x	20.8x	NEG	45.4x	36.8x
Software As A Service Average		9.0x	6.9x	5.7x	24.1x	33.0x	26.5x	14.6x	42.9x	40.0x
Infrastructure Vendors										
Citrix Systems, Inc.	15,635	4.9x	4.7x	4.4x	22.2x	15.7x	14.7x	40.9x	18.2x	15.6x
Microsoft Corporation	1,915,340	11.4x	9.0x	7.9x	23.7x	17.8x	15.5x	32.6x	26.1x	22.4x
Infrastructure Vendors Average		8.1x	6.8x	6.1x	23.0x	16.8x	15.1x	36.8x	22.1x	19.0x
Software Average										
		7.4x	6.2x	5.4x	22.2x	23.4x	19.5x	29.8x	25.5x	25.7x

\*Share Price Converted to USD

Source: Company reports, 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	28,140	11.4x	10.8x	10.3x	19.0x	16.9x	15.8x	2.3x	2.2x	2.1x
TELUS International (CDA), Inc.	7,381	13.7x	11.9x	10.1x	23.6x	20.1x	15.7x	3.4x	2.9x	2.5x
Accenture Plc Class A	172,458	17.9x	14.5x	13.3x	30.5x	24.9x	22.3x	3.4x	2.7x	2.5x
Booz Allen Hamilton	13,590	15.2x	14.2x	13.3x	19.4x	19.4x	17.8x	1.7x	1.7x	1.4x
CACI International Inc Class A	8,472	11.4x	12.4x	11.6x	14.9x	14.5x	13.4x	1.4x	1.3x	1.3x
DXC Technology Co.	11,200	5.5x	4.3x	4.2x	NEG	7.5x	6.2x	0.6x	0.7x	0.7x
Genpact Limited	8,968	13.9x	11.1x	10.0x	22.2x	15.8x	14.0x	2.2x	2.0x	1.9x
International Business Machines	168,458	12.5x	10.2x	9.9x	21.2x	13.8x	12.7x	2.9x	2.8x	2.7x
Atos SE	4,489	4.3x	4.1x	3.6x	NEG	10.2x	7.1x	0.4x	0.4x	0.4x
Capgemini SE	36,797	12.7x	10.9x	9.9x	27.4x	18.1x	16.0x	2.0x	1.8x	1.7x
Sopra Steria Group SA	4,630	8.8x	7.7x	7.0x	17.9x	12.2x	10.8x	1.0x	0.9x	0.9x
Converge Technology Solutions Corp	1,381	14.7x	9.5x	7.8x	>50	36.5x	22.4x	0.9x	0.6x	0.5x
Business & IT Services Average		11.6x	10.2x	9.4x	21.8x	15.8x	13.8x	1.9x	1.8x	1.6x
HR Outsourcing		EV/EBITDA			P/E			EV/S		
LifeWorks Inc	1,658	8.5x	8.2x	7.7x	NEG	19.2x	16.4x	1.6x	1.6x	1.5x
Ceridian HCM Holding, Inc.	9,157	>50	46.1x	36.7x	NEG	>50	>50	8.9x	7.5x	6.4x
Willis Towers Watson	23,652	10.6x	9.9x	9.1x	6.2x	14.9x	13.0x	2.6x	2.6x	2.5x
Aon Plc Class A	65,920	17.2x	16.3x	15.3x	47.8x	20.1x	18.1x	5.4x	5.2x	4.9x
Automatic Data Processing, Inc.	90,217	23.5x	20.3x	18.5x	35.2x	29.1x	26.0x	6.0x	5.3x	4.9x
Paychex, Inc.	42,439	25.7x	20.1x	18.8x	38.9x	30.0x	27.9x	10.5x	9.0x	8.4x
HR Outsourcing Average		17.1x	20.2x	17.7x	32.0x	22.7x	20.3x	5.8x	5.2x	4.8x
Information Services		EV/EBITDA			P/E			EV/S		
Broadridge Financial Solutions, Inc.	20,388	17.5x	15.5x	14.7x	30.2x	20.9x	19.2x	4.0x	3.5x	3.3x
Dye & Durham Ltd.	2,395	15.1x	15.1x	10.6x	>50	>50	32.7x	6.4x	4.2x	3.6x
Deluxe Corporation	2,482	6.7x	5.7x	5.4x	16.4x	5.1x	4.7x	1.2x	1.1x	1.1x
Information Services Corp	353	5.2x	6.4x	6.0x	9.5x	11.1x	11.3x	2.1x	2.0x	2.0x
Information Services Average		11.1x	10.7x	9.2x	18.7x	12.4x	17.0x	3.4x	2.7x	2.5x
Financial Services Technology		EV/EBITDA			P/E			EV/S		
Fidelity National Information Services	80,793	13.2x	12.2x	11.1x	>50	13.9x	12.1x	5.8x	5.4x	5.1x
Fiserv, Inc.	84,143	15.1x	11.8x	10.8x	49.1x	15.1x	13.1x	5.2x	5.1x	4.7x
Jack Henry & Associates, Inc.	13,475	19.3x	21.3x	19.4x	44.6x	36.3x	33.1x	7.7x	6.7x	6.2x
ACI Worldwide, Inc.	3,986	10.9x	9.8x	9.1x	24.1x	19.5x	16.6x	2.9x	2.8x	2.7x
Temenos AG	7,747	14.1x	16.6x	14.6x	38.7x	22.7x	19.8x	8.0x	7.4x	6.7x
Global Payments Inc.	45,839	12.6x	11.5x	10.3x	38.2x	13.2x	11.3x	5.4x	5.4x	5.0x
Financial Services Technology Average		14.2x	13.9x	12.6x	38.9x	20.1x	17.7x	5.8x	5.5x	5.1x
Diversified Real Estate Services		EV/EBITDA			P/E			EV/S		
Colliers International Group Inc.	5,727	10.5x	9.0x	8.1x	-12.2x	15.0x	13.7x	1.4x	1.3x	1.2x
Altus Group Limited	2,100	20.3x	19.8x	16.6x	29.5x	29.5x	31.1x	3.4x	3.4x	3.0x
CBRE Group, Inc. Class A	27,984	13.1x	8.7x	8.0x	14.7x	12.7x	11.6x	1.0x	0.9x	0.8x
Jones Lang LaSalle Incorporated	11,229	7.7x	7.5x	7.1x	10.2x	9.3x	8.7x	0.6x	0.6x	0.7x
Diversified Real Estate Services Average		12.9x	11.3x	10.0x	10.6x	16.6x	16.3x	1.6x	1.5x	1.4x
Software Focused IT Solutions/VARs		EV/EBITDA			P/E			EV/S		
CARE	1,381	20.0x	20.0x	14.6x	33.7x	33.7x	30.2x	4.8x	4.8x	4.3x
Softcat Plc*	2,743	16.3x	15.7x	14.8x	21.5x	21.4x	20.9x	7.3x	6.7x	6.2x
Crayon Group Holding ASA*	13,577	>50	>50	>50	>50	>50	>50	>50	31.3x	26.4x
Bytes Technology Group Plc*	1,042	21.4x	16.7x	15.4x	23.1x	22.0x	21.1x	NA	NA	NA
SoftwareONE Holding Ltd.*	1,538	9.3x	6.1x	5.3x	16.8x	15.1x	12.7x	7.4x	1.5x	1.3x
Bytes Technology Group Plc* Average		16.8x	14.6x	12.5x	23.8x	23.0x	21.2x	6.5x	11.1x	9.6x
Business Services Average		13.6x	13.2x	11.7x	24.6x	18.3x	17.0x	3.9x	4.1x	3.7x

\*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	55%	36%	11%	33%	91%	43%	25,289	9.5x	5.6x	5.6x
CrowdStrike Holdings, Inc.	66%	31%	48%	30%	97%	78%	32,618	37.3x	15.6x	15.6x
Shopify, Inc.	57%	10%	30%	3%	67%	34%	35,426	7.7x	6.1x	6.1x
Zscaler, Inc.	60%	26%	43%	23%	86%	66%	18,167	27.0x	15.1x	15.1x
Lightspeed POS, Inc.	159%	-22%	40%	-12%	137%	28%	2,444	11.0x	3.5x	3.5x
DocuSign, Inc.	45%	23%	17%	19%	68%	37%	15,612	10.7x	6.4x	6.4x
Veeva Systems Inc	26%	38%	17%	36%	64%	53%	22,595	15.4x	10.6x	10.6x
Atlassian Corp. Plc	33%	29%	25%	22%	62%	48%	42,969	20.6x	13.7x	13.7x
Twilio, Inc.	61%	-3%	36%	-2%	58%	34%	13,469	4.7x	3.5x	3.5x
ServiceNow, Inc.	29%	31%	26%	30%	61%	56%	89,572	15.2x	12.1x	12.1x
HubSpot, Inc.	47%	18%	33%	14%	66%	47%	15,155	11.7x	8.8x	8.8x
Tier 1 SaaS (Rule of 40 > 60) Average								15.5x	9.2x	9.2x
	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		
								C21E	C22E	C22E
Tier 2 SaaS (Rule of 40 b/w 40-60)										
Docebo, Inc.	55%	-4%	42%	-4%	51%	38%	885	8.5x	6.1x	4.5x
Qualys, Inc.	14%	43%	17%	34%	56%	51%	4,512	10.9x	9.3x	9.3x
Descartes Systems	22%	40%	12%	37%	62%	50%	4,812	11.3x	10.2x	9.5x
Avalara Inc	40%	6%	23%	0%	45%	23%	6,467	9.3x	7.4x	7.4x
Five9, Inc.	37%	0%	24%	3%	37%	27%	6,808	11.2x	8.8x	8.8x
Dropbox, Inc.	13%	34%	8%	33%	47%	41%	8,132	3.8x	3.5x	3.5x
Wix.com Ltd.	28%	5%	14%	3%	33%	18%	3,341	2.6x	2.4x	2.4x
Workday, Inc.	20%	27%	20%	19%	47%	40%	39,744	9.2x	6.5x	6.5x
VMware, Inc.	9%	31%	7%	28%	40%	35%	60,869	5.2x	4.5x	4.5x
Tier 2 SaaS (Rule of 40 b/w 40-60) Average								8.0x	6.5x	6.3x
	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		
								C21E	C22E	C22E
Tier 3 SaaS (Rule of 40 b/w 28-40)										
BlackLine, Inc.	21%	18%	23%	2%	39%	24%	4,234	9.9x	8.0x	8.0x
Zendesk, Inc.	31%	12%	26%	12%	43%	38%	11,484	8.6x	6.8x	6.8x
MongoDB, Inc.	48%	1%	35%	0%	49%	35%	15,005	25.4x	13.0x	13.0x
LivePerson, Inc.	28%	-8%	18%	-4%	20%	14%	1,159	2.5x	2.1x	2.1x
Rapid7 Inc.	30%	8%	28%	7%	39%	35%	4,733	8.8x	6.9x	6.9x
Paylocity Holding Corp.	25%	16%	25%	15%	41%	40%	9,129	14.4x	9.7x	9.7x
Q2 Holdings, Inc.	24%	2%	21%	2%	26%	23%	3,163	6.3x	5.5x	5.5x
Akamai Technologies, Inc.	8%	25%	8%	23%	33%	32%	17,667	5.1x	4.8x	4.8x
Tier 3 SaaS (Rule of 40 b/w 28-40) Average								10.1x	7.1x	7.1x
	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		
								C21E	C22E	C22E
Tier 4 SaaS (Rule of 40 <28)										
RingCentral, Inc.	35%	6%	26%	7%	41%	33%	6,929	4.3x	3.5x	3.5x
Teradata Corporation	4%	23%	0%	21%	27%	21%	3,755	2.0x	2.1x	2.1x
Anaplan, Inc.	32%	-5%	26%	0%	27%	26%	9,543	21.3x	13.0x	13.0x
Zuora, Inc.	14%	7%	16%	0%	20%	16%	1,065	3.5x	2.7x	2.7x
New Relic, Inc.	15%	-4%	16%	4%	11%	20%	2,817	4.2x	3.2x	3.2x
Kinaxis, Inc.	4%	7%	35%	8%	11%	43%	2,641	10.5x	7.6x	6.7x
Yext, Inc.	10%	4%	4%	-1%	14%	3%	505	1.4x	1.2x	1.2x
Splunk Inc.	20%	4%	22%	12%	24%	35%	16,657	7.5x	5.1x	5.1x
Tier 4 SaaS (Rule of 40 <28) Average								6.8x	4.8x	4.7x
SaaS Average								10.5x	7.1x	7.0x

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

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