

# SOFTWARE & TECHNOLOGY M&A PULSE

FOURTH QUARTER 2023



# Q4'23

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# PMCF Technology Coverage Team

## ABOUT PMCF

PMCF is an investment bank focused exclusively on middle market transactions with professionals in Chicago, Detroit, Denver, and across the globe through Corporate Finance International™ affiliates. Offering a depth of advisory services, PMCF helps clients worldwide meet their sale, acquisition, financing, and strategic growth objectives. Additional information on PMCF can be found by visiting our website, [pmcf.com](http://pmcf.com).

## INVESTMENT BANKING SERVICES:

- Mergers & Acquisitions
- Carve-outs & Divestitures
- Strategic Assessments
- Transaction Readiness Planning
- Capital Raising



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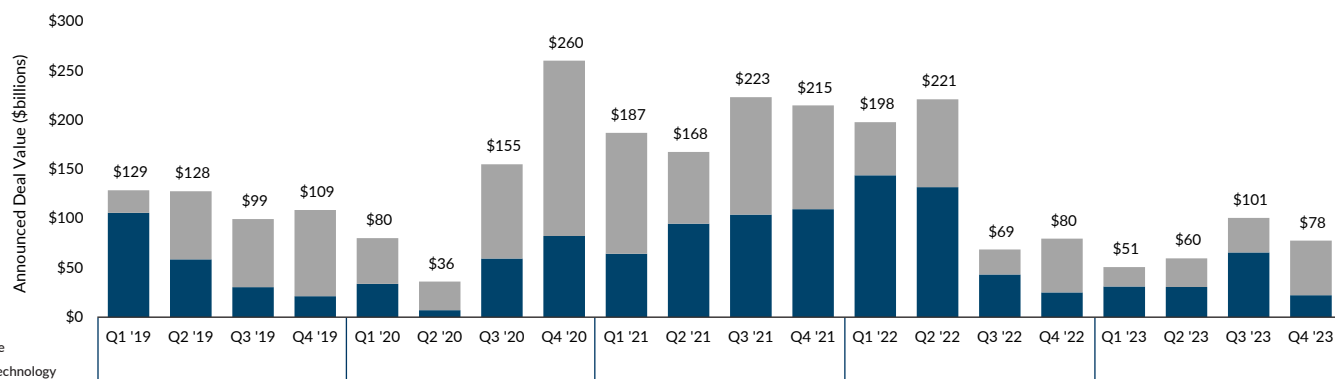
## PMCF's Software & Technology Practice

PMCF's Software and Technology investment bankers are dedicated to serving the needs of middle-market transactions within the software and technology industries. Our focus on software and technology sale, merger, and acquisition advisory provides significant advantages to our clients and the opportunity to maximize value in a transaction. PMCF's extensive coverage of these industries has provided us with specialized, in-depth knowledge of the sector dynamics and relationships with key strategic and financial industry players. Our firm has been serving the software and technology industries for over 20 years and has a long track record of successful transactions involving specialty, niche players in these industries.

Financial Technology	Supply Chain Technology	Workforce Management	Not-For-Profit Software
Vertical Software	Enterprise Software	Technology Enabled Services	ESG Software
Application Software	Cybersecurity	IT Services	BI/Data Analytics

# Q4 2023 Market Summary & Outlook

## GLOBAL SOFTWARE & TECHNOLOGY M&A VOLUME



### SOFTWARE TRANSACTION COUNT BY DEAL SIZE

Deal Size	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Q1 '23	Q2 '23	Q3 '23	Q4 '23
> \$1bn	12	4	7	5	9	0	10	16	20	17	19	15	13	17	10	7	7	8	8	5
\$500m-\$1bn	10	8	5	6	5	2	10	8	9	13	11	12	15	1	5	5	2	2	7	5
\$250m-\$500m	11	9	3	3	8	5	3	9	10	14	17	19	7	8	4	4	8	5	10	9
<\$250m	83	80	67	74	65	69	123	107	77	85	89	99	94	98	61	47	50	59	71	57
No Reported Value	363	346	392	334	368	296	394	471	394	443	525	546	672	638	525	477	600	585	543	415
<b>Total</b>	<b>479</b>	<b>447</b>	<b>474</b>	<b>422</b>	<b>455</b>	<b>372</b>	<b>540</b>	<b>611</b>	<b>510</b>	<b>572</b>	<b>661</b>	<b>691</b>	<b>801</b>	<b>762</b>	<b>605</b>	<b>540</b>	<b>667</b>	<b>659</b>	<b>639</b>	<b>491</b>

Source: 451 Research

## M&A MARKET DYNAMICS - SOFTWARE & TECHNOLOGY

- After a strong uptick last quarter, broader technology sector total deal value fell 23% compared to Q3 2023 and finished closer to the prior four quarters' average, with \$78B in transaction value. The decline stems from software specifically, with software total deal value dropping 66% while other technology sectors increased nearly 60%.
- Relative to Q3 2023, Q4 2023 software deal volume declined 23%, with 491 transactions in the quarter. This represents the lowest quarter for software deal volume since Q2 2020, when transaction activity was significantly disrupted by COVID-19. Despite the decrease, activity remains higher than pre-pandemic levels.
- Though 2023 was a challenging year that continued the fallout from the second half of 2022, many within the M&A community expect a meaningful improvement in 2024. According to a survey by 451 Research, over 80% of respondents anticipate an increase in tech M&A activity in 2024. The forecast on tech valuations is more mixed, with half of respondents expecting an increase and the rest split between holding even or further declining. Survey sentiment is largely optimistic as acquirers are less concerned about the impact of inflation on acquisitions and more positive about growth.

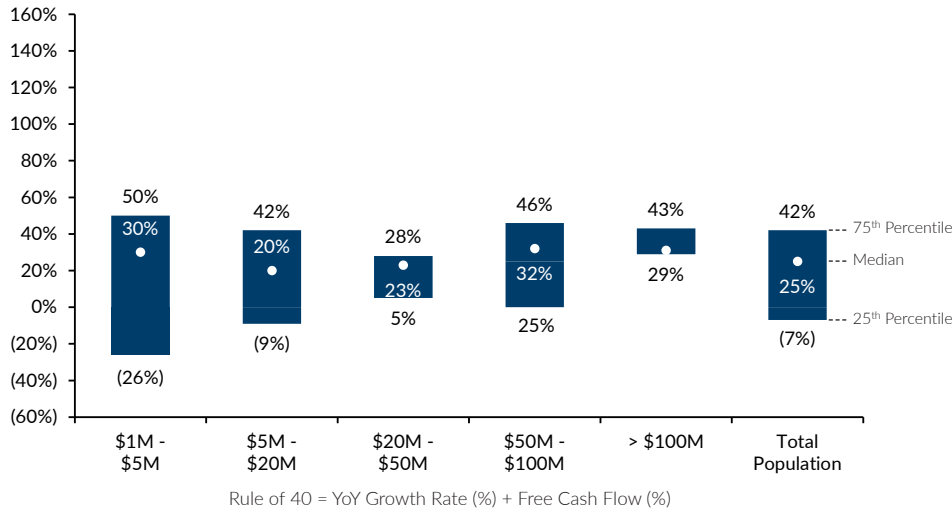
Featured Sectors - Deal Count	2019	2020	2021	2022	2023	Q3 '23	Q4 '23	Q3 '23 - Q4 '23 Change
Workforce Management	251	264	335	464	332	93	59	-37%
Supply Chain Technology	66	73	91	102	107	25	23	-8%
Financial Technology	85	111	117	144	119	27	32	19%
Other Software	1,420	1,530	1,891	1,998	1,898	494	377	-24%
<b>Total</b>	<b>1,822</b>	<b>1,978</b>	<b>2,434</b>	<b>2,708</b>	<b>2,456</b>	<b>639</b>	<b>491</b>	<b>-23%</b>
Strategic	1,191	1,306	1,535	1,882	1,776	461	360	-22%
Financial Buyer - Add-on	406	461	652	598	448	110	84	-24%
Financial Buyer - Platform	225	211	247	228	232	68	47	-31%

Source: 451 Research

# 2023 B2B SaaS Benchmarks

During the Spring of 2023, Benchmarkit (formerly RevOps Squared) partnered with various leading B2B SaaS vendors, venture capital firms, CFO outsourcing companies, and advisory services firms to collect data from 1,880 private B2B SaaS companies. This data illustrates how different cohorts of SaaS companies perform compared to their peers.

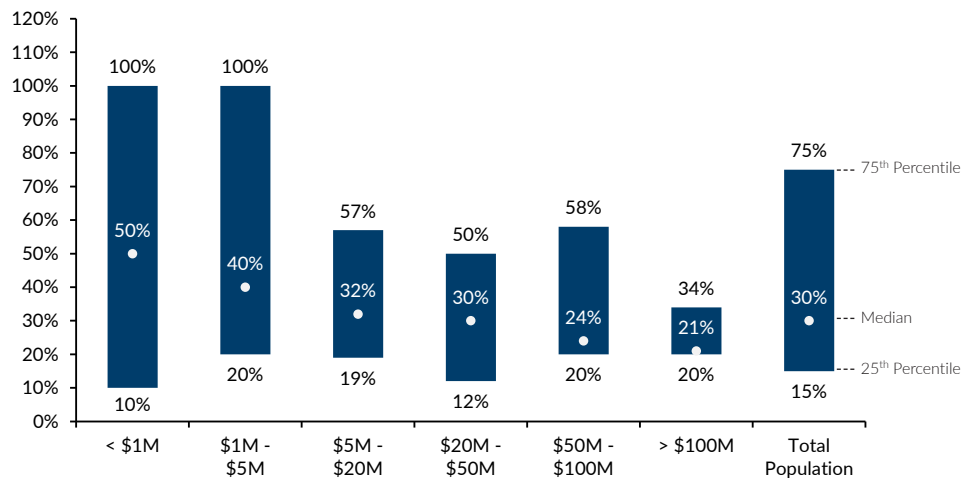
## RULE OF 40 – BY REVENUE<sup>(1)</sup>



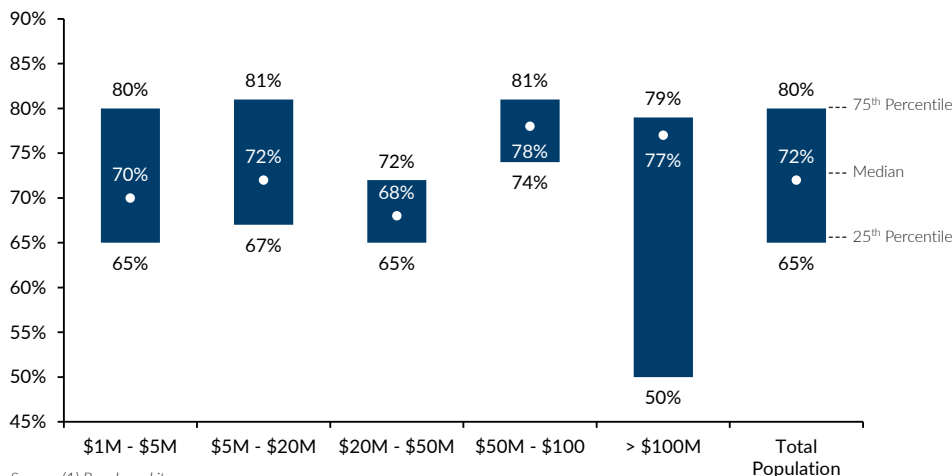
Benchmarks for Rule of 40, which measures the efficiency of spending and return on that spending, decreased across the majority of cohorts in 2022. The decline was driven by a fall in growth rates compared to 2021 coupled with decreased EBITDA across the total population of participants. Rule of 40 is artificially inflated by the growth rates of companies in the < \$5M ARR range. It is not, however, a priority metric for companies in that cohort. Rule of 40 faces pressure in the “scale” stage of growth, which is reflected by the lower results in the \$5M - \$50M ARR cohorts.

## COMPANY GROWTH RATE – BY REVENUE<sup>(1)</sup>

Growth rates decreased across all company sizes in 2022, falling from the hyper-growth levels in 2021 back to the reduced levels of growth experienced in 2020. 2022 saw a median growth rate of 30%, pressured by the pullback in SaaS spending that has continued into the first half of this year. Notably, growth rates returned as the top metric impacting enterprise value in Q2 2023 after losing the spot to Rule of 40 in Q4 2022. In a cautious capital environment, it is critical to optimize CAC efficiency metrics in combination with increasing focus on expansion ARR as a percentage of total growth ARR.



## TOTAL GROSS MARGIN – BY REVENUE<sup>(1)</sup>

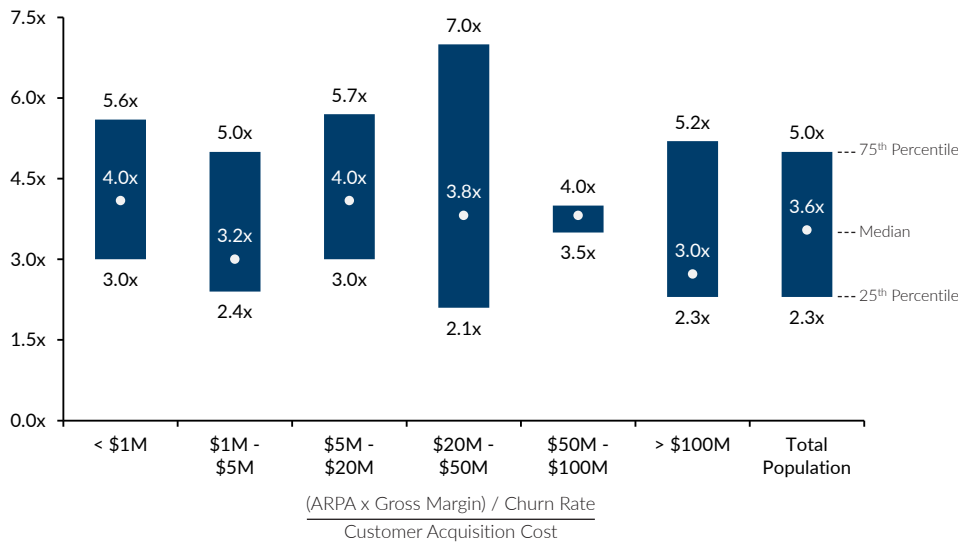


Total Gross Margin is an indicator of the cash generation potential of a SaaS business model. It represents a combination of Subscription Gross Margin and Services Gross Margin, both of which should be captured and highlighted to investors as a best practice. At 72%, Total Gross Margin was almost 10% lower than Subscription Gross Margin, demonstrating the downward pressure the services segment faces. Whereas the Subscription Margin is traditionally stable, the Services margin can vary and is often delivered at lower levels during the onboarding stage for new customers in an effort to increase the available budget for ARR.

Source: (1) Benchmarkit

# 2023 B2B SaaS Benchmarks Cont.

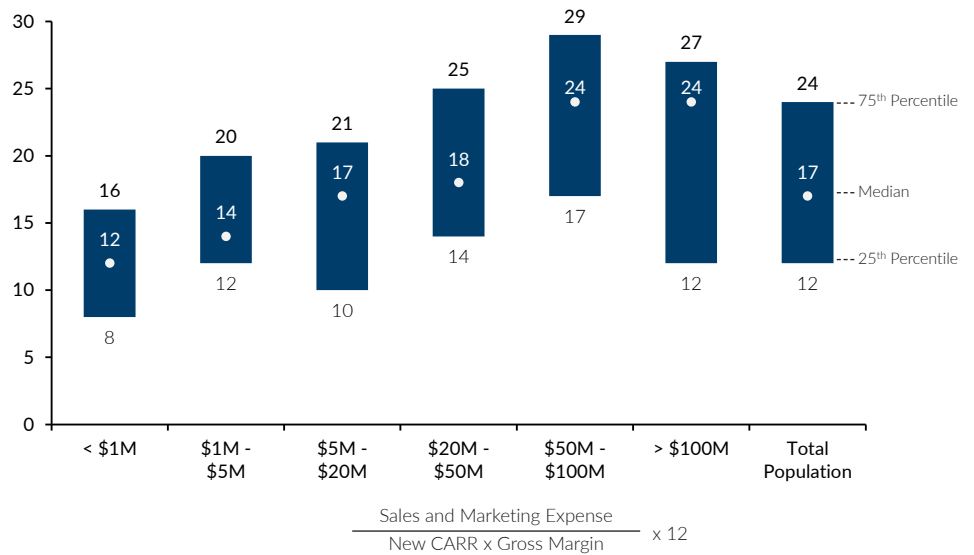
## CLTV: CAC RATIO - BY REVENUE<sup>(1)</sup>



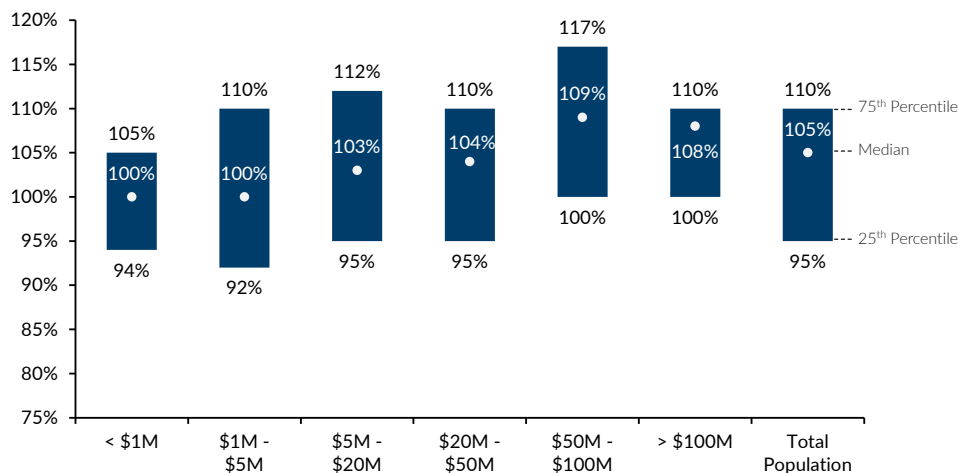
Over the past three years, the median benchmark for CLTV:CAC ratio across the total population has ranged from 3.6x – 4.2x. Neither company size nor Annual Contract Value are highly correlated to the CLTV:CAC Ratio. A key to this metric is that at least one – two agreement renewal cycles should be completed to establish a more reliable churn rate across renewal periods. This ratio is impacted by numerous factors, including Average Revenue Per Account, Average Customer Acquisition Cost, churn rate, and gross margin. Investors care not only about the ratio itself, but the leading variables that directly influence it.

## CAC PAYBACK PERIOD - BY REVENUE (IN MONTHS)<sup>(1)</sup>

CAC Payback Period across the entire population stretched to 17 months at median, representing a roughly 6% regression from last year's benchmark of 16 months. Although CAC Payback Period is correlated to company size, it has a higher correlation to Annual Contract Value. CAC Payback Period can fluctuate dramatically month-over-month in enterprise and commercial market segments if a reporting period includes outlier deal sizes (e.g., 3.0x average ACV). CAC Payback Period is best evaluated in conjunction with CAC Ratio, Gross Dollar Retention, and Net Dollar Retention for a more complete picture on acquiring, retaining, and expanding customer relationships.



## NET DOLLAR RETENTION RATE - BY REVENUE<sup>(1)</sup>

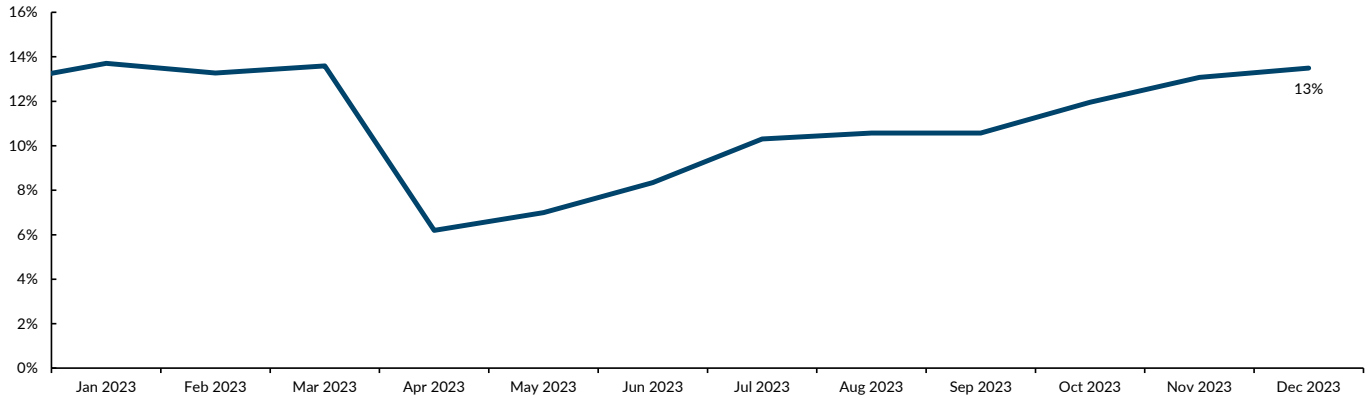


Net Dollar Retention (NDR) measures how much ARR is represented in a cohort of customers at the end of the current accounting period (where their agreement is available to renew) versus the same cohort of customer ARR from a previous period. NDR is not dramatically correlated to company size, as it is with other variables including Go-To-Market motion and pricing model. Additionally, NDR exhibits correlation to ACV, and as ACV increases, the opportunity for expansion is more prevalent. NDR has increased over the past three years and is a higher priority for many companies due to its stronger correlation to enterprise value.

Source: (1) Benchmarkit

# Transaction & Public Equity Market Valuations

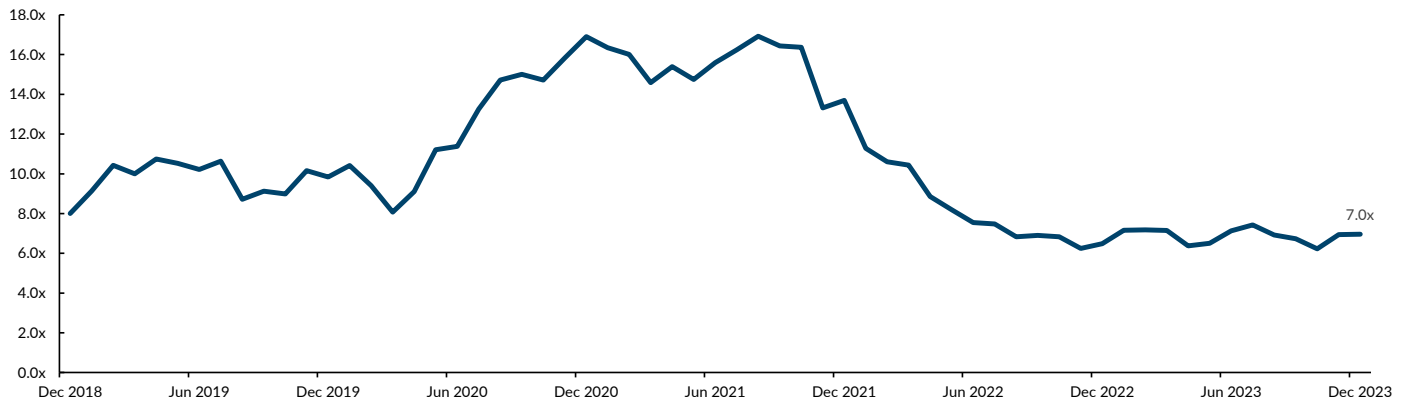
## PUBLIC SaaS MEDIAN RULE OF 40 INDEX



Source: SaaS Capital index of B2B publicly traded SaaS companies

The median Rule of 40 measure for publicly traded SaaS companies increased slightly to 13% in Q4 2023, with the increase stemming from improved profit margins while growth rates dipped marginally.

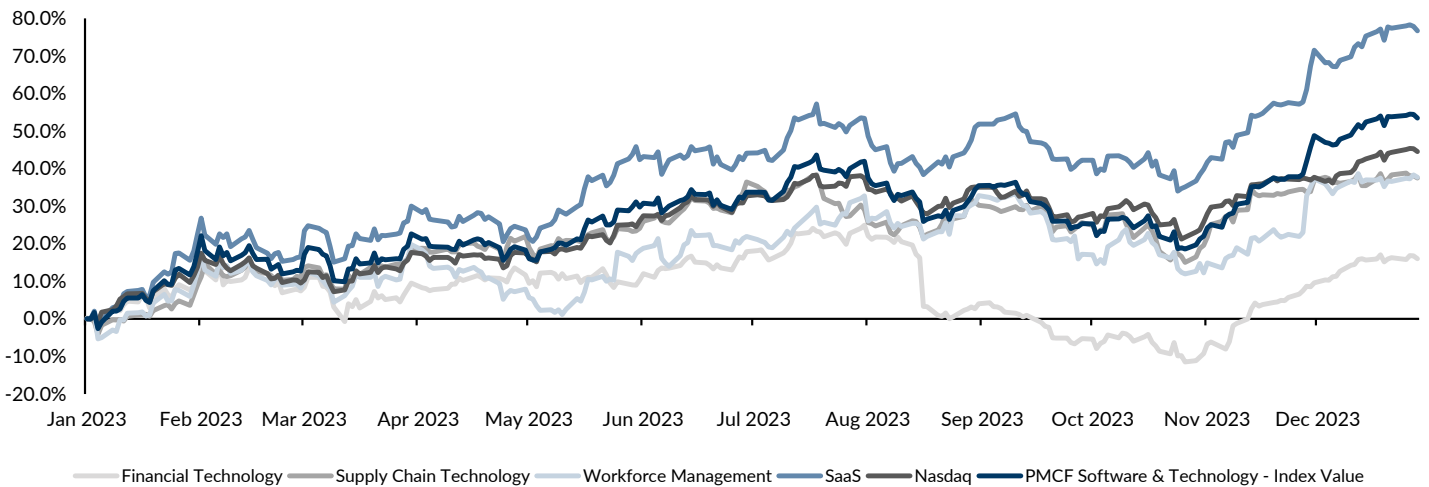
## PUBLIC SaaS MEDIAN ANNUAL RUN-RATE REVENUE (ARR) MULTIPLE



Source: SaaS Capital index of B2B publicly traded SaaS companies

Public SaaS valuations fluctuated but ended Q4 2023 similar to the prior quarter, with the median ARR multiple climbing to 7.0x. This number is a half turn higher compared to the end of 2022, where it finished at 6.5x. Valuations have broadly stayed near this level since the sharp cooling off in 2022.

## PUBLIC EQUITY INDICES - MARKET VALUATION



Source: Capital IQ - PMCF Technology Index of 36 publicly traded SaaS companies

# Public Equity Market Valuations

\$ in Millions <sup>(3)</sup>

## PUBLIC COMPARABLES

Company Name	Headquarters Location	Market Cap. <sup>(1)</sup>	Enterprise Value <sup>(1)</sup>	TTM Revenue	TTM Gross Margin	TTM EBITDA Margin	Net Debt/ EBITDA	EV/ EBITDA <sup>(2)</sup>	EV/Revenue			
									NTM Q4 '23	TTM Q4 '23	TTM Q4 '22	
<b>Financial Technology</b>												
Fiserv, Inc.	United States	\$79,729	\$102,614	\$19,093	59.8%	41.7%	2.8x	12.9x	5.3x	5.4x	4.8x	
Global Payments Inc.	United States	33,069	49,205	9,474	60.9%	40.4%	4.0x	12.9x	5.4x	5.2x	4.3x	
Adyen N.V.	Netherlands	40,000	33,142	1,595	65.2%	45.1%	(9.4x)	46.1x	16.7x	20.8x	25.9x	
BILL Holdings, Inc.	United States	8,710	7,975	1,134	85.8%	(15.1%)	4.3x	(46.5x)	6.3x	7.0x	12.5x	
Shift4 Payments, Inc.	United States	4,357	5,579	2,397	26.6%	13.9%	3.2x	16.7x	1.6x	2.3x	2.2x	
Nuvei Corporation	Canada	3,668	4,830	1,089	80.3%	22.3%	4.6x	19.9x	3.6x	4.4x	4.0x	
Paymentus Holdings, Inc.	United States	2,210	2,059	582	29.9%	3.4%	(7.7x)	104.2x	3.0x	3.5x	1.7x	
Marqeta, Inc.	United States	3,643	2,355	761	43.8%	(36.3%)	4.7x	(8.5x)	4.9x	3.1x	2.3x	
AvidXchange Holdings, Inc.	United States	2,517	2,226	363	66.5%	(9.5%)	8.5x	(64.7x)	5.2x	6.1x	5.3x	
Repay Holdings Corporation	United States	777	1,125	293	77.0%	22.7%	4.9x	16.9x	3.7x	3.8x	4.1x	
<b>Median</b>						<b>63.1%</b>	<b>18.1%</b>	<b>4.2x</b>	<b>14.8x</b>	<b>5.0x</b>	<b>4.8x</b>	<b>4.2x</b>
<b>Supply Chain Technology</b>												
Manhattan Associates, Inc.	United States	\$13,256	\$13,090	\$929	53.6%	23.2%	(1.2x)	60.7x	13.4x	14.1x	9.6x	
The Descartes Systems Group Inc.	Canada	7,175	6,887	550	76.1%	40.2%	(1.2x)	31.1x	11.3x	12.5x	12.0x	
SPS Commerce, Inc.	United States	7,113	6,889	514	66.0%	20.8%	(2.1x)	64.5x	11.5x	13.4x	9.8x	
Kinaxis Inc.	Canada	3,196	2,951	413	60.8%	5.8%	(10.0x)	124.0x	6.1x	7.1x	8.0x	
E2open Parent Holdings, Inc.	United States	1,332	2,479	642	66.4%	28.0%	5.4x	13.8x	4.0x	3.9x	4.8x	
Tecsys Inc.	Canada	365	342	118	43.0%	3.2%	(5.9x)	90.2x	2.5x	2.9x	2.5x	
American Software, Inc.	United States	386	302	121	59.1%	9.4%	(7.4x)	26.5x	3.0x	2.5x	3.2x	
<b>Median</b>						<b>60.8%</b>	<b>20.8%</b>	<b>(2.1x)</b>	<b>60.7x</b>	<b>6.1x</b>	<b>7.1x</b>	<b>8.0x</b>
<b>Workforce Management</b>												
Workday, Inc.	United States	\$72,604	\$69,000	\$6,983	74.7%	4.5%	(11.4x)	218.5x	8.5x	9.9x	6.9x	
Dayforce Inc.	United States	10,354	11,089	1,450	48.4%	14.5%	3.5x	52.6x	6.6x	7.6x	8.6x	
Paylocity Holding Corporation	United States	9,261	9,025	1,239	69.1%	17.7%	(1.1x)	41.2x	6.2x	7.3x	10.8x	
Smartsheet Inc.	United States	6,516	6,000	914	79.8%	(14.4%)	3.9x	(45.7x)	5.5x	6.6x	6.7x	
Paycor HCM, Inc.	United States	3,834	3,795	578	66.2%	2.8%	(2.4x)	231.3x	5.6x	6.6x	8.7x	
Asana, Inc.	United States	4,230	3,983	632	90.2%	(43.5%)	0.9x	(14.5x)	5.7x	6.3x	5.2x	
Asure Software, Inc.	United States	237	213	122	72.8%	16.5%	(1.2x)	10.6x	1.8x	1.7x	2.3x	
<b>Median</b>						<b>72.8%</b>	<b>4.5%</b>	<b>(1.1x)</b>	<b>41.2x</b>	<b>5.7x</b>	<b>6.6x</b>	<b>6.9x</b>
<b>SaaS</b>												
Salesforce, Inc.	United States	\$254,720	\$256,616	\$33,954	75.0%	25.0%	0.2x	30.3x	6.8x	7.6x	4.4x	
ServiceNow, Inc.	United States	144,516	139,770	8,971	78.6%	14.8%	(4.4x)	105.6x	13.6x	15.6x	10.3x	
Datadog, Inc.	United States	39,880	38,426	2,008	80.0%	(3.0%)	24.1x	(636.8x)	15.8x	19.1x	13.4x	
Splunk Inc.	United States	25,677	27,249	3,981	79.1%	5.9%	6.7x	116.3x	6.3x	6.8x	5.0x	
HubSpot, Inc.	United States	29,219	28,409	2,058	83.6%	(3.7%)	10.5x	(369.6x)	11.8x	13.8x	7.8x	
Zoom Video Communications, Inc.	United States	21,891	15,476	4,499	75.8%	10.1%	(14.1x)	34.1x	3.4x	3.4x	3.4x	
Okta, Inc.	United States	14,969	14,260	2,168	73.5%	(20.8%)	1.6x	(31.6x)	5.9x	6.6x	6.3x	
Pure Storage, Inc.	United States	11,268	10,189	2,851	70.6%	6.9%	(5.5x)	51.7x	3.4x	3.6x	2.8x	
Twilio Inc.	United States	13,736	11,073	4,103	48.6%	(6.4%)	10.2x	(42.3x)	2.6x	2.7x	1.6x	
Workiva Inc.	United States	5,487	5,495	607	75.2%	(13.4%)	(0.1x)	(67.6x)	7.8x	9.1x	8.1x	
Freshworks Inc.	United States	6,936	5,802	596	82.7%	(26.5%)	7.3x	(36.7x)	8.6x	9.7x	6.3x	
Five9, Inc.	United States	5,720	5,816	880	52.7%	(3.9%)	(2.8x)	(169.1x)	5.8x	6.6x	6.4x	
<b>Median</b>						<b>75.5%</b>	<b>(3.4%)</b>	<b>0.9x</b>	<b>(34.2x)</b>	<b>6.6x</b>	<b>7.2x</b>	<b>6.3x</b>
<b>Median</b>									<b>5.7x</b>	<b>6.6x</b>	<b>5.8x</b>	
<b>Mean</b>									<b>6.6x</b>	<b>7.5x</b>	<b>6.7x</b>	

(1) Market capitalizations and total enterprise values as of December 31, 2023; income statement and balance sheet data as of last period reported

(2) Multiple of EBITDA based on EBITDA inclusive of equity income from affiliates

(3) Currency conversions assume historical rate

Source: Capital IQ

# Market Commentary

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*Software executives continue to invest significantly in Artificial Intelligence, while also acknowledging that the quality of the data is equally important and should not be a neglected area. Additionally, products aimed at cost reduction and streamlined operations are likely to succeed in the current environment as customers carefully review budgets.*

“...This year, it feels like there's almost been a tsunami of generative AI and interest in it...we are rolling out generative AI in all of our products so across all of our clouds right now. But looking forward, where I think we're going to see the results and where we're going to have the tangible benefits sooner is actually in data...every single company, before they can completely optimize what they want to do with AI, they have to start with getting their data .”

**Amy Weaver**, President & CFO at Salesforce

“...The phrase we use internally is like how do you deliver AI to the Fortune 5 million, as opposed to Fortune 500...The thing is you have to make it really easy to use, which is what has been in our DNA from the very beginning. Like we built our software focused on the end user...You have to let the AI kind of models learn, but then also release it when it's really ready, and that's what we're doing with our customer base right now in all the beta programs we're doing.”

**Tyler Sloat**, CFO & Principal Accounting Officer at Freshworks

“...The current environment is actually really positive in terms of new customer additions, adding new volume to the platform. And the reason being is because it's actually easier to get the attention of CFOs and controllers, finance leaders in the current environment than it was a couple years ago when it was all about revenue growth. And people are very focused on automating their back office expense controls, making their operations more efficient, all those kind of things.”

**Michael Praeger**, Co-Founder, Chairman, & CEO at AvidXchange

“I think AI is another C-suite initiative. While people maybe aren't implementing it today, they're trying to think about how to leverage it to drive productivity gains...our data is a moat compared to our competition...we're training for AI and gen AI off of our own data. And I think the output of your AI is only as good as your data strategy.”

**Carl Eschenbach**, Co-CEO & Director at Workday



# Software & Technology M&A Activity

## SELECT SOFTWARE & TECHNOLOGY TRANSACTIONS

\$ in Millions

Announced Date	Target	Buyer	Sector	Type	Implied EV	EV/TTM Revenue
Dec-23	UserWay Inc.	Level Access Inc.	BI / Data Analytics	Strategic	95	8.8x
Dec-23	Conduent Business Services, LLC	Modaxo Inc. [Volaris Group] [Constellation Software]	Supply Chain Technology	Strategic	260	
Dec-23	Nokia Oyj	Lumine Group [Volaris Group] [Constellation Software]	Workforce Management	Strategic	164	
Dec-23	Spiff Inc.	Salesforce.com Inc.	BI / Data Analytics	Strategic	400	13.3x
Dec-23	The Multiplayer Group Limited	Keywords Studios Plc	Application Software	Strategic	97	
Dec-23	BankCard Services, LLC	GBank Financial Holdings Inc.	Financial Technology	Strategic	9	
Dec-23	SYNQ3 Restaurant Solutions LLC	SoundHound AI Inc.	Workforce Management	Strategic	25	
Dec-23	Synaptic Software Ltd.	Fintel IQ Limited [Fintel Plc]	BI / Data Analytics	Strategic	4	
Dec-23	Granify, Inc.	Bazaarvoice Inc. [Thomas H. Lee Partners LP]	Workforce Management	Private Equity	70	7.0x
Nov-23	Enterprise Software Systems Limited	Microlise Group plc	Supply Chain Technology	Strategic	10	1.5x
Nov-23	PayiQ Inc. [Qusitive Technology Solutions Inc.]	Fulcrum IT Partners	Financial Technology	Strategic	27	
Nov-23	Astutis Limited	Wilmington plc	Workforce Management	Strategic	21	2.3x
Nov-23	nDreams Limited	Aonic AB	Application Software	Strategic	110	
Nov-23	Cloudbreak Health, LLC [UpHealth, Inc.]	GTCR LLC	Application Software	Private Equity	180	
Nov-23	EQS Group AG	Thoma Bravo LP	BI / Data Analytics	Private Equity	465	6.1x
Nov-23	Autoscribe Limited	Xybio Corporation [Xybio Digital Inc.]	BI / Data Analytics	Strategic	12	
Nov-23	Apexis Inc.	GigaCloud Technology Inc.	Workforce Management	Strategic	10	
Nov-23	Pentavere Research Group Inc.	Healwell AI Inc.	BI / Data Analytics	Strategic	15	
Nov-23	Purplegrids Inc.	Mondee Inc.	Application Software	Strategic	6	
Nov-23	Q4 Inc.	Sumeru Equity Partners LP	Application Software	Private Equity	156	2.7x
Nov-23	StudyLink Connect [Navitas Pty Ltd]	Flywire Corp.	BI / Data Analytics	Strategic	39	
Nov-23	Pangiam Intermediate Holdings [AE Industrial Partners]	BigBear.ai Holdings Inc.	Cybersecurity	Strategic	70	
Nov-23	Corvus Insurance Holdings, Inc.	The Travelers Companies Inc.	Cybersecurity	Strategic	435	
Nov-23	D2C Media Inc. [Housatonic Partners]	Cars.com Inc.	Application Software	Strategic	76	
Nov-23	API Hub, Inc.	HubSpot, Inc.	BI / Data Analytics	Strategic	150	3.0x
Nov-23	ec2 Software Solutions LLC	Mirion Technologies Inc.	Application Software	Strategic	33	
Nov-23	System Era Softworks LLC	Devolver Digital Inc.	Application Software	Strategic	22	3.1x
Nov-23	Enchant LLC	Zillow Group Inc.	Application Software	Strategic	400	
Oct-23	Digital Eclipse Entertainment Partners Co	Atari SA	Application Software	Strategic	6	
Oct-23	WGSN Limited [Ascential plc]	Apax Partners LLP	BI / Data Analytics	Private Equity	848	
Oct-23	Flywheel Digital LLC [Ascential plc]	Omnicom Group Inc.	BI / Data Analytics	Strategic	900	
Oct-23	Tessian Limited	Proofpoint Inc. [Thoma Bravo LP]	Cybersecurity	Private Equity	300	7.5x
Oct-23	Parchment Inc.	Instructure Holdings Inc. [Thoma Bravo LLC]	Application Software	Private Equity	835	
Oct-23	Payzer, LLC	WEX Inc.	Workforce Management	Strategic	250	
Oct-23	2600Hz Inc.	Ooma Inc.	Application Software	Strategic	33	
Oct-23	Verve Industrial Protection LLC	Rockwell Automation Inc.	Cybersecurity	Strategic	185	5.8x
Oct-23	Arcion Labs, Inc.	Databricks Inc.	Cybersecurity	Strategic	100	
Oct-23	Viewgol LLC	Computer Programs and Systems Inc.	Application Software	Strategic	36	
Oct-23	JTL-Software-GmbH	HgCapital LLP	Workforce Management	Private Equity	200	
Oct-23	Loom Inc.	Atlassian Corporation	Application Software	Strategic	975	
Oct-23	Healthy Offers, Inc.	OptimizeRx Corporation	Application Software	Strategic	95	
Oct-23	Bsquare Corporation	Kontron America Inc. [Kontron S&T AG]	Application Software	Strategic	6	0.2x
Oct-23	Powerfleet, Inc.	MiX Telematics Limited	Supply Chain Technology	Strategic	25	0.2x
Oct-23	Tribal Group plc	Ellucian Company [Blackstone Inc./Vista Equity]	Workforce Management	Private Equity	211	2.0x
Oct-23	Virtual Health Holdings Inc.	WPF Holdings Inc.	Application Software	Strategic	123	
Oct-23	Trustwave Holdings Inc. [Singtel]	MC2 Titanium, LLC [The Chertoff Group, LLC]	Cybersecurity	Private Equity	205	
<b>Median</b>					<b>\$96</b>	<b>3.1x</b>
<b>Mean</b>					<b>\$189</b>	<b>4.5x</b>

Source: 451 Research, company websites and PMCF proprietary research

# Software & Technology M&A Activity (Cont.)

## Platform Acquisition

Incline Equity Partners acquires White Label Communications

On October 24, Incline Equity Partners, a leading middle market private equity firm, acquired Pittsburgh-based White Label Communications (“WLC”), a provider of private label communication solutions to Managed Service Providers (“MSPs”). WLC offers a proprietary technology platform that enables MSPs to provide customer solutions via core operations including sales, finance, and reporting while also allowing for customer communication tools such as VoIP, video conferencing, and SMS to clients, typically SMBs. Terms of the transaction were not disclosed.

## Add-On Acquisition

Rockbridge Growth Equity-backed White Glove acquires TouchFuse

On November 29, White Glove, a portfolio company of Rockbridge Growth Equity, acquired Tampa-based TouchFuse, a provider of a comprehensive technology platform aimed at financial advisors. TouchFuse’s solutions span the full spectrum of financial advisor marketing campaigns, including identifying prospects, managing communication, analyzing data, and more. The combination of White Glove and TouchFuse will create a full-service, omni-channel marketing services company exclusively aimed at financial advisors. Terms of the transaction were not disclosed.

## Strategic Acquisition

SoundHound AI acquires SYNQ3 Restaurant Holdings

On December 7, SoundHound AI, a global leader in voice artificial intelligence, entered into a definitive agreement to acquire Colorado Springs-based SYNQ3 Restaurant Holdings, a provider of voice AI and other technology solutions to the restaurant industry. The deal will make SoundHound AI the preeminent US provider of voice AI for restaurants, inclusive of national and multinational chains covering drive thru, fast casual, and convenience stores. The acquisition is expected to close in Q1 2024 and consists of total consideration of \$25M with up to \$4M of additional consideration over the next three years based on performance.

## Strategic Acquisition

Quantum Workplace acquires TalentKeepers

On December 14, Quantum Workplace, a leading employee success platform, acquired TalentKeepers, an Orlando-based provider of employee engagement and retention solutions since 2000. The combination of award-winning employee success technologies will allow HR teams to convert employee data into action, helping to coach leaders on how to engage and retain their best employees. Terms of the transaction were not disclosed.

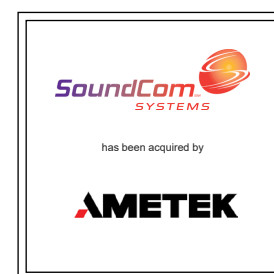
Sources: Company Press Releases, 451 Research

# PMCF's Unique Approach to M&A Advisory

PMCF's M&A advisory and investment banking services are designed to provide company shareholders with a trusted advisor to oversee all transaction related aspects of a company sale or strategic acquisition. Our service levels, industry expertise in technology, and approach to managing transactions goes well beyond a typical investment banker. See below for some examples of our differentiation:

- Differentiated approach via senior banker leadership and direct involvement through every step of the transaction providing a consistent and highly experienced point of contact
- Proven positioning and marketing processes to obtain premium valuations in company sales
- Tailored sale process provides for extensive upfront preparation including a detailed company review, identification of any potential issues in advance, and buyer evaluation/diligence ensuring the right fit
- Direct access and credibility with many strategic acquirers and private equity groups
- Unique sale planning approach that helps shareholders best prepare for a future sale whether its six months or several years
- Long-term and client-first approach allows PMCF to provide unbiased feedback

## SELECT PMCF TECHNOLOGY TRANSACTIONS



## SELECT CORPORATE FINANCE INTERNATIONAL TRANSACTIONS

PMCF is a founding member of Corporate Finance International ("CFI"), an international network of over 250 professionals across 18 countries. The transactions below represent closed transactions by affiliates in CFI.



Please let us know if you would like to set up a confidential call or meeting to discuss transaction planning and execution.

# What is a Strategic Assessment and Why is it Important?

A Strategic Assessment is a comprehensive report that examines a business holistically with specific consideration given to the financial results, operations, and organizational structure. We advise our clients 12-36 months before a planned liquidity event to ensure your company is ready for a transaction. This process includes:

- Determining your company's current value
- Identifying factors that enhance or erode value and related risk considerations
- Developing strategies to bridge gaps in value and market position

The Strategic Assessment allows shareholders time to fully assess the business and implement changes and align strategies with the value-creation objectives of shareholders.



## SIGNIFICANT INDUSTRY EXPERTISE AND RESOURCES

Founded in 1995, PMCF has spent 25+ years successfully advising clients in the middle market. From M&A advisory or capital raising to strategic assessment and transaction planning, we execute transactions to achieve life-changing outcomes for our clients. We leverage our significant deal experience, industry relationships, and a deep understanding of sectors we serve to support our clients' organic and inorganic growth initiatives.

PMCF takes a strategic approach to transaction planning, ensuring the positioning and messaging conveys the unique differentiators of your company. Our affiliation with Plante Moran provides us access to transaction tax experts to provide insight into structure planning considerations. Together, our team and the Strategic Assessment prepare companies to navigate the challenges of, and succeed in, today's competitive environment. Areas of assessment may include:

- Developing strategies to effectively deploy capital and resources to maximize ROI on your high-priority growth initiatives
- Aligning your process capabilities with key macro trends driving industry growth
- Evaluating KPI trends and results and understanding how they are used in daily management
- Reviewing the organizational chart and the internal plan for turnover and/or succession of key management team members
- Pursuing customer diversification at attractive, appropriate margins
- Understanding margin trends and concentrations of margin within product groups or customers
- Assessing your company's differentiation and position in the marketplace
- Leveraging our extensive global relationships to help penetrate new customers and/or markets

*As an investment in your company, PMCF will complete a complimentary Strategic Assessment. For additional information, please visit [pmcf.com](http://pmcf.com)*

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2021 M&A ATLAS AWARD WINNER – USA MIDDLE MARKETS  
*ENERGY PRODUCTS & SERVICES DEAL OF THE YEAR*



2021 M&A ATLAS AWARD WINNER – USA MIDDLE MARKETS  
*PLASTICS & PACKAGING DEAL OF THE YEAR*



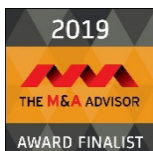
2020 M&A ATLAS AWARD WINNER – AMERICAS  
*PLASTICS & PACKAGING DEAL OF THE YEAR*



2020 M&A ATLAS AWARD WINNER – AMERICAS  
*INDUSTRIALS BOUTIQUE INVESTMENT BANK OF THE YEAR*



2019 MiBiz DEAL OF THE YEAR WINNER  
*MANUFACTURING DEAL OF THE YEAR*



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