

## SAAS

INDUSTRY UPDATE | Q1 2023

## NOTABLE &amp; QUOTABLE

*"Today marks the next major step in the evolution of how we interact with computing, which will fundamentally change the way we work and unlock a new wave of productivity growth. With our new copilot for work, we're giving people more agency and making technology more accessible through the most universal interface — natural language." – Microsoft CEO, Satya Nadella*

*"Every new technology wave causes the previous ones to be reinterpreted as stepping stones. The reason we gave a computer ubiquitous access was to let it solve problems for us. AI is the biggest wave yet." – Craft Ventures Founder & General Partner, David Sacks*

*"Growing a business is like coaching the offense of a football team—it takes a lot of planning and the understanding that sometimes factors come into play that you can't control, like an injury or inclement weather." – Freshworks CRO, Paddy Rathinam*

*"We don't really look back very much at all in history. We're always focused on the future and trying to feel like that we're very much sort of at that starting line where you can really dream and have big ideas that are not constrained by the past in some kind of way." – Apple CEO, Tim Cook*

## AI

In a recent blog post, Craft Ventures Founder & All In Podcast Host, David Sacks, explains [The Give-to-Get Model](#) as a strategy for AI startups to acquire training datasets for their AI models using Jigsaw Data Corp as a case study. Perhaps more interestingly, Sacks used ChatGPT-4 to write the blog, and [published the process](#) which illuminates AI chat bots' ability to make us all more efficient at our jobs.

## SAAS METRICS

Net Dollar Retention or NDR is a vital measure of how well a company is growing across its captive revenue base. Deloitte discusses its rise to become the prominent metric of growth and valuation in enterprise SaaS and presents useful strategies for boosting it in [The Growth of NDR as a measure of Enterprise SaaS performance](#).

## OUTLOOK

Founders continually has conversations with private equity and corporate development professionals, keeping a pulse on buyer sentiment and industry trends. With much uncertainty in today's economy, many question how the current macro environment will impact deals in 2023. Bain & Company tackles these topics in its [Private Equity Outlook in 2023: Anatomy of a Slowdown](#).

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# A NET WORKING CAPITAL CRASH COURSE FOR SELLERS

By: **Billy Pritchard**, Director

Net Working Capital (“NWC”) is a critical component of any transaction involving the sale of a private business. As a seller, it is important to understand the concept of NWC, its impact on a transaction, and how to navigate the common deal terms we see in the Lower Middle Market.

## Key Points to Remember

- *Buyers are ascribing an Enterprise Value for the full operating business, which includes a healthy level of NWC to fund continued operations.*
- *Sellers should operate their business in NORMAL COURSE leading up to a deal closing; NWC structures are designed to protect buyers from a seller mismanaging the Balance Sheet prior to closing.*
- *If negotiated in good faith with a full understanding of the structure, the NWC adjustment should be close to a “Net Neutral” event for buyers and sellers.*

## Defining Net Working Capital

For its most basic definition, Net Working Capital (“NWC”) represents the difference between a company’s Current Assets and its Current Liabilities. In other words, it is the amount of cash or cash-like assets a company has on hand to cover its short-term obligations. Current Assets typically include cash, accounts receivable, inventory, and other short-term assets, while Current Liabilities include accounts payable, accrued expenses, and other short-term liabilities.

For day-to-day operations, NWC is an important metric for business owners to track in order to assess the health of the company’s balance sheet. As we shift focus to NWC in a transaction, that same concept is true for buyers – they look to NWC as a way to assess the health of the balance sheet they are stepping into. One analogy we use often is buying a new car: when you leave the lot, do you expect your new car to have a full tank of gas? Buyers of private businesses expect the balance sheet to have a “full tank of gas” (i.e., a sufficient level of NWC) at closing to fund continued operations.

## Common Deal Terms

There are a few key deal terms to focus as it relates to NWC mechanics. First, the purchase agreement definitions of “Net Working Capital”, “Current Assets”, and “Current Liabilities” are critical in determining which accounts will be included in the NWC calculations. Buyers may have different views on how certain accounts (e.g., Deferred Revenue) are defined, and that can have a material impact on overall proceeds at closing if sellers are not focused on these definitions during the negotiations.

Next, buyers and sellers will agree to a “NWC Target” as part of the purchase agreement negotiations. This represents the amount of NWC that the company should have on hand at closing. If the Closing NWC is less than the target level, the purchase price is typically reduced by the shortfall. Conversely, if the Closing NWC is higher than the target level, the purchase price is typically increased by the excess. Targets are typically set using averages of the company’s historical balance sheet. For example, the Target can be set using the Last Six Month Average of NWC, as defined by the purchase agreement definitions.

Understanding the definitions and setting a target that is consistent with historical trends of a business is the best way for a seller to maintain a “Net Neutral” proceeds position at closing. As a result, sellers need to work with their M&A adviser to understand the key components of NWC and negotiate an appropriate NWC target level that reflects a healthy level of NWC for that specific business.

For further discussions on Net Working Capital and its potential impact during a transaction process, please [contact the team](#) at Founders Advisors.

## FOUNDERS ADVISORS CELEBRATES 20<sup>TH</sup> ANNIVERSARY

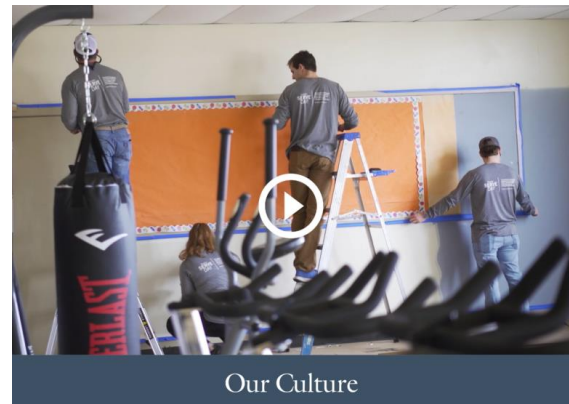
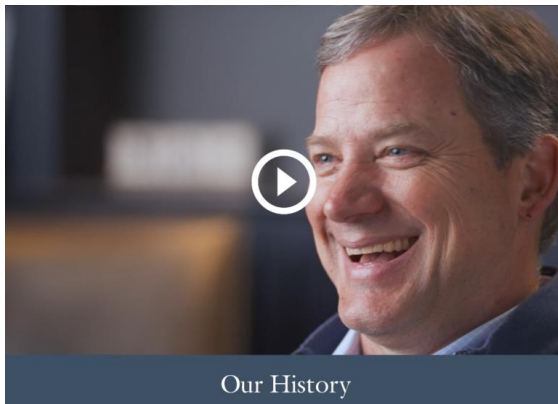
Founders Advisors recently celebrated the 20th anniversary of our firm, and it was a momentous occasion that we will always cherish. The celebration was a fantastic opportunity to reflect on our journey and appreciate the support of our clients, colleagues, and partners who have made our success possible.

To commemorate this milestone, we organized a 3-day celebration weekend full of exciting events, delicious food and quality time with one another. Through it all, the focus was on giving thanks to God and all those who have supported us over the years.

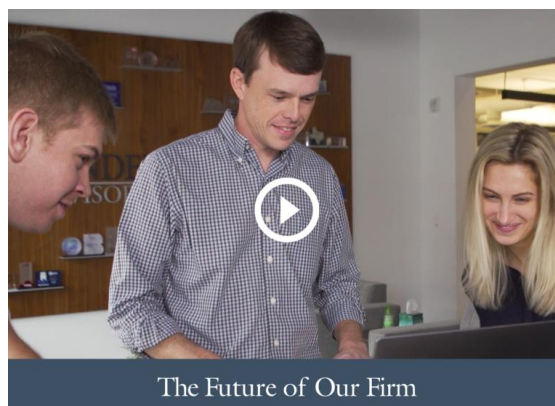
To share the highlights of our celebration with everyone, we have created a blog post that includes photos, videos and an overview of the weekend. You can read the post [here](#).

We hope that this provides you with a glimpse of the fun, excitement and joy we felt during our celebration. We look forward to continuing to work together to achieve our vision of "Becoming the gold-standard transaction advisory firm to private companies."

**Cheers to the next 20 years!**



*Take a moment to view these short videos highlighting our history, our culture, and our future*



Two leaders in our practice, [Chris Weingartner](#) & [Billy Pritchard](#), were recognized for their outstanding contributions to our firm and its culture.

- Billy Pritchard was awarded the [2023 Bullpen Hall of Fame](#) award
- Chris Weingartner was awarded the inaugural [Legg-Tarence Servant Leadership](#) award

## FOUNDERS ADVISORS OVERVIEW

### ACTIVE SaaS VERTICALS EXPERIENCE AND COVERAGE



Fleet Management



EdTech



Supply Chain



MarTech



FinTech/Payments



Non-Profits



PropTech



BPA



HCIT



GovTech

### SILICON Y'ALL – SAAS & TECHNOLOGY SUMMIT 2023

Founders will host its ninth annual SaaS and Technology Summit, Silicon Y'all, October 2nd – 4th. Silicon Y'all is an invitation-only event of 80 technology CEOs and 15 of the leading private equity groups in the space. This unique event allows attendees to engage in meaningful discussions about growth, value, and current industry trends and enjoying the delicious food, scenic views, and Southern Hospitality. We are currently curating our invitations list for 2023 and encourage you to reach out and [join our waitlist](#) if you're interested in attending.

You can find more information at [SiliconYall.com](https://SiliconYall.com) and view past participants [here](#).

**SY**  
SILICON Y'ALL



Learn from top entrepreneurs in the tech world who have created substantial wealth for themselves and their shareholders.



Network with other executives and entrepreneurs amidst the scenic beauty, rich heritage, and friendly Southern Hospitality.



Enjoy southern cuisine and tradition at its finest during the SaaS & Technology Summit, while you socialize with industry peers.



Hear from keynote speakers as they provide first-hand accounts of their experiences, both missteps and successes.



Engage with private equity groups and strategic acquirers that are focused on SaaS and Internet businesses.



### FOUNDERS' CAPABILITIES



Sell-side  
Advisory



Strategic  
Advisory



Capital  
Raises



Targeted  
Buyside



Divestitures/  
Spin Offs



Debt  
Recapitalizations

**FOUNDERS**  
ADVISORS

## 17 REASONS

For years, Zane has worked to educate entrepreneurs and help them understand steps they need to take in order to build a business that would attract buyers and investors. Those lessons are now available in his recently published book: **17 Reasons Your Company is NOT Investment Grade & What To Do About It.**

For more information or to order your own copy, visit [www.17-reasons.com](http://www.17-reasons.com)











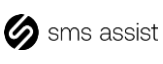


Take [Founders SaaS assessment](#), click the link and enter complimentary code: **TQ1N\_2023**



## RECENT TRANSACTIONS

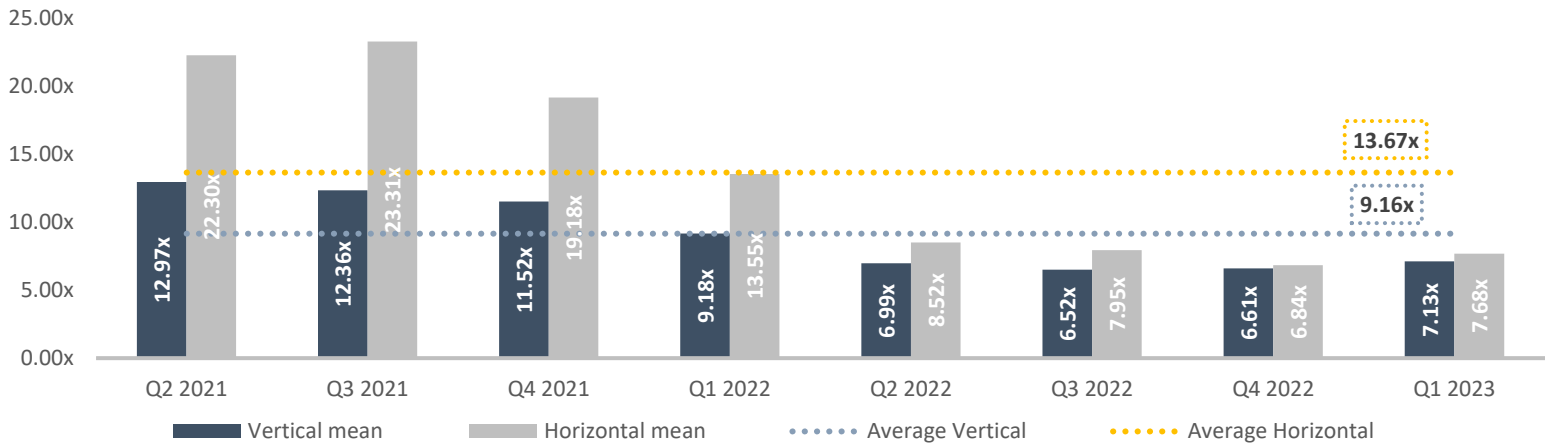
Date	Target	Buyer	Purchase Price	Revenue	EBITDA	Enterprise Value / Revenue	Enterprise Value / EBITDA
3/28/2023 <sup>(1)</sup>	 Lightspin	 CISCO	\$225.0	N/A	N/A	N/A	N/A
3/20/2023	 Trax	 AAR	\$140.0	N/A	N/A	N/A	N/A
3/14/2023 <sup>(1)</sup>	 cvent	 Blackstone	\$4,600.0	\$630.6	\$51.1	7.3x	90.1x
3/12/2023 <sup>(1)</sup>	 momentive	 STG	\$1,297.2	\$480.9	-\$51.4	3.1x	-29.2x
3/12/2023 <sup>(1)</sup>	 qualtrics	 CPP Investments SILVERLAKE	\$11,255.1	\$1,458.6	-\$943.0	8.6x	-13.3x
3/2/2023	 axis	 Hewlett Packard Enterprise	\$500.0	N/A	N/A	N/A	N/A
3/1/2023 <sup>(1)</sup>	 GK	 FUJITSU	\$395.0	\$160.3	\$29.9	2.9x	15.5x
2/27/2023 <sup>(1)</sup>	 PAYCOMET	 nexi	\$375.6	N/A	N/A	N/A	N/A
2/23/2023	 ELMO CLOUD HR & PAYROLL	 K1	\$341.5	N/A	N/A	N/A	N/A
2/23/2023	 EQUATIV	 Bridgepoint	\$377.1	\$105.7	N/A	3.6x	N/A
2/16/2023	 BLUME global	 wisetech global	\$414.0	N/A	N/A	N/A	N/A
2/14/2023	 GROUNDCLLOUD	 DESCARTES	\$218.0	N/A	N/A	N/A	N/A
2/13/2023 <sup>(1)</sup>	 cushon	 NatWest Group	\$207.4	N/A	N/A	N/A	N/A
2/8/2023 <sup>(1)</sup>	 sumo logic	 FP FRANCISCO PARTNERS	\$1,397.9	\$300.7	-\$111.3	5.7x	N/A
1/26/2023	 nextstep	 CareAcademy™	\$200.0	N/A	N/A	N/A	N/A
1/24/2023	 ENVASE	 wisetech global	\$230.0	\$35.0	N/A	6.6x	N/A
1/20/2023	 MAGNET FORENSICS	 GRAYSHIFT	\$1,170.0	\$98.9	\$8.5	13.3x	153.9x
1/19/2023	 gaivota	 seedz	\$235.0	N/A	N/A	N/A	N/A
1/19/2023	 CLOUDIFY	 DELL Technologies	\$100.0	N/A	N/A	N/A	N/A
1/18/2023	 Zapproved	 exterro	\$237.5	N/A	N/A	N/A	N/A

## RECENT TRANSACTIONS, CONT'D

Date	Target	Buyer	Purchase Price	Revenue	EBITDA	Enterprise Value / Revenue	Enterprise Value / EBITDA
1/18/2023 <sup>(1)</sup>	 Meltwater	 ALTIOR MARLIN EQUITY PARTNERS	\$552.7	\$420.5	\$3.1	1.4x	187.4x
1/13/2023	 Tennaxia	 MARLIN EQUITY PARTNERS	\$106.7	N/A	N/A	N/A	N/A
1/10/2023 <sup>(1)</sup>	 InstaDeep™	 BIONTECH	\$680.9	N/A	N/A	N/A	N/A
1/9/2023	 Duck Creek Technologies	 VISTA	\$2,336.1	\$310.1	\$6.2	8.4x	420.0x
1/9/2023	 paya	 nuvei	\$1,131.2	\$282.7	\$59.7	4.6x	21.8x
1/5/2023	 jeeng	 OpenWeb	\$100.0	N/A	N/A	N/A	N/A
1/5/2023	 sms assist	 < Lessen	\$950.0	N/A	N/A	N/A	N/A
1/3/2023	 MarkLogic	 Progress®	\$355.0	\$100.0	N/A	3.6x	N/A

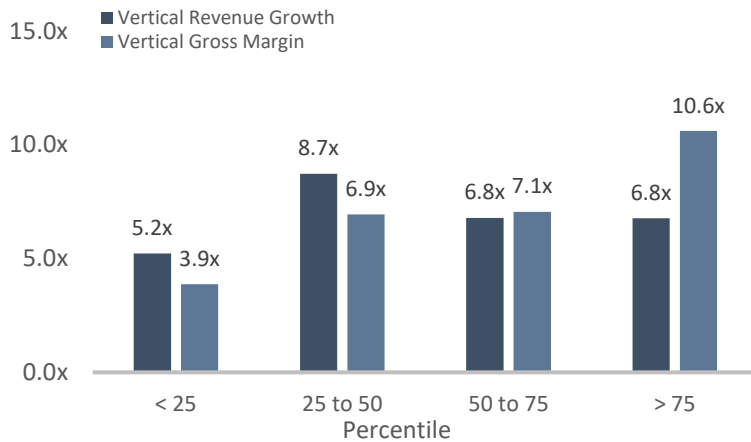
# METRICS OVERVIEW

## Public Vertical & Horizontal EV/LTM Revenue Multiples

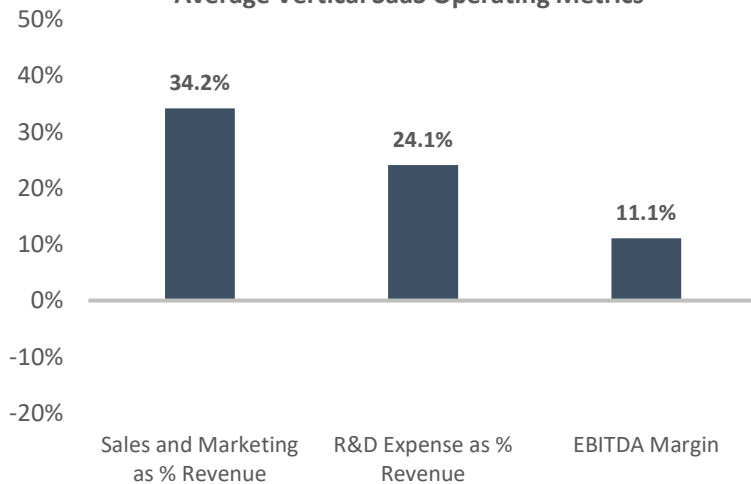


## Public Vertical

### Percentile Revenue Growth and Margin vs. EV/LTM Revenue

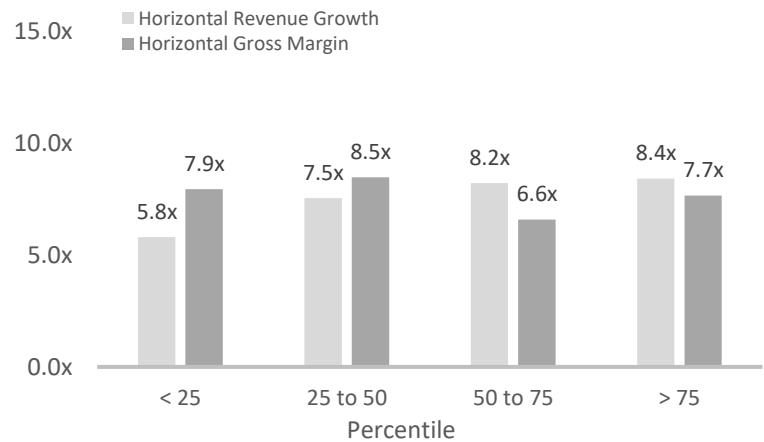


### Average Vertical SaaS Operating Metrics

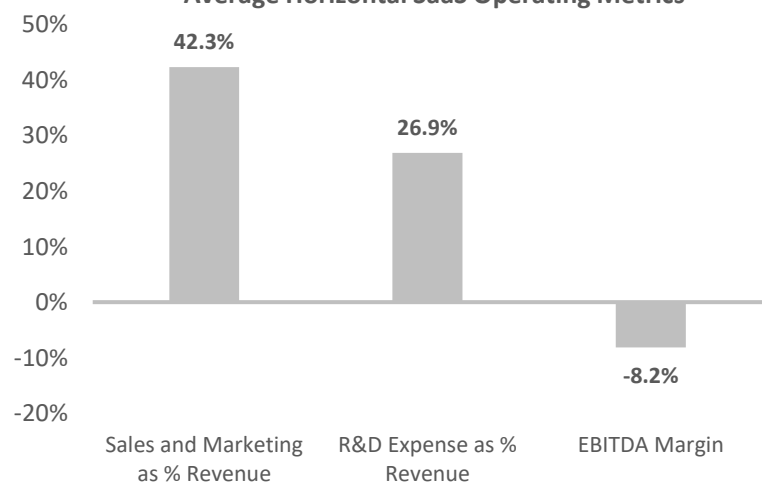


## Public Horizontal

### Percentile Revenue Growth and Margin vs. EV/LTM Revenue



### Average Horizontal SaaS Operating Metrics



# VALUATION & GROWTH METRICS

## FA SaaS Index - Valuation & Growth Statistics - As of Q1 2023

(In millions)

in millions)

Ticker	Company Name	TTM Revenue	YoY Growth	TTM EBITDA	Enterprise Value /	
					LTM Revenue	LTM EBITDA
Vertical SaaS Companies						
ADSK	Autodesk	\$ 5,005.0	14.1%	\$ 1,189.0	9.1x	23.9x
AGYS	Agilysys	\$ 191.7	25.8%	\$ 15.9	10.6x	66.4x
ANSS	Ansys	\$ 2,065.6	8.3%	\$ 706.9	14.1x	32.6x
APPF	AppFolio	\$ 471.9	31.3%	\$ (33.9)	9.1x	NM
BKI	Black Knight	\$ 1,551.9	5.2%	\$ 590.9	7.6x	31.1x
BLKB	Blackbaud	\$ 1,058.1	14.1%	\$ 80.9	4.3x	17.5x
BSY	Bentley Systems	\$ 1,099.1	13.9%	\$ 304.4	13.0x	41.1x
CHGG	Chegg	\$ 766.9	(1.2%)	\$ 189.2	2.9x	8.3x
COUR	Coursera	\$ 523.8	26.1%	\$ (161.3)	1.8x	NM
EBIX	Ebix	\$ 1,050.1	5.5%	\$ 152.0	0.9x	6.1x
ENV	Envestnet	\$ 1,239.8	4.5%	\$ 60.1	3.3x	17.6x
FDS	FactSet Research Systems	\$ 1,924.0	18.2%	\$ 661.0	8.6x	23.2x
FIS	FIS	\$ 14,528.0	4.7%	\$ (12,210.0)	3.5x	8.0x
GWRE	Guidewire Software	\$ 869.9	13.9%	\$ (174.4)	7.4x	NM
MCO	Moody's	\$ 5,468.0	(12.1%)	\$ 2,322.0	11.4x	26.1x
MDRX	Veradigm	\$ 1,529.0	89.7%	\$ 300.3	1.4x	4.0x
MLNK	MeridianLink	\$ 288.0	7.6%	\$ 83.6	6.1x	15.9x
MORN	Morningstar	\$ 1,870.6	10.1%	\$ 325.6	5.1x	24.2x
MSCI	MSCI	\$ 2,248.6	10.0%	\$ 1,294.7	21.6x	37.3x
NCNO	nCino	\$ 408.3	49.1%	\$ (60.7)	6.8x	NM
NICE	NICE	\$ 2,181.3	13.5%	\$ 507.2	6.2x	19.1x
Q TWO	Q2 Software	\$ 565.7	13.4%	\$ (43.1)	3.0x	43.0x
SPNS	Sapiens International	\$ 474.7	3.0%	\$ 89.2	2.4x	11.6x
SPSC	SPS Commerce	\$ 450.9	17.0%	\$ 99.5	11.9x	40.1x
SSNC	SS&C Technologies	\$ 5,283.0	4.6%	\$ 1,855.6	4.0x	10.4x
TEMN	Temenos	\$ 949.6	(1.8%)	\$ 303.5	6.0x	15.5x
TWOU	2U	\$ 963.1	1.8%	\$ (133.8)	1.5x	11.3x
TYL	Tyler Technologies	\$ 1,850.2	16.2%	\$ 388.0	8.5x	31.6x
U	Unity	\$ 1,391.0	25.3%	\$ (670.6)	9.7x	NM
VEEV	Veeva Systems	\$ 2,155.1	16.4%	\$ 492.4	12.2x	31.2x
	Min	\$ 191.7	(12.1%)	\$ (12,210.0)	0.9x	4.0x
	Median	\$ 1,099.1	13.4%	\$ 152.0	6.2x	21.2x
	Mean	\$ 1,911.0	15.0%	\$ (91.9)	7.1x	23.9x
	Max	\$ 14,528.0	89.7%	\$ 2,322.0	21.6x	66.4x

## Horizontal SaaS Companies

ADBE	Adobe	\$ 17,999.0	11.5%	\$ 6,973.0	9.7x		20.5x
ASAN	Asana	\$ 547.2	44.6%	\$ (396.1)	7.8x		NM
AYX	Alteryx	\$ 855.4	59.5%	\$ (266.7)	5.5x		NM
BOX	Box	\$ 990.9	13.3%	\$ 102.8	4.5x		16.5x
CDAY	Ceridian HCM	\$ 1,246.2	21.7%	\$ 54.7	9.6x		47.9x
CRM	Salesforce	\$ 31,352.0	18.3%	\$ 4,446.0	6.4x		23.0x
CRWD	CrowdStrike Holdings	\$ 2,241.2	54.4%	\$ (93.2)	13.6x		70.0x
DBX	Dropbox	\$ 2,324.9	7.7%	\$ 346.5	3.7x		10.0x



# VALUATION & GROWTH METRICS, CONT'D

## FA SaaS Index - Valuation & Growth Statistics - As of Q1 2023

(In millions)

Ticker	Company Name	TTM Revenue	YoY Growth	TTM EBITDA	Enterprise Value /	
					LTM Revenue	LTM EBITDA
<b>Horizontal SaaS Companies</b>						
DDOG	Datadog	\$ 1,675.1	62.8%	\$ (21.8)	13.3x	62.4x
DOCU	DocuSign	\$ 2,515.9	19.4%	\$ (1.8)	4.6x	20.1x
DOMO	Domo	\$ 308.6	19.6%	\$ (98.9)	1.8x	NM
ESTC	Elasticsearch	\$ 1,028.4	28.4%	\$ (200.1)	5.2x	NM
EVBG	Everbridge	\$ 431.9	17.2%	\$ (3.6)	3.9x	36.4x
FIVN	Five9	\$ 778.8	27.8%	\$ (38.1)	6.8x	35.5x
FRSH	Freshworks	\$ 498.0	34.2%	\$ (224.1)	6.7x	NM
FSLY	Fastly	\$ 432.7	22.1%	\$ (127.5)	5.9x	NM
HUBS	HubSpot	\$ 1,731.0	33.1%	\$ (57.8)	11.9x	92.8x
INTU	Intuit	\$ 13,684.0	19.9%	\$ 3,497.0	9.5x	26.0x
MNDY	Monday.com	\$ 519.0	68.4%	\$ (139.5)	11.6x	NM
NEWR	New Relic	\$ 888.9	18.1%	\$ (115.8)	5.6x	NM
NOW	ServiceNow	\$ 7,245.0	22.9%	\$ 777.0	12.7x	41.9x
OKTA	Okta	\$ 1,858.0	42.9%	\$ (707.0)	7.4x	NM
PANW	Palo Alto Networks	\$ 6,155.7	26.7%	\$ 290.3	9.9x	43.4x
PAYC	Paycom Software	\$ 1,375.2	30.3%	\$ 484.8	13.1x	31.0x
PCTY	Paylocity	\$ 1,001.2	36.9%	\$ 146.8	11.0x	38.3x
PD	PagerDuty	\$ 370.8	31.8%	\$ (113.8)	8.1x	NM
PEGA	Pegasystems	\$ 1,317.8	8.8%	\$ (136.9)	3.3x	45.1x
PTC	PTC	\$ 1,941.5	5.8%	\$ 603.8	8.4x	20.4x
QLYS	Qualys	\$ 489.7	19.1%	\$ 163.1	9.3x	20.9x
SHOP	Shopify	\$ 5,599.9	21.4%	\$ (3,610.3)	10.3x	NM
SMAR	Smartsheet	\$ 766.9	39.2%	\$ (195.7)	7.8x	NM
SPLK	Splunk	\$ 3,653.7	36.7%	\$ (145.4)	4.9x	26.1x
SPT	Sprout Social	\$ 253.8	35.1%	\$ (47.3)	12.6x	NM
TEAM	Atlassian	\$ 3,180.4	30.8%	\$ (121.8)	13.7x	69.2x
TWLO	Twilio	\$ 3,826.3	34.6%	\$ (964.5)	2.5x	NM
UPLD	Upland Software	\$ 317.3	5.1%	\$ 15.1	1.7x	6.1x
VRNS	Varonis Systems	\$ 473.6	21.4%	\$ (105.9)	5.0x	63.7x
WDAY	Workday	\$ 6,215.8	21.0%	\$ 109.1	8.1x	32.9x
WIX	Wix.com	\$ 1,387.7	9.3%	\$ (459.2)	4.1x	NM
WK	Workiva	\$ 537.9	21.3%	\$ (77.6)	10.0x	NM
YEXT	Yext	\$ 400.9	2.6%	\$ (38.6)	2.7x	45.0x
ZM	Zoom Video Communications	\$ 4,393.0	7.1%	\$ 331.6	3.7x	9.6x
ZS	Zscaler	\$ 1,348.0	56.8%	\$ (254.0)	12.1x	NM
Min		\$ 253.8	2.6%	\$ (3,610.3)	1.7x	6.1x
Median		\$ 1,317.8	22.1%	\$ (57.8)	7.8x	34.2x
Mean		\$ 3,166.5	27.2%	\$ 222.8	7.7x	36.7x
Max		\$ 31,352.0	68.4%	\$ 6,973.0	13.7x	92.8x

# OPERATING STATISTICS

## FA SaaS Index - Operating Statistics - As of Q1 2023

(In millions)

Ticker	Company Name	COGS As a % of Revenue	Gross Margin	SG&A As a % of Revenue	R&D Expense As a % of Revenue	Sales & Marketing As a % of Revenue	EBITDA Margin
Vertical SaaS Companies							
ADSK	Autodesk	9.6%	90.4%	45.5%	24.4%	34.9%	23.8%
AGYS	Agilysys	39.3%	60.7%	26.7%	25.5%	10.9%	8.3%
ANSS	Ansys	12.1%	87.9%	37.4%	21.0%	N/A	34.2%
APPF	AppFolio	40.7%	59.3%	44.1%	23.5%	22.8%	(7.2%)
BKI	Black Knight	N/A	N/A	N/A	N/A	N/A	38.1%
BLKB	Blackbaud	47.8%	52.2%	39.8%	14.8%	20.9%	7.6%
BSY	Bentley Systems	21.6%	78.4%	32.3%	23.5%	17.8%	27.7%
CHGG	Chegg	25.7%	74.3%	47.5%	25.6%	19.3%	24.7%
COUR	Coursera	36.7%	63.3%	63.7%	31.5%	43.5%	(30.8%)
EBIX	Ebix	68.7%	31.3%	N/A	N/A	N/A	14.5%
ENV	Envestnet	37.8%	62.2%	67.3%	N/A	N/A	4.8%
FDS	FactSet Research Systems	46.3%	53.7%	36.1%	N/A	N/A	34.4%
FIS	FIS	60.7%	39.3%	214.0%	N/A	N/A	(84.0%)
GWRE	Guidewire Software	55.3%	44.7%	2.3%	1.7%	1.3%	(20.0%)
MCO	Moody's	29.5%	70.5%	175.5%	N/A	N/A	42.5%
MDRX	Veradigm	57.2%	42.8%	6.6%	3.7%	N/A	19.6%
MLNK	MeridianLink	36.9%	63.1%	7.0%	2.8%	1.5%	29.0%
MORN	Morningstar	41.7%	58.3%	262.8%	N/A	123.8%	17.4%
MSCI	MSCI	18.0%	82.0%	22.0%	5.7%	14.1%	57.6%
NCNO	nCino	41.5%	58.5%	9.4%	5.4%	5.7%	(14.9%)
NICE	NICE	31.3%	68.7%	209.7%	75.0%	149.4%	23.3%
Q TWO	Q2 Software	54.7%	45.3%	9.7%	6.0%	5.0%	(7.6%)
SPNS	Sapiens International	57.8%	42.2%	13.3%	10.4%	N/A	18.8%
SPSC	SPS Commerce	33.9%	66.1%	35.6%	9.6%	21.4%	22.1%
SSNC	SS&C Technologies	52.4%	47.6%	205.2%	99.2%	110.9%	35.1%
TEMN	Temenos	33.5%	66.5%	5.5%	N/A	3.8%	32.0%
TWOU	2U	28.8%	71.2%	61.2%	20.1%	44.5%	(13.9%)
TYL	Tyler Technologies	57.6%	42.4%	41.9%	10.9%	14.1%	21.0%
U	Unity	31.8%	68.2%	47.1%	51.9%	26.9%	(48.2%)
VEEV	Veeva Systems	28.3%	71.7%	40.7%	37.4%	25.1%	22.8%
	Min	9.6%	31.3%	2.3%	1.7%	1.3%	(84.0%)
	Median	37.8%	62.2%	40.3%	20.5%	20.9%	23.5%
	Mean	39.2%	60.8%	64.6%	24.1%	34.2%	11.1%
	Max	68.7%	90.4%	262.8%	99.2%	149.4%	57.6%

## Horizontal SaaS Companies

ADBE	Adobe	12.3%	87.7%	35.5%	17.3%	28.4%	38.7%
ASAN	Asana	10.3%	89.7%	109.9%	54.3%	79.5%	(72.4%)
AYX	Alteryx	13.8%	86.2%	90.4%	25.9%	63.3%	(31.2%)
BOX	Box	25.5%	74.5%	46.2%	24.6%	33.4%	10.4%
CDAY	Ceridian HCM	62.0%	38.0%	40.0%	N/A	N/A	4.4%
CRM	Salesforce	26.7%	73.3%	51.3%	16.1%	43.1%	14.2%
CRWD	CrowdStrike Holdings	26.8%	73.2%	54.5%	27.1%	40.4%	(4.2%)
DBX	Dropbox	19.1%	80.9%	27.2%	38.4%	17.6%	14.9%

## OPERATING STATISTICS, CONT'D

### FA SaaS Index - Operating Statistics - As of Q1 2023

(In millions)

Ticker	Company Name	COGS <i>As a % of Revenue</i>	Gross Margin	SG&A <i>As a % of Revenue</i>	R&D Expense <i>As a % of Revenue</i>	Sales & Marketing <i>As a % of Revenue</i>	EBITDA Margin
<b>Horizontal SaaS Companies</b>							
DDOG	Datadog	20.7%	79.3%	37.9%	44.9%	29.6%	(1.3%)
DOCU	DocuSign	21.3%	78.7%	62.0%	19.1%	49.4%	(0.1%)
DOMO	Domo	23.7%	76.3%	74.3%	30.8%	56.1%	(32.0%)
ESTC	Elasticsearch	28.2%	71.8%	61.9%	30.2%	48.5%	(19.5%)
EVBG	Everbridge	31.2%	68.8%	63.2%	22.2%	40.2%	(0.8%)
FIVN	Five9	47.2%	52.8%	45.9%	18.2%	33.6%	(4.9%)
FRSH	Freshworks	19.2%	80.8%	100.4%	27.2%	68.9%	(45.0%)
FSLY	Fastly	51.5%	48.5%	69.5%	35.9%	41.6%	(29.5%)
HUBS	HubSpot	18.2%	81.8%	62.6%	25.5%	51.2%	(3.3%)
INTU	Intuit	21.0%	79.0%	37.8%	18.1%	27.4%	25.6%
MNDY	Monday.com	12.8%	87.2%	92.0%	24.5%	75.5%	(26.9%)
NEWR	New Relic	28.6%	71.4%	63.0%	29.4%	44.6%	(13.0%)
NOW	ServiceNow	21.7%	78.3%	49.0%	24.4%	38.8%	10.7%
OKTA	Okta	29.4%	70.6%	79.4%	33.4%	57.4%	(38.1%)
PANW	Palo Alto Networks	30.2%	69.8%	45.1%	24.3%	38.3%	4.7%
PAYC	Paycom Software	15.5%	84.5%	42.6%	10.8%	25.2%	35.3%
PCTY	Paylocity	32.7%	67.3%	44.6%	13.6%	25.9%	14.7%
PD	PagerDuty	19.0%	81.0%	79.5%	36.4%	52.8%	(30.7%)
PEGA	Pegasystems	28.0%	72.0%	56.3%	22.3%	47.4%	(10.4%)
PTC	PTC	19.9%	80.1%	35.4%	17.8%	24.6%	31.1%
QLYS	Qualys	21.0%	79.0%	31.7%	20.7%	19.9%	33.3%
SHOP	Shopify	50.8%	49.2%	34.6%	26.8%	22.0%	(64.5%)
SMAR	Smartsheet	21.6%	78.4%	79.3%	28.1%	62.5%	(25.5%)
SPLK	Splunk	22.3%	77.7%	56.8%	27.3%	44.4%	(4.0%)
SPT	Sprout Social	23.6%	76.4%	72.6%	24.2%	48.7%	(18.6%)
TEAM	Atlassian	17.2%	82.8%	38.7%	50.8%	21.3%	(3.8%)
TWLO	Twilio	52.6%	47.4%	46.1%	28.2%	32.6%	(25.2%)
UPLD	Upland Software	32.7%	67.3%	40.9%	14.6%	18.7%	4.8%
VRNS	Varonis Systems	14.7%	85.3%	73.3%	37.6%	58.1%	(22.4%)
WDAY	Workday	27.6%	72.4%	39.5%	36.5%	29.7%	1.8%
WIX	Wix.com	37.9%	62.1%	47.8%	34.8%	35.5%	(33.1%)
WK	Workiva	24.1%	75.9%	64.1%	28.2%	45.6%	(14.4%)
YEXT	Yext	25.9%	74.1%	72.5%	17.7%	52.8%	(9.6%)
ZM	Zoom Video Communications	25.1%	74.9%	51.7%	17.6%	38.6%	7.5%
ZS	Zscaler	22.0%	78.0%	77.1%	23.4%	64.6%	(18.8%)
Min		10.3%	38.0%	27.2%	10.8%	17.6%	(72.4%)
Median		23.7%	76.3%	54.5%	25.7%	41.0%	14.2%
Mean		25.8%	74.2%	58.3%	26.9%	42.8%	(6.8%)
Max		62.0%	89.7%	109.9%	54.3%	79.5%	38.7%

# BALANCE SHEET METRICS

## FA SaaS Index - Balance Sheet Metrics - As of Q1 2023

(In millions)

Ticker	Company Name	Return on Assets	Return on Equity	Current Ratio	Days Sales Outstanding	Days Payable Outstanding	Liabilities/ Assets	Debt/ Equity
<b>Vertical SaaS Companies</b>								
ADSK	Autodesk	9.5%	95.2%	0.8x	45.8	117.1	119.7%	225.4%
AGYS	Agilysys	5.7%	12.3%	2.0x	48.0	55.1	51.0%	8.5%
ANSS	Ansys	8.4%	11.5%	2.1x	109.2	89.4	47.8%	17.8%
APPF	AppFolio	(17.5%)	(24.5%)	3.3x	11.8	5.0	30.4%	18.9%
BKI	Black Knight	7.5%	18.5%	1.3x	35.6	N/A	78.9%	100.7%
BLKB	Blackbaud	(1.6%)	(6.3%)	0.7x	37.2	378.7	134.0%	119.0%
BSY	Bentley Systems	5.8%	35.6%	0.7x	77.1	67.5	151.1%	314.5%
CHGG	Chegg	10.2%	27.2%	8.2x	9.5	32.2	12.1%	107.6%
COUR	Coursera	(18.4%)	(24.4%)	3.6x	35.4	149.4	27.7%	0.8%
EBIX	Ebix	4.1%	9.8%	0.5x	54.0	45.0	216.3%	1.0%
ENV	Envestnet	(3.9%)	(9.4%)	0.9x	27.3	20.7	107.2%	128.0%
FDS	FactSet Research Systems	12.8%	33.3%	2.2x	38.1	56.6	46.3%	139.8%
FIS	FIS	(21.7%)	(39.1%)	0.8x	90.5	336.4	126.6%	52.9%
GWRE	Guidewire Software	(7.9%)	(12.3%)	3.7x	46.7	28.4	27.3%	40.6%
MCO	Moody's	9.5%	56.4%	1.7x	111.0	51.5	58.0%	288.5%
MDRX	Veradigm	5.4%	8.8%	3.2x	56.1	7.1	31.2%	18.1%
MLNK	MeridianLink	0.1%	0.2%	2.4x	39.5	18.0	42.3%	73.1%
MORN	Morningstar	2.2%	5.5%	0.9x	56.4	34.9	108.8%	103.9%
MSCI	MSCI	17.5%	N/A	1.4x	98.4	45.1	71.5%	N/A
NCNO	nCino	(7.8%)	(9.8%)	1.0x	60.3	22.5	99.0%	8.9%
NICE	NICE	5.7%	9.2%	2.1x	75.6	25.1	47.2%	18.2%
Q TWO	Q2 Software	(8.0%)	(23.6%)	2.8x	29.5	13.8	36.2%	169.6%
SPNS	Sapiens International	7.8%	13.4%	2.0x	56.3	11.5	51.2%	21.8%
SPSC	SPS Commerce	8.7%	10.9%	2.9x	30.7	17.6	34.3%	2.4%
SSNC	SS&C Technologies	3.7%	10.8%	1.1x	48.3	10.8	90.4%	119.0%
TEMN	Temenos	5.2%	16.5%	0.5x	113.7	313.9	209.7%	115.1%
TWOU	2U	(16.2%)	(52.2%)	1.2x	22.3	63.1	86.6%	204.3%
TYL	Tyler Technologies	3.5%	6.7%	1.0x	108.9	43.6	105.0%	38.3%
U	Unity	(16.9%)	(36.0%)	2.3x	102.1	230.2	42.7%	72.1%
VEEV	Veeva Systems	11.7%	14.9%	3.9x	75.2	45.6	25.4%	1.3%
	Min	(21.7%)	(52.2%)	0.5x	9.5	5.0	12.1%	0.8%
	Median	4.6%	9.2%	1.8x	51.2	45.0	54.6%	72.1%
	Mean	0.8%	5.5%	2.0x	58.4	80.5	77.2%	87.2%
	Max	17.5%	95.2%	8.2x	113.7	378.7	216.3%	314.5%

## Horizontal SaaS Companies

ADBE	Adobe	17.8%	33.6%	1.1x	35.9	91.3	89.2%	28.5%
ASAN	Asana	(51.7%)	(169.4%)	2.0x	42.7	174.0	50.3%	72.0%
AYX	Alteryx	(21.2%)	(140.3%)	1.5x	64.4	54.9	68.6%	491.9%
BOX	Box	2.3%	N/A	1.1x	72.3	79.1	88.7%	N/A
CDAY	Ceridian HCM	(0.8%)	(3.5%)	1.1x	42.5	24.8	92.6%	58.6%
CRM	Salesforce	0.2%	0.4%	1.0x	77.9	240.5	98.1%	21.1%
CRWD	CrowdStrike Holdings	(4.3%)	(14.9%)	1.7x	73.9	34.9	57.9%	51.8%
DBX	Dropbox	19.1%	N/A	1.2x	7.7	89.3	80.3%	N/A

## BALANCE SHEET METRICS, CONT'D

### FA SaaS Index - Balance Sheet Metrics - As of Q1 2023

(In millions)

Ticker	Company Name	Return on Assets	Return on Equity	Current Ratio	Days Sales Outstanding	Days Payable Outstanding	Liabilities/ Assets	Debt/ Equity
<b>Horizontal SaaS Companies</b>								
DDOG	Datadog	(1.9%)	(4.1%)	3.1x	69.6	39.1	32.4%	57.8%
DOCU	DocuSign	(3.6%)	(23.0%)	0.7x	58.6	26.6	135.4%	22.9%
DOMO	Domo	(45.5%)	N/A	0.7x	69.1	93.0	147.3%	N/A
ESTC	Elasticsearch	(15.9%)	(63.2%)	1.9x	65.0	61.7	53.0%	151.7%
EVBG	Everbridge	(4.5%)	(19.5%)	1.2x	91.5	32.7	81.0%	173.0%
FIVN	Five9	(7.9%)	(37.9%)	5.2x	34.5	26.9	19.4%	251.6%
FRSH	Freshworks	(16.6%)	(20.9%)	4.7x	41.5	49.8	21.3%	2.7%
FSLY	Fastly	(9.5%)	(19.4%)	4.2x	62.3	31.3	23.9%	81.8%
HUBS	HubSpot	(4.9%)	(12.6%)	2.3x	36.7	13.3	43.4%	77.6%
INTU	Intuit	7.1%	12.0%	1.2x	17.9	125.1	81.2%	44.8%
MNDY	Monday.com	(14.0%)	(20.5%)	3.1x	7.8	80.3	32.3%	8.6%
NEWR	New Relic	(13.5%)	(55.9%)	1.1x	67.6	45.6	87.0%	11.4%
NOW	ServiceNow	2.8%	7.6%	1.1x	57.3	55.6	90.2%	42.4%
OKTA	Okta	(8.9%)	(14.7%)	2.2x	72.4	22.8	45.4%	42.7%
PANW	Palo Alto Networks	0.3%	9.0%	0.6x	81.3	24.0	156.8%	37.6%
PAYC	Paycom Software	6.8%	27.3%	1.2x	4.5	27.8	86.0%	2.5%
PCTY	Paylocity	2.5%	16.1%	1.0x	6.5	7.5	96.4%	9.6%
PD	PagerDuty	(16.2%)	(51.5%)	2.2x	70.6	44.9	45.2%	122.1%
PEGA	Pegasystems	(25.0%)	(149.9%)	1.6x	51.0	19.7	63.7%	514.2%
PTC	PTC	7.5%	15.7%	1.4x	100.0	36.5	69.8%	63.7%
QLYS	Qualys	14.0%	28.4%	1.3x	77.0	7.1	74.4%	10.1%
SHOP	Shopify	(29.9%)	(37.2%)	7.1x	29.7	58.7	14.1%	16.7%
SMAR	Smartsheet	(21.1%)	(44.6%)	1.2x	71.2	8.1	80.9%	9.8%
SPLK	Splunk	(5.0%)	N/A	1.3x	107.9	17.5	78.4%	N/A
SPT	Sprout Social	(18.2%)	(35.3%)	1.8x	39.1	32.5	56.4%	12.8%
TEAM	Atlassian	(10.9%)	(97.6%)	1.3x	32.3	71.6	77.0%	217.7%
TWLO	Twilio	(9.8%)	(11.7%)	6.2x	43.9	32.6	16.2%	11.1%
UPLD	Upland Software	(6.4%)	(21.7%)	2.1x	50.6	97.6	47.1%	122.7%
VRNS	Varonis Systems	(11.7%)	(23.1%)	4.0x	75.9	24.9	25.3%	61.1%
WDAY	Workday	(2.9%)	(7.2%)	1.8x	67.4	20.0	57.1%	56.5%
WIX	Wix.com	(21.9%)	N/A	1.0x	10.1	82.1	103.7%	N/A
WK	Workiva	(11.6%)	(426.9%)	1.5x	55.8	22.2	67.8%	6133.1%
YEXT	Yext	(12.5%)	(42.2%)	1.2x	71.2	28.2	83.9%	78.5%
ZM	Zoom Video Communications	1.3%	1.7%	3.7x	42.5	44.5	27.4%	1.2%
ZS	Zscaler	(11.9%)	(62.3%)	2.0x	84.9	29.1	49.8%	224.5%
Min		(51.7%)	(426.9%)	0.6x	4.5	7.1	14.1%	1.2%
Median		(7.9%)	(20.0%)	1.5x	58.6	34.9	68.6%	54.2%
Mean		(8.3%)	(38.9%)	2.1x	54.5	51.9	67.4%	247.3%
Max		19.1%	33.6%	7.1x	107.9	240.5	156.8%	6133.1%



# FOUNDERS TECHNOLOGY TRANSACTIONS



April 2023



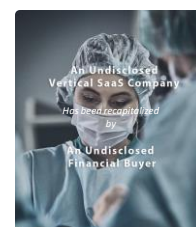
February 2023



February 2023



January 2023



November 2022



September 2022



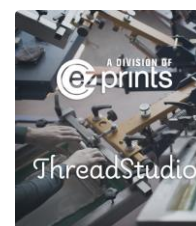
June 2022



April 2022



February 2022



November 2021



October 2021



October 2021



October 2021



September 2021



September 2021



July 2021



June 2021



June 2021



February 2021



December 2020



December 2020



May 2020



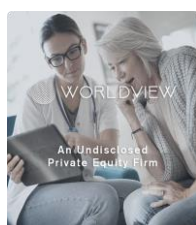
January 2020



December 2019



October 2019



September 2019



July 2019



May 2019



May 2019



January 2019



# TECHNOLOGY TEAM CLOSES TWO MORE TRANSACTIONS IN Q1

Founders is excited to announce two recently closed technology deals. Founders' principals advised [Accruit](#), a leading independent Qualified Intermediary and technology service provider of 1031 exchanges, in its sale to Millennium Trust Company and [EasyPower](#), a premier provider of software for designing, analyzing, and monitoring electrical power systems, in its sale to Bentley Systems (NAS: BSY). The Technology Practice closed four transactions in Q1 2023.

ORDER

SERVICE

GROWTH

EXCELLENCE

HEALTH

COMMUNITY

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