

ALANTRA

Software valuation update

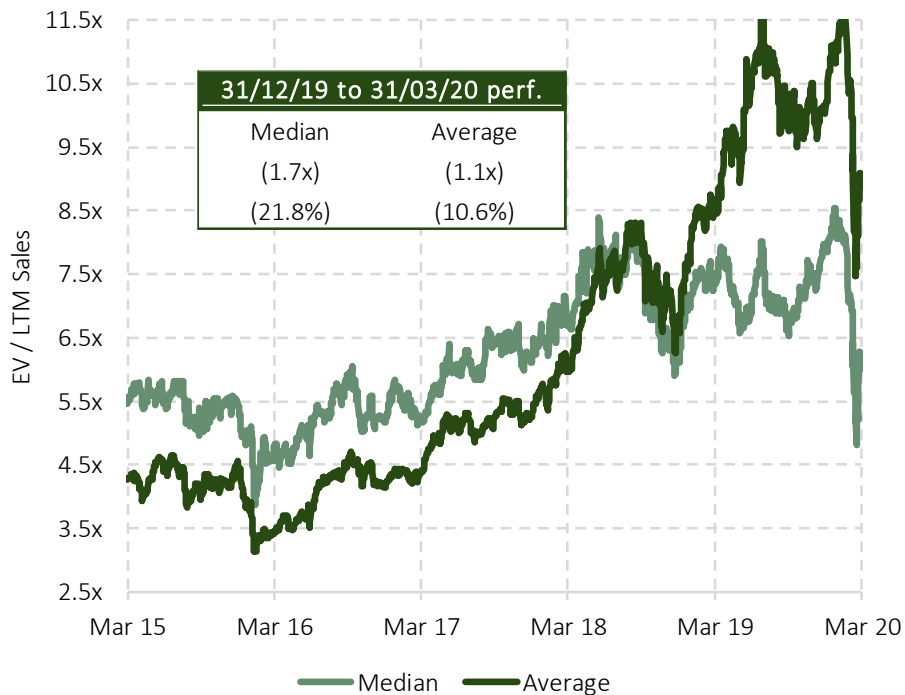
Q1 2020



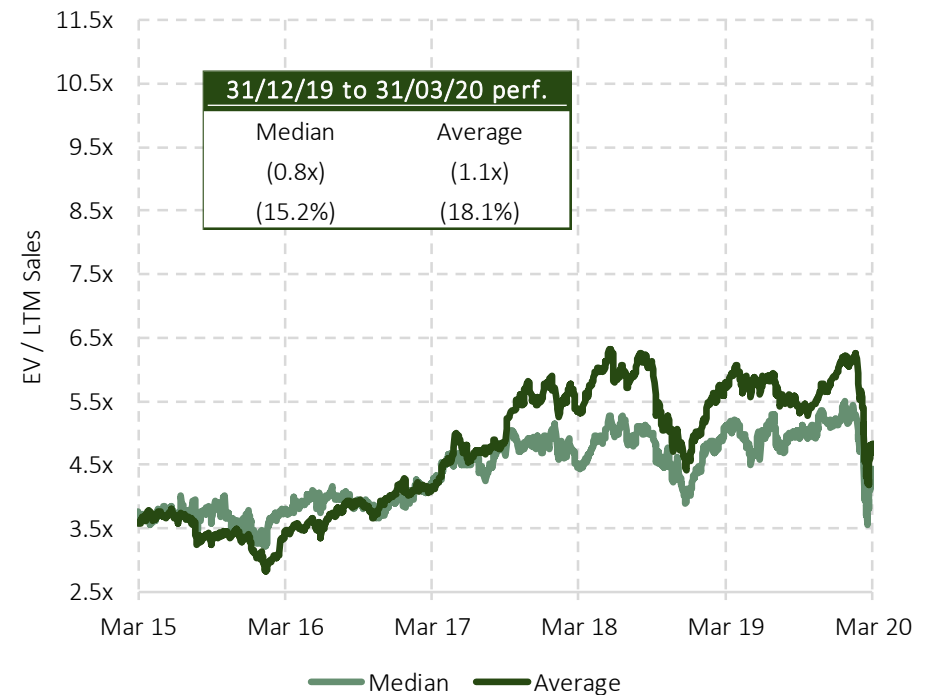
Covid-19 impact on valuation

Covid-19 had an immediate significant impact on valuations despite a more recent rebound

Listed subscription software index (132 companies)
EV / LTM Sales evolution



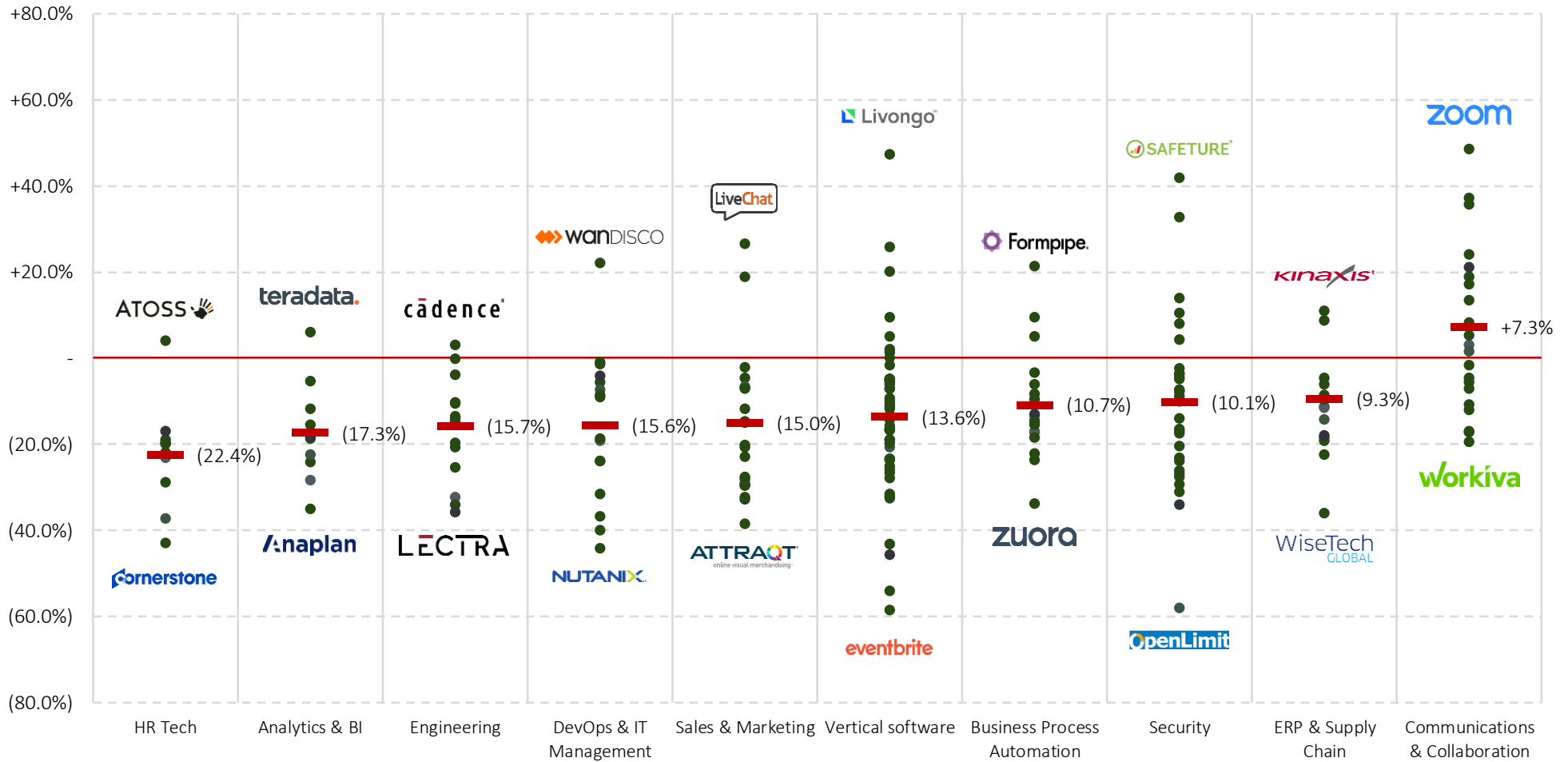
Listed license software index (87 companies)
EV / LTM Sales evolution



Covid-19 impact on stock prices

Share prices are down for all segments on average, except for the Communications & Collaboration segment

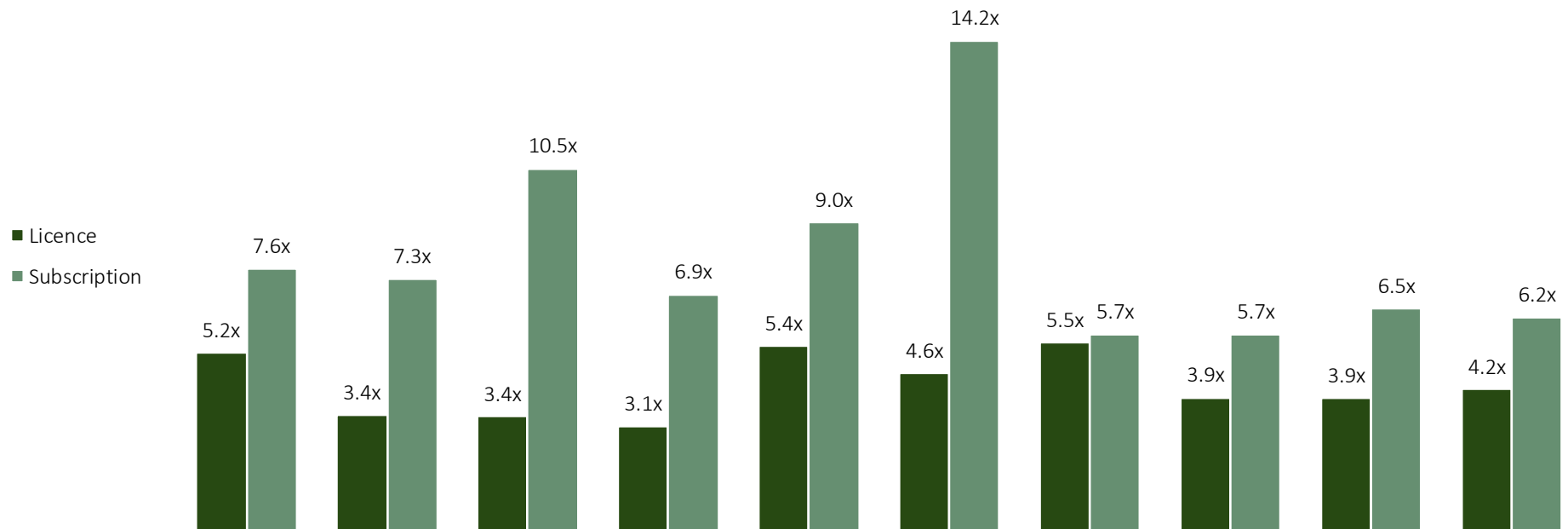
Stock price performance by segment between February 14th, 2020 and April 30th, 2020



Subscription vs. License software

Subscription software models are consistently more highly rated than license models


Average EV / 2020 Sales by segment





	Analytics & BI		Business Process Automation		Communications & Collaboration		DevOps & IT Management		Engineering		ERP & Supply Chain		HR Tech		Sales & Marketing		Security		Vertical software	
Constituents	3	7	7	12	4	18	9	8	15	1	9	7	5	7	3	20	10	23	22	29
LTM Sales growth	32%	47%	31%	21%	5%	35%	10%	30%	17%	27%	10%	22%	11%	23%	21%	27%	19%	37%	15%	27%
LTM EBITDA margin	12%	14%	20%	14%	14%	15%	22%	16%	20%	14%	26%	18%	23%	21%	20%	21%	19%	18%	23%	21%
LTM efficiency	45%	58%	26%	32%	19%	45%	32%	50%	33%	56%	31%	32%	25%	38%	45%	39%	33%	39%	28%	33%


Key software trends


Our full report discusses all these factors and their impact on global software participants


- 


Hybrid cloud and multi-cloud battlegrounds
- 


Battleground for DevOps eyeballs
- 


Automation: Tech (AI, ML) and applied AI (RPA, DT, Autonomy)
- 

Democratization, lowcode and new data analytics
- 

Edge computing and 5G
- 

Cybersecurity
- 

Resurgence in enterprise collaboration
- 

Vertical consolidation
- 

The advent of converged models

- In summary:
 - Incumbent infrastructure vendors race to establish a position as enablers of hybrid cloud solutions
 - The DevOps category emerged as a key customer for cloud IaaS and key area of M&A
 - AI-powered automation, data analytics and lowcode platforms tangibly augment human input and redefine traditional business processes
 - Edge computing and 5G roll out will drive adoption of IoT solutions, autonomy / robotics and likely impact cloud computing landscape
 - Cybersecurity is facing increasing challenges as a result of the complexity of automation
 - The global enterprise collaboration and communication sector is a clear beneficiary of the work from home trend
 - Software-driven innovation across multiple vertical segments has been key driver of M&A (e.g. in FinTech)
 - Future value creation in enterprise software may well shift towards a tighter integration with adjacent, complementary services
- In addition we focus in more detail on the impact of COVID-19 as well as the differing valuation characteristics of subscription and licence models

Global senior Technology team

Alantra benefits from a global senior Technology team with deep local presence, able to reach foreign investors



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Managing Director
USA



Dragan Manoev
Managing Director
USA



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Managing Partner
France



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Lodewijk Sodderland
Managing Director
Netherlands



Sandeep Talwani
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Robert Cronin
Managing Director
USA



James Chapman-Andrews
Partner
United Kingdom

























Ana Segurado
Managing Director
Spain



Richard Zhu
Managing Director
China

Alantra software credentials

Selected software transactions advised by Alantra

<p>2020 </p>  <p>Sell-side advisory</p> 	<p>2020 </p>  <p>Public tender</p> 	<p>2019 </p>  <p>Sell-side advisory</p> 	<p>2019 </p>  <p>Sell-side advisory</p> 	<p>2019 </p>  <p>Sell-side advisory</p> 	<p>2019 </p>  <p>Sell-side advisory</p> 
<p>2019 </p>  <p>Debt refinancing</p> 	<p>2019 </p>  <p>Buy-side advisory</p> 	<p>2018 </p>  <p>Sell-side advisory</p> 	<p>2018 </p>  <p>Debt refinancing</p> 	<p>2018 </p>  <p>Sell-side advisory</p> 	<p>2018 </p>  <p>Sell-side advisory</p> 
<p>2018 </p>  <p>Sell-side advisory</p> 	<p>2018 </p>  <p>Sell-side advisory</p> 	<p>2017 </p>  <p>Sell-side advisory</p> 	<p>2017 </p>  <p>Buy-side advisory</p> 	<p>2017 </p>  <p>Sell-side advisory</p> 	<p>2017 </p>  <p>Sell-side advisory</p> 

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