



Q1 2023 Technology and SaaS Update

April 2023

LAKESIDE'S TECHNOLOGY AND SAAS PRACTICE

Differentiated transaction experience across numerous technology and SaaS sectors

MEET OUR TECHNOLOGY AND SAAS TEAM



Tom Newell
Managing Partner

Prior Experience & Education

- BMO Capital Markets
- Greene Holcomb Fisher
- JD, Washington
- BA, Yale



Taylor Hanson
Partner

Prior Experience & Education

- BMO Capital Markets
- Greene Holcomb Fisher
- Utah Jazz
- BA, Carleton College



Chase Wichelmann
Vice President

Prior Experience & Education

- BMO Capital Markets
- Greene Holcomb Fisher
- Cushman Wakefield
- BA, St. Olaf College



Matt Holcomb
Associate

Prior Experience & Education

- Wells Fargo
- Cargill
- MBA, U of Minnesota
- BA, Gustavus Adolphus

TECHNOLOGY AND SAAS TRANSACTION EXPERIENCE

Office Timeline

has been recapitalized by

GearBox Capital

DEXTER + CHANEY

has been acquired by

PAMLICO CAPITAL

ALLOVER MEDIA

has been acquired by

Audax Group

ODS Software

has been acquired by

Progressive SOLUTIONS

clearlink

portfolio company of

PAMLICO CAPITAL

has been acquired by

SYKES

TangoWire

has been acquired by

Private Investors

Case Studies on Pgs. 3 & 4

INDUSTRY NEWS

Lakeside is committed to keeping our finger on the pulse of the technology and SaaS market

WORTHWHILE READS

The articles below are taken from various industry periodicals, websites, and blogs from around the web that highlight key themes in technology and SaaS.

2023 Technology Industry Outlook

Deloitte

"Economic headwinds seem to be gathering for business in general, and for the technology industry specifically. But there are many regulatory incentives that may spur innovation and growth in 2023 and beyond."

Read the article [here](#)

Where Is Tech Going in 2023?

Harvard Business Review

"The signals on the horizon for 2023 are hard to parse or make sense of. In that way, they resemble past efforts to look ahead. But what's clear is that how companies navigate their technology questions in the new year will have a profound effect on how good their outlook is when we get to the next new year."

Read the article [here](#)

2023 Business Leaders Outlook: Tech

JPMorgan

"Midsize tech industry leaders are more optimistic about the year ahead than U.S. executives overall..."

Read the article [here](#)

Global M&A Trends in Technology, Media, and Telecommunications:

PwC

2023 Outlook

"Capital discipline as well as strategic and opportunistic M&A will be consistent themes across the TMT sector for the coming months given the current economic environment."

Read the article [here](#)

Tech M&A Outlook: Back on track in 2023?

S&P Global

"Even though tech M&A dropped sharply in late 2022, dealmakers see business picking back up this year. Almost half of respondents to 451 Research's annual Tech M&A Outlook survey predict an acceleration in activity in 2023. To pull that off, however, they are going to need acquisition prices to come back down and industry growth to go back up."

Read the article [here](#)

RECENT TRANSACTIONS

The transactions highlighted below were high profile transactions completed in the most recent quarter.



Office Timeline

has been
recapitalized by



GearBox
Capital

Office Timeline, a leading technology solutions company providing intuitive, fully integrated software tools for project teams and executive reporting, was recapitalized by GearBox Capital.

GearBox Capital is a private equity firm that utilizes an operational approach to facilitating the growth and transformation of both bootstrapped and founder led technology companies.

Lakeside Partners acted as exclusive financial advisor to Office Timeline.

momentive

to be acquired by

STG

Momentive Global, an experience management company that offers cloud-based software in brand insights, market insights, and more, is to be acquired by Symphony Technology Group.

Symphony Technology Group is an American private equity firm focused on fueling innovative software, data, and analytics market leaders in the middle market.

qualtrics^{XM}

to be acquired by

SILVERLAKE

and

CPP Investments

Qualtrics, an American software company that offers a single system of record platform for customer, product, employee, and brand experiences, is to be acquired by Silver Lake.

Silver Lake is a global private equity firm focused on investments in technology, technology-enabled services, and related industries.

CPP Investments is the investment arm of the Canada Pension Plan.



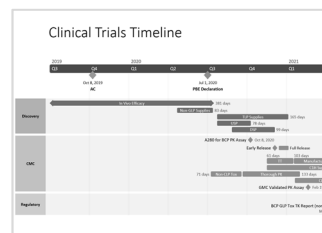
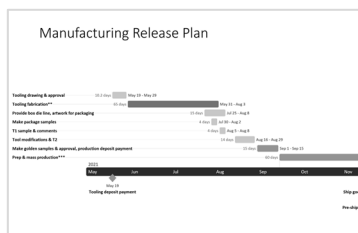
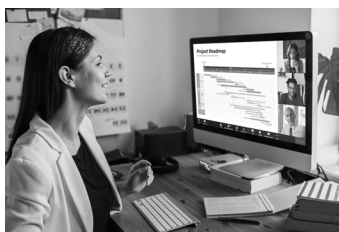
Denotes a Lakeside Partners-led transaction

LAKESIDE CASE STUDY

Office Timeline recapitalized by Gearbox Capital

COMPANY OVERVIEW

- Office Timeline is a leading technology solutions company providing intuitive, fully-integrated software tools for project teams and executive reporting; the Company sells its products through a highly recurring, subscription-based business model
- The Company has a robust user base of individual consumers and enterprises that has grown through grass roots efforts and word of mouth marketing with a modest dependency on PPC and traditional marketing initiatives
- With a robust pipeline of product developments and launches, the Company is poised for significant growth



SITUATION OVERVIEW AND OUTCOME

- Entrepreneur-owned since inception, Office Timeline was co-owned by two industry veterans that were seeking a partial liquidity event and a partner to accelerate future growth
- Lakeside ran a broad auction process targeting prospective private equity and growth capital partners with significant technology / SaaS expertise and ample capital resources to execute on management's growth plan
- The process was highly competitive resulting in 80+ parties reviewing the CIP ("Confidential Information Presentation") and eight indications of interest ("IOI's") from a variety of private equity and growth capital suitors
- Lakeside's industry connectivity, tiered marketing strategy, strategic positioning, and tailored M&A process built significant competitive tension among potential investors providing the leverage for Lakeside to drive a premium valuation
- All existing employees will remain in current positions and key management team members will maintain / receive an ownership stake in the go-forward enterprise



LAKESIDE CASE STUDY

Dexter + Chaney sale to Pamlico Capital

COMPANY OVERVIEW

- Headquartered in Seattle, Washington, and founded in 1981, Dexter + Chaney is a leading provider of financial and operational management software for construction contractors
- The Company's product, Spectrum® Construction Software, is an integral component of daily operations for more than 1,000 contractors and is the first construction software company to deliver complete and integrated construction management software using true cloud-based technology with an intuitive web browser interface
- The Company's technology solutions provide unparalleled visibility into the lifecycle of projects



SITUATION OVERVIEW AND OUTCOME

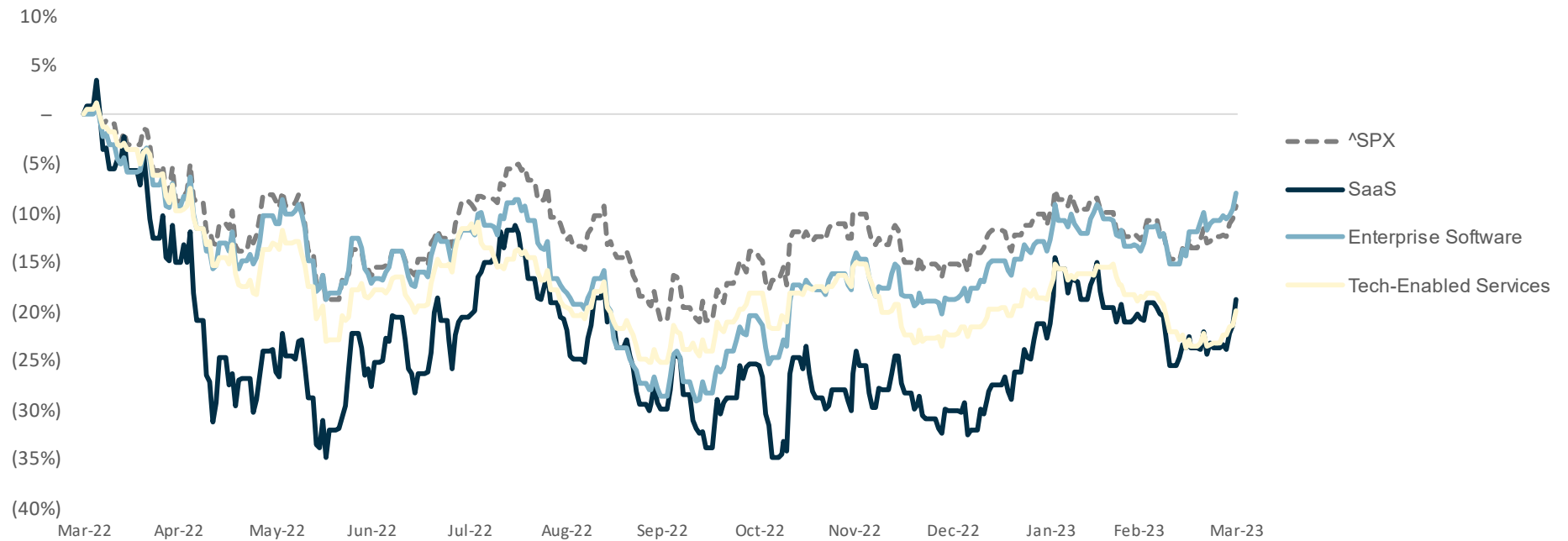
- Ownership received inbound interest and a preliminary offer from a potential investor and engaged Lakeside personnel to run an auction process to maximize value and deal terms
- The Lakeside team marketed the opportunity to a targeted group of ~50 private equity investors with relevant experience in the AEC ("Architecture, Engineering, and Construction") technology industry
- The process was highly competitive resulting in 30+ parties reviewing the CIP ("Confidential Information Presentation"), ten first round indications of interest ("IOI"s), and five final round Letters of Intent ("LOI"s) from a variety of private equity suitors
- The competitive process enabled the ownership team to weigh a variety of different post-close ownership structures (e.g., minority investment, majority recapitalization, or full sale), properly vet prospective investors industry knowledge & value-added resources, and receive full credit for the Company's pending transition from an enterprise install model to a hosted / SaaS business model
- The closing purchase price was meaningfully higher than the initial pre-emptive bid and ownership maintained a significant ownership stake in the go-forward entity



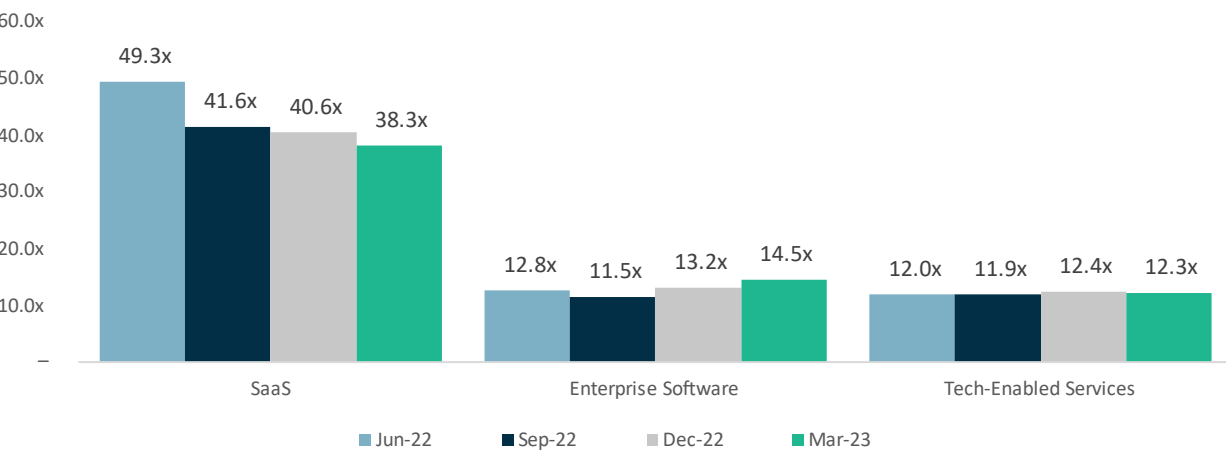
TECHNOLOGY AND SAAS PUBLIC COMPANY PERFORMANCE

Below is a look at how publicly traded technology and SaaS companies performed by sector

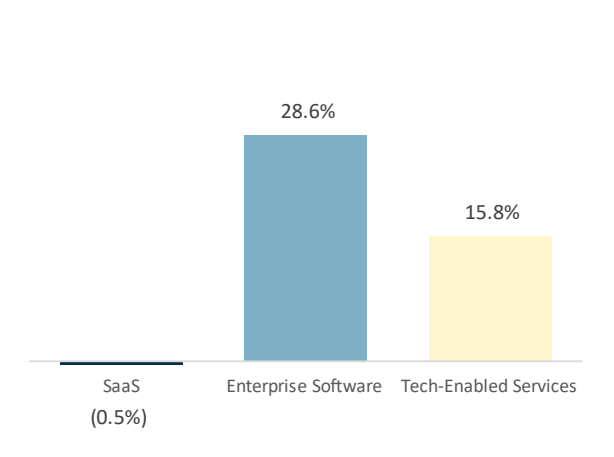
ONE-YEAR HISTORICAL STOCK PRICE PERFORMANCE



EBITDA TRADING MULTIPLES BY QUARTER



EBITDA MARGIN BY SECTOR



Source: Capital IQ

SELECT TECHNOLOGY AND SAAS PUBLIC COMPANY BENCHMARKING BY SECTOR

1 YEAR REVENUE GROWTH FORECAST

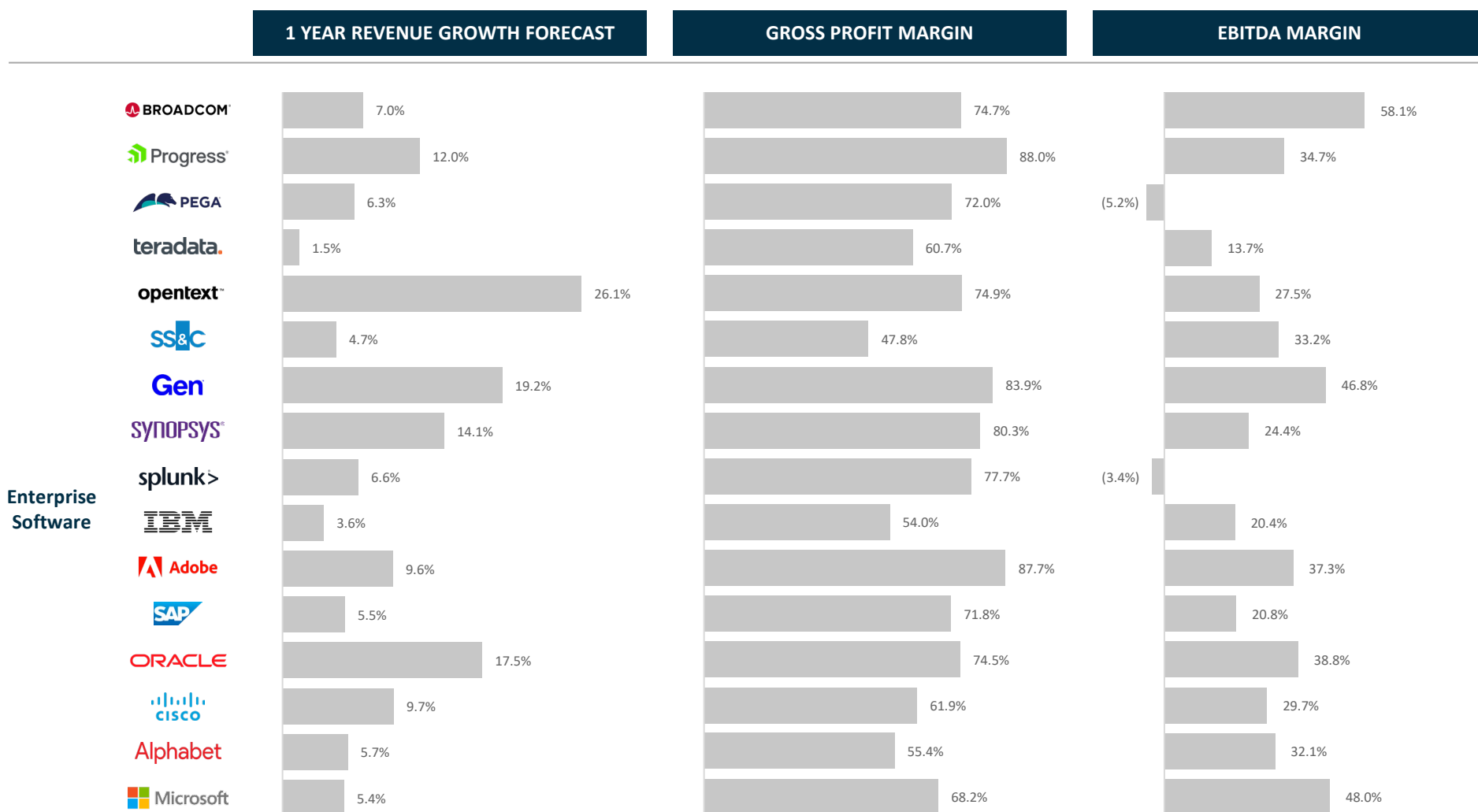
GROSS PROFIT MARGIN

EBITDA MARGIN

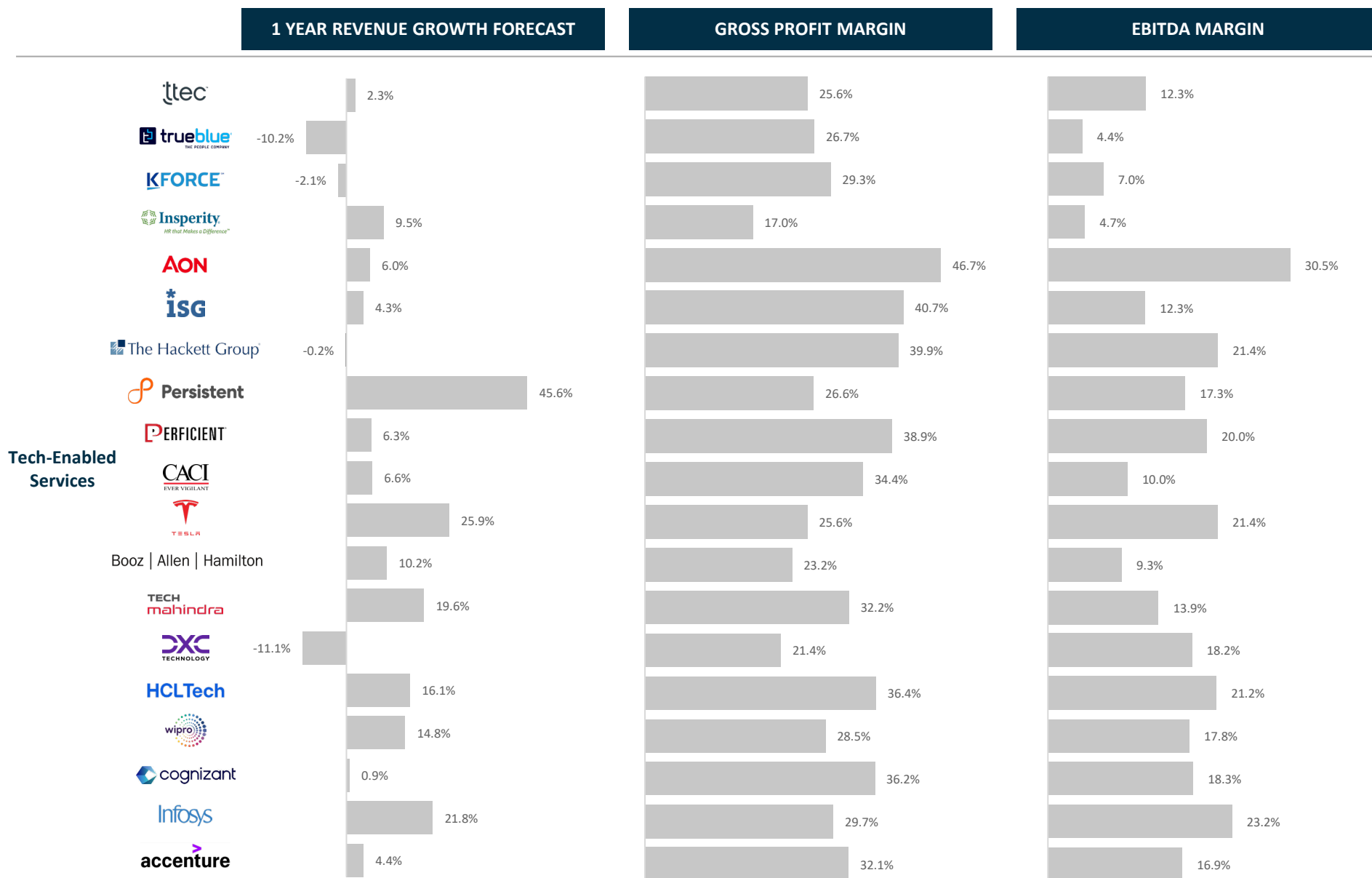
SAAS



SELECT TECHNOLOGY AND SAAS PUBLIC COMPANY BENCHMARKING BY SECTOR (CONT'D)



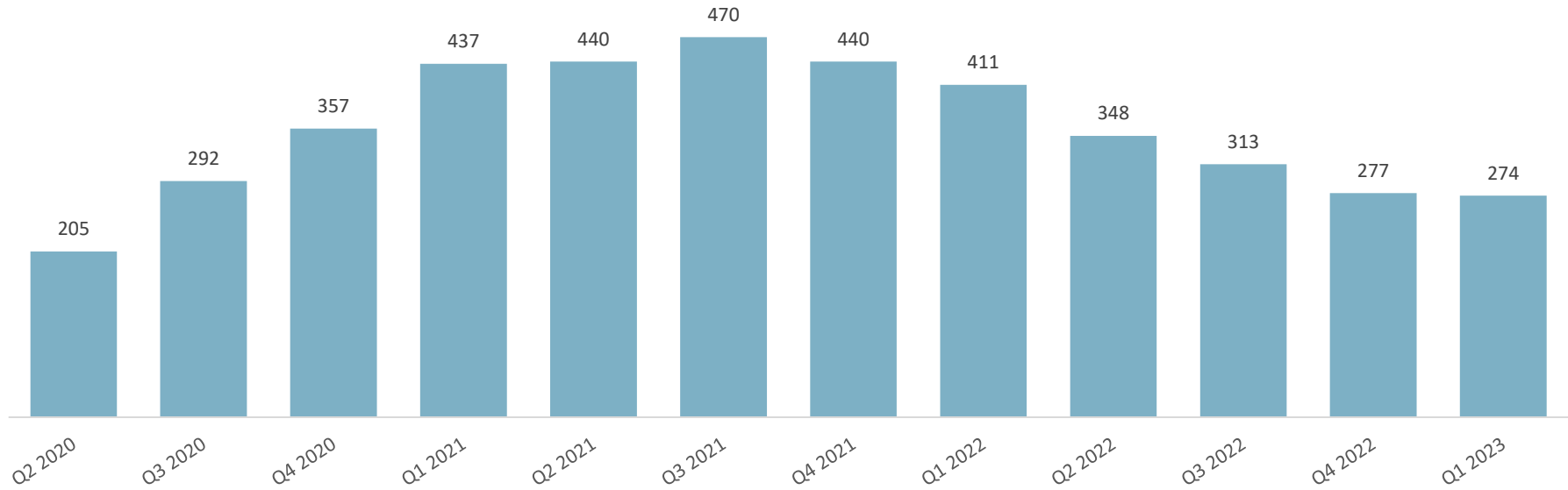
SELECT TECHNOLOGY AND SAAS PUBLIC COMPANY BENCHMARKING BY SECTOR (CONT'D)



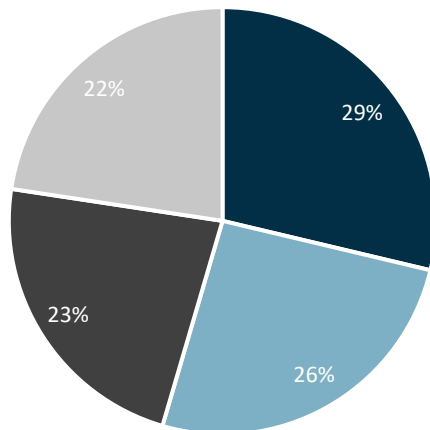
TECHNOLOGY AND SAAS TRANSACTION DATA

Below is an overview of M&A volume by quarter for technology and SaaS

NUMBER OF TECHNOLOGY AND SAAS TRANSACTIONS BY QUARTER

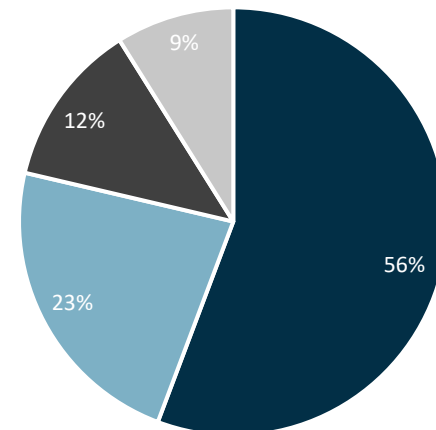


PERCENT OF TRANSACTION VOLUME COMPLETED BY QUARTER



■ Q2 2022 ■ Q3 2022 ■ Q4 2022 ■ Q1 2023

DISTRIBUTION OF TRANSACTIONS BY EV FOR PAST 3 YEARS¹



■ \$0-\$50M ■ \$51-\$250M ■ \$251-\$1,000M ■ 1,000+M

SELECT RECENT TECHNOLOGY AND SAAS TRANSACTIONS

Closed Date	Target Name	Business Description	Acquirer
2/23/2023	Office Timeline	Office Timeline is a leading technology solutions company providing intuitive, fully-integrated software tools for project teams and executive reporting.	GearBox Capital
3/29/2023	Lightspin Technologies	Lightspin Technologies offers cloud software technology to preempt hackers.	Cisco Systems
3/22/2023	Aumni	Aumni operates as a Software as a service (SaaS) company developing robotic process automation and data analytics platform for private capital investors.	JPMorgan Chase & Co.
3/20/2023	TRAX	TRAX provides aviation maintenance mobile and cloud solutions.	AAR Corp.
3/14/2023	Cvent	Cvent provides a cloud-based enterprise event marketing, management, and hospitality platform for marketers, meeting, and event planners in North America and internationally.	Blackstone; Abu Dhabi Investment Authority
3/14/2023	IPKeys Power Partners	IPKeys Power Partners develops automated demand response (DR) resources and automated solutions for the electricity consumers.	Parsons Corporation
3/13/2023	Lifehacker	Lifehacker is an online blog that discusses and informs its visitors about effect tips for life, commonly referred to as "life hacks" as well as software.	Ziff Davis
3/13/2023	Momentive Global	Momentive Global provides Software-as-a-Service solutions that help businesses turn stakeholder feedback into action in the United States and internationally.	Symphony Technology Group
3/13/2023	Broadway Technology	Broadway Technology develops Toc, a distributed computing platform that builds intelligent trading systems for financial institutions.	Bloomberg
3/12/2023	Qualtrics International	Qualtrics International operates an experience management platform to design and manage customer, employee, product, and brand experiences worldwide.	Silver Lake Technology Management; CPP Investments
3/6/2023	SparkAI	SparkAI develops automation software that provides real-time resolutions to enterprises and organizations	Deere & Company
2/28/2023	NSONE	NSONE develops an application traffic solution to optimize the deployment and delivery of Internet and enterprise applications.	International Business Machines Corporation
2/17/2023	Titanium Software Holdings	Titanium Software Holdings develops and provides platforms for telecommunication and government organizations.	Lumine Group
2/16/2023	Blume Global	Blume Global designs and develops a cloud-based digital platform that connects global supply chains into one ecosystem.	WiseTech Global Limited
2/15/2023	Blue Cow Software	Blue Cow Software develops Ignite, a suite of software solutions, for the fuel oil, propane, and HVAC (heating, ventilation, and air conditioning) industries.	PDI Technologies
2/14/2023	Windigo Logistics	Windigo Logistics doing business as GroundCloud, designs and develops SaaS-based software platform for transportation, logistics, supply chain, and storage.	The Descartes Systems Group
2/13/2023	3PM Shield	3PM Shield is an artificial intelligence company that specializes in marketplace Website solutions.	eBay
2/10/2023	Global Payments Gaming Services	Global Payments Gaming Services enables gaming entertainment to create consumer experiences and maximize spending across all of its physical and digital properties.	PCP Managers
2/9/2023	Sumo Logic	Sumo Logic provides cloud-native software-as-a-service platform that enables organizations to address the challenges and opportunities presented by digital transformation, modern applications, and cloud computing worldwide.	Francisco Partners Management
2/7/2023	U.S. Data Mining Group	U.S. Data Mining Group develops customizable database software applications for federal agencies, state and local governments, Fortune 500 companies, law enforcement, intelligence and prime defense contractors.	Hut 8 Mining
2/7/2023	LeapYear Technologies	LeapYear Technologies develops software for analysis and sharing of sensitive data.	Snowflake
1/30/2023	Power Finance	Power Finance a financial technology company, designs and develops a cloud-native issuance platform that offers credit card program management services for companies creating new credit card programs with target promotions and reward programs.	Marqeta
1/26/2023	PowerInbox	PowerInbox doing business as Jeeng, develops multichannel digital monetization solutions for publishers and marketers.	OpenWeb Technologies
1/24/2023	Envase	Envase develops cloud-based transportation management software and mobile application for the transportation industry.	WiseTech Global Limited
1/9/2023	Duck Creek Technologies	Duck Creek Technologies provides software-as-a-service core systems to the property and casualty insurance industry in the United States and internationally.	Vista Equity Partners Management
1/2/2023	Vector Maven Holdings	Vector Maven Holdings through its subsidiary, develops and provides enterprise-grade technology solutions to customers worldwide.	Progress Software Corporation

ABOUT LAKESIDE PARTNERS



Lakeside Partners is a boutique investment bank specializing in M&A advisory services. We serve founder & family-owned businesses in the lower middle market by advising their owners through transactions. We leverage decades of experience and relationships to execute processes that unlock exceptional value.

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OUR INDUSTRY EXPERIENCE

