



LAKESIDE PARTNERS
MERGERS & ACQUISITIONS

Q3 2023 Technology and SaaS Update

October 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

Note: Select transactions completed by Lakeside principals while at prior firms

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.

H2 2023 Technology Outlook

BlackRock

"As we approach the second half of 2023, we believe three themes are likely to drive the technology sector forward: the ascent of generative artificial intelligence, a shift from growth-at-all-costs to operational efficiency, and the increasing global emphasis on localization & reshoring of pivotal technologies."

Read the article [here](#)

Tech Trends Shaping the Industry in Q3 and Q4 of 2023

Aim Consulting

"Even when we projected generative AI as a key trend at the start of 2023, we could have never predicted how quickly it would become integrated into just about every product and platform."

Read the article [here](#)

McKinsey Technology Trends Outlook 2023

McKinsey

"After a tumultuous 2022 for technology investment and talent, the first half of 2023 has seen a resurgence of enthusiasm about technology's potential to catalyze progress in business and society...."

Read the article [here](#)

M&A Insights: Consulting, Technology, and Digital Services Industry Update

Charter Capital Partners

"Amidst innovations, AI remains a focus and needed investment, highlighted by its newfound security implications. Accenture reports that 3 out of 4 executives believe their company risks failure if they don't embrace AI within a few years."

Read the article [here](#)

2023 Tech M&A Outlook: The 'new normal' is merely normal

S&P Global

After years of soaring above the economy, tech got dragged down in 2022. Growth stalled, markets sputtered, stocks plunged. Last year snapped tech's decade-long up-and-to-the-right trajectory, which had helped fuel a record run for M&A in the sector. The once-exceptional "new normal" for tech dealmaking now looks a lot more normal..."

Read the article [here](#)

RECENT TRANSACTIONS

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



has been acquired by



Mosaic^{ML}, a generative AI platform that empowers enterprises to build their own AI, has been acquired by Databricks.

Databricks is a unified, open analytics platform for building, deploying, sharing, and maintaining enterprise-grade data, analytics, and AI solutions at scale.



to be acquired by



Splunk, a powerful engine extensively used for searching, investigating, monitoring, troubleshooting, alerting, and reporting on machine-generated data, is being acquired by Cisco.

Cisco specializes in specific tech markets, such as the Internet of Things (IoT), domain security, videoconferencing, and energy management with leading products including Webex, OpenDNS, Jabber, Duo Security, and Jasper.



to be acquired by



New Relic, a SaaS company delivering a software platform for customers to collect telemetry data and derive insights from that data, is being acquired by Francisco Partners and TPG.

Francisco Partners is a leading global investment firm that specializes in partnering with technology and technology-enabled businesses.

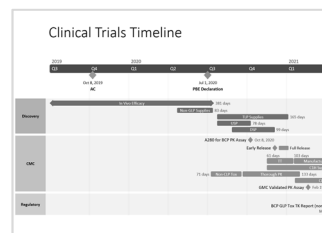
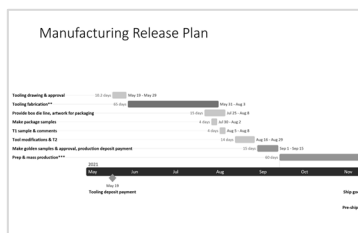
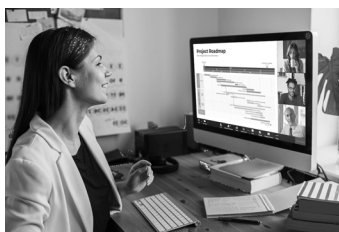
TPG is a leading global alternative asset management firm in San Francisco.

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

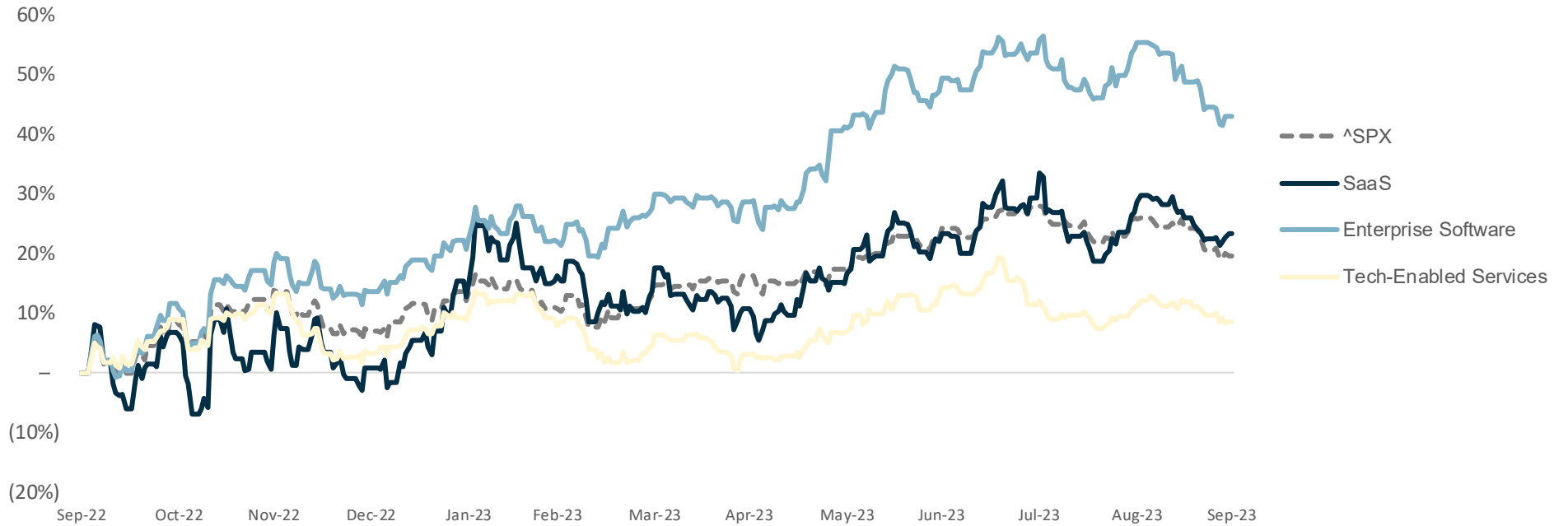
- Ownership received inbound interest and a preliminary offer from a potential investor and engaged Lakeside personnel to run an auction process to maximize value and deal terms
- The Lakeside team marketed the opportunity to a targeted group of ~50 private equity investors with relevant experience in 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



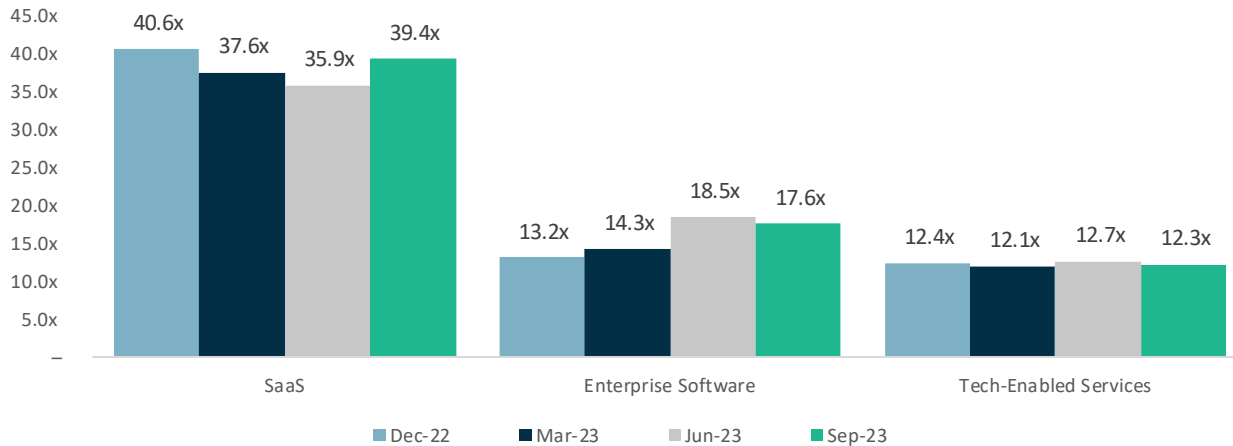
TECHNOLOGY AND SAAS PUBLIC COMPANY PERFORMANCE

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

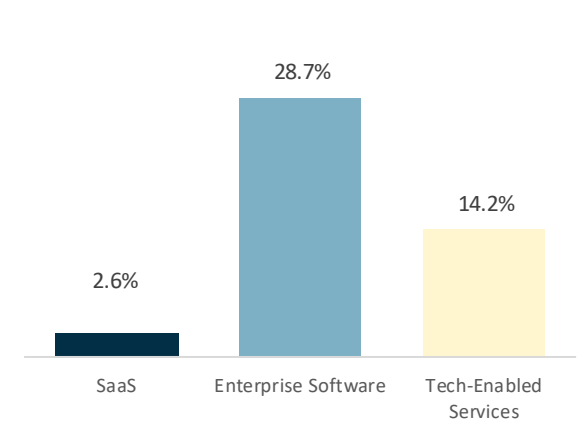
ONE-YEAR HISTORICAL STOCK PRICE PERFORMANCE



EBITDA TRADING MULTIPLES BY QUARTER



EBITDA MARGIN BY SECTOR



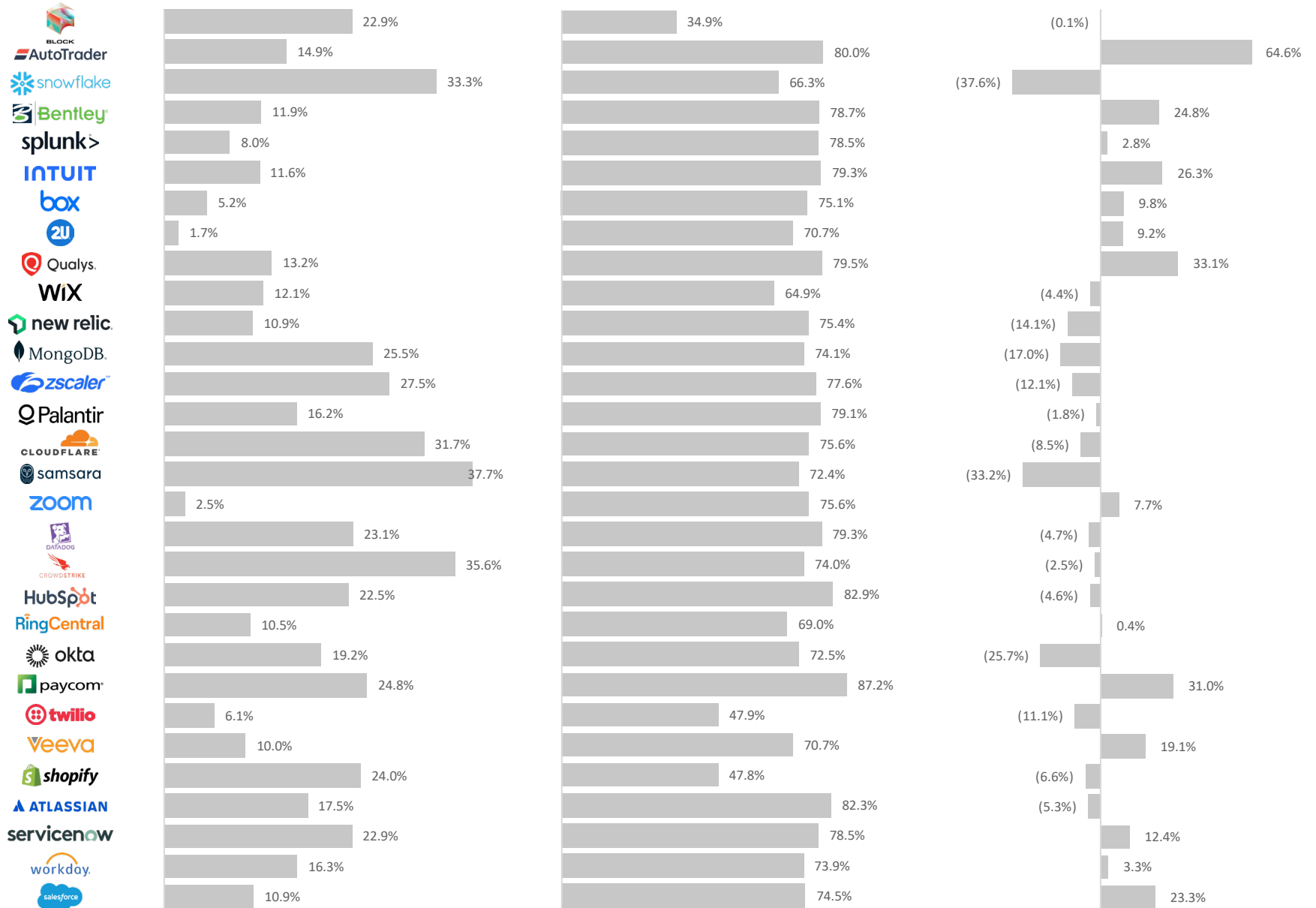
SELECT TECHNOLOGY AND SAAS PUBLIC COMPANY BENCHMARKING BY SECTOR

1 YEAR REVENUE GROWTH FORECAST

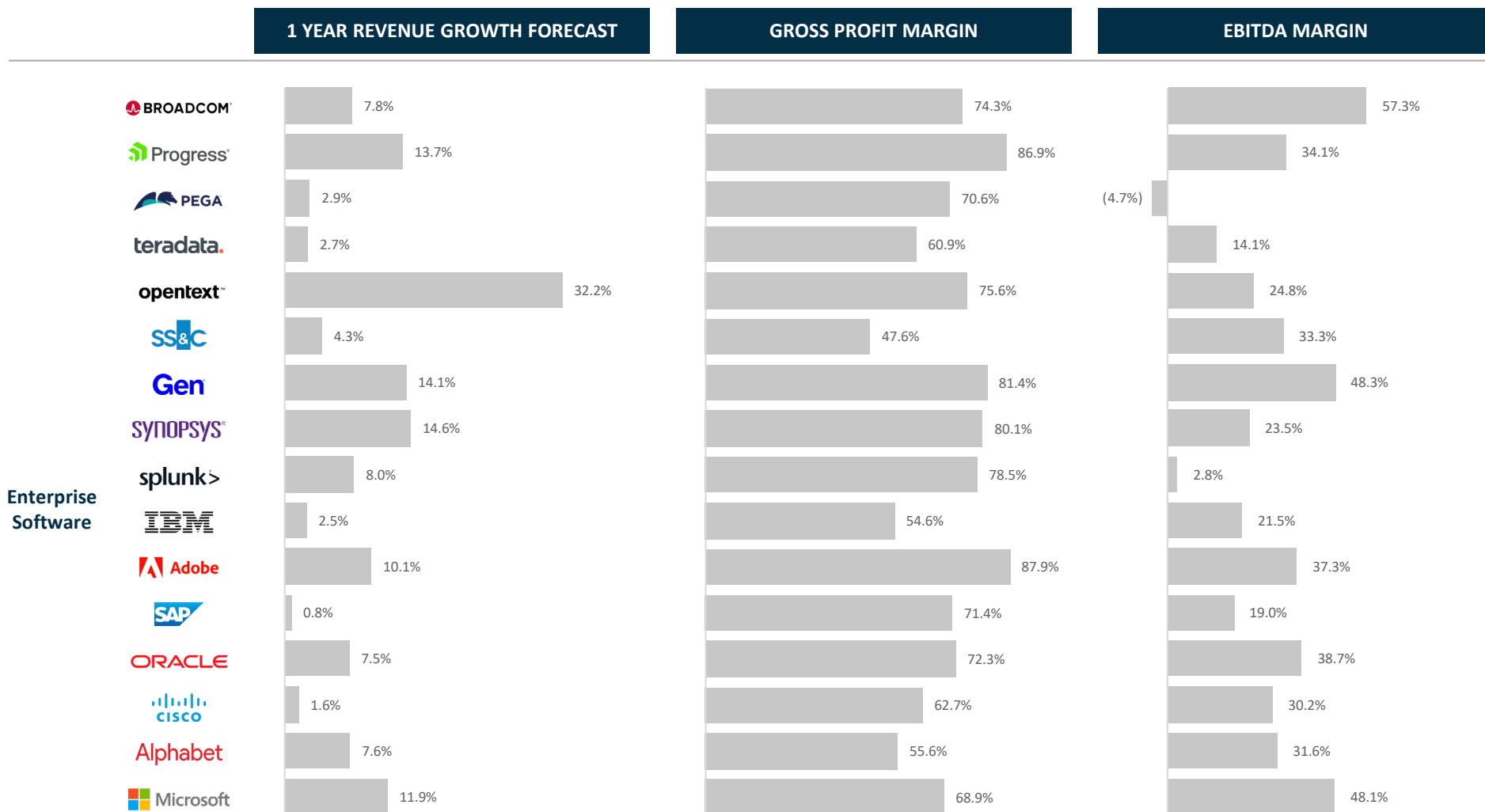
GROSS PROFIT MARGIN

EBITDA MARGIN

SAAS



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



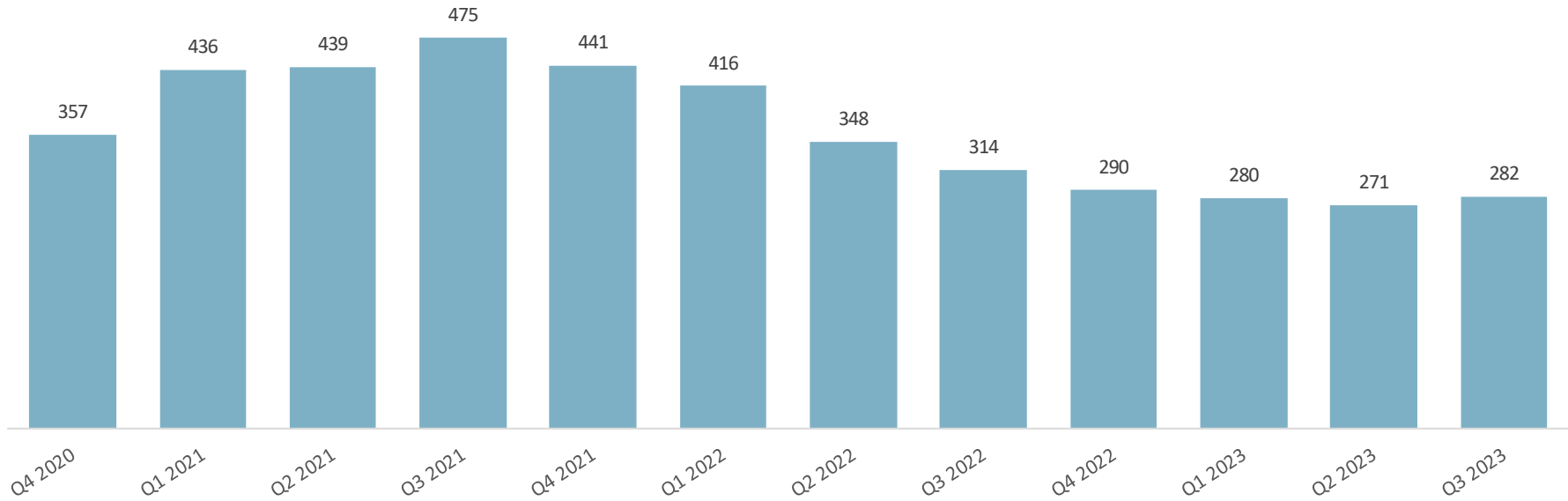
SELECT TECHNOLOGY AND SAAS PUBLIC COMPANY BENCHMARKING BY SECTOR (CONT'D)



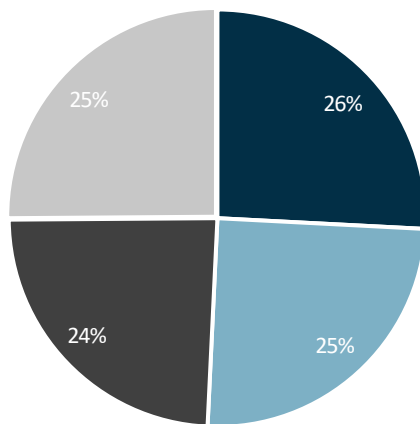
TECHNOLOGY AND SAAS TRANSACTION DATA

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

NUMBER OF TECHNOLOGY AND SAAS TRANSACTIONS BY QUARTER

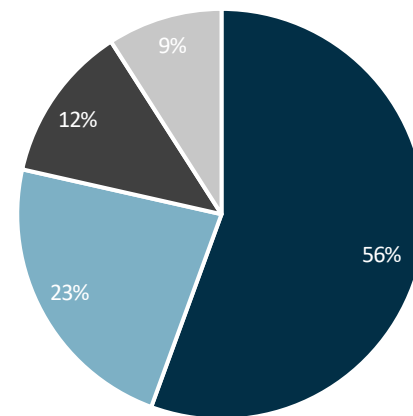


PERCENT OF TRANSACTION VOLUME COMPLETED BY QUARTER








■ Q4 2022 ■ Q1 2023 ■ Q2 2023 ■ Q3 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
9/26/2023	Exostar	Exostar develops a cloud platform for securing enterprise, supply chain collaboration, and identity and access management solutions.	Thoma Bravo
 9/21/2023	Splunk	Splunk develops and markets cloud services and licensed software solutions in the United States and internationally.	Cisco Systems
9/21/2023	Airkit	Airkit develops a digital customer-led automation and engagement platform and mobile application.	Salesforce
9/19/2023	DashThis	Dashthis is an automated and easy-to-use marketing reporting tool created to help marketers save hours of work and create beautiful reports in the blink of an eye.	SaaS.Group
8/28/2023	Harrison Autocomplete	Harrison Autocomplete develops an application that allows users to build apps that streamline terminal workflows	Amazon Web Services
8/23/2023	Sealing Technologies	Sealing Technologies offers cyber security lifecycle engineering and integration services.	Parsons Corporation
8/16/2023	Flipp Corporation	Flipp Corporation develops and operates an online retail management platform.	Truelink Capital
8/10/2023	Complyify	Complyify provides AI-driven cybersecurity risk and compliance management solutions that work to assess cyber risk, automate risk strategy, and assert compliance across the enterprise.	Zyston
 8/9/2023	Avid Technology	Avid Technology develops, markets, sells, and supports software and integrated solutions for video and audio content creation, management, and distribution in the United States and internationally.	Symphony Technology Group
8/8/2023	Syntellis Performance Solutions	Syntellis Performance Solutions develops enterprise performance management software for healthcare, higher education, and financial institutions.	Strata Decision Technology
 8/7/2023	Aceyus	Aceyus develops contact center technology that provides enterprises with real-time and historical visibility into the contact center and the customer journey.	Five9
8/3/2023	Tagger Media	Tagger Media develops a data-driven and end-to-end influencer SaaS marketing platform.	Sprout Social
8/3/2023	Aryeo	Aryeo designs and develops a content management software solution for the real estate industry.	Zillow Group
8/1/2023	Code BGP	Code BGP provides Software as a Service solutions for network automation, visibility, and security.	Cisco Systems
 7/31/2023	New Relic	New Relic, a software-as-a-service company, delivers a software platform for customers to collect telemetry data and derive insights from that data in a unified front-end application.	TPG Capital; Francisco Partners
7/27/2023	Alpaca Technology	Alpaca Technology develops and offer artificial intelligence based platform for property search. It provides renters and landlords to match tenants and rental businesses, find roommate and sublets, and rental guides.	Boom Pay
 7/25/2023	Imperva	Imperva develops and offers application data security and compliance.	Thales S.A.
7/18/2023	SERVERS.COM	SERVERS.COM provides an IaaS hosting platform, which offers a suite of computing, and storage and networking services.	CloudOne Digital
7/17/2023	FM:Systems Group	FM:Systems Group develops integrated workplace management systems, employee experience, and workplace services software.	Johnson Controls International
7/17/2023	Cyber App Solutions	Cyber App Solutions, a development stage company, develops, publishes, and sells mobile applications in South Korea.	Proton Green
7/13/2023	Oort	Oort develops a software-as-a-service platform that operates as an identity and network access broker between a customer's third parties and the customer's identity provider service, applications, and infrastructure.	Cisco Systems
7/12/2023	Mosaic ML	Mosaic ML operates as a platform to train large AI models on the data. It offers MosaicML training, a platform that offers training on large language models; MosaicML inference, an AI inference.	Databricks
7/12/2023	Toon Boom Animation	Toon Boom Animation develops digital content, storyboarding, and animation creation software.	Integrated Media Company
7/7/2023	Wrike	Wrike develops and delivers on demand project management and collaboration software. It offers business management software that includes project planning, marketing project management, scheduling software, an add-in for Microsoft Outlook, and time tracking software solutions.	Symphony Technology Group
7/6/2023	Paperspace	Paperspace develops a cloud-based virtual desktop platform that can be accessed through any web browser.	DigitalOcean Holdings

Source: Capital IQ
Denotes Announced Transaction

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

