ARCHITECT PARTNERS

DRIVING PREMIUM VALUE M&A | STRATEGIC FINANCINGS

SaaS

Market Overview
1HQ21

EXECUTIVE SUMMARY

2021 continues the record levels of M&A and financing activity in the SaaS sector

Strategic and tactical M&A remain at historically robust levels, returning to pre-pandemic growth rates

Financing remains available with significant VC and private equity capital pools in place

Venture capital funds continue their focus on higher conviction investment deals as mega-deals flourish

Decades of Technology Investment Banking Experience and Relationships

Specialize in Selling the Future

Deliver Premium- Value Outcomes

300+ Transactions | $25B+ Value | Global Clients

Powered by AP | Insights Research

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SaaS MARKET 1HQ21

Q2 2021 Summary

SaaS M&A

2Q21 SaaS M&A deal volume was a record of 395 deals

Most Active Sectors

2Q21 most active M&A sectors were Healthcare, Real Estate, and Education

SaaS Values Holding

The median SaaS M&A multiple rose in 2Q21 to 6.7x EV/TTM Revenue

Private Equity Majority of Deals

Private equity buyers continue to be a large portion of SaaS M&A transactions representing 60% of 2Q21 SaaS transactions

Outlook

M&A and financings will remain active as companies are flush with cash and valuable equity, and there is a desire to acquire inorganic growth

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2Q21 2021 Venture Capital Overview

➢ $75B in capital was put to work with high growth US startups

➢ Early stage investment in 1H21of approx. $34B represents a record for any 6 month period

➢ Late stage investment in 1H21 was $108.8B, very close to full year 2020 of $109.8B

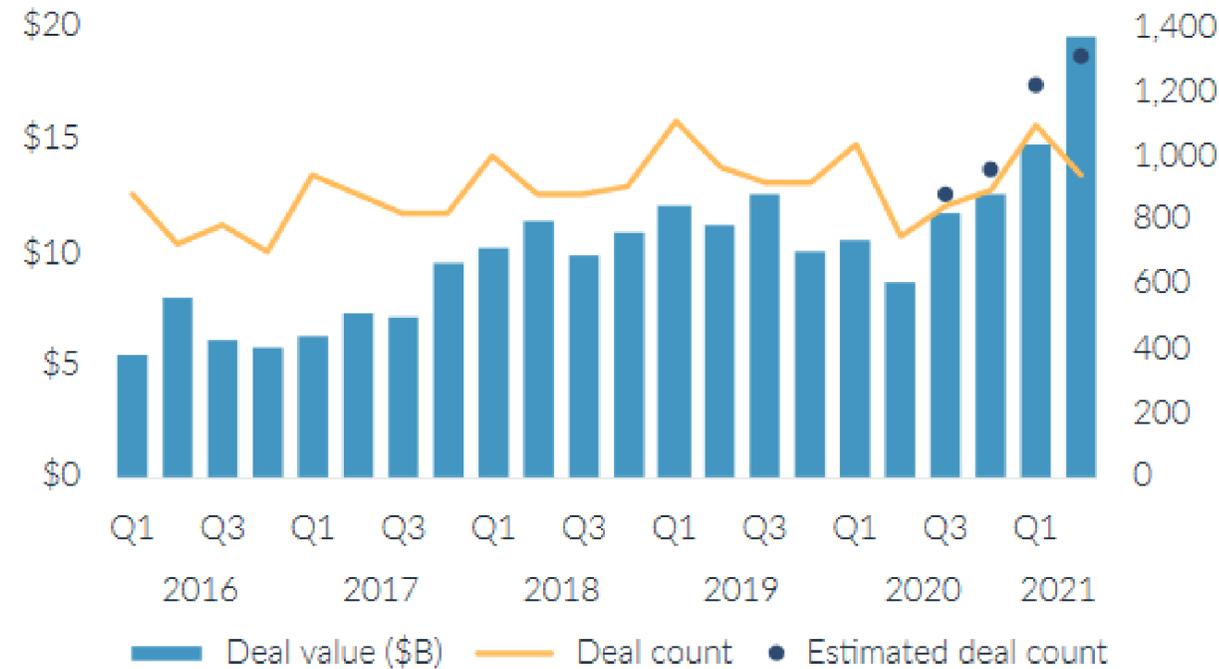## 2021 tracking to be venture's best year yet
US VC deal activity
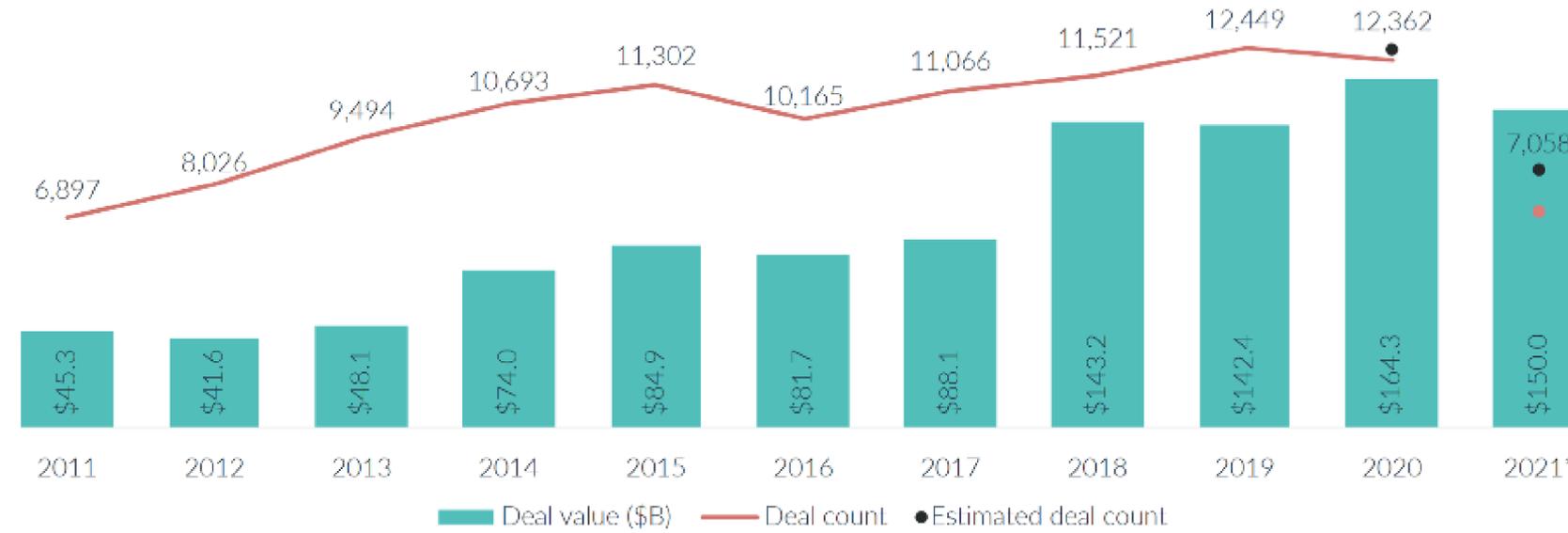
PitchBook-NVCA Venture Monitor
*As of June 30, 2021

Q2 deal value notches a record $19.6 billion
US early-stage VC deal activity by quarter
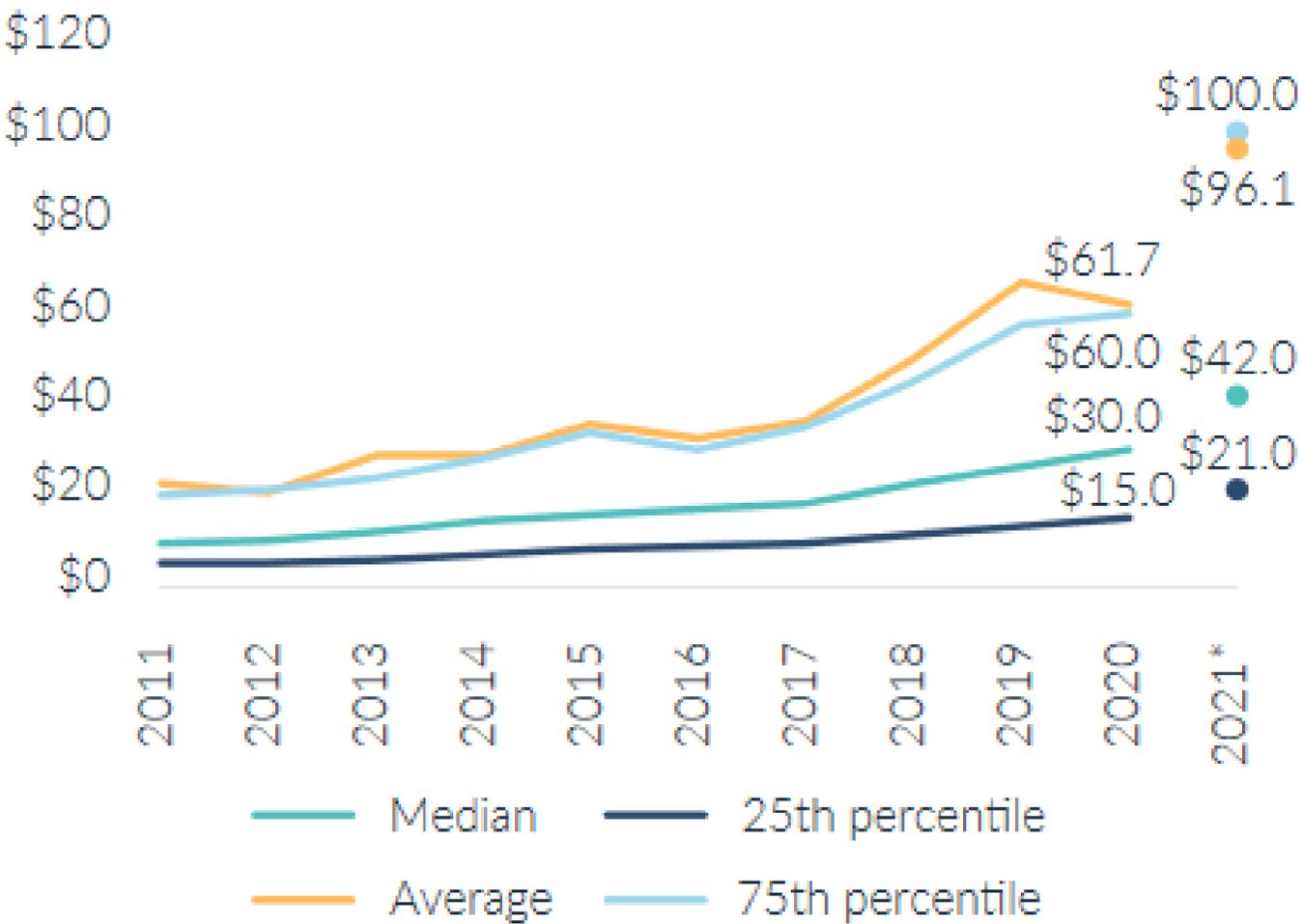

PitchBook-NVCA Venture Monitor
*As of June 30, 2021

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Sources: Crunchbase, Capital IQ, SEG, Architect Partners

2Q21 2021 Venture Capital Overview

➢ Valuations and deal sizes continue to rise as the competition to fund quality companies comes from available capital

Pre-money valuations shoot upward as competition increases

Quartile distribution of early-stage VC pre-money valuations ($M)

Legend:
— Median
— Average
— 25th percentile
— 75th percentile

PitchBook-NVCA Venture Monitor
*As of June 30, 2021

Sources: Crunchbase, Capital IQ, SEG, Architect Partners

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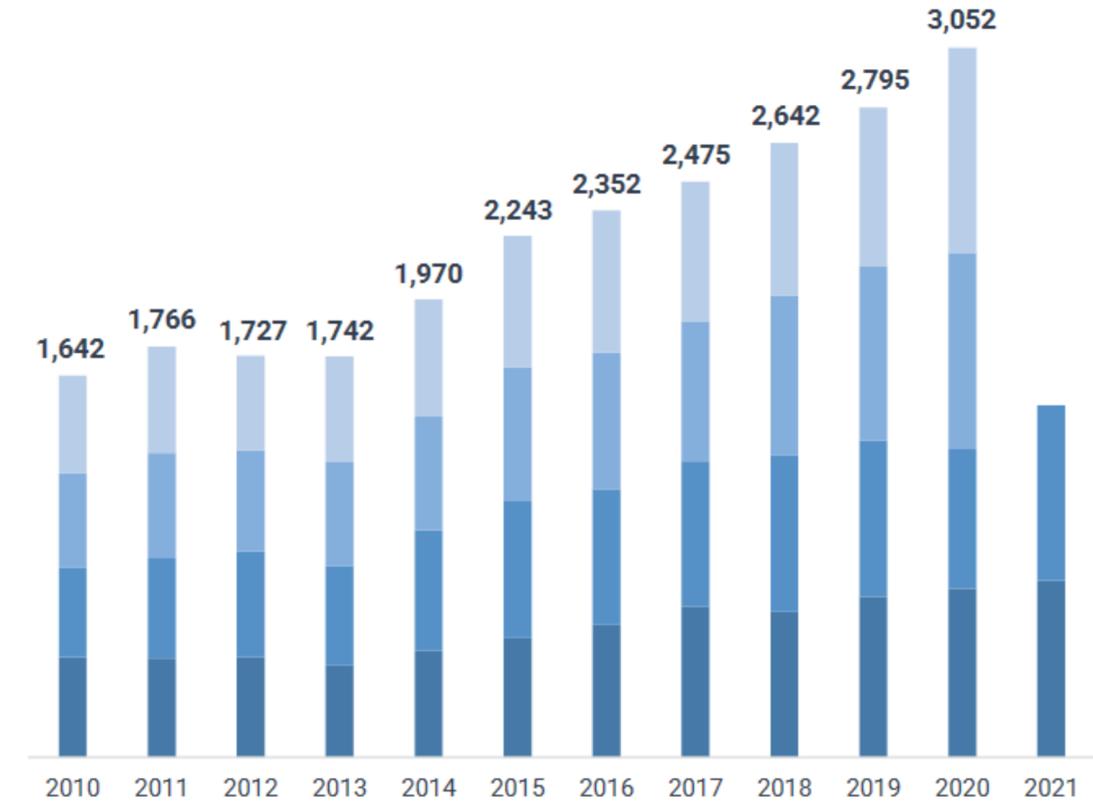DRIVING PREMIUM VALUE M&A | STRATEGIC FINANCINGS

Software Industry

2Q21 M&A Volume

➢ 2Q21 was the highest Q2 volume on record

Quarterly M&A Deal Volume

Quarter	Volume
2Q17	625
3Q17	601
4Q17	600
1Q18	626
2Q18	675
3Q18	685
4Q18	656
1Q19	692
2Q19	671
3Q19	746
4Q19	686
1Q20	726
2Q20	599
3Q20	845
4Q20	882
1Q21	760
2Q21	769

Annual M&A Deal Volume

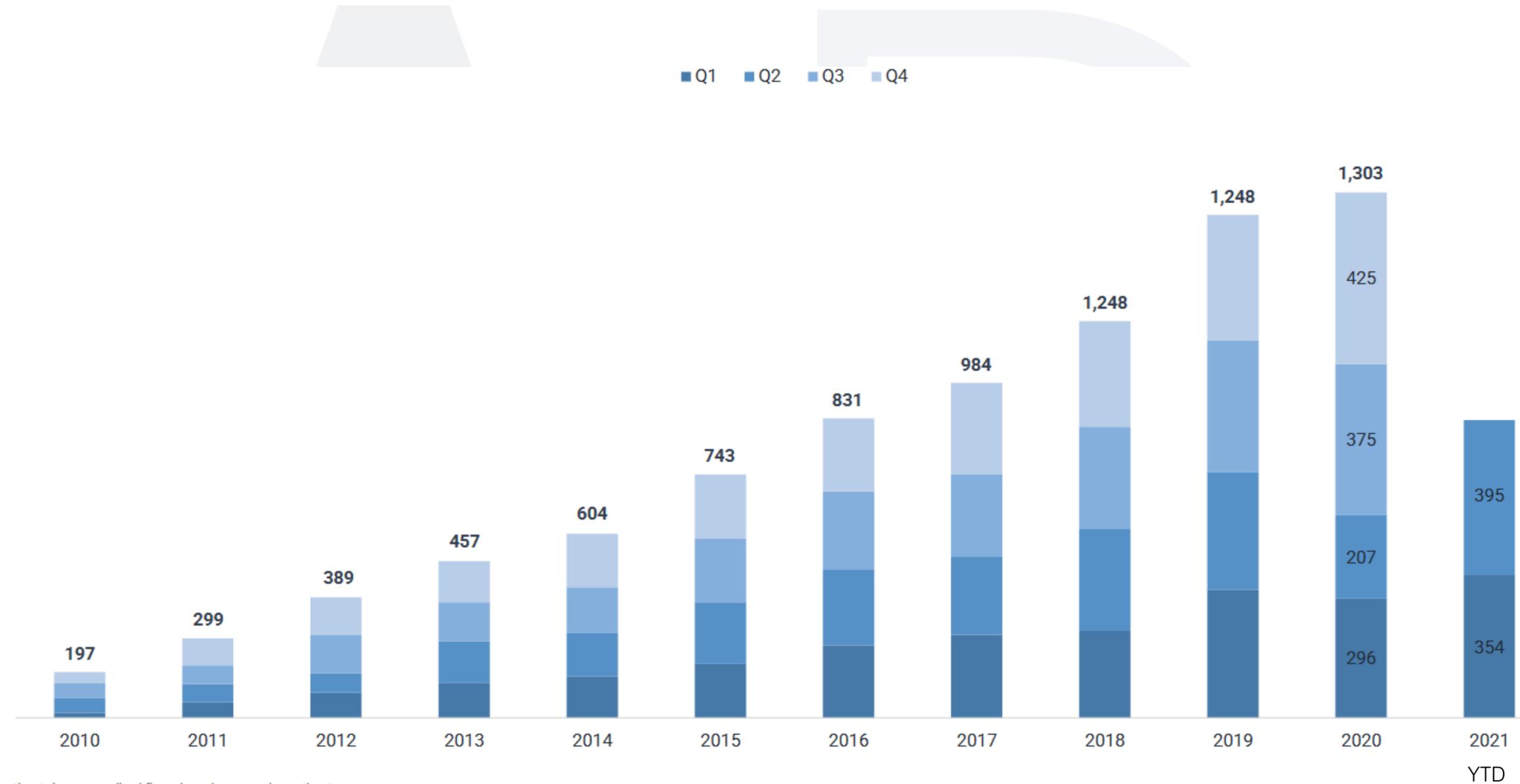| Year	Volume
2010	1,642
2011	1,766
2012	1,727
2013	1,742
2014	1,970
2015	2,243
2016	2,352
2017	2,475
2018	2,642
2019	2,795
2020	3,052
2021	
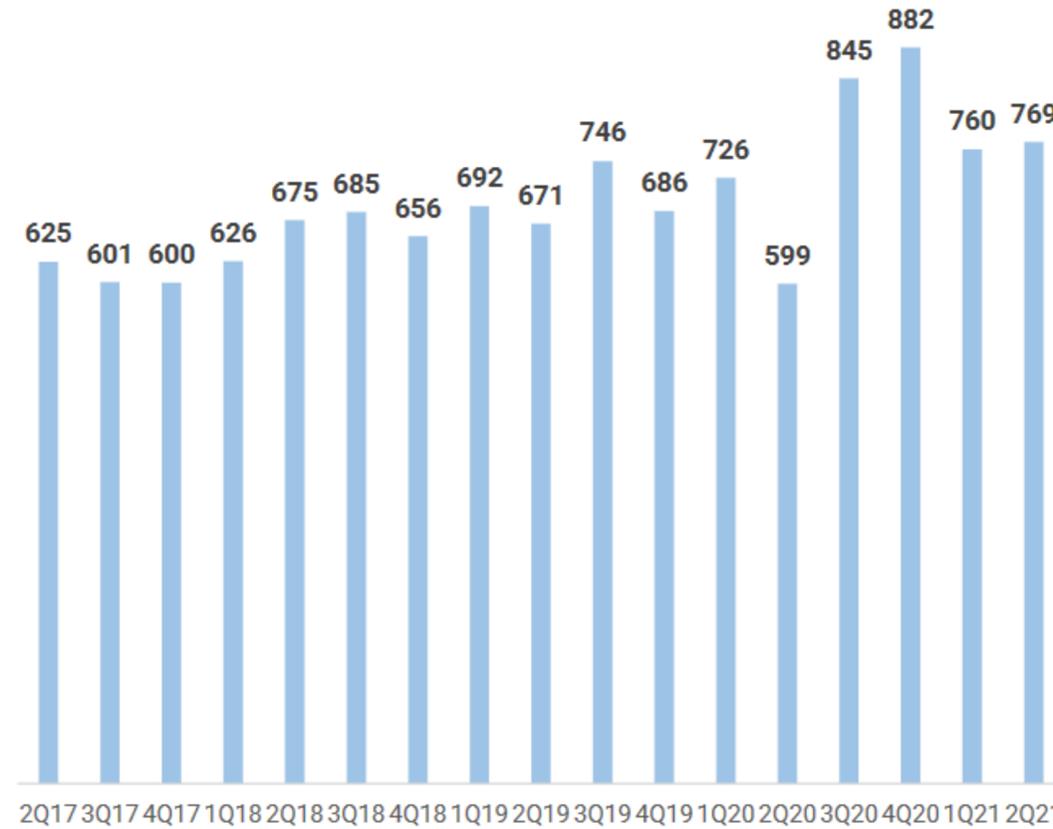
(1) Includes SaaS, on-premise license model software, internet, and mobile transactions. Specific categories include Application Software, Carrier Infrastructure, Data Centers & Facilities, Enterprise Networking, Hosted/Managed services, Information Management, Infrastructure Management, Internet Content & Commerce, Internet of Things, Mobility, Security, Storage, Systems, Web and Email Marketing, Web Design and Development.

Sources: Crunchbase, Capital IQ, SEG, Architect Partners

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2Q21 SaaS M&A Volume

➤ 2Q21 volume is 90% greater than 2Q20

Legend: ■ Q1 ■ Q2 ■ Q3 ■ Q4

Year	Total
2010	197
2011	299
2012	389
2013	457
2014	604
2015	743
2016	831
2017	984
2018	1,248
2019	1,248
2020	1,303
2021 YTD	—

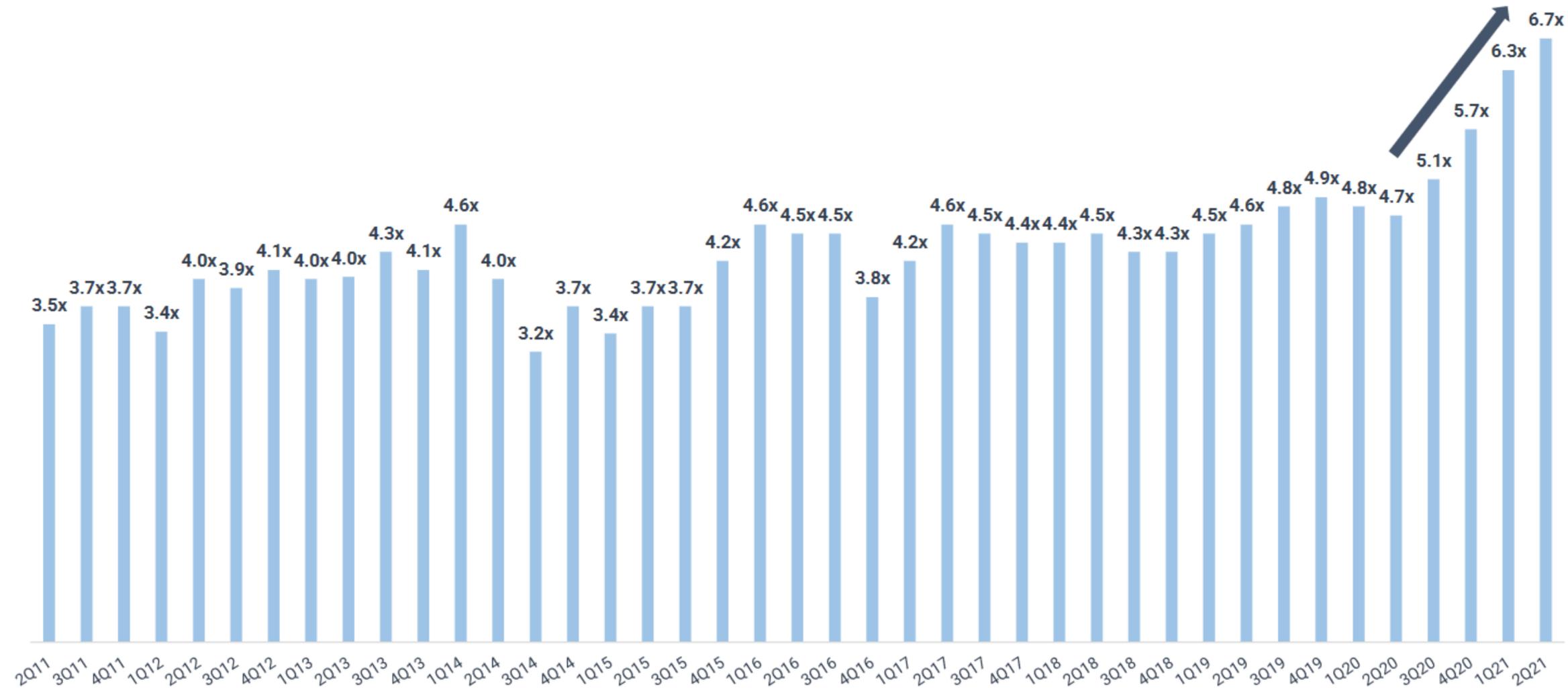2020 segments: Q1 296, Q2 207, Q3 375, Q4 425

2021 YTD segments: Q1 354, Q2 395

(1)   SEG estimate is an annualized figure based on annual growth rates.

Sources: Crunchbase, Capital IQ, SEG, Architect Partners

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SaaS M&A Multiples

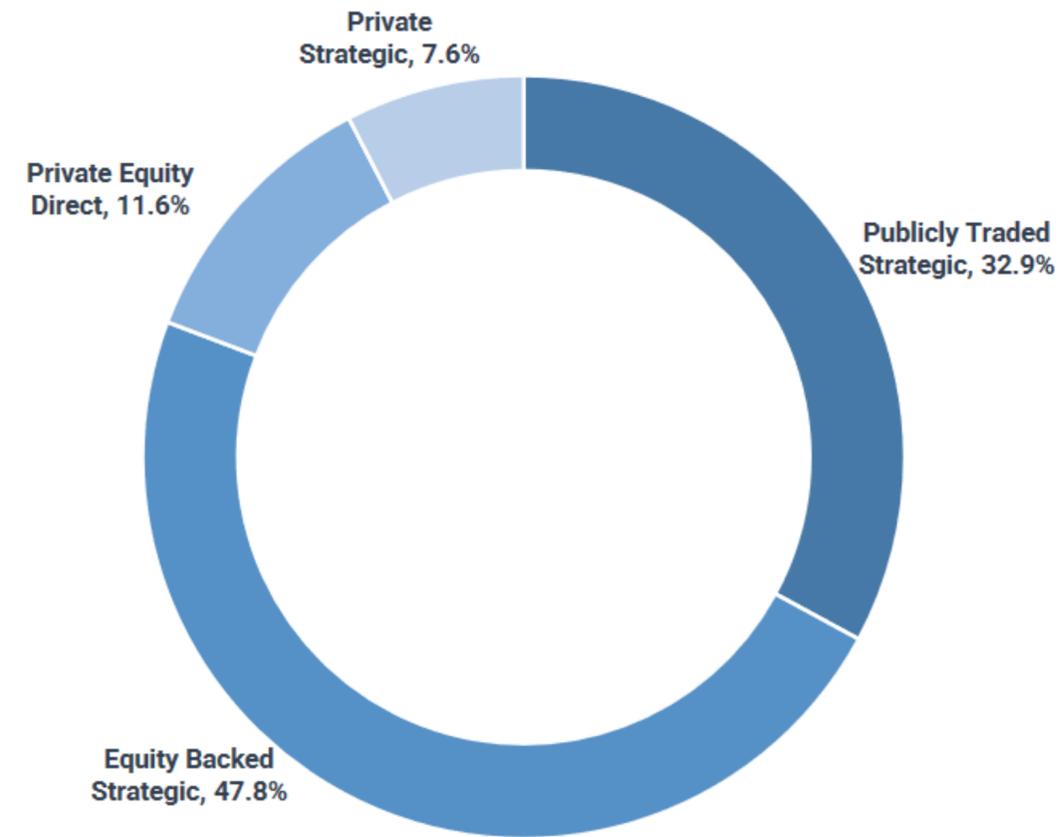➢ SaaS median M&A EV/Revenue multiple in 2Q21 reached an all time high

(1) Values are on a median TTM basis, indicating that each quarter includes 12 months of data in order to obtain a larger dataset.

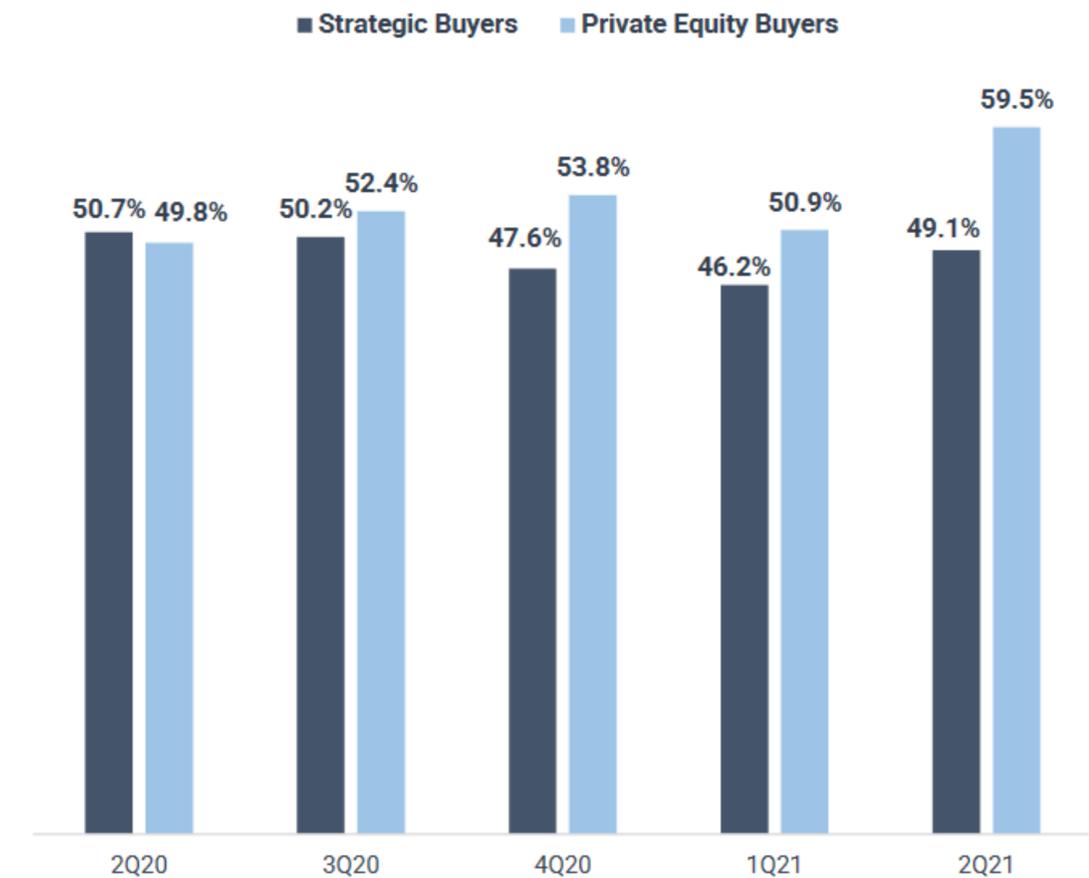Sources: Crunchbase, Capital IQ, SEG, Architect Partners

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SaaS M&A Buyers

➢ Private equity represented 60% of all SaaS M&A

2Q21 SaaS M&A Activity by Buyer Type

Private Strategic, 7.6%

Private Equity Direct, 11.6%

Publicly Traded Strategic, 32.9%

Equity Backed Strategic, 47.8%

Historical M&A Activity by Buyer Type

■ Strategic Buyers ■ Private Equity Buyers

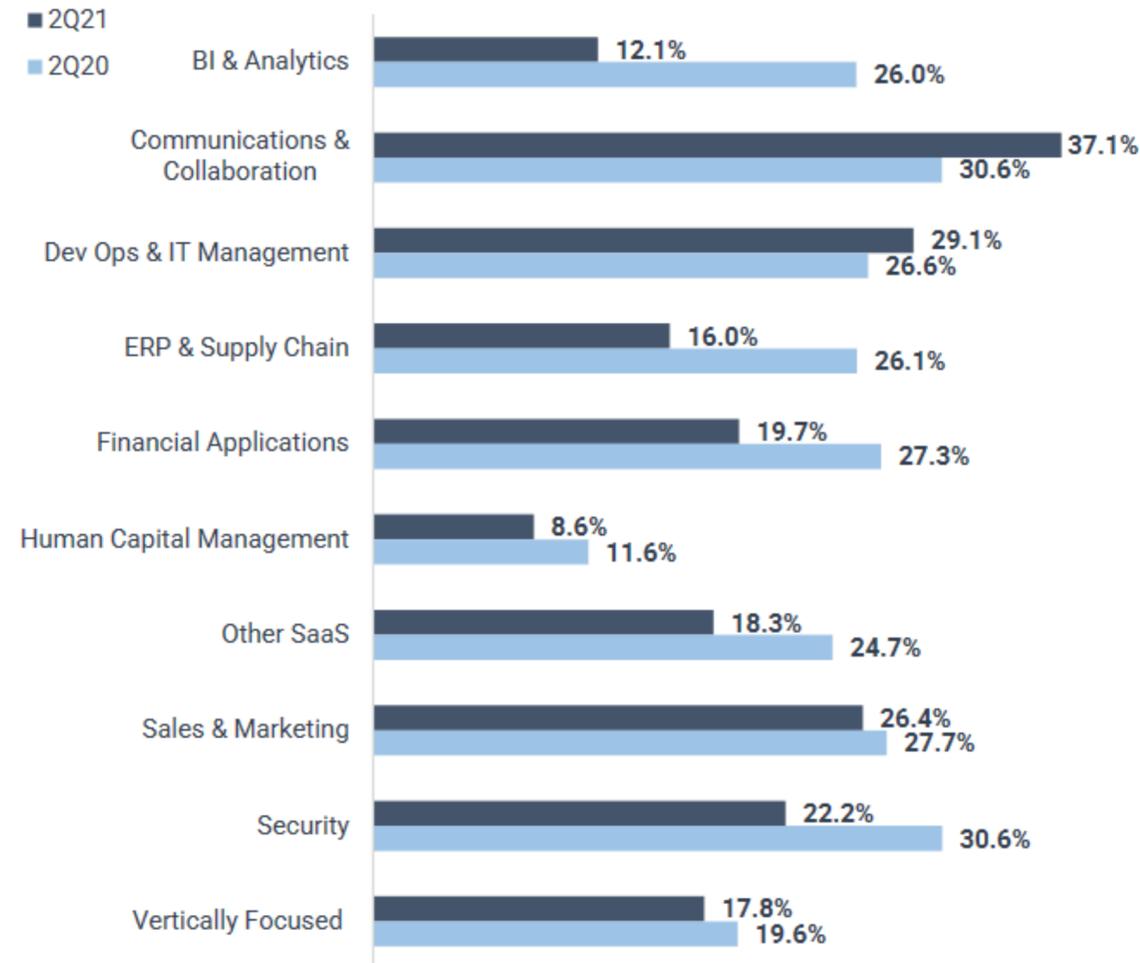| Quarter	Strategic Buyers	Private Equity Buyers
2Q20	50.7%	49.8%
3Q20	50.2%	52.4%
4Q20	47.6%	53.8%
1Q21	46.2%	50.9%
2Q21	49.1%	59.5%

(1)   Private equity driven deals include Private Equity Direct and Equity Backed Strategic. Private Equity Direct includes private equity firms making platform acquisitions, while Equity Backed Strategic includes all strategic buyers backed by a private equity firm.
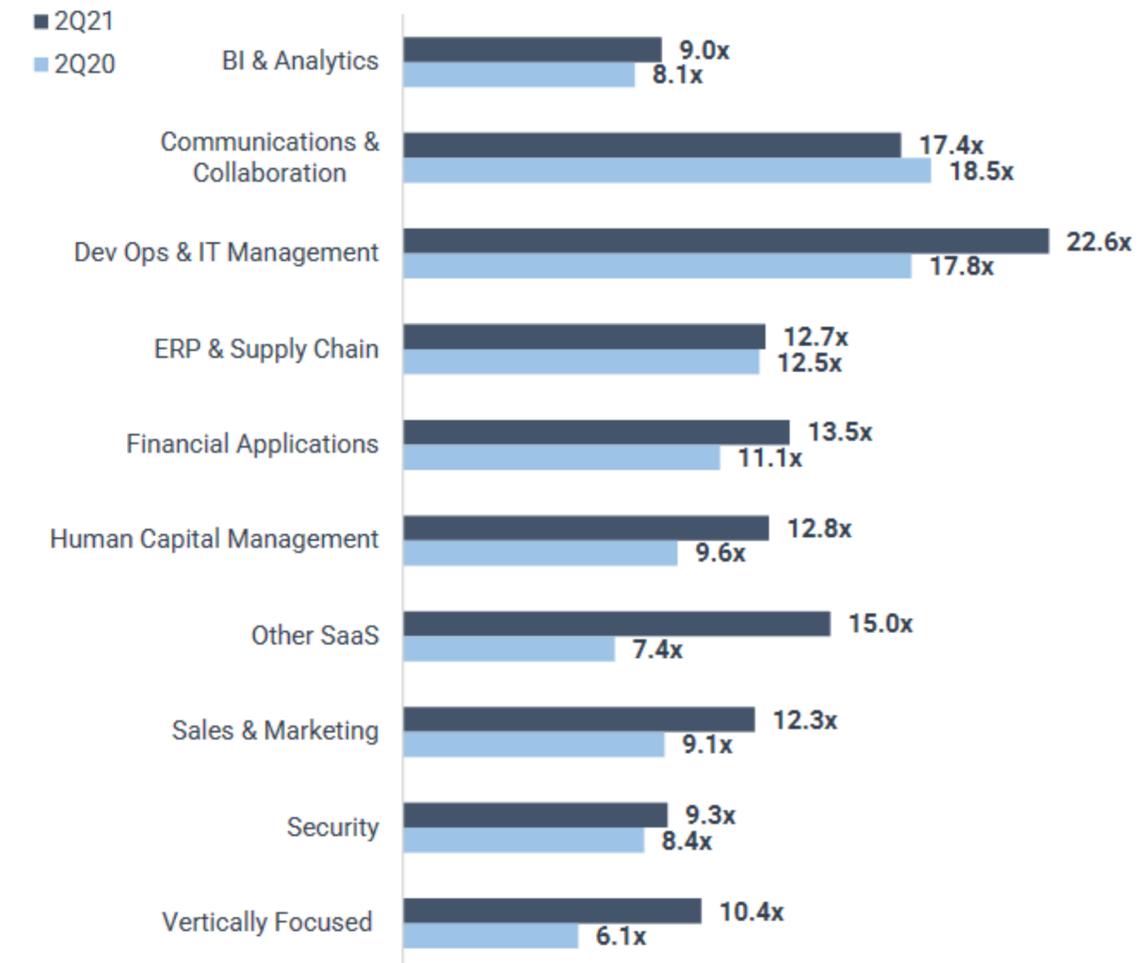
Sources: Crunchbase, Capital IQ, SEG, Architect Partners

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Public Software Multiples:

By Segment

Median TTM Revenue Growth

■ 2Q21
■ 2Q20

Segment	2Q21	2Q20
BI & Analytics	12.1%	26.0%
Communications & Collaboration	37.1%	30.6%
Dev Ops & IT Management	29.1%	26.6%
ERP & Supply Chain	16.0%	26.1%
Financial Applications	19.7%	27.3%
Human Capital Management	8.6%	11.6%
Other SaaS	18.3%	24.7%
Sales & Marketing	26.4%	27.7%
Security	22.2%	30.6%
Vertically Focused	17.8%	19.6%

Median EV/TTM Revenue Multiple

■ 2Q21
■ 2Q20

Segment	2Q21	2Q20
BI & Analytics	9.0x	8.1x
Communications & Collaboration	17.4x	18.5x
Dev Ops & IT Management	22.6x	17.8x
ERP & Supply Chain	12.7x	12.5x
Financial Applications	13.5x	11.1x
Human Capital Management	12.8x	9.6x
Other SaaS	15.0x	7.4x
Sales & Marketing	12.3x	9.1x
Security	9.3x	8.4x
Vertically Focused	10.4x	6.1x

Sources: Crunchbase, Capital IQ, SEG, Architect Partners

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Public SaaS Median Metrics:

SaaS Index Median Metrics

Measure	2Q20	3Q20	4Q20	1Q21	2Q21
EV/TTM Revenue	10.2x	12.4x	14.2x	15.0x	14.3x
EV/NTM Revenue	9.1x	11.8x	13.9x	13.3x	11.6x
EV/EBITDA	57.8x	58.8x	70.8x	70.8x	63.8x
EV/TTM CFO	28.0x	37.6x	39.0x	42.2x	44.8x
Gross Profit Margin	71.0%	71.7%	71.0%	71.7%	71.9%
EBITDA Margin	-3.4%	-2.0%	-0.4%	0.7%	-1.0%
Net Income Margin	-11.9%	-12.1%	-10.3%	-9.7%	-11.3%
TTM Revenue Growth	25.4%	23.4%	22.3%	22.5%	22.2%
TTM Total Revenue (M)	$424.0	$442.6	$484.8	$509.7	$540.9
TTM EBITDA Growth	22.6%	23.1%	24.0%	28.6%	26.2%
TTM Total EBITDA (M)	-$4.9	-$12.3	-$1.7	$2.7	-$4.3
Cash & Eq (M)	$228.0	$257.4	$300.2	$301.3	$329.3
FCF Margin	4.8%	5.2%	8.0%	9.8%	10.6%

Sources: Crunchbase, Capital IQ, SEG, Architect Partners

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Selected Most Active Private Equity SaaS Buyers

Last 12 Months

Select Most Active Private Equity Investors of SaaS – Last 12 Months

Buyer[1]	N Deals	SaaS Sellers												
THOMABRAVO	14	MAJESCO	FOUNDATION	AXIOMSL	FLEXERA	VENAFI	REALPAGE	thycotic	talend	CALYPSO	CALABRIO	applitools	proofpoint	greenphire	QAD
AKKR	6	Recurly	Wabtec CORPORATION	BLUE mountain QUALITY RESOURCES	SURGICAL INFORMATION SYSTEMS	navis	GPSINSIGHT							
Hg	6	F24	VISMA	benevity	Prophix	Dext	AUVESY.							
VISTA EQUITY PARTNERS	4	Gainsight	AlertMedia	arcos	triplelift	ellucian.								
STG	4	EthosCE	Warpwire	Traceone	FIREEYE									
TA ASSOCIATES	4	netwrix	DL Software	UNIT4	AQ									
CLEARLAKE CAPITAL	4	ZYWAVE INSURING GROWTH	nthrive	investcloud	Confluence									
FP FRANCISCO PARTNERS	4	CONSIGNOR	FORCEPOINT	CDKGlobal	VitalSource									
STONE POINT CAPITAL	3	Bullhorn	LONE WOLF TECHNOLOGIES	Consilio										
SEP SUMERU EQUITY PARTNERS	3	socialchorus	ceroc	loopio										

(1)   Transactions listed may not include all deals by the buyer.

Sources: Crunchbase, Capital IQ, SEG, Architect Partners

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Selected Recent 2Q21 Mid-Market Transactions

2Q21 Select Mid-Market SaaS Deals[1]

Buyer	SaaS Seller	EV (M)	EV/ Revenue	Seller PC/ Vertical	Seller Description
globalpayments	ZEGO Powered by PayLease	$830.0	N/A	ERP / Real Estate	Provides AI-enabled property management and related payments management SaaS that enables apartment owners and renters also to control IoT smart home applications from a mobile application.
SIEMENS	Supplyframe	$700.0	N/A	Supply Chain / Other	Provides electronics value chain market intelligence SaaS to enable marketing spend optimization for businesses globally.
REPAY Realtime Electronic Payments	BillingTree	$503.0	N/A	Payments / Horizontal	Provides omni-channel, integrated payments, and transaction processing SaaS, and related outsourced, agent-assisted transaction processing services.
Constant Contact	SharpSpring	$240.0	13.3x	Sales & Marketing / Horizontal	Provides marketing automation SaaS, including email and social media marketing and related analytics, for SMBs.
cardlytics	Bridg	$350.0	N/A	Sales & Marketing / Horizontal	Provides customer analytics SaaS for retailers and CPG marketers.
JFrog	Vdoo	$300.0	N/A	Security / Horizontal	Provides connected device application security testing SaaS for businesses in Israel, Japan, Europe, and the US.

(1)   Includes M&A deals estimated to be greater than $250M and less than $1B in Enterprise Value.

Sources: Crunchbase, Capital IQ, SEG, Architect Partners

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Selected Recent Mid-Lower Market Transactions

2Q21 Select Mid-Lower Market SaaS Deals[1]

Buyer	SaaS Seller	EV (M)	EV/ Revenue	Seller PC/ Vertical	Seller Description
everbridge	(x) matters	$240.0	4.8x	Communications & Collaboration / Horizontal	Provides enterprise IT operations and incident alert, notification and automated communication SaaS that alerts IT teams during time-sensitive disruptions or failures.
Wolters Kluwer	Vanguard	$110.0	15.3x	Supply Chain / Horizontal	Provides SCM planning and forecasting SaaS and related services for businesses.
splunk>	TRU★STAR	N/A	N/A	Security / Horizontal	Provides cloud-native cybersecurity core detection, orchestration and response management SaaS for businesses.
tyler technologies	VendEngine	$84.0	N/A	ERP / Public Sector	Provides fintech, accounting, and communication ERP SaaS and related mobile application for businesses in the government and correction sector globally.
helpsystems	AGARI	N/A	N/A	Security / Horizontal	Provides AI-enabled anti-phishing email security management SaaS for businesses
Guesty	my▪vr	N/A	N/A	ERP / Real Estate	Provides vacation rental property management SaaS for property managers in the real estate industry

(1) Includes M&A deals estimated to be less than $250M in Enterprise Value.

Sources: Crunchbase, Capital IQ, SEG, Architect Partners

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Architect Partners Value Proposition

AP Background

We Specialize in Communicating Your Vision, Business and Future Value

We Deliver Premium-Value M&A and Strategic Financing Outcomes

We Have Earned Skills, Judgement and Perspective at World-Class Firms

We are Entrepreneurs Who Speak the Language of Silicon Valley, Not Wall Street

Our Partners Lead All Aspects of Transaction Execution - WYSIWYG

300+ Transactions | $25B+ Value | Global Clients

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M&A and Strategic Financing

Firms	Roles
Bank of America Merrill Lynch, MONTGOMERY SECURITIES, OPPENHEIMER, Robertson Stephens, Hercules CAPITAL, CIBC, Piper Jaffray, GCA, SoundView Technology Group	Global Head of Mergers & Acquisitions, Global Head of Software Investment and Corporate Banking, Head of West Coast Technology Group, Global Head of Software Investment Banking, Managing Director

Principal Investing

Firms	Roles
BANK OF AMERICA, IGNITE, GKM VENTURES, OSPREY VENTURES, CDIB CAPITAL INTERNATIONAL, FEP FOUNDERS EQUITY PARTNERS	Investment Partner BofA Capital Investors, General Partner Venture Capital

Operating Executive and Strategy

Firms	Roles
SEGA, ROLM, Netwise, IBM, Booz | Allen | Hamilton, SRI International, SiriusXM, SK telecom	Founder, CEO, President, Chief Operations Officer, Head of New Products, EVP Product Development & Marketing, BVSC Founder, Business & Corporate Development

OUR CLIENTS SPEAK

Sector Focus and Grit

"Architect Partners is the ideal boutique advisory firm – they're honest and straight-forward, they have a deep strategic understanding and broad connections in the sectors that they focus on, they work tirelessly on behalf of their clients and will stick with the assignment until its completion."

Fred Wang, Adams Street Ventures | Board of Avaak (Sold to Netgear)

Big Firm Skills, Small Firm Responsiveness

"Architect Partners helped Skyfire develop our liquidity strategy, communicate the company's story, prioritize and manage interactions with prospective partners, and negotiate and structure a very complex M&A transaction. They truly combined the responsiveness of a small firm with a full service approach, executed by the principals with greater skill than we see from bankers with much larger firms."

Larry Orr, Trinity Ventures General Partner

Delivered Acquirer and Premium-Value Outcome

"Architect Partners became trusted advisors to Skyfire Labs on strategy and how to deal with various acquirers. They catalyzed conversations with what became the right buyer, Opera Software, and helped craft a deal many times better than the original offer, which allowed all stakeholders to enjoy a positive return at closing."

Jeff Glueck, former CEO FourSquare | CEO Skyfire Labs (Sold to Opera Software)

Relentless

"I've retained Architect Partners several times for a simple reason: they're the best bankers I've ever worked with - and I've worked with many. They are thoughtful, detail oriented, strategic, analytically driven and relentless."

Michael Grossman, CEO Zetta   (Sold to Marlin Partners-backed Arcserve)

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AP Secondary Transaction Services

Support Partial Liquidity Needs

Deep Expertise in Secondary Transactions in Private Companies

- Sales of founder, early executives, and early preferred shares
- Have executed all aspects of the secondary transaction process
  - Structured Liquidity Programs (SLPs)
  - Pricing
  - Legal documentation – purchase agreements and ROFRs
  - Options exercise and withholding
  - Company and board approval
- Led or co-led over $160M in secondary transactions in private, venture-backed companies
- Access to wide range of secondary investors/buyers- institutional, family offices, and high net worth individuals
- Current secondary transaction of $73M in a direct-to-consumer company at a valuation >$600M
- Exits have included:
  - Palantir (NYSE:PLTR) IPO Sept 2020
  - Cylance acquired by Blackberry (BB) for $1.4B
  - AlienVault acquired by AT&T

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Our Partners

Seasoned, roll up our sleeves doers. We execute and make it happen

Eric F. Risley
Managing Partner | efr@architectpartners.com | 415-640-8232

Eric founded and is Managing Partner at Architect Partners. Eric has guided senior executives and corporate boards through strategic transactions for over twenty-five years.

Eric led Global Software Corporate and Investment Banking for Banc of America Securities (now Bank of America | Merrill Lynch), building the practice into a $50mm annual revenue business while advising some of the firms' largest clients. Eric also co-founded the Silicon Valley technology investment banking practice for Oppenheimer & Co., Inc. (subsequently CIBC World Markets) where he eventually led both the Internet and Software Investment Banking business units. Eric was also Head of Investment Banking at Rutberg & Company, the preeminent wireless research and investment banking boutique.

Eric's delivers executive and Board-level relationships built over two decades at dozens of important acquirers across the technology, internet, mobile, blockchain, crypto and digital media sectors.

Eric likes to start his day early with a potent latte and fruit at Coupa Café in downtown Palo Alto. Pain inducing endurance sports have long appealed to Eric. He still tries hard to find time to run or cycle more days than not and occasionally throws a race on the calendar to test his fitness and reality check his ego. Eric lives in Portola Valley with his wife and three sons.

Steve Payne
Partner | spayne@architectpartners.com | 650-740-0653

Steve Payne co-founded Architect Partners alongside Eric who he has known for twenty years.

Steve has been a senior operating executive, a venture investor and a dealmaker in Silicon Valley for over two decades. Most recently, Steve was Managing Partner of the Ignite Group, a trans-Pacific venture capital partnership with funds in Silicon Valley and Tokyo. Prior to that, he headed New Products at Sega and was EVP Product Development and Marketing at SegaSoft. Two bubbles ago, Steve left management consulting to head product marketing for a Kleiner Perkins/Sequoia Capital startup. He has been a Director of two dozen private and non-profit boards.

What ties this background together is a strong understanding of technology and a senior, strategic perspective to connecting young, fast growing companies with world-class partners for business development, investment or M&A. Steve holds an engineering degree from Washington University in St. Louis and an MBA from Harvard.

Steve races sailboats on the San Francisco Bay, cycles throughout the Santa Cruz mountains and drives his two kids to water polo, ultimate, basketball and lacrosse practice.

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Our Partners
(Continued)

Glenn Gottlieb
Managing Director | glenn@architectpartners.com | 408-506-1369

Glenn brings a strong business and transactional background from a broad range of vantage points: product line growth at a global-level (world's #1 laptop line and world's #2 sound card line); senior business and corporate development roles; executive consulting and investment banking. In addition, he has co-founded multiple companies including one of the first mobile e-commerce and location-based service companies (owned by Yahoo).

Glenn's ability to rapidly assess technology and its business implications has enabled him to evaluate, and execute multiple corporate investment, acquisition and spin-out opportunities across a wide variety of technology sectors including big data, IT infrastructure, cyber security, cloud services, telecom infrastructure, e-commerce, productivity, and video broadcast services with industry leading companies Sirius XM, SRI International, Raytheon, Pacific Bell Mobile Services (ATT Wireless), and SK Telecom. As an investment banker, Glenn previously served as a director with Dresner Partners where he advised technology companies in the big data, SaaS, IT infrastructure and cyber security markets.

As a strong believer in the sound mind/sound body philosophy, Glenn starts every day with an early morning workout which he claims helps keep him sane. After enjoying Silicon Valley for a long time from Los Gatos, Glenn is now enjoying life in Dallas, Texas.

Glenn holds an MBA from Butler University, a BS in Computer Science and a BA in Mathematics from Indiana University.

Howard Lee
Senior Advisor | hlee@architectpartners.com | 650-400-3688

Howard has more than twenty-one years of experience in venture capital and private equity investing in Silicon Valley, and more than a decade of experience in research, development, and marketing in emerging and established technology companies and research institutions. His investments have spanned venture capital, venture capital and private equity funds, and venture secondary. Howard brings extensive primary and direct secondary venture investment experience and networks in cybersecurity and IT infrastructure to provide trusted value to entrepreneurs and founders as they manage and build their companies.

Most recently, Howard is a Co-Founder and Managing Director of Founders Equity Partners (FEP), a $94 million venture secondary fund focused on the cybersecurity sector. Prior to FEP, he was Co-Head for US Private Equity at CDIB Capital, the private equity arm of CDIB, the largest industrial bank in Taiwan. Prior to CDIB Capital, Howard was a General Partner at Crystal Ventures, a venture capital firm that focused on early-stage infrastructure and enabling technology companies in both the US and Asia. Howard was also a Vice President of the global venture capital firm Crimson Ventures. Prior to Crimson, he was Vice President and Co-Founder of Volendam Capital Advisors, a venture fund that invests in emerging growth high technology companies in the US and Europe. Howard has held management positions in product management and marketing at Applied Materials and has worked as a research investigator in optoelectronics and semiconductor materials at the US Army Research Labs. He has also held engineering positions at IBM and Unisys.

He currently serves on the Board of Trustees for the San Jose Police and Fire Retirement Plan and as an advisor and mentor to several Silicon Valley organizations including the Entrepreneurship course at the University of California at Berkeley.

Howard holds a BS (Highest Honors) in Electrical Engineering, a PhD in Electrical Engineering and Electro-Optics from Cornell University, and an MBA from INSEAD in Fontainebleau, France.

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Our Partners
(Continued)

Peter Stoneberg

Managing Director | pstoneberg@architectpartners.com | 415-640-3363

Mr. Stoneberg has devoted his career to starting, growing, financing, buying and selling growth companies, primarily in the technology sector. As an investment banker and private equity and debt investor, he has advised or invested in over 100 acquisitions, public offerings, private placements and strategic partnerships representing over $13 billion in transaction value. He has extensive experience as a board member and strategic advisor to public and private companies in the areas of raising equity and debt capital, mergers and acquisitions, management succession, executive compensation and maximizing shareholder value through timely liquidity events. He has over three decades of experience in the technology industry and has chaired and been a member of multiple boards and board committees.

Prior to Architect Partners, Peter was a Managing Director at Dresner Partners and was the Managing Partner of Velocity Ventures, LLC ("Velocity Ventures"), a merchant banking and M&A advisory firm that he founded in 2000. He is currently the Chairman of the Nominating/Governance Committee and an Independent Director of Kilroy Realty (NYSE:KRC), a $10 billion (EV) REIT specializing in developing and managing Class A office buildings for clients like Apple, Amazon, LinkedIn, Dropbox and Stanford University.

Mr. Stoneberg was also an Investment Partner with Bank of America Capital Investors ("BACI"), a private equity firm where he specialized in growth and buyout capital for public and private technology companies. Mr. Stoneberg also served as Senior Managing Director of Montgomery Securities, where he founded and led the Technology M&A group which he built from ground zero to the #1 ranked Tech M&A advisor in the world (1997). Mr. Stoneberg has also served in various other investment banking and management roles, including Managing Director of Broadview Associates, Co-Founder and President of Data/Voice Solutions Corp and Product Marketing Manager for IBM and ROLM Corp. He also was an investor and on the boards of Cupertino Electric, Osprey Ventures, Historic Motorsports Productions, Saleslogix Corp. and Netcom Systems.

Mr. Stoneberg's non-profit activities include being the founder of the San Francisco America's Cup Organizing Committee, Commodore of St. Francis Yacht Club, Chair of the Investment Committee for the St. Francis Sailing Foundation and Director of the Atlas Peak Appellation Association in Napa, CA. In his spare time he enjoys racing big, fast catamarans and vintage race cars and is learning to fly. Mr. Stoneberg received his Bachelor's Degree in Business from the University of Colorado and has completed the Directors' College at the Stanford University Law School.

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Active Weild & Co. Partner

David Stastny
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David Stastny provides strategic merger & acquisition advisory, debt and equity private placement fund raising advisory and strategic transaction readiness consulting services to emerging growth companies in the SaaS, Cybersecurity, IT Infrastructure, Big Data, Cloud Services , BtoB and BtoC sectors.

Mr. Stastny also brings significant venture capital investing experience as the managing partner in both the Osprey and GKM Venture Capital funds. Osprey was a $92 million and GKM was a $81mm SBIC-backed fund, both investing in expansion stage technology companies. The Osprey and GKM Funds invested in thirty-three private growth technology companies during the eleven year life of the funds. As a Board member and observer, Mr. Stastny advised, structured and supported selected IPO and secondary offerings, mergers and acquisitions and other liquidity events for eighteen Osprey or GKM portfolio companies.

Previously, David served as Managing Director at Soundview Financial Group, (sold to WIT Capital) as the leader of the Technology Investment Banking Group while also leading the firm's venture capital effort. Mr. Stastny also opened, staffed, built and directed the West Coast Technology Investment Banking Group for Oppenheimer and Co., Inc. (sold to CIBC World Markets) and completed several billion dollars in transactions. Prior to Oppenheimer, Mr. Stastny was a managing director at Robertson Stephens & Co. (sold to Bank of America).

David has been been the lead senior banker on a large number of premier technology IPOs, follow-on offerings, buy and sell-side M&A advisory, hostile takeover defense, private placements, spinouts and restructurings.

Prior to his venture capital and investment banking career, David was an operating executive with Netwise, Data Voice Solutions and ROLM. Mr. Stastny as a BS in Business Administration from the University of Colorado, Boulder.

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Select Recent Transactions

300+ Transactions

$25B+ Value

Global Clients

M&A Advisory	M&A Advisory	M&A Advisory	M&A Advisory	M&A Advisory
FICO Cyber Risk Score Business	Distributed Technology Markets	*PayMate*		*zetta*
Acquired By	Acquired By	Acquired By	Acquired By	Acquired By
ISS	SECURITIZE	ACT NETWORKS	Porch	arcserve
ARCHITECT PARTNERS	ARCHITECT PARTNERS	TEAM EXPERIENCE	ARCHITECT PARTNERS	ARCHITECT PARTNERS

Strategic Financing	Strategic Financing	Strategic Financing	Strategic Financing	Strategic Financing
RALLY SOFTWARE	UBiQUiTi NETWORKS	SYBASE	appthority	ZOOVE
Follow On Offering	Follow On Offering	Receives Private Financing	Attracts New Investor	Completes Equity Financing
MULTIPLE INVESTORS	MULTIPLE INVESTORS	MULTIPLE INVESTORS	MULTIPLE INVESTORS	MULTIPLE INVESTORS
TEAM EXPERIENCE	TEAM EXPERIENCE	TEAM EXPERIENCE	TEAM EXPERIENCE	ARCHITECT PARTNERS

Strategic Financing	Strategic Financing	Strategic Financing	Strategic Financing	Strategic Financing
TIBCO	allot	EllieMae	EllieMae	SUNGARD
Follow On Offering	Follow On Offering	Initial Public Offering	Follow On Offering	Receives High-Grade Debt
MULTIPLE INVESTORS	MULTIPLE INVESTORS	MULTIPLE INVESTORS	MULTIPLE INVESTORS	MULTIPLE INVESTORS
TEAM EXPERIENCE	TEAM EXPERIENCE	TEAM EXPERIENCE	TEAM EXPERIENCE	TEAM EXPERIENCE

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NOTABLE TRANSACTIONS

Where We Were Investors or Principals

- **Cylance** $10 million secondary investment in end point protection platform company acquired by Blackberry (BB)
- **AlienVault** $10 million secondary investment in SIEM company acquired by AT&T (T)
- **Signifyd** $10 million primary and secondary investment in fraud detection company
- **Palantir** $10 million primary and secondary investment in data analytics company
- **Dragos** $10 million primary and secondary investment in ICS security company
- **Code 42 Software** $4 million secondary investment in data risk detection company
- **CyberGRX** $2.7 million primary and secondary investment in 3rd party risk assessment company
- **Area 1 Software** $4 million primary and secondary investment in threat intelligence company
- **Arctic Wolf Networks** $2 million primary investment in SOC-as -Service company.
- **Ellie Mae** completed an IPO in May 2011 and Follow on offering in June 2012, the company has completed five (5) successful acquisition since 2000
- **BuyDirect** was acquired by Beyond,com (BYND)
- **CyberGold** (CGLD), completed its initial public offering (IPO) then was acquired by United Airlines Mileage Plus (UAUA)
- **Panopticon** was acquired by Kana Software (KANA)
- **Hotpaper** was acquired by GoAmerica (GOAM)
- **Lara Networks** acquired by Cypress Semiconductor (CY)
- **Epicentric** was acquired by Vignette (VIGN)
- **BlueStar Solutions** was acquired by Affiliated Computer Systems (ACS)
- **AppShop** was acquired by US Internetworking Inc (USI) , USinternetworking was acquired by AT&T (T)
- **GlobalSight** was acquired by Transware PLC
- **Netbotz** was acquired by APC (APCC)
- **Market Wire** was acquired by CCNMatthews Company
- **Voyager Systems** was acquired by TriTech
- **Size Technologies** was acquired by First Data Corp. (FDC)
- **ETI Inc.** was acquired by Versata, Inc
- **iPolicy Networks** was acquired by Tech Mahindra
- **Oxford Semiconductor** acquired by (PLXT)
- **Sabrix, Inc** was acquired by Thompson Reuters (R)
- **Advanced Data Exchange** was acquired by Liaison Technologies

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TECHNOLOGY IPOs, M&A AND OTHER INVESTOR LIQUIDITY TRANSACTIONS

Where We Were Investors or Principals

- **Cylance** acquired by Blackberry (BB)
- **AlienVault** acquired by AT&T (T)
- **Palantir** IPO Sept 2020
- **Ellie Mae** completed an IPO in May 2011 and Follow on offering in June 2012, the company has completed five (5) successful acquisition since 2000
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REPRESENTATIVE CYBERSECURITY TRANSACTIONS

- **Cenzic** sell-side advisory assignment that resulted in an acquisition by Trustwave Holdings, Inc
- **Appthority** strategic and institutional private placement which resulted in a $10 million Series B equity round led by Blue Coat Systems (acquired by **Symantec** – NASDAQ: SYMC), Knollwood Management, USVP and Venrock Capital
- **PC-Tel (PCTI)** public company divestiture advisory engagement leading to the sale of PCTEL Secure division to Redwall Technologies
- **SRD** sell-side advisory resulting in acquisition by IBM
- **Insightful** $25 million sell-side advisory engagement resulting in an acquisition by TIBCO
- **Encap** sell-side advisory resulting in an acquisition by All Clear ID
- **Attributor** sell-side advisory resulting in an acquisition by Digimark
- **Securant** sell-side advisory resulting in a $136 million acquisition by RSA Security
- **Entercept** $33 million strategic financing, subsequently sold to Network Associates for $120 million
- **CA** $1.1 billion debt and equity capital raise
- **Symantec** syndicated institutional financing
- **Network Associates** syndicated institutional financing
- **iPolicy Networks** raised $15 million in Series B financing led by Ignite Group

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June 22, 2020

Target: CYBERX   **Buyer:** Microsoft

Microsoft set to acquire CyberX for $165M

Author: Austin Risley
More Info: Steve Payne – spayne@architectpartners.com

Transaction Overview
On June 22, 2020 Microsoft announced its agreement to acquire Industrial Internet of Things (IIoT) security startup CyberX for a reported $165M.

Target Description
CyberX is an IIoT cybersecurity company that focuses on creating security solutions for the increased attack surface that IoT brings. CyberX has developed a platform for industrial control systems (ICS) and factories. The CyberX platform is claimed to be "the simplest, most mature, and most interoperable solution for auto-discovering assets, identifying critical vulnerabilities and attack vectors, and continuously monitoring ICS networks for malware and targeted attacks." Current customers include top U.S. energy, water, and pharmaceuticals companies, all of which operate critical industrial control systems and infrastructure.

Headquartered in Waltham, MA, the Israel-based company was founded in 2013 by CEO Omer Schneider and CTO Nir Giller. Both are veterans of the Israeli Elite Cyber Security Unit that specializes in collecting signal intelligence, code decryption, and overall cyber defense.

CyberX currently employs 164 individuals and generates an estimated revenue of $25-30M annually. Over the course of 5 rounds, CyberX has raised $47M in venture funding from Glilot Capital Partners (Kobi Samboursky), Flint Capital (Sergey Gribov), Norwest Venture Partners (Dror Nahumi), Inven Capital (Petr Míkovec), and Qualcomm Ventures (Boaz Peer). Competitors include Claroty, GoSecure, RedSeal and SafeBreach.

Buyer Description
Microsoft is a software giant that develops, manufactures, licenses, supports, and sells a range of products and services.

As the current heavy weight champion of the IT world, Microsoft employs over 144,000 individuals boasting a market capitalization of $1.42T and an annual revenue of $125.8B (2019).

Microsoft offers a broad range of security products in IoT enterprise security. In 2019, Microsoft's Azure IoT was named as leader in The Forrester Wave: Industrial IoT Software Platforms, Q4 2019, receiving the highest score possible.

Transaction Parameters
Microsoft is reportedly acquiring CyberX for $165M.

Transaction Value	$165M
Multiple of Invested Capital Multiple ($M)	3.5x
Multiple of Revenue ($M)	5.5x - 6.6x

Comparable transactions include Cisco's pending acquisition of IoT cybersecurity startup Sentryo that was announced in June 2019, as well as Insight Partners' acquisition of cybersecurity IoT startup Armis Security in December 2019, $1.1B (Invested Capital Multiple 9.8x).

Strategic Rationale
The IoT market is expected to reach $751B by 2023, growing at a CAGR of 24%. More specifically, the IoT cybersecurity sector is expected to surpass $35B by 2023, growing at a CAGR of 34%. In 2018, Microsoft's Julia White, CVP of Azure, (Microsoft's cloud computing service created by Microsoft for building, testing, deploying, and managing applications and services through Microsoft-managed data centers), announced that Microsoft would be investing $5B in new services and features for Azure IoT over the next four years.

Architect Partners' Observations
One of our frequent observations is that many transactions are announced between companies already working together – this is a very effective way of assessing value and risk. In this case, CyberX just announced a Microsoft Azure integration. Going forward, CyberX's technology group will be integrated in Microsoft's Israel development center, and Microsoft has announced it intends to spend tens of millions of dollars in new development work.

Sources
Crunchbase
CRN
Haaretz
CyberX
MarketWatch

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May 28, 2020

Target: EDGEWISE ZERO TRUST SEGMENTATION   Buyer: zscaler

Zscaler recently acquires Edgewise Networks.

Author: John Andrews
More Info: Steve Payne– spayne@architectpartners.com

Transaction Overview
On May 28th, 2020 Zscaler (NASDAQ: ZS; Market Cap: $12.9B) announced the acquisition of Edgewise Networks (private company; Estimated revenue: $1mm-$10mm range) for an undisclosed amount.

Zscaler Description
Zscaler is a publicly traded cloud-based security company, that provides internet security, web security, firewall inspection, and antivirus software by reporting user activity and gathering global data to identify threats. The firm, headquartered in San Jose, California was founded in 2008 by current CEO, Jay Chaudhry.

The firm offers two main suites of products, Zscaler Internet Access (ZIA) and Zscaler Private Access (ZPA). The firm's ZIA platform focuses on bundling security options into one cloud-based system, including bandwidth control, firewall protection, threat protection etc. and monitors activity through data centers as well as their mobile app. Zscaler emphasizes their product's ability to offer the same protection to employees in remote locations as employee's working in a static location, like an office. The firm utilizes SSL inspection technology, which interceptions malware and dangerous content between outside sources and the company server. Zscaler's ZPA product enables protected access to a client's applications, using its cloud-computing software to store company programs. Zscaler uses 100 global data centers to monitor internet traffic and 1000 points of presence to track mobile device activity in a personal user.

In 2012, Zscaler raised $5mm in capital from Lightspeed venture Partners plus a strategic investment from EMC Corporation as part of a $38mm expansion round. On August 3, 2015 Zscaler announced a $100mm pre-IPO fundraising lead by TPG Capital Growth. On September 23, 2015 Zscaler announced that the $100mm funding was oversubscribed and was raised to $110mm including an additional $25mm investment from Google Capital. The firm has $24.12mm in Free Cash Flow and $391.4mm in revenue. Competitors include McAfee, Forcepoint, and Broadcom.

Edgewise Networks Description
Edgewise Networks, headquartered in the Greater Boston Area, was founded in 2016 by Harry Sverdlove and Peter Smith. The firm uses a Zero Trust Security Platform along with micro segmentation, which takes large networks and turns them into more granular nodules. The firm has implemented machine learning as a method to screen networks for viruses, then make security recommendations based off this AI technology. The firm focuses on Zero Trust Identity, emphasizing that if a machine cannot be verified, it cannot communicate with a server regardless of its past permissions.

Edgewise has undergone two rounds of funding totaling $18mm. The first round was a seed investment for $7mm from Pillar Ventures, then a series A fundraiser worth $11mm from private equity firm, Accomplice and .406 Ventures. The firm has an estimated revenue in the $1mm to $10mm range and five to ten employees.

Transaction Parameters
Zscaler will acquire Edgewise Networks for an undisclosed amount. Recent comparable transactions in the endpoint security space, like CyberArk's acquisition of Idaptive was worth $70mm with an EV/revenue multiple of about 2.3x. We can expect a transaction value of $50mm-$60mm between Zscaler and Edgewise based off similar multiples.

Strategic Rationale
Zscaler's acquisition will allow the firm to grow their product base by introducing a Zero Trust security imitative into their pipeline. This deal is seen as a growth opportunity for the firm to expand their services and acquire the patented technology of Edgewise. These combinations of products will allow the firm to service a larger customer base.

Architect Partners' Observations
Zscaler CEO: Jay Chaudhry is a well know security entrepreneur who has founded several cybersecurity companies in the past. Zscaler was self-funded by Chaudhry at its inception, making it a very unique case in the industry. Zscaler seems to be entering into the Zero Trust realm of Cybersecurity, a consistent trend of most firms of late.

New product: An unknown result of this acquisition is if Zscaler will update its suite of products and begin to advertise its new addition of Zero Trust Security. The newly acquired technology could be integrated with its present pipeline or create an additional source of new customers.

Sources
Crunchbase-Edgewise

Press Release

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May 13, 2020

Target: idaptive   **Buyer:** CYBERARK

CyberArk has announced the acquisition of Idaptive

Author: John Andrews
More Info: Steve Payne – spayne@architectpartners.com

Transaction Overview
On May 13, 2020 CyberArk (NASDAQ: CYBR; market cap: $3.75B) announced its acquisition of Idaptive Holdings (private company) to add Identity-as-a-Service (IDaaS) to its IT security offerings.

Idaptive Description
Idaptiv is a privately held cyber-security firm spun out of Centrify in 2018. Centrify was competing in three different security segments and spun out its IDaaS business to focus on Zero Trust Privilege, its cloud-architected flavor of Privileged Access Management. Idaptive marketed a set of 'Next-Gen Access' technologies including Single Sign-On (SSO), Multi-Factor Authentication (MFA), Lifecycle Management and Endpoint Management. The SSO segment, Idaptive's main focus, is highly competitive and commoditized, but Forrester identifies Idaptive as a Leader, along with Okta, followed by other players such as Microsoft, OneLogin, Ping, Google and IBM.

The company, headquartered in Santa Clara, California, has 130 employees with annual revenue of $30mm. Both Idaptive and Centrify were owned by private equity firm Thoma Bravo. Other competitors include Okta, Duo Security and LastPass. Idaptive's products advertise integration with other common web services. Idaptive's most notable technology partners include Amazon Web Services, Dropbox, and Office365, and Idaptive maintained its Centrify integrations post-spinout.

CyberArk Description
CyberArk is a NASDAQ-traded security company founded in Israel in 1999. The company provides Privileged Identity Management (PIM or PAM) to protect enterprise clients' IT assets against external attackers and malicious insiders via endpoint and core access security products. CyberArk features a SaaS model, but most customers use their on-premises solutions, not cloud offerings.

The firm's security products are used by more than 50% of the Fortune 500 and 35% of the Global 2000, with customers in 65 countries. CyberArk's revenues are $445 million and annual earnings are expected to grow 18.1%, somewhat above the industry average. The firm has acquired six companies within a five-year span. Competitors include Centrify, McAfee, Palo Alto Networks, BeyondTrust and One Identity.

Transaction Parameters
CyberArk is purchasing Idaptive for $70mm in an all-cash deal. CyberArk is currently trading at 7.2x EV/Revenue compared to an industry average of 10x.

Transaction Value	$70mm
Transaction EV / Revenue	2.3x

This EV multiple of revenues is well below the cybersecurity sector median tracked by Architect Partners.

Strategic Rationale
Identity is a key component of access management. The Idaptive acquisition provides a broader set of identity products that fit with CyberArk's access management offerings, giving the acquirer more complete solutions, some new AI identity technologies, and the potential to cross-sell two large customer bases. The curious aspect of this transaction is that Centrify discarded Idaptive, and competitor CyberArk then picked it up.

Architect Partners' Observations
Strong Private Equity Interest in Cybersecurity– IT PE leader Thoma Bravo acquired Centrify in July 2018 and spun out Idaptive in October of that year. Thoma Bravo has a particular focus on cybersecurity, with McAfee, Barracuda Networks, SailPoint, Sophos and LogRhythms also in its portfolio.

Shifting Competition in PIM - As Forbes notes, "this deal hurts Centrify (still owned by Thoma Bravo) in two ways. First, it gives CyberArk a broader identity and access management (IAM) portfolio, which differentiates it against Centrify. Secondly, the CyberArk/Idaptive combo removes the strategic advantage of the earlier, tight IDaaS-to-PIM product integration that Centrify has continued to claim (post split-up) as a competitive advantage for customers using both."

Sources
Crunchbase
CyberArk
Forrester
Forbes

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May 11, 2020

Target: panda **Buyer**: WatchGuard

WatchGuard Technologies agrees to acquire Panda Security.

Author: John Andrews
More Info: Steve Payne – spayne@architectpartners.com

Transaction Overview

On March 9th, 2020, WatchGuard Technologies announced that it had entered into a definitive agreement to acquire Panda Security, for an undisclosed amount, to add endpoint security to its network security offerings.

Panda Security Description

Panda Security is a private cloud security vendor founded in 1990 in Bilbao, Spain. The company offers anti-virus software to the consumer market and endpoint protection products to the business market. Panda began with developing an anti-virus product, and expanded into a complete endpoint protect suite, including anti-malware, firewall, device control, web filtering, ant-spam, email protection and content filtering. They also added management capabilities such as patch management, software installation, and device monitoring.

In 2010, Panda became the first security company with a completely cloud based offering and by 2015, Panda Security had 3.6% share of the total endpoint protection market. The company currently has 30 million users in 180 countries. Their target market on the business side is the mid-sized enterprise, and they distribute largely through some 8000 resellers and MSSPs. Competitors include Norton Antivirus, Carbon Black and Distil Networks.

Panda was founded by Mikel Urizarbrrena in 1990. In April 2007, Urizarbrrena sold a 75% stake in the company in one round of institutional funding, totaling $13.8 million, from Investindustrial, Gala Capital, HarbourVest Partners and Atlantic Bridge. Today, acting CEO Juan Santamaria manages 16 subsidiaries across the world, including an office in Menlo Park, California.

WatchGuard Description

WatchGuard, formerly known as WatchGuard Technologies, is a Seattle-based network security vender with products that protect computer networks from outside threats such as malware and ransomware. The firm provides products for network security, secure Wi-Fi integration, and multi-factor authentication. The company markets a 'Unified Threat Management' concept which provides a full stack of advanced network security solutions, including GAV, IPS, VPN, sandboxing, and advanced threat detection, correlation, and response delivered in one Firebox appliance. WatchGuard is private, with estimated annual revenues of $114 million. The company sells direct to enterprise and via regional channel partners to the SMB market.

In July of 1999 WatchGuard went public on NASDAQ. In October of 2006 the firm was acquired for $151 million by Francisco Partners and Vector Capital. Current CEO Prakash Paniwani has led a number of acquisitions since then, acquiring Hawkeye G security, Datablink and Percipient Networks.

Transaction Parameters

WatchGuard will acquire Panda Security for an undisclosed amount. The transaction is expected to conclude in the second quarter of 2020. Panda are not public but are estimated at $105-115 million. Public security companies trade at about 7x 2020 revenues, and the most recent endpoint security comparable transaction, VMware's acquisition of Carbon Black, was at 8.9x revenues, so this transaction could have been in the $700-900 million range.

Strategic Rationale

WatchGuard's move to acquire Panda is a logical expansion from their main network security product offerings to also securing edge devices. The combined entity now can offer a broader line of products through a broader set of global distribution partners, although there will be some inevitable channel conflicts. It's not clear whether the Panda Dome brand name will be retained.

Architect Partners' Observations

PE-backed security roll-ups: With private equity backing, WatchGuard CEO Paniwani has executed several acquisitions in the past few years. Panda is the largest addition so far. IT security has been relatively hot space, growing several times faster than the overall IT market, so we have observed plenty of funding and new investment.

The end of the firewall: the moat concept where anyone can roam freely inside an enterprise once they obtain access to the network is fading, replaced by more fine-grained zero trust access controls. This trend is becoming more obvious as factors like the coronavirus cause many more people to work from home. Several "moat" elements of WatchGuard's product portfolio, including firewall and VPN products, have become very mature and this may be driving the company to invest in other sectors.

Sources
WatchGuard CrunchBase
Presse Release - Panda

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