

STEP MARK

Webinar Discussion Materials

October 28, 2024

Agenda

1. Intro to Stepmark Partners
2. Why Consider a Sale?
3. The M&A Process Demystified

Appendix

1. Intro to Stepmark Partners

Stepmark Partners: Bringing Wall Street expertise with boutique-level client focus



Jay Wong, CPA

Founder and Managing Partner

15 years of experience across investment
banking and technology



Carnegie Mellon University
Tepper School of Business

Rotman School of Management
UNIVERSITY OF TORONTO



Da Yu
Associate



Hibah Alam
Analyst



Haris Arain
Analyst



Shefali Breitbach
Analyst



Katherine Lee
Analyst



Shaurya Mahajan
Analyst

Stepmark Partners is the only investment bank focused on Seed to Series B companies

Principals of Stepmark Partners LLC are Registered Representative of and will offer Securities offered through Independent Investment Bankers Corp. a broker-dealer, Member (www.FINRA.org) / SIPC (www.SIPC.org). Stepmark Partners LLC and Independent Investment Bankers Corp are separate and unaffiliated entities.

Overview of services offered



Mergers & Acquisition

- Full end-to-end M&A advisory (buy-side and sell-side)
- Intrinsic and comparable company valuation analyses
- Preparation of all marketing materials, buyer tracker, and virtual data room
- Conduct buyer outreach
- Negotiate purchase agreement
- Prepare fairness opinion for Board and Special Committee



Capital Advisory

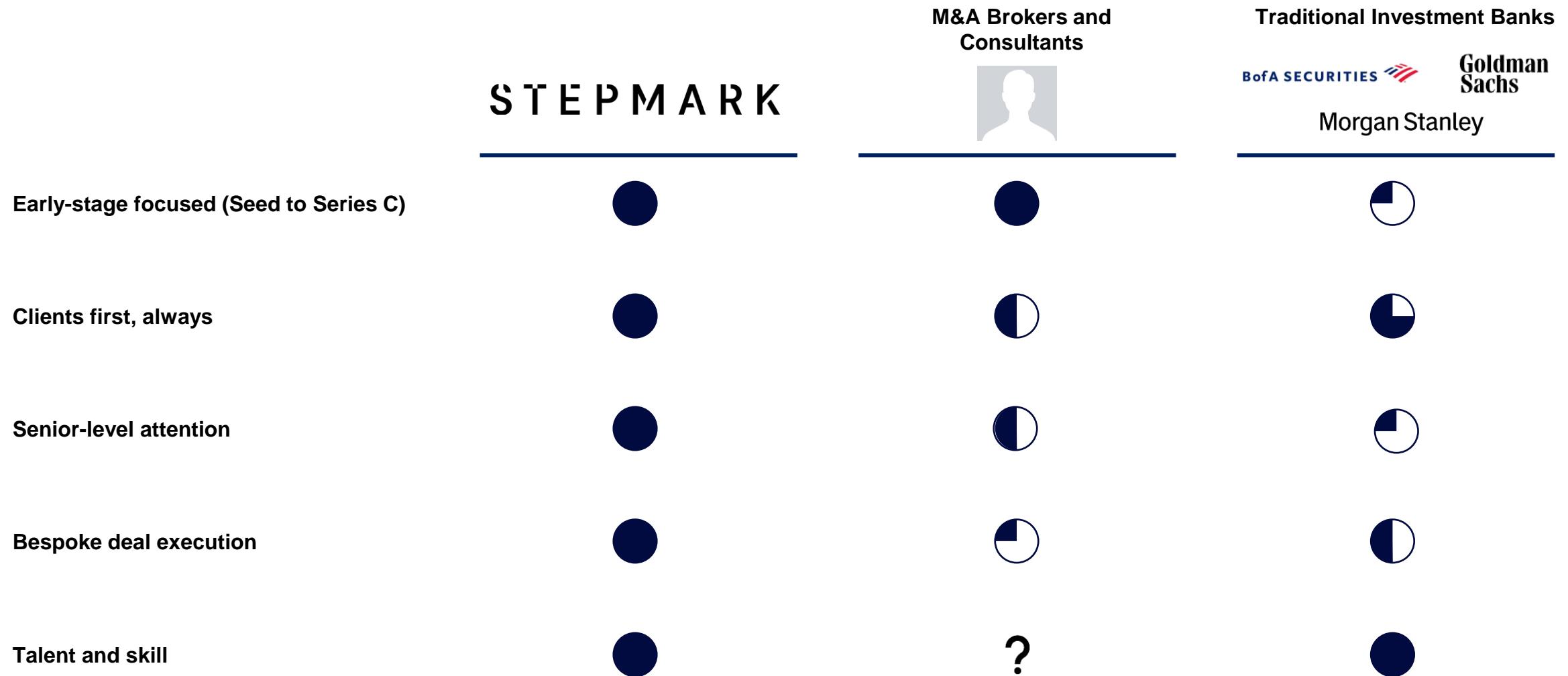
- Customized financing solutions, including equity, venture debt and hybrid raises
- Evaluation, benchmark and optimization of corporate capital structure
- Execute secondary transactions
- Negotiate term sheets and structuring



Strategic Corporate Finance

- Fractional CFO services
- FP&A preparation and execution, and negotiate vendor contracts
- Preparation of operating model, scenario analyses and stress testing
- Preparation of Board / investor decks and investor communication strategy

What sets us apart from other advisors and traditional investment banks



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Recent firm announcements

June 2024

Strategic Alternatives Advisor



July 2024

Capital Advisor



Select Prior Transaction Experience

July 2021

Sellside (Divestiture) Financial Advisor



sale to



\$3,100,000,000

February 2020

Buyside Financial Advisor



acquisition of



July 2019

Sellside Financial Advisor



sale to



March 2019

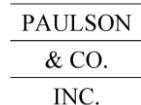
Sellside Financial Advisor



sale to



&



We are proud and grateful to have a track record of 100% referenceable clients

Why hire an investment bank?



Martin Tobias (Pre-Seed VC) ✅ ...

One of my portcos got an over the transom offer for the company at \$12M (two founders, less than \$500K invested). I introduced them to my investment bank, they ran a process and sold the company three months later for \$36M.

3x more for founders.

Your investors matter.

12:00 PM · 5/30/24 From Earth · **9.4K** Views

10 Reposts **202** Likes **19** Bookmarks

Benefits of Hiring an Investment Banker

1

Valuation and process strategy: *Determine market value & sellside strategy to maximize valuation.*

2

Marketing materials and buyer outreach: *Create teasers and Confidential information memorandums (CIMs), and leverage their network to identify and contact potential buyers.*

3

Process management and negotiations: *Manage the entire sale process, organize management presentations, facilitate due diligence, and negotiate purchase agreement terms.*

4

Financial modeling and analysis: *Develop comprehensive financial models to support valuations, analyze different scenarios and assess the impact of potential deal structure.*

5

Transaction expertise and market insights: *Offer specialized M&A expertise and up-to-date market knowledge to guide seller through complex transactions and optimize outcomes.*

2. Why Consider a Sale?

Key drivers prompting companies to consider a sale

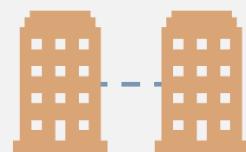
Market Disruptions	Unsolicited Offers	Strategic Planning	Financial Pressures	Life Plans
<ul style="list-style-type: none">▪ Industry consolidation▪ Technological change▪ Regulatory shifts	<ul style="list-style-type: none">▪ Unexpected bid▪ Takeover attempts▪ PE roll-up	<ul style="list-style-type: none">▪ Need additional resources or firepower▪ Growth strategy	<ul style="list-style-type: none">▪ Capital for operations▪ Debt restructuring / covenant breach▪ Investor liquidity	<ul style="list-style-type: none">▪ Fatigue / retirement▪ Internal disagreements▪ Lack of succession▪ Family situation

While the reasons for an exit can vary, running a formal M&A process can achieve an optimal outcome

Types of acquisitions

1

Horizontal



Competitors
combine to gain
market share and
efficiencies

T Mobile /
Sprint

2

Vertical

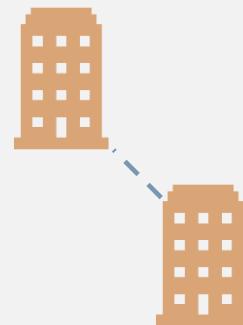


Business from the
same supply chain,
different products

Microsoft /
ACTIVISION
BLIZZARD

3

Adjacent



Businesses with
different offering,
common customers

f / **WhatsApp**

4

Portfolio



A combination of
unrelated
businesses

verizon /
Aol.
Y!

5

Acquihire



Acquires for talent
and IP

Twitter /
Periscope

Examples

T Mobile /
Sprint

Microsoft /
ACTIVISION
BLIZZARD

f / **WhatsApp**

verizon /
Aol.
Y!

Twitter /
Periscope

Types of buyers

	Strategic	Private Equity	Acquihire + Asset Sale
Description	<ul style="list-style-type: none"> • Same Industry • Cash and / or stock • Buy vs. build vs. partner analysis • Post-merger integration 	<ul style="list-style-type: none"> • Using debt as leverage • Positive, stable cash flow • Focus on operational improvement 	<ul style="list-style-type: none"> • Focus on IP and talent • Bolster the acquirer's engineering talent pool or to enhance existing product
Benefits	<ul style="list-style-type: none"> • Highest valuation due to synergies • Access to resources and distribution • Growth opportunity for founders 	<ul style="list-style-type: none"> • Cash and equity rollover • Access to operational guidance • Enhance profitability 	<ul style="list-style-type: none"> • New executive or lead roles at a more established company • Faster deal process, only evaluate talent or IP
Considerations	<ul style="list-style-type: none"> • Cultural fit or restructuring concerns • Longer process • Retention and deferred compensation 	<ul style="list-style-type: none"> • Implement significant changes • Must be, or close to, cash flow positive • Exit in 5-7 years 	<ul style="list-style-type: none"> • Lower valuation; pick & choose • Less control after deal, product discontinued
Generally Highest Premium		Generally Lowest Premium	

VC eligible (keep fundraising) vs. Private Equity mindset (consider exiting)

VC Eligible Metrics	Private Equity Considerations
<ul style="list-style-type: none">▪ Revenue growth rate: 50-60%+▪ Gross margins: 80% (great); 50% (good)▪ Net dollar retention⁽¹⁾: >100% (120%+ great)▪ Customer Acquisition Cost (CAC) payback⁽²⁾: 6-12 months (good); 12-18 months (danger)▪ Burn multiple⁽³⁾: ≤1 (great), 1-1.5 (good)	<ul style="list-style-type: none">▪ Slower or decelerating revenue growth▪ Focus on efficiency and profitability▪ Conserve cash ("fuel")▪ Get to 2+ years of runway▪ Prepare for potential "last round"

If not meeting VC metrics, consider shifting mindset towards PE-style operations

Footnotes:

(1) Net dollar retention (NDR) measures revenue changes from existing customers over a specific period. Calculated as: (Beginning ARR + Expansion - Contraction - Churn) / Beginning ARR x 100%.

(2) CAC payback measures number of months for a company to earn back its CAC (usually sales & marketing expense) through gross profit generated by that customer. Calculated as: CAC / (MRR * Gross Margin).

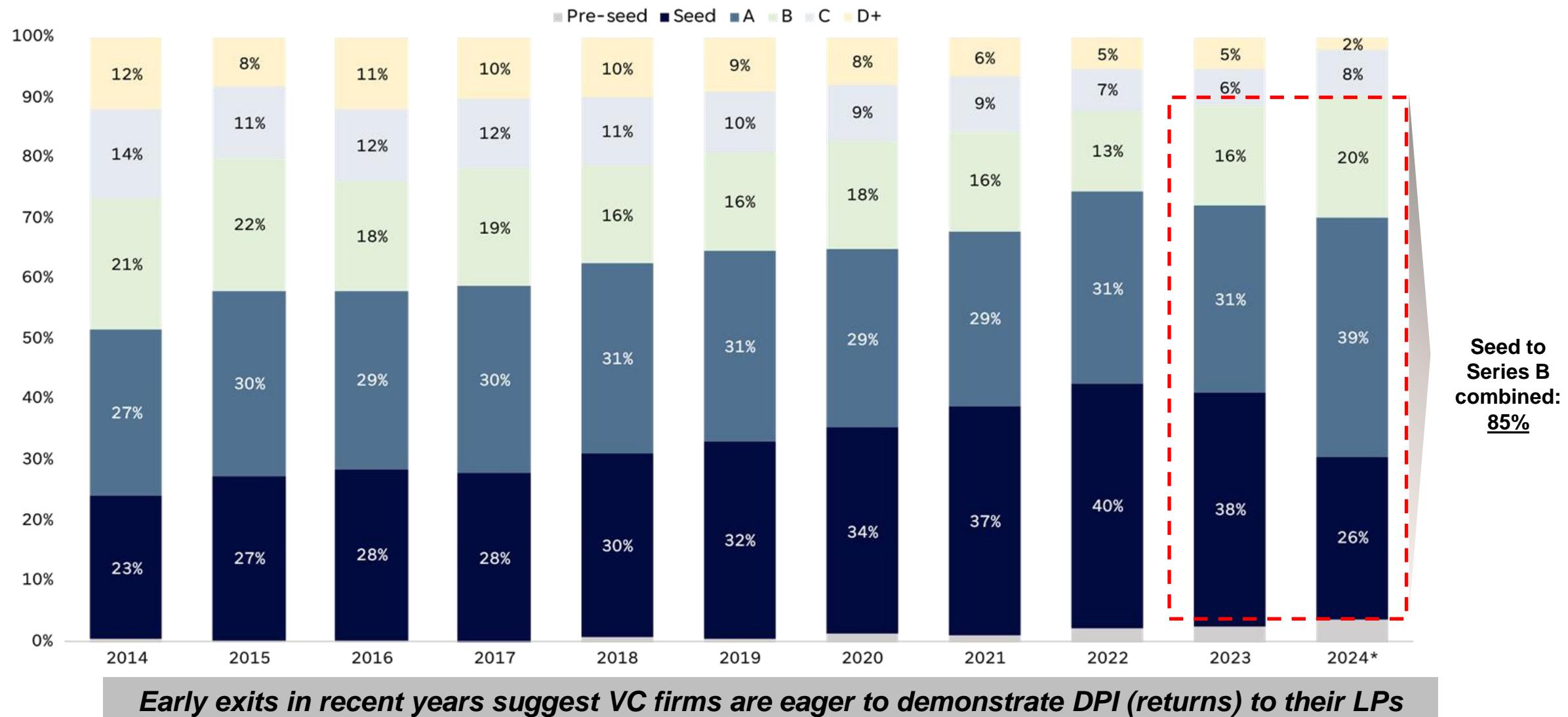
(3) Burn multiple: How much is the startup burning in order to generate each incremental dollar of ARR. Calculated as Net Burn / Net ARR. More on this [topic](#) from David Sacks.

Common valuation techniques

1 Precedent Transactions	2 Public Comparables	3 Leveraged Buyout	4 Discounted Cash Flow
<p>Completed txns of similar companies – “recent deals”</p> <ul style="list-style-type: none">✓ Real-world data on actual transactions✓ Includes premiums and recent market conditions✗ No two companies are exactly alike✗ Limited data availability and quality (private txns)	<p>Publicly traded company multiples – “market comps”</p> <ul style="list-style-type: none">✓ Ease of use and availability of data✓ Benchmark against industry peers✗ No two companies are exactly alike✗ Market volatility	<p>What a PE firm would pay – “floor valuation”</p> <ul style="list-style-type: none">✓ Incorporates debt and cash flow assumptions✓ Operational changes to improve cash flow and growth✗ Dependent on debt level and financing conditions✗ Assumes no synergies; standalone valuation	<p>Theoretical valuation – “what Excel says you’re worth”</p> <ul style="list-style-type: none">✓ Intrinsic value based on estimates✓ Utilizes market inputs✗ Highly sensitive to assumptions✗ Difficult to project long-term cash flows
<p>Generally Highest Premium</p>		<p>Generally Lowest Premium</p>	

Typically, the first three are used to triangulate the valuation of the company

Within the context of tech M&A activity, 85% of exits are in the Seed to Series B stage



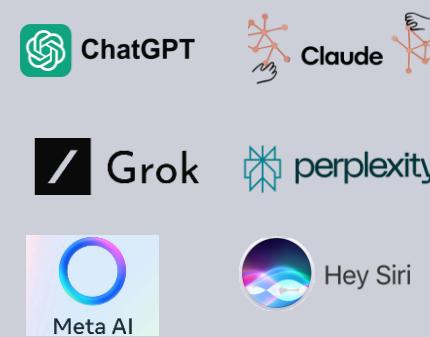
Source: Pitchbook Q1 2024 NVCA activity monitor.

Second inning winners rarely win the ninth inning – Examples in Search and Social

Search



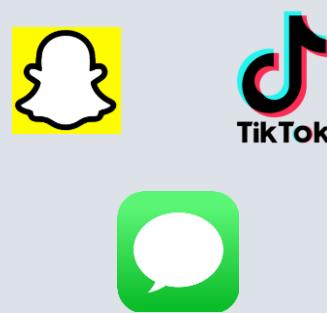
Google



Social Networks



facebook



Early Innovators

Market Winner

Disruptors

Lessons Learned

- Merge Competitors
- Follow-on Investments
- Secondary Transactions
- Exit Strategy

3. The M&A Process Demystified

Overview of a typical sellside process

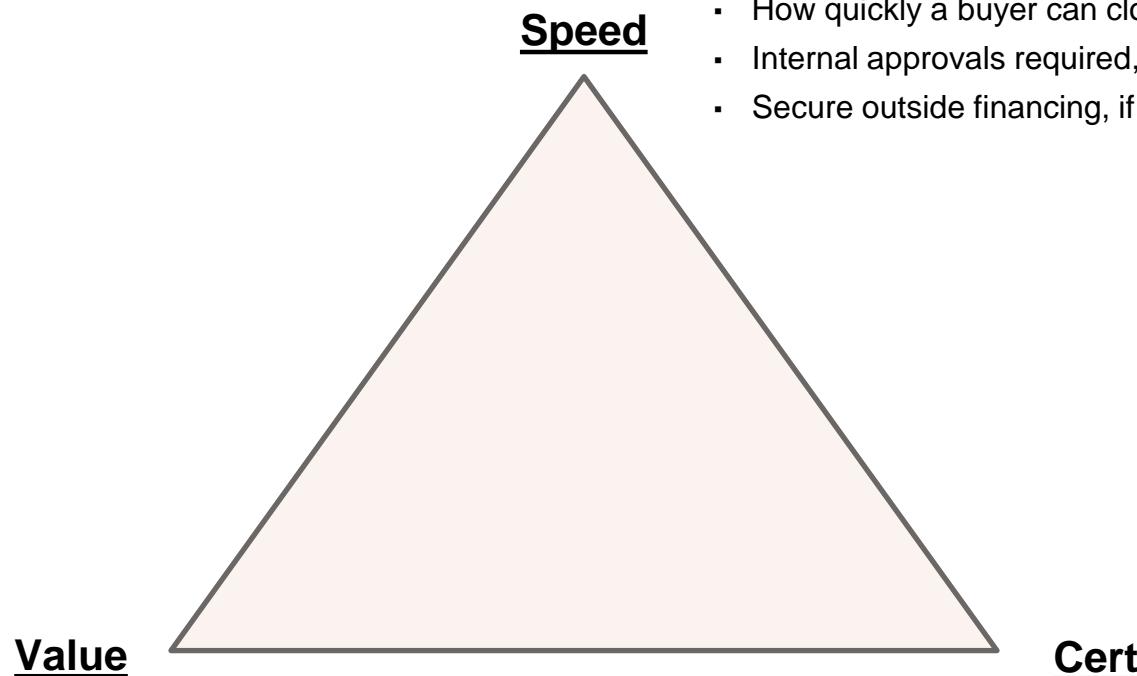


The entire process end-to-end lasts approx. 4-6 months; we can guide you through every step of the way

Valuing a company: Key factors influencing buyer perspectives

Quantitative Factors (the “numbers”)	Qualitative Factors (the “soft stuff”)
<ul style="list-style-type: none">1. Growth related<ul style="list-style-type: none">a) Total ARR and revenueb) Revenue growth ratec) ARR growth2. Financial profile<ul style="list-style-type: none">a) Net revenue retention (NRR)b) Gross marginc) Gross revenue retentiond) EBITDA margin, if any3. Operational efficiency<ul style="list-style-type: none">a) Rule of 40b) LTV / CAC ratioc) Customer concentrationd) Logo retention	<ul style="list-style-type: none">1. Pricing model: fixed, usage, etc.2. Product & position3. Tech stack and tech debt4. Management team and experience5. Total Addressable Market (TAM)6. Market attractiveness7. Overall market growth8. Assessment of market trends9. Potential synergies, if strategic acquirer

Optimizing the buyer offers on three key dimensions



- How quickly a buyer can close
- Internal approvals required, if any
- Secure outside financing, if any

- Overall offer value
- Composition of offer: equity rollover, earnouts, executive retention, seller note, etc.

Certainty

- Cash vs. stock, if applicable
- Cash is king: How is the buyer funding the transaction?

Optimizing and Negotiating Offers

- ✓ **Create competition**
- ✓ **Set clear timelines**
- ✓ **Prepare comprehensive data**
- ✓ **Understand buyer motivations**
- ✓ **Develop multiple options**
- ✓ **Negotiate key terms**

Key to running a successful process: Maintain momentum in the process and sustain buyer interest throughout

Pre-M&A preparation checklist

- ✓ Ensure Board alignment of M&A process
- ✓ Anticipate at least 12 months of runway
- ✓ The company needs to breakeven or be slightly profitable to gain an upper hand
- ✓ Identify key management personnel to “go under the tent” during the transaction
- ✓ Determine your legal and financial advisors
- ✓ Begin gathering documents: Latest financials, user metrics, technology and IP details (patents), etc.



Appendix

M&A case study: Trados shareholder litigation

Situation Overview

1. In 2013 Trados, a software company, was involved in a legal dispute with its venture capital investors resulting from the company's sale process
2. The board approved a merger that, in accordance with customary Silicon Valley stock terms, resulted in a modest payout to investors holding preferred stock but no consideration to common shareholders (i.e., preferred shareholders had liquidation preference)
3. The Delaware Chancery Court criticized a board controlled by venture capital funds holding preferred stock:
 - a) Directors owe a fiduciary duty to common shareholders: This is particularly relevant in exit scenarios where VCs may push for a quick sale to recoup their investment, even if it leaves no value for common shareholders
 - b) Valuation and fairness opinions: Underscores the importance of obtaining a thorough and independent valuation and fairness opinion to support the sale price
 - c) Communication and documentation: Clear and thorough documentation of the decision-making process is vital
4. Although the court ultimately found in favor of the defendant directors, the court sharply criticized the board's process and lack of regard for common shareholders

Takeaways for VCs and Founders

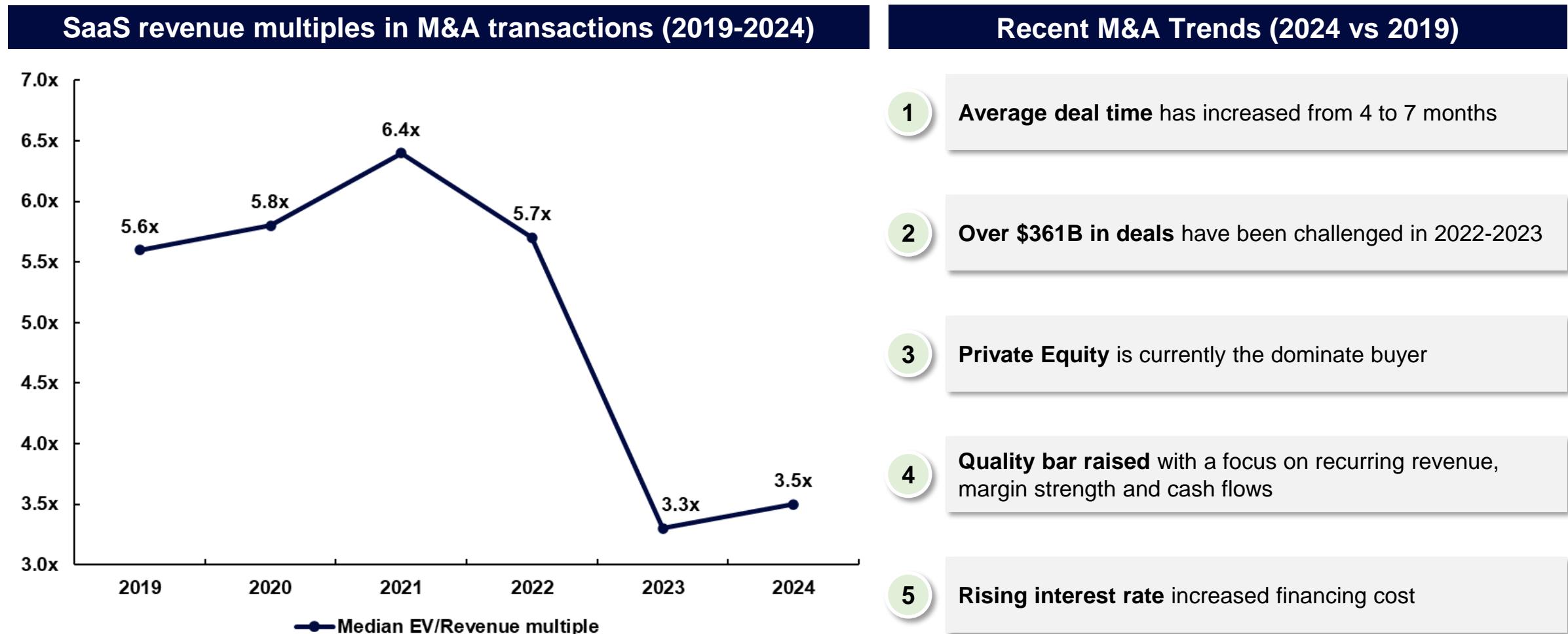
- ✓ **Review board composition:** Ensure that the board includes independent directors to avoid conflicts of interest
- ✓ **Engage advisors early:** Retain experienced legal and financial advisors to guide the sell-side process
- ✓ **Document everything:** Maintain comprehensive records of all decisions, valuations, and communications
- ✓ **Align interests:** Strive to align the interests of preferred and common shareholders to prevent disputes
- ✓ **Communicate transparently:** Provide regular updates to all shareholders and seek their input when necessary.



Engaging an investment bank offers professional deal execution, reduces potential conflicts of interest, and enhances both credibility and negotiating leverage

Source: "Does Trados Matter?" (Harvard Law School on Corporate Governance).

Valuation multiples and M&A trends in the past 5 years



Source: Bain & Company, University of London, Mergermarket.

Public Trading Comparables

Publicly traded SaaS companies' valuation

#	Company	Equity Value	Enterprise Value	Projected Revenue			Projected Revenue Multiple			Revenue	Gross Profit	Gross Margins	Revenue YoY Growth	
				CY2024	CY2025	CY2026	CY 2024	CY 2025	CY 2026				CY24-CY25	CY25-CY26
1	Salesforce	\$277,680	\$277,232	\$37,865	\$41,280	\$45,166	7.3x	6.7x	6.1x	\$34,857	\$26,316	75%	9%	9%
2	Adobe	\$212,934	\$211,497	\$21,444	\$23,809	\$26,448	9.9x	8.9x	8.0x	\$19,409	\$17,055	88%	11%	11%
3	ServiceNow	\$196,177	\$189,298	\$10,990	\$13,234	\$15,926	17.2x	14.3x	11.9x	\$8,971	\$7,050	79%	20%	20%
4	Intuit	\$170,774	\$173,267	\$16,943	\$19,256	\$21,665	10.2x	9.0x	8.0x	\$15,094	\$11,940	79%	14%	13%
5	Palo Alto Networks	\$119,313	\$118,144	\$8,523	\$9,780	\$11,084	13.9x	12.1x	10.7x	\$7,527	\$5,574	74%	15%	13%
6	Shopify	\$102,111	\$98,227	\$8,648	\$10,442	\$12,665	11.4x	9.4x	7.8x	\$7,060	\$3,515	50%	21%	21%
7	Palantir	\$100,462	\$96,809	\$2,759	\$3,324	\$3,991	35.1x	29.1x	24.3x	\$2,225	\$1,794	81%	20%	20%
8	CrowdStrike	\$73,690	\$70,481	\$3,899	\$4,779	\$5,844	18.1x	14.7x	12.1x	\$3,056	\$2,300	75%	23%	22%
9	Workday	\$62,733	\$58,724	\$8,402	\$9,586	\$10,975	7.0x	6.1x	5.4x	\$7,259	\$5,488	76%	14%	14%
10	The Trade Desk	\$58,929	\$57,687	\$2,447	\$2,938	\$3,552	23.6x	19.6x	16.2x	\$1,946	\$1,581	81%	20%	21%
11	Atlassian	\$49,204	\$48,114	\$4,708	\$5,541	\$6,453	10.2x	8.7x	7.5x	\$3,892	\$3,191	82%	18%	16%
12	Datadog	\$42,683	\$40,686	\$2,631	\$3,224	\$4,012	15.5x	12.6x	10.1x	\$2,128	\$1,719	81%	23%	24%
13	Snowflake	\$38,897	\$35,290	\$3,531	\$4,356	\$5,329	10.0x	8.1x	6.6x	\$2,806	\$1,908	68%	23%	22%
14	Veeva	\$34,367	\$29,536	\$2,707	\$3,032	\$3,408	10.9x	9.7x	8.7x	\$2,364	\$1,686	71%	12%	12%
15	Axon	\$33,594	\$33,250	\$2,035	\$2,480	\$2,983	16.3x	13.4x	11.1x	\$1,563	\$955	61%	22%	20%
16	Cloudflare	\$30,330	\$30,011	\$1,659	\$2,109	\$2,694	18.1x	14.2x	11.1x	\$1,297	\$990	76%	27%	28%
17	HubSpot	\$29,046	\$28,074	\$2,572	\$2,996	\$3,542	10.9x	9.4x	7.9x	\$2,170	\$1,825	84%	16%	18%
18	Zscaler	\$28,205	\$27,037	\$2,386	\$2,872	\$3,470	11.3x	9.4x	7.8x	\$1,896	\$1,470	78%	20%	21%
19	Samsara	\$26,533	\$25,740	\$1,227	\$1,528	\$1,893	21.0x	16.8x	13.6x	\$937	\$690	74%	24%	24%
20	Tyler Tech	\$25,930	\$26,027	\$2,137	\$2,358	\$2,613	12.2x	11.0x	10.0x	\$1,952	\$861	44%	10%	11%
21	Zoom	\$22,355	\$14,899	\$4,641	\$4,790	\$4,959	3.2x	3.1x	3.0x	\$4,527	\$3,457	76%	3%	4%
22	MongoDB	\$19,852	\$18,812	\$1,930	\$2,270	\$2,741	9.7x	8.3x	6.9x	\$1,683	\$1,259	75%	18%	21%
23	Toast	\$16,573	\$15,394	\$4,899	\$6,006	\$7,160	3.1x	2.6x	2.2x	\$3,865	\$839	22%	23%	19%
24	Dynatrace	\$16,108	\$15,177	\$1,603	\$1,841	\$2,149	9.5x	8.2x	7.1x	\$1,364	\$1,126	83%	15%	17%
25	Guidewire	\$15,627	\$15,049	\$1,066	\$1,223	\$1,407	14.1x	12.3x	10.7x	\$926	\$521	56%	15%	15%
26	Bentley Systems	\$15,585	\$16,907	\$1,361	\$1,511	\$1,702	12.4x	11.2x	9.9x	\$1,228	\$966	79%	11%	13%
27	Monday	\$14,938	\$13,705	\$960	\$1,221	\$1,549	14.3x	11.2x	8.8x	\$730	\$649	89%	27%	27%
28	DocuSign	\$14,001	\$13,199	\$2,947	\$3,120	\$3,375	4.5x	4.2x	3.9x	\$2,762	\$2,221	80%	6%	8%
29	CyberArk	\$12,538	\$11,681	\$988	\$1,387	\$1,659	11.8x	8.4x	7.0x	\$752	\$598	80%	40%	20%

Note: Top 107 publicly traded SaaS companies. Data as of October 28, 2024. Figures in millions.

Source: CapIQ, Meritech Capital.

Publicly traded SaaS companies' valuation (Continued)

#	Company	Equity Value	Enterprise Value	Projected Revenue			Projected Revenue Multiple			Revenue	Gross Profit	Gross Margins	Revenue YoY Growth	
				CY2024	CY2025	CY2026	CY 2024	CY 2025	CY 2026				CY2023	CY25-CY26
30	Okta	\$12,271	\$11,133	\$2,563	\$2,829	\$3,193	4.3x	3.9x	3.5x	\$2,263	\$1,682	74%	10%	13%
31	Twilio	\$11,317	\$9,347	\$4,370	\$4,678	\$5,042	2.1x	2.0x	1.9x	\$4,154	\$2,045	49%	7%	8%
32	Klaviyo	\$10,411	\$9,662	\$915	\$1,151	\$1,406	10.6x	8.4x	6.9x	\$698	\$521	75%	26%	22%
33	Dayforce	\$10,251	\$11,024	\$1,741	\$1,970	\$2,251	6.3x	5.6x	4.9x	\$1,514	\$713	47%	13%	14%
34	Paylocity	\$9,654	\$9,307	\$1,473	\$1,591	\$1,803	6.3x	5.9x	5.2x	\$1,292	\$892	69%	8%	13%
35	Procore	\$9,275	\$8,569	\$1,140	\$1,305	\$1,526	7.5x	6.6x	5.6x	\$950	\$776	82%	14%	17%
36	Paycom	\$9,209	\$8,862	\$1,868	\$2,072	\$2,261	4.7x	4.3x	3.9x	\$1,694	\$1,470	87%	11%	9%
37	Wix	\$9,195	\$9,383	\$1,757	\$2,004	\$2,261	5.3x	4.7x	4.1x	\$1,562	\$1,049	67%	14%	13%
38	GitLab	\$8,843	\$7,805	\$745	\$929	\$1,151	10.5x	8.4x	6.8x	\$580	\$521	90%	25%	24%
39	Dropbox	\$8,461	\$9,405	\$2,546	\$2,601	\$2,674	3.7x	3.6x	3.5x	\$2,502	\$2,023	81%	2%	3%
40	SentinelOne	\$8,330	\$7,642	\$816	\$1,029	\$1,279	9.4x	7.4x	6.0x	\$621	\$442	71%	26%	24%
41	Elastic	\$8,153	\$7,597	\$1,403	\$1,586	\$1,783	5.4x	4.8x	4.3x	\$1,212	\$898	74%	13%	12%
42	Smartsheet	\$7,863	\$7,200	\$1,120	\$1,292	\$1,507	6.4x	5.6x	4.8x	\$958	\$772	81%	15%	17%
43	AppFolio	\$7,702	\$7,412	\$790	\$930	\$1,087	9.4x	8.0x	6.8x	\$620	\$385	62%	18%	17%
44	Doximity	\$7,658	\$6,922	\$512	\$552	\$601	13.5x	12.5x	11.5x	\$468	\$417	89%	8%	9%
45	Confluent	\$7,271	\$6,453	\$954	\$1,164	\$1,419	6.8x	5.5x	4.5x	\$777	\$549	71%	22%	22%
46	Rubrik	\$7,157	\$6,873	\$834	\$1,064	\$1,326	8.2x	6.5x	5.2x	\$628	\$483	77%	28%	25%
47	HashiCorp	\$6,833	\$5,524	\$664	\$759	\$880	8.3x	7.3x	6.3x	\$583	\$475	81%	14%	16%
48	UiPath	\$6,792	\$5,131	\$1,422	\$1,583	\$1,779	3.6x	3.2x	2.9x	\$1,308	\$1,113	85%	11%	12%
49	Vertex	\$6,543	\$6,561	\$658	\$750	\$873	10.0x	8.7x	7.5x	\$572	\$349	61%	14%	16%
50	SPS Commerce	\$6,405	\$6,212	\$636	\$740	\$851	9.8x	8.4x	7.3x	\$537	\$355	66%	16%	15%
51	Zeta Global	\$6,319	\$6,358	\$942	\$1,111	\$1,310	6.7x	5.7x	4.9x	\$729	\$454	62%	18%	18%
52	Bill.com	\$5,843	\$5,246	\$1,370	\$1,535	\$1,810	3.8x	3.4x	2.9x	\$1,192	\$1,021	86%	12%	18%
53	OneStream	\$5,082	\$5,170	\$479	\$579	\$704	10.8x	8.9x	7.3x	\$375	\$260	69%	21%	22%
54	Q2	\$5,025	\$5,197	\$691	\$772	\$864	7.5x	6.7x	6.0x	\$625	\$303	48%	12%	12%
55	Tenable	\$4,959	\$4,884	\$893	\$992	\$1,101	5.5x	4.9x	4.4x	\$799	\$615	77%	11%	11%
56	WayStar	\$4,602	\$5,911	\$912	\$996	\$1,091	6.5x	5.9x	5.4x	\$791	\$541	68%	9%	10%
57	Box	\$4,590	\$5,081	\$1,088	\$1,157	\$1,246	4.7x	4.4x	4.1x	\$1,038	\$777	75%	6%	8%
58	Qualys	\$4,459	\$3,954	\$599	\$646	\$695	6.6x	6.1x	5.7x	\$554	\$447	81%	8%	8%

Note: Top 107 publicly traded SaaS companies. Data as of October 28, 2024. Figures in millions.

Source: CapIQ, Meritech Capital.

Publicly traded SaaS companies' valuation (Continued)

#	Company	Equity Value	Enterprise Value	Projected Revenue			Projected Revenue Multiple			Revenue	Gross Profit	Gross Margins	Revenue YoY Growth	
				CY2024	CY2025	CY2026	CY 2024	CY 2025	CY 2026				CY24-CY25	CY25-CY26
59	nCino	\$4,372	\$4,365	\$542	\$626	\$730	8.1x	7.0x	6.0x	\$477	\$285	60%	16%	17%
60	Workiva	\$4,352	\$4,402	\$728	\$841	\$981	6.0x	5.2x	4.5x	\$630	\$476	76%	15%	17%
61	Blackbaud	\$4,322	\$5,347	\$1,174	\$1,260	\$1,335	4.6x	4.2x	4.0x	\$1,105	\$604	55%	7%	6%
62	TriNet	\$3,981	\$4,648	\$1,180	\$1,213	\$1,326	3.9x	3.8x	3.5x	\$4,922	\$1,102	22%	3%	9%
63	ZoomInfo	\$3,872	\$4,866	\$1,198	\$1,213	\$1,298	4.1x	4.0x	3.7x	\$1,240	\$1,101	89%	1%	7%
64	IntApp	\$3,867	\$3,684	\$464	\$532	\$610	7.9x	6.9x	6.0x	\$392	\$270	69%	15%	15%
65	Alkami	\$3,787	\$3,719	\$333	\$413	\$509	11.2x	9.0x	7.3x	\$265	\$144	54%	24%	23%
66	DigitalOcean	\$3,778	\$4,974	\$774	\$875	\$995	6.4x	5.7x	5.0x	\$693	\$409	59%	13%	14%
67	BlackLine	\$3,517	\$3,664	\$649	\$711	\$789	5.6x	5.1x	4.6x	\$590	\$444	75%	10%	11%
68	Freshworks	\$3,510	\$2,523	\$710	\$832	\$967	3.6x	3.0x	2.6x	\$596	\$493	83%	17%	16%
69	Instructure	\$3,444	\$4,539	\$665	\$727	\$785	6.8x	6.2x	5.8x	\$530	\$347	65%	9%	8%
70	JFrog	\$3,233	\$2,660	\$423	\$501	\$593	6.3x	5.3x	4.5x	\$350	\$273	78%	18%	18%
71	C3.ai	\$3,211	\$2,454	\$362	\$439	\$537	6.8x	5.6x	4.6x	\$296	\$174	59%	21%	22%
72	Braze	\$3,164	\$2,748	\$585	\$696	\$837	4.7x	4.0x	3.3x	\$472	\$324	69%	19%	20%
73	Lightspeed POS	\$3,123	\$2,233	\$1,054	\$1,251	\$1,501	2.1x	1.8x	1.5x	\$863	\$373	43%	19%	20%
74	RingCentral	\$3,105	\$4,691	\$2,395	\$2,584	\$2,759	2.0x	1.8x	1.7x	\$2,202	\$1,538	70%	8%	7%
75	Paymentus	\$3,053	\$2,874	\$777	\$930	\$1,110	3.7x	3.1x	2.6x	\$614	\$182	30%	20%	19%
76	DoubleVerify	\$2,950	\$2,702	\$671	\$781	\$908	4.0x	3.5x	3.0x	\$573	\$466	81%	16%	16%
77	Asana	\$2,704	\$2,457	\$720	\$807	\$915	3.4x	3.0x	2.7x	\$653	\$588	90%	12%	13%
78	Paycor	\$2,566	\$2,469	\$691	\$762	\$874	3.6x	3.2x	2.8x	\$605	\$400	66%	10%	15%
79	Rapid7	\$2,441	\$3,019	\$835	\$904	\$988	3.6x	3.3x	3.1x	\$778	\$546	70%	8%	9%
80	Appian	\$2,337	\$2,510	\$612	\$684	\$761	4.1x	3.7x	3.3x	\$545	\$402	74%	12%	11%
81	N-able	\$2,296	\$2,508	\$464	\$510	\$578	5.4x	4.9x	4.3x	\$422	\$356	84%	10%	13%
82	AvePoint	\$2,233	\$2,018	\$323	\$379	\$461	6.3x	5.3x	4.4x	\$272	\$194	72%	17%	22%
83	Five9	\$2,208	\$2,310	\$1,015	\$1,138	\$1,298	2.3x	2.0x	1.8x	\$910	\$478	52%	12%	14%
84	Jamf	\$2,141	\$2,329	\$624	\$705	\$797	3.7x	3.3x	2.9x	\$561	\$448	80%	13%	13%
85	Docebo	\$1,931	\$1,821	\$215	\$248	\$290	8.5x	7.3x	6.3x	\$181	\$146	81%	16%	17%
86	Evercommerce	\$1,920	\$2,383	\$693	\$728	\$763	3.4x	3.3x	3.1x	\$675	\$444	66%	5%	5%
87	SEMrush	\$1,860	\$1,648	\$374	\$447	\$533	4.4x	3.7x	3.1x	\$308	\$255	83%	19%	19%

Note: Top 107 publicly traded SaaS companies. Data as of October 28, 2024. Figures in millions.

Source: CapIQ, Meritech Capital.

Publicly traded SaaS companies' valuation (Continued)

#	Company	Equity Value	Enterprise Value	Projected Revenue			Projected Revenue Multiple			Revenue	Gross Profit	Gross Margins	Revenue YoY Growth	
				CY2024	CY2025	CY2026	CY 2024	CY 2025	CY 2026				CY2023	CY24-CY25
88	Sprinklr	\$1,855	\$1,438	\$786	\$820	\$880	1.8x	1.8x	1.6x	\$732	\$553	76%	4%	7%
89	AvidXchange	\$1,677	\$1,355	\$437	\$483	\$547	3.1x	2.8x	2.5x	\$381	\$259	68%	11%	13%
90	PagerDuty	\$1,671	\$1,549	\$465	\$516	\$569	3.3x	3.0x	2.7x	\$431	\$353	82%	11%	10%
91	Sprout Social	\$1,530	\$1,494	\$406	\$475	\$569	3.7x	3.1x	2.6x	\$334	\$257	77%	17%	20%
92	Zuora	\$1,516	\$1,377	\$459	\$494	\$560	3.0x	2.8x	2.5x	\$432	\$294	68%	8%	13%
93	VTEX	\$1,228	\$1,016	\$235	\$284	\$346	4.3x	3.6x	2.9x	\$202	\$141	70%	21%	22%
94	Amplitude	\$1,126	\$813	\$296	\$319	\$355	2.7x	2.5x	2.3x	\$276	\$204	74%	8%	11%
95	Phreesia	\$1,054	\$989	\$419	\$481	\$545	2.4x	2.1x	1.8x	\$356	\$232	65%	15%	13%
96	Fastly	\$1,009	\$1,120	\$535	\$565	\$598	2.1x	2.0x	1.9x	\$506	\$266	53%	6%	6%
97	Weave	\$967	\$926	\$202	\$233	\$265	4.6x	4.0x	3.5x	\$170	\$116	68%	16%	14%
98	Yext	\$876	\$742	\$421	\$462	\$476	1.8x	1.6x	1.6x	\$404	\$317	78%	10%	3%
99	Blend Labs	\$852	\$932	\$161	\$202	\$256	5.8x	4.6x	3.6x	\$157	\$81	52%	25%	27%
100	Couchbase	\$837	\$684	\$208	\$239	\$280	3.3x	2.9x	2.4x	\$180	\$158	88%	15%	17%
101	Enfusion	\$835	\$844	\$205	\$242	\$283	4.1x	3.5x	3.0x	\$175	\$117	67%	18%	17%
102	Olo	\$822	\$477	\$280	\$323	\$393	1.7x	1.5x	1.2x	\$228	\$139	61%	15%	22%
103	Clearwater	\$452	\$1,573	\$2,341	\$1,579	\$1,616	0.7x	1.0x	1.0x	\$2,083	\$331	16%	-33%	2%
104	BigCommerce	\$408	\$482	\$333	\$358	\$394	1.4x	1.3x	1.2x	\$309	\$235	76%	8%	10%
105	CS Disco	\$346	\$225	\$145	\$154	\$165	1.5x	1.5x	1.4x	\$138	\$103	75%	6%	7%
106	Domo	\$313	\$390	\$314	\$313	\$322	1.2x	1.2x	1.2x	\$319	\$244	76%	0%	3%
107	Expensify	\$150	\$126	\$138	\$148	\$165	0.9x	0.9x	0.8x	\$151	\$84	56%	8%	11%
75th Quartile		\$34,367	\$33,250	\$2,707	\$3,224	\$3,991	11.4x	9.7x	8.7x	\$2,225	\$1,719	76%	18%	19%
Median		\$4,992	\$5,184	\$825	\$961	\$1,105	6.2x	5.3x	4.5x	\$673	\$488	72%	13%	14%
25th Quartile		\$1,090	\$1,068	\$354	\$413	\$468	3.1x	2.8x	2.5x	\$314	\$239	71%	12%	13%

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Source: CapIQ, Meritech Capital.