



VISTA POINT ADVISORS

COVID-19 Impact on SaaS Valuations & Transactions






January 2021

SaaS Continues to Outperform

Despite global uncertainty, SaaS businesses continue to outperform the broader market and trade at historic multiples of forward revenue

- The recurring revenues of SaaS companies have become extremely valuable commodities, especially for investors who have come to view these types of firms as resilient in downturns
 - Multiples for these sought-after software firms remained elevated through 2020, picking up especially in the second half of the year
- One notable example of market exuberance was the acquisition of LogMeIn for \$4.3 billion, representing a 25% premium to the firm's closing share price on September 18
- Even at the height of a pandemic, private equity firms are willing to pay top dollar for superior assets that are rapidly growing and have developed a deep moat

Well-Positioned SaaS Businesses Continue to Thrive on the Public Markets

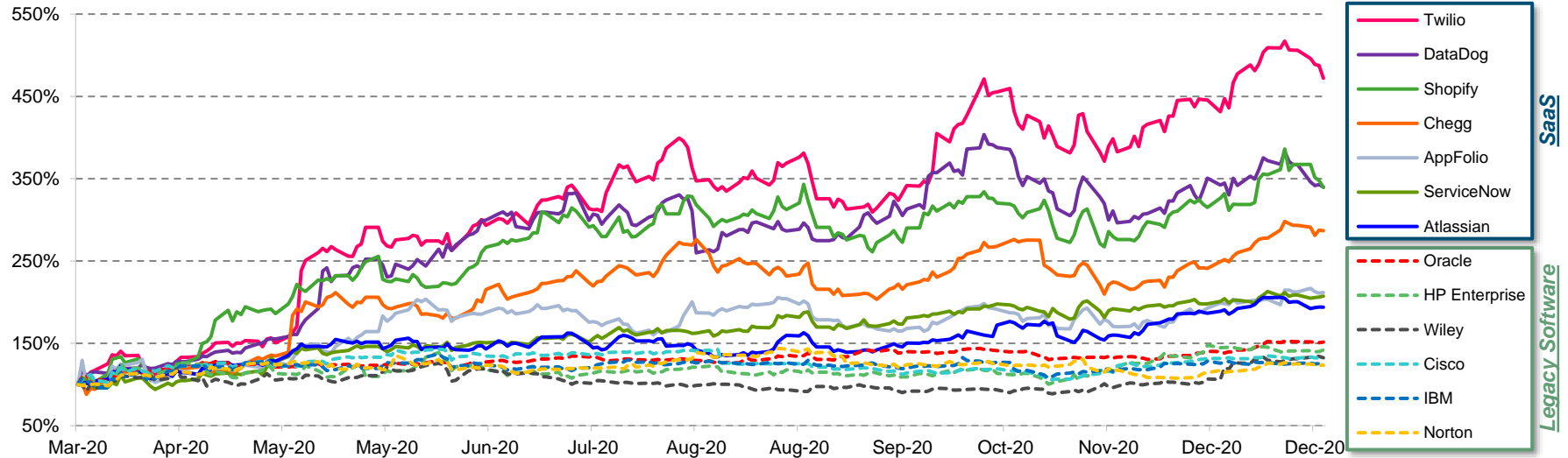
Company	 shopify	servicenow	 ATLASSIAN	 twilio	 DATADOG	Chegg®	 appfolio
SaaS Sector	e-Commerce; Marketing Automation	Field Service; IT	BI & Collaboration	Communication	IT Infrastructure	Education Technology	Real Estate
Enterprise Value	\$132.2B	\$106.6B	\$57.3B	\$51.7B	\$29.1B	\$11.9B	\$6.0B
Enterprise Value / NTM Revenue	34.3x	19.1x	30.2x	23.7x	36.4x	15.4x	17.2x
Date of 52-Week High	12/22/20	12/18/20	12/17/20	12/22/20	10/13/20	12/22/20	12/29/20
Future Earnings Guidance	Raised	Unchanged	Unchanged	Lowered	Raised	Raised	Unchanged
Performance vs. S&P 500 Since 3/16/2020	+182%	+50%	+37%	+315%	+183%	+129%	+54%

Source: Pitchbook as of 12/31/2020

Legacy Software Players are Left Behind

Businesses without robust SaaS offerings that suffer during a work- and learn-from-home environment will be further left behind as the effects of the COVID-19 pandemic permanently shift future productivity patterns

SaaS v. Legacy Software Stock Return Performance Since March 16th, 2020



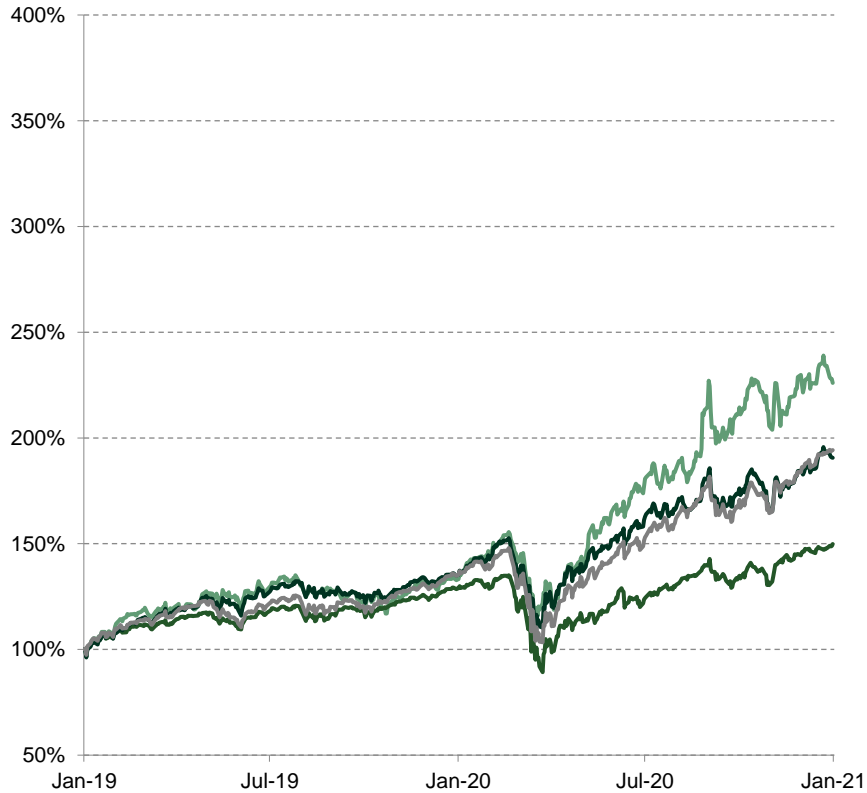
Company	ORACLE	CISCO	IBM	Hewlett Packard Enterprise	NortonLifeLock	WILEY
Sector	ERP; IT Infrastructure	Networking Solutions	BI and Analytics; IT Infrastructure	IT Infrastructure	Security	Education Services & Technology
Enterprise Value	\$223.3B	\$176.6B	\$167.1B	\$28.2B	\$15.0B	\$2.6B
Enterprise Value / NTM Revenue	5.6x	3.6x	2.2x	1.0x	6.0x	1.9x
Date of 52-Week High	12/23/20	2/12/20	2/6/20	1/2/20	1/23/20	1/16/20
Future Earnings Guidance	Raised	Lowered	Withdrawn	Raised	Unchanged	Raised
Performance vs. S&P 500 Since 3/16/2020	-6%	-25%	-30%	-15%	-34%	-25%

Source: Pitchbook as of 12/31/2020

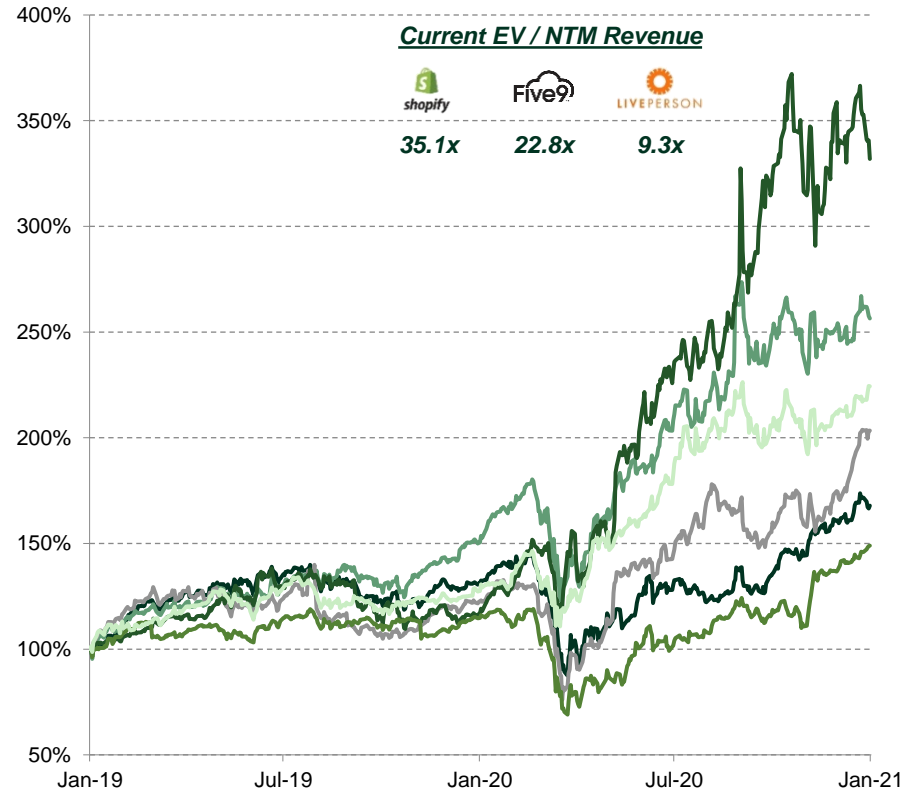
Public Market Performance

Most software sectors remain trading at or near all-time highs, with the S&P 500 surpassing its 2020 high in the early days of 2021

Market-Cap Weighted Stock Return Performance Since January 1st, 2019¹



	<u>Performance</u>		
	Cumulative	Annualized	% of 52-Week High
SaaS	+126%	+50%	+95%
NASDAQ Composite Index	+94%	+39%	100%
All Software	+91%	+38%	97%
S&P 500 Index	+50%	+22%	100%



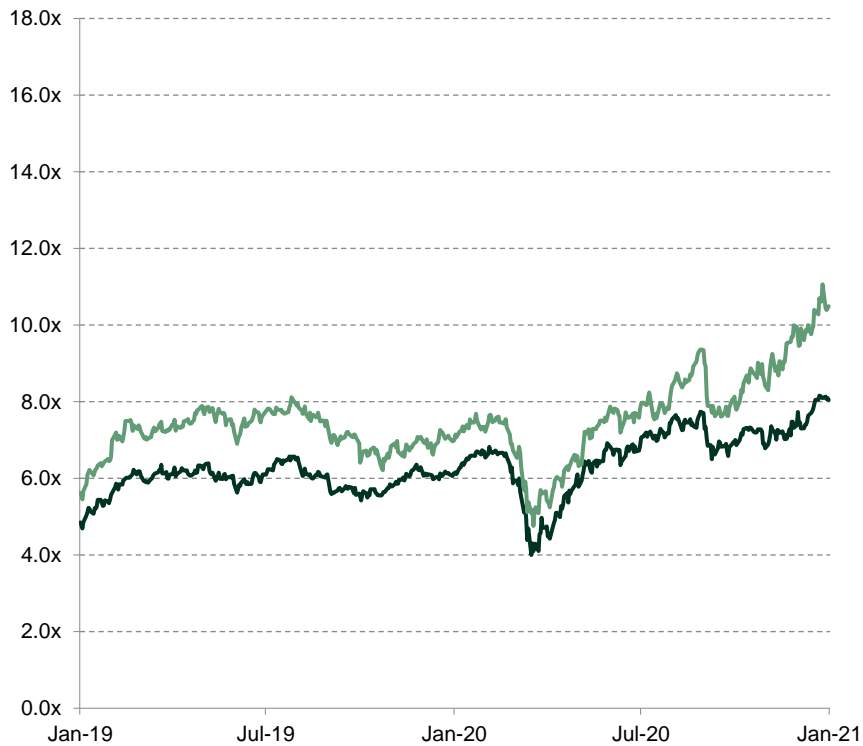
	<u>Performance</u>		
	Cumulative	Annualized	% of 52-Week High
Communication & Collaboration Software	+232%	+82%	89%
Marketing & Sales Software	+156%	+60%	93%
eCommerce	+104%	+50%	98%
Education Software	+103%	+43%	100%
HR Software	+68%	+30%	97%
Real Estate & Travel Software	+49%	+22%	100%

See page 10 for tickers. Source: Pitchbook as of 12/31/2020. ¹Equal weighted index

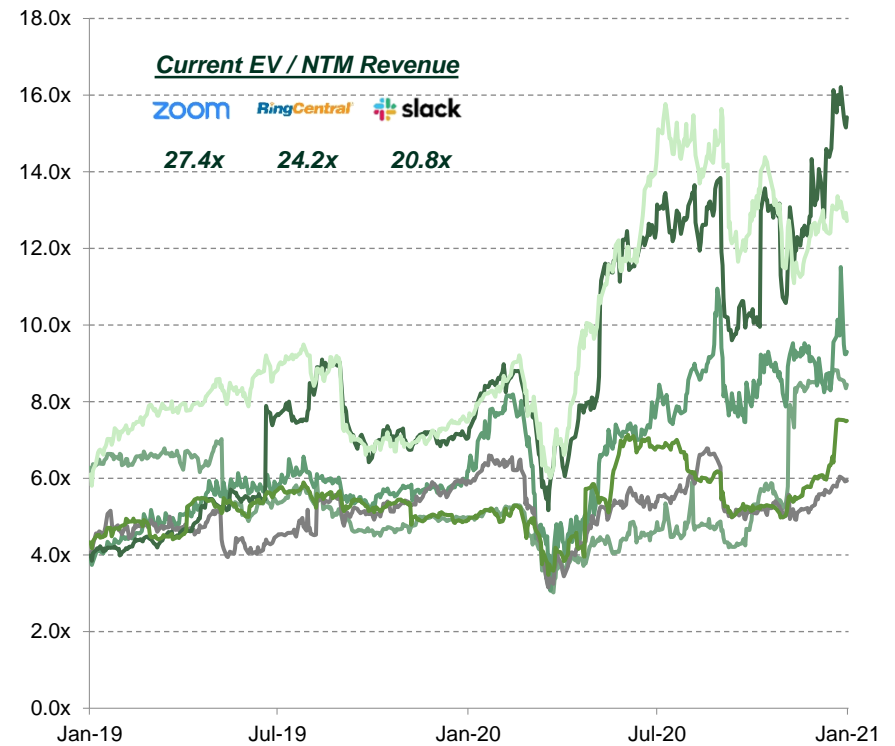
Public Market Performance (Cont'd)

Best-of-breed assets operating in high-performing, COVID-insulated software sectors should continue to earn substantial forward revenue multiples

Median Enterprise Revenue / NTM Revenue Multiple Performance Since January 1st, 2019



	Median Enterprise Value / NTM Revenue Multiple	% of 52-Week High
SaaS	10.5x	95%
All Software	8.0x	99%



	Median Enterprise Value / NTM Revenue Multiple	% of 52-Week High
Communication & Collaboration Software	15.4x	95%
eCommerce	12.7x	81%
Marketing & Sales Software	9.3x	81%
HR Software	8.4x	95%
Real Estate & Travel Software	7.5x	100%
Education Software	5.9x	88%

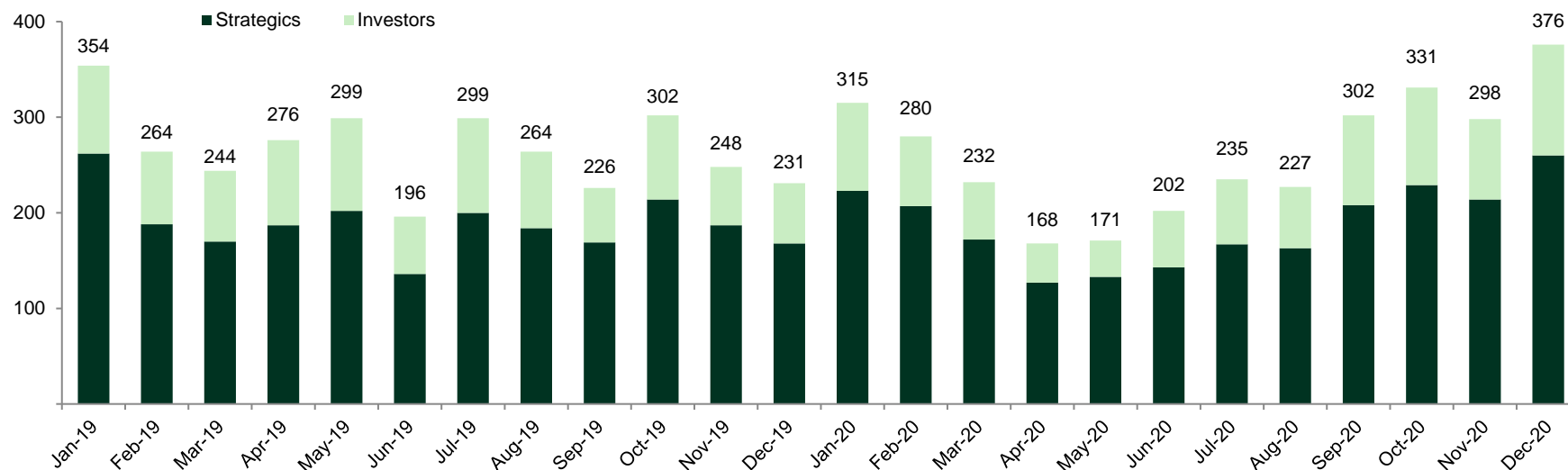
See page 10 for tickers. Source: Pitchbook as of 12/31/2020

Technology M&A Fully Recovered in H2 2020

Matching with our expectations, a V-shaped recovery in technology M&A during the back half of 2020 occurred

- Transaction volume experienced unprecedented slowdowns with initial COVID-19 stay-at-home orders in March and April 2020
 - This was primarily driven by massive market volatility and inability to carry out normal diligence activities
- Despite the initial downturn in M&A activity due to overall unpredictability, summer 2020 showed signs of recovery and Q4 2020 fully rebounded, with a 29% increase in deal volume vs. Q4 2019
 - News of the completed COVID-19 vaccine and plans for initial distribution helped alleviate investor concerns, even as many states maintained various COVID-related restrictions or lockdowns
- Acquirers rallied in H2 2020 with many prominent acquisitions, including:
 - Twilio's \$3.2B acquisition of customer data platform Segment in November
 - Salesforce's \$27.7B acquisition of SaaS communication platform Slack in early December
 - Intuit's \$7.1B acquisition of CreditKarma in early December
 - Large PE take-privates of names such as RealPage, Pluralsight, Benefytt Technologies, and MobileIron

Technology M&A Transactions by Month by Investor Type



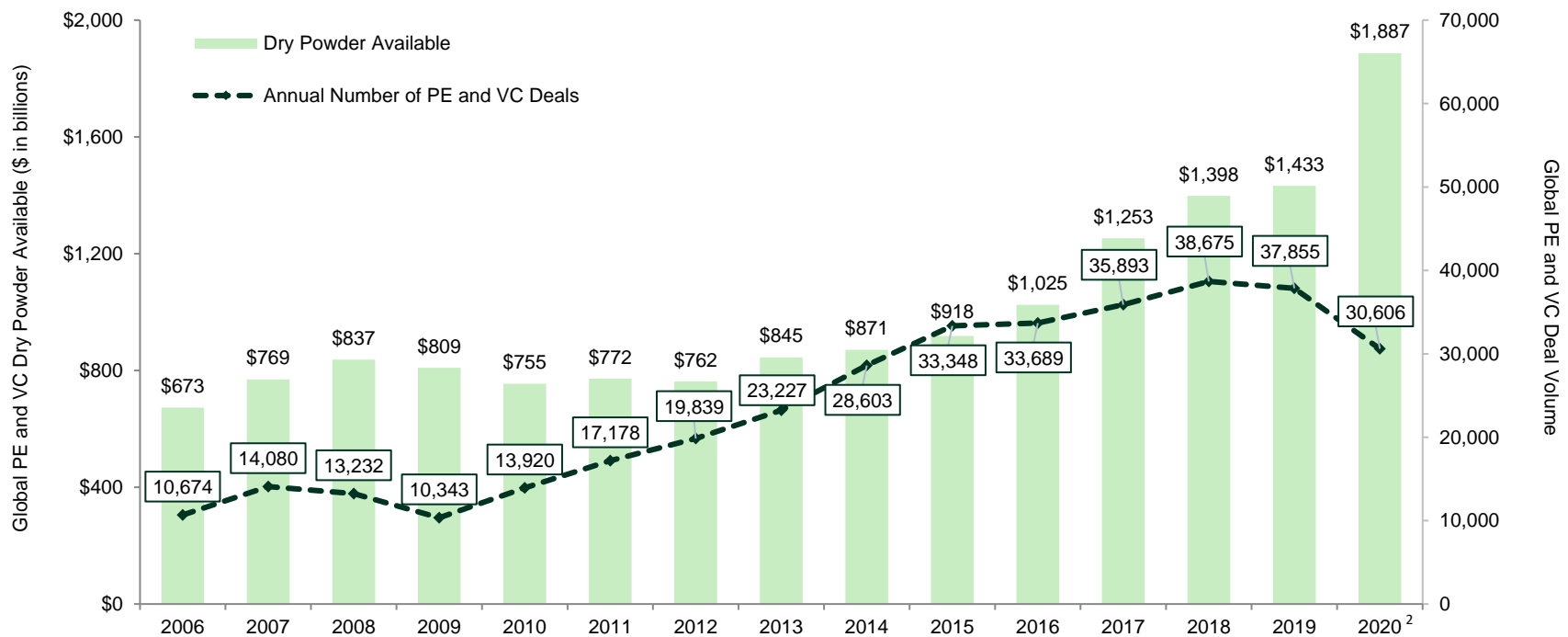
Source: Pitchbook as of 12/31/2020

PE/VC Dry Powder Without a Home Remains at Staggering Levels

Rapid increase to the PE/VC fund size and slower than expected deal volume in 2020 has created a surplus of capital needing to be deployed

- PE and VC funds closed in Q2 through Q4 2020 raised a cumulative \$439B in capital
- With the depleted activity in the first half of 2020, fewer businesses that meet investor criteria, and close to \$1.9T of estimated dry powder as of year-end 2020, there is a perfect storm brewing for continued high valuations in private markets in '21 and beyond
- Across all PE and VC funds, 37,855 transactions were completed in 2019, compared to only 30,606 in 2020, representing a YoY decline of 19%¹

PE & VC Dry Powder Remain at All-Time Highs



¹ Number of 2020 deals may increase as more are closed in the beginning of 2021

² Actual PE and VC deal volume and dry powder estimated through 12/31/2020

Source: Pitchbook as of 12/31/2020

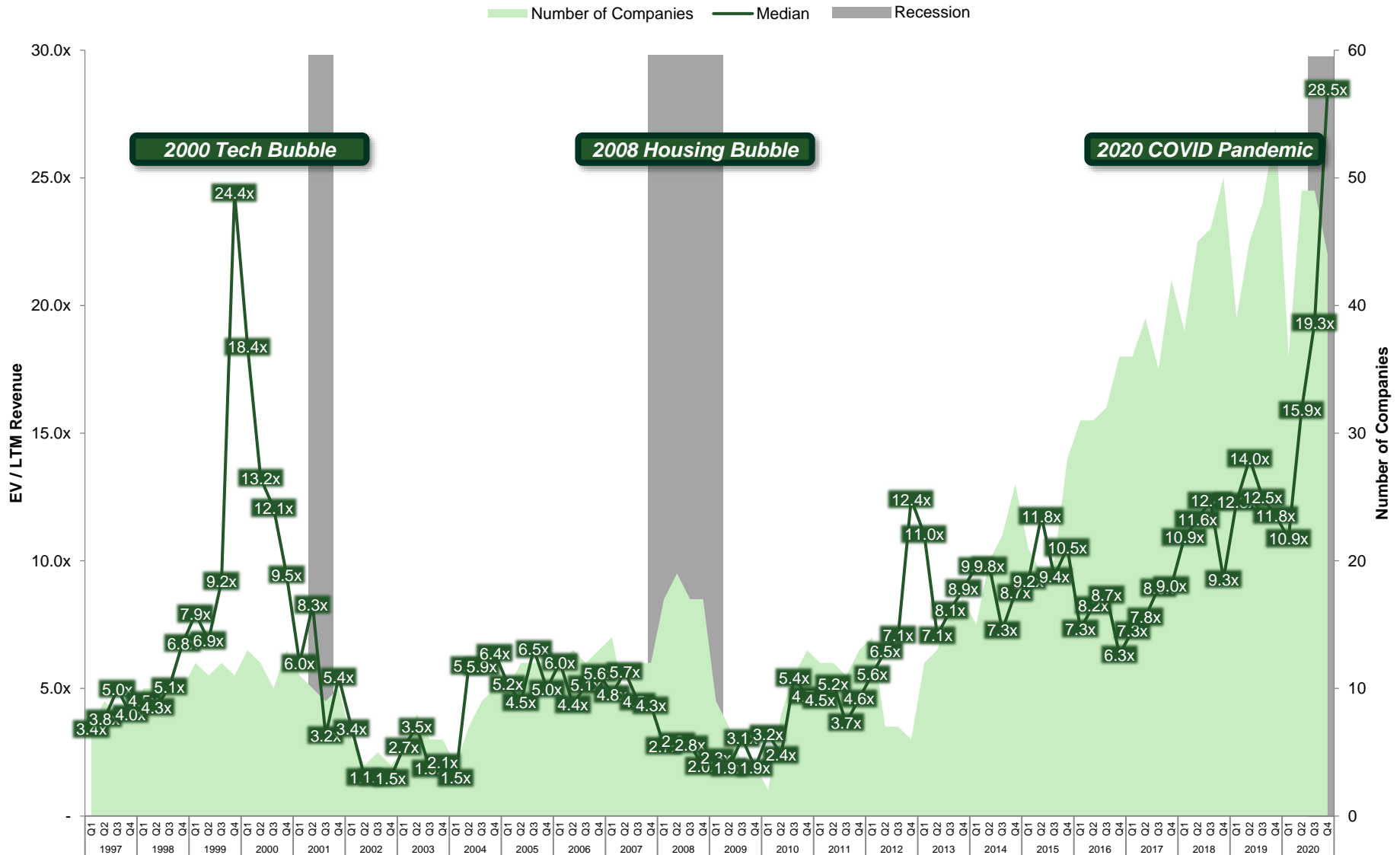
Positive Outlook for Private SaaS Transactions

The artificial slowdown caused by COVID-19 uncertainty created pent-up demand for SaaS businesses that has translated into increased deal volume in H2 2020 and 2021

- Public SaaS valuations remain robust through the pandemic and have further expanded in the second half of 2020. Since the general slowdown in Q2 2020 (due to uncertainty around unemployment rates, travel restrictions, bank liquidity, and money markets), massive government stimulus (PPP, Economic Impact Payments, QE) has allowed capital to flow back into risk assets
- Cloud-based platforms for remote collaboration, learning, field service, events, and entertainment have seen a net benefit from the pandemic. A decade of technological adoption and implementation took place over nine months in 2020
- Large strategic buyers (Facebook, Amazon, Google, Microsoft, Salesforce, Adobe, Twilio, NVIDIA, AMD, etc.) have seen their stock prices rise dramatically and used this more valuable currency as fodder for acquisitions
 - Salesforce's acquisition of Slack (\$27.7B) is the largest enterprise software M&A deal ever
 - AMD's \$35B merger with Xilinx and NVIDIA's \$40B acquisition of Arm are two of the largest-ever semiconductor deals – both announced in 2020 but currently subject to regulatory approval
- With the most dry powder ever available to PE buyers, funds have rapidly returned to the market and are able to close on expedited timelines with remote meetings and third-party diligence providers. Processes have become even more competitive as PE buyers have developed proprietary “playbooks” that allow portfolio companies to grow through the pandemic and increase equity value
 - Additionally, as certain sectors have struggled through COVID (e.g., retail, travel, hospitality) there is more capital chasing an even fewer number of viable investment opportunities
 - See Thoma Bravo's \$10.2B acquisition of RealPage and Vista Equity's \$3.5B acquisition of PluralSight
- If growth rates and customer retention continue to trend positively, a SaaS business should be able to attract the same or higher revenue multiple demanded pre-COVID-19 due to a scarcity of quality assets
 - For SaaS businesses started after 2008, the pandemic represents the first opportunity to test how recession-proof and “mission critical” a product offering really is
- Even in a post-COVID world, we expect a “hybrid economy” to develop which features both remote and in-person elements. Virtual/remote eCommerce, communication, business workflow, events, and other technological shifts appear set to continue

Window has Never Been Better for Software Exits

Median Enterprise Value / LTM Revenue Multiple for >30% LTM Revenue Growth Public Software Companies



Ticker Symbols Shown

All Software includes Mobile Iron, Forescout Technologies, NYS:CRM, ASAN, PLTR, NYS:DNB, NAS:BIGC, NAS:DCT, NYS:SNOW, FROG, SUMO, U, BSY, MCFE, NYS:HUBS, NAS:PEGA, NYS:ZEN, NAS:NICE, NAS:FIVN, NAS:LPSN, NAS:ADBE, Xero, NAS:BL, NAS:COUP, NYS:AVLR, NYS:ZUO, NYS:PLAN, NAS:INTU, NAS:QADA, LON:SGE, NYS:ORCL, NYS:IBM, NYS:SAP, NAS:UPLD, NYS:WK, WTKWY, NAS:MSFT, ASX:TNE, NAS:AZPN, NAS:MANH, NAS:PTC, NAS:SPSC, NAS:AMSWA, PAR:DSY, TSE:DSG, NYS:DAVA, TSE:KXS, NYS:NOW, TSE:TCS, NAS:CSOD, NYS:PAYC, NAS:PAYX, NYS:TNET, NYS:NSP, NAS:BNFT, NYS:CDAY, NYS:SMAR, NAS:PCTY, NAS:ADP, NAS:WDAY, NAS:AKAM, NAS:BCOV, SDL, NAS:DBX, NYS:BOX, NAS:DOCU, NAS:VRSN, NAS:PS, NAS:SVMK, TSE:OTEX, NYS:TDC, NAS:MSTR, LON:DATA, NAS:SPLK, NYS:CLDR, NYS:NEWR, NAS:DOMO, NYS:MDLA, NYS:AYX, NAS:VRNT, NYS:ESTC, NAS:TLND, NAS:CTXS, NYSE:SWI, NAS:NTCT, NAS:TEAM, NAS:MDB, NAS:NTNX, NYS:PD, FRA:SOW, NAS:PRGS, NYS:HPE, FSLY, NYS:JNPR, NAS:DDOG, NYS:NET, NYS:DT, NYS:VMW, NAS:APPN, NAS:NLOK, NAS:FEYE, NYS:PANW, NAS:PFPT, NAS:TENB, NAS:ZS, NAS:FTNT, CRWD, NAS:OKTA, NAS:MIME, NYS:PING, NAS:CHKP, NAS:CYBR, NYS:SAIL, NAS:QLYS, NAS:RDWR, NAS:RPD, NAS:SCWX, NAS:ZIXI, ABT, NAS:CSCO, NYS:TUFN, NAS:EBIX, NYS:ENV, NAS:EPAY, NYS:FIS, JFU, NYS:FICO, NAS:FISV, NYS:QWTO, NAS:JKHY, NYS:GWRE, NAS:ACIW, NYSE:SQ, NYS:FDS, NYS:MSCI, NYS:BR, SWX:TEMN, NAS:APPF, NAS:BLKB, NAS:RP, EGOV, NAS:SSNC, NYS:MODN, NYS:VEEV, NYS:TYL, NAS:DOX, NYS:AMK, NYS:BKI, NAS:CDK, NYS:CLGX, NAS:CERN, PAR:CGM, NAS:HSTM, PHR, NAS:MDRX, NYS:CSLT, NAS:NXGN, NAS:HCAT, NAS:TRHC, NAS:INOV, NYS:LRN, AFYA, NAS:TWOU, NYS:CHGG, LON:LTG, NAS:CDLX, NYS:SHOP, NAS:NTAP, NAS:CVLT, NYS:TWLO, NAS:EVBG, WORK, NAS:ZM, NAS:SNCR, NYS:EGHT, NAS:NUAN, NYS:RNG, NAS:VG

SaaS includes NYS:CRM, ASAN, NAS:BIGC, NAS:DCT, NYS:SNOW, BSY, NYS:HUBS, NAS:PEGA, NYS:ZEN, NAS:NICE, NAS:FIVN, NAS:LPSN, NAS:ADBE, AZPN, Xero, SWI, NAS:BL, NAS:COUP, NYS:AVLR, GWRE, NYS:ZUO, NYS:PLAN, NAS:QADA, LON:SGE, NAS:UPLD, NYS:WK, ASX:TNE, NAS:SPSC, TSE:DSG, TSE:KXS, NYS:NOW, TSE:TCS, NAS:CSOD, NYS:SMAR, SDL, NAS:DBX, NYS:BOX, NAS:DOCU, NAS:PS, NYS:TDC, NAS:MSTR, NAS:SPLK, NAS:DOMO, NYS:MDLA, NAS:TEAM, NYS:PD, NAS:PRGS, WDAY, NYS:ENV, NAS:BLKB, NAS:RP, NAS:SSNC, NYS:MODN, NYS:VEEV, NYS:TYL, PFPT, PHR, NAS:HCAT, LON:LTG, NYS:TWLO, WORK, NAS:ZM, NAS:SNCR, NYS:EGHT, NAS:NUAN, NYS:RNG

HR Software includes NAS:ADP, NAS:ASUR, NAS:BNFT, CDAY, NYS:DHX, FLNCF, NYS:NSP, NAS:PAYX, PAYC, NAS:PCTY, SMAR, TNET, UPWK, NAS:WDAY

Education Software includes LRN, NAS:AFYA, PS, TWOU, NYS:CHGG, RST, LON:TRB, NAS:ARCE, CSOD, DCBO, LTG, GVP, KAHOT

Communication & Collaboration Software includes TWLO, EVBG, ASAN, EVBG, WORK, NAS:ZM, NAS:NICE, NAS:FIVN, NAS:SNCR, NYS:EGHT, NAS:NUAN, NYS:JNPR, NYS:RNG, NAS:VG

Real Estate & Travel Software includes NAS:ZG, NAS:CSGP, RPRGF, RTMVY, CLGX, ASGTF, NAS:RP, NAS:APPF, NAS:BKNG, XMAD:AMS, NAS:EXPE, NAS:TRIP

Marketing & Sales Software includes TSE:SHOP, NYS:HUBS, NAS:BIGC, NYS:HUBS, NYS:CRM, NAS:MCHX, ASX:BTH, NAS:CRTO, NAS:MGNI, NAS:TTEC, NAS:MRIN, NAS:SCOR, NAS:ADBE, TAE:NICE, NYS:ZEN, NAS:PEGA, NAS:FIVN, NAS:LPSN, NAS:CDLX

Vista Point Advisors Overview

Vista Point Advisors is a boutique investment bank focused on capital raises and M&A advisory for growing technology companies

Software

- Software-as-a-Service
- On-premise
- Application Software
- Healthcare IT
- Financial Technology

Internet

- Advertising and Marketing
- Digital Media
- Gaming
- Content
- Platforms

Mobile

- Consumer Applications
- Enterprise Applications
- Gaming
- Payments
- Infrastructure

Hardware

- Communications
- Entertainment
- Industrial
- Systems
- Consumer

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