Software & Technology Enabled Services

ankura CAPITAL ADVISORS

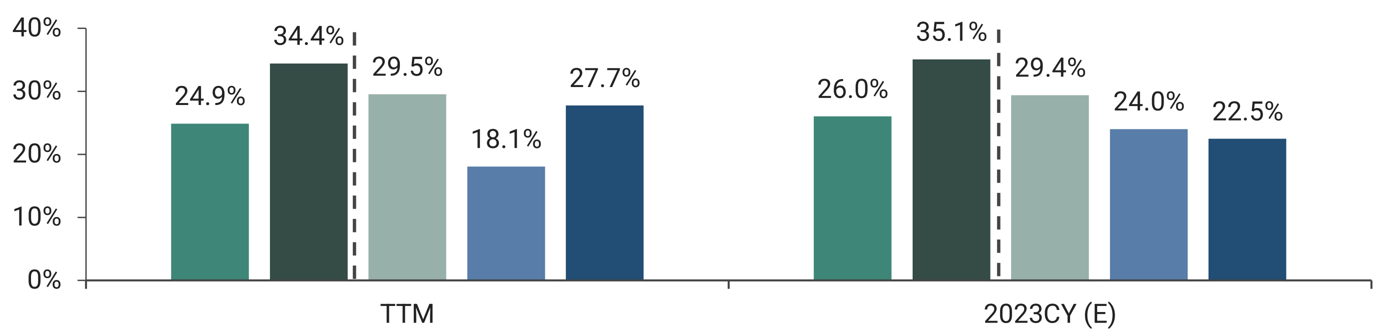
INDUSTRY UPDATE JULY 2023

- In our last coverage in February, we had mentioned how companies face major challenges in weathering the anticipated economic slowdown with pressures of cutting labor costs and increasing efficiency
- In the pursuit of revenue, industry continued its push into ancillary industries, such as real estate, manufacturing, and retail, by employing digital advancements such as Generative AI to spur innovation
- Margins have seen continued expansion, driven by a heightened emphasis on maximization of earnings and adoption of various strategies such as workforce adjustments, intelligent automation, and the modernization of legacy architectures

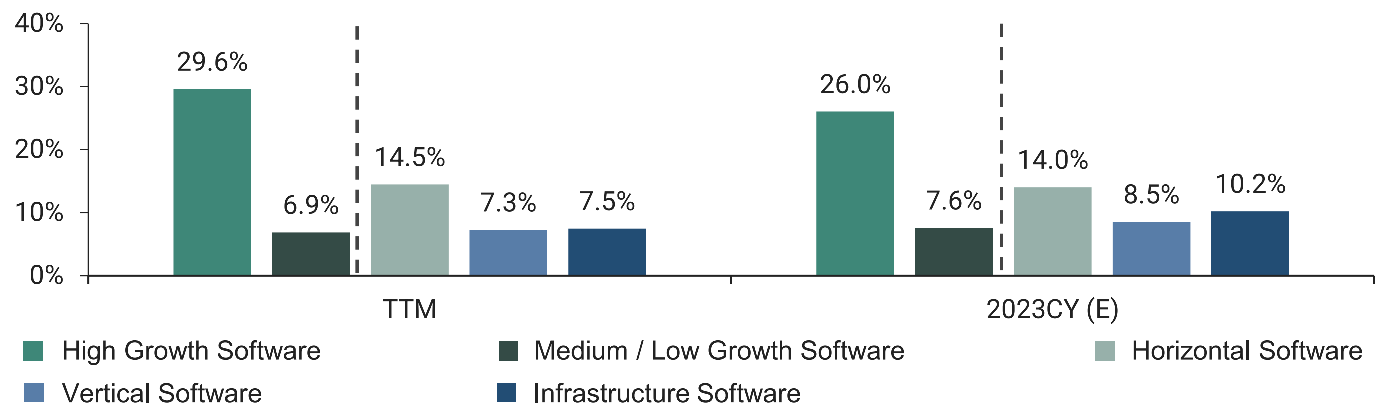
SOFTWARE & TECH ENABLED SERVICES HEADLINE TRANSACTIONS

TARGET	ACQUIRER	ACQUISITION SYNOPSIS
fm:systems	Johnson Controls	The company was acquired by Johnson Controls for approx. $455 million plus additional post-close earnout payments. FM:Systems, a leading digital workplace management and Internet of Things (IoT) solutions provider for facilities and real estate professionals, will add complementary cloud-based software as a service (SaaS) digital workplace management capabilities to Johnson Controls' leading OpenBlue digital buildings software portfolio
Berbix	Socure	The company was acquired by Socure Inc. for approx. $70 million in cash and stock. This acquisition will integrate both companies' technologies, setting a new standard for speed, accuracy, fraud reduction, and user experience, while accelerating Socure's expansion into new markets and geographies
Benefits Science Technologies	MultiPlan	The company was acquired by MultiPlan for approx. $160 million, comprised of $140 million cash and 21.6 million shares of stock . This acquisition will unite MultiPlan's 40+ years of experience and institutional knowledge in healthcare cost management and payment accuracy and its rich and expansive claims data with BST's cutting-edge analytics and AI capabilities, which will help provide cutting edge, differentiated solutions to customers

EBITDA MARGINS



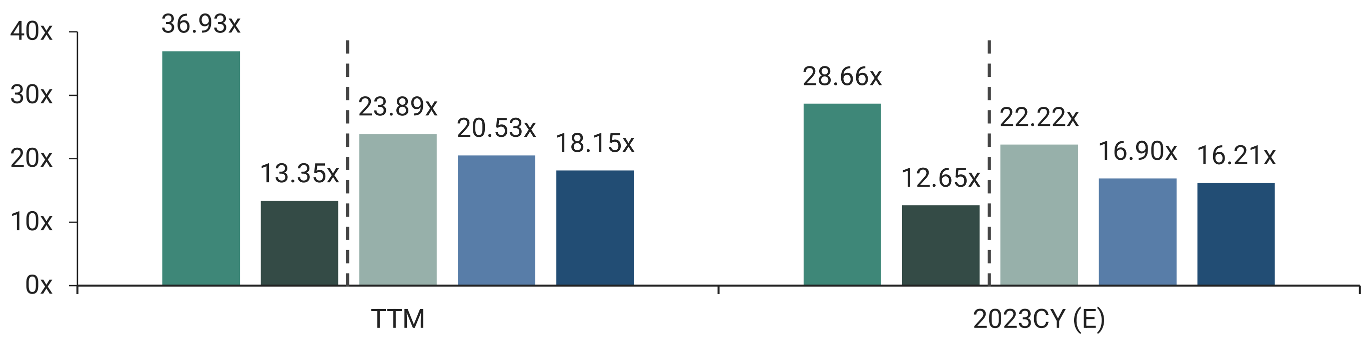
Revenue Growth



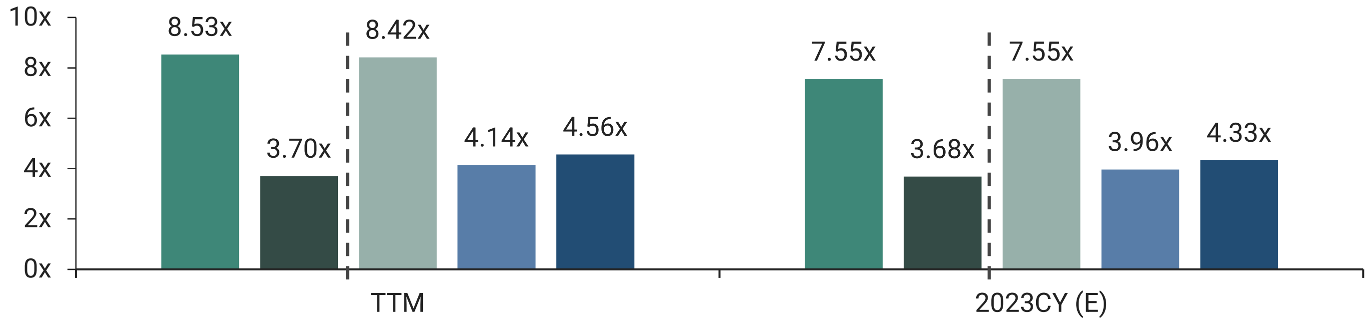
Notes: High Growth Software defined as any company with > 20% revenue growth and Medium/Low Growth Software defines as any company with < 20% revenue growth
Source: Data from Pitchbook and CapIQ as of 07/19/2023, pWc Mid-year 2023 M&A Outlook

- In the sector, deal volume continued to decline, experiencing an 8% decrease from 954 completed deals in Q1 to 878 in Q2, characterized by a notable shift towards smaller deals, making it the second worst quarter since pandemic
- Though valuation multiples showed resurgence in the first half of 2023, we anticipate them to settle down by the end of year
- The industry is at a critical turning point as voice search optimization, chatbots, AI-powered support, data-driven content marketing, and social responsibility become prevalent, offering companies that effectively integrate these a promising future

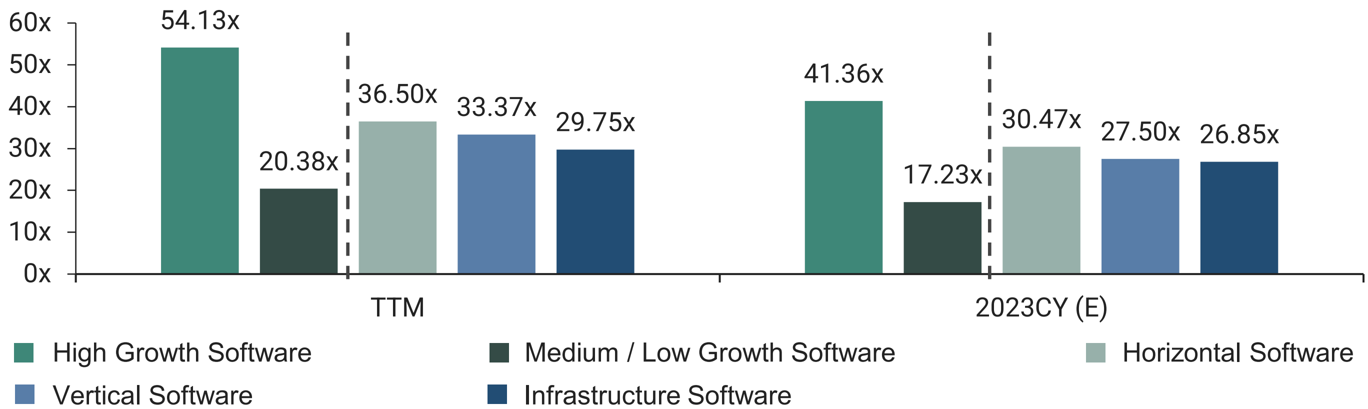
ENTERPRISE VALUE / EBITDA



ENTERPRISE VALUE / REVENUE



PRICE/EARNINGS



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