

Brief Analysis (SaaS): Rule of 40

January 2022

Rule of 40

The Rule of 40 is used by private equity investors and strategic buyers to measure the performance of SaaS companies.



Based on this principle, a company's combined growth rate and profit margin should be equal to or greater than 40%.

$$\text{Growth Rate \%} + \text{Profit Margin \%} \geq 40\% \text{ (Rule of 40 Number)}$$

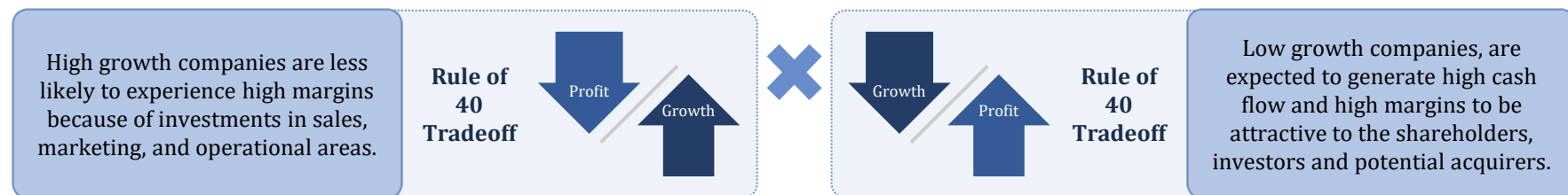


A modification of the Rule of 40 is the **Growth Weighted Rule of 40**, introduced by Susquehanna Growth Equity, to account for the higher premium placed by the market for growth vs. profitability for emerging growth companies generally with ARR below \$10M.

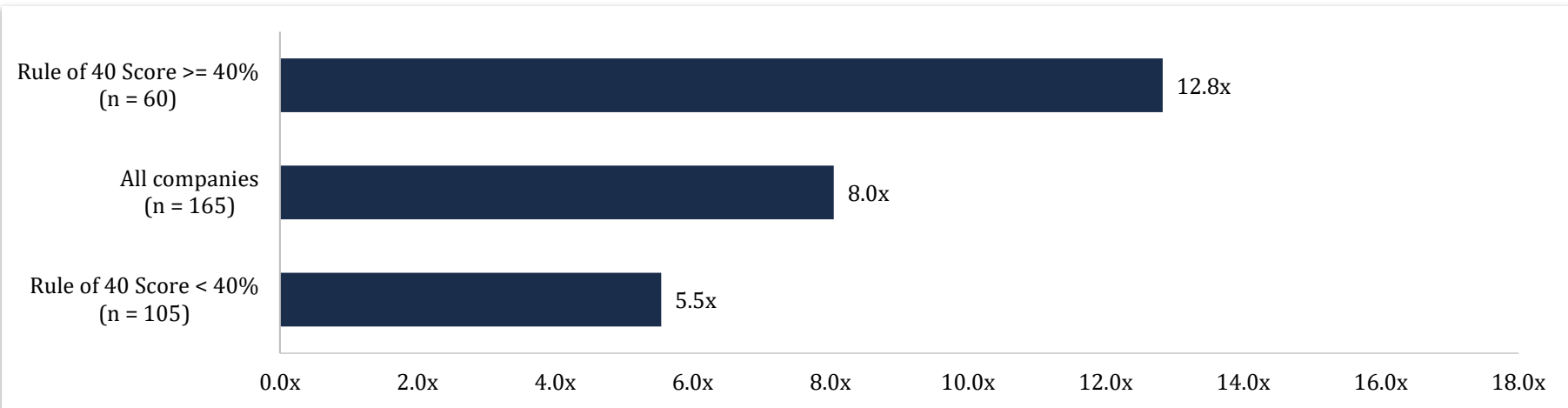
$$1.33 * \text{Revenue Growth Rate} + 0.67 * \text{EBITDA margin} \geq 40\% \text{ (Growth Weighted Rule of 40)}$$

Growth and Margin Tradeoff

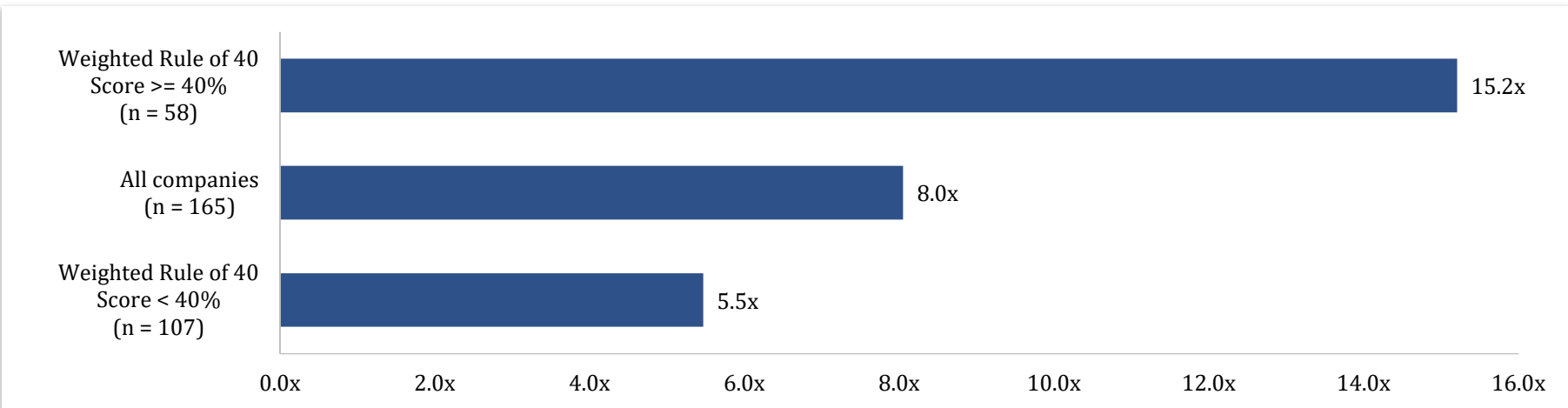
The rule of 40 focuses on balancing the tradeoff between growth and profit. It's difficult to have high profit and high growth at the same time. A company needs to determine where it falls in this equation. It is a useful tool for assessing the tradeoffs that need to be made between growth and profits at any point in a company's lifecycle.



Median EV/Revenue Multiple for SaaS companies by Rule of 40 Score

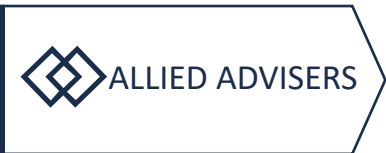


Median EV/Revenue Multiple for SaaS companies by Growth Weighted Rule of 40 Score

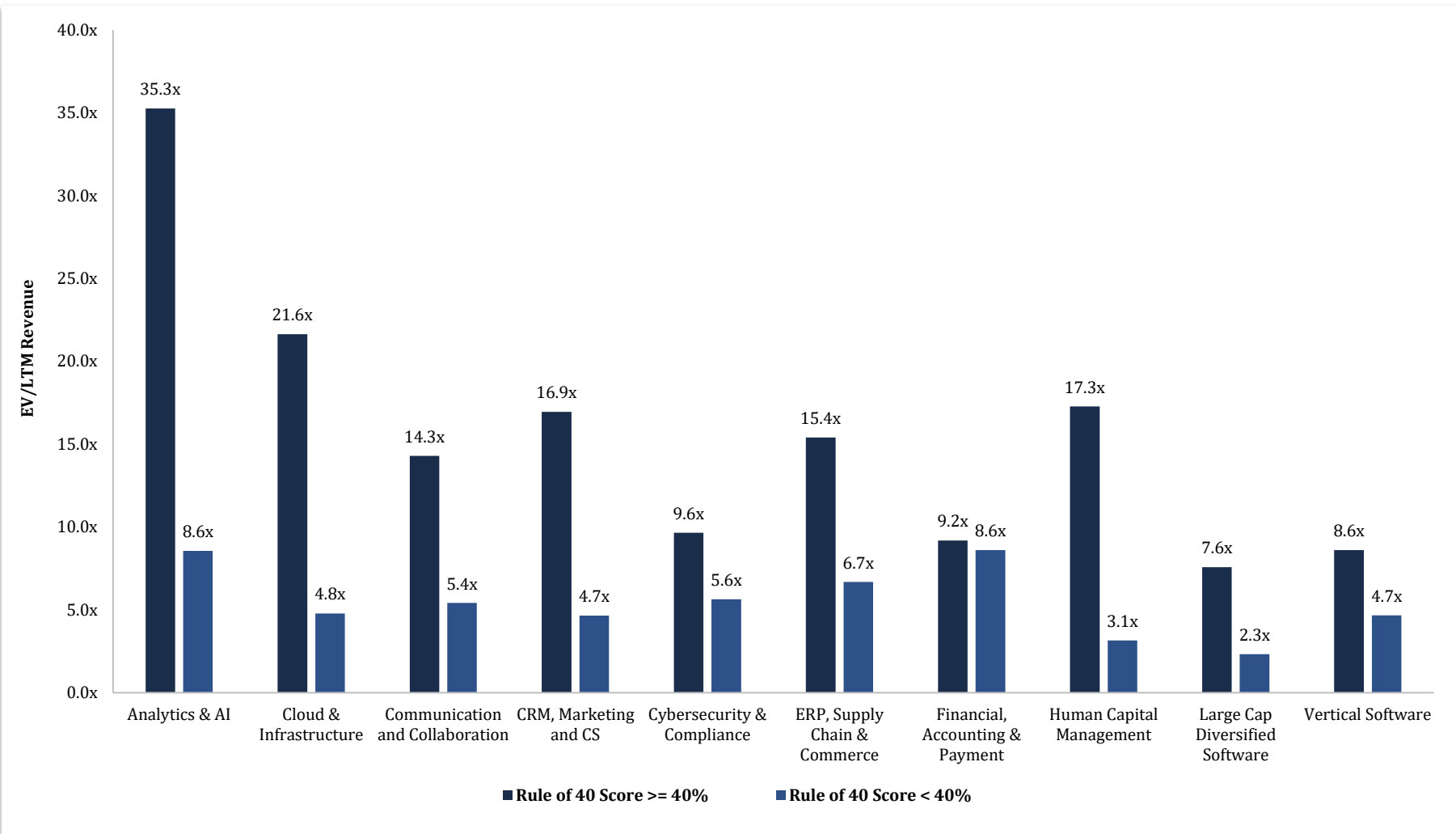


Note: Last twelve months (LTM) financials used for calculating Rule of 40 Score and Enterprise Value (EV)/Revenue Multiples. Weighted Rule of 40 is Growth Weighted Rule of 40, introduced by Susquehanna Growth Equity. "n" denotes number of SaaS companies in the corresponding buckets.

Compelling Valuations When Outperforming the Rule of 40

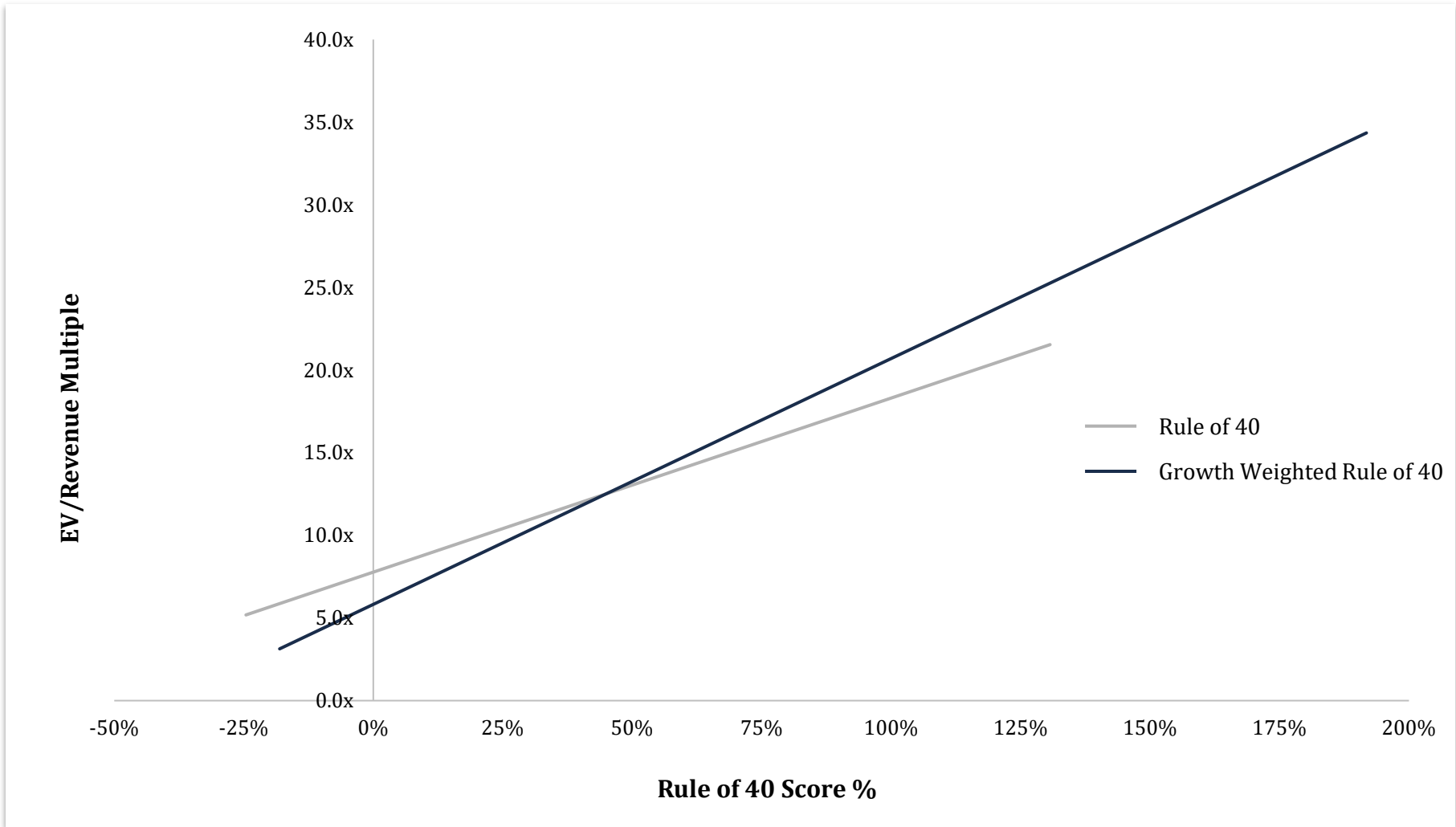


Median EV/Revenue Multiple for SaaS Verticals by Rule of 40 Score

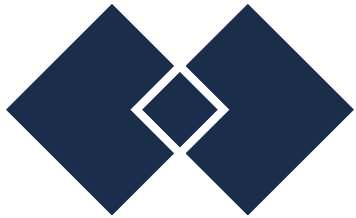


Note: Last twelve months (LTM) financials used for calculating Rule of 40 Score and Enterprise Value (EV)/Revenue Multiples. Growth Weighted Rule of 40 is introduced by Susquehanna Growth Equity.

EV/Revenue for Rule for 40 versus Weighted Rule of 40 - Growth Drives Valuation Multiple



Note: Last twelve months (LTM) financials used for calculating Rule of 40 Score and Enterprise Value (EV)/Revenue Multiples. Growth Weighted Rule of 40 is introduced by Susquehanna Growth Equity.



Appendix (Trading Comps)

SaaS Companies Used in Rule of 40 Analysis



Analytics & AI

- alteryx
- DOMO
- New Relic
- teradata.
- Anaplan
- elastic
- pagerduty
- Verisk
- comscore
- EXPERT SYSTEM
- PROS.
- VERITONE.
- DATADOG
- MicroStrategy
- splunk>

Cybersecurity & Compliance

- avast
- CYBERARK
- MANDIANT
- Qualys.
- TREND MICRO
- Check Point
- mimecast
- radware
- tufin
- NortonLifeLock
- RAPID7
- VARONIS
- CISCO
- FORTINET
- okta
- Secureworks
- CROWDSTRIKE
- JUNIPER
- paloalto
- tenable
- zscaler

Human Capital Management

- ADP
- docebo
- Insperty
- TriNet
- Benefitfocus
- fiverr
- PAYCHEX
- upland
- CERIDIAN
- freelancer
- paycom
- Crowd Works
- HealthStream.
- paylocity
- workday

Cloud & Infrastructure

- Akamai
- CLOUDFLARE
- fastly
- NUTANIX
- Appian
- COMMVAULT
- mongoDB.
- servicenow
- CITRIX
- dynatrace
- NetApp
- solarwinds
- vmware

ERP, Supply Chain & Commerce

- AMERICAN SOFTWARE
- kinaxis
- PARK CITY
- shopify
- wisetechnology
- aspentech
- lightspeed
- WIX
- DESCARTES
- Manhattan Associates
- sage
- tecsys

Large Cap Diversified Software

- Alphabet
- IBM
- ORACLE
- hp
- Microsoft
- SAP

Communication & Collaboration

- 8x8
- box
- Five9
- smartsheet
- Ziff Davis
- ATLASSIAN
- DocuSign
- LIVEPERSON
- twilio
- zoom
- AVAYA
- Dropbox
- opentext
- Vonage
- bandwidth
- everbridge
- RingCentral
- workiva

Financial, Accounting & Payments

- ACI UNIVERSAL PAYMENTS
- coupa
- GreenSky
- Square
- Avalara
- EV
- intuit
- SS&C
- bill.com
- FACTSET
- jack henry & ASSOCIATES INC.
- stone
- BLACKLINE
- FICO
- mastercard
- TEMENOS
- Bottomline
- FIDELITY INVESTMENT SERVICES
- MSCI
- VISA
- fiserv.
- PayPal
- Wolters Kluwer
- Broadridge
- globalpayments
- Q2
- xero

Vertical Software

- 2U
- Cerner
- K12
- Allscripts
- Chegg
- ig
- amdocs
- CONSTELLATION SOFTWARE INC.
- Model N
- appfolio
- EBIX
- TabulaRasa HealthCare
- BLACK KNIGHT
- ENVESTNET
- tyler technologies
- blackbaud
- GUIDEWIRE
- veeva
- CDKGlobal.
- HealthCatalyst

CRM, Marketing & Customer Service

- Adobe
- criteo.
- HubSpot
- NICE
- salesforce
- YE XT
- cardlytics
- Five9
- PEGA
- Techtarget
- zendesk
- channeladvisor
- GoDaddy
- momentive
- Rakuten
- VERINT

Rule of 40 Score >= 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Datadog	\$163.83	\$51,118	\$50,458	\$880	\$6	63.1%	0.7%	57.3x
Verisk	\$221.66	\$35,723	\$38,846	\$2,946	\$1,371	7.2%	46.5%	13.2x
Average	\$192.75	\$43,420	\$44,652	\$1,913	\$689	35.2%	23.6%	35.3x
Median	\$192.75	\$43,420	\$44,652	\$1,913	\$689	35.2%	23.6%	35.3x

Rule of 40 Score < 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Elastic	\$119.57	\$11,074	\$10,787	\$734	(\$107)	43.7%	(14.6%)	14.7x
Teradata	\$43.92	\$4,765	\$4,765	\$1,933	\$398	5.1%	20.6%	2.5x
Microstrategy	\$558.26	\$5,943	\$8,128	\$508	\$88	5.1%	17.3%	16.0x
Comscore	\$3.39	\$279	\$512	\$360	\$17	(0.2%)	4.7%	1.4x
PagerDuty	\$35.09	\$3,017	\$2,780	\$262	(\$71)	31.0%	(27.1%)	10.6x
Anaplan	\$45.65	\$6,741	\$6,479	\$552	(\$161)	30.4%	(29.2%)	11.7x
Alteryx	\$62.44	\$4,212	\$4,475	\$523	(\$47)	6.4%	(8.9%)	8.6x
Domo	\$49.29	\$1,607	\$1,647	\$245	(\$67)	22.7%	(27.2%)	6.7x
Expert Systems	\$2.53	\$130	\$117	\$44	(\$7)	9.6%	(16.5%)	2.6x
New Relic	\$105.87	\$6,925	\$6,715	\$715	(\$155)	11.5%	(21.7%)	9.4x
Veritone	\$22.50	\$785	\$718	\$77	(\$49)	44.3%	(63.7%)	9.3x
PROS Holdings	\$35.94	\$1,595	\$1,620	\$247	(\$47)	(4.0%)	(18.9%)	6.6x
Splunk	\$116.96	\$18,572	\$20,265	\$2,518	(\$886)	10.6%	(35.2%)	8.0x
Average	\$92.42	\$5,050	\$5,308	\$671	(\$84)	16.6%	(17.0%)	8.3x
Median	\$45.65	\$4,212	\$4,475	\$508	(\$49)	10.6%	(18.9%)	8.6x

Cloud & Infrastructure – Trading Performance



Rule of 40 Score >= 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Dynatrace	\$59.30	\$16,905	\$16,933	\$816	\$139	32.0%	17.0%	20.8x
Akamai	\$117.51	\$19,093	\$19,186	\$3,402	\$1,358	8.9%	39.9%	5.6x
Servicenow	\$630.14	\$125,395	\$124,591	\$5,532	\$774	31.1%	14.0%	22.5x
Cloudflare	\$126.16	\$40,591	\$40,025	\$589	(\$41)	51.3%	(7.0%)	68.0x
Average	\$233.28	\$50,496	\$50,184	\$2,585	\$557	30.8%	16.0%	29.2x
Median	\$121.84	\$29,842	\$29,606	\$2,109	\$456	31.5%	15.5%	21.6x

Rule of 40 Score < 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
VMWare	\$118.20	\$49,687	\$48,884	\$12,614	\$3,242	9.2%	25.7%	3.9x
Netapp	\$92.39	\$20,536	\$18,887	\$6,049	\$1,374	9.5%	22.7%	3.1x
Solarwinds	\$14.41	\$2,292	\$3,577	\$1,020	\$194	1.8%	19.0%	3.5x
Citrix	\$98.26	\$12,255	\$15,315	\$3,176	\$676	(1.9%)	21.3%	4.8x
Commvault	\$69.11	\$3,145	\$2,869	\$741	\$72	8.1%	9.8%	3.9x
MongoDB	\$487.56	\$32,546	\$31,985	\$778	(\$242)	43.4%	(31.1%)	41.1x
Appian	\$65.84	\$4,687	\$4,554	\$346	(\$54)	18.6%	(15.5%)	13.2x
Fastly	\$36.30	\$4,265	\$4,242	\$339	(\$125)	27.0%	(36.8%)	12.5x
Nutanix	\$31.63	\$6,863	\$6,978	\$1,460	(\$494)	11.8%	(33.8%)	4.8x
Average	\$112.63	\$15,142	\$15,255	\$2,947	\$516	14.2%	(2.1%)	10.1x
Median	\$69.11	\$6,863	\$6,978	\$1,020	\$72	9.5%	9.8%	4.8x

Communication and Collaboration – Trading Performance



Rule of 40 Score >= 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Zoom	\$184.26	\$54,908	\$49,588	\$3,911	\$1,207	99.8%	30.9%	12.7x
Bandwidth	\$73.42	\$1,845	\$2,022	\$478	\$41	63.6%	8.7%	4.2x
Ziff Davis, Inc	\$113.17	\$5,457	\$6,706	\$1,741	\$721	22.1%	41.4%	3.9x
DocuSign	\$157.01	\$31,069	\$31,152	\$1,957	\$52	50.9%	2.6%	15.9x
Twilio	\$262.29	\$46,774	\$42,669	\$2,547	(\$467)	64.9%	(18.3%)	16.8x
Five9	\$138.95	\$9,455	\$9,659	\$564	\$19	41.2%	3.4%	17.1x
Atlassian	\$350.42	\$88,569	\$88,151	\$2,244	\$209	31.2%	9.3%	39.3x
Open Text	\$47.34	\$12,856	\$14,972	\$3,414	\$1,172	6.1%	34.3%	4.4x
Average	\$165.86	\$31,367	\$30,615	\$2,107	\$369	47.5%	14.0%	14.3x
Median	\$147.98	\$21,962	\$23,062	\$2,100	\$131	46.1%	9.0%	14.3x

Rule of 40 Score < 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Dropbox	\$24.96	\$9,485	\$10,058	\$2,097	\$558	13.0%	26.6%	4.8x
Liveperson	\$35.55	\$2,579	\$2,525	\$448	(\$5)	30.4%	(1.1%)	5.6x
RingCentral	\$192.41	\$17,979	\$19,068	\$1,481	(\$103)	34.4%	(7.0%)	12.9x
Box	\$26.40	\$3,915	\$4,351	\$840	\$102	11.2%	12.2%	5.2x
Workiva	\$128.13	\$6,517	\$6,327	\$416	(\$3)	23.2%	(0.6%)	15.2x
Smartsheet	\$76.43	\$9,688	\$9,328	\$503	(\$99)	42.1%	(19.8%)	18.5x
Avaya	\$20.66	\$1,738	\$4,422	\$2,973	\$555	3.5%	18.7%	1.5x
Everbridge	\$67.88	\$2,618	\$2,749	\$341	(\$52)	35.1%	(15.3%)	8.1x
Vonage	\$20.77	\$5,248	\$5,696	\$1,296	\$136	3.7%	10.5%	4.4x
8x8	\$17.71	\$2,024	\$2,284	\$581	(\$118)	18.4%	(20.3%)	3.9x
Average	\$61.09	\$6,179	\$6,681	\$1,098	\$97	21.5%	0.4%	8.0x
Median	\$30.98	\$4,582	\$5,059	\$711	(\$4)	20.8%	(0.9%)	5.4x

CRM, Marketing and Customer Service – Trading Performance



Rule of 40 Score >= 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
TechTarget	\$96.91	\$2,793	\$2,910	\$232	\$50	67.9%	21.7%	12.5x
Adobe	\$564.37	\$268,527	\$267,402	\$15,785	\$6,698	22.7%	42.4%	16.9x
Hubspot	\$607.59	\$28,709	\$28,253	\$1,183	\$12	44.8%	1.0%	23.9x
Five9	\$138.95	\$9,455	\$9,659	\$564	\$19	41.2%	3.4%	17.1x
Salesforce	\$255.46	\$251,628	\$256,575	\$24,983	\$4,616	23.2%	18.5%	10.3x
Average	\$332.66	\$112,222	\$112,960	\$8,550	\$2,279	40.0%	17.4%	16.1x
Median	\$255.46	\$28,709	\$28,253	\$1,183	\$50	41.2%	18.5%	16.9x

Rule of 40 Score < 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
NICE Systems	\$300.28	\$18,954	\$18,206	\$1,836	\$468	11.7%	25.5%	9.9x
ChannelAdvisor	\$24.27	\$729	\$640	\$163	\$26	16.5%	16.1%	3.9x
GoDaddy	\$84.50	\$14,044	\$17,074	\$3,670	\$619	13.9%	16.9%	4.7x
Criteo	\$38.88	\$2,361	\$1,967	\$2,262	\$365	9.6%	16.1%	0.9x
Verint	\$52.64	\$3,459	\$4,053	\$1,309	\$225	3.6%	17.2%	3.1x
Zendesk	\$103.53	\$12,516	\$12,164	\$1,247	(\$101)	27.7%	(8.1%)	9.8x
Pegasystems	\$110.25	\$9,005	\$9,340	\$1,194	(\$27)	20.0%	(2.2%)	7.8x
Rakuten	\$10.01	\$15,823	\$6,939	\$14,487	\$185	9.3%	1.3%	0.5x
Cardlytics	\$68.61	\$2,283	\$2,240	\$244	(\$52)	29.1%	(21.2%)	9.2x
Momentive Global Inc.	\$21.24	\$3,163	\$3,153	\$427	(\$55)	19.1%	(12.9%)	7.4x
yext	\$10.00	\$1,297	\$1,201	\$382	(\$47)	11.0%	(12.4%)	3.1x
Average	\$74.93	\$7,603	\$6,998	\$2,475	\$146	15.6%	3.3%	5.5x
Median	\$52.64	\$3,459	\$4,053	\$1,247	\$26	13.9%	1.3%	4.7x

Rule of 40 Score >= 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
CrowdStrike	\$198.33	\$45,485	\$44,365	\$1,286	(\$61)	68.8%	(4.7%)	34.5x
Avast	\$8.17	\$8,477	\$8,978	\$931	\$490	6.0%	52.6%	9.6x
NortonLifeLock(Symantec)	\$26.33	\$15,320	\$17,739	\$2,689	\$1,299	8.8%	48.3%	6.6x
Fortinet	\$333.12	\$54,465	\$52,433	\$3,127	\$704	27.2%	22.5%	16.8x
Check Point	\$116.39	\$15,456	\$11,651	\$2,132	\$949	4.2%	44.5%	5.5x
Qualys	\$136.63	\$5,305	\$4,872	\$396	\$134	12.3%	33.9%	12.3x
Mimecast	\$79.31	\$5,285	\$5,129	\$553	\$139	19.7%	25.1%	9.3x
Average	\$128.33	\$21,399	\$20,738	\$1,588	\$522	21.0%	31.7%	13.5x
Median	\$116.39	\$15,320	\$11,651	\$1,286	\$490	12.3%	33.9%	9.6x

Rule of 40 Score < 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Trend Micro	\$55.41	\$7,736	\$5,655	\$1,669	\$599	2.8%	35.9%	3.4x
Cisco	\$63.16	\$266,384	\$253,721	\$50,789	\$16,500	5.7%	32.5%	5.0x
F5 Networks	\$242.75	\$14,863	\$14,668	\$2,603	\$636	10.7%	24.4%	5.6x
Zscaler	\$301.83	\$42,281	\$41,674	\$761	(\$181)	58.5%	(23.8%)	54.8x
Palo Alto Networks	\$544.21	\$53,695	\$54,205	\$4,558	(\$12)	27.2%	(0.3%)	11.9x
Radware	\$38.91	\$1,790	\$1,459	\$279	\$34	12.3%	12.4%	5.2x
Tenable	\$53.69	\$5,769	\$5,544	\$510	(\$1)	21.7%	(0.3%)	10.9x
Juniper	\$35.36	\$11,498	\$12,003	\$4,658	\$745	5.1%	16.0%	2.6x
Rapid7	\$117.75	\$6,731	\$7,362	\$497	(\$40)	27.4%	(8.1%)	14.8x
Varonis	\$48.66	\$5,222	\$4,711	\$359	(\$69)	32.8%	(19.3%)	13.1x
Okta	\$222.66	\$34,633	\$34,169	\$1,152	(\$464)	50.0%	(40.2%)	29.7x
CyberArk	\$170.76	\$6,789	\$6,097	\$496	(\$21)	10.4%	(4.2%)	12.3x
Mandiant, Inc.	\$17.28	\$4,116	\$4,364	\$1,002	(\$59)	7.9%	(5.9%)	4.4x
Secureworks	\$16.11	\$1,356	\$1,176	\$547	(\$4)	(2.9%)	(0.8%)	2.2x
Tufin Software	\$10.31	\$389	\$321	\$106	(\$30)	6.1%	(28.4%)	3.0x
Average	\$129.26	\$30,884	\$29,809	\$4,666	\$1,175	18.4%	(0.7%)	11.9x
Median	\$55.41	\$6,789	\$6,097	\$761	(\$12)	10.7%	(0.8%)	5.6x

Rule of 40 Score >= 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Lightspeed	\$40.04	\$5,930	\$4,820	\$389	(\$114)	159.0%	(29.3%)	12.4x
Shopify	\$1,363.14	\$171,211	\$164,792	\$4,210	\$551	71.3%	13.1%	39.1x
Aspen Tech	\$152.33	\$10,194	\$10,271	\$730	\$391	27.4%	53.5%	14.1x
Wisetech Global	\$42.13	\$13,664	\$13,462	\$380	\$142	28.3%	37.4%	35.4x
Descartes	\$82.00	\$6,942	\$6,787	\$406	\$168	19.5%	41.5%	16.7x
SPS Commerce	\$138.42	\$4,978	\$4,747	\$366	\$84	21.1%	22.8%	13.0x
Average	\$303.01	\$35,487	\$34,146	\$1,080	\$204	54.4%	23.2%	21.8x
Median	\$110.21	\$8,568	\$8,529	\$397	\$155	27.9%	30.1%	15.4x

Rule of 40 Score < 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Tecsys	\$41.24	\$601	\$584	\$106	\$8	25.6%	7.9%	5.5x
Manhattan Associates	\$152.63	\$9,659	\$9,443	\$639	\$152	7.9%	23.7%	14.8x
Sage	\$11.47	\$11,724	\$12,075	\$2,492	\$676	1.3%	27.1%	4.8x
Park City Group	\$5.85	\$113	\$94	\$20	\$4	(0.6%)	21.8%	4.6x
Wix	\$160.48	\$9,140	\$8,454	\$1,224	(\$237)	34.4%	(19.4%)	6.9x
Kinaxis	\$138.99	\$3,805	\$3,620	\$237	\$13	5.1%	5.6%	15.3x
American Software	\$26.55	\$889	\$779	\$117	\$10	1.5%	8.4%	6.7x
Average	\$76.74	\$5,133	\$5,007	\$691	\$90	10.7%	10.7%	8.4x
Median	\$41.24	\$3,805	\$3,620	\$237	\$10	5.1%	8.4%	6.7x

Rule of 40 Score >= 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Block	\$164.03	\$75,663	\$76,244	\$16,742	\$514	118.8%	3.1%	4.6x
Fidelity National	\$51.42	\$14,631	\$13,725	\$14,611	\$4,297	55.2%	29.4%	0.9x
Visa	\$221.43	\$466,896	\$473,015	\$24,105	\$16,766	10.3%	69.6%	19.6x
MSCI	\$595.58	\$49,104	\$52,153	\$1,937	\$1,139	16.8%	58.8%	26.9x
Mastercard	\$370.95	\$364,480	\$371,038	\$17,788	\$10,229	14.1%	57.5%	20.9x
StoneCo	\$19.32	\$5,969	\$6,023	\$692	\$202	31.9%	29.2%	8.7x
Intuit	\$631.47	\$178,811	\$178,068	\$10,317	\$2,965	31.6%	28.7%	17.3x
Global Payments	\$141.70	\$41,114	\$50,352	\$8,260	\$3,573	10.4%	43.3%	6.1x
SS&C	\$82.70	\$21,028	\$27,118	\$4,960	\$1,991	6.3%	40.1%	5.5x
FactSet Research	\$476.02	\$17,992	\$18,139	\$1,628	\$602	7.4%	37.0%	11.1x
PayPal	\$194.94	\$229,041	\$225,447	\$24,569	\$5,361	21.0%	21.8%	9.2x
Fiserv	\$107.62	\$71,054	\$92,098	\$15,801	\$5,874	4.9%	37.2%	5.8x
Bill.com	\$233.54	\$23,950	\$22,982	\$308	(\$128)	82.9%	(41.4%)	74.5x
Average	\$253.13	\$119,979	\$123,569	\$10,901	\$4,107	31.7%	31.9%	16.2x
Median	\$194.94	\$49,104	\$52,153	\$10,317	\$2,965	16.8%	37.0%	9.2x

Rule of 40 Score < 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
EVO Payments	\$25.76	\$1,222	\$2,374	\$480	\$158	6.3%	33.0%	4.9x
Fair Isaac	\$443.13	\$12,123	\$13,263	\$1,317	\$459	1.7%	34.8%	10.1x
Broadridge Financial	\$180.95	\$21,638	\$25,787	\$5,169	\$1,150	12.4%	22.2%	5.0x
Wolters Kluwer	\$115.68	\$29,927	\$32,656	\$5,441	\$1,725	2.8%	31.7%	6.0x
Temenos	\$137.99	\$9,882	\$10,870	\$954	\$278	4.3%	29.1%	11.4x
Avalara	\$126.71	\$11,013	\$10,497	\$649	(\$45)	40.0%	(6.9%)	16.2x
Jack Henry	\$171.50	\$12,698	\$12,777	\$1,794	\$482	4.9%	26.9%	7.1x
Xero	\$101.71	\$15,139	\$15,125	\$653	\$36	25.2%	5.5%	23.2x
Coupa	\$164.06	\$12,252	\$13,220	\$696	(\$97)	42.1%	(13.9%)	19.0x
Greensky	\$11.75	\$1,083	\$1,213	\$519	\$141	(2.1%)	27.2%	2.3x
Blackline	\$103.04	\$6,044	\$5,995	\$406	(\$4)	20.8%	(0.9%)	14.8x
ACI Worldwide	\$34.95	\$4,109	\$5,113	\$1,291	\$265	(1.3%)	20.6%	4.0x
Bottomline	\$56.50	\$2,540	\$2,582	\$483	\$46	8.1%	9.5%	5.3x
Q2 Holdings	\$81.11	\$4,608	\$4,834	\$476	(\$38)	25.0%	(8.0%)	10.2x
Average	\$125.35	\$10,306	\$11,165	\$1,452	\$326	13.6%	15.1%	10.0x
Median	\$109.36	\$10,448	\$10,684	\$674	\$150	7.2%	21.4%	8.6x

Human Capital Management – Trading Performance



Rule of 40 Score >= 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Fiverr	\$109.50	\$4,002	\$3,664	\$274	(\$24)	67.8%	(8.8%)	13.4x
Docebo	\$66.52	\$2,181	\$1,972	\$93	(\$9)	65.1%	(10.2%)	21.2x
Paychex	\$134.51	\$48,531	\$48,412	\$4,332	\$1,910	9.0%	44.1%	11.2x
Paycom	\$404.94	\$23,485	\$23,355	\$991	\$269	21.8%	27.1%	23.6x
Average	\$178.87	\$19,550	\$19,351	\$1,423	\$536	40.9%	13.1%	17.3x
Median	\$122.01	\$13,743	\$13,510	\$633	\$130	43.4%	9.2%	17.3x

Rule of 40 Score < 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Paylocity	\$231.83	\$12,757	\$12,762	\$682	\$99	19.5%	14.6%	18.7x
ADP	\$244.01	\$102,822	\$104,670	\$15,367	\$4,167	5.5%	27.1%	6.8x
Workday	\$263.72	\$65,930	\$64,510	\$4,894	\$526	17.6%	10.7%	13.2x
Upland	\$18.47	\$564	\$930	\$305	\$56	8.9%	18.5%	3.1x
Healthstream	\$26.43	\$834	\$800	\$254	\$42	3.5%	16.7%	3.1x
TriNet	\$96.44	\$6,341	\$6,211	\$4,371	\$460	9.6%	10.5%	1.4x
Ceridian	\$104.94	\$15,881	\$16,678	\$965	\$21	14.7%	2.2%	17.3x
Insperty	\$117.83	\$4,537	\$4,471	\$4,738	\$212	10.0%	4.5%	0.9x
Freelancer	\$0.40	\$179	\$176	\$43	\$3	5.3%	7.0%	4.1x
BenefitFocus	\$11.02	\$368	\$543	\$264	\$24	(5.3%)	9.1%	2.1x
Crowdworks	\$10.54	\$161	\$125	\$70	\$5	(15.8%)	7.8%	1.8x
Average	\$102.33	\$19,125	\$19,261	\$2,905	\$511	6.7%	11.7%	6.6x
Median	\$96.44	\$4,537	\$4,471	\$682	\$56	8.9%	10.5%	3.1x

Large Cap Diversified Software – Trading Performance



Rule of 40 Score \geq 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Alphabet	\$2,899.83	\$1,925,330	\$1,810,993	\$239,210	\$88,483	39.3%	37.0%	7.6x
Microsoft	\$334.75	\$2,513,296	\$2,461,647	\$176,251	\$87,962	19.8%	49.9%	14.0x
Oracle	\$87.90	\$234,732	\$290,768	\$41,399	\$19,062	5.1%	46.0%	7.0x
Average	\$1,107.49	\$1,557,786	\$1,521,136	\$152,287	\$65,169	21.4%	44.3%	9.5x
Median	\$334.75	\$1,925,330	\$1,810,993	\$176,251	\$87,962	19.8%	46.0%	7.6x

Rule of 40 Score $<$ 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
SAP	\$140.29	\$165,482	\$175,899	\$31,757	\$8,311	(2.9%)	26.2%	5.5x
IBM	\$136.04	\$122,001	\$173,053	\$74,461	\$17,633	(0.8%)	23.7%	2.3x
HP	\$16.14	\$20,876	\$32,387	\$27,784	\$5,206	3.0%	18.7%	1.2x
Average	\$97.49	\$102,786	\$127,113	\$44,667	\$10,384	(0.2%)	22.9%	3.0x
Median	\$136.04	\$122,001	\$173,053	\$31,757	\$8,311	(0.8%)	23.7%	2.3x

Vertical Software – Trading Performance (1/2)



Rule of 40 Score >= 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Ebix	\$31.46	\$973	\$1,596	\$950	\$139	72.9%	14.6%	1.7x
Chegg	\$31.12	\$4,511	\$4,449	\$775	\$184	37.3%	23.8%	5.7x
Veeva	\$256.31	\$39,411	\$37,116	\$1,762	\$526	27.7%	29.8%	21.1x
Black Knight	\$81.51	\$12,558	\$15,935	\$1,431	\$522	19.6%	36.5%	11.1x
Learning Technologies	\$2.39	\$1,884	\$1,865	\$208	\$55	27.9%	26.3%	9.0x
Tyler Technologies	\$523.85	\$21,465	\$22,657	\$1,442	\$301	28.5%	20.9%	15.7x
Stride, Inc.	\$33.24	\$1,377	\$1,747	\$1,566	\$168	35.6%	10.7%	1.1x
Constellation Software	\$1,839.54	\$38,983	\$39,767	\$4,814	\$938	25.6%	19.5%	8.3x
Average	\$349.93	\$15,145	\$15,641	\$1,619	\$354	34.4%	22.8%	9.2x
Median	\$57.38	\$8,535	\$10,192	\$1,437	\$243	28.2%	22.3%	8.6x

Vertical Software – Trading Performance (2/2)



Rule of 40 Score < 40%

Company	Share Price 3-Jan-22	Market Cap (m)	EV (m)	Revenue LTM (m)	EBITDA LTM (m)	Revenue Growth YoY	EBITDA Margin	EV/Revenue LTM
Investnet	\$80.60	\$4,404	\$4,981	\$1,131	\$167	16.0%	14.7%	4.4x
Cerner	\$92.84	\$27,129	\$28,208	\$5,708	\$1,463	2.8%	25.6%	4.9x
2U	\$20.93	\$1,578	\$1,506	\$917	(\$8)	27.0%	(0.9%)	1.6x
Amdocs	\$75.08	\$9,357	\$9,315	\$4,289	\$905	2.9%	21.1%	2.2x
Model N	\$30.90	\$1,114	\$1,095	\$193	\$1	20.1%	0.3%	5.7x
CDK Global	\$42.77	\$5,061	\$6,585	\$1,700	\$562	(13.3%)	33.1%	3.9x
Appfolio	\$122.81	\$4,258	\$4,155	\$336	\$13	10.2%	3.8%	12.4x
Blackbaud	\$79.39	\$4,029	\$4,549	\$922	\$97	1.5%	10.5%	4.9x
Tabula Rasa	\$15.70	\$378	\$742	\$323	(\$26)	10.0%	(8.0%)	2.3x
HealthCatalyst	\$40.33	\$2,099	\$1,846	\$230	(\$66)	28.7%	(28.5%)	8.0x
Allscripts	\$18.61	\$2,281	\$2,526	\$1,498	\$120	(10.6%)	8.0%	1.7x
Guidewire	\$113.29	\$9,438	\$9,056	\$739	(\$88)	(2.1%)	(11.9%)	12.2x
Average	\$61.10	\$5,927	\$6,214	\$1,499	\$262	7.8%	5.6%	5.4x
Median	\$58.93	\$4,143	\$4,352	\$920	\$55	6.4%	5.9%	4.7x