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Financial Technology Sector

M&A Review

Q2 2021

M&A Overview

This quarter saw 164 M&A transactions in the FinTech sector, of which we are highlighting 70 in this report. The overall volume of deals has continued its steady increase and has now recovered back to pre-Covid 19 levels. Valuations were strong with revenue multiples averaging at 6.8x and going up to around 25.0x revenue.

With the COVID-19 pandemic still very much a reality and the predominance of remote working, digital banking, digital wealth management and online payments, FinTech software firms offering (components of) solutions for digitalisation have been and continue to be of significant interest to acquirers in the current market.

There were a number of significant transactions this quarter – including the acquisition of Confluence by Clearlake – and the number of large M&A transactions is expected to continue to rise in the next few months, as recovery continues to fuel deal flows.

In terms of deal types, 43% of the identified transactions were cross-border, the remaining 57% taking place domestically.

The most active regions in terms of M&A in the FinTech space continue to be the US and Europe (predominantly the UK, Germany and Netherlands), followed by Asia-Pacific.

Public Companies Overview

Q2 2021 saw an increase in average revenue multiples from Q1 2021 across our sample of quoted companies. As of 30 June 2021, the average forward revenue multiple overall was 7.2x, going up to 9.0x for Large Cap companies.

Revenue growth continues to be one of the most important drivers for higher valuations. The companies exhibiting the highest expected revenue growth this year are FICO, SS&C and Envestnet.

Now more than ever, a strong recurring revenue base is key for FinTech firms to survive the cashflow challenges of the current environment. Recurring revenue as a proportion of total revenues continues to average at over 70%, with Large Cap companies averaging at 83%.

FinTech Subsectors

Asset and Wealth Management Software

Systems developed for institutional asset, private and retail investment managers

Banking Software

Software that facilitates or enhances banking practices

Blockchain Technology

Software and services related to the application of Blockchain technology

Data and Terminals

Companies providing data and specialised terminals to financial industry players

ESG

Software, data and services for Environmental, Social and Governance related analytics

Financial Services Consulting

Companies that provide consulting within financial services

InsurTech

Innovations in the insurance industry through technology

Life and Pensions Administration Software

Advancing and facilitating the administration of life insurance & pensions

Payments

Innovative solutions to make faster and more efficient payments

RegTech

The use of technology to facilitate the delivery of regulatory requirements

Research Management Software

Tools to enhance and simplify financial research

Treasury and Capital Markets

Software designed for all aspects of Treasury and Capital Markets

Other

All other company types within the financial technology spectrum

M&A HIGHLIGHTS Q2 2021

\$12.7bn

Aggregate Deal Value¹

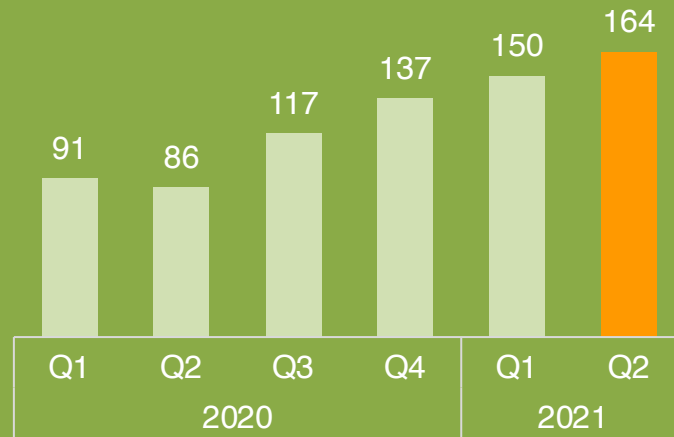
\$76m

Average Deal Size²

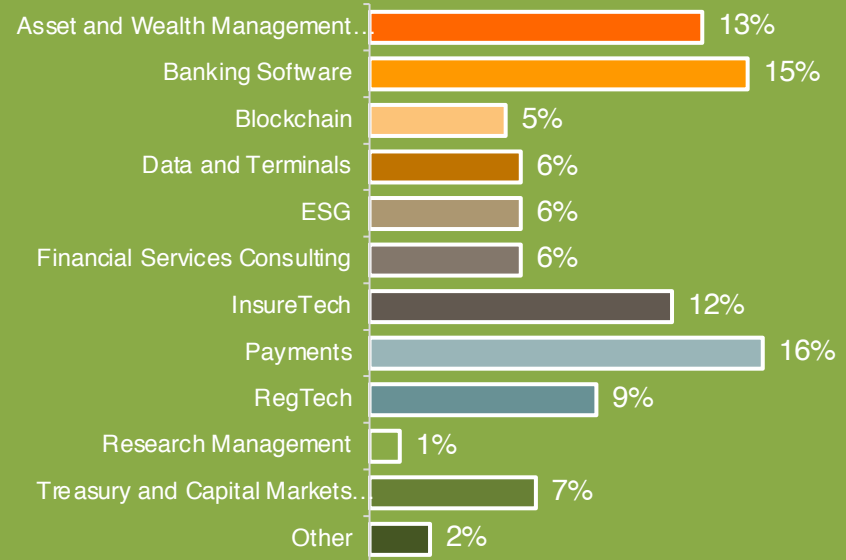
6.8x

Average Revenue Multiple

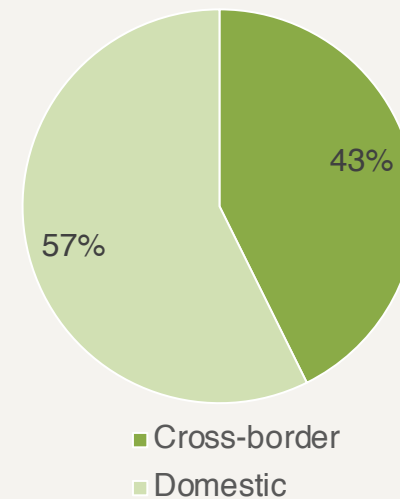
Deal Volume



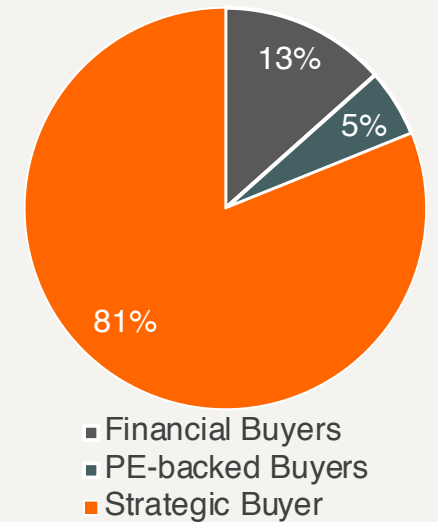
Deals by Sub-Sector



Deals by Type



Deals by Buyer Type



1. Including very large acquisitions in the \$1bn+ range for aggregate deal value 2. Excluding the Visa/Tink AB deal worth \$2.0bn, the Siris Capital Group/ Equinti Group deal worth \$1.4bn

DEAL SNAPSHOTS



- Clearlake Capital Group is to acquire Confluence Technologies (Confluence), a global software and data solutions provider helping the investment management industry solve complex data challenges, from TA Associates (TA).
 - Founded in 1991, Confluence offers automation services across the front, middle and back office to 400 asset management clients across 10 countries.
 - Data management is critical for investment managers, which have come to rely on Confluence's advanced software and data suite. The company's investments in the latest technology and expertise allow it to deliver innovative portfolio analytics, regulatory and financial reporting solutions for its clients.
 - The 2019 acquisition of StatPro exponentially broadened and deepened Confluence's capabilities to offer an extensive set of solutions across the investment lifecycle.
 - This investment is a testament to Confluence's remarkable growth, innovative solutions, and incredible team and with the support of Clearlake, Confluence will further accelerate both organic growth and strategic acquisitions (via a buy-and-build strategy).
- ERM, the world's largest pure-play sustainability advisory firm, has acquired Sustainalize – a Dutch sustainability consulting firm with offices in the Netherlands, Belgium and Germany.
 - Sustainalize works with businesses to measure, disclose and respond to ESG (environmental, social and governance) issues and challenges. The company supports clients on strategy development and execution, implementation, external reporting and impact measurement across a broad range of sustainability topics, including climate change, biodiversity loss, the availability of resources, diversity and equality, human rights and governance.
 - Sustainalize will benefit from ERM's extensive network, significant global scale, in-depth knowledge and thought leadership on pressing sustainability challenges. By joining forces, the combined entity will be able to accelerate the growth of its proposition and bring extended services to its clients.
 - The addition of Sustainalize adds a 30-strong team to ERM's headcount, and bolsters its offerings across sustainability strategy, ESG Advisory, external reporting and impact measurement. Since founding ten years ago, Sustainalize has delivered projects with over 200 organisations, across sectors including technology, banking and finance, to retail, aviation and government.

SELECTED ASSET AND WEALTH MANAGEMENT TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Apr-21	Envestnet (US)	Harvest Savings & Technologies (US)	Provider of an automated goals-based saving tools and wealth solutions to banks, credit unions, trust companies and other financial institutions.	n/a	n/a	n/a	Harvest's automated micro-saving technology delivers data to the bank or firm, which can then signal when it's time to move someone from a savings solution to the right wealth offering, making it an ideal fit for Envestnet's holistic, connected financial wellness ecosystem.
Apr-21	Siris Capital Group (US)	Equiniti Group (UK)	Provider of administration and payment services worldwide.	1,414	644	2	The proposal from Siris can deliver clear benefits to the wider stakeholder group, and provide support for EQ's future development through continuing investment in the people, technology and products, so critical to EQ's clients.
Apr-21	Plus500 (US)	Cunningham Trading Systems (US)	Provider of a technology trading platform provider, operating in the futures and options on futures market in the US.	30	19	2	The acquisition will be the first entry of Plus500 into the US futures & options on the futures market. Plus500 is planning to expand the company's product offering in the US market.
Apr-21	Tier1 Financial Solutions (US)	Satuit Technologies (US)	Provider in asset management client relationship management (CRM) software solutions.	n/a	n/a	n/a	The addition of Satuit CRM and Investor Portal solutions for buy-side Asset Management and Wealth Management complements Tier1's robust sell-side CRM platform for Capital Markets and Investment Banking. With the acquisition, Tier1's product suite now expands to include a standalone, cost-effective CRM that is engineered specifically for the needs of buy-side firms.
Apr-21	Backstop Solutions Group (US)	ProTrak International (US)	Provider of CRM software solutions for asset managers, funds of hedge funds and hedge funds/private equity firms.	n/a	n/a	n/a	With technology increasingly shifting towards cloud-based deployments, ProTrak required a major investment in technology and infrastructure to support this type of platform. It made sense to look for a partner like Backstop, who was already deployed in this laser-focused functionality and targeting similar asset management clients.
Apr-21	Orbitech (South Korea)	Quantec (South Korea)	Developer of solutions that provide asset management services equipped with algorithms based on quantum analysis.	8	n/a	n/a	This strategic acquisition allows Orbitech to expand its capabilities into an asset management platform.

SELECTED ASSET AND WEALTH MANAGEMENT TRANSACTIONS

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May-21	Lifeworks Advisors (US)	Aimvest Technologies (US)	Provider of an asset management platform to financial planners.	n/a	n/a	n/a	Lifeworks Advisors' new investment platform technology powered by Aimvest will enable advisors and clients to focus on building durable financial plans and developing clear goals for the future. As part of that process the Lifeworks Advisor investment platform will dynamically build investment strategies that are personalised for each client's unique financial picture, changing circumstances and financial objectives.
May-21	InvestCloud (US)	Advicent Solutions (US)	Provider of a premier cash flow, trust and tax financial planning.	n/a	n/a	n/a	The acquisition aims to create the world's leading financial planning solution. It does this by bridging the advisor-client communication gap by combining Advicent's cash flow, trust and tax financial planning engines with InvestCloud's digital client and advisor platform and existing market leading goal-based financial planning engines.
May-21	The Northern Trust Company (US)	Parilux Investment Technology (US)	Developer software solutions to manage investment process for institutional investors.	n/a	n/a	n/a	This acquisition underscores Northern Trust's commitment to its Front Office Solutions business, which provides a holistic data management platform for in-house investment teams managing complex, global multi-asset class portfolios.
Jun-21	Broadridge Financial Solutions (US)	AdvisorStream (US)	Provider of digital engagement and marketing solutions for the global wealth and insurance industries.	n/a	n/a	n/a	Broadridge's broad data foundation, combined with AdvisorStream, will empower financial advisors to pinpoint what is most relevant and engaging for individual prospects and clients at each step of the investor lifecycle.
Jun-21	Clearlake Capital Group (US)	Confluence Technologies, (US)	Developer investment data management automation solutions for regulatory, financial and investor reporting.	n/a	n/a	n/a	Data management is critical for investment managers, which have come to rely on Confluence's advanced software and data suite. Clearlake Capital Group see an opportunity in this fragmented market to execute on Confluence's buy-and-build strategy and deliver value to customers and stakeholders.
Jun-21	Alter Domus (Luxembourg)	Investors Economic Assurance (IEA) (US)	Provider of technology solutions and services to alternative investment managers.	n/a	n/a	n/a	This strategic acquisition represents another milestone in the firm's growth strategy focused on providing high-quality, vertically integrated solutions to the most demanding private equity, venture capital, real estate, and credit investors.

SELECTED ASSET AND WEALTH MANAGEMENT TRANSACTIONS

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Jun-21	MJ Hudson Group (UK)	Clarus Risk (UK)	Provider of institutional risk solutions.	5	1	6	The strategic acquisition of Clarus Risk means MJ Hudson can provide its' fund manager and investor clients with data, analytics, benchmarking, and reporting across risk, investment performance, investor relations and ESG.
Jun-21	Banyan Software (US)	HWA International (US)	Developer of trust accounting software for portfolio management and trust operations.	n/a	n/a	n/a	The acquisition serves as an opportunity to expand Banyan's capabilities with respect to integrating an innovative trust accounting system that simplifies the complexities of administering a trust's varying asset classes, regulatory / tax compliance, income accounting and customer reporting.

SELECTED BANKING SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Apr-21	Q2 Holdings (US)	ClickSWITCH Holdings (US)	Provider of an automated account switching solution for financial institutions and FinTechs.	n/a	n/a	n/a	The combined company will be able to solve a fundamental issue that banks, credit unions and fintech companies face – managing the complexity and administrative burden of account switching – by providing the most comprehensive and differentiated digital account switching solution in the market. ClickSwitch has raised nearly \$20m in venture capital and was caught between either raising a Series C round of venture capital or being acquired, but it already had a relationship with Q2, which turned into the deal.
Apr-21	IDS Group (US)	White Clarke Group (UK)	Provider of a range of full lifecycle loan origination and contract management software for the automotive, consumer and equipment finance sectors.	n/a	n/a	n/a	The combination creates a multi-asset class secured finance technology powerhouse supporting banks, independents, OEM captives and independents finance firms globally.
Apr-21	Uala (Argentina)	Wilobank (Argentina)	Developer of a digital bank application software.	n/a	n/a	n/a	The companies will provide a solid platform for the expansion of Uala, giving it the possibility of continuing to strengthen its financial ecosystem with a broader range of services once Wilobank has been incorporated.
May-21	Valsoft (Canada)	Finartis (Switzerland)	Provider of banking software solutions for the financial industry to help finance professionals focus.	n/a	n/a	n/a	Portfolio management is a vertical Valsoft has extensive insight into given its team's experience and the company believes this is the best entry into the wealth management space which it will continue to be build and expand.
May-21	Yellowtail (Netherlands)	Davinci Consulting (Netherlands)	Developer of functional loan and mortgage software in close partnership with their clients.	n/a	n/a	n/a	This sale of Davinci Consulting allows Yellowtail to focus on its cloud native SaaS solution as it expands internationally.
May-21	Astorg (France)	Fenergo (Ireland)	Provider of client lifecycle management software solutions for financial institutions.	n/a	n/a	n/a	The acquisition follows a period of strong expansion for Fenergo and will drive investment in the firm's SaaS strategy, product line development and support an expanding team through the next phase of growth.

SELECTED BANKING SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
May-21	OFX Group (Australia)	TreasurUp (Netherlands)	Provider of a treasury management software company.	n/a	n/a	n/a	Rabobank's TreasurUp venture will spin-off through a series A funding round together with Australian listed cross border payments specialist OFX whilst Rabobank will remain as shareholder. The spin-off allows TreasurUp to accelerate as an online treasury service provider for banks.
May-21	Tink (Sweden)	FinTecSystems (Germany)	Provider of a data analytics, digital account checks, account aggregation and open banking payments platform, with customers including N26, DKB, Santander, Solarisbank and Check24.	n/a	n/a	n/a	The acquisition will strengthen FinTecSystems' leading market position and offer both local and international customers in the region the most complete solution when partnering for open banking.
May-21	Black Knight (US)	Top of Mind (US)	Developer of Surefire, a leading CRM and marketing automation system for the mortgage industry.	250	25	10	Top of Mind will become part of Black Knight's Origination Software division and initially be integrated with the Black Knight Empower loan origination system (LOS) and Loan Officer Digital solution.
Jun-21	Elca Informatique (Switzerland)	Docucom (Switzerland)	Provider of an omni-channel document process management software and services to banks and insurance companies.	n/a	n/a	n/a	This acquisition is part of ELCA's ongoing strategy of growth in the Swiss market. ELCA will integrate Docucom's product and service portfolio to expand its end-to-end market offering for intelligent Information Management Solutions.
Jun-21	REA Group (Australia)	Simpology (Australia)	Developer of a platform that uses technology to improve the mortgage application process.	12	n/a	n/a	REA expects the new partnership will provide consumers with better options and simplicity when looking through home loan options.
Jun-21	Chrysalis Holdings (US)	Invsir (US)	Developer of software solutions for mortgage, banking, and insurance industries.	n/a	n/a	n/a	The partnership means Chrysalis will be able to capitalise on Invsir's global expertise and continue to innovate and leverage fintech capabilities to improve the customer experience.

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DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jun-21	Raisin DS (Germany)	Deposit Solutions (Germany)	Developer of an open banking platform for deposits.	n/a	n/a	n/a	The logic behind the merger is that Deposit Solutions brings a vast customer base of over 150 banks and institutions for which it operates a deposit marketplace, while Raisin operates one of Europe's largest consumer-facing savings and investments marketplaces.
Jun-21	Visa (US)	Tink (Sweden)	Provider of an open banking platform in Europe that enables banks, fintechs and startups to develop data-driven financial services.	2,028	n/a	n/a	The combination of Visa's proven infrastructure and sustained investment in resilience, cybersecurity and fraud prevention with Tink's APIs, technology and customer relationships is expected to help accelerate the adoption of open banking in Europe by ensuring a secure, reliable platform for innovation.

SELECTED DATA AND TERMINALS TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Apr-21	Inflexion Private Equity Partners and Informa (UK)	Novantas (US)	Provider of technology solutions and analytic advisory services to financial institutions worldwide.	n/a	n/a	n/a	In an innovative transaction structure, Inflexion will partner with Informa PLC, to create a new business that combines the brands and operations of FBX and Novantas, establishing a leading position in the provision of retail banking data, intelligence and software solutions, with strength across mortgages, consumer lending, consumer deposits and digital banking.
Apr-21	ACOLIN (Switzerland)	GFA (Luxembourg)	Provider of a SaaS-based data collection and analytics platform for asset managers and distributors.	n/a	n/a	n/a	The acquisitions of both GFA and Fundbase (in Feb 2021) have accelerated a number of ACOLIN's growth objectives.
May-21	FE Fundinfo (UK)	CashCalc (UK)	Developer of an online suite of tools covering the entire financial planning process.	n/a	n/a	n/a	The acquisition also reflects FE fundinfo's 'Better Connected, Better Informed' ethos as the combination of CashCalc, FE Analytics and FE Investments will enable a more seamless customer journey, leading to better advice outcomes for advisers and their clients.
May-21	Black Knight (US)	eMBS (US)	Provider of performance data and analytics on agency-backed securities to all market participants to inform better investment decisions and enhance the yields on their mortgage-backed securities (MBS) portfolios.	n/a	n/a	n/a	Black Knight will further integrate eMBS' capabilities within its data and analytics solutions, including its AFT Prepayment & Default Model, already extensively used by agency MBS investors to help predict future performance of securities.
Jun-21	Infront (Norway)	Oslo Market Solutions (Norway)	Provider internet-based solutions for investors including online market data, market data feeds, investor relations pages and trading solutions.	n/a	4	n/a	The acquisition has potential in integrating OMS' products with Infront's product portfolio, and will optimise and tailor the two companies' combined offerings to provide our customers with the markets' best solutions. Furthermore, the team at OMS will contribute important knowledge to Infront's current organisation, as they become an integrated part of Infront.
Jun-21	Meltwater (US)	Owler (US)	Provider of an information and insights platform that provides company data and real-time news updates on various companies.	25	n/a	n/a	By joining Meltwater's artificial intelligence expertise with Owler's community and crowdsourcing capabilities, Meltwater's global customer base will unlock new markets and new opportunities to combine business information with news and social media content from around the world.

SELECTED ESG TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Apr-21	Enverus (US)	Energy Acuity (US)	Provider of a renewable energy and clean technology research, analysis and data.	n/a	n/a	n/a	Enverus will integrate Energy Acuity's data into Prism, the company's hallmark single technology platform. The combination with Enverus' existing power and renewables data and analytics will allow Enverus to produce unique content and insights for existing and prospective developers, institutional investors, and corporate and government clients.
Apr-21	The ERM Group (US)	Sustainalize (Netherlands)	Provider of data that seeks to measure, disclose and respond to ESG issues and challenges.	n/a	n/a	n/a	This new acquisition expands ERM's sustainability consulting capabilities in continental Europe and further reinforces the company's position as the global market leader in pure-play sustainability consulting.
Apr-21	Cority Software (Canada)	WeSustain (Germany)	Developer of innovative software solutions designed to support responsible business management and thought leaders at the intersection of ESG and digitisation.	n/a	n/a	n/a	The combination strengthens Cority's European presence and positions Cority for the rapidly emerging strategic impact of ESG factors in every major enterprise around the world.
May-21	South Pole Group (Switzerland)	CO2logic (Belgium)	Provider of a 4-step solution to calculate, reduce, offset GHG emissions, and communicate on credible climate action.	n/a	n/a	n/a	With combined resources, CO2logic and South Pole will ramp up their impact on international climate action, drive the demand for company Net Zero targets and CO2 neutrality labels, further develop innovative digital solutions for emissions management systems, including satellite monitoring of forests and support a stronger international push for corporate action.
May-21	Arabesque (UK)	The Reporting Exchange (Switzerland)	Provider of an open-source corporate disclosure database - from the World Business Council for Sustainable Development (WBCSD).	n/a	n/a	n/a	The acquisition allows Arabesque to enhance the platform's capabilities as a leading ESG data resource for all market stakeholders.
Jun-21	Nasdaq (US)	puro.earth (Finland)	Provider of verified net-negative technologies that can remove carbon at an industrial scale and store it for a minimum of 50 years.	n/a	n/a	n/a	Nasdaq said it will work with Puro.earth to further strengthen the governance around new methodologies by establishing an external advisory committee with representation from the industry, academia and suppliers.

SELECTED ESG TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jun-21	The ERM Group (US)	E4tech (UK)	Provider of strategic consultancy services focusing on sustainable energy internationally.	n/a	n/a	n/a	The acquisition brings deep expertise and new capabilities in emerging low-carbon energy technologies to ERM. This will enhance ERM's ability to advise clients seeking to shift towards a lower-carbon future.
Jun-21	Pole Star Space Applications (UK)	VASANDA UK	Developer of a software platform that measures, reports, and verifies trade data through intelligent trade screening and ESG reporting.	n/a	n/a	n/a	The acquisition, which follows a successful growth investment in Pole Star in April 2021, will provide a ground-breaking new single-point, end-to-end screening solution for the full spectrum of risks across sanctions, compliance and sustainability in the global commodities trade. Within seconds, customers will have a 360-degree view of regulatory and sustainability risk relating to any actively traded commodity.

SELECTED FINANCIAL SERVICES CONSULTING TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Apr-21	Delta Capita (UK)	International Compliance Partners (ICP) (Netherlands)	Provider of KYC/CDD, Risk & Compliance solutions..	n/a	n/a	n/a	The acquisition enables Delta Capita to further extend its customer reach in Benelux financial services and accelerate growth through the development of innovative propositions with leading-edge technology.
Apr-21	Datagroup (Germany)	Dna (Germany)	Provider of services in IT infrastructures and IT applications.	n/a	n/a	n/a	The acquisition is another addition to the existing activities in the area of IT services for the financial services sector. Datagroup already serve numerous customers in the banking and savings bank sector.
May-21	Huddlestock Fintech (Norway)	Visigon Nordic (Sweden)	Provider of consulting services, including technical analysis, business analyst, project manager, software design, integrations, machine learning, and calypso services to the financial industry.	n/a	n/a	n/a	Huddlestock expects the acquisition of Visigon to help accelerate the commercialisation of Huddlestock's two primary technologies, Apex and Bedrock.
May-21	Ness Technologies (US)	Risk Focus (US)	Provider of specialists risk solutions and DevOps services to the global capital markets.	n/a	n/a	n/a	Adding Risk Focus' core competence in digital transformation services to Ness' core DNA in product engineering strengthens Ness' position as a full lifecycle digital engineering firm offering digital advisory through scaled engineering services.
May-21	adesso (Germany)	Kiwi Consulting Edv-Beratung (Germany)	Provider of information technology consulting and software development services to banks, public clients and mortgage lenders.	20	33	1	Synergy potentials arise from the bundling of finance expertise also in the area of public clients, in the staffing of framework agreements already won as well as from the mutual development of customer groups that overlap only slightly.
Jun-21	Bain & Company (US)	Tech Economy (UK)	Provider of pre-investment, post-investment, and pre-exit technology consulting services to private equity firms and their portfolio companies.	n/a	n/a	n/a	The acquisition will boost Bain's knowhow with respect to being a specialty consulting firm, which conducts buy-side and sell-side due diligence for the technology sector, as well as value creation assignments.

SELECTED INSURTECH TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Apr-21	FRISS Fraudebestrijding (Netherlands)	Terrene Labs (US)	Developer a software solution for insurance carriers in the SMB marketplace.	n/a	n/a	n/a	Customers will be able to take advantage of a full end-to-end product suite from the combined companies to screen submissions, policies, endorsement, renewals, book rollovers and claims for fraud.
Apr-21	Acturis (UK)	Brovada (Canada)	Developer of an electronic trading solution that enables insurance brokers and insurers to digitally connect with a multitude of various broker systems.	n/a	n/a	n/a	The acquisition of Brovada will deepen and extend this connectivity and promote electronic trading in the Canadian market, which is a critical theme for brokers and insurers alike.
Apr-21	Zywave (US)	Enquiron (US)	Provider of risk management and consultative business solutions.	n/a	n/a	n/a	Zywave plans to align Enquiron's solutions and modern user experience within Zywave's product cloud portfolio. Zywave will leverage Enquiron's proprietary service offering to further enhance its existing market-leading customer experience and further expand upon its risk management solutions.
Apr-21	Insurance Technologies (US)	IXN Tech (US)	Provider of digital data exchange solutions for the life insurance industry.	n/a	n/a	n/a	The combined company will fully integrate both companies' proven systems to offer the most comprehensive and efficient single platform capabilities and experience for sales automation in the life and annuities insurance industries.
Apr-21	Insurity (US)	Instec (US)	Provider of policy administration solutions to property and casualty commercial insurers, MGAs, MGUs, program administrators, carriers and self-insured groups. .	n/a	n/a	n/a	As a part of Insurity, Instec policy administration customers will now be able to access Insurity's cloud-based billing, claims, data and analytics solutions.
May-21	Green Shield Canada (Canada)	Computer Workware (Canada)	Provider of software solutions for the insurance and health benefits industry.	n/a	n/a	n/a	GSC's group of companies will partner with Computer Workware to leverage their core strengths to provide customers with leading technology solutions for benefits administration services and products.

SELECTED INSURTECH TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
May-21	Zywave (US)	Modgic (US)	Provider of workers' comp and mod analysis software for the commercial insurance industry.	n/a	n/a	n/a	The acquisition of Modgic is an exciting step as Zywave continues to consolidate the insurtech marketplace and expands its footprint, both in the US and internationally.
Jun-21	Jung, DMS & Cie. (Germany)	MORGEN & MORGEN (Germany)	Developer of analysis and comparison software for insurance brokers and insurance companies.	n/a	n/a	n/a	The acquisition of MORGEN & MORGEN GmbH enables JDC to expand its own platform in the areas of data analysis and analytics, software development and product knowledge with an analysis of the conditions of all insurance products marketed in Germany.
Jun-21	KG Information Systems (India)	AETINS (Malaysia)	Developer of insurance software.	n/a	n/a	n/a	With the acquisition, KGISL enters a new geography — the UAE market and a new domain — life insurance and Takaful insurance.
Jun-21	Zywave (US)	IBQ (US)	Provider of solutions for sales, productivity, and retention to the insurance industry.	n/a	n/a	n/a	The acquisition significantly expands Zywave's inventory of carriers, and combined with Zywave's existing personal lines comparative rater, TurboRater, will deliver the market-leading solution to independent agents offering personal lines. The combined solution will further enable users to help their customers quickly and easily identify the coverage they need for the best price.

SELECTED PAYMENTS TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Apr-21	EML Payments (Australia)	Sentenial (Ireland)	Provider of payment services to businesses of all sizes and banks.	131	n/a	n/a	As well as providing an entrée into European markets, EML intends to expand Sentenial's platform and products into the North American and Australian markets.
Apr-21	Embrace Software (Canada)	AQ2 Technologies (US)	Designer and developer and supports software remittance processing solutions.	n/a	n/a	n/a	Being a part of Embrace will provide AQ2 Technologies with resources and expertise that will help to improve our products and services, as well as our internal processes. Understand that creating efficiency is important, as that is what the software does for clients. That is also what Embrace will do for AQ2
May-21	KeyCorp (US)	XUP Payments (US)	Developer of plug-and-play digital payment processing software platform.	n/a	n/a	n/a	The strategic affiliation between KeyBank and XUP Payments will deliver a digital and physical merchant services experience that provides an end-to-end streamlined process for sales, onboarding, activation, and servicing.
May-21	PayPal (US)	Happy Returns (US)	Provider of a returns solution platform that offers online shoppers access to easier ways to send back unwanted merchandise to retailers.	n/a	n/a	n/a	With PayPal's support, Happy Returns will also focus on improving our platform and expanding our footprint, all with the goal of providing more customers with the most seamless, cost-effective and environmentally friendly way to make and process returns.
May-21	Marlin Equity Partners (US)	iBanFirst (Belgium)	Provider of a fintech platform that facilitates B2B payments across numerous currencies.	244	n/a	n/a	The company's mission-critical platform is well-positioned to deliver rapid, scalable growth by addressing the multi-trillion-dollar global addressable market for B2B payments and FX solutions, and is supported by strong partnerships with market leaders.

SELECTED REGTECH TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Apr-21	Confluence Technologies (US)	Fundpeak (Czechia)	Provider of secure fund portals and marketing tools such as fund factsheets and websites.	n/a	n/a	n/a	Confluence will integrate Fundpeak's factsheets product and customised portals into its award-winning platform of solutions, providing capabilities at a scale previously unavailable to the industry. The addition of these capabilities represents Confluence's commitment to expand its offering and provide solutions to asset managers, global fund administrators and other service providers across the investment lifecycle.
Jun-21	Sagard Holdings and ISAI Gestion (France)	Invoke (France)	Provider of a software for the preparation and processing of financial and tax-related information.	n/a	n/a	n/a	French private equity firms Sagard and Isai have backed a management buyout of Invoke from its founders in a transaction valuing the company at €50-60m (claimed by News portal Capital Finance). The transaction will support Invoke's growth ambitions, particularly internationally.
Jun-21	BearingPoint RegTech (Netherlands)	Vizor (Ireland)	Provider of software for financial regulation.	n/a	n/a	n/a	With the newly formed partnership, RegTech and Vizor aim to accelerate their future growth journey. Already serving more than 7,000 firms and financial services providers with reporting solutions, their synergies will also enable more than 50 regulators and tax authorities to collect and analyse data from 34,000 firms in 60 countries.

SELECTED TREASURY AND CAPITAL MARKETS SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
May-21	Francisco Partners Management (US)	TradingScreen (US)	Provider of SaaS-based liquidity, trading and investment technology to the financial community.	n/a	n/a	n/a	Francisco Partners will combine TradingScreen and Imagine Software, a real-time risk and compliance software platform, to create leading trading and investment management software platform. The combined company, TS Imagine, will be a dynamic end-to-end trading and portfolio management software platform for connecting the investment management industry with a network of brokers, banks and exchanges.
May-21	Exegy (US)	Vela (US)	Provider of data and execution technology for global multi-asset electronic trading.	n/a	n/a	n/a	Together, Exegy and Vela will provide a comprehensive portfolio of products and services for real-time market data with leading capabilities across latency tiers and asset classes along with global exchange coverage. Additionally, the combination aligns Vela's complementary businesses in automated trading and DMA platforms with Exegy's strategic investments in predictive trading signals and hardware trading platforms.
May-21	Gresham Technologies (UK)	Electra Information Systems (US)	Provider of solutions around post-trade processing and risk mitigation.	38	14	3	This deal transforms the market landscape for reconciliation and data control in the cloud, establishing Gresham's leadership position as provider of post-trade services to the buy-side and strengthening its global footprint and scale in North America.
May-21	AMCS Group (Ireland)	Dataset Solutions (Ireland)	Developer and seller of recycling and waste management software.	n/a	n/a	n/a	The acquisition will merge the customer bases of the two companies and expand the Limerick company's reach into more countries.

PUBLIC COMPS HIGHLIGHTS

7.2x

Avg. EV/Revenue CY2020E

6%

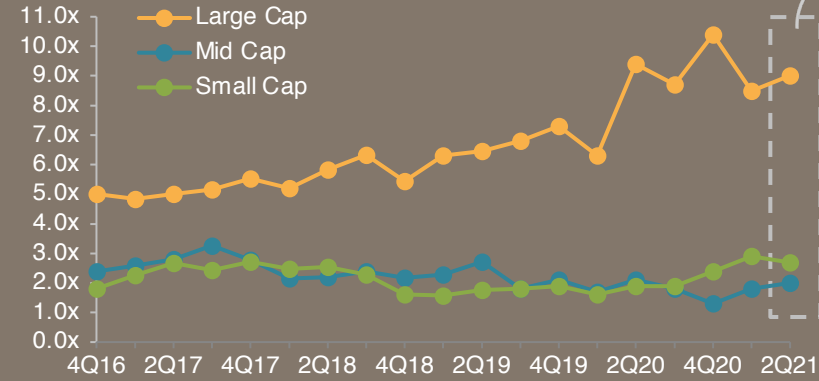
Avg. Revenue Growth CY2019

78%

% Recurring Revenue

Historic Revenue Multiples

EV/Revenue



Large Cap

9.0x

Avg. EV/Revenue

10%

Avg. Revenue Growth

83%

% Recurring Revenue

Mid Cap

2.0x

Avg. EV/Revenue

-4%

Avg. Revenue Growth

74%

% Recurring Revenue

Small Cap

2.7x

Avg. EV/Revenue

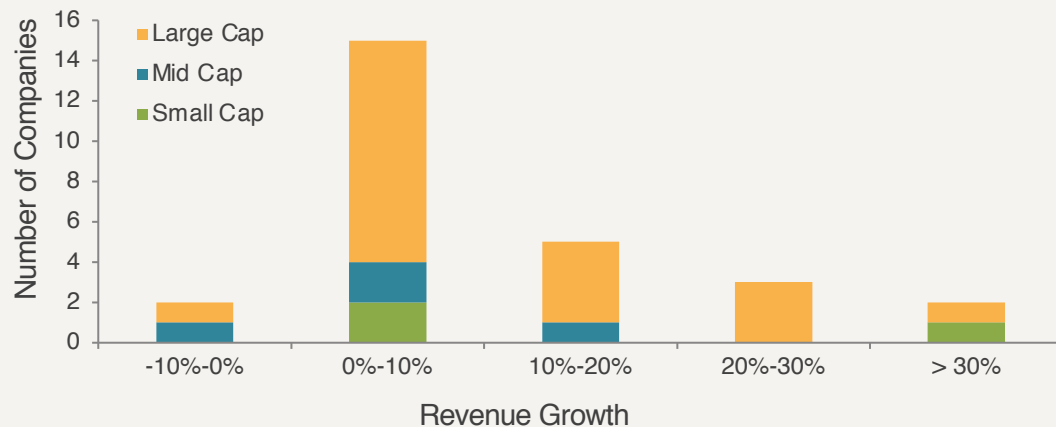
0%

Avg. Revenue Growth

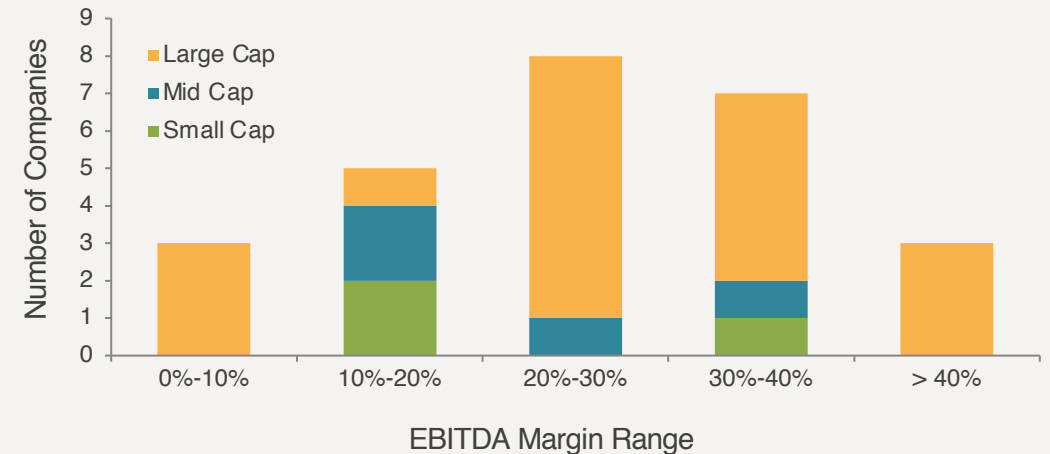
60%

% Recurring Revenue

Revenue Growth Distribution

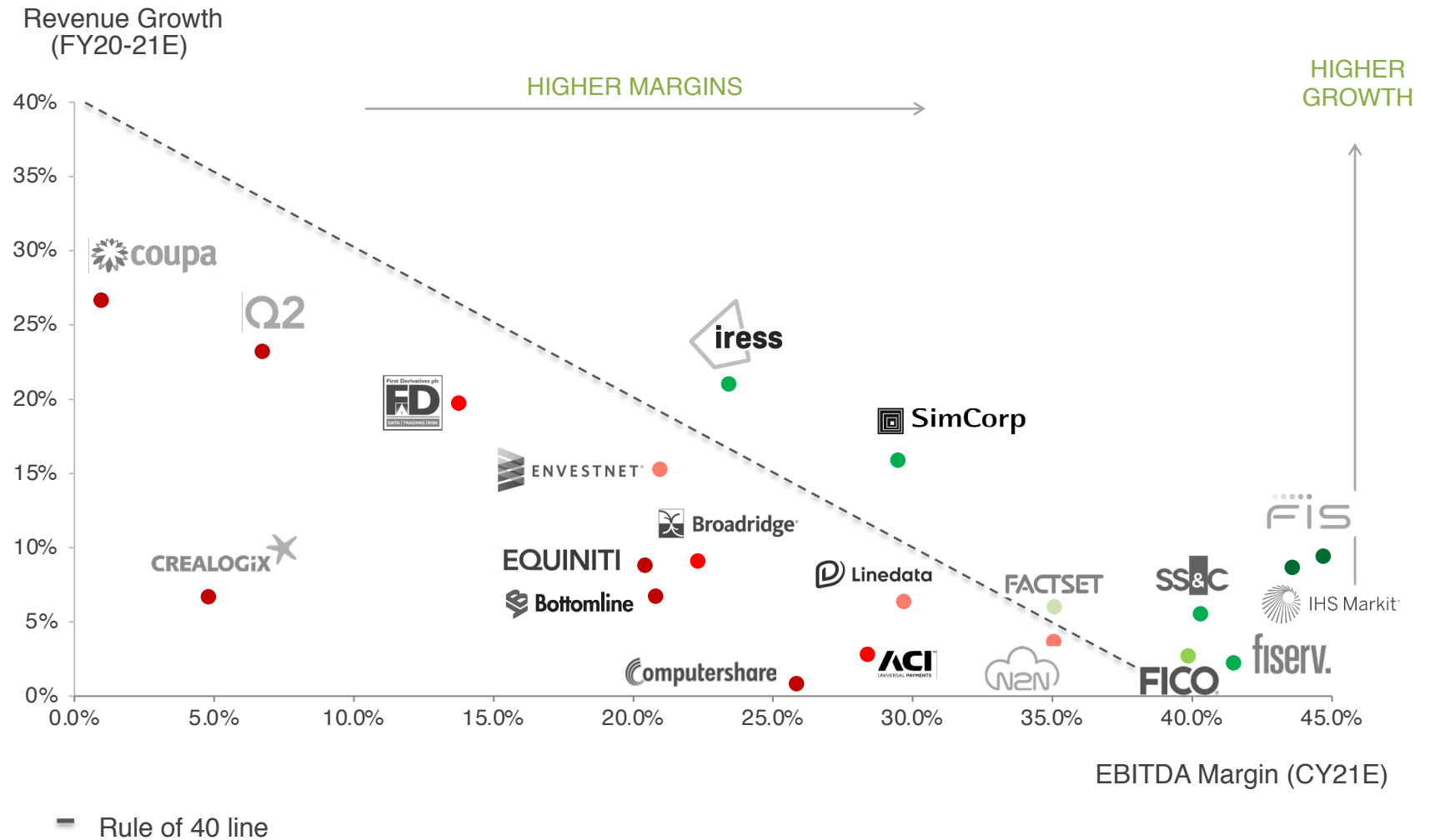


EBITDA Margin Distribution



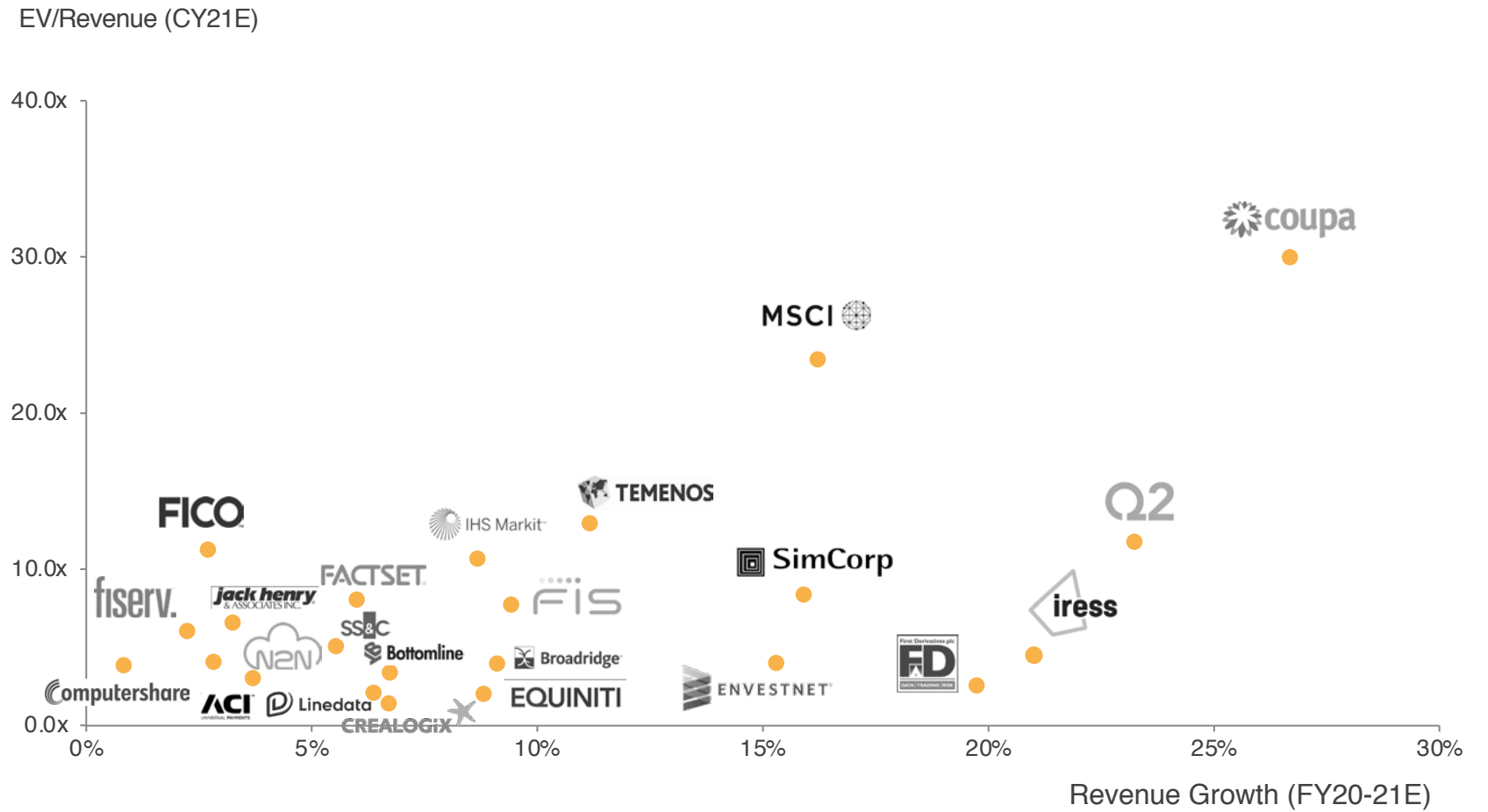
PERFORMANCE QUADRANTS

The Rule of 40 is a recognised measure of health for SaaS companies, which states that Revenue Growth % and EBITDA Margin (profitability) should ideally add up to roughly 40%.



REVENUE GROWTH AS A VALUE DRIVER

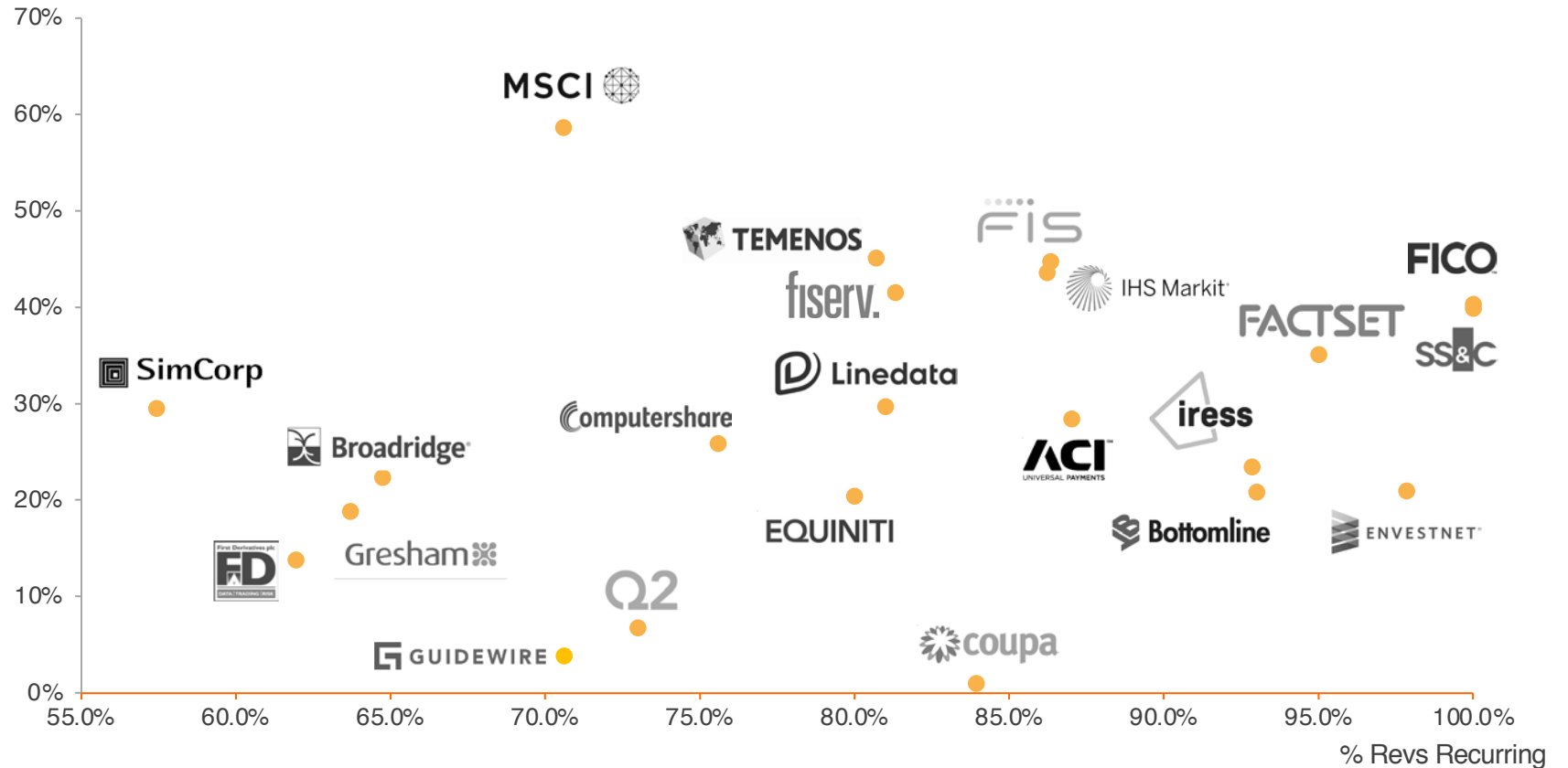
Revenue growth continues to be one of the most important drivers for higher valuations. The companies exhibiting the highest expected revenue growth this year are Coupa, Q2eBanking, and IRESS.



RECURRING REVENUE AS A DRIVER OF OPERATING MARGINS

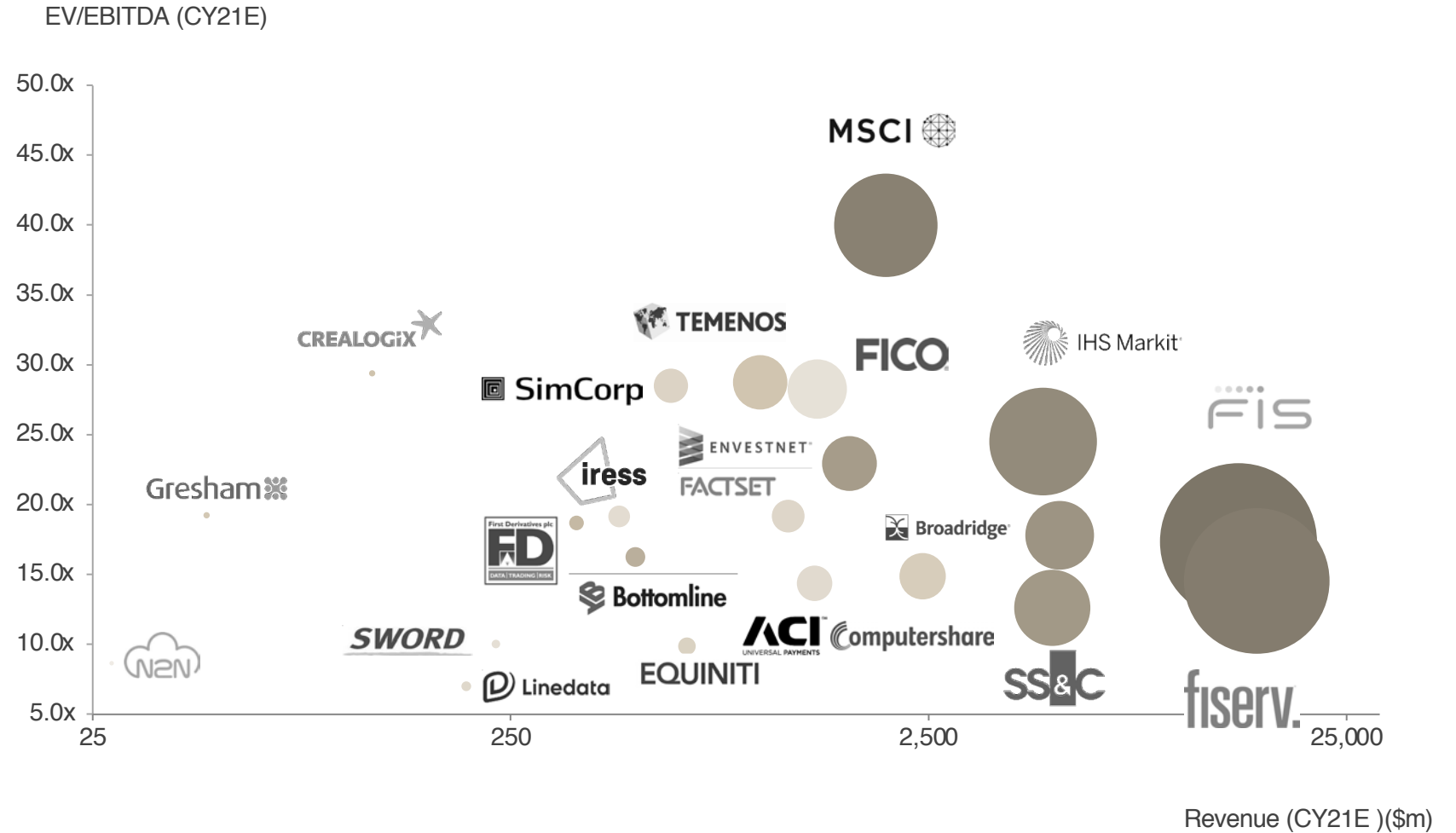
Recurring revenues as a percentage of total revenues is an increasingly popular metric driving valuations. Companies of the likes of SS&C, FICO, Envestnet and FactSet have nearly 100% recurring revenues, while at the bottom of the range sit SimCorp, First Derivatives, and Gresham with recurring revenues of around 55-65% of total revenues.

EBITDA Margin (CY21E)



SCALE AS A VALUE DRIVER

The size of revenue is too an important driver of higher valuations. The companies exhibiting the highest expected enterprise value this year are FIS and Fiserv, while the highest expected EBITDA multiples this year are expected to be achieved by Crealogix and MSCI.



SECTOR VALUATION METRICS

Company	Ticker	Share Price Local 30-Jun-21	Market Cap (\$m) ⁽¹⁾	Net Debt (\$m) ⁽²⁾	Enterprise Value (\$m)	Revenue		EV/Revenue		EV/Revs		EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs	
						CY21E (\$m)	CY2020	CY2021E	Recurring	CY2020	CY2021E	CY2020	CY2021E	CY2020	CY2021E	CY2020	CY2021E	Recurring ⁽³⁾	
Selected Large Cap																			
FIS	FIS US EQUITY	141.7	87,853	18,661	106,514	13,734	8.5x	7.8x	9.0x	23.8x	17.4x	21.5%	9.4%	35.7%	44.7%	86%			
Fiserv	FISV US EQUITY	106.9	71,271	20,374	91,645	15,185	6.2x	6.0x	7.4x	17.4x	14.5x	45.8%	2.2%	35.4%	41.5%	81%			
IHS Markit	INFO US EQUITY	112.7	44,908	5,145	50,053	4,684	11.6x	10.7x	12.4x	28.3x	24.5x	-2.9%	8.7%	40.9%	43.6%	86%			
MSCI	MSCI US EQUITY	533.1	43,938	2,241	46,179	1,970	27.2x	23.4x	33.2x	46.0x	40.0x	8.8%	16.2%	59.2%	58.6%	71%			
Coupa	COUP US EQUITY	262.1	19,272	943	20,215	674	38.2x	30.0x	35.7x	NM	NM	39.0%	26.7%	-14.9%	1.0%	84%			
Broadridge	BR US EQUITY	161.5	18,758	1,635	20,392	5,131	4.3x	4.0x	6.1x	20.0x	17.8x	3.8%	9.1%	21.5%	22.3%	65%			
SS&C	SSNC US EQUITY	72.1	18,431	6,620	25,051	4,926	5.4x	5.1x	5.1x	14.0x	12.6x	0.8%	5.5%	38.3%	40.3%	100%			
FICO	FICO US EQUITY	502.7	14,466	753	15,218	1,351	11.7x	11.3x	11.3x	38.7x	28.3x	11.6%	2.7%	30.2%	39.9%	100%			
FactSet	FDS US EQUITY	335.6	12,704	271	12,974	1,613	8.5x	8.0x	8.5x	24.3x	22.9x	4.1%	6.0%	35.0%	35.1%	95%			
Jack Henry	JKHY US EQUITY	163.5	12,146	(144)	12,002	1,817	7.0x	6.6x	7.1x	21.2x	NA	9.3%	3.2%	32.8%	NA	94%			
Temenos	TEMN SW EQUITY	148.6	11,915	868	12,782	986	14.4x	13.0x	16.1x	33.2x	28.8x	-8.7%	11.2%	43.4%	45.1%	81%			
Morningstar	MORN US EQUITY	257.1	11,042	163	11,204	NA	8.1x	NA	NA	28.2x	NA	17.9%	NA	28.6%	NA	68%			
Guidewire	GWRE US EQUITY	112.7	9,373	(673)	8,700	750	11.8x	11.6x	16.4x	NM	NM	3.2%	-0.8%	4.5%	3.8%	71%			
Computershare	CPU AU EQUITY	16.9	7,649	1,635	9,284	2,413	4.1x	3.8x	5.1x	15.6x	14.9x	-3.2%	0.8%	26.1%	25.9%	76%			
Q2 Holdings	QTWO US EQUITY	102.6	5,776	62	5,838	496	14.5x	11.8x	16.1x	NM	NM	27.7%	23.2%	-9.9%	6.7%	73%			
SimCorp	SIM DC EQUITY	787.2	5,080	(11)	5,069	603	9.7x	8.4x	14.6x	31.6x	28.5x	2.3%	15.9%	30.8%	29.5%	57%			
ACI	ACIW US EQUITY	37.1	4,388	1,043	5,431	1,331	4.2x	4.1x	4.7x	17.5x	14.4x	2.9%	2.8%	24.0%	28.4%	87%			
Envestnet	ENV US EQUITY	75.9	4,129	498	4,626	1,151	4.6x	4.0x	4.1x	31.8x	19.2x	10.9%	15.3%	14.6%	21.0%	98%			
IRESS	IRE AU EQUITY	12.9	1,875	161	2,036	454	5.4x	4.5x	4.8x	23.5x	19.2x	6.0%	21.0%	23.1%	23.4%	93%			
Bottomline	EPAY US EQUITY	37.1	1,683	(4)	1,679	496	3.7x	3.4x	3.6x	22.2x	16.3x	4.8%	6.7%	16.6%	20.8%	93%			
Ebix	EBIX US EQUITY	33.9	1,049	595	1,644	942	2.6x	1.7x	1.8x	10.8x	NA	7.7%	50.6%	24.3%	NA	95%			
Average																			
Total (Large Cap)			407,702	60,835	468,537			10.1x	9.0x		24.9x	21.3x	10%	12%	26%	30%	83%		
Selected Mid Cap																			
Equiniti	EQN LN EQUITY	1.8	911	417	1,329	659	2.2x	2.0x	2.5x	13.0x	9.9x	-14.6%	8.8%	16.9%	20.4%	80%			
First Derivatives	FDP LN EQUITY	22.7	871	52	923	359	3.0x	2.6x	4.2x	19.1x	18.7x	1.4%	19.7%	15.7%	13.8%	62%			
Sword	SWP FP EQUITY	38.2	432	(120)	312	230	1.3x	1.4x	NA	3.5x	10.0x	1.7%	-5.1%	36.5%	13.5%	NA			
Linedata	LIN FP EQUITY	39.4	304	103	407	196	2.2x	2.1x	2.6x	7.4x	7.0x	-3.2%	6.4%	30.0%	29.7%	81%			
Average																			
Total (Mid Cap)			2,519	453	2,971			2.2x	2.0x		10.7x	11.4x	-4%	7%	25%	19%	74%		
Selected Small Cap																			
Gresham	GHT LN EQUITY	1.6	179	(10)	169	47	5.3x	3.6x	5.7x	34.0x	19.2x	-0.3%	47.3%	15.7%	18.8%	64%			
Crealogix	CLXN SW EQUITY	112.5	170	(5)	165	116	1.5x	1.4x	2.8x	NM	29.4x	3.6%	6.7%	-0.9%	4.8%	50%			
MSG	MSGL GR EQUITY	2.9	148	(37)	111	NA	0.5x	NA	NA	6.6x	NA	22.1%	NA	7.8%	NA	21%			
N2N Berhad	N2N MK EQUITY	0.8	114	(30)	84	28	3.1x	3.0x	NA	9.3x	8.7x	5.5%	3.7%	33.8%	35.0%	NA			
Profile Software	PROF GA EQUITY	5.0	70	(14)	56	NA	3.3x	NA	NA	11.7x	NA	-2.7%	NA	28.0%	NA	67%			
63 Moons	63MOONS IN EQUITY	91.5	57	(186)	NA	NA	NM	NA	NA	9.5x	NA	-28.6%	NA	-58.4%	NA	98%			
Average																			
Total (Small Cap)			738	(283)	585			2.8x	2.7x		14.2x	19.1x	0%	19%	4%	20%	60%		
Sector Total			410,959	61,005	472,093			7.8x	7.2x	9.6x	20.8x	19.2x	6%	12%	21%	27%	78%		

(1) Excludes treasury shares

(2) Net financial debt minus marketable securities and collaterals.

(3) Recurring revenues (renewing licences, maintenance, subscriptions, SaaS etc) where reported for last full year

(4) NM - Not meaningful and NA - Not available

Quick Facts

- Partner-centric firm focused on providing advisory services to sellers and buyers in M&A projects across the globe
- Deep domain expertise across software, services and data intensive sectors, with a focus on FinTech, HRTech and Human Capital
- Our Partners have advised on 100+ transactions with values up to £130m; the majority (70%) of our engagements result in cross-border transactions
- International presence with offices in London, San Diego, Luxembourg and Buenos Aires
- Proven track record of successful long-term advisory relationships positioning clients for premium transactions using current insights into the relevant strategic investors

Selected Transactions



Offices

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United States

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