



Industrial Software Sector Review | 3Q 2019

HW Harris Williams

Harris Williams' Industrial Software Practice

HARRIS WILLIAMS ("HW")

- Founded in 1991
- 330+ professionals across eight offices globally
- 160+ closed transactions in the last 24 months
- 21st record year in 2018
- 10 industry groups



TECHNOLOGY, MEDIA & TELECOM ("TMT") GROUP

- 35 professionals across Boston, San Francisco, and London

SENIOR PROFESSIONALS

MIKE WILKINS
+1 415-217-3411

TYLER DEWING
+1 617-654-2133

THIERRY MONJAUZE
+44 20 7518 8901

JULIEN OUSSADON
+44 20 7518 8909

ANDY LEED
+1 415-217-3420

ERIK SZYNDLAR
+1 415-217-3418

HORIZONTAL FOCUS AREAS

- Compliance Software
- CRM and Member Management Software
- Data & Analytics
- Enterprise Software
- Human Capital Management
- Infrastructure & Security Software
- IT& Tech Enabled Services
- Managed Services, Hosting & Data Center Solutions
- Online Marketing, Data & Research

VERTICAL FOCUS SECTORS

- Architecture, Engineering & Construction
- eCommerce & Retail Software
- Education Technology
- Energy Technology
- Facilities & Real Estate Technology
- Financial Technology
- Government Technology
- Healthcare IT
- Industrial & Supply Chain Software

INDUSTRIAL TECHNOLOGY GROUP

- 20 professionals across Richmond, Frankfurt, and Asia

SENIOR PROFESSIONALS

GILES TUCKER
+1 804-887-6145

JOHN ARENDALE
+1 804-915-0126

JEFF PERKINS
+49 69 3650638 13

ERIC LOGUE
+1 804-887-6015

JENSON DUNN
+1 804-887-6073

KEY FOCUS AREAS

- Industrial Technology
- Process Automation
- Test & Measurement
- Industrial Process Solutions
- Thermal Management

- Communication & Connectivity
- Flow Control & Engineered Components/Systems
- Power & Energy Conditioning
- Energy Metering
- Data Centers

Select Industrial Software and Automation Transactions

Representative HW Transactions

<p>has been acquired by</p>	<p>Provider of fully-integrated environmental, health, and safety ("EHS") compliance, training, and workflow software solutions</p>	<p>has been acquired by</p>	<p>Provider of construction accounting, project management, and payroll processing solutions</p>	<p>has received a majority investment from</p>	<p>Provider of SaaS-based environmental, health, safety and quality (EHSQ) software for global, enterprise clients</p>	<p>has been acquired by</p>	<p>Provider of fully-integrated, SaaS-based operator qualification, drug & alcohol, safety & insurance, and training solutions</p>
<p>has been acquired by</p>	<p>Provider of cloud-based manufacturing execution, ERP, and supply chain software for mid-market manufacturers</p>	<p>has been acquired by</p>	<p>Provider of high-performance unmanned aerial systems (UAS) for the global military, public safety, and critical infrastructure markets</p>	<p>has been acquired by</p>	<p>Provider of demand response and energy management solutions</p>	<p>has been acquired by</p>	<p>Provider of intelligent traffic software (ITS) and IoT solutions for the transportation industry</p>
<p>has been acquired by</p>	<p>Provider of highly complex, fully customizable automation solutions for end-of-line packaging applications</p>	<p>has been acquired by</p>	<p>Provider of software solutions that manage engineering information throughout the asset lifecycle</p>	<p>has been acquired by</p>	<p>Provider of demand response, energy efficiency, and customer engagement solutions</p>	<p>has received a growth investment from</p>	<p>Provider of commercial maritime management and logistics software to the bulk markets</p>
<p>has been acquired by</p>	<p>Provider of special machine solutions to address automation, testing, and manufacturing needs for the automotive end market</p>	<p>has been acquired by</p>	<p>Provider of a wide variety of specialty electronic, electromechanical, and software products for the fire and life safety industry</p>	<p>has been acquired by</p>	<p>Provider of cloud-based business management, ERP, and vertical specific applications for the manufacturing, distribution, and building and construction industries</p>	<p>has been acquired by</p>	<p>Designer and manufacturer of distributed solar power generation, inverters, and software applications</p>

Case Study: ComputerEase

HW's TMT Group advised ComputerEase on its sale to Deltek, a subsidiary of Roper Technologies.

Close Date: 8/19/19

ComputerEase

has been acquired by

Deltek

a subsidiary of



TRANSACTION OVERVIEW

ComputerEase is a leading provider of mission-critical construction accounting, project management, and payroll processing solutions that enable contractors to manage and gain real-time visibility into their company's operations and financial performance – whether in the office or remotely in the field.

ComputerEase's fully integrated, cloud-based solution is purpose built to meet the unique needs of diverse contractor trades and sizes, with complex and varying union, labor, and equipment requirements. Today, more than 6,000 contractors rely on ComputerEase to streamline their operations and increase profits.

Deltek is a leading global provider of enterprise software and information solutions for project-based businesses. More than 23,000 organizations and millions of users in over 80 countries around the world rely on Deltek for superior levels of project intelligence, management and collaboration. The company's industry-focused expertise powers project success by helping firms achieve performance that maximizes productivity and revenue.

RELEVANT SUB-SECTORS

**ERP / PROJECT
MANAGEMENT**

SAAS

**ARCHITECTURE,
ENGINEERING, AND
CONSTRUCTION SOFTWARE**

HW DEAL CONTACTS

Tyler Dewing
Managing Director
tdewing@harriswilliams.com
617-654-2133

Priyanka Naithani
Director
pnaithani@harriswilliams.com
617-654-2115

Scott Reinig
Vice President
sreinig@harriswilliams.com
617-654-2113

Case Study: Cority

HW's TMT Group advised Cority, a portfolio company of Norwest Venture Partners, on the sale of a majority stake to Thoma Bravo.

Close Date: 7/2/19



a portfolio company of



has received a majority
investment from



TRANSACTION OVERVIEW

Cority is a highly trusted environmental, health, safety, and quality (EHSQ) software for assuring client success. Cority enables organizations to utilize EHSQ software to advance their journey to sustainability and operational excellence by combining the deepest domain expertise with the most comprehensive and secure true SaaS platform.

With 30+ years of innovation and experience, Cority's team of over 350 experts serve over 800 clients in 100 countries, supporting 2.5 million end users. The company enjoys the industry's highest levels of client satisfaction and has received many awards for its strong employee culture and outstanding business performance.

Thoma Bravo is a leading private equity firm focused on the software and technology-enabled services sectors. With a series of funds representing more than \$30 billion in capital commitments, Thoma Bravo partners with a company's management team to implement operating best practices, invest in growth initiatives and make accretive acquisitions intended to accelerate revenue and earnings, with the goal of increasing the value of the business.

RELEVANT SUB-SECTORS

**ENVIRONMENTAL, HEALTH,
SAFETY AND QUALITY
(EHSQ)**

**GOVERNANCE, RISK AND
COMPLIANCE (GRC)**

**INDUSTRIAL
SOFTWARE**

HW DEAL CONTACTS

Mike Wilkins
Managing Director
mwilkins@harriswilliams.com
415-217-3411

Erik Szyndlar
Director
eszyndlar@harriswilliams.com
415-217-3418

Brian Titterington
Vice President
btitterington@harriswilliams.com
415-217-3425

The Industrial Sector's Appetite for Software is Growing, Driving Demand for Integrated Technology and Data Platforms

INDUSTRY TRENDS^{1,2}

- The emergence of Industrial IoT Platform-as-a-Service (PaaS) that connect machines, data, and people to drive unconventional growth through new revenue streams, hybrid business models, and enhanced product innovation
- The global Industrial IoT market is expected to reach \$124B by 2021, growing at a CAGR of 7%+, driven by improved operational efficiency, improved productivity, creation of new business opportunities, reduction in downtime, and optimization of asset utilization
- Due to the technical requirements in achieving Manufacturing 4.0, manufacturers today are partnering with IIoT enabled platforms and software providers as a catalyst to achieve digital transformation
- Product lifecycles are becoming increasingly complex as manufacturers seek real-time visibility and integration across their global supply chains and multi-site production operations
- The proliferation of connected machines and devices is accelerating the adoption of cloud-based solutions capable of delivering real-time information and connecting plants across geographies without the costs and complexity of managing robust technology infrastructure

KEY STATS

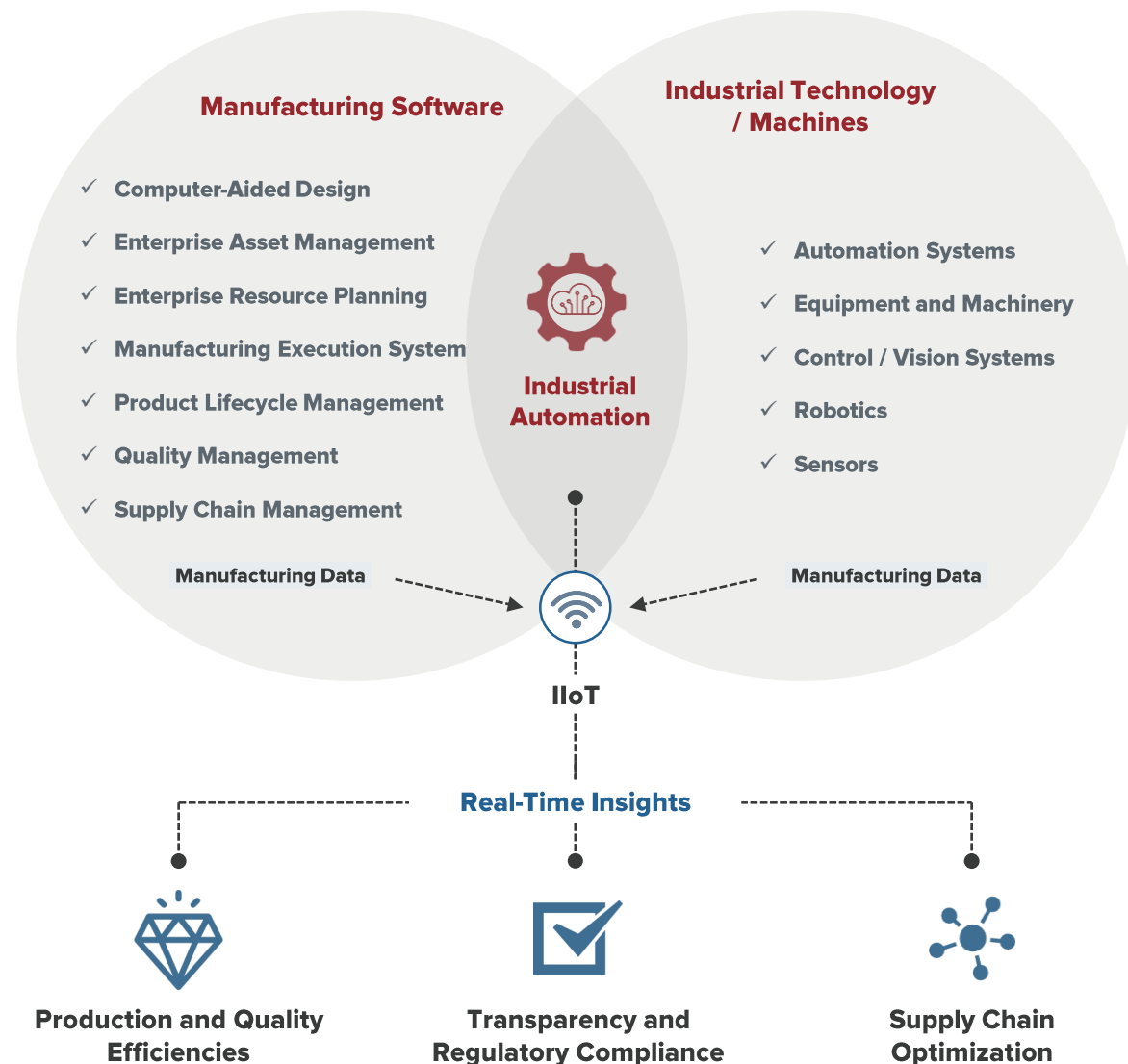
100%

Global Population
Expected to have LPWAN
Coverage by 2022

41B+

IIoT Devices Worldwide by
2025

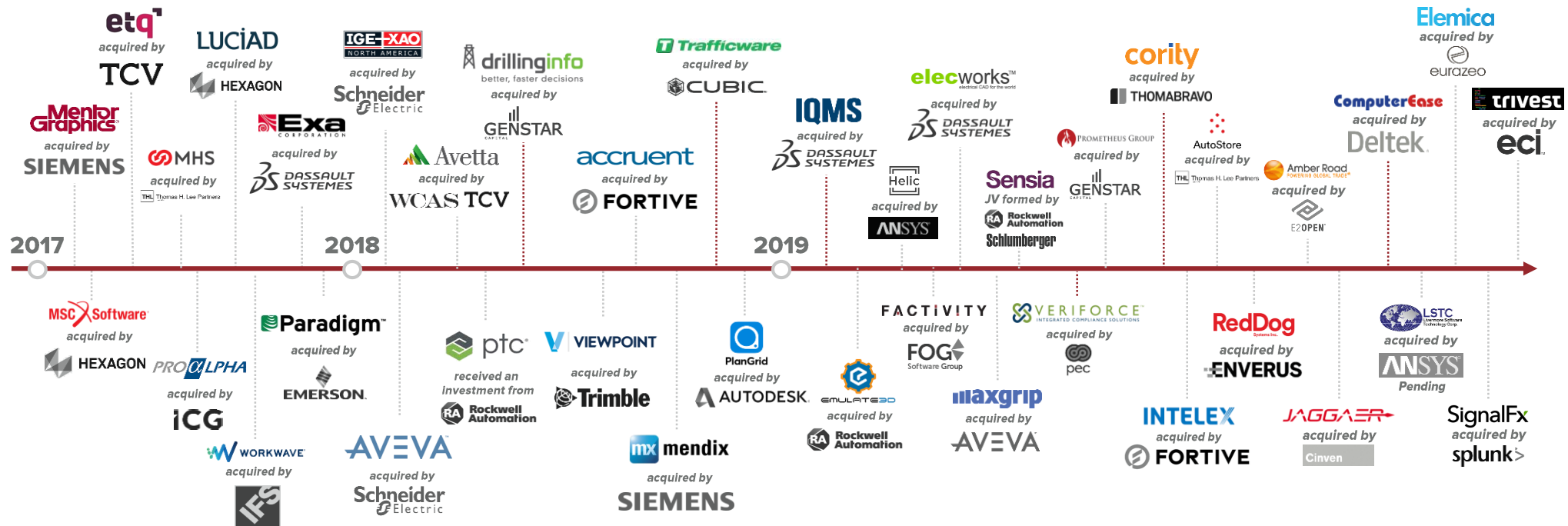
INDUSTRY CONVERGENCE DRIVING INNOVATION^{1,2}



Increasing M&A Momentum Across the Industrial Software Market

Select Notable Industrial Software M&A Activity

..... HW Transaction



Notable Industry Consolidators



Note: Logos are representative of M&A participants and not comprehensive.

Recent Industrial Software Transactions^{3,4}

Closed: October 3, 2019



Enterprise Value: NP

EV / Rev: NP

Revenue: NP

EV / EBITDA: NP

ECI Software's acquisition of Trivest Beheer B.V.

- Trivest is a provider of industry-specific solutions to companies in the manufacturing sector, including ERP (enterprise resource planning), APM (advanced production management system), MES (manufacturing execution system), and CAD/CAM design software, as well as business intelligence solutions
- The company's suite of software solutions optimize and automate processes across the entire value chain for customers in 27 countries
- The acquisition will give ECI an established presence in the Netherlands and Europe, and also create a more robust platform solution for SMB manufacturers

Closed: October 2, 2019



Enterprise Value: \$1.05B

EV / Rev: NP

Revenue: NP

EV / EBITDA: NP

Splunk's acquisition of SignalFx

- SignalFx is a provider of real-time monitoring for cloud infrastructure, microservices, and applications
- The company's platform enables organizations to detect network anomalies in infrastructure, micro-services, and applications with machine learning
- The combination of Splunk and SignalFx will provide IT and developers a data platform that can monitor and observe data in real time, regardless of infrastructure or data volume

Closed: September 19, 2019



Enterprise Value: NP

EV / Rev: NP

Revenue: NP

EV / EBITDA: NP

Eurazeo's majority investment in Elemica

- Elemica provides a digital supply-chain SaaS solutions for customers to connect, automate, and have full end-to-end visibility into their supply chains
- The Company accelerates digital supply-chain management transformation for its more than 450 customers globally, including 35+ of the top global 100 chemical companies
- With the support, expertise, and international network from Eurazeo, Elemica will accelerate its development in new industries, geographies, and product offerings

Announced: September 12, 2019



Enterprise Value: \$0.8B

EV / Rev: NP

Revenue: NP

EV / EBITDA: NP

ANSYS's pending acquisition of Livermore Software Technology

- Livermore Software Technology Corporation (LSTC) is a provider explicit dynamics and other advanced finite element analysis technology
- The company's LS-DYNA solution, a highly scalable multiphysics solver, is used throughout the automotive industry to accurately predict a vehicle's behavior and the effects on occupants during a collision
- The acquisition will enable ANSYS to significantly advance their existing integration of LS-DYNA into the ANSYS Workbench environment and provide customers seamless access to an even wider range of advanced simulation technology

Closed: August 14, 2019



Enterprise Value: \$1.6B

EV / Rev: NP

Revenue: NP

EV / EBITDA: NP

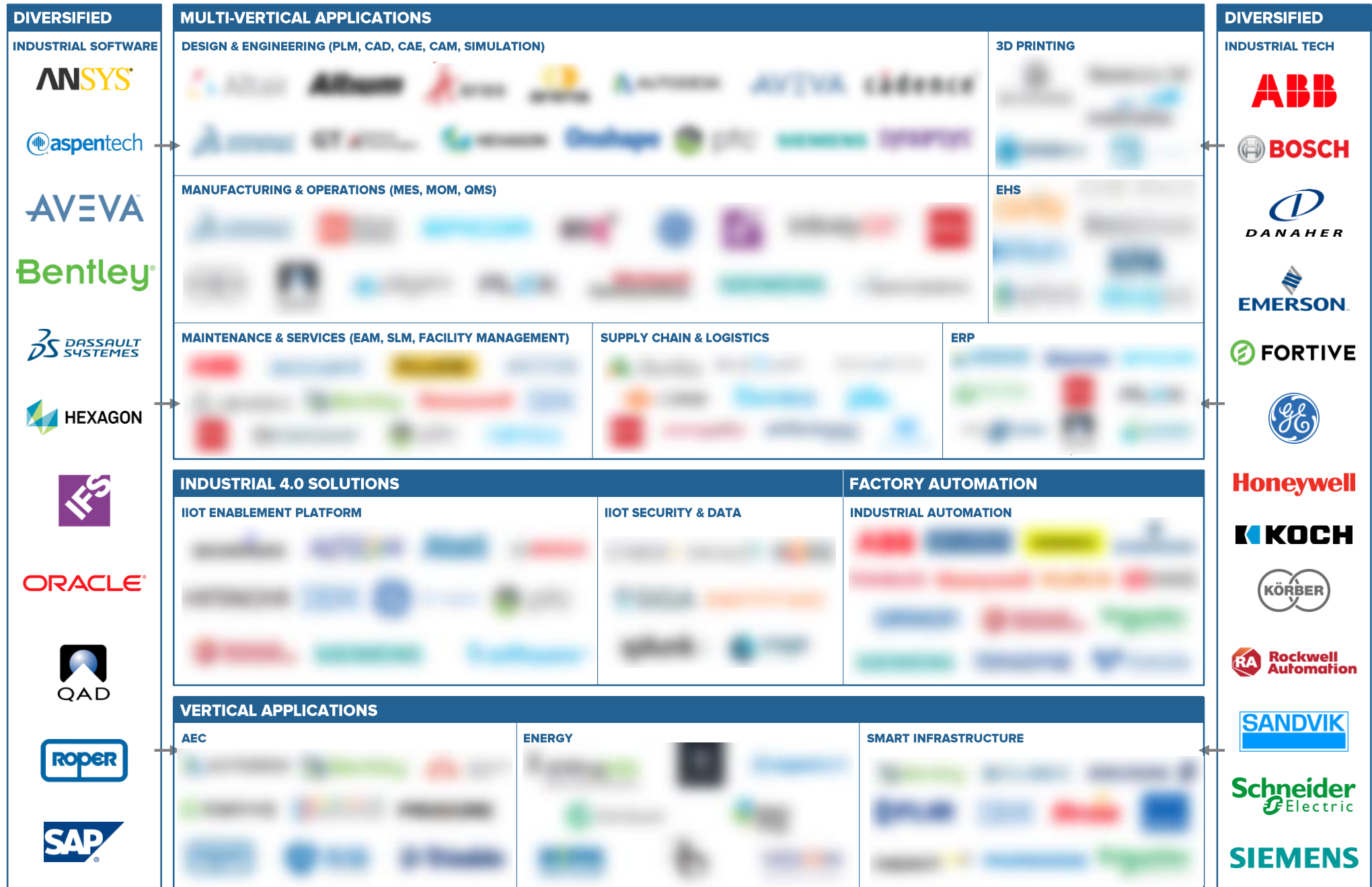
Cinven's acquisition of Jaggaer

- Jaggaer is a provider of cloud-based Source-to-Pay eProcurement solutions for spend management, enabling a fluid supply chain for its customers through a network of four million suppliers across 70 countries
- The company's platform is driven by powerful spend analytics, vendor sourcing, contract lifecycle management, savings tracking, and efficient accounts payable systems on a single platform
- Cinven intends to help Jaggaer drive growth through R&D, improving its market-leading products, such as the Jaggaer One platform, and further acquisitions

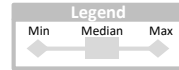
Industrial Software Landscape

REPRESENTATIVE INDUSTRIAL SOFTWARE SOLUTION PROVIDERS

To receive the latest Industrial Software market maps, please contact HW at
*TMT_IndustrialSoftware@harriswilliams.com



Industrial Software Public Market Observations³



As of September 30, 2019

INDUSTRIAL SOFTWARE

Key Public Comps



NTM Trading Metrics

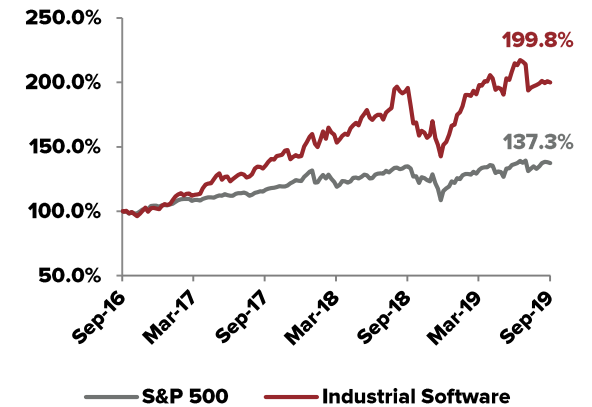
EV / NTM Revenue

3.4x — **7.3x** — 14.3x

EV / NTM EBITDA

13.7x — **25.8x** — 35.4x

Indexed Stock Performance



Key Public Comps



NTM Trading Metrics

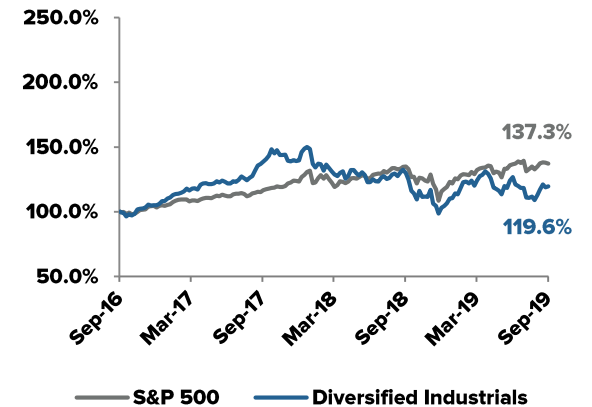
EV / NTM Revenue

0.6x — **2.0x** — 10.6x

EV / NTM EBITDA

9.5x — **13.8x** — 39.0x

Indexed Stock Performance



DIVERSIFIED INDUSTRIALS

Industrial Software Market Valuations³

VALUATION

(\$ in millions, as of September 30, 2019)

Company	Market Capitalization	Enterprise Value	Revenue		EBITDA Margin		Multiples Summary			
			LTM	CY2019P	LTM	CY2019P	Enterprise Value/Revenue		Enterprise Value / EBITDA	
							LTM	CY2019P	LTM	CY2019P
Industrial Software										
Roper Technologies, Inc.	\$37,087,049	\$41,766,949	\$5,312,500	\$5,470,700	34.6%	35.3%	7.9x	7.6x	22.7x	21.6x
Dassault Systèmes SE	37,016,242	34,699,674	4,268,662	4,328,822	25.7%	35.8%	8.1x	8.0x	31.6x	22.4x
Autodesk, Inc.	32,433,090	33,597,790	2,930,500	3,256,344	9.8%	26.5%	11.5x	10.3x	NM	39.0x
Synopsys, Inc.	20,626,834	20,087,855	3,304,695	3,408,654	19.3%	28.2%	6.1x	5.9x	31.5x	20.9x
ANSYS, Inc.	18,616,546	18,092,370	1,390,615	1,489,760	39.9%	45.6%	13.0x	12.1x	32.6x	26.6x
Cadence Design Systems, Inc.	18,512,510	18,345,648	2,259,479	2,327,451	27.1%	35.6%	8.1x	7.9x	29.9x	22.1x
Hexagon AB (publ)	17,669,948	20,209,434	4,416,932	4,303,017	27.9%	33.0%	4.6x	4.7x	16.4x	14.2x
Trimble Inc.	9,771,965	11,454,065	3,237,100	3,280,527	19.6%	23.4%	3.5x	3.5x	18.1x	14.9x
Aspen Technology, Inc.	8,414,687	8,562,761	598,345	603,130	48.5%	52.6%	14.3x	14.2x	29.5x	27.0x
PTC Inc.	7,852,937	8,250,918	1,233,147	1,316,193	10.4%	32.1%	6.7x	6.3x	64.4x	19.5x
AVEVA Group plc	7,333,509	7,167,861	998,320	983,347	14.9%	26.5%	7.2x	7.3x	48.3x	27.5x
Altium Limited	2,945,781	2,865,250	171,819	190,244	39.0%	37.7%	16.7x	15.1x	42.8x	40.0x
Altair Engineering Inc.	2,480,027	2,431,962	424,394	466,035	7.7%	12.9%	5.7x	5.2x	74.9x	40.6x
Kinaxis Inc.	1,704,728	1,514,979	162,990	185,815	17.5%	27.1%	9.3x	8.2x	53.1x	30.1x
QAD Inc.	939,572	828,714	316,696	315,048	1.2%	3.7%	2.6x	2.6x	NM	71.6x
Median	\$9,771,965	\$11,454,065	\$1,390,615	\$1,489,760	19.6%	32.1%	7.9x	7.6x	31.6x	26.6x
Diversified Industrials										
Honeywell International Inc.	\$121,740,760	\$128,858,760	\$38,618,000	\$37,030,210	22.5%	23.8%	3.3x	3.5x	14.9x	14.6x
Danaher Corporation	103,609,402	111,059,702	20,253,100	20,765,955	24.0%	24.0%	5.5x	5.3x	22.9x	22.2x
Siemens	84,653,643	119,406,715	96,647,701	94,380,712	10.7%	12.1%	1.2x	1.3x	11.5x	10.5x
General Electric Company	78,020,024	194,590,024	120,782,000	116,433,866	12.4%	10.9%	1.6x	1.7x	13.0x	15.3x
Schneider Electric S.E.	47,972,392	57,981,495	30,274,238	29,637,035	17.0%	17.5%	1.9x	2.0x	11.2x	11.2x
ABB Ltd	41,919,388	50,560,388	28,508,000	28,621,086	11.0%	10.7%	1.8x	1.8x	16.1x	16.5x
Emerson Electric Co.	41,125,684	45,784,684	18,289,000	18,625,635	20.3%	20.9%	2.5x	2.5x	12.3x	11.8x
Fortive Corporation	23,004,159	28,322,159	6,816,300	7,345,388	20.8%	23.1%	4.2x	3.9x	20.0x	16.7x
Sandvik AB	19,575,671	21,700,683	10,958,642	10,573,070	21.6%	22.9%	2.0x	2.1x	9.2x	9.0x
Rockwell Automation, Inc.	19,282,859	20,609,959	6,694,100	6,569,786	22.5%	22.4%	3.1x	3.1x	13.7x	14.0x
OMRON Corporation	11,228,139	10,599,907	7,512,502	6,691,059	12.1%	12.2%	1.4x	1.6x	11.7x	12.9x
Cognex Corporation	8,384,556	7,948,949	798,038	731,605	28.6%	26.6%	10.0x	10.9x	34.8x	40.9x
KUKA	1,687,129	2,102,126	3,623,691	3,543,779	2.9%	5.4%	0.6x	0.6x	20.3x	11.0x
Median	\$41,125,684	\$45,784,684	\$18,289,000	\$18,625,635	20.3%	20.9%	2.0x	2.1x	13.7x	14.0x
Total Median	\$18,949,703	\$20,148,645	\$3,946,177	\$3,923,398	20.0%	23.9%	5.0x	5.0x	21.5x	20.2x

Harris Williams Capabilities and Locations

Harris Williams has a broad range of industry expertise, which create powerful opportunities. Our clients benefit from our deep-sector experience, integrated industry intelligence and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com/industries.



HARRIS WILLIAMS OFFICE LOCATIONS

UNITED STATES

Boston

One International Place
Suite 2620
Boston, Massachusetts 02110
Phone: +1 (617) 482-7501

Cleveland

1900 East 9th Street
20th Floor
Cleveland, Ohio 44114
Phone: +1 (216) 689-2400

Minneapolis

222 South 9th Street
Suite 3350
Minneapolis, Minnesota 55402
Phone: +1 (612) 359-2700

Richmond (Headquarters)

1001 Haxall Point
9th Floor
Richmond, Virginia 23219
Phone: +1 (804) 648-0072

San Francisco

575 Market Street
31st Floor
San Francisco, California 94105
Phone: +1 (415) 288-4260

Washington, D.C.

800 17th St. NW
2nd Floor
Washington, D.C. 20006
Phone: +1 202-207-2300

EUROPE

Frankfurt

Bockenheimer Landstrasse 33-35
60325 Frankfurt
Germany
Phone: +49 069 3650638 00

London

63 Brook Street
London W1K 4HS, England
Phone: +44 (0) 20 7518 8900

NETWORK OFFICES

Beijing

New Delhi

Hong Kong

Shanghai

Mumbai

Sources and Disclosures

Sources

1. GARTNER.
2. IDC.
3. CAPIQ.
4. PITCHBOOK.
5. HW PROPRIETARY TRANSACTION INFORMATION.

Disclosures

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