



Non-Profit Software Sector Brief

Harris Williams | Q2 2023

Non-Profit Software Observations and Key Trends

Several dynamics are contributing to a rapidly evolving Non-Profit Software landscape.

Happening in the Non-Profit Software Sector Now



Competition for Fundraising Dollars

- There are more than 1.5 million non-profit organizations representing a wide range of causes competing for funds
- Total estimated charitable giving in the United States reached \$485B in 2021 capping a decade of growth, but the softer economy in 2022 led to a YoY decline in fundraising dollars and donors
- Organizations are increasingly turning to technology to help improve fundraising with 55% of non-profits saying their organization needs to invest in technology in order to increase fundraising

Acceleration of SaaS / Cloud Adoption

- The pandemic drove many non-profits and member-based organizations to adopt cloud-based solutions
- Nearly three quarters of non-profit leaders report digital transformation is a “need-to-have” or “must-have”
- Despite tight budgets 73% of organizations expect to increase their level of technology investment in 2023



Heightened Focus on Member Engagement

- Technology drives member loyalty. Members who see their organization as an early technology adopter are more satisfied and feel more connected to their organization
- Organizations that use technology to connect to their members see a 23% increase in satisfaction amongst members when compared to organizations that are less technologically advanced

Increasing Prioritization of Data Capabilities

- As organizations expand their mission and donor base, there is an increased need for data and analytics that integrate data across systems to enable more effective fundraising, case management and organizational efficiency
- While only ~23% of professional membership organizations are using data analytics/business intelligence, ~49% see this as a priority for the future



Demand for Analytics and Outcomes Measurement

- Demand amongst funders for benchmarking and analytics is driving increased need for tracking, measurement, and reporting on donation and grant ROI to prove impact
- Non-profits are increasingly focused on ROI with 87% of organizations rating organizational and operational benefits as the most influential factor when making a technology decision

Perspectives on Non-Profit Software

Fundraising Software & Services



Solutions focused on enhancing fundraising and donor relationship management through software and marketing services

Select Market Participants

benevity

blackbaud

Bonterra

Classy

frontstream

RKD GROUP

Key Trends

- Fundraising revenue grew at 4% CAGR ('16-'21), driven by foundations and bequests, though individual donations remain dominant
- Non-profits are adopting digital technology in order to enhance engagement with individual donors as donor demographics begin to shift
- Online giving grew by nearly 10% in 2021, representing 12% of all contributions—having a strong digital presence focused on individual donors has never been more important for donor retention and engagement

Core Operations



Solutions that enable non-profits to more efficiently manage financial operations, grant making, volunteers, and services

Select Market Participants

blackbaud

Bonterra

FOUNDANT

FOUNDATION SOURCE

Submittable

wizehive

Key Trends

- Organizations continue to look toward greater SaaS adoption in 2023 to optimize their core operations and internal processes
- Grant management software is growing in importance as foundations have become a larger source of non-profit funding
- Despite the continued investment in technology, many organizations still rely on inefficient homegrown systems, with Salesforce.org finding that only 12% of non-profits are “digitally mature”

Association Technology



Solutions focused on facilitating engagement, communication, events, and training within non-profit associations

Select Market Participants

communitybrands

daxko

higher logic

NAYLOR

Personify

TOGETHER WORK

Key Trends

- Associations are hyper focused on managing and engaging their member base amid demographic and societal headwinds for many professional and civic organizations
- Revenue from dues is the primary revenue source for associations, but non-dues revenue (e.g., events, certifications, job portals) can contribute substantial amounts
- Significant vendor consolidation and investment in recent years have reshaped the association technology industry

Vertically Focused Solutions



Solutions focused on specific verticals within the non-profit landscape, such as faith-based, political organizations, and museums

Select Market Participants

ACSTechnologies

Ecanvasser

Faithlife

Ministry Brands

Pushpay

Tithe.ly

Key Trends

- The COVID-19 pandemic dramatically affected member engagement within faith organizations and the arts/museums
- As more non-profits engage on their digital journeys, they become increasingly focused on solutions that serve their unique needs
- For example, 95% of faith leaders say their reliance on digital tools and software has increased from before the pandemic began, with close to 70% of respondents reporting their usage has increased significantly

Harris Williams

Sources: BCG, Community Brands, Salesforce.org, Ministry Brands

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What We're Reading

Philanthropy Trends to Watch in 2023

Fundraising Software

“Charities need data to tell stories, demonstrate transparency, build trust with stakeholders, and understand gaps in funding to attract the long-term commitments of social capital. We will see the pendulum swing away from more fragile movements like effective altruism to more multi-dimensional program evaluation approaches.”

Read the full article [here](#).

How Can Tech Make an Impact on the Non-Profit Sphere?

Data and Analytics

“The non-profit world has plenty to gain from the time-saving aspects of tech — especially given its potential for execution at an international scale. Non-profits need to embrace tech innovation by assessing and defining what makes their organization or mission unique. From there, they can understand the critical assets and functions of the organization, as well as what data sources support these insights.”

Read the full article [here](#).

Five Ways to Make Your Association Stronger in 2023

Association Management

“One of the starkest findings of the benchmarking report is that the ability to communicate member benefits effectively is associations’ biggest challenge, as cited by more than half of the associations surveyed... If maintaining member value is the biggest headache going into 2023, nondues revenue is not far behind, something that the report explicitly connects to understaffing.”

Read the full article [here](#).

7 Trends for Church Technology in Ministry for 2023

Faith-Based Organization Management

“As the Church navigates a post-pandemic world and ongoing economic pressures, budget constraints remain the biggest challenge to prioritizing new technology purchases, with the majority of churches (58%) allocating 10 percent or less of their annual budget to technology spend. Other top barriers include staffing, implementation, ease of use, and support.”

Read the full article [here](#).

Recent HW Content

Industry Update Government Technology



The Harris Williams government technology vertical reflects on key trends in the GovTech sector and provides insights into the current M&A market

[Link to Read](#)

Industry Update Technology Services



The Harris Williams technology services vertical reflects on key trends in the IT services sector and provides insights into the current M&A market

[Link to Read](#)

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Select Recent Non-Profit Software Transactions

Aplos's acquisition of Raisely



May 1, 2023

Purchase Price Not Disclosed

- Raisely provides an online fundraising platform for non-profit organizations, offering a full suite of fundraising software solutions as well as built-in donor management, reporting, and marketing tools
- Aplos, backed by ASG, will provide experience, resources, and a global presence to help accelerate growth for Raisely, enabling a broader reach to ultimately help more non-profits increase online fundraising

i3Verticals' acquisition of AccuFund



January 6, 2023

Purchase Price Not Disclosed

- AccuFund provides cloud-based and on-premise accounting software intended to provide fund accounting solutions for government entities and non-profits
- The acquisition will greatly enhance i3 Verticals' go-to-market strategy in the public sector vertical. Accufund will expand i3 Verticals' customer base and supplement its own public sector and non-profit footprint

Bloomerang's acquisition of InitLive



March 1, 2023

Purchase Price Not Disclosed

- InitLive is a provider of real-time staff and volunteer management software enabling managers to streamline scheduling and communication in order to focus on other critical tasks
- The addition of InitLive, a robust volunteer management solution, accelerates Bloomerang's ability to deliver the non-profit relationship management platform of the future

Beringer Capital's acquisition of VeraData



November 21, 2022

Purchase Price Not Disclosed

- VeraData is a provider of data science solutions for non-profit customers, offering data acquisition and management services, custom digital marketing solutions, and donor insights
- Beringer Capital's partnership with VeraData will fuel investment in talent, capabilities, and technology to further enhance VeraData's highly differentiated offering across fundraising acceleration and analytics solutions

L Squared Capital Partners' acquisition of Foundant Technologies



February 15, 2023

Purchase Price Not Disclosed

- Foundant Technologies is a provider of grant and scholarship management software designed to support the philanthropic community through automating the grant and scholarship process
- L Squared's investment will allow Foundant to continue to innovate and expand their offerings, reaching even more organizations and individuals who are passionate about making a positive impact in their communities

Incline Equity Partners' acquisition of iWave



October 20, 2022

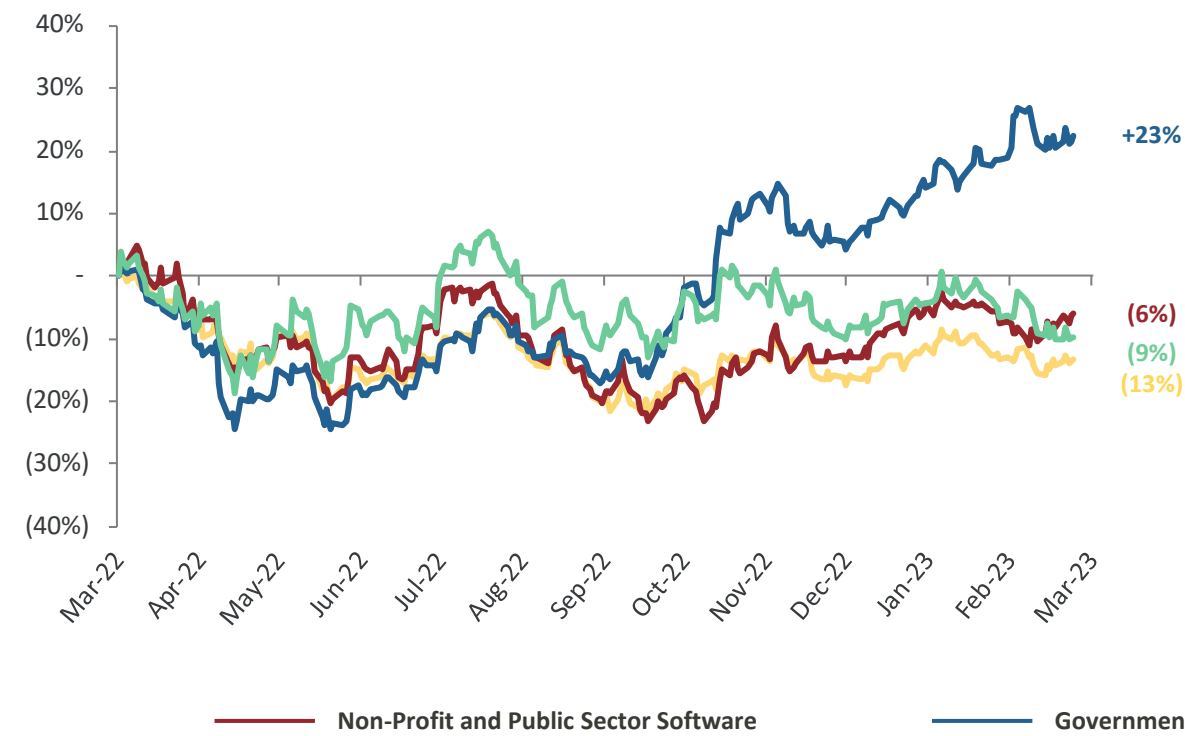
Purchase Price Not Disclosed

- iWave is a provider of data and analytics tools that enable non-profit organizations to raise more funds. The company's software tools help organizations more efficiently identify and research prospective donors
- Incline's strategic investment in iWave will enable the company to expand their solutions and capabilities through innovative new product development and feature enhancements

Non-Profit Software Public Company Trended Stock Performance

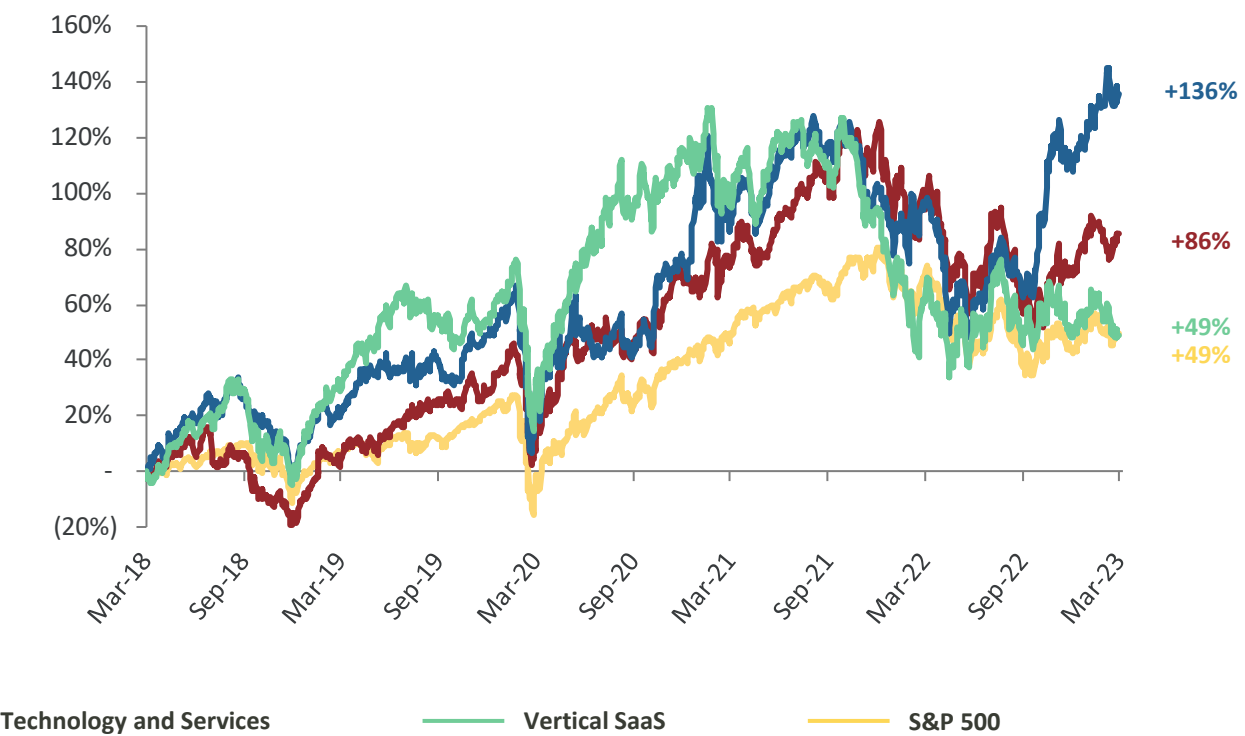
Public Company Stock Performance – Last 12 Months

Indexed Stock Price Performance for the period March 2022 – March 2023



Public Company Stock Performance – 5 Years

Indexed Stock Price Performance for the period March 2018 – March 2023



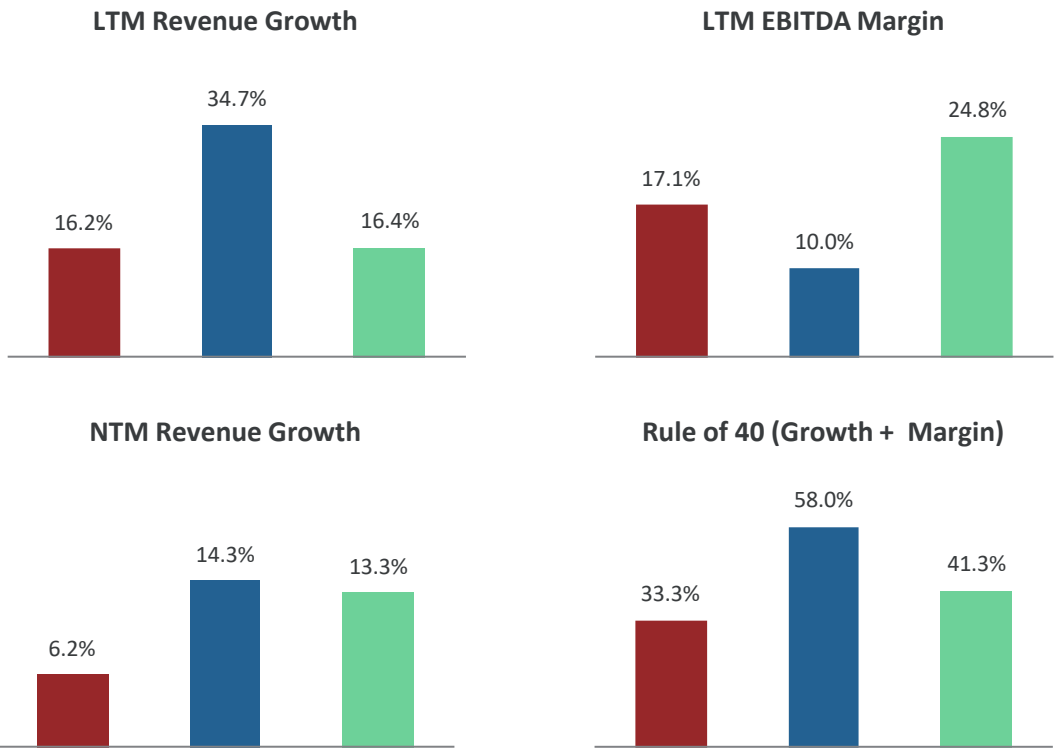
Non-Profit and Public Sector Software

Government Technology and Services

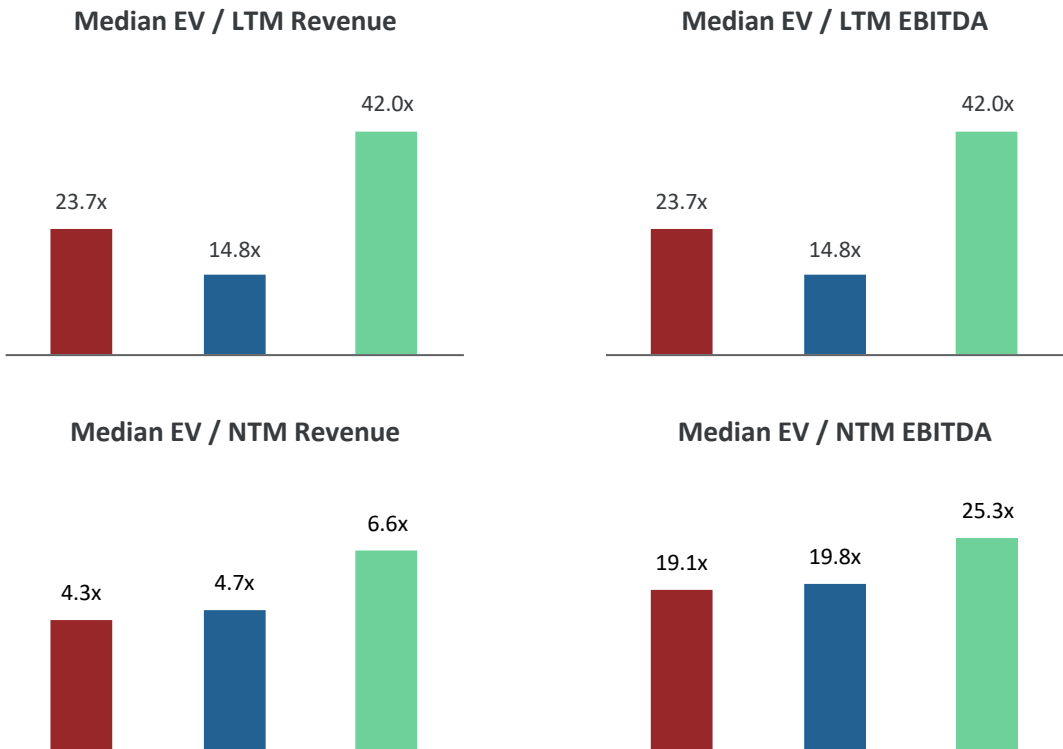
Vertical SaaS

Non-Profit Software Public Company Operating and Valuation Metrics

Public Company – Operating Metrics



Public Company – Valuation Metrics



Non-Profit and Public Sector Software

Government Technology and Services

Vertical SaaS

Non-Profit Software Market Landscape

To view full market map, please contact:
TechnologyInsights@harriswilliams.com



Key Coverage Areas

Horizontal Software

- › Compliance, ESG, and Risk Management
- › Cybersecurity
- › Enterprise Resource Planning
- › Human Capital Management
- › Infrastructure
- › Integrated Payments
- › Office-of-the-CFO
- › Sales & Marketing Automation
- › Supply Chain Management

Vertical Software

- › Architecture, Engineering & Construction
- › eCommerce & Retail
- › Education & Training
- › Financial
- › Government
- › Healthcare and Life Sciences
- › Industrial
- › Legal
- › Non-Profit
- › Real Estate & Property Management
- › Transportation & Logistics

Technology & Data Services

- › Data Services
- › Information Services
- › IT Services
- › Managed Services

Recent Technology Group Transactions

<p>HireVue a portfolio company of CARLYLE has acquired Modern Hire a portfolio company of Riverside</p>	<p>A 2 M A C 1 a portfolio company of Five Arrows KEENSIGHT has been acquired by PROVIDENCE EQUITY PARTNERS</p>	<p>Prima XL Prima Compliance divisions of prima a portfolio company of CARLYLE have been acquired by Duck Creek Technologies</p>
<p>Magaya a portfolio company of LLR has been recapitalized by Apax DIGITAL GROWTH</p>	<p>UTEGRATION a portfolio company of RLH Equity Partners has been acquired by cognizant</p>	<p>cority a portfolio company of THOMABRAVO has acquired Reporting21</p>

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Harris Williams Non-Profit and Public Sector Software Experience

Selected Non-Profit and Public Sector Software Experience



 **Social Solutions**
a portfolio company of
 **VISTA**
EQUITY PARTNERS
has been acquired by
 **Apax**

 **HARVEST**
PARTNERS
has joined
 Vista Equity Partners
 Enterprise Software Investors
to invest in
 **GRANICUS**

 **kalkomey**
has been acquired by
 **COVE HILL**
PARTNERS

 **payit**
government simplified.
has received a strategic investment from
 **INSIGHT**
PARTNERS

 **nCourt**
has been acquired by
 **PROVIDENCEEQUITY**
GSV GREATER SUM VENTURES




 **TOGETHER**
WORK
has been acquired by
 **GI PARTNERS**



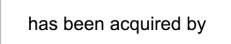

 **BLUE STAR**
SPORTS
has received a majority equity investment from
 **GENSTAR**
CAPITAL

 **yourmembership**
has been acquired by
 **Ministry Brands**

 **Ministry Brands**
a portfolio company of
 **GENSTAR**
CAPITAL
PROVIDENCEEQUITY
has received an investment from
 **INSIGHT**
VENTURE PARTNERS

 **daxko**
a portfolio company of
 **PAMLICO**
CAPITAL
has been recapitalized by
 **GI PARTNERS**

 **Ministry Brands**
a portfolio company of
 **PROVIDENCEEQUITY**
has been recapitalized by
 **GENSTAR**
CAPITAL, LLC

 **MicroEdge**
a portfolio company of
 Vista Equity Partners
and
 **Bregal Sagemount**
has been acquired by
 **blackbaud**

Harris Williams Transaction Spotlight

 **Social Solutions**
a portfolio company of
 **VISTA**
EQUITY PARTNERS
has been acquired by
 **Apax**

Company Background

Provider of case management software to the non-profit and public sector end markets. The Company's modern software and intelligent data analytics solutions are purpose-built to accelerate social change by connecting non-profit organizations, public sector agencies, funders, and vulnerable populations across communities.

Successful Outcome

The transaction delivered a successful outcome for Social Solutions and Vista Equity Partners. The acquisition will expand Social Solutions' product suite and enable expansion across new customers.

Harris Williams served as exclusive financial advisor to Social Solutions, a portfolio company of Vista Equity Partners, in this transaction.

Harris Williams Transaction Spotlight

 **HARVEST**
PARTNERS
has joined
 Vista Equity Partners
 Enterprise Software Investors
to invest in
 **GRANICUS**

Company Background

Provider of cloud-based software solutions that enable federal, state, and local government entities to automate workflows, increase transparency, and more effectively connect with constituents.

Successful Outcome

The transaction delivered a successful outcome for Granicus, which will leverage the increased investment and partnership with Harvest Partners to continue its support of governments and agencies as they transition to the cloud and find ways to more effectively deliver critical constituent services.

Harris Williams served as financial advisor to Harvest Partners in this transaction.

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Deep Industry Experience



Aerospace, Defense
& Government Services



Business
Services



Consumer



Energy, Power
& Infrastructure



Healthcare &
Life Sciences



Industrials



Technology



Transportation
& Logistics

70% Revenue from
repeat clients

83% Managing directors
promoted from
within the firm

30+ Year
history



BANKING



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Appendix

Public Market Operational and Valuation Metrics

As of March 31, 2023

\$ in Thousands

\$ in Thousands	Market	Enterprise	% of 52-Week	LTM	LTM	Enterprise Value/			
Company	Capitalization	Value	High	Gross Margin	EBITDA Margin	LTM Revenue	NTM Revenue	LTM EBITDA	NTM EBITDA
Non-Profit and Public Sector Software									
Constellation Software Inc.	\$38,637,418	\$40,334,418	98.5%	35.1%	25.7%	6.1x	5.0x	23.7x	19.1x
Tyler Technologies, Inc.	14,380,187	15,215,474	76.1%	42.4%	17.1%	8.2x	7.8x	48.1x	31.8x
Blackbaud, Inc.	3,531,329	4,411,322	99.2%	52.7%	9.7%	4.2x	4.0x	42.8x	13.5x
Pushpay Holdings Limited	999,952	1,041,334	93.3%	68.6%	21.3%	4.9x	4.6x	23.0x	19.1x
i3 Verticals, Inc.	554,250	1,033,796	77.7%	77.0%	14.4%	3.1x	2.7x	21.8x	10.1x
FiscalNote Holdings, Inc.	258,158	395,637	15.7%	71.9%	NM	3.5x	2.9x	NM	NM
Median	\$2,265,640	\$2,726,328	85.5%	60.6%	17.1%	4.5x	4.3x	23.7x	19.1x
Government Technology and Services									
Axon Enterprise, Inc.	\$15,823,855	\$15,603,772	96.1%	61.2%	10.3%	13.1x	10.8x	NM	53.7x
CACI International Inc	6,719,673	8,465,988	92.2%	34.4%	10.0%	1.3x	1.3x	13.0x	11.7x
Maximus, Inc.	4,677,110	6,357,148	90.3%	20.2%	9.1%	1.3x	1.3x	14.8x	13.0x
Verra Mobility Corporation	2,528,860	3,673,296	94.5%	63.1%	40.5%	5.0x	4.7x	12.2x	10.1x
Magnet Forensics Inc.	1,346,082	1,206,091	98.1%	93.5%	12.0%	12.2x	9.3x	NM	44.9x
Cellebrite DI Ltd.	1,135,749	967,482	81.9%	81.3%	3.8%	3.6x	3.1x	94.5x	25.7x
ShotSpotter, Inc.	472,259	464,839	98.0%	57.8%	8.5%	5.7x	4.9x	67.6x	19.8x
Median	\$2,528,860	\$3,673,296	94.5%	61.2%	10.0%	5.0x	4.7x	14.8x	19.8x
Vertical SaaS									
Veeva Systems Inc.	\$27,804,402	\$24,762,750	76.9%	71.7%	22.7%	11.5x	10.5x	50.7x	29.9x
CoStar Group, Inc.	27,664,593	23,797,889	79.7%	81.0%	27.0%	10.9x	9.6x	40.4x	46.7x
Aspen Technology, Inc.	14,068,320	13,989,747	82.4%	64.8%	34.6%	16.0x	11.4x	46.2x	24.3x
Guidewire Software, Inc.	6,455,938	6,236,567	81.3%	43.4%	NM	7.2x	6.6x	NM	NM
Temenos AG	5,025,736	5,776,616	60.6%	54.1%	31.8%	6.1x	5.8x	19.1x	15.1x
AppFolio, Inc.	4,353,723	4,247,251	90.6%	59.3%	NM	9.0x	7.4x	NM	NM
Envestnet, Inc.	3,073,189	3,963,309	67.3%	25.1%	7.6%	3.2x	3.1x	42.0x	15.6x
Agilysys, Inc.	1,974,746	1,920,174	90.5%	60.7%	8.4%	10.0x	8.6x	NM	56.8x
Phreesia, Inc.	1,579,896	1,412,393	75.4%	61.1%	NM	5.0x	4.0x	NM	NM
Q2 Holdings, Inc.	1,366,109	1,663,847	36.5%	45.3%	NM	2.9x	2.6x	NM	26.3x
Sabre Corporation	1,319,300	5,307,441	34.1%	59.0%	NM	2.1x	1.8x	NM	16.7x
Median	\$4,353,723	\$5,307,441	76.9%	59.3%	24.8%	7.2x	6.6x	42.0x	25.3x
Total Comp Set Median	\$4,677,110	\$5,776,616	90.3%	59.3%	14.4%	6.1x	5.0x	40.4x	19.1x

Recent Sector Transactions Detail

Closed Date	Target	Acquirer	Business Description
Mar-23	eConverse Media	Higher Logic / JMI Equity	Provider of solutions for the strategy, design, and management of association websites, helping member-based organizations increase engagement
Mar-23	InitLive	Bloomerang / JMI Equity	Provider of real-time staff and volunteer management software enabling managers to streamline scheduling and communication
Feb-23	Foundant Technologies	L Squared Capital Partners	Provider of grant and scholarship management software designed to support the philanthropic community
Jan-23	AccuFund	i3 Verticals	Provider of cloud-based and on-premise accounting software intended to provide fund accounting solutions for government entities and non-profits
Nov-22	VeraData	Beringer Capital	Provider of data science solutions for non-profit customers offering data acquisition services, custom digital marketing solutions, and donor insights
Oct-22	PushPay	Sixth Street Partners, BGH Capital	Provider of a donor management system intended to simplify the payment-making and receiving process within the faith sector
Oct-22	Rapid Financial Solutions	Tyler Technologies	Provider of a payment system intended to help businesses, government, associations, and non-profit organizations manage their disbursements
Oct-22	iWave Information Systems	Incline Equity Partners	Provider of a web research tool and fundraising services intended to empower non-profit organizations to raise more funds
Sep-22	Capitol Canary	Quorum Analytics / Serent Capital	Provider of a digital advocacy platform intended to enhance civic participation and stakeholder engagement
Aug-22	GTR Meetings & Event Technology	Personify / HarbourVest, Pamlico Capital	Provider of an event technology platform intended to improve and simplify conferences and events
Aug-22	Fundriver	EverTrue / Rubicon Technology Partners	Provider of software solutions intended to allow non-profits of all sizes to track and manage endowment and other restricted funds seamlessly
May-22	CCS Fundraising	ABRY Partners	Provider of fundraising, development, and strategic consulting services to non-profit organizations
Jan-22	Network for Good	Bonterra / Apax Partners	Provider of a fundraising and donor management platform intended to help small and mid-sized non-profits increase their fundraising capabilities
Jan-22	OpenWater	ASI / Brookside Equity Partners	Provider of an awards and review management platform intended for associations, higher education, and foundations
Jan-22	Aventri	MeetingPlay / Camden Partners, Sunstone	Provider of cloud-based analytics and data-driven event management and venue sourcing software
Dec-21	EVERFI	Blackbaud	Provider of digital learning software offering financial education, workplace training, and community education solutions
Dec-21	Blue Sky eLearn	McCarthy Capital	Provider of a learning management platform designed to maximize the content of businesses and create deeper engagement with their audiences
Dec-21	Aplos	Alpine SG	Provider of a web-based non-profit management and accounting software designed to simplify managing the organization
Dec-21	Gravyty	Graduway / K1 Investment Management	Provider of a cloud-based predictive analytics platform intended to help non-profits in fundraising
Nov-21	Bright Funds	WizeHive / LLR Partners	Provider of workplace giving and volunteerism services intended for companies and employees
Sep-21	EveryAction	Bonterra / Apax Partners	Provider of campaign technology services enabling non-profit organizations to optimize their interactions with constituents