

# Market Update



## Commerce Enablement Q1 2019

### Market Insights

The commerce enablement sub-sector experienced significant M&A activity in 2018. Several landmark transactions were completed in the space, including the acquisition of Magento by Adobe and the take-private of CommerceHub by GTCR and Sycamore Partners. Strategic acquirer activity was fueled by continued strong company performance, as well as tax law changes and higher public market valuations among the most active consolidators. Specifically, Lincoln continues to see companies with high levels of recurring revenue, superior technology and a scalable business model trading for premium multiples. M&A valuations for high quality assets remained elevated in 2018, with many transactions trading for revenue multiples in the mid- to high single digits while generating significant investor interest.

Enthusiasm for the commerce enablement market has continued into 2019. Despite recent macroeconomic uncertainty and increased volatility in the public markets, M&A activity within the sector is expected to be robust, driven by, among other areas: (i) strong underlying secular trends; (ii) healthy corporate balance sheets and a desire among strategics to augment organic growth through M&A; (iii) significant “dry powder” among private equity firms interested in backing companies with economically resilient business models and strong management teams; (iv) growing number of targets achieving sufficient scale. We would welcome the opportunity to discuss your company’s strategic alternatives or the commerce enablement market more generally.

## Select, Relevant Lincoln Transactions

 <p>marketing client local</p> <p>has raised a Series B funding from</p>    <p>Capital Raise</p>  	 <p>has acquired</p>  <p>Acquisition Financing</p>  	 <p>has sold</p>  <p>to</p>  <p>a portfolio company of</p>   <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has acquired</p>  <p>Buy-Side</p>  
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## Lincoln International's Commerce Enablement Focus

Lincoln International recognizes the importance of understanding a client's industry, value drivers, growth opportunities and challenges. Our extensive expertise provides in-depth market insights, deep relationships with the most active strategic and financial partners and superior knowledge on how to best position a business and overcome potential issues. These attributes, combined with our globally integrated resources and flawless execution, enable us to consistently deliver outstanding outcomes for our clients.

Lincoln International's dedicated commerce enablement professionals has established itself among the most active M&A advisors in the mid-market. Our senior bankers provide sector-

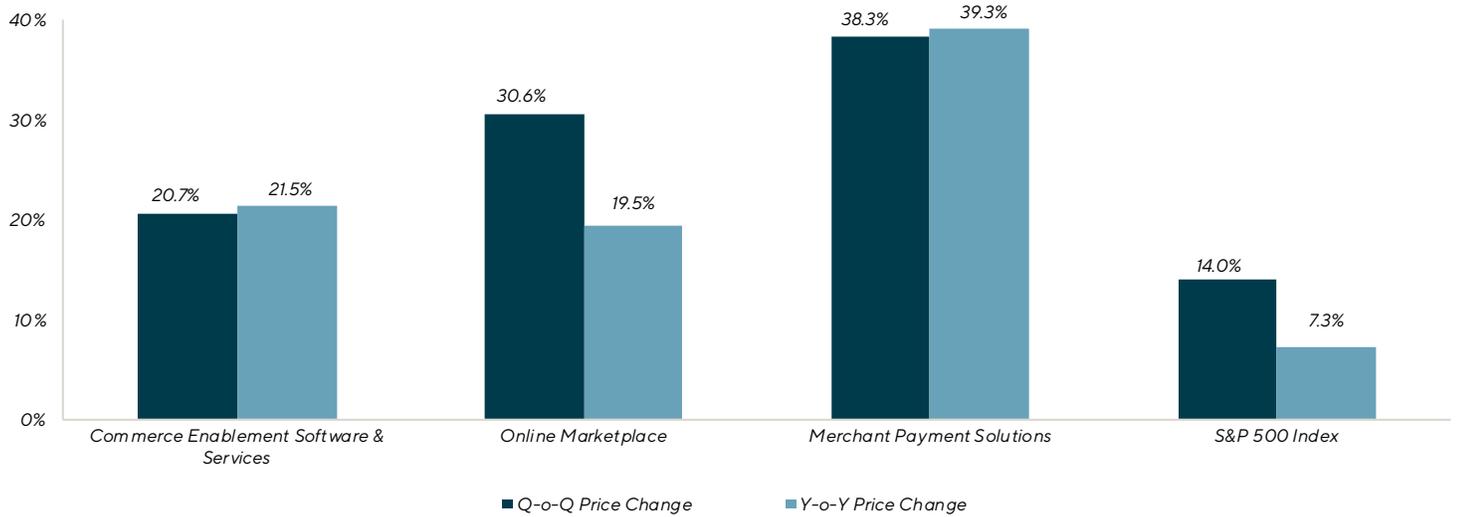
specific expertise, global buyer access and unmatched execution within the commerce enablement space. This update tracks pricing and valuation metrics and transaction activity for transaction activity for multiple segments within the commerce enablement sector, including:

- Business intelligence & analytics
- Sales intelligence & CRM
- Shopping tools & enabling technologies
- Product experience & content management
- Mobile & social commerce
- Multichannel ordering & fulfillment

## Quarter-over-Quarter Price Performance

Overperformers	Change	Underperformers	Change
Wayfair Inc.	63.6%	Zuora, Inc.	13.5%
eGain Corporation	57.1%	Endurance International Group Holdings, Inc.	10.7%
Cardlytics, Inc.	55.7%	Expedia Group, Inc.	5.0%
First Data Corporation	55.1%	ChannelAdvisor Corporation	4.9%
Shopify Inc.	54.8%	Quotient Technology Inc.	(8.1%)
Worldpay, Inc.	48.6%	Stamps.com Inc.	(47.6%)

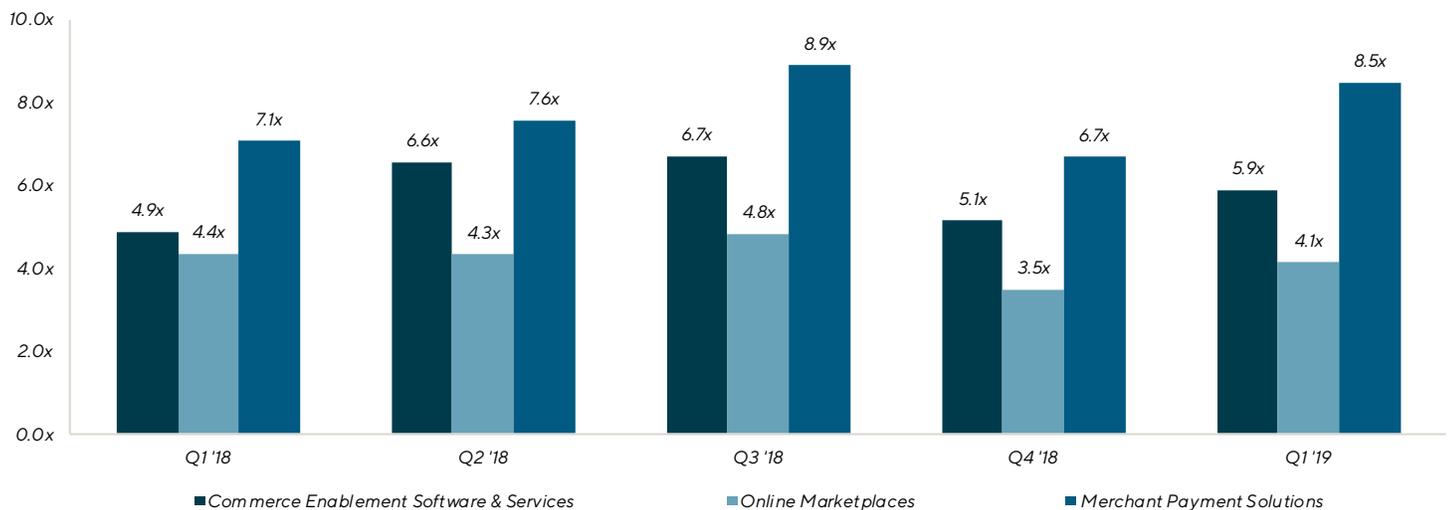
## Quarter-over-Quarter & Year-over-Year Stock Indices Price Change



## LTM Relative Stock Indices Price Performance



## Historical Enterprise Value / LTM Revenue Valuation Performance



# Lincoln International Commerce Enablement Index

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
<b>Commerce Enablement Software &amp; Services</b>										
Ascential plc	4.64	76.0%	1,860	2,003	444	113	12.2%	25.3%	4.5x	17.8x
Adobe Inc.	266.49	96.0%	130,034	130,944	9,552	3,247	24.1%	34.0%	13.7x	NM
Akamai Technologies, Inc.	71.71	86.3%	11,704	11,372	2,714	720	9.1%	26.5%	4.2x	15.8x
Blucora, Inc.	33.38	80.7%	1,609	1,810	560	105	10.0%	18.7%	3.2x	17.2x
Cardlytics, Inc.	16.54	58.5%	372	379	151	(38)	15.6%	(25.0%)	2.5x	NM
ChannelAdvisor Corporation	12.18	78.0%	339	295	131	(1)	7.1%	(0.6%)	2.2x	NM
Cognizant Technology Solutions Corporation	72.45	86.9%	41,666	37,900	16,125	3,320	8.9%	20.6%	2.4x	11.4x
DocuSign, Inc.	51.84	75.8%	8,808	8,478	701	(391)	35.2%	(55.8%)	12.1x	NM
eGain Corporation	10.45	54.9%	312	306	65	4	10.8%	6.7%	4.7x	NM
Endurance International Group Holdings, Inc.	7.25	66.2%	1,044	2,765	1,145	309	(2.7%)	27.0%	2.4x	8.9x
GoDaddy Inc.	75.19	88.5%	13,317	14,948	2,660	372	19.2%	14.0%	5.6x	NM
LiveRamp Holdings, Inc.	54.57	86.3%	3,738	2,192	965	68	150.8%	7.1%	2.3x	32.1x
Manhattan Associates, Inc.	55.11	88.3%	3,560	3,459	559	143	(6.0%)	25.5%	6.2x	24.3x
Oracle Corporation	53.71	98.8%	183,562	200,421	39,831	16,336	1.4%	41.0%	5.0x	12.3x
Quotient Technology Inc.	9.87	61.8%	928	761	387	21	20.1%	5.3%	2.0x	NM
salesforce.com, inc.	158.37	94.8%	122,103	121,128	13,282	1,524	26.0%	11.5%	9.1x	NM
SAP SE	115.46	90.8%	137,852	140,540	28,288	7,755	0.4%	27.4%	5.0x	18.1x
Shopify Inc.	206.62	98.6%	22,968	20,989	1,073	(69)	59.4%	(6.4%)	NM	NM
Stamps.com Inc.	81.41	28.5%	1,427	1,398	587	221	25.2%	37.7%	2.4x	6.3x
Zuora, Inc.	20.03	53.0%	2,173	2,011	235	(68)	40.1%	(29.0%)	8.5x	NM
<b>Mean</b>		<b>77.4%</b>					<b>23.3%</b>	<b>10.6%</b>	<b>5.2x</b>	<b>16.4x</b>
<b>Online Marketplaces</b>										
Alibaba Group Holding Limited	\$182.45	86.2%	\$472,943	\$478,104	\$50,203	\$12,965	44.0%	25.8%	9.5x	NM
Amazon.com, Inc.	1,780.75	86.8%	874,710	882,749	232,887	27,762	30.9%	11.9%	3.8x	31.8x
CarGurus, Inc.	40.06	70.0%	4,446	4,288	454	28	43.3%	6.2%	9.4x	NM
eBay Inc.	37.14	86.4%	33,979	38,305	10,746	3,004	8.3%	28.0%	3.6x	12.8x
Etsy, Inc.	67.22	91.6%	8,037	7,695	604	98	36.8%	16.2%	12.7x	NM
Expedia Group, Inc.	119.00	85.1%	17,516	20,339	11,223	1,263	11.6%	11.3%	1.8x	16.1x
Liquidity Services, Inc.	7.71	84.2%	257	188	217	(16)	(16.5%)	(7.2%)	0.9x	NM
Overstock.com, Inc.	16.62	34.6%	536	477	1,822	(190)	4.4%	(10.5%)	0.3x	NM
Rakuten, Inc.	9.46	97.9%	12,791	11,535	10,039	1,366	19.7%	13.6%	1.1x	8.4x
Vipshop Holdings Limited	8.03	46.1%	5,336	4,569	12,290	456	9.7%	3.7%	0.4x	10.0x
Wayfair Inc.	148.45	85.5%	13,524	13,483	6,779	(404)	43.6%	(6.0%)	2.0x	NM
<b>Mean</b>		<b>77.7%</b>					<b>21.4%</b>	<b>8.5%</b>	<b>4.1x</b>	<b>15.8x</b>
<b>Merchant Payment Solutions</b>										
First Data Corporation	\$26.27	98.7%	\$24,767	\$44,682	\$8,679	\$3,080	6.8%	35.5%	5.1x	14.5x
FleetCor Technologies, Inc.	246.59	99.9%	21,172	24,960	2,433	1,344	8.2%	55.2%	10.3x	18.6x
Global Payments Inc.	136.52	99.6%	21,550	26,361	3,366	1,316	(15.3%)	39.1%	7.8x	20.0x
PayPal Holdings, Inc.	103.84	99.2%	121,826	114,715	15,451	2,733	18.0%	17.7%	7.4x	NM
Square, Inc.	74.92	74.1%	31,444	31,219	3,298	18	49.0%	0.6%	9.5x	NM
Worldpay, Inc.	113.50	99.8%	34,114	42,163	3,925	1,548	(2.5%)	39.4%	10.7x	27.2x
<b>Mean</b>		<b>95.2%</b>					<b>10.7%</b>	<b>31.3%</b>	<b>8.5x</b>	<b>20.1x</b>

Sources: Bloomberg, Capital IQ and company filings, as of 3/29/2019

# Acquisition Spotlight

1/16/2019: **Fiserv (NASDAQ:FISV)** and **First Data Corporation (NYSE:FDC)** announced that their boards of directors unanimously approved a definitive merger agreement under which Fiserv will acquire **First Data** in an all-stock transaction. The transaction unites two premier companies to create one of the world's leading payments and financial technology providers, and an enhanced value proposition for its clients.

"Through this transformative combination, we expect to redefine the manner in which people and institutions move money and information. We admire First Data for its excellence in merchant acquiring and global issuing services, and the tremendous progress they have made. We expect this combination to catalyze and support an enhanced value proposition for our collective clients and their customers."

- **Jeffery Yabuki**, President and Chief Executive Officer of **Fiserv**

## Market Intelligence

04/26/2019: **PayPal (NASDAQ:PYPL)**, the California-based payments group, is considering a \$500 million investment in **Uber Technologies** in a private placement at the price of the latter's IPO. **Uber** is likely to aim for a \$80 billion to \$90 billion valuation. The figure is lower than the potential \$120 billion valuation it communicated to bankers last year and nearer to the \$76 billion at which it was valued in the last fundraising round.

03/01/2019: **WPP (LSE:WPP)** CEO Mark Read said that an M&A deal for **Kantar** would be announced by the end of the second quarter. Last year the holding company decided to put a majority stake in the research arm up for sale. He said that the firm concluded that the best way to realize **Kantar's** full potential, given all of the company's priorities, was to bring on a financial and strategic partner to take control. Read stated that **WPP** has made a lot of progress already in executing the strategic turnaround plan that was unveiled in December. Last year it sold off 30 companies generating more than \$1.1 billion in fees. It's already sold five more companies this year, with more to come.

03/01/2019: **eBay Inc. (NASDAQ: EBAY)** announced several new initiatives, including an operating review and the commencement of a strategic review of the company's portfolio of assets, including **StubHub** and **eBay Classifieds Group**. The California-based ecommerce group said it has worked collaboratively with **Elliott Management**, **Starboard Value** and other significant shareholders on these initiatives, which include the addition of two new independent directors to the Board.

01/07/2019: **The Kroger Co. (NYSE:KR)** and **Microsoft Corp. (NASDAQ:MSFT)** announced a collaboration to redefine the customer experience using **Kroger Technology** products powered by **Microsoft Azure**, the retailer's preferred cloud platform for Retail as a Service (RaaS). Through this innovative partnership, **Kroger** will pilot a connected store experience and together with **Microsoft**, jointly market a commercial RaaS product to the industry.

## Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	Webtrekk GmbH	Provides and develops digital marketing solutions	Mapp Digital US, LLC
Announced	Perform Content	Provides wholesale video services	STATS
Announced	Worldpay, Inc.	Provides electronic payment processing services	Fidelity National Information Services, Inc.
Announced	Ethoca	Provides technology solutions that assist merchants and card issuers to collaborate in real time	Mastercard Incorporated
Announced	Aptean	Provides mission-critical, industry-specific enterprise software solutions	TA Associates, Vista Equity Partners
Announced	PathUX	Provides marketing automation software development services	Beyond Commerce
Announced	First Data Corporation	Provides commerce enabled technology and solutions for merchants, financial institutions and card issuers	Fiserv, Inc.
Apr-19	FullStory	Provides online solutions that enable product and support teams to understand customer experiences	Stripes Group LLC, Salesforce Ventures and Dell Tech. Capital
Apr-19	Jacent	Provides impulse items for retail stores and creates strategic merchandising plans	Gridiron Capital
Apr-19	UnionWare	Provides a comprehensive suite of membership management solutions	Togetherwork
Apr-19	Whiplash Merchandising	Provides storage and shipping services for products on demand for e-commerce companies	Port Logistics Group
Apr-19	Touchtech Payments	Provides online transaction authentication services for financial institutions	Stripe
Apr-19	Sellbrite	Provides web-based applications for online retailers that enable selling across e-commerce channels	GoDaddy
Apr-19	Content Analytics	Provides impact analytics for digital and video content	Syndigo
Mar-19	YOU Technology	Operates a cloud based digital coupon platform	Inmar
Feb-19	AllSight Intelligent 360	Provides customer data management and analytics capabilities	Informatica
Feb-19	Marketshot	Provides comprehensive online comparison and quality editorial content across multiple verticals	Mediapost
Feb-19	Aspectiva	Provides analytics on user generated content to enhance product insights	Walmart
Feb-19	Certona Corporation	Provides real-time omnichannel personalization solutions	Kibo Software
Feb-19	GiftCertificates.com	Provides e-commerce reward solutions and gift products	Tango Card
Feb-19	RazorSync	Provides field service management software	Celero Commerce
Feb-19	Shoplo	Provides ecommerce enablement software for SMB merchants	SumUp Payments

Source: Capital IQ, Mergermarket, Company Filings as of 3/31/2019

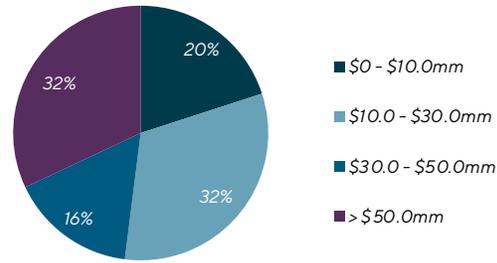
## Perspectives on the Mid-Market

### About the Lincoln Middle Market Index

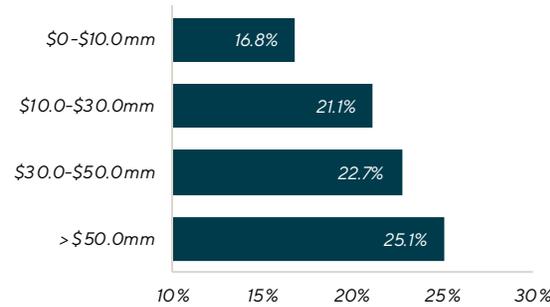
Lincoln maintains an extensive proprietary database in connection with its quarterly portfolio valuation activities by the firm's Valuations and Opinions Group. This database, the Lincoln Middle Market Index (Lincoln MMI), contains financial data for a diverse group of companies across ten primary industry segments. The Lincoln MMI offers a glimpse into the mid-market, a space where reliable data is otherwise limited. Valuation metrics reflect observed transaction multiples. Financial results reflect information available at the end of each calendar quarter (typically, financial statements for one or two months preceding the end of the period). The Lincoln MMI contains nearly 800 mid-market companies.

## Trends by Size (LTM EBITDA)

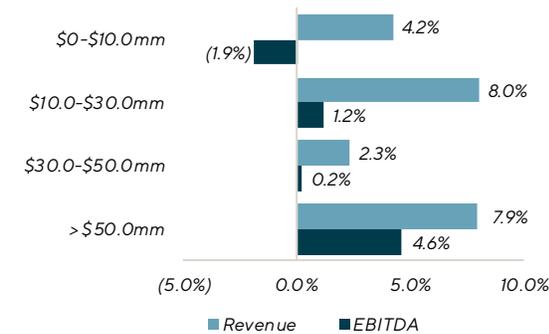
Distribution by Size



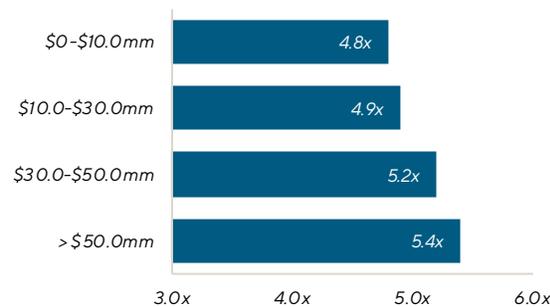
Average LTM EBITDA Margin by Size



Quarter over Prior Year Quarter Revenue and EBITDA by Size

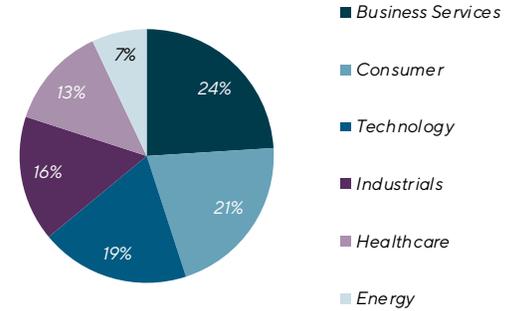


Average Current Leverage by Size

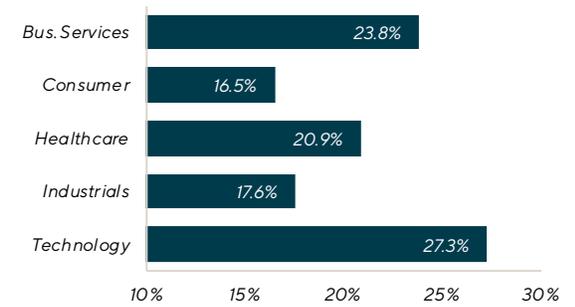


## Trends by Size (LTM EBITDA)

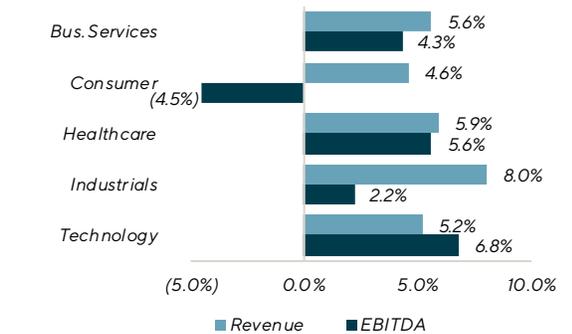
Distribution by Vertical



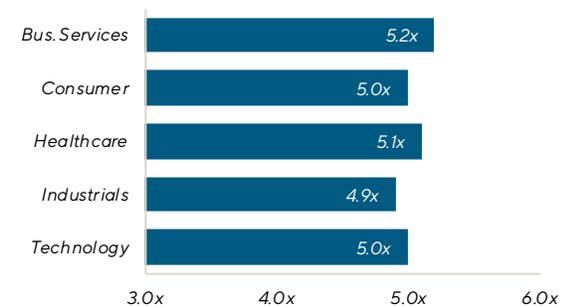
Average LTM EBITDA Margin by Vertical



Quarter over Prior Year Quarter Revenue and EBITDA by Vertical



Average Current Leverage by Vertical





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## Advisory Services

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## About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and public and privately held companies around the world. Our advisory services include mergers and acquisitions and capital markets advisory for the mid-market. We also provide valuations and fairness opinions and joint ventures advisory services. As one tightly integrated team of more than 500 professionals across 15 countries, we offer an unobstructed perspective, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at:

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